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

Building Your Dream Together

ANNUAL REPORT 2023

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Reports & Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Ng Choon Keith
Executive Director/Chief Executive Officer

Datuk Ong Chee Koen
Non-Independent Non-Executive Director

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

Dato Indera Tun Putera Matin Ahmad Shah Bin Munir
Independent Non-Executive Director

Loh Poh Im
Independent Non-Executive Director

AUDIT COMMITTEE

Loh Poh Im
Chairperson/Independent Non-Executive Director

Dato Indera Tun Putera Matin Ahmad Shah Bin Munir
Independent Non-Executive Director

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

NOMINATION COMMITTEE

Dato Indera Tun Putera Matin Ahmad Shah Bin Munir
Chairman/Independent Non-Executive Director

Loh Poh Im
Independent Non-Executive Director

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

REMUNERATION COMMITTEE

Loh Poh Im
Chairperson/Independent Non-Executive Director

Dato Indera Tun Putera Matin Ahmad Shah Bin Munir
Independent Non-Executive Director

Datuk Ng Seing Liong PJN, JP
Non-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
Email : info@my.tricorglobal.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
[Company No. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : 03-2783 9299
Fax : 03-2783 9222
Email : is.enquiry@my.tricorglobal.com

PRINCIPAL BANKER

Public Bank Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

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

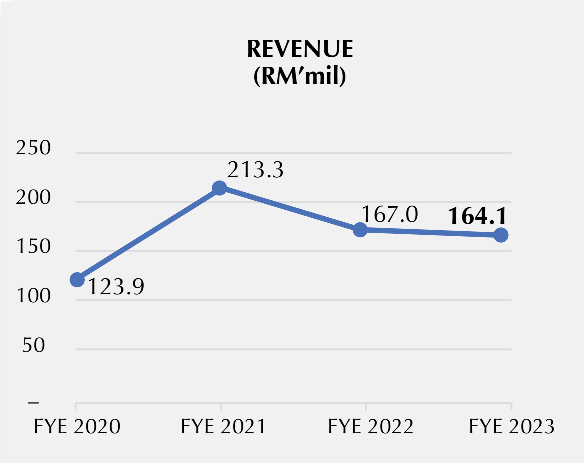
AUDITOR

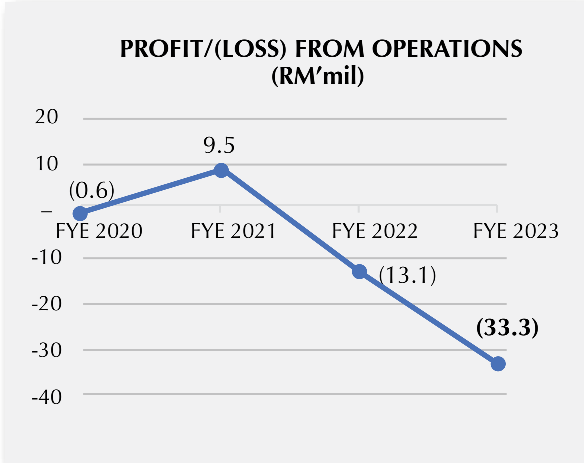
HLB Ler Lum Chew PLT (201906002362 & AF0276)
A-23-1,Level 23, Hampshire Place Office
157 Hampshire, No. 1, Jalan Mayang Sari
Off Jalan Tun Razak
50450 Kuala Lumpur, Malaysia
Tel : 03-7890 5588

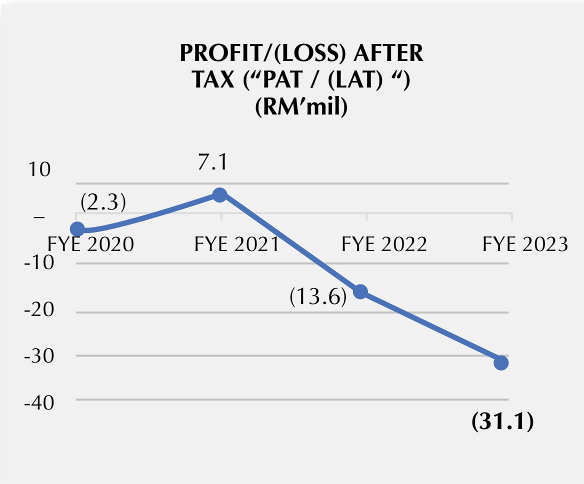
CORPORATE WEBSITE

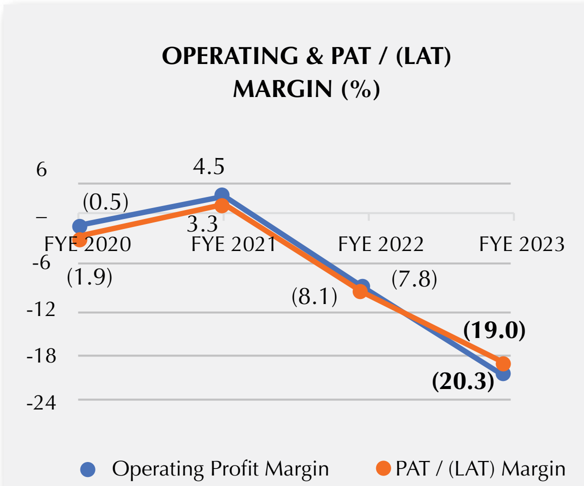
www.eco-built.com.my

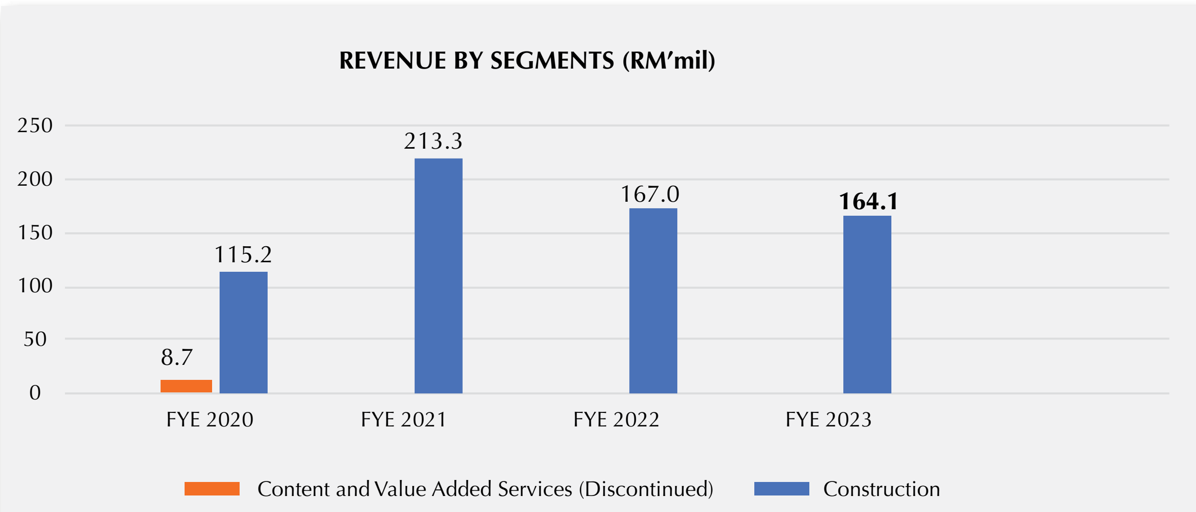
FINANCIAL HIGHLIGHTS











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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW TO THE GROUP'S BUSINESS

Ecobuilt Holdings Berhad ("Ecobuilt" or "the Company") is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

Both of our subsidiaries, namely Eko Bina Sdn Bhd and Rexallent Construction Sdn Bhd, are registered as Grade 7 ("G7") Contractors with the Construction Industry Development Board of Malaysia ("CIDB"). Such certification enables Ecobuilt and its subsidiaries (collectively known as "Ecobuilt Group" or "the Group") to undertake building construction projects with unlimited value in Malaysia. In addition, the Group is also registered under Sijil Perolehan Kontrak Kerajaan ("SPKK") to take part in Malaysian Government awarded contracts.

Ecobuilt Group is well-known as a leading engineering group with businesses in civil engineering , building contracting and construction. The Group has established a good track record over the years and aims to provide the highest standard of design, construction and services in the business.

As at the financial year ended 31 May 2023 ("FYE 2023"), the Group has a total of seven (7) on-going contracts with a total unbilled order book of RM320.1 million which is expected to be recognised as revenue progressively over the next one (1) to three (3) years. Meanwhile, the Group's tender book remains robust at nine (9) submitted tenders with a total tender sum of RM650.4 million.

FINANCIAL PERFORMANCE REVIEW

	FYE 2023 RM'000	FYE 2022 RM'000	Variance RM'000	Variance %
Revenue	**164,057**	166,964	(2,907)	(1.7)
Gross loss	**(12,531)**	(983)	(11,548)	> (100.0)
Loss before tax	**(34,063)**	(13,696)	(20,367)	> (100.0)
Loss after tax	**(31,096)**	(13,565)	(17,531)	> (100.0)

The Group's total revenue decreased by RM2.9 million or 1.7% from RM167.0 million in financial year ended 31 May 2022 ("FYE 2022") to RM164.1 million in FYE 2023. Such decrease was mainly attributable to lower revenue recognition arising from the completion or nearing to completion stage of several contracts within the financial year. Nevertheless, the decrease in revenue is partially set off by three (3) new construction projects secured during FYE 2023 with a total contract value of RM219.3 million.

Despite the marginal decrease in revenue, the Group recorded a significantly higher gross loss of RM12.5 million in FYE 2023 as compared to RM1.0 million in FYE 2022 as the Group was severely affected by elevating construction cost, in particularly the cost of sand and cement which has increased significantly due to supply chain disruptions and global inflationary pressures driven by the continuous impact of Covid-19. According to the Department of Statistics Malaysia ("DOSM"), the average price of sand and cement in May 2023 has increased by 17.2% and 9.2% respectively as compared to the price in May 2022. In addition, the Group was also severely affected by higher staff costs incurred in line with the implementation of revised minimum wage policy by the Malaysian Government.

In addition to the gross loss from our operation, the Group recorded a higher loss before tax of RM34.06 million in FYE 2023. This was mainly due to the realisation of bad debt written off amounting to RM9.15 million related to the de-consolidation of Gabungan Eko Construkt Sdn Bhd ("Gabungan") due to the loss of control over this subsidiary company as a liquidator has been appointed to undertake a winding-up proceeding. In addition, the Group has also recognised a provision for expected credit loss arising from its trade and other receivables amounting to RM4.5 million during FYE 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL POSITION AND LIQUIDITY REVIEW

Statement of Financial Position

	FYE 2023 RM'000	FYE 2022 RM'000	Variance RM'000	Variance %
Non-current assets	**63,193**	69,708	(6,515)	(9.3)
Current assets	**119,143**	150,485	(31,342)	(20.8)
Total assets	**182,336**	220,193	(37,857)	(17.2)
Non-current liabilities	**4,236**	7,140	(2,904)	(40.7)
Current liabilities	**96,315**	103,152	(6,837)	(6.6)
Total liabilities	**100,551**	110,292	(9,741)	(8.8)
Net assets ("NA")	**81,785**	109,901	(28,116)	(25.6)
NA per share (sen)	**19.44**	28.73	(9.29)	(32.3)
Current ratio (times)	**1.24**	1.46	(0.22)	(15.1)
Gearing ratio (times)	**0.11**	0.08	0.03	37.5
Trade receivables turnover (days) (1)	**188**	221	(33)	(14.9)
Trade payables turnover (days) (2)	**162**	185	(23)	(12.4)

Notes: -

(1) *Computed based on trade receivables as at year end over revenue for the year multiplied by 365 days.*

(2) *Computed based on trade payables as at year end over cost of sales for the year multiplied by 365 days.*

As at 31 May 2023, the Group's total assets decreased to RM182.3 million as compared to RM220.2 million as at 31 May 2022. This decrease was mainly due to lower retention sum receivables resulting from the release of retention sum for completed projects as well as lesser new contracts secured during FYE 2023. Additionally, the de-consolidation of Gabungan has led to the overall decrease in contract assets by RM19.0 million, deferred tax asset by RM0.8 million as well as property, plant and equipment by RM0.5 million.

The Group recorded a decrease in total liabilities by RM9.7 million or 8.8% from RM110.3 million as at 31 May 2022 to RM100.6 million as at 31 May 2023. Such decrease was mainly related to the reduction of trade payables by RM6.7 million, which is primarily arising from the de-consolidation of Gabungan's trade and others payables amounting to RM20.4 million. The Group's lease liability balance as at 31 May 2023 has also reduced by RM3.9 million on the back of bank loan repayments made during the financial year.

Overall, the Group recorded a net asset position of RM81.8 million and NA per share of 19.44 sen as at 31 May 2023. Despite reporting a financial loss in FYE 2023, the Group's financial position remains healthy with a strong current ratio of 1.24 times and a low gearing ratio of 0.11 times. The Group has also demonstrated a keen commitment to closely monitoring and effectively managing its liquidity which resulted the overall improvement in the Group's trade receivables turnover from 221 days to 188 days in the current financial year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

POSITION AND LIQUIDITY REVIEW (CONTINUED)

Statement of Cash Flows

	FYE 2023 RM'000	FYE 2022 RM'000	Variance RM'000	 %
Net cash used in operating activities	**(4,564)**	(2,412)	(2,152)	(89.2)
Net cash generated from/(used in) investing activities	**40**	(60)	100	> 100.0
Net cash (used in)/generated from financing activities	**(4,804)**	5,120	(9,924)	> (100.0)
Cash and cash equivalents as at 31 May	**(2,044)**	7,283	(9,327)	> (100.0)

In FYE 2023, the Group recorded a net cash used in operating activities amounting to RM4.6 million as compared to RM2.4 million in FYE 2022. This was mainly due to the Group's higher loss before tax as discussed above as well as the realisation of bad debt written off of RM9.2 million resulting from the de-consolidation of Gabungan.

The Group has recorded a net cash generated from investing activities amounting to RM0.04 million in FYE 2023 as compared to the net cash used in investing activities of RM0.1 million in FYE 2022. This was mainly attributed by the proceeds from the disposals of property, plant and equipment amounting to RM0.4 million and the interest received amounting to RM0.05 million. The net cash generated was then partially set off by purchase of new property, plant and equipment amounting to RM0.4 million.

Net cash used in financing activities of RM4.8 million was mainly arising from the repayment of bank local bills and lease liabilities of RM5.2 million and RM4.2 million respectively. Meanwhile, it was partially set off by the proceeds from issuance of new shares from private placement and the upliftment of short-term deposits pledged amounted to RM2.9 million and RM2.3 million respectively.

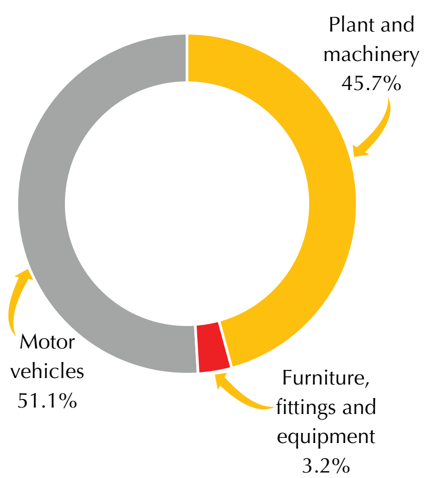
CAPITAL STRUCTURE, RESOURCES AND EXPENDITURE

During FYE 2023, the Group has issued a total number of 38,247,180 new ordinary shares at an issue price of RM0.08 per share through a private placement exercise. As a result, the Group's share capital as at 31 May 2023 amounts to RM67.96 million, consisting of 420,718,984 ordinary shares.

The Group finances its daily working capital requirements with cash and bank balances as well as credit extended by trade payables and/or banks. As of 31 May 2023, the Group's bank facilities consist of term loans, bank overdrafts and finance lease.

During FYE 2023, the Group has allocated a total of RM0.7 million as capital expenditure ("CAPEX") for business expansion. Such CAPEX was incurred mainly for the purchase of motor vehicle as well as plant and machinery, representing approximately 51.1% and 45.7% respectively.

Capital Expenditure for FYE 2023



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RISK RELATING TO OUR BUSINESS

In the pursuit of business sustainability, we are committed to recognise, address and monitor various anticipated or known risks that have the potential to influence our operations, performance, financial state and liquidity. Here in Ecobuilt, the Group is guided by the risk management framework, which encompasses policies and procedures to effectively manage and address risks while supporting the Group's continuous business growth.

Labour Shortage Risk

Malaysia's construction activities are labour intensive and therefore labour adequacy is one of the keys to ensure smooth operations. As the construction sector continues to recover after the Covid-19 pandemic, there is a surge in labour demand, especially for foreign workers. In January 2023, the president of the Association of Employment Agencies, Datuk Foo Yong Hooi, said that the construction sector still lacks about 300,000 workers.

The shortage of manpower may cause the costs of labour to increase, and thus, increasing the overall project costs. It may also lead to interruptions and/or delays in the progress of projects which may result in additional construction overhead cost and legal uncertainties such as imposition of Liquidated and Ascertained Damages ("LAD") claims from clients.

To this end, we have adopted Industrialised Building System ("IBS") and formworks to reduce the dependency of foreign workers while enhancing the project quality and reduce waste towards higher productivity. In addition, we also promote the employment and training of local workers to reduce the dependency on foreign workers. During FYE 2023, we are glad to report that we were not subjected to any LAD claims from our clients.

Availability of Construction Materials and Fluctuation in Materials Cost

As a result of the aftermath of Covid-19, the supply chain in the construction industry was severely affected and thus resulting the significant increase of construction material prices. As of May 2023, key construction materials such as cement and sand have seen a significant year-on-year ("YoY") rise in price by 9.2% and 17.2% respectively. This may result in the project costs overruns, which in turn will negatively impact the Group's profitability.

In this regard, the Group establishes and maintains good business relationships with the suppliers to ensure a stable supply of construction materials for our projects. The Group is also continuously monitoring and taking necessary steps to ensure effective construction materials usage so as to minimise any unnecessary material wastage.

Economic, Political and Regulatory Risk

Along with other construction players, the Group's business and financial prospects may be significantly affected by the development in local and international economy, politics and regulations such as global economic downturns and political leadership changes.

While these changes are mostly beyond the Group's control, we will continue to review and assess our business development strategies regularly, or as and when necessary, in order to respond timely to these changes. We also maintain proactive and regular communication with relevant authorities to stay abreast with the latest government policies, rules and regulations, thereby ensuring continuous legal compliance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RISK RELATING TO OUR BUSINESS (CONTINUED)

Competition and Business Risk

In view of the nature of the construction industry, contracts are generally awarded on a project-to-project basis and hence there is no assurance of the continuity from a project to the next project. As such, the likelihood of securing new contracts hinges on competitive bidding processes. With the increasing player in the construction industry, the Group has to compete with other existing and new entrants within the industry, in terms of pricing, innovation as well as service offerings.

