

SUSTAINABILITY STATEMENT 2024

(CONTINUED)



SOCIAL (CONTINUED)



Human Resource Management / Foreign Labour (continued)

Human Rights

The Group is dedicated to prioritising human rights and fostering a workplace culture rooted in mutual respect. We are committed to eliminating all forms of discrimination, harassment, threats, intimidation, violence, and misconduct against every employee. We are pleased to report there has been zero substantiated complaints concerning human rights violations for FPE 2024.

	FY2022	FY2023	FPE 2024
Number of substantiated complaints concerning human rights violations	Nil	Nil	Nil

We aim to maintain zero substantiated complaints concerning human rights violations for FY2025 and beyond.



Employee Engagement & Development

At Ecobuilt, we recognise that the quality of our workforce is pivotal to our growth and success as a company. In this continuously evolving work environment, it is important for employees to stay informed. Training and education programmes, which are given both on-the-job and ad-hoc basis, are available for employees, creating an environment that builds resilience and improves skills and performance. These programmes provide encouragement and support our employees to maximise their potential and have a rewarding career.

The Group is committed to allocating budget and planning skills upgrading to equip employees to meet strategic targets of the Group. We believe that with more skilled employees, Ecobuilt's human capital and contribution to employees' satisfaction will be enhanced, which will undoubtedly improve overall performance.

Total hours of training by employee category	FY2022	FY2023	FPE 2024
- Management	Nil	Nil	Nil
- Executive	Nil	Nil	Nil
- Non-Executive/Technical Staff	Nil	Nil	Nil
Total	Nil	Nil	Nil

The Group has conducted a series of informal training programs designed to upskill our workforce, equipping them with new competencies. However, without formal documentation, we have faced challenges in tracking participation and understanding the overall effectiveness of these initiatives.

Moving forward, the Group intends to implement a comprehensive training program aimed at increasing employee training hours and fostering professional growth. The Group will develop structured training programs that outline specific skills and competencies required for various roles within the organisation. We aim to implement a mix of in-person and online training modules to accommodate different learning preferences. Additionally, a system will be established to document all training sessions, including attendance, content covered, and participant feedback.

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 interest and wellbeing of our employees.

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

SUSTAINABILITY STATEMENT 2024
(CONTINUED)

SOCIAL (CONTINUED)



Employee Engagement & Development (continued)

Employee Welfare (continued)

In addition to the fundamental rights enforced by regulators, we provide our employees with 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



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 guideline for all employees to perform their duties diligently and appropriately.

SUSTAINABILITY STATEMENT 2024 (CONTINUED)



GOVERNANCE (CONTINUED)



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/>.



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 safeguarding 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 risk 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

The Group is committed to conducting its business free from any acts of bribery or 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 Group maintains 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 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.

SUSTAINABILITY STATEMENT 2024
 (CONTINUED)



GOVERNANCE (CONTINUED)



Anti-Bribery & Anti-Corruption (continued)

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/>

	FY2022	FY2023	FPE 2024
Percentage of employees who have received training on anti-corruption by employee category (%)	Nil	Nil	Nil

	FY2022	FY2023	FPE 2024
Percentage of operations assessed for corruption-related risks (%)	Nil	Nil	Nil

	FY2022	FY2023	FPE 2024
Confirmed incidents of corruption and action taken	Nil	Nil	Nil

We are pleased to highlight that we have not received any whistleblowing report in FPE 2024. 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.

We will consider conducting corruption risk training across our operations in the subsequent reporting years where practicable and we aim to maintain zero incidents of corruption for FY2025 and beyond.

Data Privacy

The Group places great importance on ensuring the safety and privacy of all data related to our stakeholders. We acknowledge the importance of the personal data entrusted to us by our customers and we believe that it is our responsibility to ensure it is properly managed, protected and processed.

Effective data management practices help prevent unauthorised access, data breaches, and potential financial and legal risks. We ensure strict compliance with data usage and protection laws and adhere to rigorous protocols, covering every aspect of the data handling process.

In FPE 2024, there were zero substantiated complaints concerning breaches of customer privacy and data loss.

	FY2022	FY2023	FPE 2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Nil	Nil	Nil

We aim to maintain zero cases of material non-compliance with laws relating to customer privacy for FY2025 and beyond.

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.

LIST OF PROPERTIES

No.	Proprietor	Title / Location	Description/ Existing Use	Tenure	Approximate Age of Offices	Built-Up Area (sq. ft.)	Carrying Value (RM)	Date of Acquisition
1	Eko Bina Sdn Bhd	D-G-11, Medan Connaught, No 1, Jalan 3/144A, 56000 Kuala Lumpur. Title: HS(D) I20458, PT 15682, Mukim Petaling, Daerah Kuala Lumpur & Negeri Wilayah Persekutuan Kuala Lumpur	A Parcel of Office/ Office	Freehold	7 Year	992	623,000	06-Jun-2018
2	Eko Bina Sdn Bhd	D-1-11, Medan Connaught, No 1, Jalan 3/144A, 56000 Kuala Lumpur. Title: HS(D) I 20458, PT 15682, Mukim Petaling, Daerah Kuala Lumpur & Negeri Wilayah Persekutuan Kuala Lumpur	A Parcel of Office/ Office	Freehold	7 Year	1,194	979,000	06-Jun-2018
3	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

5 December 2024

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	54	2.473	2,500	0.000
100 – 1000	193	8.841	80,170	0.019
1,001 – 10,000	784	35.913	4,920,866	1.169
10,001 – 100,000	925	42.372	35,745,350	8.493
100,001 – 21,035,948	226	10.352	277,939,282	66.062
21,035,949 – And Above	1	0.045	102,040,816	24.253
Total	2,183	100.000	420,718,984	100.00

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

SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders' Shareholdings)

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Kilau Makmur Sdn Bhd	102,040,816	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	0	0.000	18,194,400 ^(b)	4.324
	<i>(Resigned on 9 December 2024)</i>			14,600,000 ^(c)	3.470

DIRECTORS' SHAREHOLDING

(As per the Register of Directors' Shareholdings)

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato Indera Tun Putera Matin Ahmad Shah Bin Munir	0	0.000	0	0.000
2.	Dato' Noordin Bin Sulaiman	0	0.000	0	0.000
3.	Loh Poh Im	0	0.000	0	0.000
4.	Ng Choon Keith	0	0.000	0	0.000
5.	Ng Seing Lion	100,000	0.023	0	0.000
6.	Datuk Ong Chee Koen	0	0.000	18,194,400 ^(b)	4.324
	<i>(Resigned on 9 December 2024)</i>			14,600,000 ^(c)	3.470
7.	Dato' Mohd Ibrahim Bin Mohd Nor	0	0.000	0	0.000
	<i>(Appointment on 9 December 2024)</i>				

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)
 5 December 2024

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 <i>Pledged Securities Account For Yeap Weng Hong</i>	9,300,000	2.210
11.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Yeap Weng Hong</i>	7,900,000	1.877
12.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lim Soon Peng</i>	7,100,000	1.687
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Kong Kok Choy (8092812)</i>	6,115,800	1.453
14.	Amsec Nominees (Tempatan) Sdn Bhd <i>Exempt An For Kgi Securities (Singapore) Pte.Ltd (66581 T Cl)</i>	5,353,600	1.272
15.	Chan Chon Foo	5,059,500	1.202
16.	Lim A Heng @ Lim Kok Cheong	5,010,200	1.190
17.	Hew Yoon Hsia	4,482,600	1.065
18.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ang Lin Chu</i>	4,363,800	1.037
19.	Chua Shok Tim @ Chua Siok Hoon	2,430,000	0.577
20.	Ang Swee Kuang	2,418,300	0.574
21.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Solomon Tan Yiin Yuh</i>	2,384,600	0.566
22.	Maybank Nominees (Tempatan) Sdn Bhd Wai Chan Kiong	2,344,100	0.557
23.	Cgs International Nominees Malaysia (Tempatan) Sdn. Bhd.	2,200,000	0.522
24.	Tung Wai Fun	2,052,000	0.487
25.	Lai Thiam Poh	1,951,700	0.463
26.	Hlb Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Sinar Maju Enterprise Sdn Bhd</i>	1,931,300	0.459
27.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Moo Mun Yu (M01)</i>	1,677,500	0.398
28.	Tay Chee Kien	1,372,200	0.326
29.	Ng Ching Huwai	1,345,000	0.319
30.	Cgs International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Chan Kok Keong (BDR UTAMA-CL)</i>	1,314,600	0.312
Total Holdings		321,305,634	76.289

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at No. 1A, Jalan Aerobik 13, 43, Persiaran Kayangan, Seksyen 13, 40100 Shah Alam, Selangor on Wednesday, 5 February 2025 at 11.00 a.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 August 2024 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)
2. To re-elect Dato Indera Tun Putera Matin Ahmad Shah Bin Munir who retires pursuant to Clause 76(3) of the Company's Constitution. **Resolution 1**
3. To re-elect Dato' Noordin bin Sulaiman who retires pursuant to Clause 76(3) of the Company's Constitution. **Resolution 2**
4. To re-elect Dato' Mohd Ibrahim bin Mohd Nor who retires pursuant to Clause 78 of the Company's Constitution. **Resolution 3**
5. To approve the payment of Directors' Fees and Benefits Payable to the Directors of up to an aggregate amount of RM304,400.00 for the period from 1 June 2024 to the next Annual General Meeting. **Resolution 4**
6. To re-appoint HLB Ler Lum Chew PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

Special Business

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

7. Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 **Resolution 6
(Please refer to Explanatory Note 4)**

"THAT subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
8. 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

WONG YOUN KIM
SSM PC No.: 201908000410
(MAICSA 7018778)
 Company Secretary

Kuala Lumpur
 Date: 31 December 2024

NOTICE OF TWENTIETH 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 24 January 2025. 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 instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power of authority, must be deposited at the Company's Registered Office at Synergy Professionals Group Sdn. Bhd., Unit 11.07, Amcorp Tower, Amcorp Trade Centre, 18, Persiaran Barat, 46050 Petaling Jaya, Selangor not less than twenty-four (24) before the time set for holding the Meeting or any adjournment thereof. All resolutions set out in this notice of Meeting are to be voted by poll.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
10. 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).
11. 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.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

(CONTINUED)

ii) Explanatory Notes

Ordinary Business

1. Audited Financial Statements For The Financial Year Ended 31 August 2024

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 4 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors' fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

The Directors' benefits proposed under Proposed Resolution 4 are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period commencing from the date immediately after this Annual General Meeting up to the date of the next Annual General Meeting. In the event the proposed amount is insufficient (due to enlarged Board size or more meetings), approval will be sought at the next Annual General Meeting for the shortfall.

