



ECOBUILT

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



**Annual
Report
2022**

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Ecobuilt Holdings Berhad

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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

Datuk Ng Seing Liong PJN, JP

Independent Non-Executive Director

Dato Indera Tun Putera Matin Ahmad Shah Bin Munir

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

Dato Indera Tun Putera Matin Ahmad Shah Bin Munir

Independent Non-Executive Director

NOMINATION COMMITTEE

Dato Indera Tun Putera Matin Ahmad Shah Bin Munir

Chairman/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)]

Wong Wai Foong

[SSM PC No. 202008001472 (MAICSA 7001358)]

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

Tricolor 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

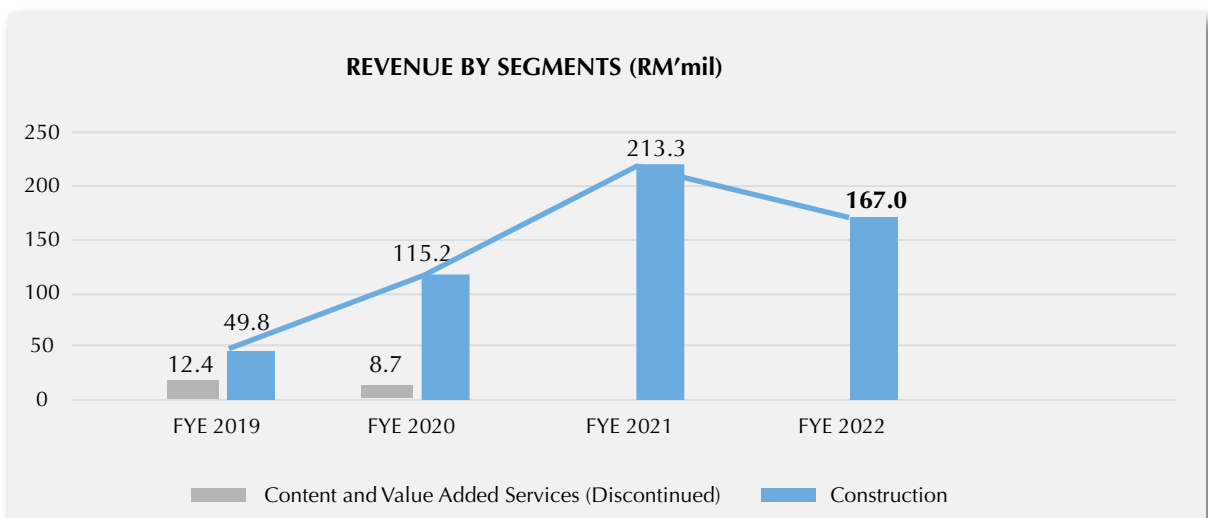
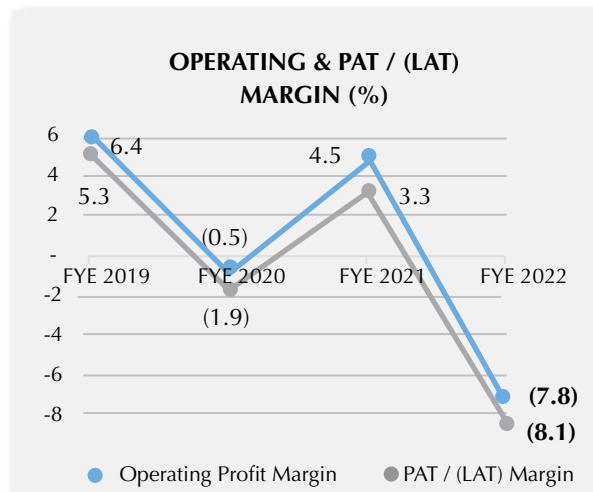
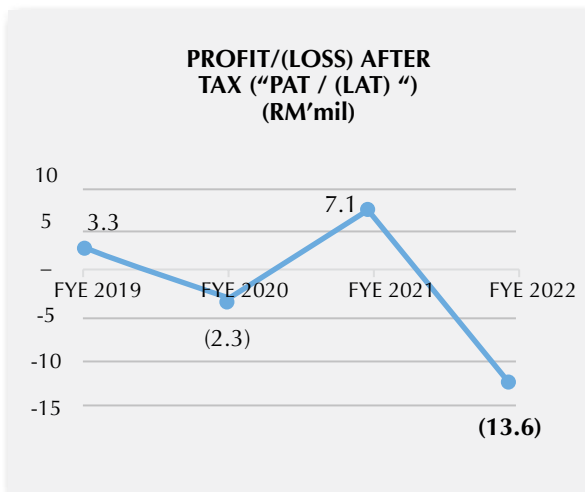
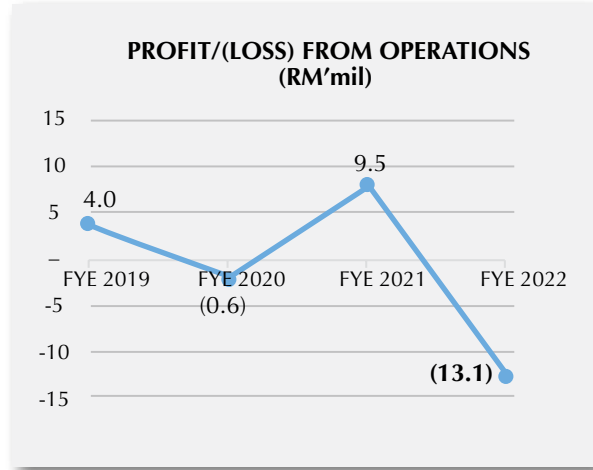
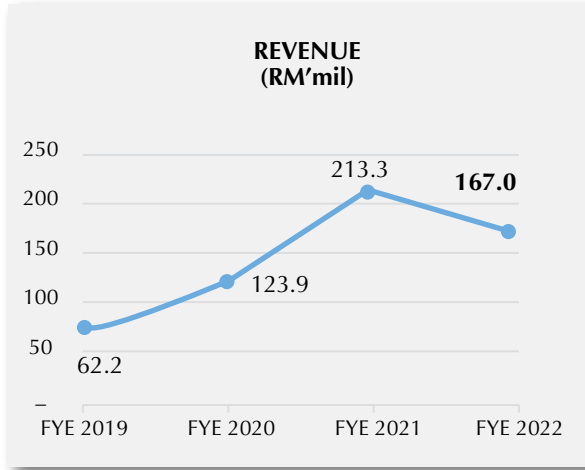
HLB AAC PLT (202006000008 & AF001977)

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



Note: Financial highlights for financial year ended 31 May 2019 ("FYE 2019") and FYE 2020 includes revenue from our discontinued digital contents and value-added services segment.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES

OVERVIEW OF THE GROUP'S BUSINESS

The Group's overall business and performance in the beginning of financial year ended 31 May 2022 ("FYE 2022") continued to be adversely affected due to implementation of the Full Movement Control Order ("FMCO") nationwide lockdown as part of the introduction of the four-phase National Recovery Plan in June 2021 to curb the rising Covid-19 cases.

Notwithstanding this, the continuous support by the Government to revitalise the overall economy as well as the efforts of our management team has helped to mitigate the adversity as we move into 2022. As at FYE 2022, we have a total of eight (8) on-going projects which includes certain notable projects such as Riveria City @ KL Sentral project, Bukit OUG Residence project and proposed mix commercial development for retail and serviced apartments in Jalan Wawasan, Kota Kinabalu.

As at 31 May 2022, the Group's order book stands at approximately RM505.1 million, which is expected to be completed by 2023. Given the market conditions and challenges ahead, we will continue to ensure the sustainability of our core business by focusing on both growth opportunities while sustaining a culture of cost consciousness.

FINANCIAL PERFORMANCE REVIEW

	FYE 2022 RM'000	FYE 2021 RM'000	Variance	
			RM'000	%
Revenue	166,964	213,266	(46,302)	(21.7)
Gross (loss)/profit	(983)	16,939	(17,922)	> (100.0)
(Loss)/Profit before tax	(13,696)	9,148	(22,844)	> (100.0)
(Loss)/Profit after tax	(13,565)	7,124	(20,689)	> (100.0)

The Group recorded a lower revenue of RM167.0 million in FYE 2022 as compared to RM213.3 million in financial year ended 31 May 2021 ("FYE 2021"), representing a decrease by RM46.3 million or 21.7%. Such decrease was mainly due to the implementation of FMCO from June 2021 where only essential industries were allowed to operate. Most of our construction activities were compelled to halt from June 2021 to September 2021, thus resulting a lower revenue in FYE 2022.

The Group's gross profit decreased by RM17.9 million or 105.8%, turning from gross profit of RM16.9 million in FYE 2021 to gross loss of RM1.0 million in FYE 2022 mainly due to higher construction material costs, especially steel and concrete prices which has increased significantly due to global supply and demand conditions. Based on the Department of Statistics Malaysia ("DOSM"), the unit price index for construction materials in May 2022 has increased by 3.8% to 35.9% as compared to May 2021.

The Group recorded a loss before tax of RM13.7 million in FYE 2022 as compared to a profit before tax of RM9.1 million in FYE 2021. This is mainly due to the weakening of the top line as well as impairment loss on goodwill in relation to Rexallent Construction Sdn Bhd ("Rexallent Construction") of RM4.3 million.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES (CONTINUED)

FINANCIAL POSITION AND LIQUIDITY REVIEW

	31 May 2022 RM'000	31 May 2021 RM'000	Variance	
			RM'000	%
Non-current assets	69,708	79,834	(10,126)	(12.7)
Current assets	150,485	133,324	17,161	12.9
Total assets	220,193	213,158	7,035	3.3
Non-current liabilities	7,140	5,392	1,748	32.4
Current liabilities	103,152	83,958	19,194	22.9
Total liabilities	110,292	89,350	20,942	23.4
Net assets ("NA")	109,901	123,809	(13,908)	(11.2)
NA per share (sen)	28.7	35.9	(7.2)	(20.1)
Current ratio (times)	1.46	1.59	(0.13)	(8.2)
Gearing ratio (times)	0.08	0.02	0.06	> 100.0

The Group's total assets increased by RM7.0 million or 3.3% from RM213.2 million as at 31 May 2021 to RM220.2 million as at 31 May 2022. This was attributable to the increase in current assets by RM17.2 million, mainly arising from the increase of contract assets by RM16.9 million due to the timing differences of unbilled work in progress as compared to amount billed our clients. However, the increase in current assets has been partially set off by the decrease in non-current assets by RM10.1 million, mainly due to the decrease in investment of quoted share in listed companies in Malaysia by RM6.2 million as well as the impairment on goodwill in relation to Rexallent Construction by RM4.3 million.

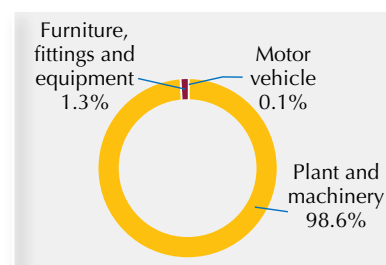
The Group's total liabilities increased by RM 20.9 million or 23.4% from RM89.4 million as at 31 May 2021 to RM110.3 million as at 31 May 2022. This was mainly due to the increase in current liabilities by RM19.2 million, largely attributable to the increase in trade payables by RM12.5 million as part of Ecobuilt's cash flow management strategy to match the collection with payables. The Group's borrowings have also increased by RM5.2 million due to the drawdown of a new loan facility for working capital purposes. As at 31 May 2022, our non-current liabilities have also increased by RM1.7 million due to additional lease liabilities arising from the purchase of new plant and machineries.

As at 31 May 2022, the Group recorded a net asset position of RM109.9 million. The Group also demonstrated a healthy financial position with a current ratio of 1.46 times and low gearing ratio of 0.08 times. These indicate that the Group has adequate ability to fulfill the short-term obligations.

CAPITAL STRUCTURE, RESOURCES AND EXPENDITURES

As at 31 May 2022, Ecobuilt's share capital amounts to RM65,017,362 comprising of 382,471,804 ordinary shares, with NA per share of RM0.29 after taking into account the issuance of 37,552,338 new ordinary shares via private placement on 15 October 2021. The Group finances its daily operations with cash and bank balances, credit granted by trade payables and/or banks, as well as banking facilities including term loans, bank local bills and finance lease.

In FYE 2022, the Group has invested in capital expenditure ("CAPEX") amounting to RM6.2 million, where 98.6% of the total CAPEX relates to the purchase of plant and machineries such as tower crane, aluminium formworks and scaffoldings to facilitate the construction activities of the Group. The remaining 1.3% and 0.1% of the total CAPEX were spent for the purchase of furniture, fittings and equipment and motor vehicles respectively.



MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES (CONTINUED)

CASH FLOW REVIEW

	FYE 2022 RM'000	FYE 2021 RM'000	Variance	
			RM'000	%
Net cash used in operating activities	(2,412)	(10,240)	7,828	(76.4)
Net cash used in investing activities	(60)	(4,316)	4,256	(98.6)
Net cash generated from financing activities	5,120	2,172	2,948	> 100.0
Cash and cash equivalents	7,283	4,635	2,648	57.1

In FYE 2022, the Group's has recorded a net cash used in operating activities of RM2.4 million, mainly due to the timing differences of unbilled work in progress even though we have incurred the relevant construction works. This was evidenced by the increase in our contract assets by RM16.9 million.

The Group's net cash used in investing activities amounted to RM0.1 million in FYE 2022, primarily due to the purchase of plant and machinery, furniture, fittings and equipment and motor vehicle amounted to RM0.3 million. The net cash outflow from investing activities was then partially offset by the interest received amounted to RM0.2 million.

The Group's net cash generated from financing activities amounted to RM5.1 million in FYE 2022. This was mainly attributable to the proceeds from issuance of new shares from the private placement exercise and drawdown of new loan facility amounted to RM5.9 million and RM5.2 million respectively. This is partially offset by the repayment of lease liabilities and increase in short-term deposits pledged with a licensed bank, amounted to RM3.3 million and RM2.5 million respectively.

RISK RELATING TO OUR BUSINESS

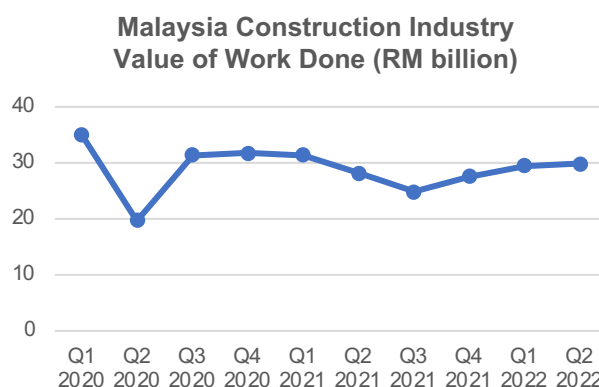
We are expose to certain anticipated or known risks that may affect our operations, performance, financial condition and liquidity. The Group is guided by our risk management framework which includes process and policies aimed at addressing and mitigating risks at the same time sustaining growth of our Group's objectives.

Impact of Covid-19 and Disease Outbreak

Passing through the tough times of Covid-19 in the past two (2) years, Malaysia's economic outlook has become sluggish and pessimistic in tandem with the implementation of border controls, travelling restrictions as well as lockdown measures.

According to DOSM, the Covid-19 pandemic had first hit Malaysia's construction industry by 43.6% Quarter-on-Quarter ("Q-o-Q") in the second quarter of 2020 due to the enforcement of Movement Control Order ("MCO") on 18 March 2020.

Subsequent to the third quarter of 2021 (beginning of the FYE 2022 for the Group), the construction industry was once again impacted by 12.2% Q-o-Q and 21.0% Year-on-Year ("Y-o-Y") due to the implementation of FMCO on 1 June 2021.



MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES (CONTINUED)

Impact of Covid-19 and Disease Outbreak (continued)

Serving in a labour-intensive industry, an outbreak of other diseases which poses potential threat to public health may also result in a similar negative impact to the Group and the construction industry as a whole.

In this regard, the Executive Board and Top Management will continue to right size the work force while continuing to implement standard operating procedures and measures to curb the spread of the Covid-19. The Group will focus on our post-Covid recovery strategy and be more attentive on our cash flow management to ensure that the Group is supported by a healthy cash flow in building a stronger bottom-line moving forward.

Volatility for Raw Materials Prices

We utilise various construction materials such as concrete, steel, wire mesh, bricks and etc in the construction activities, and thus we are exposed to the fluctuation of construction material prices.

Fluctuations in the market prices of these construction materials due to changes in global supply and demand conditions may cause overrun of project costs which may adversely impact the Group's financial performance.

As a mitigation, we will monitor and ensure an effective construction materials usage as well as to maintain close relationship with our suppliers in order to ensure a smooth supply of raw materials at competitive prices.

Delay in Project Completion

Timely project delivery is vital for maintaining Ecobuilt's reputation and our clients' confidence. Nonetheless, such timely completion of projects is dependent on numerous factors, such as availability of construction materials, sufficiency of labour, adequate financing, satisfactory performance of subcontractors and etc. Any adverse developments in respect of these factors may lead to potential delay in project completion, increasing the risk exposure of Liquidated and Ascertained Damages ("LAD") claims from buyers.

During FYE 2022, the Group faced operation disruption where our construction works were temporarily halted due the enforcement of FMCO. Nevertheless, we were not subjected to any LAD claims by our clients.

To this end, we have put in place several mitigation initiatives to improve efficiency and productivity by leveraging on project management plan/tool and quality management system as well as using Industrialised Building System ("IBS") and formworks. In addition, policies and procedures for the selection of consultants are established to ensure that only qualified and competent contractors and consultants are appointed for our projects. We also work closely with the appointed contractors to monitor the work progress on site as well as their performance. In the event of any project delay, a "catch-up" construction work programme will be implemented in order to reduce the adverse impact from such delay.