As part of our efforts to stay competitive, we strive to leverage on our established track record, vast experience as well as technical expertise. The Group has also implemented prudent cost measures to monitor the operational efficiency with the goal of achieving sustainable business growth. In addition, the Group is also exerting its efforts to tender for more projects so as to replenish our order book continuously, whenever viable.

Litigation Risk

Similar to business risk, litigation risk is an inherent aspect that permeates virtually in every business. In particular, construction industry is commonly susceptible to litigation risks, which may potentially arise from contract disputes, project delays, project quality and safety etc.

In order to manage this risk, the Group is committed to address any conflict with the main contractor or sub- contractors diligently. We are also committed to ensure legal compliance at all times. We diligently adhere to all applicable laws and regulations, including but not limited to Occupational Safety and Health Act 1994, Malaysia Construction Industry Development Board Act 1994 and etc.

FUTURE PROSPECT AND OUTLOOK

According to the Ministry of Finance (“MOF”) Malaysia, Malaysia’s Gross Domestic Product (“GDP”) for the second quarter of 2023 has expanded by 2.9%, with the construction sector recording the strongest growth in the quarter by 6.2%. Along with GDP of 5.6% in the first quarter of 2023, Malaysia’s GDP for the first half of 2023 has achieved a 4.2% growth, which is in line with the government’s growth forecast of 4.0% to 5.0% for 2023.

Based on the updates on Economic & Fiscal Outlook and Revenue Estimates 2023 report by MOF Malaysia, the residential building subsector is expected to experience a gradual expansion, supported by the growing supply of affordable houses in line with the Twelfth (12th) Malaysia Plan, 2021 - 2025. In addition, other Malaysian Government’s initiatives, including Skim Jaminan Kredit Perumahan (“SJKP”) and i-Miliki are in placed to encourage home ownership in order spur the demand for residential buildings.

Reflecting on how we have weathered another challenging year, the Group remains cautiously optimistic about the Group’s long-term prospects despite the on-going challenges such as acute labour shortage and construction material price spike. Nevertheless, with the support by recent private placement, the Group is committed to continue deliver quality projects so as to preserve the long-term values to our shareholders.

DIVIDEND

No dividends were paid or declared in FYE 2023 as the Group is currently prioritising on strengthening its business and operations in order to ensure a long-term growth. At present, the Company does not have any formal dividend policy in place. Any recommendation or declaration of dividends is at the discretion of our Board and subject to various factors, including but not limited to, financial performance, working capital requirements and cash flow management.

BOARD OF DIRECTORS

Dato' Noordin Bin Sulaiman, Male, aged 66, Malaysian citizen, is the Independent Non-Executive Chairman of Ecobuilt Holdings Berhad. 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.

He has no family relationship with any other Directors and/or substantial shareholders of Ecobuilt. He has no conflict of interest with the Group other than that which has been disclosed to the Board of Directors (if any). He 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.

Datuk Ong Chee Koen, Male, aged 67, Malaysian citizen, is a Non-Independent Non-Executive Director of Ecobuilt. He was appointed to the Board on 20 March 2017 as an Executive Director and re-designated to Non-Independent Non-Executive Director on 27 September 2023. He is an experienced construction and property development professional who is also a graduate in Civil Engineering. He has more than 40 years' experience in both public and private company. He started his career in construction in late 70's as a Site Engineer, has both supervision and management experience inseveral public and private projects namely development for UKM University in Bangi, USM in Penang, Price Hotel in Kuala Lumpur and several public buildings in peninsular Malaysia in the 80's and 90's. His strength in construction and project management has him being entrusted by public work department to recovery and turnaround 3 abandoned public 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 the Group other than that which has been disclosed to the Board of Directors (if any). He 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 69, a Malaysian citizen, is a Non-Independent Non-Executive Director of Ecobuilt. He was appointed to our Board on 15 November 2019 as Independent Non-Executive Director and re-designated to Non-Independent Non-Executive Director on 28 April 2023.

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

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

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

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He is the father of Ng Choon Keith, the Executive Director/Chief Executive Officer of Ecobuilt. He has no conflict of interest with the Group other than that which has been disclosed to the Board of Directors (if any). He 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, Male, aged 34, 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 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 the Group other than that which has been disclosed to the Board of Directors (if any). He 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)

Ng Choon Keith, Male, aged 39, a Malaysian citizen, is an Executive Director and Chief Executive Officer of Ecobuilt. He was appointed to our Board on 28 April 2023.

He holds a Bachelor of Construction Management & Economics (Hons) degree with a major in Quantity Surveying from the University of South Australia, Adelaide, SA, which he earned in 2006.

With over 17 years of senior leadership experience in construction and building managemet, Mr Ng excels in strategic planning, P&L management, and cost control. He is renowned for his ability to secure major tenants, resolve regulatory issues, and optimize revenue streams. He has been an Executive Director at Kota Kelang Group since February 2010, where he oversees multiple companies and construction projects while providing strategic direction and mentorship to his team. Before this, he worked as a Quantity Surveyor and Cost Engineer Controls at Currie and Brown Adelaide, contributing to various high-value projects. He also maintains affiliations with industry organizations.

His professional skills encompasses expertise in cost management systems, proficiency in MS Project, and fluency in multiple languages to facilitate effective communication.

He is the son of Datuk Ng Seing Liong PJN, JP, the Non-Independent Non-Executive Director of Ecobuilt. He has no conflict of interest with the Group other than that which has been disclosed to the Board of Directors (if any). He 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.

Loh Poh Im, Female, aged 58, a Malaysian citizen, is an Independent Non-Executive Director of Ecobuilt. She was appointed to our Board on 28 April 2023.

Ms Loh has a strong background in accounting and finance. She holds a Certificate in Investor Relations from the IR Society UK, is a Chartered Accountant certified by the Malaysia Institute of Accountancy, and holds a Bachelor of Accounting from the University of Malaya, among other qualifications.

With over three decades of experience, she is a highly accomplished finance professional who has held leadership roles in various industries. She has expertise in financial operations, compliance, and strategic planning. In addition to her role at Ecobuilt, she currently serves as an Independent Non-Executive Director and Audit & Risk Management Committee Chairman at PeterLabs Holdings Berhad, where she brings her extensive knowledge in financial reporting, risk management, corporate governance, and investor relations to her position.

Throughout her career, Ms Loh has held leadership positions at several public listed companies, where she managed functions such as finance, administration, and internal controls. Her expertise also extends to taxation, banking, equity, and bond funding, making her a valuable asset with a strong network in the financial sector.

She is the Chairman of the Audit Committee and Remuneration Committee and also a member of the Nomination Committee of the Company. She has no family relationship with any other Directors and/or substantial shareholders of Ecobuilt. She has no conflict of interest with the Group other than that which has been disclosed to the Board of Directors (if any). She 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

Woo Sau Fan, Female, aged 52, 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 the Group other than that which has been disclosed to the Board of Directors (if any). She 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 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 2023 and details of the members and their attendance record are as follows:-

Name of Audit Committee Member	Meetings Attended
Loh Poh Im (Chairperson, Independent Non-Executive Director) *(Appointed on 28/4/2023)*	– *
Dato Indera Tun Putera Matin Ahmad Shah Bin Munir (Independent Non-Executive Director)	4/5
Datuk Ng Seing Liong PJN, JP (Non-Independent Non-Executive Director)	5/5
Dato' Noordin Bin Sulaiman (Independent Non-Executive Director) *(Ceased to be a member of Nomination Committee on 28/4/2023)*	5/5

* No meeting was attended during FYE 2023 as she was newly appointed to the Audit Committee on 28 April 2023.

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 2023, 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 2022 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 Summary Report for the financial year ended 31 May 2022 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 Main Building Works and Sustainability Framework, Policies and Processes, 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 2023 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 33 to 36 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 Non-Executive Directors.

The NC held a total of three (3) meetings during the financial year ended 31 May 2023 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)	2/3
Loh Poh Im (Independent Non-Executive Director) *(Appointed on 28/4/2023)*	– *
Datuk Ng Seing Liong PJN, JP (Non-Independent Non-Executive Director)	3/3
Dato' Noordin Bin Sulaiman (Independent Non-Executive Director) *(Ceased to be a member of Nomination Committee on 28/4/2023)*	3/3

* No meeting was attended during FYE 2023 as she was newly appointed to the Nomination Committee on 28 April 2023.

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 Terms of Reference of the NC was on 30 May 2022.

C. SUMMARY OF ACTIVITIES OF THE NC

During the financial year ended 31 May 2023, 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 Malaysian Code on Corporate Governance ("MCCG") states that the Board should comprises at least 30% women directors. Despite the recent appointment of Ms Loh Poh Im as the Independent Non-Executive Director, the women representation in the current Board is 16.7%. With the appointment of Ms Loh, the Company has complied with Paragraph 15.02(1)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"). However, the current Board has yet to fulfil the recommendations of the MCCG. The Board is aware on the need to promote gender diversity on the Board in an attempt to uphold good corporate governance. As such, the Board will continue to identify suitably qualified women candidates to fulfil at least 30% women representation in the Board.

NOMINATION COMMITTEE REPORT (CONTINUED)

C. SUMMARY OF ACTIVITIES OF THE NC (CONTINUED)

(b) Annual Performance Assessment

The NC has on 28 July 2023 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 2023. 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 2023 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 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 2023, 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 would provide justification and seek for shareholders' approval through a two-tier voting process during 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.The Board had 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 as set out in the Directors' Fit and Proper Policy, 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 2023, the appointment of Loh Poh Im and Ng Choon Keith 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 2023, Datuk Ong Chee Koen and Datuk Ng Seing Liong PJN, JP, who retire by rotation and being eligible, have offered themselves 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, Loh Poh Im and Ng Choon Keith, who were appointed as an Independent Non-Executive Director and Executive Director, respectively, on 28 April 2023, shall retire at the forthcoming AGM and being eligible, they have offered themselves for re-election.

The NC has considered the assessment of Datuk Ong Chee Koen, Datuk Ng Seing Liong PJN, JP, Loh Poh Im and Ng Choon Keith, 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 Datuk Ong Chee Koen, Datuk Ng Seing Liong PJN, JP, Loh Poh Im and Ng Choon Keith 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. Detailed profiles of each Director can also be found in the Profile of Board of Directors section in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board recognises the significance of maintaining an effective and high standard of corporate governance to drive the Group's long-term growth and success. As such, the Board strives to uphold the highest standard of transparency, accountability, integrity and ethical conduct across the Group. In this regard, the Board is committed to align the Group's corporate governance practices against the best practices outlined in the Malaysian Code on Corporate Governance ("MCCG").

Pursuant to the Paragraph 15.25(1) and Practice Note 9 of the Bursa Securities' Main Market Listing Requirements, the Board is pleased to present this Corporate Governance Overview Statement ("CG Statement") which provides a summary on the Company's corporate governance practices during FYE 2023 with reference to the following three (3) key corporate governance principles as advocated in the MCCG: -

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.

Shareholders are encouraged to review this CG Statement together with the Corporate Governance Report ("CG Report"), which provides the detailed disclosures on the application of each practice. Both the CG Statement and CG Report are made available on Bursa Securities' website at https://www.bursamalaysia.com/.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

PART I BOARD RESPONSIBILITIES

1 Board Stewardship

The Board, under the leadership of the Chairman, Dato' Noordin Bin Sulaiman, is ultimately responsible to set the Group's business strategic directions and ensure appropriate resources allocation within the Group to drive a long-term sustainable growth. In pursuit of this objective, the Board has established the Group's mission and values as the demonstration to our on-going commitment towards sustainable value creation. The Group's mission and values have taken all both the shareholders' and stakeholders' interests into considerations, as follows: -

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

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

- Hard Work
- Responsibility
- Morality
- Integrity
- Vitality

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.

In fulfilling its responsibilities, the Board is guided by the Board Charter which outlines its fiduciary roles and responsibilities for the collective oversight and overall management of the Group's business. The key responsibilities of the Board, amongst others, are as follows: -

- Review, adopt and monitor the Group's strategic plan for the Group to ensure that such strategic plan supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I BOARD RESPONSIBILITIES (CONTINUED)

1 Board Stewardship (continued)

The key responsibilities of the Board, amongst others, are as follows: - (continued)

- Oversee the conduct of the Group's business to ensure it is properly managed;
- Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risk;
- 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 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;
- 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 and ensure that the Company has in place procedures to enable effective communication with stakeholder;
- Together with Management, take 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 the Board stays abreast with and understands the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities; and
- 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.

To facilitate the discharge of the Board's functions, it has assigned specific functions and authorities to three (3) Board Committees, namely Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). Each of these Board Committees operates in accordance with its respective Terms of Reference, which are annexed as part of the Appendix within the Board Charter on Company's website at https://www.eco-built.com.my/corporate-info/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I BOARD RESPONSIBILITIES (CONTINUED)

1 Board Stewardship (continued)

To achieve a balance of power, control and authority between governance and management, the Company is currently having two (2) different individuals to hold the positions of Board Chairman and Chief Executive Officer ("CEO"). Dato' Noordin Bin Sulaiman, being the Chairman of the Board, assumes the role of stewardship over the Board. His primary responsibilities include ensuring the overall effectiveness of the Board and promoting sound corporate governance practices among its members. On the other hand, the Executive Director cum CEO, Ng Choon Keith, assumes the executive responsibility for the daily management of the Group's operations and the implementation of the policies and strategies approved by the Board. The Board believes that this segregation of powers and authorities promotes accountability and such that no individual has unfettered powers of decision-making, thereby protecting the shareholders' and other stakeholders' interests. The clear line of duties and responsibilities of both the Board Chairman and CEO are outlined in the Board Charter, which is accessible on the Company's website at https://www.eco-built.com.my/corporate-info/.

On 28 April 2023, the Board Chairman has relinquished his Board Committee positions in all AC, NC and RC in line with the best practices as advocated by the Practice 1.4 of the MCCG. This shall ensure that independence and objectivity are upheld during the deliberations in Board meetings and Board Committee meetings.

In accordance to the Paragraph 15.05(3)(c) of the MMLR, all Directors are obligated to achieve a minimum attendance rate of 50% in Board meetings as held during the financial year. In FYE 2023, all Directors have committed their best endeavours and met the said requirements by recording the meetings attendance as follows: -

Director	Board	AC	NC	RC
Dato' Noordin Bin Sulaiman	5/5	5/5	3/3	2/2
Datuk Ong Chee Koen	5/5	N/A	N/A	N/A
Datuk Ng Seing Liong, PJN, JP	5/5	5/5	3/3	2/2
Dato Indera Tun Putera Matin Ahmad Shah Bin Munir	4/5	4/5	2/3	– *
Ms Loh Poh Im	– *	– *	– *	– *
Mr Ng Choon Keith	– *	N/A	N/A	N/A

* *No meeting was attended during FYE 2023 as he/she was newly appointed to the Board or Board Committee on 28 April 2023.*

All Board and Board Committee meetings are scheduled in advance to ensure that all Directors have sufficient time to make necessary arrangements and reserve their availability for Company. As guided by the Board Charter, notice of meetings together with the relevant meeting materials, such as Board papers and agenda items, are circulated at least five (5) business days before the meeting to ensure sufficient time for the Directors to peruse and consider on matters to be discussed and if necessary, to obtain further information in order to facilitate their decision-making process during the meeting. However, in the event of urgent and confidential matters, the relevant meeting materials will only be distributed during the meetings.

To ensure an effective discharge of function, the Board has unrestricted access to all information pertaining to the Group's operations and business affairs, as well as access to the Management, the services of the Company Secretaries, and both Internal and External Auditors at the Company's cost to support their decision-making process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I BOARD RESPONSIBILITIES (CONTINUED)

1 Board Stewardship (continued)

During FYE 2023, the Board is supported by two (2) professionally qualified and competent Company Secretaries, namely Ms Joanne Toh Joo Ann, a Licensed Secretary accredited by the Companies Commission of Malaysia, and Ms Wong Wai Foong, a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). Both of them possess the requisite qualifications to serve as Company Secretaries in compliance with Section 235(2)(a) of the Companies Act 2016.

In attendance at all meetings, the Company Secretaries play a pivotal role to facilitate the meeting proceedings and record the Board's deliberations, including the issues discussed and decisions made. The Company Secretaries also provide advice, updates and guidance to the Board on regulatory and company secretarial matters. Upon the conclusion of each meeting, the meeting minutes are circulated to all Directors for their review on a timely basis. The minutes will then be presented for confirmation in the subsequent meeting and properly documented thereafter. The full roles 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 Company Secretaries are committed to stay updated on the latest regulatory changes and development through continuous training and industry updates. For the FYE 2023, the Board expresses its satisfaction with the performance and services provided by the Company Secretaries in supporting the Board's effective discharge of its responsibilities.

2 Board Charter

The Company has in place a Board Charter that provides a comprehensive framework detailing the roles and duties of the Board, Board Committees, Chairman, CEO, Independent Non-Executive Directors and Company Secretaries. The Board Charter also specifies the matters that are exclusively reserved for the Board's deliberation.

To ensure its relevance and suitability with the latest business environment, the Board Charter is subjected to review periodically or as and when necessary. It is made available for public's access on the Company's website at https://www.eco-built.com.my/corporate-info/.

3 Business Ethics and Integrity

The Board is committed to uphold the highest standards of business ethics and comply with applicable laws, rules and regulations. In this regard, the Board has adopted the Code of Ethics ("the Code") that serves as a guideline for all Directors and employees to uphold the highest standard of integrity, accountability and professionalism within the Group's daily business conducts. The Code covers 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; and
(vii) Compliance with the Code and reporting of any illegal or unethical behaviour.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I BOARD RESPONSIBILITIES (CONTINUED)

3 Ethical Business Conduct and Healthy Corporate Culture (continued)

In compliance with the enforcement of Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, the Board has also formalised an Anti-Bribery & Corruption Policy ("ABC Policy"). In line with Ecobuilt's zero-tolerance stance against all forms of bribery and/or corruption, this ABC Policy outlines the key guiding principles and control measures pertaining to anti-bribery and corruption matters and was developed with reference to the Guidelines on Adequate Procedures issued under Section 17A of the MACC Act 2009.

To support the implementation of the Code and ABC Policy, the Board has also adopted a Whistle Blowing Policy to provide guidance to all employees for reporting any improper conduct within the Group. If an employee reasonably believes that an employee has engaged in any action that violates any applicable laws or regulations, including those related to accounting and auditing, or constitute fraudulent practices, the employee, hereinafter referred as the whistleblower, is expected to promptly report such information to the Chairman of the Board. If the whistleblower feels uncomfortable reporting such information to the Chairman of the Board, he/she is expected to report the information to other Independent Non-Executive Directors.