Special Business

4. Ordinary Resolution: Authority to Allot and Issue Shares

The proposed Resolution 6, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

This general mandate is a renewal of the mandate that was approved by the Shareholders at the Nineteenth Annual General Meeting held on 7 November 2023. The renewal of this general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions. As at the date of this notice of meeting, no shares have been issued pursuant to the general mandate granted at the Nineteenth AGM of the Company.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 12 (3) of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 12 (3) of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

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

Dato' Noordin Bin Sulaiman, Dato Indera Tun Putera Matin Ahmad Shah Bin Munir and Dato' Mohd Ibrahim bin Mohd Nor are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Twentieth Annual General Meeting. Their profiles can be found in the 2024 Annual Report. Please refer to the Table of Contents for more information.

The Board of Directors had via the Nomination Committee ("NC") assessed the retiring Directors, Dato' Noordin Bin Sulaiman, Dato Indera Tun Putera Matin Ahmad Shah Bin Munir and Dato' Mohd Ibrahim bin Mohd Nor, and was satisfied that the Directors have met the performance criteria set out in the assessments in the discharge of their duties and responsibilities. The NC and Board have also conducted an assessment on Dato' Noordin Bin Sulaiman and Dato Indera Tun Putera Matin Ahmad Shah Bin Munir's independence and are satisfied that they have complied with the criteria prescribed by the Main Market Listing Requirements.

None of the retiring Directors has any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries.

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

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 recommends the re-election of the abovementioned retiring Directors.

General Mandate for Issue of Securities

Kindly refer to item 4 of the Explanatory Notes on Special Business in the 2024 Annual Report under the explanatory note of the Notice of Twentieth Annual General Meeting for more information.

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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 Twentieth Annual General Meeting of the Company to be held at No. 1A, Jalan Aerobik 13, 43, Persiaran Kayangan, Seksyen 13, 40100 Shah Alam, Selangor on Wednesday, 5 February 2025 at 11.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Re-election of Dato Indera Tun Putera Matin Ahmad Shah Bin Munijr.	Ordinary		
2.	Re-election of Dato' Noordin Bin Sulaiman.	Ordinary		
3.	Re-election of Dato' Mohd Ibrahim bin Mohd Nor	Ordinary		
4.	Payment of Directors' fees and benefits for the period from 1 June 2024 to the next Annual General Meeting.	Ordinary		
5.	Re-appointment of HLB Ler Lum Chew PLT as Auditors of the Company and authorise the Directors to fix their remuneration.	Ordinary		
6.	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 _____ 2025

* Manner of execution:

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



NOTES:-

1. 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 24 January 2025. 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 11.07, Amcorp Tower,
Amcorp Trade Centre,
18, Persiaran Barat,
46050 Petaling Jaya,
Selangor

Fold along this line (2)

8. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power of authority, must be deposited at the Company's Registered Office at Synergy Professionals Group Sdn. Bhd., Unit 11.07, Amcorp Tower, Amcorp Trade Centre, 18, Persiaran Barat, 46050 Petaling Jaya, Selangor not less than twenty-four (24) before the time set for holding the Meeting or any adjournment thereof. All resolutions set out in this notice of Meeting are to be voted by poll.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
 10. 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).
 11. 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.

ECOBUILT HOLDINGS BERHAD
Registration No.: 200301033338 (635759-U)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD

FROM 1 JUNE 2023 TO 31 AUGUST 2024

Registered office:
Unit No. EL-11-01,
Amcorp Business Suite,
Menara Melawangi, Pusat Perdagangan Amcorp,
No. 18, Jalan Persiaran Barat,
46050 Petaling Jaya, Selangor.

Principal place of business:
D-G-11 & D-1-11,
Medan Connaught,
Jalan 3/144A,
56000 Kuala Lumpur.

ECOBUILT HOLDINGS BERHAD
Registration No.: 200301033338 (635759-U)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD
FROM 1 JUNE 2023 TO 31 AUGUST 2024

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ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 August 2024.

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 period.

Financial Results

	Group RM	Company RM
Loss for the financial period/year attributable to:		
- Owners of the Company	<u>(44,476,396)</u>	<u>(43,912,065)</u>

Change of Financial Year End

The Company had changed its financial year end from 31 May to 31 August. The financial statements have therefore been made up for a period of 15 months from 1 June 2023 to 31 August 2024.

Dividend

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

Reserves and Provisions

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

Issue of Shares and Debentures

There was no issuance of shares and debentures during the financial period.

Options Granted Over Unissued Shares

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

Directors

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

Dato' Noordin Bin Sulaiman

Datuk Ng Seing Liong

Dato Indera Tun Putera Matin Ahmad Shah bin Munir

Ng Choon Keith

Loh Poh Im

Dato' Mohd Ibrahim bin Nor

(Appointed on 9 December 2024)

Datuk Ong Chee Koen

(Resigned on 9 December 2024)

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 period held any shares or debentures in the Company or its subsidiaries during the financial period except as follows:

	Number of ordinary shares			As at 31.8.2024
	As at 1.6.2023	Acquired	Disposed	
Interest in the Company:				
Ecobuilt Holdings Berhad				
<u>Direct interest</u>				
Datuk Ng Seing Liong	100,000	-	-	100,000
Datuk Ong Chee Koen (Resigned on 9 December 2024)	1,000,000	-	-	1,000,000
<u>Indirect interest</u>				
Datuk Ong Chee Koen ^{1 & 2} (Resigned on 9 December 2024)	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 period did not hold any interest in shares or debentures in the Company or its subsidiaries during the financial period.

Directors' Benefits

Since the end of the previous financial period, 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 period which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Remuneration

Directors' remuneration is as follows:

	Group RM	Company RM
Directors' remuneration:		
- Fees	682,600	267,600
- Allowance	8,125	7,500
	<u>690,725</u>	<u>275,100</u>

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	<u>122,254</u>	<u>58,500</u>

Indemnity and Insurance Costs

During the financial period, the total amount of insurance premium paid for the Directors and officers of the Company was RM5,257.

The Company has agreed to indemnify the Auditors, HLB Ler Lum Chew PLT as permitted under Section 289 of the Companies Act 2016 in Malaysia.

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
- (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.

Other Statutory Information (Continued)

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, Messrs. HLB Ler Lum Chew PLT, have indicated that they would not wish to seek for re-appointment.

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

DATUK NG SEING LIONG

NG CHOON KEITH

PUCHONG, SELANGOR
31 DECEMBER 2024

Registration No.: 200301033338 (635759-U)

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

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

We, DATUK NG SEING LIONG 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 August 2024 and of their financial performance and cash flows for the financial period then ended.

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

DATUK NG SEING LIONG

NG CHOON KEITH

PUCHONG, SELANGOR
31 DECEMBER 2024

Registration No.: 200301033338 (635759-U)

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

STATUTORY DECLARATION

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

I, NG CHOON KEITH, being the Director 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 NG CHOON KEITH)
at PUCHONG, SELANGOR)
on this date of 31 DECEMBER 2024)

NG CHOON KEITH

Before me,

COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD**
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Ecobuilt Holdings Berhad, which comprise the statements of financial position as at 31 August 2024 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 period then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 16 to 93.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2024, and of their financial performance and their cash flows for the period 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 Qualified Opinion

1. Inability to obtain sufficient appropriate audit evidence on trade payables

As disclosed in Note 16 to the financial statements, the Group recorded trade payables amounting to RM91,470,128 as at 31 August 2024. We have selected samples for trade payable balances to be tested against positive circularisation replies or creditor statement of accounts to ascertain the existence, completeness and accuracy of the trade payable balances.

For certain samples selected without a positive reply from the trade payables or creditor statement of accounts, we were unable to obtain the relevant supporting documents to ascertain the existence, completeness and accuracy by alternative means for the balances as at 31 August 2024. In addition, for certain external confirmation replies or creditor statement of accounts received, we were unable to obtain reconciliation workings and/or the relevant supporting documents for the variances between the external confirmation replies or creditor statement of accounts received and listing of trade payables as at 31 August 2024.

In view of the above, we were also unable to obtain sufficient appropriate audit evidence to determine completeness and accuracy of the purchases and other direct costs attributable to the Group's construction activities for the period ended 31 August 2024.