Competition and Business Risks

The Group is involved in the contracting industry which depends on our ability to continuously secure new contracts in order to grow our business. The overall landscape in Malaysia is becoming more competitive due to increasing new entrants and existing companies, regardless local or international.

In order to compete effectively, the Group is taking proactive and appropriate initiatives such as being cost efficient through effective project management and cost control policies, delivering quality products and services as well as actively seeking and taking advantage of any new opportunities in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES (CONTINUED)

Economic, Political and Regulatory Risks

Similar with other construction companies, Ecobuilt is sensitive to the general market sentiments, including political and economic conditions and changes in regulatory environment. Unfavorable developments in political, economic, government control and regulatory framework may adversely affect the Group's prospects and performance.

We were faced with several turbulences in FYE 2022, including international geopolitical tension ignited by the Russia-Ukraine war and US-China strategic competition which consequently exacerbated the global supply chain disruptions, energy crisis and food shortage causing a full-blown inflation globally.

While these changes are mostly beyond our Group's control, we will continue to review our business development strategies on a regular basis, or as and when necessary, in order to respond to such changes.

FUTURE PROSPECT AND OUTLOOK

Underpinned by several positive factors such as upliftment of Covid-19 containment measures, reopening of international borders and rebound in private sector expenditure, Bank Negara Malaysia ("BNM") has projected Malaysia's economy to grow by 5.3% to 6.3% in 2022.

In term of change in GDP growth, the construction sector has recorded a turnaround from -6.2% in first quarter of 2022 to 2.4% in the second quarter of 2022, supported by the progress of large non-residential projects as well as small-scale projects. According to the Ministry of Finance ("MOF"), Malaysia's construction sector is projected to rebound by 11.5% in 2022.

Malaysian Government had on 27 September 2021 tabled the Twelfth Malaysia Plan 2021-2025 ("Twelfth Plan"), a five-year blueprint to address Malaysia's current issues and rejuvenate the socioeconomic development for long-term sustainability and prosperity and aims to reboot the Malaysia's economy and developments through the implementation of concerted efforts across all economic sectors, including services, manufacturing, agriculture, mining and quarrying as well as construction.

According to the Twelfth Plan, the construction sector is expected to grow by 4.2% per annum, supported by the civil engineering and residential buildings subsectors.



Whilst the overall construction industry in Malaysia is expected to rebound, Ecobuilt remains cautiously optimistic of the prospects as we are still faced with various challenges such as acute labour shortage and construction materials price spike.

Notwithstanding these challenges, the Group remains vigilant and will ensure that timely responses are taken to address any adverse risks. Rest assured, we will continue to leverage on our core competencies, collective expertise as well as the appropriate technology in an attempt to deliver quality projects to our client so as to preserve the long-term values to our shareholders.

DIVIDEND

Dividend pay-out is subjected to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

There was no dividend declared or paid in FYE 2022 as our top priority is to continuously improve our Group's adaptability to the ever-changing business environment in order to achieve greater productivity and profitability.

BOARD OF DIRECTORS

Dato' Noordin Bin Sulaiman, Male, aged 65, 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 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 66, 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 in several 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 projects 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.

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)

Datuk Ng Seing Liong PJN, JP, Male, aged 68, 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 Accountants (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.

Dato Indera Tun Putera Matin Ahmad Shah Bin Munir, aged 33, a Malaysian citizen, is an Independent Non-Executive Director of Ecobuilt. He was appointed to our Board on 11 November 2021. He graduated with Bachelor of Arts in International Business Management from Middlesex University London in 2011.

Upon graduation in 2011, he started his career as Management Associate in CIMB Group Berhad under the company's management trainee program. In 2013, he left CIMB Group Berhad after complete of the management trainee program and joined Ipmuda Group Berhad as a Property Development Associate and later promoted to Property Development Manager in 2016. In 2017, he left Ipmuda Group Berhad and joined MS Property Development Sdn Bhd as Executive Director.

Currently, Dato Indera is an Executive Director of Sinaran Makmur Sdn Bhd, MS Property Development Sdn Bhd and Ideen Materials Sdn Bhd. He is also Chairman of Taraf Raya Sdn Bhd.

He is the Chairman of the Nomination Committee and also a member of the Audit 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 49, 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.

Woo Sau Fan, Female, aged 51, a Malaysian citizen, is the Chief Financial Officer of the Company since August 2022. She graduated with Diploma in Accounting from London Chamber of Commerce and Industry. She holds an Chartered Institute of Management Accountants qualifications.

She started off her career as Accounts Officer in 1994 and joined Eko Bina Sdn Bhd as Accounts Manager in 2014. She has more than 25 years' experience in accounting.

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

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.

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 the 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 Non-Executive 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) must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (b) must be a member of one of the association of accountants specified in Part II of First Schedule of the Accountants Act 1967; or
- (iii) fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

The AC held a total of five (5) meetings during the financial year ended 31 May 2022 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)	5/5
Dato’ Noordin Bin Sulaiman (Independent Non-Executive Director)	5/5
Dato Indera Tun Putera Matin Ahmad Shah Bin Munir (Independent Non-Executive Director) - <i>Appointed on 11/11/2021</i>	2/2
Wong Wen Miin (Independent Non-Executive Director) - <i>Retired on 11/11/2021</i>	3/3

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/corporate-info/. The last review of the Terms of Reference of the AC was on 30 May 2022.

AUDIT COMMITTEE REPORT (CONTINUED)

C. SUMMARY OF ACTIVITIES OF THE AC

During the financial year ended 31 May 2022, 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 2021 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 2021 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 THE AC (CONTINUED)

(d) Review 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 2022 Annual Report.

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 31 to 34 of this Annual Report.

NOMINATION COMMITTEE REPORT

A. MEMBERS AND MEETING ATTENDANCE

The Nomination Committee (“NC”) was established by the Board of Directors and comprises three (3) members who are Independent Non-Executive Directors.

The NC held a total of four (4) meetings during the financial year ended 31 May 2022 and details of the members and their attendance record are as follows:-

Name of Nomination Committee Member	Meetings attended
Dato Indera Tun Putera Matin Ahmad Shah Bin Munir (Chairman, Independent Non-Executive Director) – <i>Appointed on 11/11/2021</i>	1/1
Dato’ Noordin Bin Sulaiman (Independent Non-Executive Director)	4/4
Datuk Ng Seing Liong PJN, JP (Independent Non-Executive Director)	4/4
Wong Wen Miin (Independent Non-Executive Director) – <i>Retired on 11/11/2021</i>	3/3

B. TERMS OF REFERENCE

The Terms of Reference of the NC is available for viewing at the Company’s website at www.eco-built.com.my/corporate-info/. The last review of the Term of Reference of the NC was on 30 May 2022.

C. SUMMARY OF ACTIVITIES OF THE NC

During the financial year ended 31 May 2022, the following activities were carried out by the NC:-

(a) Composition of the Board and Board Committees

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.

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/.

One of the recommendations of the MCCG 2021 states that the Board should comprises at least 30% women directors. However, the Board currently is solely made up by male Directors. The NC will take steps to identify female candidates subject to appropriate due diligence on the candidate’s compatibility, competency, character, time commitment, integrity and experience, to meet the recommendation.

NOMINATION COMMITTEE REPORT (CONTINUED)

C. SUMMARY OF ACTIVITIES OF THE NC (CONTINUED)

(b) Annual Performance Assessment

The NC has on 29 July 2022 performed an annual review and assessment on the effectiveness and performance of the Board, Board Committees and individual Directors for financial year ended 31 May 2022. The Board has adopted the following approaches 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

Based on the assessment outcome, the NC is satisfied with the overall Board performance for financial year ended 31 May 2022 where all Directors have discharged their duties and responsibilities in the best interests of the Company. The Board Committees had carried out their duties and discharged their responsibilities effectively in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and their respective Terms of Reference.

(c) Annual Performance of Independence

According to the Terms of Reference of the NC, the Committee is also responsible to perform annual assessment on the independence of our Independent Directors. The assessment takes into consideration the Independent Directors' ability to exercise independent judgment and contribute effectively to the Board.

The NC and Board are of the view that all three (3) Independent Non-Executive Directors continue to remain objective and independent in expressing their views and in participating in deliberations and decision making actions of the Board and the Board Committees, and that no individual or small group of individuals dominates the Board's decision-making process. All evaluations carried on the independence of the Independent Directors were tabled to the Board and are properly documented.

The number of Independent Directors of the Company is in compliance with the MMLR which requires a minimum one third (1/3) of the Board to be Independent.

The Board Charter stipulates that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. As at 31 May 2022, none of the existing Independent Directors have served on the Board beyond nine (9) years. Nevertheless, in the event if the Board wishes to retain an Independent Director upon completion of nine (9) years term, the Board must provide justification and seek shareholders' approval at Annual General Meeting ("AGM").

(d) Nomination and Appointment

For any appointment of Director, the NC will evaluate the candidate based on the prescribed set of criteria as indicated in the terms of reference, including but not limited to skills, knowledge, expertise, experience, professionalism, integrity, time commitment, and in the case of a candidate for the position of Independent Non-Executive Director, the independence. On 28 April 2022, the Board has introduced a Directors' Fit and Proper Policy, covering the scope of character and integrity, experience and competence, as well as time and commitment, to serve as a reference for the NC in determining the appointment and re-election of Directors. The said policy is accessible on the Company's website at <https://www.eco-built.com.my/corporate-info/>.

NOMINATION COMMITTEE REPORT (CONTINUED)

C. SUMMARY OF ACTIVITIES OF THE NC (CONTINUED)

(d) Nomination and Appointment (continued)

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

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

During the financial year ended 31 May 2022, the appointment of Dato Indera Tun Putera Matin Ahmad Shah Bin Munir to the Board was identified from the recommendations from existing Board members, as the Board believes that this may speed up the Board appointment process. Nonetheless, the NC will not hesitate to utilise independent sources to identify suitably qualified candidates for Board appointment in the future, whenever applicable and appropriate.

(e) Re-election and Re-appointment

Pursuant to the Clause 76(3) of the Company's Constitution, one-third (1/3) of the Directors for the time being, shall at least retire from the office once in a three (3) years period, but shall be eligible for re-election. As such, for the financial year ended 31 May 2022, Dato' Noordin Bin Sulaiman, who retire by rotation and being eligible, have offered himself for re-election.

Clause 78 of the Company's Constitution also provided that any Director appointed during the financial year, either to fill a casual vacancy or as an addition to the existing Directors, he/she shall hold office only until the next AGM, and shall then be eligible for re-election. In this regard, Dato Indera Tun Putera Matin Ahmad Shah Bin Munir, who was appointed as an Independent Non-Executive Director on 11 November 2021, shall retire at the forthcoming AGM and being eligible, he has offered himself for re-election.

The NC has considered the assessment of Dato' Noordin bin Sulaiman and Dato Indera Tun Putera Matin Ahmad Shah bin Munir, the Directors who are standing for re-election and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors. The NC had also conducted the fit and proper assessments on Dato' Noordin bin Sulaiman and Dato Indera Tun Putera Matin Ahmad Shah bin Munir and was satisfied with the outcome of the assessments.

Our shareholders are stayed informed for any appointment or re-appointment of Directors through the Statement Accompanying Notice of AGM which is attached as part of the Annual Report. This shall ensure the shareholders obtain sufficient information to consider for the exercise of their voting rights during AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Ecobuilt Holdings Berhad (“Ecobuilt” or “the Company”) (“the Board”) acknowledges the importance of maintaining high standard of corporate governance within Ecobuilt and its subsidiaries (“the Group”) for the development of long-term growth and success.

The Board strives to uphold high standard of corporate governance practices advocated by the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) across the Group. In this regard, the Board is dedicated to manage the Group with transparency, accountability, integrity and professionalism and thus discharging its responsibility towards protecting the Group’s assets, shareholders’ investments and stakeholders’ interests.

The Board is pleased to presents this Corporate Governance Overview Statement (“CG Statement”) which provides a summary on the Company’s corporate governance practices during the financial year ended 31 May 2022 (“FYE 2022”) with reference to the following three (3) key corporate governance principles as advocated in the MCCG 2021: -

Principle A Board Leadership and Effectiveness;

Principle B Effective Audit and Risk Management; and

Principle C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Statement complies with Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”). The Board has also provided specific disclosures on the application of each practice in its Corporate Governance Report (“CG Report”). Shareholders are advised to read this CG Statement together with the CG Report for the FYE 2022, which is published on the Company’s website at <https://www.eco-built.com.my/financial-report/> or on the Bursa Securities’ website at <https://www.bursamalaysia.com/>.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

PART I BOARD RESPONSIBILITIES

1 Board Stewardship

The Board is ultimately responsible for the Group’s long-term success and strategic goals setting by ensuring necessary resources are adequately allocated within the Group to drive a sustainable growth. To this end, the Board has established the Group’s mission and values as our on-going commitment towards sustainable value creation.

In discharging its responsibilities, the Board is guided by the Board Charter which outlines the roles and responsibilities of the Board for the collective oversight and overall management of the Group’s business. According to the Board Charter, key responsibilities of the Board are as follows: -

- Review, adopt and monitor the Group’s strategic plan for the Group to ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Oversee the conduct of the Group’s business to ensure it is properly managed;
- Identify risks and assume active role in ensuring the implementation of appropriate risk management and internal control systems to manage or mitigate these risks;
- Review 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;
- Perform succession planning, including appointing, training, fixing the compensation of the key Managements;
- Ensure measures are in place to assess and oversee Management’s performance;
- Develop and implement investor relations programme or shareholder communications policy for the Group;
- Set the risk appetite within which the Board expects Management to operate and ensuring that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risk;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I BOARD RESPONSIBILITIES (CONTINUED)

1 Board Stewardship (continued)

- Ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management;
- Together with Management, taking responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets. The Board takes into account sustainability considerations when exercising its duties including among others the development and implementation of the Company's strategies, business plans, major plans of action and risk management;
- Ensure that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders;
- Take appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities;
- Ensure that all its directors are able to understand financial statements and form a view on the information presented and ensuring that integrity of the Company's financial and non-financial reporting; and
- Ensure that the Company has in place procedures to enable effective communication with stakeholder.

In order to ensure an effective discharge of duties, the Board has delegated certain functions and authorities to three (3) Board Committees, namely Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). All Board Committees are guided by the respective Terms of Reference.

The Board reserves a formal schedule of matters for the Board's deliberation and approval. This includes, among others, the following matters: -

- Strategic issues and planning, including sustainability;
- Budget and performance reviews;
- Quarterly financial results and audited financial statements;
- Interim dividends, recommendations of final dividends and making of any other distribution;
- Proposal to increase/decrease capital;
- Treasury policies;
- Limits of authority;
- Material acquisitions and disposals of undertakings and properties of substantial value;
- Proposed appointment of External Auditors and their audit fees;
- Related party transactions ("RPT"), recurrent RPT and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedures or course of conduct that raises question on management integrity and any recommendations relating thereto as set out in the Terms of Reference of Audit Committee; and
- New venture.

In order to ensure a right balance of control, power and authority, Ecobuilt has two (2) different individuals holding the position of Chairman of the Board and Chief Executive Officer ("CEO"). The Chairman of the Board, Dato Noordin Bin Sulaiman, is responsible for the Board's overall effectiveness and instilling good corporate governance practice in the Board, while the CEO of the Group, Datuk Ong Chee Koen, is responsible to monitor the Group's daily business management and operations. The responsibilities of the Chairman and CEO can be found in the Board Charter, published on the Company's website at <https://www.eco-built.com.my/corporate-info/>.

Although Practice 1.4 of the MCCG 2021 suggests that the Chairman of the Board shall not be a member of the Board Committees, our Chairman of the Board is still sitting as the Chairman of the Remuneration Committee, as well as a member of the Audit Committee and Nomination Committee due to the number of Director in office currently. Nevertheless, the Board is of the view that such departure does not impair the objectivity of the Chairman of the Board, as recommendations put forth by the Board Committees are discussed by all other Independent Non-Executive Directors together as a team.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I BOARD RESPONSIBILITIES (CONTINUED)

1 Board Stewardship (continued)

Pursuant to the Paragraph 15.05(3)(c) of the MMLR, all Directors are required to have a minimum of 50% attendance in Board meetings as held during the financial year under review. During FYE 2022, all Directors have committed their best endeavours to attend all Board meetings and respective Board Committee meetings, summarised as follows: -

Director	Board	AC	NC	RC
Datuk Ong Chee Koen	5/5	N/A	N/A	N/A
Dato' Noordin Bin Sulaiman	5/5	5/5	4/4	2/2
Datuk Ng Seing Liong, PJN, JP	5/5	5/5	4/4	2/2
Dato Indera Tun Putera Matin Ahmad Shah Bin Munir (Appointed on 11/11/21)	2/2 *	2/2 *	1/1 *	N/A
Wong Wen Miin (Retired on 11/11/21)	3/3 *	3/3 *	3/3 *	N/A

* Reflects the number of meetings held during the time the Director held office.

All Board and Board Committee meetings are scheduled in advance so that all Directors have sufficient time to make necessary arrangements and reserve their time for the Company. Currently, the Board is supported by two (2) suitably qualified and competent Company Secretaries, namely Ms. Joanne Toh Joo Ann and Ms. Wong Wai Foong.

Ms. Joanne Toh Joo Ann is a Licensed Secretary by the Companies Commission of Malaysia while Ms. Wong Wai Foong is a Member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). Both of them are qualified to act as Company Secretaries pursuant to Section 235 of the Companies Act, 2016.

The Company Secretaries are primarily responsible to facilitate all Board and Board Committees meetings, and advise the Board pertaining to their duties and obligations as well as regulatory compliance matters. Meeting materials, including meeting agenda and Board papers, are circulated to all Directors in advance of the scheduled meetings to ensure that sufficient time are provided for all Directors to peruse the meeting materials and seek further clarifications, if necessary, in order for them to provide meaningful deliberations during the meetings. However, in the event of urgent and confidential matters, the relevant meeting materials will only be distributed during the Board meeting.