All reports made will be addressed and investigated appropriately, timely, independently and confidentially. In compliance with the Whistleblower Protection Act 2010, the Whistle Blowing Policy is also designed to protect whistleblowers who report in good faith, by safeguarding them against any adverse and detrimental actions. Upon investigation, disciplinary actions will be taken against wrongdoers shall there be the need to do so.

All the Code, ABC Policy and Whistle Blowing Policy are accessible on the Company's website at https://www.eco-built.com.my/corporate-info/. In FYE 2023, the Board is pleased to report that no reports were made by any whistleblower, indicating the effectiveness of these policies and the ethical culture within the organisation.

4 Sustainability Management

In today's business environment, sustainability is one of the key aspects to drive long-term value creation. In Ecobuilt, the Board is ultimately responsible to set the Group's sustainability strategies, priorities and targets. On 28 April 2023, the Board has approved a Sustainability Framework, covering the Group's sustainability commitment, governance structure, materiality matrix, scorecard as well as stakeholders' communications and engagements.

Based on the Sustainability Framework, the Board is supported by Management Committee who is responsible to provide strategic oversight and guidance over the Group's sustainability management. Meanwhile, at the Board level, the Board is assisted by the AC to oversee any sustainability-related audit or assurance activities. The Management Committee is then supported by the Group Sustainability Team, Business Division Sustainability Team as well as Business Division Sustainability Working Team for the implementation and execution of sustainability strategies in daily operations.

The Board has divided the Group's sustainability agenda into four (4) pillars, namely Economic, Environmental, Social and Governance ("EESG"). On an annual basis, the Board has also conducted materiality assessment to revisit, identify, evaluate and prioritise the sustainability issues that are the most relevant to the Group and its stakeholders. This assessment enables the Board to develop a series of appropriate and relevant sustainability strategies for implementation across the Group. These strategies are then formulated with reference to the seventeen (17) Sustainable Development Goals ("SDGs") introduced by the United Nation's Department of Economic and Social Affairs in 2015.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I BOARD RESPONSIBILITIES (CONTINUED)

4 Sustainability Management (continued)

Shareholders and stakeholders are communicated with the Group's sustainability principles, strategies, targets and other relevant matters in the Sustainability Statement within this Annual Report. The Board understands that sustainability trends are constantly evolving in line with the changing business environment, and thus, the Directors have kept themselves updated on the latest sustainability trends by attending relevant training programs during FYE 2023.

Whilst the Board recognises the importance of tracking the Board's and Management's performance pertaining to sustainability management, the NC has yet to include sustainability management as part of the performance evaluation criteria for FYE 2023. Nevertheless, the Board and the NC will consider to include such aspect into the annual performance evaluation moving forward, if necessary.

PART II BOARD COMPOSITION

5 Diverse and Effective Board

The current Board consists of six (6) members, comprising one (1) Executive Director, which is holding the concurrent position as CEO, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Director. In other words, the current Board records a Board composition with 50% Independent Non-Executive Directors, which is in compliance with Paragraph 15.02 of the MMLR and Practice 5.2 of MCCG as shown as follows: -

Name	Directorship
Dato' Noordin Bin Sulaiman	Independent Non-Executive Director
Datuk Ong Chee Koen	Non-Independent Non Executive Director
Datuk Ng Seing Liong PJN, JP	Non-Independent Non-Executive Director
Dato Indera Tun Putera Matin Ahmad Shah Bin Munir	Independent Non-Executive Director
Ms Loh Poh Im *(Appointed on 28/4/2023)*	Independent Non-Executive Director
Mr Ng Choon Keith *(Appointed on 28/4/2023)*	Executive Director / Chief Executive Officer

Whilst the current Board composition fulfils the aforementioned requirement, it has yet to meet the best practice of having at least 30% women directors on the Board. In this context, the Board has established a formal written gender diversity policy. Presently, there is only one (1) woman Director sitting on the Board, indicating a 16.7% women Board representation. Nevertheless, the Board is actively identifying suitable female candidates who possess the necessary skills, expertise and value to contribute as Board members and Senior Management.

In an effort to further enhance the Board independence, the Board Charter requires Independent Directors to serve a cumulative term limit of nine (9) years, as recommended by Practice 5.3 of MCCG. In the event if the Board wishes to retain an Independent Director beyond this limit, justification and annual shareholders' approval through a two-tier voting process are required. As at 31 May 2023, none of Independent Directors have served the Company for more than nine (9) years.

The NC is responsible to review the structure, size and composition of the Board regularly so as to make necessary recommendations to the Board to improve Board effectiveness and ensure regulatory compliance. Details of the composition of NC, its Terms of Reference and the summary of activities of NC during the FYE 2023 are stipulated in the NC Report within this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II BOARD COMPOSITION (CONTINUED)

6 Overall Board Effectiveness

To assess the overall effectiveness of the Board, the performance of Board Committees, and the contribution of each Director, an internally facilitated Board assessment was conducted. Facilitated by the Company Secretaries, the evaluation was conducted in both self-evaluation and peers' evaluation approaches. Further details of the annual performance evaluation have been outlined in the CG Report.

Based on the assessment result, both the Board and the NC are satisfied with the current size and composition of the Board and Board Committees which are deemed to be well balanced, comprising individuals who possess high-calibre attributes, the requisite skills, qualifications, experience and credibility.

As an on-going effort, all Directors are provided with opportunities and are actively encouraged to participate in relevant training programs, seminars, and conferences. These initiatives are aimed at keeping Directors informed about new legislations, best practices, financial reporting requirements, and other relevant courses that can enhance their skills and knowledge, ultimately enabling them to fulfil their responsibilities more effectively.

The NC is responsible to evaluate the annual training requirements of all Directors so as to identify their specific training needs. Directors are then enrolled in the appropriate training programmes to meet these needs. It is recommended that each Director attends at least one (1) workshop or seminar during the financial year.

During FYE 2023, the Directors have attended the following training programmes: -

Director	Training Programmes/Seminars/Conferences Attended	Date
Dato' Noordin Bin Sulaiman	• Tabung Haji: Risk and Compliance Seminar. • Selangor Menteri Besar Inc.: Audit and Governance Workshop.	4 – 5/10/2022 16 – 17/1/2023
Datuk Ong Chee Koen	• Project planning, scheduling and control using S Project	17–18/4/2023
Datuk Ng Seing Liong PJN, JP	• Green Build Conference 2022: Accelerating Sustainability in Malaysia's Real Estate Sector • National Tax Conference 2022 • 21st Century Leadership Training • Conference Audit & Tax • Audit Quality Enhancement Programme for SMPs • 2023 Budget Seminar	14/7/2022 2 – 3/8/2022 13 & 20/8/2023 13 – 14/10/2022 20 – 21/10/2022 20/3/2023
Ms Loh Poh Im	• Questex's 9th CFO Innovation Malaysia Forum	11/8/2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II BOARD COMPOSITION (CONTINUED)

6 Overall Board Effectiveness (continued)

Ms Loh Poh Im and Mr Ng Choon Keith who were appointed as Director on 28 April 2023, have attended the Mandatory Accreditation Programme (MAP).

The Board is also briefed by the Company Secretary of any significant changes in laws and regulations that are relevant. The Directors continue to undergo other relevant training programs that can further enhance their knowledge in the latest development relevant to the Group, especially in areas of corporate governance and regulatory development, to carry out their responsibilities effectively.

PART III REMUNERATION

7 Remuneration Framework

The Board has established the RC to support and facilitate the remuneration affairs in the Company and the Group. The RC is empowered to design and propose remuneration packages for both Directors and Senior Management that aligns with the Group's business strategies and objectives.

The current composition of the RC is as follows: -

Position	Name	Directorship
Chairperson	Ms Loh Poh Im *(Appointed on 28/4/2023)*	Independent Non-Executive Director
Member	Datuk Ng Seing Liong PJN, JP	Non-Independent Non-Executive Director
Member	Dato Indera Tun Putera Matin Ahmad Shah Bin Munir *(Appointed on 28/4/2023)*	Independent Non-Executive Director

To ensure that motivative and appropriate level of remuneration packages are recommended, the RC is guided by the Company's Remuneration Policy that illustrates the remuneration structure for both Executive and Non-Executive Directors as well as Senior Management, summarised as follows: -

Executive Directors & Senior Management	Non-Executive Directors
• Base salary • Performance bonus • Other benefits • Other incentives as may be determined from time to time	• Director's fees • Meeting allowance • Directors and officers' liability insurance • Other incentives as may be determined from time to time

The remuneration packages for Executive Directors and Senior Management are reviewed by the RC, and subsequently proposed for Board's approval. On the other hand, the remuneration packages for Non-Executive Directors are determined by the Board and should be sought for shareholders' approval during AGM. Directors should abstain themselves from discussing their own remuneration. The Remuneration Policy is accessible on the Company's website at https://www.eco-built.com.my/corporate-info/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART III REMUNERATION (CONTINUED)

8 Remuneration of Directors and Senior Management

The total remuneration paid or payable to all our Directors for FYE 2023 is as follows: -

	Company		Group			
Director	**Fees (RM)**	**Allowance (RM)**	**Fees (RM)**	**Salary (RM)**	**Bonus (RM)**	**Other Emoluments (RM)**
Dato' Noordin Bin Sulaiman	36,000	3,000	36,000	–	–	–
Datuk Ong Chee Koen	–	–	–	167,000	12,000	22,743
Datuk Ng Seing Liong PJN, JP	37,000	3,000	37,000	–	–	–
Dato Indera Tun Putera Matin Ahmad Shah Bin Munir	36,000	2,500	36,000	–	–	–
Ms Loh Poh Im (Appointed 28/4/2023)	3,000	–	3,000	–	–	–
Mr Ng Choon Keith (Appointed 28/4/2023)	–	–	–	23,000	–	–

Regarding the disclosure of Senior Management's remuneration, the Company has opted for an alternative approach to disclose the remuneration package in the band of RM250,000 due to the confidentiality concern in a competitive industry. This approach is deemed to strike a balance between transparency and confidentiality while ensuring compliance with the MCCG.

The total remuneration received by Senior Management of the Group, including salary, bonus, benefits-in-kind, and other emoluments within the RM250,000 bands for FYE 2023, is presented as follows: -

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I AUDIT COMMITTEE

9 Effectiveness and Independence of Audit Committee

The Board has established an Audit Committee which comprises of three (3) Directors: -

Position	Name	Directorship
Chairperson	Ms Loh Poh Im *(Appointed on 28/4/2023)*	Independent Non-Executive Director
Member	Datuk Ng Seing Liong PJN, JP	Non-Independent Non-Executive Director
Member	Dato Indera Tun Putera Matin Ahmad Shah Bin Munir	Independent Non-Executive Director

To uphold integrity and objectivity, the Chairman of the Board and AC are held by separate individuals. The AC is chaired by Ms Loh Poh Im, who is a Chartered Accountant of Malaysian Institute of Accountants ("MIA"). She has previously worked as Chief Financial Officer and Executive Director of a few public listed companies on the Bursa Securities. She has more than thirty (30) years of experiences in corporate finance, financial and management accounting and administration especially in the manufacturing, construction, property development as well as leisure and hospitality sectors.

Another AC member, Datuk Ng Seing Liong PJN, JP, also holds membership of various professional bodies including 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").

While only two-third (2/3) of the AC holds professional accounting qualification, the entire AC is considered as financially literate and competent as they possess with the necessary skills and knowledge to understand the Group's business and oversee financial reporting and auditing matters. During FYE 2023, all AC members have also undergone continuous professional development through training programmes and received updates provided by the Management and External Auditors to stay informed with the latest developments in accounting and auditing standards, practices and regulations.

In accordance with the AC's Terms of Reference, 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 AC. This measure is in place to prevent conflicts of interest and preserve the independence of the audit when discharging his/her duties as an AC member. Currently, none of the AC member is a former key audit partner.

Furthermore, the AC is also responsible to assess and review the suitability, objectivity and independence of the External Auditors in accordance with the Company's External Auditors Assessment Policy which taking the following elements into consideration: -

- 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;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART I AUDIT COMMITTEE (CONTINUED)

9 Effectiveness and Independence of Audit Committee (continued)

Furthermore, the AC is also responsible to assess and review the suitability, objectivity and independence of the External Auditors in accordance with the Company's External Auditors Assessment Policy which taking the following elements into consideration: - (cont'd)

- 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 AC; 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.

For the FYE 2023, the AC is satisfied with the suitability, competence and independence of the External Auditors in providing their services to Ecobuilt. The External Auditors have also provided a written confirmation, affirming their adherence to ethical requirements concerning the Group's audit and confirming their independence throughout the audit engagement in compliance with the relevant professional and regulatory standards.

The total amount of audit and non-audit fees paid or payable to the External Auditors or a firm affiliated with the External Auditors by the Company and the Group for FYE 2023 are tabled as follows: -

	Group		Company	
	FYE 2023 (RM)	**FYE 2022 (RM)**	**FYE 2023 (RM)**	**FYE 2022 (RM)**
Audit services				
- Current year	**91,996**	118,000	**36,000**	36,000
- Under/(Over) provision in prior year	–	4,000	–	4,000

The NC is satisfied with the manner in which the AC has fulfilled its functions, duties and responsibilities. They have effectively assisted the Board in maintaining the Group's regulatory compliance and financial integrity. Further information on the composition and summary of activities of the AC during FYE 2023 can be referred to the AC Report in this Annual Report.

PART II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10 Effective Risk Management and Internal Control

The Boards acknowledges that the Group's objectives and sustainable success can only be achieved with a proper risk management and internal control framework. As such, the Board has implemented an on-going process for the identification, assessment, monitoring and management of significant risks across the Group. However, given that no risk management and internal control system can completely eliminate all the risks, the Group's system is designed to mitigate and manage these risks in line with the Group's business objectives instead. Hence, the risk management and internal control system can only offer reasonable but not absolute assurance against potential material misstatements or losses.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

10 Effective Risk Management and Internal Control (continued)

The Board, supported by the AC, is responsible to review and assess the adequacy and effectiveness of the Group's risk management and internal control systems regularly. Any significant risks that could impact the Group's strategic and business plans shall be promptly escalated to the Board's attention during the scheduled Board meetings.

Detailed information regarding the features of the Group's risk management and internal control framework, as well as an assessment of their adequacy and effectiveness, are set out in the Statement on Risk Management and Internal Control within this Annual Report.

11 Internal Audit and Governance Control

During FYE 2023, the Group has outsourced its internal audit function to an independent service provider, AlphaOne Governance Sdn Bhd, which is led by Consulting Manager, James Lim. Mr. James Lim holds fellowship memberships with the Institute of Internal Auditors, Malaysia, and the Chartered Accountants of Australia. The Internal Auditors are well-qualified, experienced and able to operate with a high degree of independence to fulfil their duties with professional due care. They are free from any relationships or conflicts of interest that could compromise their ability to provide unbiased assessments.

All internal audit reviews are conducted in accordance with the International Professional Practice Framework ("IPPF"). To ensure the smooth execution of internal audits, the AC has full and unrestricted access to all information and resources in the Group to ensure that the Internal Auditor obtains sufficient information to conduct the internal audit engagement appropriately.

The Internal Auditors report directly to the AC. Following each internal audit review, the Internal Auditors present their findings, together with root-cause analyses and recommended improvements during the scheduled AC meetings. The AC and Management will subsequently acknowledge these weaknesses and implement the recommended corrective actions within stipulated timeframes. A follow-up review will then be conducted by the Internal Auditors to confirm that corrective actions and necessary controls have been effectively implemented to address the previously highlighted weaknesses, thereby solidifying the Group's internal control system.

For further information regarding the Group's internal audit function, please refer to the Statement on Risk Management and Internal Control within this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I ENGAGEMENT WITH STAKEHOLDERS

12 Continuous Communication with Stakeholders

The Board recognises the significance of regularly engaging with stakeholders to support the Group's sustainability and prospective growth. In this regard, the Board is committed to disseminate timely, accurate and complete information to shareholders and the public via the following communication means: -

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

13 Meaningful General Meetings

AGM serves as a platform for dialogue with shareholders. Shareholders are invited to have face-to-face communication with the Board and Senior Management. This shall promote effective communication, transparency and a sense of ownership and engagement among shareholders.

To facilitate informed decision-making, notices of general meetings are sent out to shareholders at least twenty-eight (28) days prior to the scheduled AGM. This allows shareholders to have sufficient time to make necessary arrangements and peruse the meeting materials, including the agenda, resolutions, financial reports and any other relevant information.

In line with the upliftment of Covid-19 restriction measures, the Company's Eighteenth (18th) AGM was convened physically. All Directors, as well as the External Auditors and the Company Secretary, had showed their commitments by physically attending the said AGM. During the AGM, shareholders were then provided with sufficient opportunity to voice out their questions and concerns during the Question and Answers ("Q&A") sessions throughout the AGM. All questions raised by the shareholders were then appropriately addressed by the Directors.

For the 18th AGM, Tricor Investor & Issuing House Services Sdn Bhd was appointed as the Poll Administrator to conduct the poll, while Asia Securities Sdn Bhd was appointed as the independent scrutineer to verify the poll result thereafter. All service providers have executed their role and responsibility to maintain the security and protection of the attendants' personal data during the AGM.

Upon conclusion of the 18th AGM, the Company as 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 and all other applicable laws, where applicable and appropriate.

This Corporate Governance Statement was officially approved by the Board on 27 September 2023.

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 2023 announced on 28 July 2023 and the audited financial statements of the Group for the financial year ended 31 May 2023.

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 2023.

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 2023 is as follows:-

Transacting company within ECOBUILT Group	Transacting Related Party	Nature of Transaction	Related Party	Aggregate Value (RM)
Gabungan Eko Construkt Sdn Bhd*1 ("GABUNGAN")	Modular Group Sabah Sdn Bhd ("MODULAR")	Provision of construction related services by MODULAR to GABUNGAN	Mr. Chang Keng Sing*2, a director and shareholder of MODULAR, is a director of GABUNGAN	315,708

Note:-

*1 On 14 February 2023, GABUNGAN has been served a court winding-up order by The High Court of Malaya following the winding-up petition filed by a subcontractor and a liquidator had been appointed arising thereon. Accordingly, the Group has lost control over GABUNGAN and is deemed to have disposed of GABUNGAN from the even date.

*2 Mr. Chang Keng Sing had resigned as the Director of GABUNGAN on 10 October 2022.

5. Utilisation of Proceeds

The Company had on 28 February 2023 proposed to undertake a Private Placement of up to 10% of the total number of issued shares of the Company to third party investors.

On 15 May 2023, a total of 38,247,180 Ecobuilt Shares at the Subscription Price of RM0.0783 each were listed and quoted on the Main Market of Bursa Securities, raising gross proceeds of approximately RM2.995 million.