2. Inability to obtain sufficient appropriate audit evidence on advance payment to suppliers and sub-contractors

As disclosed in Note 9(c) to the financial statement, the Group recorded advance payment to suppliers and sub-contractors at a gross amount of RM4,647,797 as at 31 August 2024. We were unable to obtain sufficient appropriate audit evidence to ascertain the existence and accuracy of these balances, and the recoverability of these balances thereon. Consequently, we were unable determine whether any adjustment was necessary on the impairment loss recognised during the financial period ended 31 August 2024.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD (CONTINUED)**
(Incorporated in Malaysia)

Basis for Qualified Opinion (Continued)

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 qualified 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 period. We have determined that there are no key audit matters to communicate in our report in the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section and *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition
Refer to Note 2.2(i), Note 2.4(l) and Note 17 to the financial statements

The risk

During the financial period ended 31 August 2024, the Group recognised revenue from construction activities amounting to RM197,547,501.

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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD (CONTINUED)**
(Incorporated in Malaysia)

Key Audit Matters (Continued)

1. Revenue recognition (continued)

How our audit addressed the key audit matter mentioned above

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.

2. Expected credit loss of trade receivables and accrued billings
(Refer to Note 2.2(ii), Note 2.4(f)(iv) and Note 9 to the financial statements)

The risk

As at 31 August 2024, the Group carried gross trade receivables and accrued billings balance of RM75,317,863 and RM40,734,232 respectively and recognised expected credit loss allowance of RM16,151,866 and RM1,594,407 respectively.

In assessing the expected credit loss, the Group considered the historical loss rate of the receivables, adjusted for forward looking factors 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD (CONTINUED)**
(Incorporated in Malaysia)

Key Audit Matters (Continued)

2. Expected credit loss of trade receivables and accrued billings (continued)

How our audit addressed the key audit matter mentioned above

Our audit procedures focused on the following:

- Recomputed the probability of default using historical data and forward-looking information applied by the Group;
- Scrutinised trade receivable ageing and investigated trends and conditions that may indicate objective evidence of impairment;
- Discussed with management on the recoverability;
- 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; and
- Assessed the completeness, accuracy and adequacy of disclosure in the financial statements.

3. Impairment assessment of goodwill on consolidation
(Refer to Note 2.2(iii), Note 2.4(c) and Note 4 to the financial statements)

The risk

As at 31 August 2024, the Group recorded goodwill on consolidation amounting to RM28,388,284. 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.

We focus on this area because of the complexity and subjectivity of the assumptions involved in the impairment assessment.

How our audit addressed the key audit matter mentioned above

Our audit procedures focused on the following:

- Discussed with Chief Executive Officer, General Manager and Assistant General Manager on the prospective projects for Rexallent;
- Evaluated the reasonableness of management's impairment assessment and the process by which it is developed;
- 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD (CONTINUED)**
(Incorporated in Malaysia)

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements, which indicates the Group and the Company incurred a net loss of RM44,476,396 and RM43,912,065 respectively during the period ended 31 August 2024, and as at that date, the Group's and the Company's current liabilities exceeded its current assets by RM19,305,571 and RM838,925 respectively. These indicate that a material uncertainty exist that may cast significant doubt about the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in this matter.

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 in this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate audit evidence to ascertain the existence, completeness and accuracy of the Group's trade payables. Consequently, we were unable to obtain sufficient appropriate audit evidence to determine completeness and accuracy of the purchases and other direct cost attributable to the Group's construction activities for the period ended 31 August 2024. In addition, we were unable to obtain sufficient appropriate audit evidence to ascertain the existence and accuracy of advance payments to suppliers and sub-contractors, and the recoverability of these balances thereon. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD (CONTINUED)**
(Incorporated in Malaysia)

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 of 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. .

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD (CONTINUED)**
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that in our opinion, we have not obtained all the information and explanations that we required.

Other Matters

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

HLB LER LUM CHEW PLT
201906002362 & AF 0276
Chartered Accountants

TANG YAN YU
03452/10/2025 J
Chartered Accountant

31 DECEMBER 2024
Kuala Lumpur

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2024

	Note	Group		Company	
		31.8.2024 RM	31.5.2023 RM	31.8.2024 RM	31.5.2023 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	11,207,258	18,241,408	5,629,805	6,621,135
Goodwill on consolidation	4	28,388,284	28,388,284	-	-
Investment in subsidiary companies	5	-	-	54,150,601	97,442,020
Other investments	6	11,839,500	13,442,000	-	-
Right-of-use assets	7	-	19,047	-	-
Deferred tax assets	8	8,296,621	3,102,260	-	-
		<u>59,731,663</u>	<u>63,192,999</u>	<u>59,780,406</u>	<u>104,063,155</u>
Current Assets					
Trade and other receivables	9	99,691,572	91,842,716	7,415	24,250
Contract assets	10	15,485,050	22,138,752	-	-
Tax recoverable		2,952,283	3,033,820	172,706	138,531
Cash and cash equivalents	11	704,581	2,127,772	24,103	612,082
		<u>118,833,486</u>	<u>119,143,060</u>	<u>204,224</u>	<u>774,863</u>
TOTAL ASSETS		<u>178,565,149</u>	<u>182,336,059</u>	<u>59,984,630</u>	<u>104,838,018</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	67,957,880	67,957,880	67,957,880	67,957,880
Reserves	13	(30,250,151)	13,826,995	(9,016,399)	34,895,666
Equity attributable to owners of the Company		<u>37,707,729</u>	<u>81,784,875</u>	<u>58,941,481</u>	<u>102,853,546</u>
TOTAL EQUITY		<u>37,707,729</u>	<u>81,784,875</u>	<u>58,941,481</u>	<u>102,853,546</u>
Non-Current Liabilities					
Borrowings	14	1,140,363	1,245,982	-	-
Lease liabilities	15	1,578,000	2,989,896	-	-
		<u>2,718,363</u>	<u>4,235,878</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Trade and other payables	16	117,449,541	89,218,268	1,043,149	1,984,472
Contract liabilities	10	15,835,500	332,515	-	-
Borrowings	14	3,587,463	4,069,277	-	-
Lease liabilities	15	1,266,553	2,695,246	-	-
		<u>138,139,057</u>	<u>96,315,306</u>	<u>1,043,149</u>	<u>1,984,472</u>
TOTAL LIABILITIES		<u>140,857,420</u>	<u>100,551,184</u>	<u>1,043,149</u>	<u>1,984,472</u>
TOTAL EQUITY AND LIABILITIES		<u>178,565,149</u>	<u>182,336,059</u>	<u>59,984,630</u>	<u>104,838,018</u>

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

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 31 AUGUST 2024**

	Note	Group		Company	
		01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM Restated	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM
Revenue	17	197,547,501	164,057,349	-	-
Purchases and other direct costs	18	(224,143,199)	(180,991,267)	-	-
Other operating income	19	4,352,863	2,173,211	331,917	209,216
Employee benefits expense	20	(1,056,357)	(1,076,336)	-	-
Directors' remuneration	21	(690,725)	(369,243)	(275,100)	(120,500)
Other operating expenses	19	(24,917,796)	(17,079,207)	(43,961,516)	(9,045,396)
Loss from operations		<u>(48,907,713)</u>	<u>(33,285,493)</u>	<u>(43,904,699)</u>	<u>(8,956,680)</u>
Finance costs	22	(755,678)	(777,834)	-	-
Loss before taxation		<u>(49,663,391)</u>	<u>(34,063,327)</u>	<u>(43,904,699)</u>	<u>(8,956,680)</u>
Taxation	23	5,186,995	2,967,134	(7,366)	34,943
Loss for the financial year		<u>(44,476,396)</u>	<u>(31,096,193)</u>	<u>(43,912,065)</u>	<u>(8,921,737)</u>
<i>Other comprehensive income/(loss)</i>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
- Fair value gain on financial asset at fair value through other comprehensive income		<u>399,250</u>	<u>258,500</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the financial year		<u>399,250</u>	<u>258,500</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the financial year		<u>(44,077,146)</u>	<u>(30,837,693)</u>	<u>(43,912,065)</u>	<u>(8,921,737)</u>

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 31 AUGUST 2024
(CONTINUED)**

	Note	Group		Company	
		01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM
Loss for the year attributable to:					
- Owners of the Company		(44,476,396)	(30,469,357)	(43,912,065)	(8,921,737)
- Non-controlling interests		-	(626,836)	-	-
		<u>(44,476,396)</u>	<u>(31,096,193)</u>	<u>(43,912,065)</u>	<u>(8,921,737)</u>
Total comprehensive loss for the financial year attributable to:					
- Owners of the Company		(44,077,146)	(30,210,857)	(43,912,065)	(8,921,737)
- Non-controlling interests		-	(626,836)	-	-
		<u>(44,077,146)</u>	<u>(30,837,693)</u>	<u>(43,912,065)</u>	<u>(8,921,737)</u>
Loss per share					
Basic and diluted (sen)	24	<u>(10.57)</u>	<u>(7.93)</u>		

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

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 31 AUGUST 2024**

Group	Note	← Attributable to owners of the Company →					Total Equity RM
		Share Capital RM	Fair Value Reserve RM	Retained Profits RM	Sub-Total RM	Non- Controlling Interests RM	
At 1 June 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 cost)	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

ECOBUILT HOLDINGS BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 31 AUGUST 2024 (CONTINUED)**