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

The Board has full and unlimited access to all information related to the Group's business and affairs as well as to the Management, services of the Company Secretaries, Internal and External Auditors for an effective discharge of their duties and responsibilities. The Directors may also obtain independent professional advice, at the Company's expense, if necessary, with prior approval obtained from the Board. The requisition shall include an indication of fee that will be spent on the professional advice.

Upon conclusion of meetings, the Company Secretaries are tasked to record the Board's deliberations, including issues discussed and decisions made. The meeting minutes are circulated to all Directors on timely basis and properly maintained thereafter.

Our Company Secretaries have and will continue to constantly keep themselves abreast with the latest regulatory changes and corporate governance developments through continuous trainings. For the FYE 2022, the Board is satisfied with the Company Secretaries' performance and services in supporting the Board to discharge its responsibilities effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I BOARD RESPONSIBILITIES (CONTINUED)

2 Board Charter

The Company has adopted a Board Charter which clearly defines the roles and responsibilities of the Board, Board Committees, Chairman, CEO, Independent Non-Executive Directors and Company Secretaries as well as the matters that are reserved for the Board's deliberation and decision.

The Board Charter will be reviewed and updated periodically or as and when necessary, in order to maintain its relevance and appropriateness. It is published on the Company's website at <https://www.eco-built.com.my/corporate-info/>. The last review of the Board Charter was on 30 May 2022.

3 Ethical Business Conduct and Healthy Corporate Culture

In an effort to maintain ethical business behaviour and dealings, the Board has implemented the Code of Ethics ("the Code") which serves as a guideline for all Directors and employees to foster an ethical business environment with integrity, accountability and transparency. The Code has covered the following areas: -

- (i) Conflicts of interest;
- (ii) Corporate opportunities;
- (iii) Protection of confidential information;
- (iv) Protection and proper use of company's 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.

In line with the enforcement of Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, the Board has also put in place an Anti-Bribery and Corruption Policy ("ABC Policy") to outline the key guiding principles and mitigating controls in place in relation to anti-bribery and corruption matters. The ABC Policy was prepared with references to the Guidelines on Adequate Procedures issued in accordance with Section 17A of the MACC Act 2009.

The Group upholds zero tolerance against any form of bribery and/or corruption in the business conduct within the Group as well as takes a strong stance against such acts. To strengthen such governance, the Company has adopted a Whistle Blowing Policy to guide all employees for disclosures of any improper conduct within the Group.

If an employee has a reasonable belief that an employee or the Company had engaged in any action that violates any applicable law, or regulation, including those concerning accounting and auditing, or constitute a fraudulent practice, the employee, herein referred as whistleblower, shall immediately report such information to the Chairman of the Board. If the whistleblower does not feel comfortable to report such information to the Chairman of the Board, he/she is expected to report the information to the other Independent Non-Executive Directors.

All reports made will be addressed and investigated appropriately, timely, independently and confidentially. The said Whistle Blowing Policy is also served to protect whistleblower who reports in good faith against any adverse and detrimental action within all applicable laws and regulations. Upon investigation, disciplinary actions will be undertaken against the wrongdoer.

All the Code, ABC Policy and Whistle Blowing Policy are published on the Company's website at <https://www.eco-built.com.my/corporate-info/>. During FYE 2022, the Board is pleased to report that no report was made by any whistleblower.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I BOARD RESPONSIBILITIES (CONTINUED)

4 Sustainability Management

Sustainability is a major concern for all businesses and it has no exception to us. The Board is dedicated to promote sustainability principles across the Group. In this regard, the Board takes responsibilities for the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets. The Board is supported by three (3) Board Committees and the Management for the sustainability management.

The Board has strategised the Group's sustainability management into four (4) pillars, namely Economic, Environment, Social and Governance ("EESG") contexts. The Board has performed an annual materiality assessment to identify and assess the material sustainability matters which brings significant impacts to the Group and stakeholders. Such assessment enabled the Board to formulate a series of sustainability strategies for implementation across the Group.

According to the internal assessment performed, the Board has identified twelve (12) sustainability matters. By taking into consideration of 17 Sustainable Development Goals ("SDGs"), promoted by the United Nations Member States in 2015, the Board has further mapped the twelve (12) identified sustainability matters with seven (7) relevant SDGs in formulating our sustainability strategies for execution. Shareholders and stakeholders may obtain further insight of the Group's sustainability principles, strategies, targets and other relevant matters in the Sustainability Statement within this Annual Report.

The Board fully understands that the sustainability trends evolve in line with the ever-changing business environment. Thus, the Directors have kept themselves abreast with the latest sustainability trend by attending the relevant training programmes during FYE 2022.

Although the Board recognises the importance of tracking the Board's and Management's performance in addressing the Group's sustainability affairs for continuous improvement, the Nomination Committee has not included sustainability management as part of the performance evaluation criteria in FYE 2022. The Board, through Nomination Committee, will consider to include the said sustainability management into the annual performance evaluation moving forward, if necessary.

PART II BOARD COMPOSITION

5 Diverse and Effective Board

The present Board comprises four (4) members, including one (1) Executive Director, who is holding the concurrent position as CEO, and three (3) Independent Non-Executive Directors. In other words, the Independent Directors have made up 75% of the Board composition, shown as follows: -

Name	Directorship
Dato' Noordin Bin Sulaiman	Independent Non-Executive Director
Datuk Ong Chee Koen	Executive Director / Chief Executive Officer
Datuk Ng Seing Liong PJN, JP	Independent Non-Executive Director
Dato Indera Tun Putera Matin Ahmad Shah Bin Munir (Appointed on 11/11/2021)	Independent Non-Executive Director
Wong Wen Miin (Retired on 11/11/2021)	Independent Non-Executive Director

The Board has embraced diversity by having a mix of background, races, skills, experience and core competencies, which could bring a wide pool of ideas, perspectives, skills and knowledge for the Group's long-term success.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II BOARD COMPOSITION (CONTINUED)

5 Diverse and Effective Board (continued)

However, as at 31 May 2022, the Board is solely made up by male Directors. In addressing this issue, the Board has implemented a written policy on gender diversity, along with an annual review of diversity, to promote the boardroom and workplace diversity. On 1 August 2022, the Board had appointed Ms. Woo Sau Fan as the Company's Chief Financial Officer, to promote the gender diversity for Senior Management.

Moving forward, the Board will continue to actively identify suitably qualified female candidates for Board appointment as well as recruitment for Senior Management position, whenever appropriate. Notwithstanding that to avoid any inappropriate and ineffective appointment, the Board is of the view that gender shall not be a pre-requisite criteria for the Board appointment or recruitment for senior managerial positions in the Group.

The profile of each Director is presented in the Profile of Board of Directors section within this Annual Report.

The Board, through the Nomination Committee review and assess annually the structure, size and composition of the Board. Details of the composition of the Nomination Committee, its Terms of Reference and the summary of activities of the Nomination Committee during the FYE 2022 are contained in the Nomination Committee Report on pages 15 to 17 of this Annual Report.

6 Overall Board Effectiveness

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.

During FYE 2022, the Directors have attended the following training programmes: -

Director	Training Programmes/Seminars/Conferences Attended	Date
Dato' Noordin Bin Sulaiman	<ul style="list-style-type: none"> Fintech Talk Audit & Governance Nominees Directors Roles 	7/10/2021 3/12/2021 12/3/2022
Datuk Ong Chee Koen	<ul style="list-style-type: none"> Stamp Duty Considerations when Undertaking an IPO 	30/9/2021
Datuk Ng Seing Liong, PJN, JP	<ul style="list-style-type: none"> CAN/CGM Roundtable 1: Reducing Embodied Carbon in the Built Environment Virtual Conference Series - Malaysia Insolvency Conference 2021 National Tax Conference 2021 Corporate Directors Summit 2021 - Governance 4.0 Applying ISAs in a Pandemic Environment Including - Implications of Going Concern Digitizing SMEs in Turbulent Times - Pathway to SME's Survival & Sustainability Understanding ESG for Public Listed Companies & SMEs in Malaysia 	12/7/2021 13 - 14/7/2021 27 - 28/7/2021 17/8/2021 30/8/2021 3/9/2021 29/9/2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II BOARD COMPOSITION (CONTINUED)

6 Overall Board Effectiveness (continued)

During FYE 2022, the Directors have attended the following training programmes: - (continued)

Director	Training Programmes/Seminars/Conferences Attended	Date
	<ul style="list-style-type: none"> • Smart Home Automation in the Post-Pandemic Webinar • SME Lighthouse - Financing, Funding & Grants for SMEs in Turbulent Times • MFRS 133: Earnings per Share • 2022 Budget Seminar • Budget 2022 Review • Regional Housing Conference 	30/9/2021 12/10/2021 22/10/2021 18/11/2021 16/12/2021 24/3/2022
Dato Indera Tun Putera Matin Ahmad Shah Bin Munir (Appointed on 11/11/2021)	<ul style="list-style-type: none"> • Mandatory Accreditation Programme (MAP) 	15 - 17/3/2022

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.

PART III REMUNERATION

7 Remuneration Framework

Remuneration Committee is empowered to recommend remuneration packages of the Directors and Senior Management by taking into consideration of individual performance, seniority, experience and scope of responsibility. Such remuneration packages shall be designed in the manner of sufficient to attract, retain and motivate the Directors and Senior Management in order to drive the Group's long-term objectives.

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

Position	Name	Directorship
Chairman	Dato' Noordin Bin Sulaiman	Independent Non-Executive Director
Member	Datuk Ng Seing Liong PJN, JP	Independent Non-Executive Director

In order to ensure that appropriate level of remuneration is recommended and offered, the Remuneration Committee is guided by the Company's Remuneration Policy. It illustrates the remuneration structure for Executive Directors and Senior Management, as well as Non-Executive Directors, summarised as follows: -

Executive Directors & Senior Management	Non-Executive Directors
<ul style="list-style-type: none"> • Base salary • Performance bonus • Other benefits • Other incentives as may be determined from time to time 	<ul style="list-style-type: none"> • Director's fees • Meeting allowance • Directors and officers liability insurance • Other incentives as may be determined from time to time

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART III REMUNERATION (CONTINUED)

7 Remuneration Framework (continued)

The salary and remuneration package for Executive Directors and Senior Management is reviewed by the Remuneration Committee. The remuneration packages for Non-Executive Directors is determined by the Board as a whole. Directors should abstain themselves from discussing their own remuneration. The aggregate annual Directors' fees and other benefits payable are then proposed on Annual General Meeting ("AGM") to seek for shareholders' approval based on recommendations of the Board. The Remuneration Policy is made available on the Company's website at <https://www.eco-built.com.my/corporate-info/>.

8 Remuneration of Directors and Senior Management

The total remuneration paid or payable to all our Directors for FYE 2022 is as follows: -

Director	Company		Group			
	Fees (RM)	Allowance (RM)	Fees (RM)	Salary (RM)	Bonus (RM)	Other Emoluments (RM)
Dato' Noordin Bin Sulaiman	36,000	2,500	36,000	-	-	-
Datuk Ong Chee Koen	-	-	30,000	162,000	16,000	22,141
Datuk Ng Seing Liong PJN, JP	36,000	2,500	36,000	-	-	-
Dato Indera Tun Putera Matin	21,000	500	21,000	-	-	-
Ahmad Shah Bin Munir (Appointed on 11/11/2021)	-	-	-	-	-	-
Wong Wen Miin (Retired on 11/11/2021)	18,000	2,000	18,000	-	-	-

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

The Company believes that the disclosure of Senior Management's remuneration on named basis and in the band of RM50,000 may not be in the best interest of the Company considering the confidentiality issue in view of the highly competitive market for talents in the industry. Hence, the Board has decided to make such disclosure by band of RM250,000. The Board believes that such disclosure shall satisfy the accountability and transparency aspects of the MCCG 2021.

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 2022 is tabled as follows:-

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

The explanation for the departure of Practice 8.2 of MCCG 2021 is disclosed in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I AUDIT COMMITTEE

9 Effectiveness and Independence of the Audit Committee

The Board has established an Audit Committee which comprises solely of Independent Non-Executive Directors as follows: -

Position	Name	Directorship
Chairman	Datuk Ng Seing Liong PJN, JP	Independent Non-Executive Director
Member	Dato' Noordin Bin Sulaiman	Independent Non-Executive Director
Member	Dato Indera Tun Putera Matin Ahmad Shah Bin Munir	Independent Non-Executive Director

As the Audit Committee comprises solely of Independent Non-Executive Director, the Audit Committee is able to perform their duties independently and impartially by providing an objective view on the integrity of financial controls and reporting.

To enhance such integrity, the Board is mindful that the Chairman of the Board and Audit Committee Chairman should be held by different individuals. In this regard, the Audit Committee is chaired by Datuk Ng Seing Liong PJN, JP, a member of the Malaysia Institute Accountants ("MIA") and he is not the Chairman of the Board.

Although only one-third (1/3) of the Audit Committee is a member of professional accounting bodies, our Audit Committee as a whole is regarded as financially literate and competent as they are able to understand matters under the purview of the Audit Committee including the financial reporting process and auditing process. During FYE 2022, all Audit Committee members have and will continue to undertake continuous professional development in order to stay informed of the relevant developments in accounting and auditing standards, practices and rules as and when required. The Audit Committee is also updated regularly by the Management and External Auditors on such latest developments.

According to the Terms of Reference of the Audit Committee, a former key audit partner is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee in order to avoid conflict of interest and safeguard the independence of audit when discharging his/her duties as an Audit Committee member. None of the current Audit Committee member is a former key audit partner.

The Board, through Audit Committee, has established an appropriate and transparent relationship with External Auditors. The Audit Committee is responsible to perform annual assessment on the suitability, objectivity and independence of the External Auditors via an External Auditors Assessment Policy, by taking into consideration the following: -

- calibre of external audit firm;
- quality processes/performance;
- sufficiency of resources provided by the External Auditors;
- audit scope and planning;
- ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated;
- audit fees and non-audit fees taking into consideration the nature of the non-audit services provided and the fees paid for such services;
- the independence and objectivity;
- the communication and interaction with External Auditors Management and the Audit Committee; and
- whether there are safeguards in place to ensure there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART I AUDIT COMMITTEE (CONTINUED)

9 Effectiveness and Independence of the Audit Committee (continued)

For FYE 2022, the Audit Committee is satisfied with the suitability, competency and independence of External Auditors when providing their services. The External Auditors have also provided written confirmation that they have complied with the ethical requirements with respect to the audit of the Group and have confirmed their independence throughout the audit engagement in compliance with the terms of relevant professional and regulatory requirements. 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 2022 are as follows: -

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- Current year	118,000	114,000	36,000	32,000
- Under/(Over) provision in prior year	4,000	(500)	4,000	-
- Non-audit services	-	3,000	-	3,000

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 and the summary of activities during FYE 2022 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

10 Effective Risk Management and Internal Control

The Board affirms its overall responsibility to maintain a sound system of risk management and internal controls within the Group in order to protect the Group's assets, shareholder's investment and stakeholders' interests.

To this end, the Board has implemented an on-going process to identify, evaluate, monitor and manage any significant risk through the internal controls in place across the Group. Nonetheless, the risk management and internal control system, due to its inherent limitations, can only provide reasonable but not absolute assurance against any material misstatements or losses.

The Board is supported by Audit Committee to review and evaluate the adequacy and effectiveness of the Group's internal control systems regularly. Significant risk affecting the Group's strategic and business plans will be escalated to the Board's attention at the scheduled Board meetings.

The features of the Group's risk management and internal control framework, along with its adequacy and effectiveness, are set out in the Statement on Risk Management and Internal Control within this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

11 Internal Audit and Governance Control

The Group has outsourced its internal audit function to an independent internal audit service provider, AlphaOne Governance Sdn Bhd. The Internal Auditors are led by its Consulting Manager, James Lim, who is a fellow member of Professional Member of Institute of Internal Auditors, Malaysia and Chartered Accountants of Australia. The Internal Auditors are qualified, experienced and independent to discharge their duties with professional due care.

All internal audit reviews were conducted with reference to the International Professional Practice Framework (“IPPF”) and in accordance with the risk-based internal audit plan duly approved by the Audit Committee. To ensure the proper conduct of internal audit, the Internal Auditors has full and unrestricted access to all information and resources which are required for the internal audit review.

The Internal Auditors are authorised to report directly to the Audit Committee. After conducting internal audit review, the Internal Auditors present the internal audit report at scheduled Audit Committee meetings. Such report covers the findings or weaknesses noted during internal audit review, its root-cause analysis as well as its corresponding proposed recommendations for operational improvement. Audit Committee and Management will then acknowledge and rectify the weaknesses identified within the stipulated timeframe. Follow up review will be carried out subsequently by the Internal Auditors to ensure that corrective actions and necessary controls are adequately in place to address the weaknesses highlighted earlier and enhance the Group’s internal control system.

Further details on the Group’s internal audit function are outlined in the Statement on Risk Management and Internal Control within this Annual Report.

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I ENGAGEMENT WITH STAKEHOLDERS

12 Continuous Communication with Stakeholders

The Board acknowledges the importance of stakeholders’ engagement in supporting the Group’s sustainability and future growth. Shareholders and stakeholders are informed of all material information concerning the Group on a timely basis. Being an accountable listed company, Ecobuilt strictly adheres to Bursa Securities’ disclosure requirements by providing timely, accurate and complete information to shareholders and the public.

During the FYE 2022, the Company has disclosed our information via the following platforms: -

- Company’s website at <https://www.eco-built.com.my/>;
- Announcement made to Bursa Securities website at <https://www.bursamalaysia.com/>;
- Quarterly financial results and Annual Report; and
- AGM for dialogues with shareholders.