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

Details	Utilised (RM'000)
Working capital	2,940
Estimated expenses	55
Total	2,995

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 2023, 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 MANAGE MENT SYSTEM (CONTINUED)

(2) Dependency on key management personnel

The Group's participation in the construction industry relies heavily on the abilities, skills, experience, and competence of its key management personnel. The potential departure of any of these key individuals, without a suitable and timely replacement, could have a detrimental impact on the Group's construction business. The Group acknowledges this risk and is committed to retaining its key personnel through attractive remuneration packages 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 or internal audit reports. Discussions with management are held to deliberate on the actions that are required to be taken to address internal control issues identified. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance, and risks faced by the Group.

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

INTERNAL AUDIT FUNCTION

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

The Internal Auditors report directly to the Audit Committee and is guided by an approved Internal Audit Charter.

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

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

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

The Internal Audit Plan which is prepared based on areas of higher risk exposure has been approved by the Audit Committee. During the financial year ended 31 May 2023, the business processes / audit areas covered main building works as follows:

- Evaluate internal control systems and compliance with Ecobuilt's Sustainability Framework and regulatory requirements.
- Guided by the International Professional Practices Framework (IPPF) from the Institute of Internal Auditors Inc.
- Customized audit program for Ecobuilt and its subsidiaries (Ecobuilt Group).
- Clear objectives and risk assessments based on COSO principles.
- Inclusion of appropriate audit procedures for comprehensive coverage and risk management

The fees incurred for the internal audit function and risk management function for the financial year ended 31 May 2023 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 2023.

OTHER RISK AND CONTROL PROCESSES

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

REVIEW BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main Market Listing Requirements of Bursa Securities, the External Auditors, HLB Ler Lum Chew 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 2023 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.

MANAGEMENT'S ASSURANCE

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

CONCLUSION

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

The statement was approved by the Board on 27 September 2023.

SUSTAINABILITY STATEMENT 2023

As we enter into an era that is increasingly marked by interconnected global challenges, Ecobuilt recognises the critical role in shaping a more sustainable future. We are committed to integrate economic resilience, environmental care, social responsibility as well as proper corporate governance throughout the management of our business operations.

At Ecobuilt, our journey towards sustainability is an ongoing evolution. We strive to integrate the quadruple bottom line: Economic, Environment, Social, Governance ("EESG") into every facet of our operations. We firmly believe that embracing EESG principles not only contribute to our Group's long-term success but also create sustainable values to our stakeholders.

The Board is pleased to present this Sustainability Statement ("Statement") for the financial year ended 31 May 2023 ("FYE 2023") that provides an overview of the Group's sustainability initiatives and performance within the EESG contexts.

Scope of Statement	This Statement covers the Group's sustainability efforts and performance within our business operations of building contracting and construction in Malaysia, for the financial year from 1 June 2022 to 31 May 2023, unless otherwise specified.
Basis of Statement	This Statement was prepared based on the available internal information with reference to Bursa Securities' Sustainability Reporting Guide 3rd Edition and in line with the Main Market Listing Requirements relating to sustainability statement. We have also aligned our sustainability strategies with the Sustainability Development Goals ("SDGs"), introduced by the United Nation's Department of Economic and Social Affairs in 2015.
Assessment of Material Matters	An annual materiality assessment has been carried out to review, identify and evaluate a list of material matters that are most relevant to our Group and various stakeholders. Kindly 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 can be directed to inquiry@ecobuilt.com.my.

OUR SUSTAINABILITY COMMITMENTS

Our sustainability commitments are embodied in our mission and values, illustrated as follows: -

OUR MISSION

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

OUR VALUES

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

- Hard Work
- Responsibility
- Morality
- Integrity
- Vitality

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.

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

OUR SUSTAINABILITY GOVERNANCE

On 28 April 2023, the Board has duly approved and adopted a Sustainability Framework, which sets out Ecobuilt's sustainability commitment, governance structure, materiality matrix, scorecard as well as stakeholders' communications and engagements.

This year, we are pleased to announce that we have established a dedicated sustainability governance structure, covering from sustainability oversight to execution as follows: -

ULTIMATE OVERSIGHT	Board	Audit Committee
STRATEGIC MANAGEMENT	Management Committee	
STRATEGIC MONITORING	Group Sustainability Team	
EXECUTION	Business Division Sustainability Team Business Division Sustainability Working Team	

With the newly adopted Sustainability Framework, we have now applied a "tone at the top" approach, where the Board sets the strategic direction of the Group and ensure adequate resources, systems and processes are in place to manage sustainability affairs. The Board shall also incorporate sustainability considerations into the Group's risk management framework. To this end, the Board is supported by the Audit Committee to oversee any periodic and ad-hoc audit or assurance activities in relation to sustainability management and reporting processes.

The execution of sustainability agenda is spearheaded by the Management Committee, where it is primarily responsible to provide strategic oversight and guidance over sustainability management across the Group. Their scope includes formulating sustainability objectives, targets and priorities, review quarterly sustainability progress as well as to approve investment or directions on major sustainability initiatives.

The Management Committee is assisted by the Group Sustainability Team to oversee the implementation of the Group's sustainability strategies. The Group Sustainability Team shall consistently communicate with both the Business Division Sustainability Team and Business Division Sustainability Working Team who are tasked for the execution and implementation of sustainability initiatives into daily operations.

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

STAKEHOLDERS ENGAGEMENT

Communications and engagements with stakeholders are one of the key aspects in driving sustainability agenda effectively within Ecobuilt Group. For Ecobuilt, stakeholders refer to the individuals, entities or organisations who are either impacted by or have the capacity to impact the Group's business models and its business operations. Thus, engaging with stakeholders empowers Ecobuilt to aware and understand the requirements and expectations held by various stakeholders. Such understanding serves as a foundation for the Group to develop appropriate sustainability strategies in all aspects of the business operation.

During FYE 2023, we have identified and delineated three (3) major categories of stakeholders in our Sustainability Framework, detailed as follows: -

Stakeholders	Why We Engage	Our Engagement Method and Frequency
Shareholders, Investors & Lenders	They provide us with the financial capacity to sustain our growth. We have to ensure that they have a strong understanding of our strategy, performance and business fundamentals.	• Annual general meetings • Annual report • Bi-annual analyst briefings • Company website
Subcontractors & Suppliers	They support us in many aspects of our business. We encourage them to adhere to high standards of professionalism and collaborate with us to continually improve our operations and deliver mutual benefits.	• Annual subcontractors / suppliers' health, safety & environment ("HSE") performance evaluation • Ad-hoc tender sessions
Employee	They are the backbone of our organisation. We strive to foster a workplace culture built on trust, respect and collaboration. We also ensure they have a clear understanding of the Company's goals, values and mission, empowering them to contribute their best efforts to our collective growth.	• Annual performance appraisals • Annual townhall session • Ad-hoc company events • Training programmes • Company intranet

While we have identified the above three (3) categories of stakeholders as our top priorities, we also recognise the importance of maintaining positive relationships with other stakeholders, including clients, governments, legal authorities, analyst, media and communities. Our commitment to these stakeholders may not be as prominent, but it remains an integral part of our broader responsibilities as a conscientious and responsible organisation. We strive to engage with these stakeholders in a manner that aligns with our values and contributes to the overall betterment of the local communities and environments.

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

MATERIALITY ASSESSMENT AND SUSTAINABILITY STRATEGIES

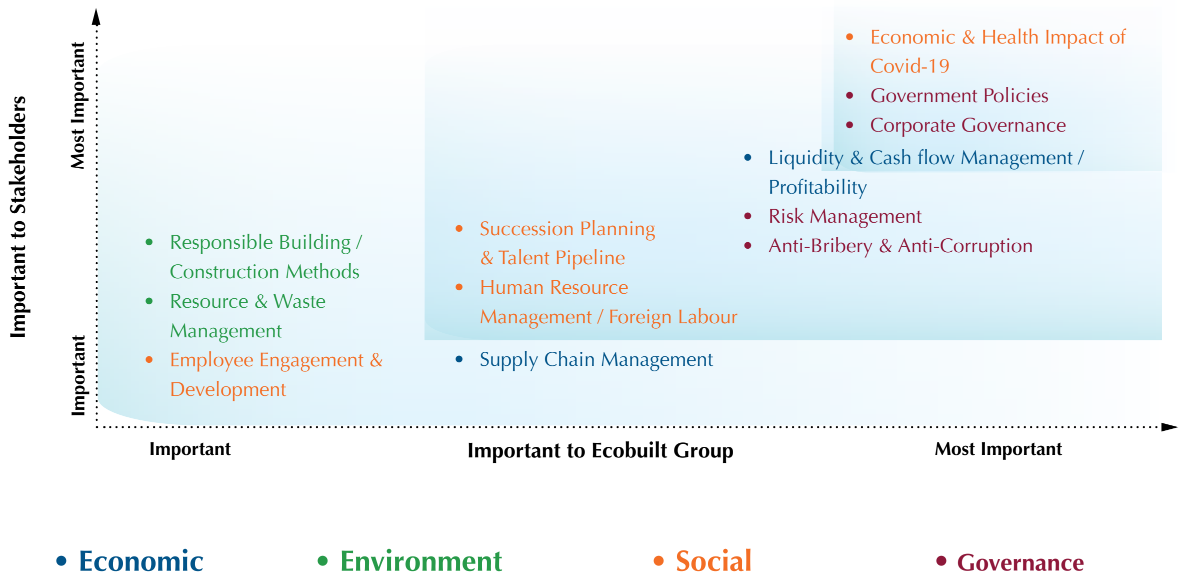
Materiality Assessment Process

By gaining insights and understanding from our various stakeholders through the aforementioned stakeholders' engagement approaches, we have performed an annual materiality assessment via the following three-step procedure: -

Identification	• Identify relevant sustainability matters across the Group's operations
Prioritisation	• Assess and prioritise the identified material matters based on the respective degree of impact towards the Group and its stakeholders.
Validation	• Management to review and validate each business division's materiality matrix and consolidate as the Group's matrix subsequently.

Materiality Matrix

In FYE 2023, we have revised the sustainability matters in conjunction with the development of our Sustainability Framework. 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 Materiality Matrix: -



It is important to note that twelve (12) sustainability matters above have been identified and included in the Group's Materiality Matrix in view that the Group shall focus on the sustainability efforts in these areas for the upcoming years. Hence, certain sustainability matters identified above may not be discussed further in this Statement due to unavailability of the relevant reporting information in FYE 2023.

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

MATERIALITY ASSESSMENT AND SUSTAINABILITY STRATEGIES (CONTINUED)

Sustainability Strategies and SDG Mapping

In line with the latest sustainability trend, Ecobuilt Group is dedicated to contribute to the global sustainability development agenda with reference to the SDG. For each sustainability matter identified earlier, we have developed appropriate sustainability strategies and mapped them to five (5) SDGs which we believe that they are the most relevant to our business, as follows: -

Pillars	Material Matters	Sustainability Strategies	SDGs
 Economic	• Liquidity & Cash Flow Management / Profitability • Supply Chain Management	• To continuously secure new contracts and explore new business opportunities. • To maximise economic value by appropriately managing scarce resources and financial capital. • To establish a sustainable supply chain by constantly engage with credible subcontractors and suppliers, implement quality inspection process and acknowledge customers' feedbacks and comments.	 
 Environment	• Resource & Waste Management	• To preserve the environment by implementing control measures and green initiatives both internally and externally.	
 Social	• Human Resource Management / Foreign Labour	• To create a safe, healthy and conducive working environment so as to retain and nurture our talent.	 
 Governance	• Government Policies • Corporate Governance • Risk Management • Anit-Bribery & Anti-Corruption	• To ensure regulatory compliance at all times. • To promote business ethics and sound corporate governance by implementing various policies and procedures.	

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

ECONOMIC

Liquidity & Cash Flow Management / Profitability

Construction industry is a labour-intensive industry by its business nature. According to the DOSM, construction industry is currently employing approximately 1.2 million people, accounted for 7.7% of total employment in Malaysia. As such, we are mindful of the impact of our decision-making on local job creation and overall economy contribution.

With SDG Target 8.2 in mind, we strive to secure more new construction contracts in an effort to drive our long-term business growth, thus contributing to Malaysia's overall economic productivity and sustainability.

During FYE 2023, our key initiatives undertaken to drive business sustainability are as follows: -

(a) Portfolio Expansion with Additional Secured Contracts

On 10 November 2022, our wholly-owned subsidiary, Rexallant Construction Sdn. Bhd. ("Rexallent"), has been awarded with a Letter of Award ("LoA") with contract sum of RM113.4 million for the construction of a 34-storey service apartment, comprising a total of 370 units, 12 strata office suites, public facilities and a multi-tiered 8 storeys carpark in Shah Alam, Selangor. This project has contributed positively to the Group's financial performance for the FYE 2023 and is expected to continue benefiting the Group over the next two (2) financial years.

Rexallent had also on 19 January 2023 secured another new LoA worth RM92.5 million for the construction of a 3-storey logistics business complex in Pulau Pinang. Similarly, this contract has also contributed positively to the Group in FYE 2023 and will continue to benefit the Group in the upcoming financial year.

As at 31 May 2023, the Group recorded a total of RM320.1 million unbilled order books from seven (7) on-going contracts. On top of that, we have submitted nine (9) tenders, amounting to a total tender sum of RM650.4 million.

(b) Private Placement for Working Capital and Financial Efficiency

Ecobuilt had on 28 February 2023 announced the proposal to undertake a private placement for the working capital requirement and cash flow management. On 15 May 2023, the Company has completed this private placement and raised a total of RM3.0 million via the issuance of 38,247,180 new ordinary shares.

In view of the financial challenges faced by the Group during FYE 2023 post Covid-19 pandemic, this private placement serves as a financial lifeline for us to meet the immediate funding requirements without the burden of interest-bearing bank borrowings and it is expected to effectively ease the Group's cash flow management. Nevertheless, the Group is committed to continue carrying out prudent cost measures to achieve operational efficiency while reducing unnecessary expenses or utilities.

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

ECONOMIC (CONTINUED)

Supply Chain Management

In construction industry, supply chain is always the core of the business operations, connecting from the origins of building materials to the ultimate satisfaction of clients. Here in Ecobuilt, supply chain management is not just about operational efficiency, but the cornerstone of our sustainability journey.

Subcontractor and Supplier Management

As the country approaches endemicity of the Covid-19 in the second half of 2022, the construction industry as a whole is still weathering through the storm, particularly concerning on the significant price surge in building materials driven by the inflation and change in geopolitical landscape. Our building materials, such as sand and cement, are price sensitive, hence, securing a smooth supply chain with sufficient raw materials at competitive prices remains a formidable challenge for the Group.

On the other hand, labour sufficiency plays a key role within the supply chain. In conjunction with the resumption of construction activities following the Covid-19 pandemic, there has been a significant surge in labour demand, particularly among foreign workers. According to the Association of Employment Agencies, Malaysia's construction sector currently faces a shortfall of approximately 300,000 workers.

To this end, we strive to enhance our operational efficiencies and embrace digitalisation, where applicable, to navigate through this challenging phase in the short to medium term. We have implemented stringent controls on building material usage while proactively planned for material procurement ahead to avoid unnecessary wastage and delay in receiving materials.

In addition, we maintain strong relationship with our subcontractors and suppliers, aiming to streamline any potential supply chain issue. In alignment with SDG Target 8.1, we source and procure our building materials from local suppliers, thereby encouraging the growth in local businesses and contributing to the long-term development of Malaysia's economy. We are pleased to report that we have continued to engage local subcontractors and suppliers for all our construction works in FYE 2023.

TARGET 8·1

SUSTAINABLE ECONOMIC GROWTH

Quality Management

At Ecobuilt, project quality is always remained as our top priority as it affects our reputation and strong standing within the competitive construction industry. Our dedication to quality management is aligned with SDG 11 that promotes the creation of inclusive, safe, resilient and sustainable cities and human settlements.

In terms of quality management, we have in place three (3) major quality monitoring procedures as follows: -

Consistent Quality Inspection During Construction Period

Issuance of Non-Conformance Report As and When Necessary

Regular Site Inspection by Project Consultants

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

ECONOMIC (CONTINUED)

Supply Chain Management (continued)

Quality Management (continued)

In FYE 2023, we are delighted to share that our commitment to quality in buildings construction project has been testified by Quality Assessment System in Construction ("QLASSIC") by CIDB. QLASSIC is a scoring system to measure and evaluate the workmanship quality of a building construction work based on the Construction Industry Standards (CIS 7:2014). We are glad to announce that we managed to achieve 75% for "The Shore" project. From the QLASSIC report, we also take note on the pinpointed flaws and defects for our continuous improvement.

On a separate note, we are pleased to report that there was no incident of non-compliance pertaining to our project quality and safety which have resulted in a regulatory warning, fine or penalty. Nevertheless, we will continue to maintain and improve our quality control so as to consistently deliver projects with high quality standards to our clients as well the community.

Customer Satisfaction Management

In the realm of supply chain management, achieving high customer satisfaction stands as the ultimate validation of business sustainability. It represents the end results of a seamless process, spanning from procurement to project delivery. Thus, our commitment to customer satisfaction is not just a business goal but a fundamental principle embedded in our sustainability ethos.

We understand that fostering customer satisfaction begins with listening and understanding. Every piece of customer's comments and feedbacks provide valuable insights for our continuous growth. Regardless of positive or negative, we take feedbacks and comments constructively. All feedbacks, comments, queries and/or complaints shall be addressed by our team promptly and appropriately.

As a construction company, we offer a defect liability period to all customers. During this stipulated timeframe, any defects identified in the projects delivered will be rectified by our Group without additional cost to the customers. Depending on the type of project, the defect liability period generally ranges from 12 to 24 months.

For the FYE 2023, we are pleased to highlight that we have not received any customer complaints nor any defect liability was claimed by any customer for any of our projects.

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

ENVIRONMENT

Resource and Waste Management

Waste and Pollution Control

In view of the industry that we are involving in, we fully recognise the inherent adverse impact on the environment stemming from our construction activities. Our construction activities, including excavation, demolition, carpentry works, hacking and vehicle movement, inevitably generate various forms of pollution, particularly noise and ambient dust.

As such, we are committed to pursue green agenda with a primary focus on minimising waste and pollutants from our construction activities. We have implemented stringent controls and monitoring measures to ensure that our team and our contractors manage the noise levels and ambient dust generated in compliance with the local environmental pollution control regulations. Moreover, all scheduled wastes and non-hazardous solid wastes generated are appropriately disposed at the approved disposal facilities and regulated landfills respectively.

Resource Management and Conservation

In addition to proactively implement practice environmental sustainability measures at our project sites, we strive to go extra miles in our management office, whenever possible. In the pursuit of SDG Target 12.5, we advocate the following green initiatives in our offices, aiming to effectively utilise the scarce resources and reduce waste generation in our best effort: -

Save Papers, Save Trees, Save the Planet
We encourage our employees to adopt paperless transactions whenever possible to reduce paper wastage.

3R – Reduce, Reuse, Recycle
We promote 3R initiatives within the office to minimise any unnecessary paper wastage. We attempt to maximise the use of printed papers via double-sided print and subsequently recycle such paper waste.