Group	Note	← Attributable to owners of the Company →					Total Equity RM
		Share Capital RM	Fair Value Reserve RM	Retained Profits/ (Accumulated Losses) RM	Sub-Total RM	Non- Controlling Interests RM	
At 1 June 2023		67,957,880	(1,551,000)	15,377,995	81,784,875	-	81,784,875
Loss for the financial period		-	-	(44,476,396)	(44,476,396)	-	(44,476,396)
Other comprehensive income:							
- Fair value gain on financial assets at fair value through other comprehensive income		-	399,250	-	399,250	-	399,250
Total comprehensive income/(loss) for the financial period		-	399,250	(44,829,646)	(44,077,146)	-	(44,077,146)
- Realisation of fair value		-	353,250	(353,250)	-	-	-
At 31 August 2024		67,957,880	(798,500)	(29,451,651)	37,707,729	-	37,707,729

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 31 AUGUST 2024
(CONTINUED)**

Company	Note	<u>Non- distributable</u>	Retained Profits/ (Accumulated Losses)	Total RM
		Share Capital RM	RM	
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		<u>67,957,880</u>	<u>34,895,666</u>	<u>102,853,546</u>
At 1 June 2023		67,957,880	34,895,666	102,853,546
Loss/Total comprehensive loss for the financial period		-	(43,912,065)	(43,912,065)
At 31 August 2024		<u>67,957,880</u>	<u>(9,016,399)</u>	<u>58,941,481</u>

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

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS**FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 31 AUGUST 2024**

	Note	Group		Company	
		01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM
Cash Flows from Operating Activities					
Loss before taxation		(49,663,391)	(34,063,327)	(43,904,699)	(8,956,680)
Adjustments for:					
Waiver of debt		(2,079,299)	-	-	-
Amount due from a former subsidiary company written-off		-	9,146,843	-	-
Trade and other receivables written-off		3,513,489	35,996	15,472	-
Depreciation of property, plant and equipment		5,803,101	5,528,445	22,462	28,129
Depreciation of right-of-use assets		19,047	563,461	-	-
Finance costs	22	755,678	985,171	-	-
(Gain)/Loss on disposal of property, plant and equipment		(1,024,008)	123,973	(331,132)	-
Impairment loss on investment in subsidiary companies	5(b)	-	-	42,643,117	4,230,479
Liabilities from financial guarantee		-	1,682,819	-	1,682,819
Loss on contra settlement		337,436	-	181,436	-
Loss on deemed disposal of a subsidiary company	5(d)	-	227,724	-	-
Net expected credit loss allowance on trade and other receivables		17,537,569	4,516,759	-	2,889,000
Property, plant and equipment written-off		450,398	-	-	-
Interest income		(6,227)	(200,533)	(785)	(161,216)
Remeasurement of lease liabilities		-	(299,885)	-	-
Net changes to estimation of liquidated and ascertained damages, recognised as net revenue pursuant MFRS15	10(b)	15,835,500	-	-	-
Operating loss before changes in working capital		<u>(8,520,707)</u>	<u>(11,752,554)</u>	<u>(1,374,129)</u>	<u>(287,469)</u>
Changes in working capital:					
Trade and other receivables		(28,899,914)	10,674,439	1,363	4,407,414
Contract assets/(liabilities)		6,321,187	(15,920,749)	-	-
Trade and other payables		29,973,136	13,096,134	(1,122,759)	79,436
		<u>7,394,409</u>	<u>7,849,824</u>	<u>(1,121,396)</u>	<u>4,486,850</u>
Cash (used in)/generated from operations		(1,126,298)	(3,902,730)	(2,495,525)	4,199,381
Tax refund		612,275	-	8,985	-
Tax paid		(538,104)	(660,902)	(50,526)	(54,132)
		<u>74,171</u>	<u>(660,902)</u>	<u>(41,541)</u>	<u>(54,132)</u>
Net cash (used in)/generated from operating activities		<u>(1,052,127)</u>	<u>(4,563,632)</u>	<u>(2,537,066)</u>	<u>4,145,249</u>

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 31 AUGUST 2024

(CONTINUED)

	Note	Group		Company	
		01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM
Cash Flows from Investing Activities					
Investment in subsidiary companies		-	-	648,302	(7,055,000)
Net cash outflow arising from deemed disposal of a subsidiary company	5(d)	-	(44,137)	-	-
Purchase of property, plant and equipment	25(a)	(127,242)	(390,055)	-	-
Proceeds from disposal of property, plant and equipment		2,394,901	422,149	1,300,000	-
Proceeds from disposal of other investment		2,001,750	-	-	-
Interest received		6,227	52,033	785	12,716
Net cash generated from/(used in) investing activities		<u>4,275,636</u>	<u>39,990</u>	<u>1,949,087</u>	<u>(7,042,284)</u>
Cash Flows from Financing Activities					
(Increase)/Decrease in short-term deposits pledged		(5,442)	2,275,315	-	-
Net repayment of bank local bills		-	(5,245,161)	-	-
Proceeds from issuance of ordinary shares (net of transaction cost)		-	2,940,518	-	2,940,518
Repayment of term loans	25(b)	(172,589)	(124,140)	-	-
Repayment of lease liabilities	25(b)	(3,620,208)	(4,219,021)	-	-
Interest paid		(365,512)	(431,467)	-	-
Net cash (used in)/generated from financing activities		<u>(4,163,751)</u>	<u>(4,803,956)</u>	<u>-</u>	<u>2,940,518</u>
Net (decrease)/ increase in cash and cash equivalents		(940,242)	(9,327,598)	(587,979)	43,483
Cash and cash equivalents at the beginning of the financial period/year		(2,044,105)	7,283,493	612,082	568,599
Cash and cash equivalents at the end of the financial period/year		<u>(2,984,347)</u>	<u>(2,044,105)</u>	<u>24,103</u>	<u>612,082</u>

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 31 AUGUST 2024 (CONTINUED)

	Note	Group		Company	
		01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM
Cash and cash equivalents at the end of the financial period/year comprises:					
Short-term deposits with a licensed bank	11	181,087	175,645	-	-
Short-term deposits with licensed fund management companies	11	7	573,802	7	573,802
Cash and bank balances	11	523,487	1,378,325	24,096	38,280
Bank overdraft	14	(3,507,841)	(3,996,232)	-	-
		<u>(2,803,260)</u>	<u>(1,868,460)</u>	<u>24,103</u>	<u>612,082</u>
Less: Short-term deposits with a licensed bank pledged	11	(181,087)	(175,645)	-	-
		<u>(2,984,347)</u>	<u>(2,044,105)</u>	<u>24,103</u>	<u>612,082</u>

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

ECOBUILT HOLDINGS BERHAD

(Incorporated in Malaysia)

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 period.

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 No. EL-11-01, Amcorp Business Suite, Menara Melawangi, Pusat Perdagangan Amcorp, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor.

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 Material Accounting Policy Information

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 Material Accounting Policy Information.

The Group and the Company have prepared the financial statements by applying the going concern basis notwithstanding that:

- (a) The Group and the Company incurred a loss of RM44,476,396 and RM43,912,065 respectively during the financial period ended 31 August 2024, and as at that date, the Group’s current liabilities exceeded its current assets by RM19,305,571, thereby indicating doubts over the Group’s and the Company’s ability to continue as going concerns;
- (b) On 24 April 2024, the Company received a winding-up petition served by a subcontractor, S-Form System Formwork (M) Sdn Bhd. Subsequently, a winding-up order has been made against the Company on 24 July 2024;

2. **Basis of Preparation and Material Accounting Policy Information (Continued)**

2.1 Basis of preparation (continued)

The Group and the Company have prepared the financial statements by applying the going concern basis notwithstanding that: (continued)

- (c) As disclosed in Note 31 to the financial statements, the Group and the Company are involved in several pending material litigations.

The Directors have considered the following in assessing the appropriateness of the use of the going concern assumption in the preparation of the current period financial statements:

- (a) The Group's ability to generate profitable operations and positive cash flows from its continuing operations;
- (b) On 23 September 2024, the Company received a sealed copy of the Court of Appeal's order dated 11 September 2024, setting aside the winding-up order dated 24 July 2024;
- (c) On 12 December 2024, the Group was informed by a project owner that the assessment of its application of extension of time ("EOT") is still in progress. Nonetheless, in the event that EOT is not granted, the project owner will give indulgence to the Group to defer settlement of liquidated ascertained damages amounting to RM13,536,000, of which the Group had made a provision as of 31 August 2024 to beyond March 2026; and
- (d) The Group had obtained advice from its external solicitors on the pending material litigations. Based on the advice from the external solicitors, the potential financial exposure to the Group had been fully recognised in the financial statements as at 31 August 2024.

The Group has also considered the timeline of the ongoing legal proceedings and potential cash out flows in assessing the liquidity position.

Significant assumptions and judgements are used in the preparation of the cash flows forecast. The financial statements do not include any adjustments that would result should the Group and the Company be unable to operate as a going concern.

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.

2. **Basis of Preparation and Material Accounting Policy Information (Continued)**

2.1 Basis of preparation (continued)

Accounting standard and amendments to accounting standards that are effective for the Company's financial period beginning on or after 1 June 2023 are as follows:

- 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)

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

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

Annual periods beginning on/after 1 January 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)
- Amendments to MFRS 107 "Statement of Cash Flows" and MFRS 7 "Financial Instruments: Disclosures" (Supplier Finance Arrangements)

Annual periods beginning on/after 1 January 2025

- Amendments to MFRS 121 "The Effects of Changes in Foreign Exchange Rates" (Lack of Exchangeability)

Annual periods beginning on/after 1 January 2026

- Amendments to MFRS 7 "Financial Instruments: Disclosures" and MFRS 9 "Financial Instruments" (Amendments to the Classification and Measurement of Financial Instruments)

2. Basis of Preparation and Material Accounting Policy Information (Continued)

2.1 Basis of preparation (continued)

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

Annual periods beginning on/after 1 January 2027

- MFRS 18 “Presentation and Disclosure in Financial Statements”
- MFRS 19 “Subsidiaries without Public Accountability: Disclosure”

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 amendments to accounting standards are not expected to have any significant impact to the financial statements 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.