13 Meaningful General Meetings

AGM serves as an annual forum for dialogue with shareholders. Shareholders are invited to attend the AGM to have a face-to-face communication with the Board. Hence, the Board always ensures that AGM provides sufficient opportunities for shareholders to have an effective communication with the Board or Management directly.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

PART II CONDUCT OF GENERAL MEETINGS

13 Meaningful General Meetings (continued)

To achieve the abovementioned objective, the Board ensures that the notice of AGM is circulated to shareholders at least twenty-eight (28) days before the meeting. This shall ensure that shareholders have sufficient time to make necessary time and travelling arrangement to attend the said meeting. Shareholders will also have additional time to peruse the Annual Report before the actual meeting takes place.

In an effort to protect our shareholders from the Covid-19 outbreak, the Board has conducted the Company's Seventeenth (17th) AGM virtually via online meeting platform at <https://tjih.online/> provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor"). Tricor was also appointed as the Poll Administrator to support the electronic polling process whereas the poll results were verified by Asia Securities Sdn Bhd, the independent scrutineer of the 17th AGM.

All Directors have shown their best endeavours to attend the 17th AGM. Supported by the Remote Participation and Voting ("RPV") Facilities, the Board encouraged shareholders to attend, participate, speak (in the form of real time submission of typed texts) and vote remotely. All questions posted by shareholders during the AGM were made visible to all meeting participants to support the real time interest in the meeting. Thus, the 17th AGM, although conducted virtually, it provides the same level of transparency and participation as compared to a physical meeting.

The Company has also obtained a written assurance from Tricor, confirming that the online meeting platform is secured with good cyber hygiene, with the following safety measures in place by Tricor: -

- Implementation of Information Technology ("IT") policy and Information Security policy, endpoint controls, data classification for cyber hygiene practices of the staff; and
- Conduct of stress test and penetration testing on the meeting platform, TIH Online, in May 2021 to test its resiliency.

To further enhance shareholders' confidence, Tricor is ISO27001 certified in October 2021, while the TIH Online was hosted in a secure cloud platform under a ISO27001 certified data centre.

Our Executive Director, Datuk Ong Chee Koen, has provided meaningful response to all queries raised by our shareholders during the 17th AGM. The External Auditors were also invited to the said AGM to respond to any queries raised by shareholders relevant to the conduct of audit and financial statements of the Group, if any.

Upon conclusion of the 17th AGM, the Company, supported by the Company Secretaries, have uploaded the relevant meeting minutes on the Company's website at <https://www.eco-built.com.my/financial-report/> within thirty (30) business days.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible corporate governance standards through the continuous adoption of the principles and best practices as set out in the MCCG 2021 and all other applicable laws, where applicable and appropriate.

This CG Statement was approved by the Board on 28 September 2022.

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 2022 announced on 29 July 2022 and the audited financial statements of the Group for the financial year ended 31 May 2022.

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 2022.

4. Recurrent Related Party Transactions ("RRPT")

The recurrent related party transactions of a revenue or trading of the Group for the financial year ended 31 May 2022 is as follows:-

Transacting company within ECOBUILT Group	Transacting Related Party	Nature of Transaction	Related Party	Aggregate Value (RM)
Gabungan Eko Konstrukt Sdn Bhd ("GABUNGAN")	Modular Group Sabah Sdn Bhd ("MODULAR")	Provision of construction related services by MODULAR to GABUNGAN	Mr. Chang Keng Sing, a director and shareholder of MODULAR, is a director of GABUNGAN	1,609,794

5. Utilisation of Proceeds

The Company had on 9 September 2021 proposed to undertake a Private Placement of up to 20% of the total number of issued shares of the Company to third party investors.

On 15 October 2021, a total of 37,552,338 Ecobuilt Shares at the Subscription Price of RM0.1570 each were listed and quoted on the Main Market of Bursa Securities, raising gross proceeds of approximately RM5.90 million.

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

Details	Utilised (RM'000)
Purchase of machineries and construction equipment	305
General working capital	5,556
Estimated expenses	35
Total	<u>5,896</u>

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 2022, 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. 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.

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 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

RISK MANAGEMENT SYSTEM (CONTINUED)

(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 one (1) internal audit report. 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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

INTERNAL AUDIT FUNCTION (CONTINUED)

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 2022, the business processes / audit areas covered main building works 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 2022 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 2022.

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.

REVIEW BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main Market Listing Requirements of Bursa Securities, the External Auditors, 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 2022 in accordance with Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. The external auditors have 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

MANAGEMENT'S ASSURANCE

The Chief Operating Officer and Chief Financial Officer, representing the management, have 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 2022.

CORPORATE SUSTAINABILITY STATEMENT

Sustainability, a trending buzzword in recent years, appears to be a corporate imperative nowadays. The importance of sustainable value creation which integrates the economic, environmental and social dimension of sustainability has been widely advocated globally. Here in Ecobuilt Holdings Berhad (“Ecobuilt”), we recognised the importance of sustainability which go beyond just being green, but extended to cover the quadruple bottom line: Economic, Environment, Social and Governance (“EESG”).

This year, Ecobuilt continues to strengthen our sustainability journey by segregating the Governance aspect from our Economic context. This shall show our growing concern on getting our governance proposition right so as to drive a long-term value creation.

In the pursuit of delivering sustainable values to various stakeholders, the Board of Directors of Ecobuilt (“the Board”) is pleased to present this Sustainability Statement (“Statement”) for the financial year ended 31 May 2022 (“FYE 2022”) which encapsulates our sustainability initiatives and performance within the EESG contexts. Our commitments toward delivering of sustainable values are embodied in our mission and deep-rooted in our values, as follows: -

OUR MISSION	OUR VALUES
<p>We aim to provide world class property developments and services to help create a better community for the future generations.</p>	<p>We always believe that by using the following five (5) brand values, we will continue to build the right thing together globally: -</p> <ul style="list-style-type: none"> • Hard work • Responsibility • Morality • Integrity • Vitality <p>These are the values that we will continue to adhere as an essential part of what it means to be Ecobuilt as we move towards the future.</p>

SCOPE OF THIS STATEMENT

This Statement encompasses the Group’s sustainability efforts and performance within our business operations of civil engineering, building contracting and construction and property development in Malaysia, for the financial year from 1 June 2021 to 31 May 2022, unless otherwise specified.

BASIS OF THIS STATEMENT

This Statement was prepared based on the available internal information with reference to Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements relating to sustainability statement, and its Sustainability Reporting Guide 2nd Edition.

This year, we continue to make reference to the targets outlined by the Sustainability Development Goals (“SDGs”), introduced by the United Nations Member States in 2015.

ASSESSMENT OF MATERIAL MATTERS

An annual materiality assessment is conducted to identify and/or review a list of material matters relevant to our Group and various stakeholders. Please refer to our Material Matters Matrix within this Statement for further details.

FEEDBACK

Stakeholders’ feedbacks are essential and valuable for our continuous improvement in sustainability measures and reporting standards. All feedbacks, comments and enquiries are welcome to be directed to inquiry@ecobuilt.com.my.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

OUR SUSTAINABILITY GOVERNANCE



The Board

Ultimate responsibility in managing the Group's sustainability agenda



Audit Committee

To oversee the Group's external and internal audit activities to ensure ethical and proper business conduct



Nomination Committee

To identify and recommend suitable candidates for Board appointment to ensure Board effectiveness



Remuneration Committee

To establish and review motivative remuneration packages for the Board and Senior Management in order to drive the Group's long-term value

Ecobuilt integrates the principle of sustainability into our core business operations instead of isolating it as a single distinct division. In driving our sustainability agenda, the Board assumes the ultimate responsibility for the stewardship of the Group's sustainability management. As part of their fiduciary duties, the Board is responsible to set the Group's sustainability strategies as well as leverage on their knowledge and experience to provide guidance to the Board Committees and Management for the execution of sustainability strategies.

To ensure an effective discharge of duties, the Board is supported by three (3) Board Committees. Audit Committee is entrusted to monitor and ensure the adequacy of the Group's risk management and internal control systems as such systems serve as a vital role to sustain the Group's business operations. On the other hand, Nomination Committee and Remuneration Committee are tasked to ensure the Board's overall effectiveness by recommending the suitable candidates as well as appropriate remuneration packages respectively.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

STAKEHOLDERS ENGAGEMENT

Effective stakeholders’ engagement enables Ecobuilt to be aware and understand respective stakeholders’ requirements and expectations in order to develop appropriate sustainability strategies. Our engagement approaches with key stakeholders are as follows: -

	Shareholders/ Investors	Employees	Government/ Regulators
Areas of Concern	<ul style="list-style-type: none"> Investment risks and returns Business growth and profitability Corporate governance 	<ul style="list-style-type: none"> Career advancement Training opportunities Occupational safety and health (“OSH”) Competitive remuneration 	<ul style="list-style-type: none"> Legal compliance Corporate governance Licenses and permits OSH
Engagement Approaches	<ul style="list-style-type: none"> Quarterly report & annual report General meetings Bursa announcements Company website 	<ul style="list-style-type: none"> Training programmes Performance appraisal Regular engagement with management 	<ul style="list-style-type: none"> Compliance audit Bursa announcements Company website Renewal of licenses and permits



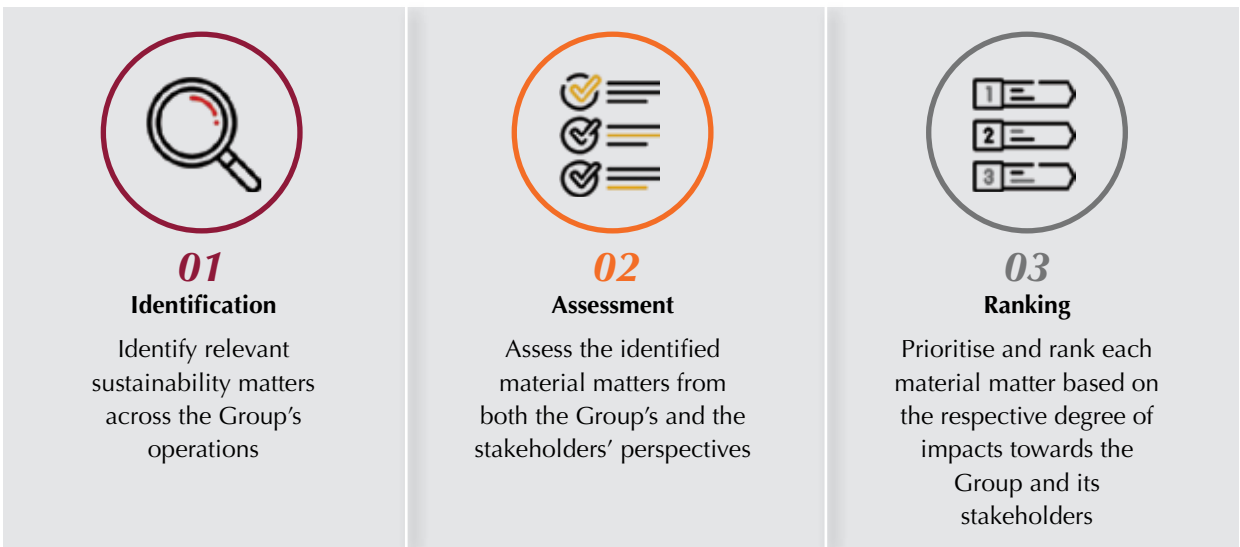
	Clients	Vendors/ Subcontractors	Community	Analyst/Media
Areas of Concern	<ul style="list-style-type: none"> Project safety & quality Competitive cost for construction work Timely project delivery 	<ul style="list-style-type: none"> Business continuity Transparent procurement practice Credit terms & payment schedule 	<ul style="list-style-type: none"> Job creation Economic support Environmental impacts 	<ul style="list-style-type: none"> Financial performance Business growth and expansion plans Corporate action
Engagement Approaches	<ul style="list-style-type: none"> Email & physical communications Customer feedback survey Company website 	<ul style="list-style-type: none"> Email & physical communications 	<ul style="list-style-type: none"> Company website 	<ul style="list-style-type: none"> Quarterly report & annual report General meetings Bursa announcements Company website

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

MATERIALITY ASSESSMENT AND SUSTAINABILITY STRATEGIES

Materiality Assessment Process

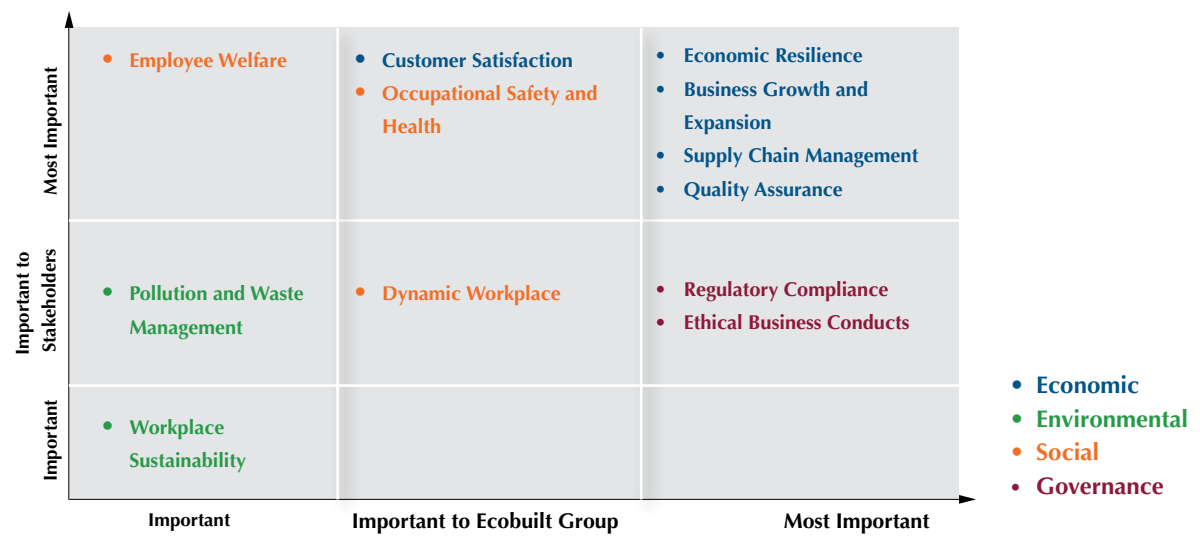
Materiality assessment serves as a key procedure for Ecobuilt to identify and prioritise any sustainability matters which form the basis for shaping our sustainability strategies and initiatives every year. By gaining insights from our engagement with various stakeholders, we have performed an annual materiality assessment by adopting the following materiality assessment procedures: -



Material Matters Matrix

In FYE 2022, we have revisited the sustainability matters identified last year and we maintained substantially the similar material matters for this year as they remained relevant to our business operations and stakeholders. Coming to FYE 2022, in view of the transition into endemic phase as well as the existing geopolitical tension, certain sustainability matters are re-prioritised to better tailor our strategies conforming to the latest business development and environment.

Based on our assessment, we have identified and ranked twelve (12) key matters which matter the most to our Group and various stakeholders, scaling from "Important" to "Most Important", illustrated in the following Material Matters Matrix: -



CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

MATERIALITY ASSESSMENT AND SUSTAINABILITY STRATEGIES (CONTINUED)

Sustainability Strategies Mapping

For each sustainability matter identified in the aforementioned Material Matters Matrix, we have developed appropriate sustainability strategies and mapped seven (7) SDGs into our sustainability strategies: -

Pillars	Material Matters & Affected Stakeholders	Sustainability Strategies	SDGs
 Economic	<ul style="list-style-type: none"> ➤ Economic Resilience ➤ Business Growth and Expansion ➤ Supply Chain Management ➤ Quality Assurance ➤ Customer Satisfaction 	<ul style="list-style-type: none"> ✓ Measures have been undertaken to maintain economic resilience by maximising economic value with scarce resource available during recession. ✓ Continuous engagement with local vendors and subcontractors to ensure smooth supply chain while supporting the local economy. ✓ Quality inspection and customer feedback survey in place to ensure quality, timely delivery and safety of our projects. 	 
 Environment	<ul style="list-style-type: none"> ➤ Pollution and Waste Management ➤ Workplace Sustainability 	<ul style="list-style-type: none"> ✓ Control measures and green initiatives implemented to preserve the mother nature. 	
 Social	<ul style="list-style-type: none"> ➤ Occupational Safety and Health ➤ Dynamic Workplace ➤ Employee Welfare 	<ul style="list-style-type: none"> ✓ Policies and procedures in place to safeguard employees' health and safety. ✓ Establishment of conducive workplace to retain the right talents. 	  
 Governance	<ul style="list-style-type: none"> ➤ Regulatory Compliance ➤ Ethical Business Conducts 	<ul style="list-style-type: none"> ✓ Relevant policies established and implemented to uphold business ethics and sound corporate governance. 	

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)



ECONOMIC



ECONOMIC RESILIENCE

To maintain and enhance our competitiveness during challenging times

Looking back to 2017, we have first started our journey in construction industry with the incorporation of Eko Bina Sdn Bhd (“Eko Bina”) and secured our first-ever project to construct a mixed development building, namely Mizu Residence, in Ara Damansara, Petaling Jaya. Subsequently in 2020, Ecobuilt has fully transformed into a general contractor and purely involved in the construction industry.

Our core competencies are proven by the registration as a Grade 7 (“G7”) Contractor under the Construction Industry Development Board of Malaysia (“CIDB”) for the following categories: -

- B01** IBS: Prefabricated Concrete System
- B04** General Buildings and Maintenance
- B21** Scaffolding Installation
- B29** Health Building Works
- CE21** General Civil Engineering Works
- CE29** Scaffolding Installation
- M15** Miscellaneous Mechanical Equipment
- M16** Tower Crane

With the recognition as a G7 Contractor, the Group is allowed to undertake any size of projects with unlimited project amount within Malaysia. We are also registered as one of the G7 Contractors under Sijil Perolehan Kontrak Kerajaan (“SPKK”) to take part in Malaysian Government awarded contracts.