Conserve Energy Today for a Brighter Tomorrow
We perform timely maintenance on our air-conditioner to improve energy efficiency and encourage our employees to practice good habits of switching off air-conditioner and lights whenever not in use so as to reduce unnecessary electricity consumption.

Embrace Technology for Sustainability
We leverage on technology for meetings and communications so as to reduce the need for extensive business travel. This in turn shall minimise our carbon footprint.

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

SOCIAL

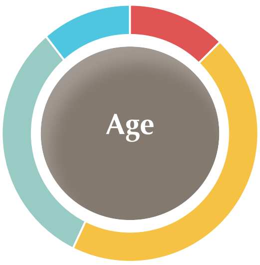
Human Resource Management / Foreign Labour

In our journey towards a sustainable future, we recognise that nurturing the social fabric within our organisation is equally vital as maintaining both business and environmental sustainability. Our employees are at the core of our social responsibility efforts as they are not just part of our workforce but the lifeblood of our organisation.

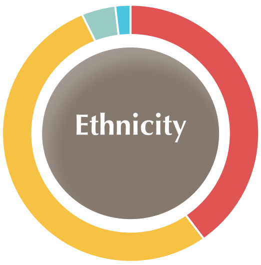
Dynamic Workplace

As of 31 May 2023, the Group's employee count stands at 67 employees, all of whom are Malaysian nationality. To foster a dynamic workforce, we embrace diversity from various cultural backgrounds, skills, experience, gender, age group and religion as we believe that diversity inspires greater creativity and productivity. With SDG Target 10.3 in mind, we strive to create an equal and motivating working environment with mixture of talents to unleash their unlimited potentials, whenever possible. However, due to the nature of the construction industry, male employees make up 82% of our workforce.

The analysis of our workforce as at 31 May 2023 are as follows: -



- 15% 30 and below
- 43% 31 — 40
- 33% 41 — 60
- 9% 61 and above



- 40% Chinese
- 54% Malay
- 4% Indian
- 2% Bumiputera Sabah

- 42% Non-Executive
- 42% Executive
- 16% Management

67 Employees

100% Local Employees

82% Male

18% Female

We are in cognisant of the importance in employee loyalty to the Group's long-term sustainable business growth. Thus, we are dedicated to retain our employees in our best efforts. However, we regret to inform that we recorded an annual employee turnover rate of 59% in FYE 2023, mainly due to termination of contract staff following the completion of several projects. Moving forward, we will continue to place greater efforts in recruiting more suitable candidates and retaining the right talents for the sustainable growth in our organisation.

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

SOCIAL (CONTINUED)

Human Resource Management / Foreign Labour (continued)

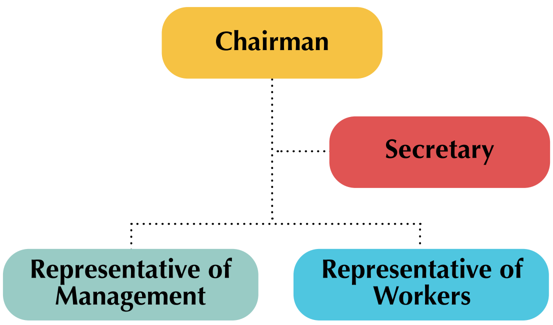
Occupational Safety and Health (“OSH”)

Being a construction company, we understand that our employees are exposed to greater inherent risk and hazards. Hence, it is the Group’s priority to put in place a robust OSH management that focus on the safety and health of our employees. It is also our protocol to maintain a zero fatality and accident-free working environment for all our employees.

To this end, we had on 30 May 2023 revised our Safety, Health and Environment (“SHE”) Policy in line with SDG Target 8.8 so as to protect our employees better. The revised SHE Policy serves as a guidance for our employees to maintain a safe and healthy workplace across the Group with the following key objectives: -

SHE Policy

- Compliance with applicable legal and other requirement, including but not limited to customer requirements;
- Strive to identify and minimise any adverse SHE impacts, pollution, injury and ill health; and
- Continuously review and improve SHE practices.



To facilitate the execution and implementation of our SHE Policy, we have established dedicated Safety and Health Committee for various projects within Ecobuilt. The composition of our Safety and Health Committee may vary depending on the specific requirements of the respective project. Generally, the Safety and Health Committee consisted of a chairman, two (2) secretaries as well as representatives from both the Management and workers. This composition shall ensure a holistic approach to OSH management where inputs from all stakeholders are valued and considered.

Thanks to our stringent OSH management, we are pleased 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 2023.

During FYE 2023, the local authorities including Department of Occupational Safety and Health, (“DOSH”) and the Ministry of Health of Malaysia (“MOH”) has conducted inspection on our project sites. We regret to inform that we were imposed with seven (7) compounds pertaining to non-compliance to the relevant rules and regulations for working at height, scaffolding, electrical work as well as the maintenance and usage of property, plant and equipment. We acknowledged our oversight and will continue to improve our OSH management especially on these pinpointed areas moving forward.

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

SOCIAL (CONTINUED)

Human Resource Management / Foreign Labour (continued)

Employee Welfare

Aside from focusing on employee diversity and safety, Ecobuilt also acknowledges that employees' loyalty laid the foundation for our business sustainability. In this regard, we strive to create a well-balanced and conducive workplace at Ecobuilt so as to protect the interests and wellbeing of our employees.

In safeguarding the rights and interests of our employees, we strictly comply to all relevant labour laws and regulations in Malaysia, such as Malaysian Employment Act (Amendment) 2022 and Minimum Wages Order 2020. Our employees work within the regulated workdays and hours while receive fair and appropriate remuneration packages that align with industry standards.

In addition to the fundamental rights enforced by regulations, we also taking care of our employees with several employee benefits according to their specific job grades and years of service. In general, our employees are able to enjoy the following benefits according to their respective job grades: -

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

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

GOVERNANCE

Government Policies

Government policies and practices set the tone for ethical conducts within the business world. Within Malaysia's regulatory framework, the Group operates with full compliance by adhering to all applicable laws and regulations at all times. This commitment extends to environmental regulations, labour laws and all other statutory requirements relevant to our industry. Such regulatory compliance is a testament to our commitment to ethical business conduct and business sustainability as a whole.

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

- 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 (Amendment) 2022;
- Minimum Wages Order 2022;
- Occupational Safety and Health Act 1994; and
- Factories and Machinery Act 1967.

We actively engage with the governmental bodies and regulatory authorities in order to stay informed with the latest development in government policies, rules and regulations, thereby ensuring regulatory compliance at all times. We have also established our internal Standard Operating Procedures ("SOPs") which serve as the guidelines for all employees to perform their duties diligently and appropriately.

Saved for the OSH related compounds mentioned earlier, no other fines, penalties or settlements were imposed or made during the FYE 2023.

Corporate Governance

Sustainable business growth and success is built upon a foundation of strong corporate governance. Within our Sustainability Framework, the "G" represents our unwavering commitment to corporate governance as a whole, including ethical governance, transparency and responsible business practices. At Ecobuilt, corporate governance is not only a compliance-driven exercise but a fundamental pillar that guides us through every action.

Being a listed company in Malaysia, our corporate governance is guided by the Main Market Listing Requirements as well as the Malaysian Code on Corporate Governance. Our Board plays a pivotal role in overseeing the Group's overall strategic direction and maintaining good corporate governance for the long-term value creation for all stakeholders.

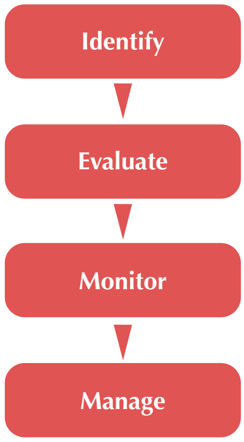
Our corporate governance performance is detailed in the Corporate Governance Overview Statement in this Annual Report, which should be read together with our Corporate Governance Report. Both of the information is accessible on Bursa Securities' website at https://www.bursamalaysia.com/.

SUSTAINABILITY STATEMENT 2023 (CONTINUED)

GOVERNANCE (CONTINUED)

Risk Management

In this ever-evolving economic landscape that full with interconnected global challenges, risk management is an essential component to ensure our business sustainability while safeguard our shareholders' investments, stakeholders' interests as well as the Group's assets. In this regard, we have in place a structured and on-going risk management process, encompassing the stages of identification, evaluation, monitoring and management.



The Board, supported by the Audit Committee, is entrusted to review and evaluate the adequacy and effectiveness of the Group's risk management regularly. To facilitate an effective risk management, the Board has appointed an independent professional firm to manage the Group's internal audit function on an outsourced arrangement basis. Any material risks that may result in significant adverse impact towards the Group's operation and business performance shall be escalated to the Board's attention.

Further details of the Group's risk management system are narrated in the Statement on Risk Management and Internal Control within this Annual Report.

Anti-Bribery & Anti-Corruption

Here in Ecobuilt, transparency, accountability and integrity are the core tenets of our sustainability journey. These principles not only shape our corporate identity but also serve as the cornerstones to foster and preserve the trust and confidence of our stakeholders.

In this context, the Board has implemented an Anti-Bribery and Corruption Policy ("ABC Policy") that outlines clear guidelines and expectations for all employees and business partners to prevent and detect acts of bribery and corruption. This ABC Policy also demonstrates our zero-tolerance stance against all forms of bribery and corruption which aligns seamlessly with SDG Target 16.5.

To support an effective implementation of ABC Policy, the Board has also put in place a Whistle Blowing Policy to provide an avenue for all employees and stakeholders to raise concern or make genuine report on any suspected or known violation of laws and regulations, fraud, corruption, bribery or criminal offences.

In compliance with Whistleblower Protection Act 2010, all whistleblowers who report in good faith will be protected, and any information received will be handled confidentially with the utmost discretion. An independent investigation will be conducted and appropriate actions will be taken thereafter.

Both the ABC Policy and Whistle Blowing Policy are published on our website at https://www.eco-built.com.my/corporate-info/. We are pleased to highlight that we have not received any whistleblowing report in FYE 2023. In addition, no employees had been disciplined or dismissed, nor any public cases been brought against the Group and its employees due to bribery, corruption, fraud or non-compliance to the applicable laws and regulations.

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 2023.

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	30,469,357	8,921,737
- Non-controlling interests	626,836	–
	31,096,193	8,921,737

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 May 2023, the Company increased its issued and paid-up share capital from 382,471,804 to 420,718,984 ordinary shares through issuance of 38,247,180 new ordinary shares via private placement at RM0.0783 per ordinary share for total consideration of RM2,940,518 (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
Ng Choon Keith (Appointed on 28 April 2023)
Loh Poh Im (Appointed on 28 April 2023)

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:

	Number of ordinary shares			
	As at 1.6.2022	**Acquired**	**Disposed**	**As at 31.5.2023**
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' 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 21 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' REPORT (CONTINUED)

DIRECTORS' REMUNERATION

Directors' remuneration is as follows:

	Group RM	Company RM
Directors' remuneration:		
- Fees	159,000	112,000
- Salaries and other emoluments	180,233	–
- Allowance	8,500	8,500
- Defined contribution plan	21,510	–
	369,243	120,500

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 Ler Lum Chew PLT		
- Statutory audit	91,996	36,000

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of insurance premium paid for the Directors and officers of the Company was RM4,780.

OTHER STATUTORY INFORMATION

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

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

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

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

(i) the amount written off for bad debts or the 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

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

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

(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.

MATERIAL LITIGATIONS

Details of material litigations are disclosed in Note 31 to the financial statements.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, HLB Ler Lum Chew PLT (201906002362 & AF0276), have expressed their willingness to continue in office.

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

DATUK ONG CHEE KOEN **NG CHOON KEITH**

KUALA LUMPUR
27 September 2023

STATEMENT BY DIRECTORS

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

We, **DATUK ONG CHEE KOEN** and **NG CHOON KEITH**, being two of the Directors of **ECOBUILT HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements 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 2023 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 **NG CHOON KEITH**

KUALA LUMPUR
27 September 2023

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 accompanying financial statements 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 27 September 2023) **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) (Incorporated in Malaysia)

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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 109.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment of goodwill on consolidation *Refer to Note 2.2(iii), Note 2.4 (c) and Note 4 to the financial statements* As at 31 May 2023, 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.	Our audit procedures focused on the following: • discussed with Chief Executive Officer, Chief Operating Officer and Contract Manager on the prospective projects for Rexallent; • evaluated the reasonableness of management's impairment assessment and the process by which it is developed;

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Impairment of goodwill on consolidation (continued) *Refer to Note 2.2(iii), Note 2.4 (c) and Note 4 to the financial statements (continued)*	
We focus on this area because of the complexity and subjectivity of the assumptions involved in the impairment assessment.	Our audit procedures focused on the following: (continued) • challenged key assumptions used in the impairment assessment model, including forecast revenue, forecast cost of sales, forecast operating expenses and discount rate; • performed sensitivity analysis on the key assumptions used by management and assessed the impact on the recoverable amount of goodwill; and • evaluated the completeness, accuracy and adequacy of disclosures in the financial statements.
Revenue recognition on construction contracts *Refer to Note 2.2(i), Note 2.4(l) and Note 17 to the financial statements*	
During the financial year, the Group recognised revenue from construction activities amounting to RM164.06 million. We focused on this area because the accounting for construction contracts activities is inherently complex as it involves the use of significant estimates and judgements made by the management which includes the followings: • estimation of the total budgeted project costs and the assessment of cost yet to be incurred to complete these projects; • determination of the progress towards satisfaction of the performance obligations and overall progress of the Group's projects; • consideration of variation orders and claims with the Group's customers; and • estimation of adjustments in transaction price arising from penalties from liquidated and ascertained damages.	Our audit procedures focused on the following: • obtained an understanding and tested the Group's internal controls over construction project budget approvals and revenue recognition process; • evaluated the management's key judgements used in the estimation of budgeted construction contract costs by examining documentation with subcontractors, historical evidence or results of these estimates; • verified the budgeted revenue by examining the construction projects' approved letters of award; • discussed with project team to understand the nature of the variation orders and claims included in the budgeted revenue and inspected the correspondences from the customers; • inspected the costs incurred to date and compared against sub-contractor claim certificates and suppliers' invoices to corroborate the projects' progress towards satisfaction of the performance obligations and reasonableness of the estimated project budget; • performed re-computations on the calculation of the stage of completion to ascertain there is no mathematical error in the profit recognition; and • reviewed the stage of completion of all on-going construction projects and reviewed the extension of time approved by the customers to determine if any adjustment to the transaction price is required arising from the estimation for liquidated and ascertained damages.

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Expected credit loss of trade receivables and accrued billings *Refer to Note 2.2(ii), Note 2.4(f)(iv) and Note 8 to the financial statements* As at 31 May 2023, the Group carried gross trade receivables and accrued billings balance of RM88.79 million and RM6.20 million respectively and recognised expected credit loss allowance of RM4.56 million and RM0.30 million respectively. In assessing the expected credit loss, the Group considered the historical loss rate of the receivables and any known adverse conditions in respect of the receivables which would affect the recoverability of the balances. We focused on this area due to the inherent subjectivity in making judgement in relation to credit risk exposure in determining the recoverability of the trade receivables and accrued billings.	Our audit procedures focused on the following: • assessed the reasonableness of the inputs used in the ECL model; • 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.

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

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.

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.

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

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

- 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.

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

1. 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.

2. The financial statements of the Group and of the Company for the financial year ended 31 May 2022 were audited by another firm of chartered accountants whose report dated 28 September 2022 expressed an unqualified opinion on these statements.

HLB LER LUM CHEW PLT
(201906002362 & AF0276)
Chartered Accountants

TANG YAN YU
Approved Number: 03452/10/2023 J
Chartered Accountant

KUALA LUMPUR
27 September 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**18,241,408**	24,184,694	**6,621,135**	6,649,264
Goodwill on consolidation	4	**28,388,284**	28,388,284	**–**	–
Investment in subsidiary companies	5	**–**	–	**97,442,020**	94,617,499
Other investments	6	**13,442,000**	13,183,500	**–**	–
Right-of-use assets	7	**19,047**	582,508	**–**	–
Trade and other receivables	8	**–**	2,400,000	**–**	2,400,000
Deferred tax assets	9	**3,102,260**	968,929	**–**	–
		63,192,999	69,707,915	**104,063,155**	103,666,763
Current Assets					
Trade and other receivables	8	**91,842,716**	110,312,564	**24,250**	4,772,164
Contract assets	10	**22,138,752**	27,693,319	**–**	–
Tax recoverable		**3,033,820**	2,744,405	**138,531**	49,456
Cash and cash equivalents	11	**2,127,772**	9,734,453	**612,082**	568,599
		119,143,060	150,484,741	**774,863**	5,390,219
TOTAL ASSETS		**182,336,059**	220,192,656	**104,838,018**	109,056,982
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	**67,957,880**	65,017,362	**67,957,880**	65,017,362
Reserves	13	**13,826,995**	44,037,852	**34,895,666**	43,817,403
Equity attributable to owners of the Company		**81,784,875**	109,055,214	**102,853,546**	108,834,765
Non-controlling interests	5(d)	**–**	845,631	**–**	–
TOTAL EQUITY		**81,784,875**	109,900,845	**102,853,546**	108,834,765
Non-Current Liabilities					
Borrowings	14	**1,245,982**	1,313,802	**–**	–
Lease liabilities	15	**2,989,896**	5,825,656	**–**	–
		4,235,878	7,139,458	**–**	–
Current Liabilities					
Trade and other payables	16	**89,218,268**	91,285,015	**1,984,472**	222,217
Contract liabilities	10	**332,515**	2,782,359	**–**	–
Borrowings	14	**4,069,277**	5,320,887	**–**	–
Lease liabilities	15	**2,695,246**	3,764,092	**–**	–
		96,315,306	103,152,353	**1,984,472**	222,217
TOTAL LIABILITIES		**100,551,184**	110,291,811	**1,984,472**	222,217
TOTAL EQUITY AND LIABILITIES		**182,336,059**	220,192,656	**104,838,018**	109,056,982