2. Basis of Preparation and Material Accounting Policy Information (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.

2. **Basis of Preparation and Material Accounting Policy Information (Continued)**

2.3 Basis of consolidation (continued)

(i) Subsidiary companies (continued)

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

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

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

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

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

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

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

2. **Basis of Preparation and Material Accounting Policy Information (Continued)**

2.3 Basis of consolidation (continued)

(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 Material Accounting Policy Information

(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.

2. **Basis of Preparation and Material Accounting Policy Information (Continued)**

2.4 Material Accounting Policy Information (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.

2. Basis of Preparation and Material Accounting Policy Information (Continued)

2.4 Material Accounting Policy Information (Continued)

(b) Property, plant and equipment (continued)

(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 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).

(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.

2. **Basis of Preparation and Material Accounting Policy Information (Continued)**

2.4 Material Accounting Policy Information (Continued)

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

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.

2. **Basis of Preparation and Material Accounting Policy Information (Continued)**

2.4 Material Accounting Policy Information (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.

2. Basis of Preparation and Material Accounting Policy Information (Continued)

2.4 Material Accounting Policy Information (Continued)

(f) Financial assets (continued)

(iii) Subsequent measurement

Debt instruments

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:

- Amortised cost

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

- FVOCI

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

- FVTPL

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

2. Basis of Preparation and Material Accounting Policy Information (Continued)

2.4 Material Accounting Policy Information (Continued)

(f) Financial assets (continued)

(iii) Subsequent measurement (continued)

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.

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.

2. Basis of Preparation and Material Accounting Policy Information (Continued)

2.4 Material Accounting Policy Information (Continued)

(f) Financial assets (continued)

(iv) Impairment (continued)

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.

2. Basis of Preparation and Material Accounting Policy Information (Continued)

2.4 Material Accounting Policy Information (Continued)

(g) Financial liabilities (continued)

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

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

(h) Offsetting financial instruments

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

(i) Leases

(i) Accounting by lessee

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

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

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

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

2. Basis of Preparation and Material Accounting Policy Information (Continued)

2.4 Material Accounting Policy Information (Continued)

(i) Leases (continued)

(i) Accounting by lessee (continued)

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

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

(j) Current and deferred income tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

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

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

2. **Basis of Preparation and Material Accounting Policy Information (Continued)**

2.4 Material Accounting Policy Information (Continued)

(j) Current and deferred income tax (continued)

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.

2. **Basis of Preparation and Material Accounting Policy Information (Continued)**

2.4 Material Accounting Policy Information (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.

2. Basis of Preparation and Material Accounting Policy Information (Continued)

2.4 Material Accounting Policy Information (Continued)

(l) Revenue from contracts with customers (continued)

(iii) Other revenue and income

Revenue and income from other sources are recognised as follows:

Dividend income

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

Interest income

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

(m) Employee benefits

(i) Short-term employee benefits

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

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

2. Basis of Preparation and Material Accounting Policy Information (Continued)

2.4 Material Accounting Policy Information (Continued)

(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.

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
2024								
Cost								
At beginning of the financial period		8,718,765	445,213	99,247	675,191	30,038,894	25,200	40,002,510
Additions		-	23,442	-	532,000	34,800	-	590,242
Disposal		(1,288,960)	-	-	(337,191)	(2,725,000)	-	(4,351,151)
Write-off		-	-	(23,500)	-	(9,007,950)	-	(9,031,450)
At end of the financial period		7,429,805	468,655	75,747	870,000	18,340,744	25,200	27,210,151
Accumulated depreciation								
At beginning of the financial period		451,610	312,552	88,863	386,098	20,497,203	24,776	21,761,102
Charge for the financial period		66,482	50,427	10,368	81,268	5,594,136	420	5,803,101
Disposal		(320,092)	-	-	(103,251)	(2,556,915)	-	(2,980,258)
Write-off		-	-	(23,500)	-	(8,557,552)	-	(8,581,052)
At end of the financial period		198,000	362,979	75,731	364,115	14,976,872	25,196	16,002,893
Carrying amount								
At end of the financial period		7,231,805	105,676	16	505,885	3,363,872	4	11,207,258

3. **Property, Plant and Equipment (Continued)**

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(d)	-	(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		61,781	61,542	15,184	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(d)	-	(89,023)	-	(1,873)	(355,564)	(8,550)	(455,010)
At end of the financial year		451,610	312,552	88,863	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

3. **Property, Plant and Equipment (Continued)**

Company	Freehold land and building RM	Renovation RM	Total RM
2024			
Cost			
At beginning of the financial period	6,918,765	23,500	6,942,265
Disposal	(1,288,960)	-	(1,288,960)
Written-off	-	(23,500)	(23,500)
At end of the financial period	<u>5,629,805</u>	<u>-</u>	<u>5,629,805</u>
Accumulated depreciation			
At beginning of the financial period	298,610	22,520	321,130
Charge for the financial period	21,482	980	22,462
Disposal	(320,092)	-	(320,092)
Written-off	-	(23,500)	(23,500)
At end of the financial period	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount			
At end of the financial period	<u>5,629,805</u>	<u>-</u>	<u>5,629,805</u>
2023			
Cost			
At beginning/end of the financial year	<u>6,918,765</u>	<u>23,500</u>	<u>6,942,265</u>
Accumulated depreciation			
At beginning of the financial year	272,829	20,172	293,001
Charge for the financial year	25,781	2,348	28,129
At end of the financial year	<u>298,610</u>	<u>22,520</u>	<u>321,130</u>
Carrying amount			
At end of the financial year	<u>6,620,157</u>	<u>978</u>	<u>6,621,135</u>

The Group's and the Company's freehold land and buildings with a carrying amount of RM7,231,805 and RM5,629,805 respectively (2023: RM7,276,805 and RM5,629,805 respectively) are pledged to licensed banks as security for borrowings as disclosed in Note 14 to the financial statements.

3. **Property, Plant and Equipment (Continued)**

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

	Group	
	31.08.2024	31.05.2023
	RM	RM
Motor vehicles	505,885	289,093
Plant and machinery	2,010,184	6,347,778
	<u>2,516,069</u>	<u>6,636,871</u>

	Group		Company	
	31.08.2024	31.05.2023	31.08.2024	31.05.2023
	RM	RM	RM	RM
	Note	Restated		
Depreciation of property, plant and equipment charged to:				
- Purchases and other direct costs	10	5,315,619	-	-
- Other operating expenses	19	212,826	22,462	28,129
		<u>5,528,445</u>	<u>22,462</u>	<u>28,129</u>
		5,803,101	22,462	28,129

4. **Goodwill on Consolidation**

	Group	
	31.08.2024	31.05.2023
	RM	RM
Cost		
At beginning/end of the financial period/year	<u>39,251,750</u>	<u>39,251,750</u>
Accumulated impairment loss		
At beginning/end of the financial period/year	<u>10,863,466</u>	<u>10,863,466</u>
Carrying amount	<u>28,388,284</u>	<u>28,388,284</u>

4. **Goodwill on Consolidation (Continued)**

Impairment test for goodwill on consolidation

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

Key assumptions used to determine recoverable amount

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

Management estimates the projected revenue based on awarded projects and future project revenue which a percentage of estimated success rate to the estimated contract sums. The budgeted gross margin is estimated based on past experience and future expectations over budgeted period for respective awarded and future projects. Other key assumptions used for the value-in-use calculation are as follows:

	Group	
	31.08.2024	31.05.2023
Pre-tax discount rate	13.3%	11.3%
Terminal growth rate	<u>0%</u>	<u>0%</u>

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis, the Board of Directors concluded that no reasonable change in the assumptions above would cause the carrying amount of the CGU to exceed its recoverable amount.

5. Investment in Subsidiary Companies

	Note	Company	
		31.08.2024 RM	31.05.2023 RM
Unquoted shares, at cost		47,500,000	47,500,000
Amount due from subsidiary companies treated as quasi-investment	5(a)	59,669,885	60,318,187
Less: Impairment loss	5(b)	<u>(53,019,284)</u>	<u>(10,376,167)</u>
		<u>54,150,601</u>	<u>97,442,020</u>

(a) 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.

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

	Company	
	31.08.2024 RM	31.05.2023 RM
At beginning of the financial period/year	10,376,167	6,145,688
Impairment during the financial period/year	<u>42,643,117</u>	<u>4,230,479</u>
At end of the financial period/year	<u>53,019,284</u>	<u>10,376,167</u>

5. **Investment in Subsidiary Companies (Continued)**

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

Name of company	Country of incorporation and principal place of business	Effective ownership and voting interest		Principal activities
		2024 %	2023 %	
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

(d) Deemed disposal of a subsidiary company - Gabungan Eko Konstrukt 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.