As at 31 May 2022, we have completed a total of nine (9) construction projects. Notably, we have completed the Platinum OUG Residence Project in 2022, a service apartment comprising 660 units of civil servants housing, 440 units of condominium and 220 units of affordable housing located at Bukit OUG, Petaling Jaya, Kuala Lumpur.



Our nature of business in construction industry has contributed towards SDG Target 11.1 through the participation in the construction of affordable housing to the local community, namely the Platinum OUG Residence Project.

While we are striving to remain economic resilience, our financial performance has been heavily hit by a series of macroeconomic instabilities such as resurgence of Covid-19 within Malaysia, global political tension and global supply chain interruptions. The Group has reported a lower revenue and turning into loss position in FYE 2022. Further details of our financial performance and position for FYE 2022 are outlined in the Management Discussion and Analysis section in this Annual Report.

As we believe that these unfavourable factors may continue to impact the Group in the near term, Ecobuilt will continue to monitor and improve our operational efficiency and cash flow management by leveraging on our expertise and competencies as well as to look for any arising opportunity in order to drive the business back to healthy track and create sustainable values to our various stakeholders in a longer term.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)



ECONOMIC



BUSINESS GROWTH AND EXPANSION

To grow and expand our business continuously

Construction industry, being a labour-intensive industry, is viewed as the backbone of Malaysia's economic growth. According to the Department of Statistics Malaysia ("DOSM"), the construction industry has reported a total of 1.2 million jobs, of which comprises approximately 3,400 job creation in the second quarter of 2022, representing a 0.1% year-on-year increase. In addition, the labour productivity per employment in Malaysia's construction industry has also improved from -5.5% in the first quarter in 2022 to 2.9% in the second quarter of 2022.

Ecobuilt, being one of the players in the construction industry, is mindful of the SDG Target 8.2 which promote economic productivity. We continue to secure new construction contracts in order to sustain our business and to achieve higher economic productivity to the local community as a whole.

On 15 September 2021, Eko Bina had accepted a Letter of Award worth RM35.1 million from Harmoni Bumiria Sdn Bhd for the earthworks and basement works for a re-development and subdivision of land for a commercial development. The said commercial development comprises offices, shops and service suites, located at Kota Kinabalu, Sabah. This contract is expected to be completed within fifteen (15) months and it has started to contribute positively to the Group in FYE 2022.

Moving forward, we will continue to actively explore and reap on any potential projects and business opportunities for our sustainable growth.



SUPPLY CHAIN MANAGEMENT

To manage and maintain a sustainable supply chain

In view of the prolonged supply chain interruptions due to Covid-19 containment measures as well as the global uncertainties arising from geopolitical tension, we are facing serious supply chain interruption coupled with price surge in building materials, especially steel bar and concrete in FYE 2022. Hence, we have implemented stringent controls on materials usage and plan ahead for the purchase of necessary materials while maintain close relationship with our suppliers in order to smooth out the supply chain issues.

In addition, Malaysia is also facing labour shortage currently, which is mainly due to the temporary freezing on the hiring of foreign workers in tandem with the enforcement of several stages of Movement Control Order ("MCO") to contain the spread of Covid-19. Such control was recently lifted on 19 August 2022, however, we have now entered into a talent poaching "war" in the labour market.

As part of our mitigation plan, we will continue to improve operational efficiencies and leverage on digitalisation, whenever possible, to overcome this challenging period in the short to medium term. Nevertheless, in line with SDG Target 8.1, we have continued to support the local economy by engaging local suppliers and local subcontractors for 100% of our construction activities in FYE 2022.



CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)



ECONOMIC

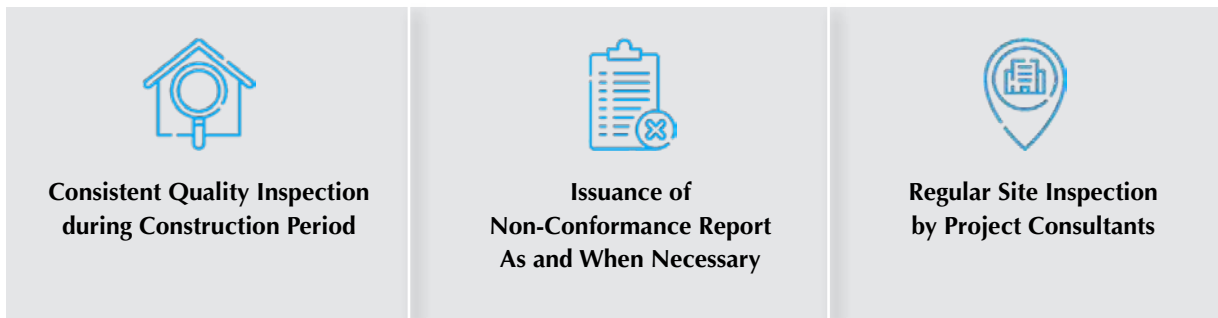


QUALITY ASSURANCE

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

Ecobuilt regards quality management as the key to sustain our reputation and branding in the industry. We ensure our projects are of good quality, safe and always in compliance with the relevant quality and safety standards within the industry.

To this end, we have in place several quality monitoring methods as follows: -



In FYE 2022, we are pleased to report that there was no incident of non-compliance pertaining to serious issues of our project quality and safety which have resulted in a regulatory warning, fine or penalty. Henceforth, we will continue to maintain and improve our quality control to consistently deliver high quality standard projects to our clients as well the community.



CUSTOMER SATISFACTION

To understand our customers' expectation and improve continuously

We value customers' feedback as our continuous motivations in driving our Group's long-term business growth. Regardless positive or negative, we take all comments and feedbacks constructively in order to assess our performance for future improvements purposes. All customers' enquiries, feedbacks and/or complaints shall be addressed by our team members timely and appropriately.

Serving as a construction company, we provide all customers with a defect liability period, where any defects identified in project delivered within the stipulated period will be rectified by our Group at no additional cost to customers. Generally, defect liability periods for various types of projects handled by us range between 12 months to 24 months.

We are contented to report that no customer complaint was received nor any defect liability was claimed by any customer for any of our projects during the FYE 2022.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)



ENVIRONMENT



POLLUTION AND WASTE MANAGEMENT

To minimise the impact of pollution and waste disposal

As a responsible company involving in construction activities, we fully understand how our construction activities can negatively affect the environment. Pollutions such as noise and ambient dust are inevitably generated from our construction operations resulting from excavation, demolition, carpentry works, hacking and vehicles movement etc.

In this regard, we are committed to minimise the environmental impact from our daily operation with the implementation of stringent controls and monitoring measures. We always ensure our contractors monitor and control the noise level and ambient dust generated in compliance with the local environmental pollution control regulations. All scheduled wastes and non-hazardous solid wastes generated are well disposed at the approved disposal facilities and regulated landfills respectively.



WORKPLACE SUSTAINABILITY

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

While environmental sustainability is advocated across construction activities at project sites, we also promote green initiatives within each and every one of us in the office. Start small better none!



Save Papers, Save Trees

Encourage paperless transactions by adopting electronic payments and soft copy documents to reduce paper usage.



3R – Reduce, Reuse, Recycle

Promote 3R initiatives within office to maximise the use of printed papers in our best effort and to recycle such paper waste thereafter.



Conserve Energy, Preserve Future

Perform timely maintenance on air-conditioner to improve energy efficiency and switch off air-conditioner and lights whenever not in use to reduce unnecessary electricity consumption.



Go Green with Technology

Leverage on technology for meetings and communications to reduce business travel and carbon emissions while saving times.



CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)



SOCIAL



OCCUPATIONAL HEALTH AND SAFETY (“OSH”)

To minimise injury and accident in workplace

In light of the nature of construction industry, we expose to greater inherent and environment risks and hazards. We strongly believe that robust OSH management is fundamental to the wellbeing of our employees. Hence, it is the Group’s top priority to maintain a zero fatality and zero loss time incident working environment.

Anchored by SDG Target 8.8, we have established and implemented an Environmental, Health and Safety Policy which outlines our internal approach to uphold a safe and healthy workplace.

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 healthy working environment for all workers.



To cultivate and develop a strong “Safe Working Culture” in our operations and to provide relevant training to employees regularly.



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



ZERO INJURY

Reported in FYE 2022

We are glad to highlight that we have managed to maintain a safe and secure working environment for another year with no work-related injury case reported during FYE 2022.

Effective from 1 April 2022, Malaysian Government has announced the transition into endemic phase. We can now see the lights at the end of the tunnel after battling with Covid-19 for more than two (2) years. Nevertheless, to protect our people’s health and safety, we will continue to undertake the following precautionary measures within our workplace: -

- Provide face mask and hand sanitisers for the convenience of employees and visitors in line with SDG Target 6.2;
- Provide tests kits for employees to perform Covid-19 self-test whenever necessary;
- Clean and sanitise workplace regularly with disinfectants;
- Compulsory quarantine measures for employees who tested or close contacted with Covid-19 positive; and
- Conduct virtual meetings and discussions to minimise travels and physical contacts.



In spite of the precautionary measures implemented within the workplace, some of our employees were infected with Covid-19 in FYE 2022. We are glad that they are all fully recovered subsequently. Notwithstanding the loosen Covid-19 restrictions, we will continue to maintain good hygiene in our workplace to ensure that our employees are working in a safe, healthy and comfortable environment.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)



SOCIAL

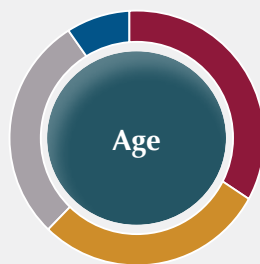


DYNAMIC WORKPLACE

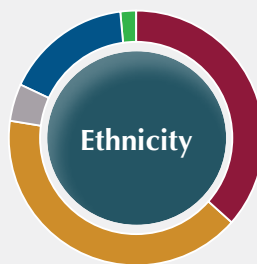
To embrace a diverse and multi-cultural workplace with equal opportunity given

As at 31 May 2022, we have a total of 116 employees in the Group, where all employees are Malaysian. In an effort to develop an agile workforce, we ingrain diversity from multicultural communities to inspire creativity and drive innovation for future business improvements and development. However, in light of the nature of construction industry, 82% of our workforce are male employees. Nevertheless, in line with SDG Target 10.3, diversity is still integrated in our workforce in term of age and ethnicity, as illustrated in the following graphs.

While we embrace diversity in workplace, we also advocate equality and inclusivity among all employees by providing equal opportunity and growth potentials to all.



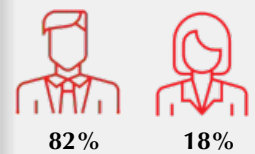
- 35% 30 and below
- 29% 31 - 40
- 31% 41 - 60
- 5% 61 and above



- 37% Chinese
- 40% Malay
- 5% Indian
- 17% Bumiputera Sabah
- 1% Bumiputera Sarawak



- 54% Non-Executive
- 30% Executive
- 16% Management



Total 116 employees



100% Local Employees



EMPLOYEE WELFARE

To take care of employees' interests and welfare

Ecobuilt recognises the dedication and loyalty of our employees as the key for the sustainability of our business. We strive to take good care of our employees' interest and welfare in order to maintain a comfortable and harmonious workplace.

In protecting our people's rights, we adhere to all applicable labour laws and regulations within Malaysia at all times. Our employees are working within the regulated days and hours, and rewarded with appropriate level of remuneration packages.

On top of basic rights as per regulations, 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

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)



GOVERNANCE



REGULATORY COMPLIANCE

To comply with all applicable laws and regulations

Ecobuilt Group adheres to all applicable laws and regulations at all times. To this end, we have established our internal Standard Operating Procedures (“SOPs”) to serve as a guideline for all employees to execute their duties in daily operations. As a construction player, we are regulated by the Malaysian Government from several aspects, such as operation activities, environment, employment and OSH affairs.

The major laws and regulations which are applicable to our business include: -

- Malaysia Construction Industry Development Board Act 1994;
- Construction Industry Payment and Adjudication Act 2012;
- Environmental Quality Act 1974;
- Environmental Quality (Scheduled Wastes) Regulations 2005;
- Environmental Quality (Clean Air) Regulations 2014;
- Employment Act 1995;
- Minimum Wages Order 2022;
- Occupational Safety and Health Act 1994; and
- Factories and Machinery Act 1967.

We are pleased to report that no fine or penalty was imposed by authorities for any non-compliance against the relevant regulations during FYE 2022.



ETHICAL BUSINESS CONDUCTS

To uphold good corporate governance within the Group to safeguard our stakeholders’ interest

Ecobuilt recognises that high standard of integrity, accountability and transparency are the fundamental in building a sound corporate governance for our corporate and these are also essential elements to build and maintain our stakeholders’ trust and confidence. In this regard, the Board has established the Code of Ethics (“the Code”) to serve as an overarching guide for all employees to enhance the Group’s overall business ethics and corporate governance standard. The Code provides clarity on a wide range of scopes including conflict of interest, corporate opportunities, protection of confidential information, protection and proper use of company assets, regulatory compliance as well as insider trading.

Pursuant to Section 17A of Malaysian Anti-Corruption Commission (“MACC”) Act 2009, the Board has in FYE 2021 implemented a Anti-Bribery and Corruption Policy (“ABC Policy”). The ABC Policy delineates the key principles and mitigating controls pertaining to anti-bribery and corruption. In supporting SDG Target 16.5, the Group uphold a zero-tolerance stance against any form of bribery and corruption.

In compliance with the Whistleblower Protection Act 2010, the Company has also developed a Whistle Blowing Policy for employees and stakeholders to report any violation of laws and regulations, fraud, corruption, bribery or criminal offences. All whistleblowing reports will be investigated independently, fairly and confidentially.

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



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 hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2022.

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
Loss for the financial year attributable to:		
- Owners of the Company	12,108,819	6,572,185
- Non-controlling interests	1,455,719	–
	13,564,538	6,572,185

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 15 October 2021, the Company increased its issued and paid-up share capital from 344,919,466 to 382,471,804 ordinary shares through issuance of 37,552,338 new ordinary shares via private placement at RM0.157 per ordinary share for total consideration of RM5,860,867 (net of transaction costs) for working capital purpose.

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

There was no issuance of debentures by the Company during the financial year.

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	
Datuk Ng Seing Liong	
Dato Indera Tun Putera Matin Ahmad Shah Bin Munir	(Appointed on 11 November 2021)
Wong Wen Miin	(Retired on 11 November 2021)

The names of Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made apart thereof.

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:

	As at 1.6.2021	Number of ordinary shares		As at 31.5.2022
		Acquired	Disposed	
Interest in the Company:				
Ecobuilt Holdings Berhad				
Direct interest				
Datuk Ong Chee Koen	–	1,000,000	–	1,000,000
Datuk Ng Seing Liong	100,000	–	–	100,000
Indirect interest				
Datuk Ong Chee Koen ^{1 & 2}	32,794,400	–	–	32,794,400

Notes:

¹ Deemed interested through his direct interest in E&J Venture Sdn. Bhd.

² Deemed interested through his direct interest in Ecobuilt (M) Sdn. Bhd.

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 other 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 a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the Note 23 to 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

Directors' remuneration is as follows:

	Group RM	Company RM
Directors' remuneration:		
- fees	243,000	111,000
- salaries and other emoluments	184,547	–
- allowance	7,500	7,500
- defined contribution plan	21,209	–
	456,256	118,500

SUBSIDIARY COMPANIES

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

AUDITORS' REMUNERATION

Auditors' remuneration is as follows:

	Group RM	Company RM
HLB AAC PLT		
- Statutory audit	122,000	40,000

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of insurance premium paid for the Directors and officers of the Company was RM4,275.

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.

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

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 amount of 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.

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 33 to the financial statements.

MATERIAL LITIGATION

Details of material litigation are disclosed in Note 34 to the financial statements.

AUDITORS

HLB Ler Lum Chew PLT (201906002362 & AF0276) have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, HLB AAC PLT (202006000008 & AF001977).

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 2022

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 58 to 106 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 2022 and of their financial performance and cash flows for the financial year then ended.

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

DATUK ONG CHEE KOEN

DATUK NG SEING LIONG

KUALA LUMPUR
28 September 2022

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 58 to 106 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 2022)

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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 106.

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 2022, 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
<p>Impairment of goodwill on consolidation Refer to Note 2.2(iii), Note 2.4 (c) and Note 4 to the financial statements</p> <p>As at 31 May 2022, the Group recorded goodwill on consolidation amounting to RM28.39 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.</p>	<p>Our audit procedures focused on the following:</p> <ul style="list-style-type: none"> 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
<p>Impairment of goodwill on consolidation (continued) <i>Refer to Note 2.2(iii), Note 2.4 (c) and Note 4 to the financial statements (continued)</i></p> <p>We focus on this area because of the complexity and subjectivity of the assumptions involved in the impairment assessment.</p>	<p>Our audit procedures focused on the following: (continued)</p> <ul style="list-style-type: none"> 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.
<p>Revenue recognition on construction contracts <i>Refer to Note 2.2(i), Note 2.4(l) and Note 19 to the financial statements</i></p> <p>During the financial year, the Group recognised revenue from construction activities amounting to RM166.89 million.</p> <p>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:</p> <ul style="list-style-type: none"> 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. 	<p>Our audit procedures focused on the following:</p> <ul style="list-style-type: none"> 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
<p>Expected credit loss of trade receivables <i>Refer to Note 2.2(ii), Note 2.4(f)(iv) and Note 10 to the financial statements</i></p> <p>As at 31 May 2022, the Group carried gross trade receivables balance of RM104.04 million and recognised expected credit loss allowance of RM3.18 million.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures focused on the following:</p> <ul style="list-style-type: none"> 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.