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 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Revenue	17	**164,057,349**	166,964,076	**–**	–
Purchases and other direct costs	18	**(176,588,241)**	(167,946,921)	**–**	–
Other operating income	19	**2,173,211**	1,142,882	**209,216**	269,016
Employee benefits expense	20	**(1,076,336)**	(1,101,736)	**–**	–
Directors' remuneration	21	**(369,243)**	(456,256)	**(120,500)**	(118,500)
Other operating expenses	19	**(21,482,233)**	(11,710,547)	**(9,045,396)**	(6,620,424)
Loss from operations		**(33,285,493)**	(13,108,502)	**(8,956,680)**	(6,469,908)
Finance costs	22	**(777,834)**	(587,638)	**–**	–
Loss before taxation		**(34,063,327)**	(13,696,140)	**(8,956,680)**	(6,469,908)
Taxation	23	**2,967,134**	131,602	**34,943**	(102,277)
Loss for the financial year		**(31,096,193)**	(13,564,538)	**(8,921,737)**	(6,572,185)
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss					
- Fair value gain/(loss) on financial asset at fair value through other comprehensive income		**258,500**	(6,204,000)	**–**	–
Other comprehensive income/(loss) for the financial year		**258,500**	(6,204,000)	**–**	–
Total comprehensive loss for the financial year		**(30,837,693)**	(19,768,538)	**(8,921,737)**	(6,572,185)
Loss for the year attributable to:					
- Owners of the Company		**(30,469,357)**	(12,108,819)	**(8,921,737)**	(6,572,185)
- Non-controlling interests	5(d)	**(626,836)**	(1,455,719)	**–**	–
		(31,096,193)	(13,564,538)	**(8,921,737)**	(6,572,185)
Total comprehensive loss for the financial year attributable to:					
- Owners of the Company		**(30,210,857)**	(18,312,819)	**(8,921,737)**	(6,572,185)
- Non-controlling interests	5(d)	**(626,836)**	(1,455,719)	**–**	–
		(30,837,693)	(19,768,538)	**(8,921,737)**	(6,572,185)
Loss per share					
Basic and diluted (sen)	24	**(7.93)**	(3.29)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

		Attributable to owners of the Company					
		Non-distributable		Distributable			
Group	**Note**	**Share Capital RM**	**Fair Value Reserve RM**	**Retained Profits RM**	**Sub-Total RM**	**Non-Controlling Interests RM**	**Total Equity RM**
At 1 June 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 (net of transaction costs)	12	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
At 1 June 2022		65,017,362	(1,809,500)	45,847,352	109,055,214	845,631	109,900,845
Loss for the financial year		–	–	(30,469,357)	(30,469,357)	(626,836)	(31,096,193)
Other comprehensive income:							
- Fair value gain on financial assets at fair value through other comprehensive income		–	258,500	–	258,500	–	258,500
Total comprehensive income/(loss) for the financial year		–	258,500	(30,469,357)	(30,210,857)	(626,836)	(30,837,693)
Issuance of ordinary shares (net of transaction costs)	12	2,940,518	–	–	2,940,518	–	2,940,518
Elimination of non-controlling interest upon deemed disposal of a subsidiary company		–	–	–	–	(218,795)	(218,795)
At 31 May 2023		**67,957,880**	**(1,551,000)**	**15,377,995**	**81,784,875**	**–**	**81,784,875**

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

Company	**Note**	**Non-distributable** Share Capital RM	**Distributable** Retained Profits RM	**Total** RM
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 (net of transaction cost)	12	5,860,867	–	5,860,867
At 31 May 2022		65,017,362	43,817,403	108,834,765
At 1 June 2022		65,017,362	43,817,403	108,834,765
Loss/Total comprehensive loss for the financial year		–	(8,921,737)	(8,921,737)
Issuance of ordinary shares (net of transaction cost)	12	2,940,518	–	2,940,518
At 31 May 2023		**67,957,880**	**34,895,666**	**102,853,546**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash Flows from Operating Activities					
Loss before taxation		**(34,063,327)**	(13,696,140)	**(8,956,680)**	(6,469,908)
Adjustments for:					
Bad debt written-off		**35,996**	–	**–**	–
Amount due from a former subsidiary company written-off		**9,146,843**	–	**–**	–
Depreciation of property, plant and equipment		**5,528,445**	5,161,655	**28,129**	31,506
Depreciation of right-of-use assets		**563,461**	590,589	**–**	–
Finance costs	22	**985,171**	677,850	**–**	–
Impairment loss on goodwill	4	**–**	4,348,862	**–**	–
Impairment loss on investment in subsidiary companies	5(a)	**–**	–	**4,230,479**	6,145,688
Liabilities from financial guarantee		**1,682,819**	–	**1,682,819**	–
Loss on deemed disposal of a subsidiary company	5(e)	**227,724**	–	**–**	–
Loss on disposal of property, plant and equipment		**123,973**	–	**–**	–
Net expected credit loss allowance on trade and other receivables	8(b), (d)	**4,516,759**	1,528,726	**2,889,000**	–
Property, plant and equipment written-off		**–**	25,422	**–**	25,422
Interest income		**(200,533)**	(245,291)	**(161,216)**	(245,016)
Remeasurement of lease liabilities		**(299,885)**	(167,794)	**–**	–
Waiver of rental		**–**	(10,399)	**–**	–
Operating loss before changes in working capital		**(11,752,554)**	(1,786,520)	**(287,469)**	(512,308)
Changes in working capital:					
Trade and other receivables		**10,674,439**	5,503,034	**4,407,414**	1,190,255
Contract assets/(liabilities)		**(15,920,749)**	(15,952,127)	**–**	–
Trade and other payables		**13,096,134**	11,636,163	**79,436**	(1,112,603)
		7,849,824	1,187,070	**4,486,850**	77,652
Cash (used in)/generated from operations		**(3,902,730)**	(599,450)	**4,199,381**	(434,656)
Tax refund		**–**	726,741	**–**	–
Tax paid		**(660,902)**	(2,539,246)	**(54,132)**	(57,928)
		(660,902)	(1,812,505)	**(54,132)**	(57,928)
Net cash (used in)/generated from operating activities		**(4,563,632)**	(2,411,955)	**4,145,249**	(492,584)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash Flows from Investing Activities					
Investment in subsidiary companies		**–**	–	**(7,055,000)**	(8,838,927)
Net cash outflow arising from deemed disposal of a subsidiary company	5(e)	**(44,137)**	–	**–**	–
Purchase of property, plant and equipment	25(a)	**(390,055)**	(304,935)	**–**	–
Proceeds from disposal of property, plant and equipment		**422,149**	–	**–**	–
Interest received		**52,033**	245,291	**12,716**	245,016
Net cash generated from/(used in) from investing activities		**39,990**	(59,644)	**(7,042,284)**	(8,593,911)
Cash Flows from Financing Activities					
Decrease/(Increase) in short-term deposits pledged		**2,275,315**	(2,450,960)	**–**	–
Net (repayment)/drawndown of bank local bills		**(5,245,161)**	5,245,161	**–**	–
Proceeds from issuance of ordinary shares (net of transaction cost)		**2,940,518**	5,860,867	**2,940,518**	5,860,867
Repayment of term loans	25(b)	**(124,140)**	(118,680)	**–**	–
Repayment of lease liabilities	25(b)	**(4,219,021)**	(3,347,696)	**–**	–
Interest paid		**(431,467)**	(68,737)	**–**	–
Net cash (used in)/generated from financing activities		**(4,803,956)**	5,119,955	**2,940,518**	5,860,867
Net (decrease)/ increase in cash and cash equivalents		**(9,327,598)**	2,648,356	**43,483**	(3,225,628)
Cash and cash equivalents at the beginning 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		**(2,044,105)**	7,283,493	**612,082**	568,599
Cash and cash equivalents at the end of the financial year comprises:					
Short-term deposits with a licensed bank	11	**175,645**	2,450,960	**–**	–
Short-term deposits with licensed fund management companies	11	**573,802**	561,096	**573,802**	561,096
Cash and bank balances	11	**1,378,325**	6,722,397	**38,280**	7,503
Bank overdraft	14	**(3,996,232)**	–	**–**	–
		(1,868,460)	9,734,453	**612,082**	568,599
Less: Short-term deposits with a licensed bank pledged	11	**(175,645)**	(2,450,960)	**–**	–
		(2,044,105)	7,283,493	**612,082**	568,599

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 2022 are as follows:

- 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"

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.

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 2023

- MFRS 17, "Insurance Contracts"
- Amendments to MFRS 17, "Insurance Contracts" (Initial application of MFRS 17 and MFRS 9 - Comparative Information)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)
- 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)

Annual periods beginning on/after 1 January 2024

- Amendments to MFRS 16, "Leases" (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Non-current Liabilities with Covenants)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.2 Significant accounting estimates and judgements (continued)

(i) Revenue recognition from construction contracts (continued)

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.

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.

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)

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.

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.

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

(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 includes 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 Company 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.

At the end of the reporting period, the Group and the Company assess 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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(c) Impairment of non-financial assets

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.

(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.

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

(i) Classification

The Group and the Company classify their 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 and the Company'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 and the Company reclassify 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 and the Company commit to purchase or sell the asset.

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

(iii) Subsequent measurement

<u>Debt instruments</u>

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

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

- <u>Amortised cost</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(f) Financial assets (continued)

(iii) Subsequent measurement (continued)

- FVOCI

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

- FVTPL

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

Equity instruments

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

(iv) Impairment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(f) Financial assets (continued)

(iv) Impairment (continued)

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

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

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

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

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

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

(g) Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(h) Offsetting financial instruments

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

(i) Leases

(i) Accounting by lessee

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

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

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

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

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

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

(j) Current and deferred income tax

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(j) Current and deferred income tax (continued)

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.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have 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 and the Company expect 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 transfer 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 their customer have approved the contract and intend to perform their respective obligations, the Group's and Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(l) Revenue from contracts with customers (continued)

(i) Construction activities

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

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

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

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

(ii) Sale of building materials

Revenue from sale of building materials is recognised when the Group and the Company satisfy 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:

<u>Dividend income</u>

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

<u>Interest income</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2.4 Summary of significant accounting policies (continued)

(m) Employee benefits (continued)

(i) Short-term employee benefits (continued)

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group and the Company have 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.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(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	Note	Freehold land and buildings RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Plant and machinery RM	Cabin RM	Total RM
2023								
Cost								
At beginning of the financial year		8,718,765	660,502	99,247	349,585	31,525,678	34,700	41,388,477
Additions		–	21,035	–	337,191	301,829	–	660,055
Disposal		–	(6,499)	–	(5,935)	(1,049,804)	–	(1,062,238)
Deemed disposal of a subsidiary company	5(e)	–	(229,825)	–	(5,650)	(738,809)	(9,500)	(983,784)
At end of the financial year		8,718,765	445,213	99,247	675,191	30,038,894	25,200	40,002,510
Accumulated depreciation								
At beginning of the financial year		389,829	341,183	73,679	319,586	16,050,836	28,670	17,203,783
Charge for the financial year		61,779	61,541	15,187	74,320	5,310,962	4,656	5,528,445
Disposal		–	(1,150)	–	(5,935)	(509,031)	–	(516,116)
Deemed disposal of a subsidiary company	5(e)	–	(89,023)	–	(1,873)	(355,564)	(8,550)	(455,010)
At end of the financial year		451,608	312,551	88,866	386,098	20,497,203	24,776	21,761,102
Carrying amount								
At end of the financial year		**8,267,157**	**132,662**	**10,381**	**289,093**	**9,541,691**	**424**	**18,241,408**

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
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)

Company	Freehold land and building RM	Furniture, fittings and equipment RM	Renovation RM	Total RM
2023				
Cost				
At beginning/end of the financial year	6,918,765	–	23,500	6,942,265
Accumulated depreciation				
At beginning of the financial year	272,829	–	20,172	293,001
Charge for the financial year	25,779	–	2,350	28,129
At end of the financial year	298,608	–	22,522	321,130
Carrying amount				
At end of the financial year	**6,620,157**	**–**	**978**	**6,621,135**
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

The Group's and the Company's freehold land and buildings with a carrying amount of RM7,276,805 and RM5,629,805 respectively (2022: RM1,683,000 and RM Nil respectively) are pledged to licensed banks as security for borrowings as disclosed in Note 14 to the financial statements.

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

	Group 2023 RM	Group 2022 RM
Motor vehicles	**289,093**	24,932
Plant and machinery	**6,347,778**	10,047,654
	6,636,871	10,072,586

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Depreciation of property, plant and equipment charged to:					
- Purchases and other direct costs	10	**913,712**	1,268,400	**–**	–
- Other operating expenses	19	**4,614,733**	3,893,255	**28,129**	31,506
		5,528,445	5,161,655	**28,129**	31,506

4. GOODWILL ON CONSOLIDATION

	Group 2023 RM	Group 2022 RM
Cost		
At beginning/end of the financial year	**39,251,750**	39,251,750
Accumulated impairment loss		
At beginning of the financial year	**10,863,466**	6,514,604
Impairment for the financial year	**–**	4,348,862
At end of the financial year	**10,863,466**	10,863,466
Carrying amount	**28,388,284**	28,388,284

<u>Impairment test for goodwill on consolidation</u>

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.

<u>Key assumptions used to determine recoverable amount</u>

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 2023	Group 2022
Pre-tax discount rate	**11%**	15%

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 RMNil (2022: RM 133,934); and
- A 50 basis points ("bp") decrease in the pre-tax discount rate will decrease the impairment loss recognised on the CGU by RMNil (2022: RM 135,416).

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Note	Company 2023 RM	Company 2022 RM
Unquoted shares, at cost		**47,500,000**	47,500,000
Less: Impairment loss	5(a)	**(10,376,167)**	(6,145,688)
		37,123,833	41,354,312
Amount due from subsidiary companies treated as quasi-investment	5(b)	**60,318,187**	53,263,187
		97,442,020	94,617,499

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

	Company 2023 RM	Company 2022 RM
At beginning of the financial year	**6,145,688**	–
Impairment during the financial year	**4,230,479**	6,145,688
At end of the financial year	**10,376,167**	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 2023 %	Effective ownership and voting interest 2022 %	Principal activities
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 2023 %	2022 %	Principal activities
Indirect holding:				
Subsidiary of Eko Bina Sdn. Bhd.				
Gabungan Eko Construkt Sdn. Bhd.	Malaysia	–	51	General contractors for construction work of a related activities

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

	Gabungan Eko Construkt Sdn. Bhd. 1.6.2022 to 14.2.2023 RM	1.6.2021 to 31.5.2022 RM
Non-current assets	–	2,557,172
Current assets	–	30,327,597
Non-current liabilities	–	(347,740)
Current liabilities	–	(31,578,398)
Net assets	–	958,631
Carrying amount of NCI at end of the financial year	–	845,631
Revenue	**14,864,020**	33,093,302
Loss/Total comprehensive loss for the financial year	**(512,112)**	(3,738,001)
Loss/Total comprehensive loss allocated to NCI for the financial year	**(626,836)**	(1,455,719)
Cash generated from operating activities	–	1,485,490
Cash used in investing activities	–	(158,664)
Cash used in financing activities	–	(676,236)
Net increase in cash and cash equivalents	–	650,590
Ownership interest and voting rights percentage held by NCI	–	49%

(e) Deemed disposal of a subsidiary company - Gabungan Eko Construkt Sdn. Bhd. ("Gabungan")

On 14 February 2023, Gabungan has been served a court winding-up order by The High Court of Malaya following the winding-up petition filed by a subcontractor and a liquidator had been appointed arising thereon. Accordingly, the Group has lost control over Gabungan and is deemed to have disposed of Gabungan from the even date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(e) Deemed disposal of a subsidiary company - Gabungan Eko Construkt Sdn. Bhd. ("Gabungan") (continued)

The effect of the deemed disposal of Gabungan on the financial position of the Group as at the date of disposal is as follows:

	Group 2023 RM
Property, plant and equipment	**528,774**
Deferred tax assets	**806,000**
Contract assets	**19,025,472**
Trade and other receivables	**177,425**
Tax recoverable	**399,290**
Trade and other payables	**(20,378,814)**
Lease liabilities	**(155,765)**
Net assets disposed	**402,382**
Less: Non-controlling interest	**(218,795)**
Less: Loss on deemed disposal of a subsidiary company	**(227,724)**
Net cash outflow from deemed disposal of a subsidiary company	**(44,137)**

6. OTHER INVESTMENTS

	Group 2023 RM	Group 2022 RM
Financial assets at fair value through other comprehensive income		
Quoted shares in Malaysia	**13,442,000**	13,183,500

7. RIGHT-OF-USE ASSETS

	Group 2023 RM	Group 2022 RM
Accommodations		
Cost		
At beginning of the financial year	**1,014,908**	1,119,870
Additions	**–**	544,480
Completion of right-of-use assets	**(895,420)**	(649,442)
At end of the financial year	**119,488**	1,014,908
Accumulated depreciation		
At beginning of the financial year	**432,400**	491,253
Charge for the financial year	**563,461**	590,589
Completion of right-of-use assets	**(895,420)**	(649,442)
At end of the financial year	**100,441**	432,400
Carrying amount		
At end of the financial year	**19,047**	582,508

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. RIGHT-OF-USE ASSETS (CONTINUED)

		Group	
	Note	2023 RM	2022 RM
Depreciation of right-of-use assets charged to:			
- Purchases and other direct costs	10	**534,877**	562,002
- Other operating expenses	19	**28,584**	28,587
		563,461	590,589

8. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables					
Trade receivables		**50,663,704**	57,195,145	**–**	–
Retention sum receivables		**38,129,624**	46,849,658	**–**	–
	(a)	**88,793,328**	104,044,803	**–**	–
Less: Accumulated expected credit loss allowance	(b)	**(4,564,576)**	(3,179,266)	**–**	–
		84,228,752	100,865,537	**–**	–
Accrued billings		**6,200,779**	2,282,113	**–**	–
Less: Accumulated expected credit loss allowance	(b)	**(301,925)**	(62,476)	**–**	–
		5,898,854	2,219,637	**–**	–
		90,127,606	103,085,174	**–**	–
Other receivables					
Other receivables	(c)	**2,908,438**	8,118,982	**2,896,928**	7,156,542
Less: Accumulated expected credit loss allowance	(d)	**(2,889,000)**	–	**(2,889,000)**	–
		19,438	8,118,982	**7,928**	7,156,542
Deposits		**1,367,856**	1,092,729	**13,372**	13,372
Less: Accumulated expected credit loss allowance	(d)	**(81,990)**	(78,990)	**–**	–
		1,285,866	1,013,739	**13,372**	13,372
Prepayments		**409,806**	494,669	**2,950**	2,250
		1,715,110	9,627,390	**24,250**	7,172,164
		91,842,716	112,712,564	**24,250**	7,172,164
Analysed as:					
Current		**91,842,716**	110,312,564	**24,250**	4,772,164
Non-current		**–**	2,400,000	**–**	2,400,000
		91,842,716	112,712,564	**24,250**	7,172,164

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) At the reporting date, the Group's concentration of the top 4 (2022: 4) trade customers of the Group represents 68% (2022: 81%) of the total trade receivables.

The Group's normal trade credit terms range are 30 to 45 days (2022: 30 to 60 days).

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

	Group	
	2023	**2022**
	RM	**RM**
Neither past due nor individually impaired	**49,923,483**	74,038,021
Past due 1 - 90 days but not individually impaired	**909,596**	20,682,406
Past due 91 - 180 days but not individually impaired	**687,297**	3,801,036
Past due more than 180 days but not individually impaired	**37,019,512**	5,435,987
	38,616,405	29,919,429
Individually impaired	**253,440**	87,353
	88,793,328	104,044,803

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 RM253,440 (2022: RM87,353) were individually impaired. The individually impaired receivables relate to the long outstanding balance owing by main contractor.