5. **Investment in Subsidiary Companies (Continued)**

- (d) Deemed disposal of a subsidiary company - Gabungan Eko Konstrukt 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
Other receivables	177,425
Tax recoverable	399,290
Trade and other payables	(20,378,814)
Lease liabilities	(155,765)
Net assets disposed	<u>402,382</u>
Less: Non-controlling interest	(218,795)
Less: Loss on deemed disposal of a subsidiary company	<u>(227,724)</u>
Net cash outflow from deemed disposal of a subsidiary company	<u>(44,137)</u>

6. **Other Investments**

	Group	
	31.08.2024	31.05.2023
	RM	RM
Financial assets at fair value through other comprehensive income		
Quoted shares in Malaysia	<u>11,839,500</u>	<u>13,442,000</u>

7. **Right-of-use Assets**

		Group	
		31.08.2024	31.05.2023
		RM	RM
Accommodations			
Cost			
At beginning of the financial period/year		119,488	1,014,908
Completion of right-of-use assets		(119,488)	(895,420)
At end of the financial period/year		<u>-</u>	<u>119,488</u>
Accumulated depreciation			
At beginning of the financial period/year		100,441	432,400
Charge for the financial period/year		19,047	563,461
Completion of right-of-use assets		(119,488)	(895,420)
At end of the financial period/year		<u>-</u>	<u>100,441</u>
Carrying amount			
At end of the financial year		<u>-</u>	<u>19,047</u>
		Group	
		31.08.2024	31.05.2023
		RM	RM
	Note		
Depreciation of right-of-use assets charged to:			
- Purchases and other direct costs	10	-	534,877
- Other operating expenses	19	19,047	28,584
		<u>19,047</u>	<u>563,461</u>

8. Deferred Tax Assets

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

	Note	Group	
		31.08.2024 RM	31.05.2023 RM
At beginning of the financial period/year		3,102,260	968,929
Deemed disposal of a subsidiary company	5(d)	-	(806,000)
Recognised in profit or loss:	23		
- Property, plant and equipment		(61,021)	543,004
- Provision		4,165,529	221,954
- Right-of-use assets		(170)	(61)
- Unabsorbed capital allowance		178,266	188,737
- Unutilised tax losses		911,757	1,985,697
		<u>5,194,361</u>	<u>2,939,331</u>
At end of the financial period/year		<u>8,296,621</u>	<u>3,102,260</u>

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

	Group	
	31.08.2024 RM	31.05.2023 RM
Deferred tax assets:		
- Property, plant and equipment	-	82,281
- Provision	4,750,499	584,970
- Right-of-use assets	-	170
- Unabsorbed capital allowance	767,051	588,785
- Unutilised tax losses	2,757,811	1,846,054
	<u>8,275,361</u>	<u>3,102,260</u>
Offsetting	21,260	-
Net deferred tax assets	<u>8,296,621</u>	<u>3,102,260</u>
Deferred tax liabilities		
- Property, plant and equipment	21,260	-
Offsetting	(21,260)	-
	<u>-</u>	<u>-</u>

8. Deferred Tax Assets (Continued)

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

	Group		Company	
	31.08.2024	31.05.2023	31.08.2024	31.05.2023
	RM	RM	RM	RM
Property, plant and equipment	2,857,695	1,266,069	-	-
Provision	17,599,343	2,953,594	-	-
Unabsorbed capital allowance	10,101,610	7,599,960	398,730	398,730
Unutilised tax losses	8,858,821	9,541,737	4,389,798	4,389,798
	<u>39,417,469</u>	<u>21,361,360</u>	<u>4,788,528</u>	<u>4,788,528</u>
Offsetting	-	-	-	-
Deductible temporary differences	<u>39,417,469</u>	<u>21,361,360</u>	<u>4,788,528</u>	<u>4,788,528</u>
Deferred taxation not recognised at 24% (2023: 24%)	<u>9,460,193</u>	<u>5,126,726</u>	<u>1,149,247</u>	<u>1,149,247</u>

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.

9. Trade and Other Receivables

	Note	Group		Company	
		31.08.2024 RM	31.05.2023 RM	31.08.2024 RM	31.05.2023 RM
Trade receivables					
Trade receivables		42,470,024	50,663,704	-	-
Retention sum receivables		32,901,839	38,129,624	-	-
	(a)	75,371,863	88,793,328		
Less: Accumulated expected credit loss allowance	(b)	(16,151,866)	(4,564,576)	-	-
		59,219,997	84,228,752	-	-
Accrued billings		40,734,232	6,200,779	-	-
Less: Accumulated expected credit loss allowance	(b)	(1,594,407)	(301,925)	-	-
		39,139,825	5,898,854	-	-
		98,359,822	90,127,606	-	-
Other receivables					
Other receivables	(c)	4,781,211	2,908,438	104,415	2,896,928
Less: Accumulated expected credit loss allowance	(d)	(4,760,797)	(2,889,000)	(100,000)	(2,889,000)
		20,414	19,438	4,415	7,928
Deposits		1,259,269	1,367,856	-	13,372
Less: Accumulated expected credit loss allowance	(d)	(78,990)	(81,990)	-	-
		1,180,279	1,285,866	-	13,372
Prepayments		131,057	409,806	3,000	2,950
		1,331,750	1,715,110	7,415	24,250
		99,691,572	91,842,716	7,415	24,250

9. Trade and Other Receivables (Continued)

- (a) At the reporting date, the Group's concentration of the top 2 (2023: 4) trade customers of the Group represent 38% (2023: 68%) of the total trade receivables.

The Group's normal trade credit terms range are 30 to 45 days (2023: 30 to 45 days).

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

	Group	
	31.08.2024	31.05.2023
	RM	RM
Neither past due nor individually impaired	37,817,292	49,923,483
Past due 1 - 90 days but not individually impaired	1,195,699	909,596
Past due 91 - 180 days but not individually impaired	2,395,927	687,297
Past due more than 180 days but not individually impaired	20,477,932	37,019,512
	24,069,558	38,616,405
Individually impaired	13,485,013	253,440
	<u>75,371,863</u>	<u>88,793,328</u>

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 RM13,485,013 (2023: RM253,440) were individually impaired. The individually impaired receivables relate to the long outstanding balance owing by project owners/developers.

9. **Trade and Other Receivables (Continued)**

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

	Group			
	Trade receivables		Accrued billings	
	31.08.2024	31.05.2023	31.08.2024	31.05.2023
	RM	RM	RM	RM
At beginning of the financial period/year	4,564,576	3,179,266	301,925	62,476
Allowance during the financial period/year	11,587,290	1,385,310	1,437,187	265,936
Reversal during the financial period/year	-	-	(144,705)	(26,487)
At end of the financial period/year	<u>16,151,866</u>	<u>4,564,576</u>	<u>1,594,407</u>	<u>301,925</u>
Represented by:				
Individual impairment	13,485,013	253,440	-	-
Lifetime expected credit loss impairment	<u>2,666,853</u>	<u>4,311,136</u>	<u>1,594,407</u>	<u>301,925</u>
	<u>16,151,866</u>	<u>4,564,576</u>	<u>1,594,407</u>	<u>301,925</u>

9. **Trade and Other Receivables (Continued)**

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

	Group		Company	
	31.08.2024	31.05.2023	31.08.2024	31.05.2023
	RM	RM	RM	RM
Advance payment to suppliers and sub-contractors	<u>4,647,797</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 August 2024, the Group recorded debit (negative) balances of trade payables amounting to RM4,647,797. The management assessed that these balances are relating to payments made to its suppliers and sub-contractors during the financial period ended 31 August 2024 and had classified the said balances as advance payment to suppliers and sub-contractors. In the absence of detailed information on the payments made, the management is unable to ascertain the recoverability of these balances and an expected credit loss impairment allowance had been recognised for the same amount accordingly.

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

	Group		Company	
	31.08.2024	31.05.2023	31.08.2024	31.05.2023
	RM	RM	RM	RM
At beginning of the financial period/year	2,970,990	78,990	2,889,000	-
Allowance during the financial period/year	4,657,797	2,892,000	-	2,889,000
Written-off during the financial period/year	<u>(2,789,000)</u>	<u>-</u>	<u>(2,789,000)</u>	<u>-</u>
At end of the financial period/year	<u>4,839,787</u>	<u>2,970,990</u>	<u>100,000</u>	<u>2,889,000</u>
Represented by:				
Individual impairment	<u>4,839,787</u>	<u>2,970,990</u>	<u>100,000</u>	<u>2,889,000</u>

10. **Contract Assets/(Liabilities)**

The analysis of the Group's contract assets and liabilities are as follows:

		Group	
	Note	31.08.2024	31.05.2023
		RM	RM
Contract assets			
- Construction activities: Amount owing from contract customers	(a)	15,484,050	21,806,237
Contract liabilities			
- Contract activities : Liquidated and ascertained damages	(b)	(15,835,500)	-
		<u>(351,450)</u>	<u>21,806,237</u>

(a) Movement of contract assets

	Group	
	31.08.2024	31.05.2023
	RM	RM
Cost incurred to date	606,458,325	700,594,044
Less: Provision for foreseeable loss	(5,506,300)	(1,865,232)
Add: Attributable profits	<u>11,177,583</u>	<u>9,635,783</u>
	612,129,608	708,364,595
Less: Progress billings	<u>(596,644,558)</u>	<u>(686,558,358)</u>
	<u>15,485,050</u>	<u>21,806,237</u>
Represented by:		
Construction activities:		
- Amount owing from contract customers	15,485,050	22,138,752
- Amount owing from contract customers	-	(332,515)
	<u>15,485,050</u>	<u>21,806,237</u>

10. **Contract Assets/(Liabilities) (Continued)**

(a) Movement of contract assets

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

		Group	
	Note	31.08.2024	31.05.2023
		RM	RM
			Restated
Depreciation of property, plant and equipment	3	5,594,556	5,315,619
Depreciation of right-of-use assets	7	-	534,877
Employee benefits expense	20	5,745,779	6,611,087
Finance costs	22	-	207,337
Remeasurement of lease liabilities		-	(299,885)
Short-term leases		<u>9,022,939</u>	<u>5,867,777</u>

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 RM77,060,170 (2023: RM320,059,146) of which the Group expects to be recognised as revenue over 1 to 5 months (2023: 1 to 20 months).