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

(202006000008 & AF001977)

Chartered Accountants

TANG YAN YU

Approved Number: 03452/10/2023 J

Chartered Accountant

KUALA LUMPUR

28 September 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	24,184,694	23,152,858	6,649,264	6,706,192
Goodwill on consolidation	4	28,388,284	32,737,146	–	–
Investment in subsidiary companies	5	–	–	94,617,499	91,924,260
Other investments	6	13,183,500	19,387,500	–	–
Right-of-use assets	7	582,508	628,617	–	–
Other receivable	8	2,400,000	3,600,000	2,400,000	3,600,000
Deferred tax assets	9	968,929	328,059	–	–
		69,707,915	79,834,180	103,666,763	102,230,452
Current Assets					
Trade receivables	10	100,865,537	108,542,530	–	–
Contract assets	11	27,693,319	10,841,623	–	–
Other receivables	8	9,447,027	7,601,794	4,772,164	4,762,419
Tax recoverable		2,744,405	1,702,950	49,456	93,805
Cash and cash equivalents	12	9,734,453	4,635,137	568,599	3,794,227
		150,484,741	133,324,034	5,390,219	8,650,451
TOTAL ASSETS		220,192,656	213,158,214	109,056,982	110,880,903
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	65,017,362	59,156,495	65,017,362	59,156,495
Reserves	14	44,037,852	62,350,671	43,817,403	50,389,588
Equity attributable to owners of the Company		109,055,214	121,507,166	108,834,765	109,546,083
Non-controlling interests	5(d)	845,631	2,301,350	–	–
TOTAL EQUITY		109,900,845	123,808,516	108,834,765	109,546,083
Non-Current Liabilities					
Borrowings	15	1,313,802	1,389,571	–	–
Lease liabilities	16	5,825,656	3,746,250	–	–
Deferred tax liabilities	9	–	255,831	–	–
		7,139,458	5,391,652	–	–
Current Liabilities					
Trade payables	17	84,779,231	72,266,790	–	–
Contract liabilities	11	2,782,359	1,882,790	–	–
Other payables	18	6,505,784	7,388,013	222,217	1,334,820
Borrowings	15	5,320,887	73,391	–	–
Lease liabilities	16	3,764,092	2,347,062	–	–
		103,152,353	83,958,046	222,217	1,334,820
TOTAL LIABILITIES		110,291,811	89,349,698	222,217	1,334,820
TOTAL EQUITY AND LIABILITIES		220,192,656	213,158,214	109,056,982	110,880,903

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 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	19	166,964,076	213,266,025	–	–
Purchases and other direct costs	20	(167,946,921)	(196,326,768)	–	–
Other operating income	21	1,142,882	723,714	269,016	5,924,807
Employee benefits expense	22	(1,101,736)	(931,578)	–	–
Directors' remuneration	23	(456,256)	(500,240)	(118,500)	(108,000)
Other operating expenses	21	(11,710,547)	(6,732,162)	(6,620,424)	(314,407)
(Loss)/Profit from operations		(13,108,502)	9,498,991	(6,469,908)	5,502,400
Finance costs	24	(587,638)	(350,896)	–	–
(Loss)/Profit before taxation		(13,696,140)	9,148,095	(6,469,908)	5,502,400
Taxation	25	131,602	(2,024,255)	(102,277)	(9,600)
(Loss)/Profit for the financial year		(13,564,538)	7,123,840	(6,572,185)	5,492,800
<i>Other comprehensive (loss)/income</i>					
<i>Items that will not be reclassified</i>					
<i>subsequently to profit or loss</i>					
- Fair value (loss)/gain on financial asset at fair value through other comprehensive income		(6,204,000)	5,687,000	–	–
Other comprehensive (loss)/income for the financial year		(6,204,000)	5,687,000	–	–
Total comprehensive (loss)/income for the financial year		(19,768,538)	12,810,840	(6,572,185)	5,492,800

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit for the year attributable to:					
- Owners of the Company		(12,108,819)	6,622,247	(6,572,185)	5,492,800
- Non-controlling interests	5(d)	(1,455,719)	501,593	-	-
		(13,564,538)	7,123,840	(6,572,185)	5,492,800
Total comprehensive (loss)/income for the financial year attributable to:					
- Owners of the Company		(18,312,819)	12,309,247	(6,572,185)	5,492,800
- Non-controlling interests	5(d)	(1,455,719)	501,593	-	-
		(19,768,538)	12,810,840	(6,572,185)	5,492,800
(Loss)/Earnings per share					
Basic and diluted (sen)	26	(3.29)	1.98		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

Group	Note	Attributable to owners of the Company						Total Equity RM
		Share Capital RM	Fair Value Reserve RM	Retained Profits RM	Sub-Total RM	Non-Controlling Interests RM		
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 gain 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	
At 1 June 2021		59,156,495	4,394,500	57,956,171	121,507,166	2,301,350	123,808,516	
Loss for the financial year		-	-	(12,108,819)	(12,108,819)	(1,455,719)	(13,564,538)	
Other comprehensive loss:								
- Fair value loss on financial assets at fair value through other comprehensive income		-	(6,204,000)	-	(6,204,000)	-	(6,204,000)	
Total comprehensive loss for the financial year		-	(6,204,000)	(12,108,819)	(18,312,819)	(1,455,719)	(19,768,538)	
Issuance of ordinary shares	13	5,860,867	-	-	5,860,867	-	5,860,867	
At 31 May 2022		65,017,362	(1,809,500)	45,847,352	109,055,214	845,631	109,900,845	

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

Company	Note	Non-distributable Share Capital RM	Distributable Retained Profits RM	Total RM
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
At 1 June 2021		59,156,495	50,389,588	109,546,083
Loss/Total comprehensive loss for the financial year		–	(6,572,185)	(6,572,185)
Issuance of ordinary shares	13	5,860,867	–	5,860,867
At 31 May 2022		65,017,362	43,817,403	108,834,765

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash Flows from Operating Activities					
(Loss)/Profit before taxation		(13,696,140)	9,148,095	(6,469,908)	5,502,400
Adjustments for:					
Depreciation of property, plant and equipment		5,161,655	4,213,558	31,506	63,421
Depreciation of right-of-use assets		590,589	362,068	–	–
Finance costs	24	677,850	364,662	–	–
Impairment loss on goodwill		4,348,862	–	–	–
Impairment loss on investment in subsidiary companies	5(a)	–	–	6,145,688	–
Reversal of impairment loss on investment in subsidiary companies	5(a)	–	–	–	(5,439,804)
Net expected credit loss allowance					
- Trade receivables	10	1,407,120	1,492,048	–	–
- Other receivables	8	121,606	19,860	–	–
Property, plant and equipment written-off		25,422	–	25,422	–
Provision for compensation		–	299,034	–	–
Gain on disposal of property, plant and equipment		–	(8,383)	–	–
Interest income		(245,291)	(446,451)	(245,016)	(445,003)
Remeasurement of lease liabilities		(167,794)	(47,945)	–	–
Waiver of rental		(10,399)	–	–	–
Operating (loss)/profit before changes in working capital		(1,786,520)	15,396,546	(512,308)	(318,986)
Changes in working capital					
Trade receivables		6,269,873	(54,083,257)	–	–
Contract assets/(liabilities)		(15,952,127)	3,689,430	–	–
Other receivables		(766,839)	927,181	1,190,255	1,118,651
Trade payables		12,512,441	23,182,863	–	–
Other payables		(876,278)	4,112,479	(1,112,603)	(62,149)
		1,187,070	(22,171,304)	77,652	1,056,502
Cash (used in)/generated from operations		(599,450)	(6,774,758)	(434,656)	737,516
Tax refund		726,741	260,042	–	–
Tax paid		(2,539,246)	(3,725,000)	(57,928)	(49,210)
		(1,812,505)	(3,464,958)	(57,928)	(49,210)
Net cash (used in)/generated from operating activities		(2,411,955)	(10,239,716)	(492,584)	688,306

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash Flows from Investing Activities					
Investment in subsidiary companies		–	–	(8,838,927)	(11,750,790)
Purchase of property, plant and equipment	27(a)	(304,935)	(4,781,643)	–	(4,503,844)
Proceeds from disposal of property, plant and equipment		–	19,000	–	–
Interest received		245,291	446,451	245,016	445,003
Net cash used in from investing activities		(59,644)	(4,316,192)	(8,593,911)	(15,809,631)
Cash Flows from Financing Activities					
Drawdown of bank local bills		5,245,161	–	–	–
Increase in short-term deposits pledged		(2,450,960)	–	–	–
Proceeds from issuance of share capital		5,860,867	4,672,089	5,860,867	4,672,089
Repayment of term loans	27(b)	(118,680)	(66,522)	–	–
Repayment of lease liabilities	27(b)	(3,347,696)	(2,433,762)	–	–
Interest paid		(68,737)	–	–	–
Net cash generated from financing activities		5,119,955	2,171,805	5,860,867	4,672,089
Net increase/(decrease) in cash and cash equivalents		2,648,356	(12,384,103)	(3,225,628)	(10,449,236)
Cash and cash equivalents at the beginning 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		7,283,493	4,635,137	568,599	3,794,227
Cash and cash equivalents at the end of the financial year comprises:					
Short-term deposits with a licensed bank		2,450,960	–	–	–
Short-term deposits with licensed fund management companies		561,096	3,718,580	561,096	3,718,580
Cash and bank balances		6,722,397	916,557	7,503	75,647
		9,734,453	4,635,137	568,599	3,794,227
Less: Short-term deposits with a licensed bank pledged	12	(2,450,960)	–	–	–
		7,283,493	4,635,137	568,599	3,794,227

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.

Amendments to accounting standards that are effective for the Group's and the Company's financial year beginning on or after 1 June 2021 are as follows:

- 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"

The above amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company.

The Group and the Company early adopted amendment to MFRS 16, "Leases" (COVID-19-Related Rent Concessions beyond 30 June 2021) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.1 Basis of preparation (continued)

Accounting standard 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 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)
- Annual Improvement to MFRS Standards 2018 – 2020:
 - Amendment to MFRS 1, "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)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Disclosure of Accounting Policies)
- Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Accounting Estimates)
- Amendments to MFRS 112, "Income Taxes" (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

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

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

The adoption of the accounting standard 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.2 Significant accounting estimates and judgements (continued)

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.

(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.

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)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets.

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

Freehold land is not depreciated. 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
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.

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)

(ii) Depreciation and impairment (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(e) 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.

(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")

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

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

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)

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:

- Amortised cost

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.

- 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.

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

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.

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 unlikelihood 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(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 through 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(i) Leases (continued)

(i) Accounting by lessee (continued)

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.

Deferred income 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(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.

(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.

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)

(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.

(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.

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
2022							
Cost							
At beginning of the financial year	8,718,765	867,178	390,152	345,935	25,389,698	34,700	35,746,428
Additions	-	79,283	-	3,650	6,135,980	-	6,218,913
Written-off	-	(285,959)	(290,905)	-	-	-	(576,864)
At end of the financial year	8,718,765	660,502	99,247	349,585	31,525,678	34,700	41,388,477
Accumulated depreciation							
At beginning of the financial year	328,050	522,600	349,397	289,852	11,081,941	21,730	12,593,570
Charge for the financial year	61,779	79,120	15,187	29,734	4,968,895	6,940	5,161,655
Written-off	-	(260,537)	(290,905)	-	-	-	(551,442)
At end of the financial year	389,829	341,183	73,679	319,586	16,050,836	28,670	17,203,783
Carrying amount							
At end of the financial year	8,328,936	319,319	25,568	29,999	15,474,842	6,030	24,184,694

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	Plant and machinery RM	Cabin RM	Total RM
2021							
Cost							
At beginning of the financial year	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 end of the financial year	8,718,765	867,178	390,152	345,935	25,389,698	34,700	35,746,428
Accumulated depreciation							
At beginning of the financial year	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 end of the financial year	328,050	522,600	349,397	289,852	11,081,941	21,730	12,593,570
Carrying amount							
At end of the financial year	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)

Company	Freehold land and building RM	Furniture, fittings and equipment RM	Renovation RM	Total RM
2022				
Cost				
At beginning of the financial year	6,918,765	285,959	314,405	7,519,129
Written-off	–	(285,959)	(290,905)	(576,864)
At end of the financial year	6,918,765	–	23,500	6,942,265
Accumulated depreciation				
At beginning of the financial year	247,050	257,160	308,727	812,937
Charge for the financial year	25,779	3,377	2,350	31,506
Written-off	–	(260,537)	(290,905)	(551,442)
At end of the financial year	272,829	–	20,172	293,001
Carrying amount				
At end of the financial year	6,645,936	–	3,328	6,649,264
2021				
Cost				
At beginning of the financial year	1,288,960	285,959	314,405	1,889,324
Additions	5,629,805	–	–	5,629,805
At end of the financial year	6,918,765	285,959	314,405	7,519,129
Accumulated depreciation				
At beginning of the financial year	221,271	236,413	291,832	749,516
Charge for the financial year	25,779	20,747	16,895	63,421
At end of the financial year	247,050	257,160	308,727	812,937
Carrying amount				
At end of the financial year	6,671,715	28,799	5,678	6,706,192

The Group's freehold land and buildings with a carrying amount of RM1,683,000 (2021: RM1,719,000) 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	
	2022 RM	2021 RM
Motor vehicles	24,932	52,132
Plant and machinery	10,047,654	6,776,971
	10,072,586	6,829,103

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Depreciation of property, plant and equipment charged to:					
- Purchases and other direct costs	11	1,268,400	–	–	–
- Other operating expenses	21	3,893,255	4,213,558	31,506	63,421
		5,161,655	4,213,558	31,506	63,421

4. GOODWILL ON CONSOLIDATION

	Group	
	2022 RM	2021 RM
Cost		
At beginning of the financial year	39,251,750	39,251,750
Accumulated impairment loss		
At beginning of the financial year	6,514,604	6,514,604
Impairment for the financial year	4,348,862	–
At end of the financial year	10,863,466	6,514,604
Carrying amount	28,388,284	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 three-year period. Cash flows beyond the three-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	
	2022	2021
Pre-tax discount rate	15%	10.6%

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. GOODWILL ON CONSOLIDATION (CONTINUED)

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 RM133,934 (2021: RM Nil); and
- A 50 basis points ("bp") decrease in the pre-tax discount rate will decrease the impairment loss recognised on the CGU by RM135,416 (2021: RM Nil).

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Note	Company	
		2022 RM	2021 RM
Unquoted shares, at cost		47,500,000	47,500,000
Less: Impairment loss	5(a)	(6,145,688)	–
		41,354,312	47,500,000
Amount due from subsidiary companies treated as quasi-investment	5(b)	53,263,187	44,424,260
		94,617,499	91,924,260

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

	Company	
	2022 RM	2021 RM
At beginning of the financial year	–	5,439,804
Impairment during the financial year	6,145,688	–
Reversal during the financial year	–	(5,439,804)
At end of the financial year	6,145,688	–

(b) 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.

(c) 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		Principal activities
		2022 %	2021 %	
Direct holding:				
Eko Bina 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

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

Name of company	Country of incorporation and principal place of business	Effective ownership and voting interest		Principal activities
		2022 %	2021 %	
Indirect holding:				
Subsidiary of Eko Bina Sdn. Bhd.				
Gabungan Eko Konstrukt Sdn. Bhd.	Malaysia	51	51	General contractors for construction work of a related activities

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

	Gabungan Eko Konstrukt Sdn. Bhd.	
	2022 RM	2021 RM
Non-current assets	2,557,172	1,390,324
Current assets	30,327,597	18,480,701
Non-current liabilities	(347,740)	(422,380)
Current liabilities	(31,578,398)	(14,752,012)
Net assets	958,631	4,696,633
Carrying amount of NCI at end of the financial year	845,631	2,301,350
Revenue	33,093,302	29,590,020
(Loss)/Profit/Total comprehensive (loss)/income for the financial year	(3,738,001)	1,023,660
(Loss)/Profit/Total comprehensive (loss)/income allocated to NCI for the financial year	(1,455,719)	501,593
Cash generated from operating activities	1,485,490	125,324
Cash used in investing activities	(158,664)	(262,906)
Cash used in financing activities	(676,236)	(1,031,105)
Net increase/(decrease) in cash and cash equivalents	650,590	(1,168,687)
Ownership interest and voting rights percentage held by NCI	49%	49%

6. OTHER INVESTMENTS

	Group	
	2022 RM	2021 RM
Financial assets at fair value through other comprehensive income		
Quoted shares in Malaysia	13,183,500	19,387,500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. RIGHT-OF-USE ASSETS

		Group	
		2022 RM	2021 RM
Accommodations			
Cost			
At beginning of the financial year		1,119,870	567,038
Additions		544,480	653,229
Completion of right-of-use assets		(649,442)	(100,397)
At end of the financial year		1,014,908	1,119,870
Accumulated depreciation			
At beginning of the financial year		491,253	229,582
Charge for the financial year		590,589	362,068
Completion of right-of-use assets		(649,442)	(100,397)
At end of the financial year		432,400	491,253
Carrying amount			
At end of the financial year		582,508	628,617
		Group	
		2022 RM	2021 RM
	Note		
Depreciation of right-of-use assets charged to:			
- Purchases and other direct costs	11	562,002	286,368
- Other operating expenses	21	28,587	75,700
		590,589	362,068

During the financial year, the Group has reassessed the useful life of certain accommodation right-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. OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	10,401,095	9,899,124	7,156,542	8,368,266
Less: Accumulated expected credit loss allowance	(62,476)	(41,809)	-	(21,949)
	10,338,619	9,857,315	7,156,542	8,346,317
Deposits	1,092,729	961,627	13,372	13,372
Less: Accumulated expected credit loss allowance	(78,990)	-	-	-
	1,013,739	961,627	13,372	13,372
Prepayments	494,669	382,852	2,250	2,730
	11,847,027	11,201,794	7,172,164	8,362,419

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<i>Analysed as:</i>				
Current	9,447,027	7,601,794	4,772,164	4,762,419
Non-current	2,400,000	3,600,000	2,400,000	3,600,000
	11,847,027	11,201,794	7,172,164	8,362,419

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Consideration receivable on disposal of subsidiary companies	3,600,000	4,800,000	3,600,000	4,800,000

Pursuant to the Supplemental Shares Sale Agreement, the consideration receivable on disposal of subsidiary companies bear an interest rate of 4.50% (2021: 4.50%) per annum.