(b) The movement in accumulated expected credit loss allowance on trade receivables and accrued billings are as follows:

	Group			
	Trade receivables		Accrued billings	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
At beginning of the financial year	**3,179,266**	1,772,146	**62,476**	19,860
Allowance during the financial year	**1,385,310**	1,646,299	**265,936**	42,616
Reversal during the financial year	**–**	(239,179)	**(26,487)**	–
At end of the financial year	**4,564,576**	3,179,266	**301,925**	62,476
Represented by:				
Individual impairment	**253,440**	87,353	**–**	–
Lifetime expected credit loss impairment	**4,311,136**	3,091,913	**301,925**	62,476
	4,564,576	3,179,266	**301,925**	62,476

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Consideration receivable on disposal of subsidiary companies	**2,600,000**	3,600,000	**2,600,000**	3,600,000

Pursuant to the Supplemental Shares Sale Agreement, the consideration receivable on disposal of subsidiary companies bear an interest rate of 4.50% (2022: 4.50%) per annum.

(d) The movement in accumulated expected credit loss allowance on other receivables and deposits are as follow:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of the financial year	**78,990**	21,949	**–**	21,949
Allowance during the financial year	**2,892,000**	78,990	**2,889,000**	–
Written-off during the financial year	**–**	(21,949)	**–**	(21,949)
At end of the financial year	**2,970,990**	78,990	**2,889,000**	–
Represented by:				
Individual impairment	**2,970,990**	78,990	**2,889,000**	–

9. DEFERRED TAX ASSETS

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

		Group	
	Note	2023 RM	2022 RM
At beginning of the financial year		**968,929**	72,228
Deemed disposal of a subsidiary company	5(e)	**(806,000)**	–
Recognised in profit or loss:	23		
- Property, plant and equipment		**543,004**	3,466
- Provision		**221,954**	197,866
- Right-of-use assets		**(61)**	369
- Unabsorbed capital allowance		**188,737**	59,345
- Unutilised tax losses		**1,985,697**	635,655
		2,939,331	896,701
At end of the financial year		**3,102,260**	968,929

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. DEFERRED TAX ASSETS (CONTINUED)

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

	Group	
	2023	**2022**
	RM	**RM**
Deferred tax assets:		
- Property, plant and equipment	**82,281**	–
- Provision	**584,970**	363,016
- Right-of-use assets	**170**	2,091
- Unabsorbed capital allowance	**588,785**	512,496
- Unutilised tax losses	**1,846,054**	635,655
	3,102,260	1,513,258
Offsetting	**–**	(544,329)
Net deferred tax assets	**3,102,260**	968,929
Deferred tax liabilities:		
- Property, plant and equipment	**–**	(544,329)
Offsetting	**–**	544,329
Net deferred tax liabilities	**–**	–

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	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Property, plant and equipment	**1,266,069**	–	**–**	–
Provision	**2,953,594**	2,107,199	**–**	–
Unabsorbed capital allowance	**7,599,960**	5,820,805	**398,730**	398,730
Unutilised tax losses	**9,541,737**	5,232,486	**4,389,798**	4,389,798
	21,361,360	13,160,490	**4,788,528**	4,788,528
Offsetting	**–**	(467,750)	**–**	–
Deductible temporary differences	**21,361,360**	12,692,740	**4,788,528**	4,788,528
Property, plant and equipment	**–**	(467,750)	**–**	–
Offsetting	**–**	467,750	**–**	–
Taxable temporary differences	**–**	–	**–**	–
Deferred taxation not recognised at 24% (2022: 24%)	**5,126,726**	3,046,258	**1,149,247**	1,149,247

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. CONTRACT ASSETS/(LIABILITIES)

	Group 2023 RM	Group 2022 RM
Cost incurred to date	**700,594,044**	1,090,391,530
Less: Provision for foreseeable loss	**(1,865,232)**	(4,070,170)
Add: Attributable profits	**9,635,783**	62,966,766
	708,364,595	1,149,288,126
Less: Progress billings	**(686,558,358)**	(1,124,377,166)
	21,806,237	24,910,960
Represented by:		
Construction activities:		
- Contract assets	**22,138,752**	27,693,319
- Contract liabilities	**(332,515)**	(2,782,359)
	21,806,237	24,910,960

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

	Note	Group 2023 RM	Group 2022 RM
Depreciation of property, plant and equipment	3	**913,712**	1,268,400
Depreciation of right-of-use assets	7	**534,877**	562,002
Expected credit loss allowance on deposit	8	**–**	78,990
Employee benefits expense	20	**6,611,087**	7,191,959
Finance costs	22	**207,337**	90,212
Remeasurement of lease liabilities		**(299,885)**	(167,794)
Short-term leases		**5,867,777**	5,220,067
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 RM320,059,146 (2022: RM505,078,510) of which the Group expects to be recognised as revenue over the next 1 to 20 months (2022: 1 to 23 months).

11. CASH AND CASH EQUIVALENTS

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Short-term deposits with a licensed bank	**175,645**	2,450,960	**–**	–
Short-term deposits with licensed fund management companies	**573,802**	561,096	**573,802**	561,096
Cash and bank balances	**1,378,325**	6,722,397	**38,280**	7,503
	2,127,772	9,734,453	**612,082**	568,599

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**
Short-term deposits with a licensed bank	**1.60 - 1.85**	1.60 - 1.65	**–**	–
Short-term deposits with licensed fund management companies	**1.88 - 3.66**	1.22 - 1.85	**1.88 - 3.66**	1.22 - 1.85

Deposits of the Group and of the Company have an average maturity period of 30 days (2022: 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 is an amount of RM175,645 (2022: RM 2,450,960) pledged to licensed bank for the banking facilities grant to the Group.

12. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2023	**2022**	**2023**	**2022**
	Units	**Units**	**RM**	**RM**
Issued and fully paid				
At beginning of the financial year	**382,471,804**	344,919,466	**65,017,362**	59,156,495
Issuance of ordinary shares	**38,247,180**	37,552,338	**2,940,518**	5,860,867
At end of the financial year	**420,718,984**	382,471,804	**67,957,880**	65,017,362

On 15 May 2023, the Company increased its issued and paid-up share capital from 382,471,804 to 420,718,984 ordinary shares through issuance of 38,247,180 new ordinary shares via private placement at RM0.0783 per ordinary share for total consideration of RM2,940,518 (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.

13. RESERVES

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
Non-Distributable:					
Fair value reserve	(a)	**(1,551,000)**	(1,809,500)	**–**	–
Distributable:					
Retained profits		**15,377,995**	45,847,352	**34,895,666**	43,817,403
		13,826,995	44,037,852	**34,895,666**	43,817,403

(a) Fair value reserve

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. BORROWINGS

	Group	
	2023	**2022**
	RM	**RM**
Current		
Secured:		
Term loans	**73,045**	75,726
Bank overdraft	**3,996,232**	–
Bank local bills	**–**	5,245,161
	4,069,277	5,320,887
Non-current		
Secured:		
Term loans	**1,245,982**	1,313,802
Secured:		
Term loans	**1,319,027**	1,389,528
Bank overdraft	**3,996,232**	–
Bank local bills	**–**	5,245,161
	5,315,259	6,634,689

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

Term loans

(a) The principal instrument, a facilities agreement for the sum of RM1,540,250 (2022: RM 1,540,250);

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

(c) Guaranteed by the Company as disclosed in Note 29 to the financial statements; and

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

Bank overdraft

(a) The principal instrument, a facilities agreement for the sum of RM4,000,000 (2022: RMNil);

(b) Guaranteed by the Company as disclosed in Note 29 to the financial statements; and

(c) A registered open all monies 3rd party charge created over the freehold land as disclosed in Note 3 to the financial statements;

Bank local bills

(a) A short-term deposit as disclosed in Note 11 to the financial statements; and

(b) Corporate guarantee by the Company as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. BORROWINGS (CONTINUED)

The effective interest rate per annum are as follows:

	Group	
	2023	**2022**
	%	**%**
Term loans	**4.22 - 4.25**	3.17 - 3.19
Bank overdraft	**7.10 - 7.85**	–
Bank local bills	**–**	5.45 - 5.95

The maturity profile of borrowings are as follows:

	Group	
	2023	**2022**
	RM	**RM**
Repayable within one year	**4,069,277**	5,320,887
Repayable between one and five years	**415,906**	416,770
Repayable more than five years	**830,076**	897,032
	5,315,259	6,634,689

15. LEASE LIABILITIES

	Group	
	2023	**2022**
	RM	**RM**
Repayable within twelve months	**2,695,246**	3,764,092
Repayable after twelve months	**2,989,896**	5,825,656
	5,685,142	9,589,748

During the financial year, the Group reassessed its lease liability due to an early termination of an accommodation lease. Accordingly, a remeasurement gain of RM299,885 (2022: RM 167,794) is recognised in profit or loss.

The lease liabilities of the Group bear interest at rate of 4.85% - 6.53% (2022: 6.17% - 7.51%) per annum.

Included in lease liabilities are lease financing amounting to RM5,665,388 (2022: RM 8,998,677) secured by corporate guarantee by the Company as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. TRADE AND OTHER PAYABLES

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Trade payables					
Trade payables	(a)	**59,880,252**	65,186,746	**–**	–
Retention sums payable		**18,128,875**	19,522,375	**–**	–
Provision for foreseeable loss		**70,110**	70,110	**–**	–
		78,079,237	84,779,231	**–**	–
Other payables					
Other payables	(b)	**7,759,911**	1,942,592	**1,944,072**	181,817
Accrued expenses	(c)	**3,379,120**	4,563,192	**40,400**	40,400
		11,139,031	6,505,784	**1,984,472**	222,217
		89,218,268	91,285,015	**1,984,472**	222,217

(a) The normal trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days).

(b) Included in other payables of the Group and the Company is a liability amounting to RM1,682,819 and RM1,682,819 respectively (2022: RM Nil and RM Nil respectively) arose from corporate guarantee given to a former subsidiary company.

(c) Included in accrued expenses of the Group is a provision of compensation amounting to RM299,034 (2022: RM299,034) arose from material litigation as disclosed in Note 31 to the financial statements.

17. REVENUE

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

	Group 2023 RM	Group 2022 RM
Revenue recognised from contracts with customers:		
Construction activities	**164,057,349**	166,893,817
Sales of building materials	**–**	47,400
Others	**–**	22,859
	164,057,349	166,964,076
Geographical market		
Malaysia	**164,057,349**	166,964,076
Timing of revenue recognition		
At a point in time	**–**	70,259
Over time	**164,057,349**	166,893,817
	164,057,349	166,964,076

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. PURCHASES AND OTHER DIRECT COSTS

	Group	
	2023 RM	2022 RM
Construction activities	**176,588,241**	167,946,921

19. OTHER OPERATING EXPENSES/(INCOME)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- Current year	**91,996**	118,000	**36,000**	36,000
- Under provision in prior year	**–**	4,000	**–**	4,000
Bad debt written-off	**35,996**	–	**–**	–
Amount due from a former subsidiary company written-off	**9,146,843**	–	**–**	–
Depreciation of property, plant and equipment	**4,614,733**	3,893,255	**28,129**	31,506
Depreciation of right-of-use assets	**28,584**	28,587	**–**	–
Impairment loss on goodwill	**–**	4,348,862	**–**	–
Impairment loss on investment in subsidiary companies	**–**	–	**4,230,479**	6,145,688
Liabilities from financial guarantee	**1,682,819**	–	**1,682,819**	–
Loss on deemed disposal of a subsidiary company	**227,724**	–	**–**	–
Loss on disposal of property, plant and equipment	**123,973**	–	**–**	–
Net expected credit loss allowance on trade and other receivables	**4,516,759**	1,528,726	**2,889,000**	–
Property, plant and equipment written-off	**–**	25,422	**–**	25,422
Short term lease of equipment	**1,600**	79,180	**–**	–
Interest income	**(200,533)**	(245,291)	**(161,216)**	(245,016)
Rental income of premise	**(48,000)**	(24,000)	**(48,000)**	(24,000)
Rental income of plant and machinery	**(1,177,800)**	(510,000)	**–**	–

20. EMPLOYEE BENEFITS EXPENSE

	Note	Group	
		2023 RM	2022 RM
Employee benefits expense (excluding Directors) comprise:			
- Charged to profit or loss		**1,076,336**	1,101,736
- Recognised in contract costs	10	**6,611,087**	7,191,959
		7,687,423	8,293,695

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 RM772,071 (2022: RM835,300).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. DIRECTORS' REMUNERATION

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Executive Directors:				
- Salary and other emoluments	**180,233**	184,547	**–**	–
- Fees	**47,000**	132,000	**–**	–
- Defined contribution plan	**21,510**	21,209	**–**	–
	248,743	337,756	**–**	–
Non-executive Directors:				
- Fees	**112,000**	111,000	**112,000**	111,000
- Allowance	**8,500**	7,500	**8,500**	7,500
	120,500	118,500	**120,500**	118,500
	369,243	456,256	**120,500**	118,500

	Number of Directors	
Executive Directors:		
- Below RM250,000	**2**	1
Non-executive Directors:		
- Below RM50,000	**4**	4

22. FINANCE COSTS

		Group	
	Note	**2023 RM**	**2022 RM**
Interest expense on:			
- Bank overdraft		**233,730**	–
- Bank local bills		**197,737**	68,737
- Lease liabilities	25(b)	**500,065**	563,867
- Term loans	25(b)	**53,639**	45,246
		985,171	677,850
Interest expense charged to:			
- Purchases and other direct costs	10	**207,337**	90,212
- Finance costs		**777,834**	587,638
		985,171	677,850

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. TAXATION

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
Current taxation:				
- Current year provision	**–**	54,360	**–**	54,360
- (Over)/Under provision in prior year	**(27,803)**	710,739	**(34,943)**	47,917
	(27,803)	765,099	**(34,943)**	102,277
Deferred taxation:				
- Original and reversal of temporary differences	**(2,446,297)**	(196,822)	**–**	–
- Over provision in prior year	**(493,034)**	(699,879)	**–**	–
	(2,939,331)	(896,701)	**–**	–
Taxation for the financial year	**(2,967,134)**	(131,602)	**(34,943)**	102,277

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable loss for the financial year.

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

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
Loss before taxation	**(34,063,327)**	(13,696,140)	**(8,956,680)**	(6,469,908)
Taxation at statutory tax rate of 24% (2022: 24%)	**(8,175,198)**	(3,287,074)	**(2,149,603)**	(1,552,778)
Expenses not deductible for tax purposes	**3,523,790**	1,303,699	**2,152,655**	1,617,766
Income not subject to tax	**(42,128)**	(55,674)	**(3,052)**	(10,204)
Change in unrecognised temporarily differences	**2,247,239**	1,896,587	**–**	(424)
(Over)/Under provision of current taxation in prior year	**(27,803)**	710,739	**(34,943)**	47,917
Over provision of deferred taxation in prior years	**(493,034)**	(699,879)	**–**	–
Taxation for the financial year	**(2,967,134)**	(131,602)	**(34,943)**	102,277

24. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share of the Group is calculated by dividing the consolidated loss 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)

24. LOSS PER SHARE (CONTINUED)

(a) Basic loss per share (continued)

	Group 2023 RM	Group 2022 RM
Loss for the financial year attributable to the owners of the Company	**(30,469,357)**	(12,108,819)
Weighted average number of ordinary shares issued	**384,253,180**	368,479,700
Basic loss per share (sen)	**(7.93)**	(3.29)

(b) Diluted loss per share

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

25. CASH FLOW INFORMATION

(a) Purchase of property, plant and equipment

	Group 2023 RM	Group 2022 RM
Cost of property, plant and equipment purchased	**660,055**	6,218,913
Less: Hire purchase financing	**(270,000)**	(5,913,978)
Cash payment	**390,055**	304,935

(b) Reconciliation of liabilities arising from financing activities

	Term loans RM	Lease liabilities RM	Total RM
Group			
2023			
At beginning of the financial year	1,389,528	9,589,748	10,979,276
Cash flow	(124,140)	(4,219,021)	(4,343,161)
Lease financing for additions of property, plant and equipment	–	270,000	270,000
Finance costs	53,639	500,065	553,704
Remeasurement of lease liabilities	–	(299,885)	(299,885)
Deemed disposal of a subsidiary company	–	(155,765)	(155,765)
Total non-cash changes	53,639	314,415	368,054
At end of the financial year	**1,319,027**	**5,685,142**	**7,004,169**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. CASH FLOW INFORMATION (CONTINUED)

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

	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

26. 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:

	Group	
	2023 RM	**2022 RM**
Customer A	**–**	27,314,268
Customer B	**–**	30,234,989
Customer C	**58,036,648**	73,127,724
Customer D	**–**	21,255,388
Customer E	**16,975,301**	–
	75,011,949	151,932,369

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest bearing liabilities				
Borrowings	**5,315,259**	6,634,689	**–**	–
Lease liabilities	**5,665,388**	8,998,677	**–**	–
	10,980,647	15,633,366	**–**	–
Less: Cash and cash equivalents	**(1,952,127)**	(7,283,493)	**(612,082)**	(568,599)
Net borrowings/(liquidity)	**9,028,520**	8,349,873	**(612,082)**	(568,599)
Equity attributable to owners of the Company	**81,784,875**	109,055,214	**102,853,546**	108,834,765
Gearing ratio	**0.11**	0.08	**N/A**	N/A

28. 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
2023			
Group			
Financial assets			
Other investments	13,442,000	–	13,442,000
Trade and other receivables	–	91,432,910	91,432,910
Cash and cash equivalents	–	2,127,772	2,127,772
	13,442,000	**93,560,682**	**107,002,682**
Financial liabilities			
Trade and other payables	–	89,218,268	89,218,268
Borrowings	–	5,315,259	5,315,259
Lease liabilities	–	5,685,142	5,685,142
	–	**100,218,669**	**100,218,669**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. 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
2023			
Company			
Financial assets			
Trade and other receivables	–	21,300	21,300
Cash and cash equivalents	–	612,082	612,082
	–	**633,382**	**633,382**
Financial liability			
Trade and other payables	**–**	**1,984,472**	**1,984,472**
2022			
Group			
Financial assets			
Other investments	13,183,500	–	13,183,500
Trade and other receivables	–	112,217,895	112,217,895
Cash and cash equivalents	–	9,734,453	9,734,453
	13,183,500	121,952,348	135,135,848
Financial liabilities			
Trade and other payables	–	91,285,015	91,285,015
Borrowings	–	6,634,689	6,634,689
Lease liabilities	–	9,589,748	9,589,748
	–	107,509,452	107,509,452
Company			
Financial assets			
Trade and other receivables	–	7,169,914	7,169,914
Cash and cash equivalents	–	568,599	568,599
	–	7,738,513	7,738,513
Financial liability			
Trade and other payables	–	222,217	222,217

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)

28. 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 8. 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
2023						
Group						
Trade and other payables	89,218,268	–	89,218,268	89,218,268	–	–
Bank overdraft	3,996,232	BLR + 1.00	3,996,232	3,996,232	–	–
Term loans	1,319,027	BLR – 2.30	1,851,169	124,140	637,200	1,089,829
Lease liabilities	5,685,142	2.55 – 3.59	6,163,431	2,967,193	3,196,238	–
	100,218,669		**101,229,100**	**96,305,833**	**3,833,438**	**1,089,829**
Company						
Trade and other payables	**1,984,472**	**–**	**1,984,472**	**1,984,472**	**–**	**–**
2022						
Group						
Trade and other payables	91,285,015	–	91,285,015	91,285,015	–	–
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						
Trade and other payables	222,217	–	222,217	222,217	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. 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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Fixed rate instruments				
Short-term deposits with a licensed bank	**175,645**	2,450,960	**–**	–
Short-term deposits with licensed fund management companies	**573,802**	561,096	**573,802**	561,096
Bank local bills	**–**	(5,245,161)	**–**	–
Lease liabilities	**(5,665,388)**	(8,998,677)	**–**	–
	(4,915,941)	(11,231,782)	**573,802**	561,096
Floating rate instruments				
Bank overdraft	**(3,996,232)**	–	**–**	–
Term loans	**(1,319,027)**	(1,389,528)	**–**	–
	(5,315,259)	(1,389,528)	**–**	–

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 2023, 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 RM10,099 (2022: RM 2,640) in profit or loss.