- (b) Liquidated and ascertained damages are performance penalties in respect of late delivery of the projects undertaken by the Group. The contract liabilities have been recognised based on the expected liquidated and ascertained damages claims arising from the applicable terms and conditions stated in the letter of award from project owners/developers. Movement in contract liabilities relating to liquidated and ascertained damages is as follows:

	Group	
	31.08.2024	31.05.2023
	RM	RM
At 1 June 2023	-	-
Net changes to estimation of liquidated and ascertained damages, recognised as net revenue pursuant MFRS15	<u>15,835,500</u>	-
At 31 August 2024	<u>15,835,500</u>	<u>-</u>

11. **Cash and Cash Equivalents**

	Group		Company	
	31.08.2024	31.05.2023	31.08.2024	31.05.2023
	RM	RM	RM	RM
Short-term deposits with a licensed bank	181,087	175,645	-	-
Short-term deposits with licensed fund management companies	7	573,802	7	573,802
Cash and bank balances	523,487	1,378,325	24,096	38,280
	<u>704,581</u>	<u>2,127,772</u>	<u>24,103</u>	<u>612,082</u>

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

	Group		Company	
	31.08.2024	31.05.2023	31.08.2024	31.05.2023
	%	%	%	%
Short-term deposits with a licensed bank	2.00	1.60 - 1.85	-	-
Short-term deposits with licensed fund management companies	<u>2.00 – 3.30</u>	<u>1.88 - 3.66</u>	<u>3.30</u>	<u>1.88 - 3.66</u>

Deposits of the Group and of the Company have an average maturity period of 30 days (2023: 30 days) respectively. 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 RM181,087 (2023: RM175,645) pledged to licensed bank for the banking facilities grant to the Group.

12. **Share Capital**

	Group/Company			
	Number of shares		Amount	
	31.08.2024	31.05.2023	31.08.2024	31.05.2023
	Units	Units	RM	RM
Issued and fully paid				
At beginning of the financial period/year	420,718,984	382,471,804	67,957,880	65,017,362
Issuance of ordinary shares	-	38,247,180	-	2,940,518
At end of the financial period/year	<u>420,718,984</u>	<u>420,718,984</u>	<u>67,957,880</u>	<u>67,957,880</u>

13. **Reserves**

	Note	Group		Company	
		31.08.2024	31.05.2023	31.08.2024	31.05.2023
		RM	RM	RM	RM
Non-Distributable:					
Fair value reserve	(a)	(798,500)	(1,551,000)	-	-
Distributable:					
Retained profits		<u>(29,451,651)</u>	<u>15,377,995</u>	<u>(9,016,399)</u>	<u>34,895,666</u>
		<u>(30,250,151)</u>	<u>13,826,995</u>	<u>(9,016,399)</u>	<u>34,895,666</u>

(a) Fair value reserve

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

14. **Borrowings**

	Group	
	31.08.2024	31.05.2023
	RM	RM
Current		
Secured:		
Term loans	79,622	73,045
Bank overdraft	3,507,841	3,996,232
	<u>3,587,463</u>	<u>4,069,277</u>
Non-current		
Secured:		
Term loans	1,140,363	1,245,982
	<u>1,140,363</u>	<u>1,245,982</u>
Secured:		
Term loans	1,219,985	1,319,027
Bank overdraft	3,507,841	3,996,232
	<u>4,727,826</u>	<u>5,315,259</u>

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 (2023: 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 Group 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 (2023: RM4,000,000);
- (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;

14. **Borrowings (Continued)**

The effective interest rate per annum are as follows:

	Group	
	31.08.2024	31.05.2023
	%	%
Term loans	4.22 - 4.25	4.22 - 4.25
Bank overdraft	7.85	7.10 - 7.85
	<u>7.85</u>	<u>7.10 - 7.85</u>

The maturity profile of borrowings are as follows:

	Group	
	31.08.2024	31.05.2023
	RM	RM
Repayable within one year	3,587,463	4,069,277
Repayable between one and five years	348,475	415,906
Repayable more than five years	791,888	830,076
	<u>4,727,826</u>	<u>5,315,259</u>

15. **Lease Liabilities**

	Group	
	31.08.2024	31.05.2023
	RM	RM
Repayable within twelve months	1,266,553	2,695,246
Repayable after twelve months	1,578,000	2,989,896
	<u>2,844,553</u>	<u>5,685,142</u>

In the previous financial year, the Group reassessed its lease liability due to an early termination of an accommodation lease. Accordingly, a remeasurement gain of RM299,885 is recognised in profit or loss.

The lease liabilities of the Group bear interest at rate of 4.75% - 6.53% (2023: 4.85% - 6.53%) per annum.

15. **Lease Liabilities (Continued)**

Included in lease liabilities are lease financing amounting to RM2,400,406 (2023: RM5,665,388) secured by corporate guarantee by the Company as disclosed in Note 29 to the financial statements.

16. **Trade and Other Payables**

	Note	Group		Company	
		31.08.2024 RM	31.05.2023 RM	31.08.2024 RM	31.05.2023 RM
Trade payables					
Trade payables	(a)	71,725,553	59,950,362	-	-
Retention sums payable		<u>19,744,575</u>	<u>18,128,875</u>	<u>-</u>	<u>-</u>
		<u>91,470,128</u>	<u>78,079,237</u>	<u>-</u>	<u>-</u>
Other payables					
Other payables	(b)	12,368,849	7,759,911	901,999	1,944,072
Accrued expenses	(c)	<u>13,610,564</u>	<u>3,379,120</u>	<u>141,150</u>	<u>40,400</u>
		<u>25,979,413</u>	<u>11,139,031</u>	<u>1,043,149</u>	<u>1,984,472</u>
		<u>117,449,541</u>	<u>89,218,268</u>	<u>1,043,149</u>	<u>1,984,472</u>

- (a) The normal trade credit terms granted to the Group range from 30 to 90 days (2023: 30 to 90 days).
- (b) Included in other payables of the Group and the Company is a liability amounting to RM26,964 (2023: RM1,682,819) 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 (2023: RM299,034) arose from material litigation as disclosed in Note 31(b) to the financial statements.

17. **Revenue**

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

	Group	
	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM
Revenue recognised from contracts with customers:		
Construction activities	<u>197,547,501</u>	<u>164,057,349</u>
Geographical market		
Malaysia	<u>197,547,501</u>	<u>164,057,349</u>
Timing of revenue recognition		
Over time	<u>197,547,501</u>	<u>164,057,349</u>

18. **Purchases and Other Direct Costs**

	Group	
	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM Restated
Construction activities	<u>224,143,199</u>	<u>180,991,267</u>

19. **Other Operating Expenses/(Income)**

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

	Group		Company	
	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM Restated	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM
Auditors' remuneration	122,254	91,996	58,500	36,000
Trade and other receivables written- off	3,153,489	9,182,839	15,472	-
Depreciation of property, plant and equipment	208,545	191,764	22,462	28,129
Depreciation of right- of-use assets	19,047	28,584	-	-
Impairment loss on investment in subsidiary company	-	-	42,643,117	4,230,479
Liabilities from financial guarantee	-	1,682,819	-	1,682,819
Loss on deemed disposal of a subsidiary company	-	227,724	-	-
Loss on contra settlement arrangement	337,436	-	181,436	-
Net expected credit loss allowance on trade and other receivables	17,537,569	4,516,759	-	2,889,000
Property, plant and equipment written-off	450,398	-	-	-
Rental of premises	12,500	-	-	-
Short term lease of equipment	-	1,600	-	-
Waiver of debt	(2,079,299)	-	-	-

19. **Other Operating Expenses/(Income) (Continued)**

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

	Group		Company	
	01.06.2023	01.06.2022	01.06.2023	01.06.2022
	to	to	to	to
	31.08.2024	31.05.2023	31.08.2024	31.05.2023
	RM	RM	RM	RM
(Gain)/Loss on disposal of property, plant and equipment	(1,024,008)	123,973	(331,132)	-
Interest income	(6,227)	(200,533)	(785)	(161,216)
Rental income				
- premise	(14,170)	(48,000)	-	(48,000)
- plant and machinery	-	(1,177,800)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20. **Employee Benefits Expense**

		Group	
		01.06.2023	01.06.2022
		to	to
		31.08.2024	31.05.2023
	Note	RM	RM
Employee benefits expense (excluding Directors) comprise:			
- Charged to profit or loss		1,056,357	1,076,336
- Recognised in contract costs	10	<u>5,745,779</u>	<u>6,611,087</u>
		<u>6,802,136</u>	<u>7,687,423</u>

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 RM683,100 (2023: RM772,071).