The movement in accumulated expected credit loss allowance on other receivables are as follow:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning of the financial year	41,809	21,949	21,949	21,949
Allowance during the financial year	121,606	19,860	–	–
Written-off during the financial year	(21,949)	–	(21,949)	–
At end of the financial year	141,466	41,809	–	21,949

9. DEFERRED TAXATION

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

	Group	
	2022 RM	2021 RM
Deferred tax assets	968,929	328,059
Deferred tax liabilities	–	(255,831)
	968,929	72,228

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. DEFERRED TAXATION (CONTINUED)

The movements on the net deferred tax asset/(liabilities) are as follows:

	Note	Group	
		2022 RM	2021 RM
At beginning of the financial year		72,228	(243,441)
Recognised in profit or loss:	25		
- Property, plant and equipment		3,466	(233,942)
- Provision		197,866	97,926
- Right-of-use assets		369	(1,466)
- Unabsorbed capital allowance		59,345	453,151
- Unutilised tax losses		635,655	–
		896,701	315,669
At end of the financial year		968,929	72,228

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

	Group	
	2022 RM	2021 RM
Deferred tax assets:		
- Provision	363,016	165,150
- Right-of-use assets	2,091	1,722
- Unabsorbed capital allowance	512,496	453,151
- Unutilised tax losses	635,655	–
	1,513,258	620,023
Offsetting	(544,329)	(291,964)
Net deferred tax assets	968,929	328,059
Deferred tax liabilities:		
- Property, plant and equipment	(544,329)	(547,795)
Offsetting	544,329	291,964
Net deferred tax liabilities	–	(255,831)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. DEFERRED TAXATION (CONTINUED)

The deductible temporary difference, unabsorbed capital allowance 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised tax losses	5,232,486	4,504,632	4,389,798	4,504,632
Provision	2,107,199	–	–	–
Unabsorbed capital allowance	5,820,805	1,234,136	398,730	400,486
	13,160,490	5,738,768	4,788,528	4,905,118
Offsetting	(467,750)	–	–	–
Deductible temporary differences	12,692,740	5,738,768	4,788,528	4,905,118
Property, plant and equipment	(467,750)	–	–	–
Offsetting	467,750	–	–	–
Taxable temporary differences	–	–	–	–
Deferred taxation not recognised at 24% (2021: 24%)	3,046,258	1,377,304	1,149,247	1,177,228

The Group's unutilised tax losses brought forward from year of assessment 2018 and before, can be carried forward for 10 consecutive years of assessment (i.e from year of assessments 2018 to 2028). Unutilised tax losses from year of assessment 2019 onwards can be carried forward for a maximum period of 10 consecutive years.

10. TRADE RECEIVABLES

	Group	
	2022 RM	2021 RM
Trade receivables	57,195,145	77,048,798
Retention sum receivables	46,849,658	33,265,878
	104,044,803	110,314,676
Less: Accumulated expected credit loss allowance	(3,179,266)	(1,772,146)
	100,865,537	108,542,530

At the reporting date, the Group's concentration of the top 4 (2021: 3) trade customers of the Group represents 80% (2021: 76%) of the total trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. TRADE RECEIVABLES (CONTINUED)

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

	Group	
	2022 RM	2021 RM
At beginning of the financial year	1,772,146	1,072,134
Allowance during the financial year	1,646,299	1,492,048
Reversal during the financial year	(239,179)	–
Written-off during the financial year	–	(792,036)
At end of the financial year	3,179,266	1,772,146
Represented by:		
Individual impairment	87,353	326,532
Lifetime expected credit loss impairment	3,091,913	1,445,614
	3,179,266	1,772,146

The Group's normal trade credit terms range are 30 to 60 days (2021: 30 to 120 days).

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2022 RM	2021 RM
Neither past due nor individually impaired	74,038,021	74,840,748
Past due 1 - 90 days but not individually impaired	20,682,406	22,598,043
Past due 91 - 180 days but not individually impaired	3,801,036	10,592,206
Past due more than 180 days but not individually impaired	5,435,987	1,957,147
	29,919,429	35,147,396
Individually impaired	87,353	326,532
	104,044,803	110,314,676

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 RM87,353 (2021: RM326,532) were individually impaired. The individually impaired receivables relate to the long outstanding balance owing by main contractor.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. CONTRACT ASSETS/(LIABILITIES)

		Group	
		2022 RM	2021 RM
Cost incurred to date		1,090,391,530	907,487,515
Less: Provision for foreseeable loss		(4,070,170)	–
Add: Attributable profits		62,966,766	58,954,667
		1,149,288,126	966,442,182
Less: Progress billings		(1,124,377,166)	(957,483,349)
		24,910,960	8,958,833
Represented by:			
Construction activities:			
- Contract assets		27,693,319	10,841,623
- Contract liabilities		(2,782,359)	(1,882,790)
		24,910,960	8,958,833

Contract costs incurred during the financial year is derived after charging/(crediting):

		Group	
	Note	2022 RM	2021 RM
Depreciation of property, plant and equipment	3	1,268,400	–
Depreciation of right-of-use assets	7	562,002	286,368
Expected credit loss allowance on deposit	8	78,990	–
Employee benefits expense	22	7,191,959	6,324,747
Finance costs	24	90,212	13,766
Remeasurement of lease liabilities		(167,794)	–
Short-term leases		5,220,067	6,694,300
Waiver of rental		(10,399)	–

Unsatisfied long-term contracts

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 Group was RM505,078,510 (2021: RM828,423,817) of which the Group expects to be recognised as revenue over the next 1 to 23 months (2021: 4 to 23 months).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term deposits with a licensed bank	2,450,960	–	–	–
Short-term deposits with licensed fund management companies	561,096	3,718,580	561,096	3,718,580
Cash and bank balances	6,722,397	916,557	7,503	75,647
	9,734,453	4,635,137	568,599	3,794,227

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

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Short-term deposits with a licensed bank	1.60 - 1.65	–	–	–
Short-term deposits with licensed fund management companies	1.22 - 1.85	1.67 - 2.68	1.22 - 1.85	1.67 - 2.68

Deposits of the Group and of the Company have an average maturity period of 30 days (2021: 30 days). Bank balances and short-term deposits with licensed banks are deposits held at call with banks.

Included in short-term deposits with a licensed bank of the Group amounting to RM 2,450,960 (2021: RM Nil) are pledged to the licensed bank for the banking facilities grant to the Group.

13. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2022 Units	2021 Units	2022 RM	2021 RM
Issued and fully paid				
At beginning of the financial year	344,919,466	313,563,166	59,156,495	54,484,406
Issuance of ordinary shares	37,552,338	31,356,300	5,860,867	4,672,089
At end of the financial year	382,471,804	344,919,466	65,017,362	59,156,495

On 15 October 2021, the Company increased its issued and paid-up share capital from 344,919,466 to 382,471,804 ordinary shares through issuance of 37,552,338 new ordinary shares via private placement at RM0.157 per ordinary share for total consideration of RM5,860,867 (net of transaction costs) for working capital purpose.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. RESERVES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Non-Distributable:					
Fair value reserve	14(a)	(1,809,500)	4,394,500	–	–
Distributable:					
Retained profits		45,847,352	57,956,171	43,817,403	50,389,588
		44,037,852	62,350,671	43,817,403	50,389,588

(a) Fair value reserve

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

15. BORROWINGS

	Group	
	2022 RM	2021 RM
Current		
Secured:		
Term loans	75,726	73,391
Bank local bills	5,245,161	–
	5,320,887	73,391
Non-current		
Secured:		
Term loans	1,313,802	1,389,571
Secured:		
Term loans	1,389,528	1,462,962
Bank local bills	5,245,161	–
	6,634,689	1,462,962

The above credit facilities obtained from licensed banks are secured by the following:

Term loans

- The principal instrument, a facilities agreement for the sum of RM1,540,250 (2021: RM1,540,250);
- A registered open all monies 1st party charge created over the property as disclosed in Note 3 to the financial statements;
- Guaranteed by the Company as disclosed in Note 31 to the financial statements; and
- A legal charge over the freehold building of the Company as disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. BORROWINGS (CONTINUED)

The above credit facilities obtained from licensed banks are secured by the following: (continued)

Bank local bills

- (a) A short-term deposit as disclosed in Note 12 to the financial statements; and
- (b) Corporate guarantee by the Company as disclosed in Note 31 to the financial statements.

The effective interest rate per annum are as follows:

	Group	
	2022	2021
	%	%
Term loans	3.17 - 3.19	1.97
Bank local bills	5.45 - 5.95	-

The maturity profile of borrowings are as follows:

	Group	
	2022	2021
	RM	RM
Repayable within one year	5,320,887	73,391
Repayable between one and five years	416,770	317,828
Repayable more than five years	897,032	1,071,743
	6,634,689	1,462,962

16. LEASE LIABILITIES

	Group	
	2022	2021
	RM	RM
Repayable within twelve months	3,764,092	2,347,062
Repayable after twelve months	5,825,656	3,746,250
	9,589,748	6,093,312

During the financial year, the Group reassessed its lease liability due to an early termination of an accommodation lease. Accordingly, a remeasurement gain of RM167,794 (2021: RM47,945) is recognised in profit or loss.

The lease liabilities of the Group bear interest at rate of 6.17% - 7.51% (2021: 3.30% - 7.89%) per annum.

Included in lease liabilities are lease financing amounting to RM8,998,677 (2021: RM5,443,323) secured by corporate guarantee by the Company as disclosed in Note 31 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. TRADE PAYABLES

	Group	
	2022 RM	2021 RM
Trade payables	65,186,746	54,832,219
Retention sums payable	19,522,375	17,434,571
Provision for foreseeable loss	70,110	–
	84,779,231	72,266,790

The normal trade credit terms granted to the Group and the Company range from 30 to 90 days (2021: 30 to 90 days).

18. OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables	1,942,592	2,666,788	181,817	1,298,420
Accrued expenses	4,563,192	4,634,625	40,400	36,400
Deposits received	–	86,600	–	–
	6,505,784	7,388,013	222,217	1,334,820

Included in accrued expenses of the Group is a provision of compensation amounting to RM299,034 (2021: RM299,034) arising from material litigation as disclosed in Note 34 to the financial statements.

19. REVENUE

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

	Group	
	2022 RM	2021 RM
Revenue recognised from contracts with customers:		
Construction activities	166,893,817	213,110,688
Sales of building materials	47,400	155,337
Others	22,859	–
	166,964,076	213,266,025
Geographical market		
Malaysia	166,964,076	213,266,025
Timing of revenue recognition		
At a point in time	70,259	155,337
Over time	166,893,817	213,110,688
	166,964,076	213,266,025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. PURCHASES AND OTHER DIRECT COSTS

	Group	
	2022 RM	2021 RM
Construction activities	167,946,921	196,326,768

21. OTHER OPERATING EXPENSES/(INCOME)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- Current year	118,000	114,000	36,000	32,000
- Under/(Over) provision in prior year	4,000	(500)	4,000	-
- Non-audit services	-	3,000	-	3,000
Depreciation of property, plant and equipment	3,893,255	4,213,558	31,506	63,421
Depreciation of right-of-use assets	28,587	75,700	-	-
Impairment loss on goodwill	4,348,862	-	-	-
Impairment loss on investment in subsidiary companies	-	-	6,145,688	-
Reversal of impairment loss on investment in subsidiary companies	-	-	-	(5,439,804)
Net expected credit loss allowance				
- Trade receivables	1,407,120	1,492,048	-	-
- Other receivables	42,616	19,860	-	-
Property, plant and equipment written off	25,422	-	25,422	-
Provision of compensation	-	299,034	-	-
Short term lease of equipment	79,180	47,072	-	-
Gain on disposal of property, plant and equipment	-	(8,383)	-	-
Interest income	(245,291)	(446,451)	(245,016)	(445,003)
Remeasurement of lease liabilities	-	(47,945)	-	-
Rental income of plant and machinery	(510,000)	-	-	-

22. EMPLOYEE BENEFITS EXPENSE

	Note	Group	
		2022 RM	2021 RM
Employee benefits expense (excluding Directors) comprise:			
- Charged to profit or loss		1,101,736	931,578
- Recognised in contract costs	11	7,191,959	6,324,747
		8,293,695	7,256,325

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 RM835,300 (2021: RM710,808).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. DIRECTORS' REMUNERATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive Directors:				
- Salary and other emoluments	184,547	191,300	-	-
- Fees	132,000	180,000	-	-
- Defined contribution plan	21,209	20,940	-	-
	337,756	392,240	-	-
Non-executive directors:				
- Fees	111,000	108,000	111,000	108,000
- Allowance	7,500	-	7,500	-
	118,500	108,000	118,500	108,000
	456,256	500,240	118,500	108,000
			Number of Directors	
Executive Directors:				
Below RM250,000			1	1
Non-executive Directors:				
Below RM50,000			4	3

24. FINANCE COSTS

	Note	Group	
		2022 RM	2021 RM
Interest expense on:			
- Term loans	27(b)	45,246	47,232
- Lease liabilities	27(b)	563,867	317,430
- Bank local bills		68,737	-
		677,850	364,662
Interest expense charged to:			
- Purchases and other direct costs	11	90,212	13,766
- Finance costs		587,638	350,896
		677,850	364,662

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. TAXATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current taxation:				
- Current year provision	54,360	2,493,381	54,360	9,600
- Under/(Over) provision in prior year	710,739	(153,457)	47,917	-
	765,099	2,339,924	102,277	9,600
Deferred taxation:				
- Original and reversal of temporary differences	(196,822)	257,578	-	-
- Over provision in prior year	(699,879)	(573,247)	-	-
	(896,701)	(315,669)	-	-
Taxation for the financial year	(131,602)	2,024,255	102,277	9,600

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable (loss)/profit for the financial year.

A reconciliation of income tax expense applicable to (loss)/profit 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	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before taxation	(13,696,140)	9,148,095	(6,469,908)	5,502,400
Taxation at statutory tax rate of 24% (2021: 24%)	(3,287,074)	2,195,543	(1,552,778)	1,320,576
Expenses not deductible for tax purposes	1,303,699	499,386	1,617,766	121,487
Income not subject to tax	(55,674)	(123,937)	(10,204)	(1,412,354)
Change in unrecognised temporarily differences	1,896,587	179,967	(424)	(20,109)
Under/(Over) provision of current taxation in prior year	710,739	(153,457)	47,917	-
Over provision of deferred taxation in prior years	(699,879)	(573,247)	-	-
Taxation for the financial year	(131,602)	2,024,255	102,277	9,600

26. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(a) Basic (loss)/earnings per share (continued)

	Group	
	2022 RM	2021 RM
(Loss)/Profit for the financial year attributable to the owners of the Company	(12,108,819)	6,622,247
Weighted average number of ordinary shares issued	368,479,700	334,352,822
Basic (loss)/earnings per share (sen)	(3.29)	1.98

(b) Diluted (loss)/earnings per share

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

27. CASH FLOW INFORMATION

(a) Purchase of property, plant and equipment

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cost of property, plant and equipment purchased	6,218,913	9,308,104	–	5,629,805
Less: Hire purchase financing	(5,913,978)	(3,400,500)	–	–
Less: Other payables	–	(1,125,961)	–	(1,125,961)
Cash payment	304,935	4,781,643	–	4,503,844

(b) Reconciliation of liabilities arising from financing activities

	Term loans RM	Lease liabilities RM	Total RM
Group			
2022			
At beginning of the financial year	1,462,962	6,093,312	7,556,274
Cash flow	(118,680)	(3,347,696)	(3,466,376)
Lease financing for additions of property, plant and equipment	–	5,913,978	5,913,978
Acquisition of right-of-use assets	–	544,480	544,480
Finance costs	45,246	563,867	609,113
Waiver of rental	–	(10,399)	(10,399)
Remeasurement of lease liabilities	–	(167,794)	(167,794)
Total non-cash changes	45,246	6,844,132	6,889,378
At end of the financial year	1,389,528	9,589,748	10,979,276

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Term loans RM	Lease liabilities RM	Total RM
Group 2021			
At beginning of the financial year	1,482,252	4,203,860	5,686,112
Cash flow	(66,522)	(2,433,762)	(2,500,284)
Lease financing for additions of property, plant and equipment	–	3,400,500	3,400,500
Acquisition of right-of-use assets	–	653,229	653,229
Finance cost	47,232	317,430	364,662
Remeasurement of lease liabilities	–	(47,945)	(47,945)
Total non-cash changes	47,232	4,323,214	4,370,446
At end of the financial year	<u>1,462,962</u>	<u>6,093,312</u>	<u>7,556,274</u>

28. 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.

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's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely general construction work of a related activities.