Fair value information

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

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:

	2023 Level 1 Fair Value RM	2022 Level 1 Fair Value RM
Group		
Financial asset		
Financial assets at fair value through other comprehensive income	**13,442,000**	13,183,500

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			
	2023		2022	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liability				
Lease liabilities	**5,665,388**	**5,046,220**	8,998,677	7,877,515

29. CONTINGENT LIABILITIES

	2023 RM	2022 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
- hire purchase facility granted to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to part finance the purchase of machineries.	**4,231,371**	5,786,763
Balance c/f	**39,914,671**	41,621,817

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. CONTINGENT LIABILITIES (CONTINUED)

	2023 RM	2022 RM
Company		
Balance b/f	**39,914,671**	41,621,817
- hire purchase facility granted to its wholly owned subsidiary, Rexallent Construction Sdn. Bhd. to part finance the purchase of machineries.	**1,214,283**	2,674,500
- term loan facility granted to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to finance the purchase of properties.	**1,319,027**	1,389,529
- 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.	**1,485**	4,909
- hire purchase facilities granted to its former subsidiary, Gabungan Eko Construkt Sdn. Bhd. to part finance the purchase of machineries.	**–**	385,659
Corporate guarantees in favour of suppliers for supply of goods of the following:		
- former subsidiary, Gabungan Eko Construkt Sdn. Bhd.	**–**	11,274,160
- wholly owned subsidiary, Rexallent Construction Sdn. Bhd.	**11,950,000**	10,200,000
	54,399,466	72,795,735

30. 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	
	2023 RM	2022 RM
Purchase of materials from a related company with common Director	**–**	170,702
Rental of machinery and labour cost in operating the machineries charged by a related company with common Director	**–**	131,613
Subcontractor works charged by a related company with common Director	**315,708**	957,542

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The remuneration of Directors and other members of key management during the financial year is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Directors' remuneration (Note 21)	**369,243**	456,256	**120,500**	118,500
Other key management personnel:				
- Salary and other emoluments	**474,629**	271,923	**–**	–
- Defined contribution plan	**56,838**	32,400	**–**	–
	531,467	304,323	**–**	–
	900,710	760,579	**120,500**	118,500

31. 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") (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, Safetag and Rexallent had separately procured a Workmen Compensation Insurance Policy from MSIG Insurance and Berjaya Sompo 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 2023, the Group recognised a provision amounting to RM299,034 as disclosed in Note 16 to the financial statements.

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

In relation to the claims against Rexallent as disclosed in Note 31(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. MATERIAL LITIGATIONS (CONTINUED)

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

On 26 April 2022, the High Court allowed the appeal against Berjaya with costs but dismissed the appeal against MSIG with costs. Berjaya 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, which was subsequently extended to 7 December 2023.

(c) Notice of Adjudication Issued Under the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") to Golden Wave Sdn. Bhd. ("Golden Wave")

Eko Bina Sdn. Bhd. ("Eko Bina"), a wholly-owned subsidiary of the Company had on 8 August 2023 served a Notice of Adjudication against Golden Wave on the disputes arising from the payment claim under Sections 7 and 8 of the CIPAA for the project known as the proposed mixed commercial development of Main Buildings & External Works for Retail & Serviced Apartments.

Eko Bina is seeking the following reliefs or remedies:

i. The amount of RM23,161,711.46 for the certified amounts pursuant to the Interim Certificates;
ii. The interest on the amount of RM23,161,711.46 at the rate of as stipulated under Clause 30.17 of the PAM Contract 2016 until the date of full settlement;
iii. The costs of the Adjudicator's fee, AIAC administrative fees and Eko Bina's legal costs and expenses; and
iv. Such further order and/or relief as the Adjudicator deems fit and proper.

As of the date of this report, the dispute had been referred to AIAC and that an Adjudicator had been duly appointed and Eko Bina is expected to file the Adjudication Claim to the appointed Adjudicator in due time.

32. SIGNIFICANT EVENTS

(a) Deemed disposal of investment in Gabungan Eko Construkt Sdn. Bhd. ("Gabungan")

On 14 February 2023, Gabungan has been served a court winding-up order by The High Court of Malaya following the winding-up petition filed by a subcontractor and a liquidator had been appointed arising thereon. Accordingly, the Group has lost control over Gabungan and is deemed to have disposed of Gabungan from the even date. The effect of the deemed disposal of Gabungan on the financial position of the Group has been disclosed in Note 5(e) to the financial statements.

(b) Joint venture agreement entered into between Eko Bina Sdn. Bhd ("Eko Bina") and T.J. Civil & Structural Contractor Sdn. Bhd. ("TJCS")

Eko Bina, a wholly-owned subsidiary of the Company had on 28 August 2023 entered into a Joint Venture Agreement with TJCS for the purpose of forming an unincorporated joint venture to perform and carry out the construction works identified as "Cadangan membina satu blok pejabat polis 24 tingkat yang mengandungi 6 tingkat podium (terdiri daripada pejabat, tempat letak kereta, ruang kemudahan awam dan padang kawad pada aras bumbung podium), 18 tingkat ruang pejabat berserta 2 unit pondok pengawal dan 1 unit rumah sampah di atas Lot 70, Jalan Tun HS Lee, Kuala Lumpur untuk tetuan Polis Diraja Malaysia (PDRM)" (the "Project") for a contract sum of RM148,041,545.64.

33. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 May 2023 were authorised for issue in accordance with a resolution of the Board of Directors dated 27 September 2023.

LIST OF PROPERTIES
AT 31 MAY 2023

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	30 Years	2,432	990,352	29-Jul-2011
2	Eko Bina Sdn Bhd	D-G-1I, Medan Connaught, No I, Jalan 3/l44A, 56000 Kuala Lumpur. Title: HS(D) I20458, PT 15682, Mukim Petaling, Daerah Kuala Lumpur & Negeri Wilayah Persekutuan Kuala Lumpur	A Parcel of Office/ Office	Freehold	6 Year	992	1,006,500	06-Jun-2018
3	Eko Bina Sdn Bhd	D-1-1I, Medan Connaught, No I, Jalan 3/l44A, 56000 Kuala Lumpur. Title: HS(D) I 20458, PT 15682, Mukim Petaling, Daerah Kuala Lumpur & Negeri Wilayah Persekutuan Kuala Lumpur	A Parcel of Office/ Office	Freehold	6 Year	1,194	640,500	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 2023

SHARE CAPITAL

Issued and Paid-Up Share Capital	:	RM68,046,966.13 comprising 420,718,984 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	2.160	2,510	0.000
100 – 1,000	195	7.949	84,970	0.020
1,001 – 10,000	880	35.874	5,668,016	1.347
10,001 – 100,000	1,066	43.456	41,253,850	9.805
100,001 – 21,035,948 (*)	258	10.517	271,668,822	64.572
21,035,949 And Above (**)	1	0.040	102,040,816	24.253
Total	2,453	100.000	420,718,984	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)

		Direct Interest		Indirect Interest	
No.	Name of Shareholders	No. of Shares	%	No. of Shares	%
1.	Kilau Makmur Sdn Bhd	102,040,816	24.253	0	0.000
2.	Tan Chuan Cheong	0	0.000	102,040,816 [a]	24.253
3.	Chan Moy	0	0.000	102,040,816 [a]	24.253
4.	Datuk Ong Chee Koen	1,000,000	0.237	18,194,400 [b]	4.324
				14,600,000 [c]	3.470

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

		Direct Interest		Indirect Interest	
No.	Name of Directors	No. of Shares	%	No. of Shares	%
1.	Dato' Noordin Bin Sulaiman	0	0.000	0	0.000
2.	Datuk Ong Chee Koen	1,000,000	0.237	18,194,400 [b]	4.324
				14,600,000 [c]	3.470
3.	Datuk Ng Seing Liong PJN, JP	100,000	0.023	0	0.000
4.	Dato Indera Tun Putera Matin Ahmad Shah Bin Munir	0	0.000	0	0.000
5.	Loh Poh Im	0	0.000	0	0.000
6.	Ng Choon Keith	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	24.253
2.	CC Lim Estates Sdn Bhd	19,123,590	4.545
3.	Dreamvista Development Sdn Bhd	19,123,590	4.545
4.	LEW Assets Sdn Bhd	18,776,169	4.462
5.	LWY Holding Sdn Bhd	18,776,169	4.462
6.	Ecobuilt (M) Sdn Bhd	18,194,400	4.324
7.	Tumpat Delima Sdn Bhd	17,200,000	4.088
8.	Indra Tropika Sdn Bhd	15,094,100	3.587
9.	E&J Venture Sdn Bhd	14,600,000	3.470
10.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeap Weng Hong*	9,300,000	2.210
11.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Yeap Weng Hong*	7,900,000	1.877
12.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Soon Peng*	7,100,000	1.687
13.	AMSEC Nominees (Tempatan) Sdn Bhd *Exempt An For KGI Securities (Singapore) Pte.Ltd (66581 T CL)*	5,353,600	1.272
14.	Lim A Heng @ Lim Kok Cheong	5,010,200	1.190
15.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kong Kok Choy (8092812)*	4,600,000	1.093
16.	Hew Yoon Hsia	4,482,600	1.065
17.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ang Lin Chu*	4,393,900	1.044
18.	Lee Joo Hai	2,788,800	0.662
19.	Chua Shok Tim @ Chua Siok Hoon	2,430,000	0.577
20.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Solomon Tan Yiin Yuh*	2,384,600	0.566
21.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kong Kok Choy (SRB/PMS)*	2,300,000	0.546
22.	Tung Wai Fun	2,052,000	0.487
23.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Moo Mun Yu (M01)*	1,649,900	0.392
24.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Lim Hwei Ling (M01)*	1,390,000	0.330
25.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Siau Men (8080599)*	1,375,000	0.326
26.	Ng Ching Huwai	1,345,000	0.319
27.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chan Kok Keong (Bdr Utama-CL)*	1,314,600	0.312
28.	Wee Huey Chin	1,236,300	0.293
29.	Lai Thiam Poh	1,106,100	0.262
30.	Chan Chon Foo	1,059,500	0.251
	Total Holdings	313,500,934	74.515

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at 18th Floor, VIDA Bukit Ceylon, 1D Jalan Ceylon, 50200 Kuala Lumpur on Tuesday, 7 November 2023 at 10.00 a.m. to transact the following businesses:-

A G E N D A

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 May 2023 together with the Reports of the Directors and Auditors thereon. [Please refer to Explanatory Note 1]

2. To re-elect Datuk Ong Chee Koen who retires pursuant to Clause 76(3) of the Company's Constitution. **Resolution 1**

3. To re-elect Datuk Ng Seing Liong PJN, JP who retires pursuant to Clause 76(3) of the Company's Constitution. **Resolution 2**

4. To re-elect Loh Poh Im who retires pursuant to Clause 78 of the Company's Constitution. **Resolution 3**

5. To re-elect Ng Choon Keith who retires pursuant to Clause 78 of the Company's Constitution. **Resolution 4**

6. To approve the payment of Directors' fees of up to RM214,800.00 for the financial year ending 31 May 2024. **Resolution 5**

7. To approve the payment of Directors' benefits of up to RM12,500.00 for the period from 8 November 2023 until the next Annual General Meeting of the Company. **Resolution 6**

8. To re-appoint HLB Ler Lum Chew PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

Special Business

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

9. **SPECIAL RESOLUTION**
Waiver Of Pre-Emptive Rights Pursuant To Section 85 Of The Companies Act, 2016 **Resolution 8 (Please refer to Note 4)**

"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."

10. **ORDINARY RESOLUTION**
Authority To Issue And Allot Shares Pursuant To Sections 75 and 76 Of The Companies Act, 2016 **Resolution 9 (Please refer to Note 5)**

"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 pursuant to Sections 75 and 76 of the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONTINUED)

authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

THAT such approval on the Proposed General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting ("AGM") of the Company held after the approval was given;
b. the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

11. 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
29 September 2023

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONTINUED)

NOTES:-

i) Notes on Appointment of Proxy

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 30 October 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*

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

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

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

5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

8. *The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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 Nineteenth 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.*

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONTINUED)

11. *Last date and time for lodging the Proxy Form is Sunday, 05 November 2023 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 2023

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.

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 5 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 6 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.

Special Business

4. 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.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONTINUED)

5. ***Ordinary Resolution: Authority to Issue and Allot Shares***

The Ordinary Resolution proposed under Resolution 9 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 the waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016, the Ordinary Resolution proposed under Resolution 9, 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.

As at the date of this Notice, the Company has issued 38,247,180 new ordinary shares under a private placement exercise pursuant to the Previous Mandate. The total proceeds raised from the private placement exercise was RM2.995 million and the proceeds were utilized in the following manner:-.

Details	***Timeframe for utilisation***	***Utilised (RM'000)***
Working capital[*1]	*Within 12 months from completion*	*2,940*
Estimated expenses[*2]	*Upon completion*	*55*
	Total	*2,995*

Notes:-

[*1] *The breakdown of the working capital expenses are as follows:-*

	RM'000
Procurement of raw materials which includes, amongst others, steel bar, BRC concrete	*1,940*
Payment to subcontractors for, amongst others, piling works and mechanical and electrical engineering works	*1,000*
Total	*2,940*

[*2] *The estimated expenses in relation to the private placement exercise was utilised as set out below:-*

	RM'000
Professional fees	*27*
Regulatory fees	*25*
Other incidental expenses in relation to the private placement exercise	*3*
Total	*55*

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 Nineteenth Annual General Meeting.

Datuk Ong Chee Koen, Datuk Ng Seing Liong PJN, JP, Loh Poh Im and Ng Choon Keith are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Nineteenth Annual General Meeting. Their profiles can be found on pages 9 to 11 of the 2023 Annual Report.

The Board of Directors had via the Nomination Committee ("NC") assessed the retiring Directors, Datuk Ong Chee Koen, Datuk Ng Seing Liong PJN, JP, Loh Poh Im and Ng Choon Keith, and was satisfied that they have met the performance criteria set out in the assessments in the discharge of their duties and responsibilities. The abovementioned Directors have also met the relevant requirements under the fit and proper assessment and the NC is satisfied with the outcome of the fit and proper assessments. The NC and Board have also conducted an assessment on Loh Poh Im's independence and are satisfied that she has complied with the criteria prescribed by the Main Market Listing Requirements.

Save as disclosed below, Loh Poh Im confirmed that she does not have any conflict of interest, potential conflict of interest or perceived conflict of interest, including interest in any business that is in competition with the Group:-

(i) Datuk Ong Chee Koen is the Director of Ecobuilt (M) Sdn Bhd and Pembinaan Infra E&J Sdn Bhd, which undertakes the construction of buildings. Ecobuilt (M) Sdn Bhd is dormant and has not carried out any construction activities. Subsequent to the re-designation to Non-Executive Director of the Company with effect from 27 September 2023, Datuk Ong Chee Koen will not be involved in the day-to-day operations of the Company.

(ii) Datuk Ng Seing Liong PJN, JP is the father of Ng Choon Keith, the Director of the Company. He is the Director of Kota Kelang Group, which undertakes the property development and construction activities. However, his main profession is focused on the fields of audit, tax, business advisory, receivership and liquidation.

(iii) Ng Choon Keith is the son of Datuk Ng Seing Liong PJN, JP, the Director of the Company. He is the Director of Kota Kelang Group, which undertakes the property development and construction activities.

Having considered the above, the Board will via the Audit Committee supervise any conflict of interest, potential conflict of interest or perceived conflict of interest situation for resolution as and when they arise, to ensure that transactions are carried out in the best interest of the Group. In this connection, the Board supports and recommended the re-election of the abovementioned retiring Directors.

General Mandate for Issue of Securities

Kindly refer to item 5 of the Explanatory Notes on Special Business on page 117 of the 2023 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 *(in Capital Letters)*	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

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

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at 18th Floor, VIDA Bukit Ceylon, 1D Jalan Ceylon, 50200 Kuala Lumpur on Tuesday, 7 November 2023 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 Datuk Ong Chee Koen.	Ordinary		
2.	Re-election of Datuk Ng Seing Liong PJN, JP.	Ordinary		
3.	Re-election of Loh Poh Im.	Ordinary		
4.	Re-election of Ng Choon Keith.	Ordinary		
5.	Payment of Directors' fees for the financial year ending 31 May 2024.	Ordinary		
6.	Payment of Directors' benefits from 8 November 2023 until the next Annual General Meeting of the Company.	Ordinary		
7.	Re-appointment of HLB Ler Lum Chew PLT as Auditors of the Company and authorise the Directors to fix their remuneration.	Ordinary		
8.	Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act, 2016.	Special		
9.	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 ____________ 2023

* Manner of execution:
(a) *If you are an individual member, please sign where indicated.*
(b) *If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.*
(c) *If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:*
  (i) *at least two (2) authorised officers, of whom one shall be a director; or*
  (ii) *any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

Fold here for sealing

NOTES:-

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 30 October 2023. 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 Share Registrars

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 Nineteenth 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 Sunday, 05 November 2023 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.200301033338 (635759-U)

D-G-11 & D-1-11, Medan Connaught
No.1, Jalan 3/144A, 56000 Kuala Lumpur

t: +603-9108 2802 f: +603-9107 6884