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

	2022 RM	Group 2021 RM
Customer A	27,314,268	44,507,397
Customer B	30,234,989	119,226,205
Customer C	73,127,724	32,677,524
Customer D	21,255,388	–
	<u>151,932,369</u>	<u>196,411,126</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest bearing liabilities				
Borrowings	6,634,689	1,462,962	–	–
Lease liabilities	8,998,677	5,457,104	–	–
	15,633,366	6,920,066	–	–
Less: Cash and cash equivalents	(7,283,493)	(4,635,137)	(568,599)	(3,794,227)
Net borrowings/ (liquidity)	8,349,873	2,284,929	(568,599)	(3,794,227)
Equity attributable to owners of the Company	109,055,214	121,507,166	108,834,765	109,546,083
Gearing ratio	0.08	0.02	N/A	N/A

30. 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
2022			
Group			
Financial assets			
Other investments	13,183,500	–	13,183,500
Trade receivables	–	100,865,537	100,865,537
Other receivables	–	11,352,358	11,352,358
Cash and cash equivalents	–	9,734,453	9,734,453
	13,183,500	121,952,348	135,135,848
Financial liabilities			
Trade payables	–	84,779,231	84,779,231
Other payables	–	6,505,784	6,505,784
Borrowings	–	6,634,689	6,634,689
Lease liabilities	–	9,589,748	9,589,748
	–	107,509,452	107,509,452

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. 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
2022			
Company			
Financial assets			
Other receivables	–	7,169,914	7,169,914
Cash and cash equivalents	–	568,599	568,599
	–	7,738,513	7,738,513
Financial liability			
Other payables	–	222,217	222,217
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	123,996,609	143,384,109
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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

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 10. 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.

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
2022						
Group						
Trade payables	84,779,231	–	84,779,231	84,779,231	–	–
Other payables	6,505,784	–	6,505,784	6,505,784	–	–
Term loans	1,389,528	BLR - 2.30	1,738,809	118,680	593,400	1,026,729
Bank local bills	5,245,161	5.45	5,245,161	5,245,161	–	–
Lease liabilities	9,589,748	2.55 - 4.02	10,567,037	4,261,941	6,305,096	–
	107,509,452		108,836,022	100,910,797	6,898,496	1,026,729
Company						
Other payables	222,217	–	222,217	222,217	–	–
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	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

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.

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed rate instruments				
Short-term deposits with a licensed bank	2,450,960	–	–	–
Short-term deposits with licensed fund management companies	561,096	3,718,580	561,096	3,718,580
Bank local bills	(5,245,161)	–	–	–
Lease liabilities	(8,998,677)	(5,457,104)	–	–
	(11,231,782)	(1,738,524)	561,096	3,718,580
Floating rate instruments				
Term loans	(1,389,528)	(1,462,962)	–	–

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 2022, 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 RM2,640 (2021: RM2,780) in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

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:

	2022	2021
	Level 1 Fair	Level 1 Fair
	Value	Value
	RM	RM
Group		
Financial asset		
Financial assets at fair value through other comprehensive income	13,183,500	19,387,500

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			
	2022		2021	
	Carrying	Fair	Carrying	Fair
	amount	value	amount	value
	RM	RM	RM	RM
Financial liabilities				
Lease liabilities	9,589,748	8,468,587	6,093,312	5,642,030

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. CONTINGENT LIABILITIES

	2022 RM	2021 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	35,683,300
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	35,683,300
Corporate guarantee in favour of licensed banks for repayment of the following:		
- 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.	151,754	289,880
- hire purchase facilities granted to its indirect subsidiary, Gabungan Eko Konstrukt Sdn. Bhd. to part finance the purchase of two units of passenger hoist.	–	38,462
- hire purchase facility granted to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to part finance the purchase of machineries.	5,786,763	2,389,529
- hire purchase facility granted to its wholly owned subsidiary, Rexallent Construction Sdn. Bhd. to part finance the purchase of machineries.	2,674,500	2,725,532
- term loan facility granted to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to finance the purchase of properties.	1,389,529	1,462,962
- domestic recourse factoring facility to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to finance approved certified progress claims by the customer.	2,378,754	–
- domestic recourse factoring facility to its wholly owned subsidiary, Rexallent Construction Sdn. Bhd. to finance approved certified progress claims by the customer.	2,866,407	–
- bank guarantee facility to its wholly owned subsidiary, Rexallent Construction Sdn. Bhd. to finance tender bonds and performance bond.	4,909	6,018
- hire purchase facilities granted to its indirect subsidiary, Gabungan Eko Konstrukt Sdn. Bhd. to part finance the purchase of machineries.	385,659	–
Corporate guarantees in favour of suppliers for supply of goods of the following:		
- indirect subsidiary, Gabungan Eko Konstrukt Sdn. Bhd.	11,274,160	9,274,160
- wholly owned subsidiary, Rexallent Construction Sdn. Bhd.	10,200,000	8,200,000
	72,795,735	60,069,843

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. 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	
	2022	2021
	RM	RM
Purchase of materials from a related company with common Director	170,702	56,733
Rental of machinery and labour cost in operating the machineries charged by a related company with common Director	131,613	171,150
Subcontractor works charged by a related company with common Director	957,542	–

- (b) The remuneration of directors during the financial year is disclosed in Note 23 to the financial statements.

33. 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.

The continuous spread of the COVID-19 may continue to affect the Group’s and the Company’s operation and those of third parties of which they rely. The ultimate impact of the COVID-19 is highly uncertain and subject to change. The Group and the Company will continuously monitor the impact of COVID-19 on their operation and financial performances.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. MATERIAL LITIGATIONS

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

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

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 judgment sum amounting to RM299,034 together with interest and costs has been awarded against Rexallent by the Sessions Court. An appeal to the High Court was filed by Rexallent against the judgement sum by the Sessions Court both on liability and quantum in respect of CCV's claim. On 26 April 2022, the High Court dismissed the appeals against CCV with costs.

As at 31 May 2022, the Group recognised a provision amounting to RM299,034 as disclosed in Note 18 to the financial statements.

- (b) Safetags Solution Sdn. Bhd. ("Safetags") & Rexallent Construction Sdn. Bhd. ("Rexallent) vs Berjaya Sompoo ("Berjaya") & MSIG Insurance ("MSIG")

In relation to the claims against Rexallent as disclosed in Note 34(a) to the financial statements, Rexallent has in turn brought third party proceedings against MSIG and Berjaya for breach of the Workmen's Compensation Policy that was taken out to indemnify Rexallent against claims by the workers at the site.

On 23 April 2021, the third party claims were dismissed with costs by the Sessions Court. Rexallent had filed an appeal against the dismissal of the indemnity claims against MSIG and Berjaya.

On 26 April 2022, the High Court allowed the appeal against Berjaya with costs but dismissed the appeal against MSIG with costs. Berjaya Sompoo has since paid CCV the judgement sums. However, Berjaya has filed the appeal against Rexallent to the Court of Appeal. Rexallent in turn also filed an appeal to the Court of Appeal against MSIG. The Court of Appeal has fixed the hearing on 8 May 2023.

35. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 May 2022 were authorised for issue in accordance with a resolution of the Board of Directors dated 28 September 2022.

LIST OF PROPERTIES

AT 31 MAY 2022

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	29 Years	2,432	1,016,131	29-Jul-2011
2	Eko Bina Sdn Bhd	D-G-11, Medan Connaught, No 1, Jalan 3/144A, 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	5 Year	992	1,028,500	06-Jun-2018
3	Eko Bina Sdn Bhd	D-1-11, Medan Connaught, No 1, Jalan 3/144A, 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	5 Year	1,194	654,500	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

15 SEPTEMBER 2022

SHARE CAPITAL

Issued and Paid-Up Share Capital : RM65,052,211.94 comprising 382,471,804 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	53	2.044	2,508	0.000
100 – 1,000	201	7.752	87,770	0.023
1,001 – 10,000	935	36.059	6,089,116	1.592
10,001 – 100,000	1,141	44.003	43,631,150	11.408
100,001 – 19,123,589 (*)	262	10.104	230,620,444	60.298
19,123,590 And Above (**)	1	0.038	102,040,816	26.679
Total	2,593	100.000	382,471,804	100.000

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

SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders' Shareholdings)

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Kilau Makmur Sdn Bhd	102,040,816	26.679	0	0.000
2.	Tan Chuan Cheong	0	0.000	102,040,816 ^(a)	26.679
3.	Chan Moy	0	0.000	102,040,816 ^(a)	26.679
4.	Datuk Ong Chee Koen	1,000,000	0.261	18,194,400 ^(b)	4.757
				14,600,000 ^(c)	3.817
5.	Yap Nam Fee	1,000,000	0.261	18,194,400 ^(b)	4.757

DIRECTORS' SHAREHOLDING

(As per the Register of Directors' Shareholdings)

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Noordin Bin Sulaiman	0	0.000	0	0.000
2.	Datuk Ong Chee Koen	1,000,000	0.261	18,194,400 ^(b)	4.757
				14,600,000 ^(c)	3.817
3.	Datuk Ng Seing Liong PJN, JP	100,000	0.026	0	0.000
4.	Dato Indera Tun Putera Matin Ahmad Shah Bin Munir	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	102,040,816	26.679
2.	LEW Assets Sdn Bhd	18,776,169	4.909
3.	LWY Holding Sdn Bhd	18,776,169	4.909
4.	Ecobuilt (M) Sdn Bhd	18,194,400	4.757
5.	Tumpat Delima Sdn Bhd	17,200,000	4.497
6.	Indra Tropika Sdn Bhd	15,094,100	3.946
7.	E&J Venture Sdn Bhd	14,600,000	3.817
8.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yeap Weng Hong</i>	9,300,000	2.431
9.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Yeap Weng Hong</i>	7,900,000	2.065
10.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lim Soon Peng</i>	7,100,000	1.856
11.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Exempt An For KGI Securities (Singapore) Pte.Ltd (66581 T CL)</i>	5,353,600	1.399
12.	Lim A Heng @ Lim Kok Cheong	5,010,200	1.309
13.	Hew Yoon Hsia	4,482,600	1.172
14.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ang Lin Chu</i>	4,413,900	1.154
15.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Kong Kok Choy (8092812)</i>	3,100,000	0.810
16.	Lee Joo Hai	2,788,800	0.729
17.	Chua Shok Tim @ Chua Siok Hoon	2,430,000	0.635
18.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Solomon Tan Yiin Yuh</i>	2,165,600	0.566
19.	Tung Wai Fun	2,052,000	0.536
20.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Kong Kok Choy (SRB/PMS)</i>	1,900,000	0.496
21.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Moo Mun Yu (M01)</i>	1,515,400	0.396
22.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Lim Hwei Ling (M01)</i>	1,490,000	0.389
23.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ng Siau Men (8080599)</i>	1,375,000	0.359
24.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Chan Kok Keong (Bdr Utama-CL)</i>	1,314,600	0.343
25.	Ng Ching Huwai	1,180,000	0.308
26.	Chan Chon Foo	1,059,500	0.277
27.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Michael Ho Chi Heng</i>	1,000,000	0.261
28.	Lim Shen Maw	1,000,000	0.261
29.	Ong Chee Koen	1,000,000	0.261
30.	Tan Thiam Mooi	1,000,000	0.261
Total Holdings		274,612,854	71.799

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at 18th Floor, VIDA Bukit Ceylon, 1d Jalan Ceylon, 50200 Kuala Lumpur on Thursday, 10 November 2022 at 10.00 a.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 May 2022 together with the Reports of the Directors and Auditors thereon. **[Please refer to Explanatory Note 1]**
2. To re-elect Dato' Noordin Bin Sulaiman who retires pursuant to Clause 76(3) of the Company's Constitution. **Resolution 1**
3. To re-elect Dato Indera Tun Putera Matin Ahmad Shah Bin Munir who retires pursuant to Clause 78 of the Company's Constitution. **Resolution 2**
4. To approve the payment of Directors' fees of up to RM136,800.00 for the financial year ending 31 May 2023. **Resolution 3**
5. To approve the payment of Directors' benefits of up to RM18,000.00 for the period from 11 November 2022 until the next Annual General Meeting of the Company. **Resolution 4**
6. To consider and if thought fit, to pass the following resolution: **Resolution 5**

"THAT HLB Ler Lum Chew PLT, having consented to act, be hereby appointed as the Auditors of the Company in place of the retiring Auditors, HLB AAC PLT, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to determine their remuneration."

Special Business

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

7. **SPECIAL RESOLUTION**
Waiver Of Pre-Emptive Rights Pursuant To Section 85 Of The Companies Act, 2016 **Resolution 6 (Please refer to Note 5)**

"THAT pursuant to Section 85 of the Companies Act, 2016 ("the Act") read together with Clause 12(3) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees subject to passing Ordinary Resolution – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act.
8. **ORDINARY RESOLUTION**
Authority To Issue And Allot Shares Pursuant To Sections 75 and 76 Of The Companies Act, 2016 **Resolution 7 (Please refer to Note 6)**

"THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 ("the Act") and subject always to 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

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONTINUED)

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.”

9. 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)

WONG WAI FOONG
SSM PC NO. 202008001472 (MAICSA 7001358)

Company Secretaries
Kuala Lumpur
30 September 2022

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 02 November 2022. 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.*

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONTINUED)

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, Malaysia. In case of an electronic appointment, the proxy form must be submitted electronically via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the Eighteenth Annual General Meeting 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the Proxy Form is Tuesday, 08 November 2022 at 10.00 a.m.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - (a) Identity card (NRIC) (Malaysian), or
 - (b) Police report (for loss of NRIC)/ Temporary NRIC (Malaysian), or
 - (c) Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.

ii) Explanatory Notes

Ordinary Business

1. Audited Financial Statements For The Financial Year Ended 31 May 2022

This item is meant for discussion only as the provision of Section 340(1) 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 Directors

Please refer to the Statement Accompanying the Notice of Annual General Meeting for information.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONTINUED)

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 3 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 4 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 Annual General Meeting up to the date of the next Annual General Meeting. In the event the proposed amount is insufficient (due to enlarged Board size or more meetings), approval will be sought at the next Annual General Meeting for the shortfall.

4. Appointment of New Auditors

The Company's existing Auditors, HLB AAC PLT will hold office until the conclusion of the forthcoming Eighteenth Annual General Meeting to be held on 10 November 2022.

The Board and the Audit Committee had considered the profile, resources, experience, fee and engagement proposal as well as the size of the Group's operations and recommended that HLB Ler Lum Chew PLT be appointed as the Auditors of the Company.

Special Business

5. Special Resolution: Waiver of Pre-emptive Rights

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

6. Ordinary Resolution: Authority to Issue and Allot Shares

The Ordinary Resolution proposed under Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the Previous Mandate").

Subject to passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016, the Ordinary Resolution proposed under Resolution 7, 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 the 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.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (CONTINUED)

6. Ordinary Resolution: Authority to Issue and Allot Shares (continued)

As at the date of this Notice, the Company has issued 37,552,338 new ordinary shares under a private placement exercise pursuant to the Previous Mandate. The total proceeds raised from the private placement exercise was RM5.896 million and the proceeds were utilized in the following manner:-

Details	Timeframe for utilisation	Utilised (RM'000)
Purchase of machineries and construction equipment	Within 12 months from the receipt of placement funds	305
General working capital		5,556
Estimated expenses	Upon completion of the private placement	35
<i>Total</i>		5,896

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Election/Appointment as Directors

There are no individuals standing for election/appointment as Directors at the Eighteenth Annual General Meeting.

Dato' Noordin Bin Sulaiman and Dato Indera Tun Putera Matin Ahmad Shah Bin Munir are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Eighteenth Annual General Meeting. Their profiles can be found on pages 9 to 10 of the 2022 Annual Report.

The Board of Directors had via the Nomination Committee ("NC") assessed the retiring Directors, Dato' Noordin Bin Sulaiman and Dato Indera Tun Putera Matin Ahmad Shah Bin Munir, and was satisfied that both Directors have met the performance criteria set out in the assessments in the discharge of their duties and responsibilities. The NC and Board have also conducted an assessment on Dato' Noordin Bin Sulaiman and Dato Indera Tun Putera Matin Ahmad Shah Bin Munir's independence and are satisfied that they have complied with the criteria prescribed by the Main Market Listing Requirements. None of the retiring Directors has any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries.

The Board was satisfied with the fit and proper assessment completed by the retiring Directors. In this connection the Board supports the re-election of the abovementioned retiring Directors.

General Mandate for Issue of Securities

Kindly refer to item 6 of the Explanatory Notes on Special Business on page 113 of the 2022 Annual Report.



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 <i>(in Capital Letters)</i>	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name <i>(in Capital Letters)</i>	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 Eighteenth Annual General Meeting of the Company to be held at 18th Floor, VIDA Bukit Ceylon, 1d Jalan Ceylon, 50200 Kuala Lumpur on Thursday, 10 November 2022 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Re-election of Dato' Noordin Bin Sulaiman.	Ordinary		
2.	Re-election of Dato Indera Tun Putera Matin Ahmad Shah Bin Munir.	Ordinary		
3.	Payment of Directors' fees for the financial year ending 31 May 2023.	Ordinary		
4.	Payment of Directors' benefits from 11 November 2022 until the next Annual General Meeting of the Company.	Ordinary		
5.	Appointment of HLB Ler Lum Chew PLT as Auditors in place of the retiring Auditors, HLB AAC PLT and to authorise the Directors to determine their remuneration.	Ordinary		
6.	Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act, 2016.	Special		
7.	Authority to the Directors to issue and allot 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 _____ 2022

* Manner of execution:

- If you are an individual member, please sign where indicated.
- 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.
- 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:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



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 02 November 2022. 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, Malaysia. In case of an electronic appointment, the proxy form must be submitted electronically via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the Eighteenth Annual General Meeting 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the Proxy Form is Tuesday, 08 November 2022 at 10.00 a.m.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - (a) Identity card (NRIC) (Malaysian), or
 - (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - (c) Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.

www.eco-built.com.my



ECOBUILT

EcoBuilt Holdings Bhd

Registration No. 20030103338 (635759-U)

D-G-11 & D-1-11, Medan Connaught

No.1, Jalan 3/144A, 56000 Kuala Lumpur

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