21. **Directors' Remuneration**

	Group		Company	
	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM
Executive Directors:				
- Salary and other emoluments	625	180,233	-	-
- Fees	385,000	47,000	-	-
- Defined contribution plan	-	21,510	-	-
	385,625	248,743	-	-
Non-executive Directors:				
- Fees	297,600	112,000	267,600	112,000
- Allowance	7,500	8,500	7,500	8,500
	305,100	120,500	275,100	120,500
	690,725	369,243	275,100	120,500
			Number of Directors	
			01.06.2023 to 31.08.2024	01.06.2023 to 31.08.2024
Executive Director:				
- Below RM400,000			1	-
- Below RM250,000			-	2
Non-executive Directors:				
- Below RM100,000			5	-
- Below RM50,000			1	4

22. **Finance Costs**

		Group	
		01.06.2023	01.06.2022
		to	to
		31.08.2024	31.05.2023
	Note	RM	RM
Interest expense on:			
- Bank overdraft		365,512	233,730
- Bank local bills		-	197,737
- Lease liabilities	25(b)	316,619	500,065
- Term loans	25(b)	73,547	53,639
		<u>755,678</u>	<u>985,171</u>
Interest expense charged to:			
- Purchases and other direct costs	10	-	207,337
- Finance costs		755,678	777,834
		<u>755,678</u>	<u>985,171</u>

23. **Taxation**

	Group		Company	
	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM
Current taxation:				
- Under/(Over) provision in prior year	7,366	(27,803)	7,366	(34,943)
Deferred taxation:				
- Original and reversal of temporary differences	(5,801,844)	(2,446,297)	-	-
- Under/(Over) provision in prior year	607,483	(493,034)	-	-
	<u>(5,194,361)</u>	<u>(2,939,331)</u>	<u>-</u>	<u>-</u>
Taxation for the financial period/year	<u>(5,186,995)</u>	<u>(2,967,134)</u>	<u>7,366</u>	<u>(34,943)</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable loss for the financial period/year.

23. Taxation (Continued)

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	
	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM	01.06.2023 to 31.08.2024 RM	01.06.2022 to 31.05.2023 RM
Loss before taxation	<u>(49,663,391)</u>	<u>(34,063,327)</u>	<u>(43,904,699)</u>	<u>(8,956,680)</u>
Taxation at statutory tax rate of 24% (2023: 24%)	(11,919,214)	(8,175,198)	(10,537,128)	(2,149,603)
Expenses not deductible for tax purposes	2,580,284	3,523,790	10,537,128	2,152,655
Income not subject to tax	(96,000)	(42,128)	-	(3,052)
Change in unrecognised temporarily differences	3,633,086	2,247,239	-	-
Under/(Over) provision of current taxation in prior year	7,366	(27,803)	7,366	(34,943)
Under/(Over) provision of deferred taxation in prior years	<u>607,483</u>	<u>(493,034)</u>	<u>-</u>	<u>-</u>
Taxation for the financial period/year	<u>(5,186,995)</u>	<u>(2,967,134)</u>	<u>7,366</u>	<u>(34,943)</u>

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.

	Group	
	31.08.2024 RM	31.05.2023 RM
Loss for the financial period/year attributable to the owners of the Company	<u>(44,476,396)</u>	<u>(30,469,357)</u>
Weighted average number of ordinary shares issued	<u>420,718,984</u>	<u>384,253,180</u>
Basic loss per share (sen)	<u>(10.57)</u>	<u>(7.93)</u>

24. **Loss Per Share (Continued)**

(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	
	31.08.2024	31.05.2023
	RM	RM
Cost of property, plant and equipment purchased	590,242	660,055
Less: Hire purchase financing	<u>(463,000)</u>	<u>(270,000)</u>
Cash payment	<u>127,242</u>	<u>390,055</u>

(b) Reconciliation of liabilities arising from financing activities

	Term loans	Lease liabilities	Total
	RM	RM	RM
Group 2024			
At beginning of the financial period	1,319,027	5,685,142	7,004,169
Cash flow	(172,589)	(3,620,208)	(3,792,797)
Lease financing for additions of property, plant and equipment	-	463,000	463,000
Finance costs	73,547	316,619	390,166
Total non-cash changes	<u>73,547</u>	<u>779,619</u>	<u>853,166</u>
At end of the financial period	<u>1,219,985</u>	<u>2,844,553</u>	<u>4,064,538</u>
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	<u>53,639</u>	<u>314,415</u>	<u>368,054</u>
At end of the financial year	<u>1,319,027</u>	<u>5,685,142</u>	<u>7,004,169</u>

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	
	2024	2023
	RM	RM
Customer A	51,533,757	16,975,301
Customer B	48,776,580	-
Customer C	41,690,064	-
Customer D	33,200,562	58,036,648
	<u>175,200,963</u>	<u>75,011,949</u>

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	
	2024	2023	2024	2023
	RM	RM	RM	RM
Interest bearing liabilities				
Borrowings	4,727,826	5,315,259	-	-
Lease liabilities	2,844,394	5,665,388	-	-
	<u>7,572,220</u>	<u>10,980,647</u>	<u>-</u>	<u>-</u>
Less: Cash and cash equivalents	(523,494)	(1,952,127)	(24,103)	(612,082)
Net borrowings/(liquidity)	<u>7,048,726</u>	<u>9,028,520</u>	<u>(24,103)</u>	<u>(612,082)</u>
Equity attributable to owners of the Company	<u>37,707,729</u>	<u>81,784,875</u>	<u>58,941,481</u>	<u>102,853,546</u>
Gearing ratio	<u>0.19</u>	<u>0.11</u>	<u>N/A</u>	<u>N/A</u>

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
2024			
Group			
Financial assets			
Other investments	11,839,500	-	11,839,500
Trade and other receivables	-	99,560,515	99,560,515
Cash and cash equivalents	-	704,581	704,581
	<u>11,839,500</u>	<u>100,265,096</u>	<u>112,104,596</u>
Financial liabilities			
Trade and other payables	-	133,285,041	133,285,041
Borrowings	-	4,727,826	4,727,826
Lease liabilities	-	2,844,553	2,844,553
	<u>-</u>	<u>140,857,420</u>	<u>140,857,420</u>
Company			
Financial assets			
Trade and other receivables	-	4,415	4,415
Cash and cash equivalents	-	24,103	24,103
	<u>-</u>	<u>28,518</u>	<u>28,518</u>
Financial liability			
Trade and other payables	-	1,043,149	1,043,149

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			
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
	<u>13,442,000</u>	<u>93,560,682</u>	<u>107,002,682</u>
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
	<u>-</u>	<u>100,218,669</u>	<u>100,218,669</u>
Company			
Financial assets			
Trade and other receivables	-	21,300	21,300
Cash and cash equivalents	-	612,082	612,082
	<u>-</u>	<u>633,382</u>	<u>633,382</u>
Financial liability			
Trade and other payables	-	1,984,472	1,984,472

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.

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 9. The Group monitors the results of the related parties regularly to safeguard credit risk on balances from intercompany receivables.

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

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 Group has prepared a cash flow forecast by taking into account indulgence from a project owner to defer the settlement of liquidated ascertained damages and projected cash flows from its operating activities. This forecast supports management's assessment that the Group will have sufficient financial resources for at least the next twelve months from the financial period end. Significant assumptions and judgements are used in the preparation of the cash flows forecast.

28. **Financial Instruments (Continued)**

Liquidity risk (continued)

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
2024						
Group						
Trade and other payables	133,285,041	-	133,285,041	133,285,041	-	-
Bank overdraft	3,507,841	BLR + 1.00	3,507,841	3,507,841	-	-
Term loans	1,219,985	BLR - 2.30	1,750,333	172,590	647,880	929,863
Lease liabilities	2,844,553	2.51 - 3.50	3,060,837	1,396,833	1,664,004	-
	<u>140,857,420</u>		<u>141,604,052</u>	<u>138,362,305</u>	<u>2,311,884</u>	<u>929,863</u>
Company						
Trade and other payables	<u>1,043,149</u>	-	<u>1,043,149</u>	<u>1,043,149</u>	-	-

28. **Financial Instruments (Continued)**

Liquidity risk (continued)

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 (continued):

	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	-
	<u>100,218,669</u>		<u>101,229,100</u>	<u>96,305,833</u>	<u>3,833,438</u>	<u>1,089,829</u>
Company						
Trade and other payables	<u>1,984,472</u>	-	<u>1,984,472</u>	<u>1,984,472</u>	-	-

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	
	2024	2023	2024	2023
	RM	RM	RM	RM
Fixed rate instruments				
Short-term deposits with a licensed bank	181,087	175,645	-	-
Short-term deposits with licensed fund management companies	7	573,802	7	573,802
Lease liabilities	(2,844,553)	(5,665,388)	-	-
	<u>(2,663,459)</u>	<u>(4,915,941)</u>	<u>7</u>	<u>573,802</u>
Floating rate instruments				
Bank overdraft	(3,507,841)	(3,996,232)	-	-
Term loans	(1,219,985)	(1,319,027)	-	-
	<u>(4,727,826)</u>	<u>(5,315,259)</u>	<u>-</u>	<u>-</u>

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 August 2024, 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 RM8,983 (2023: RM10,099) in profit or loss.

28. **Financial Instruments (Continued)**

Fair value information

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

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

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that is not based on observable market data.

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

	2024 Level 1 Fair Value RM	2023 Level 1 Fair Value RM
Group		
Financial asset		
Financial assets at fair value through other comprehensive income	<u>11,839,500</u>	<u>13,442,000</u>

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			
	2024		2023	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liability				
Lease liabilities	<u>2,844,553</u>	<u>2,929,952</u>	<u>5,665,388</u>	<u>5,046,220</u>

29. **Contingent Liabilities**

	2024	2023
	RM	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
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
Corporate guarantee in favour of licensed banks for repayment of the following:		
- hire purchase facility granted to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to part finance the purchase of machineries.	2,400,405	4,231,371
- hire purchase facility granted to its wholly owned subsidiary, Rexallent Construction Sdn. Bhd. to part finance the purchase of machineries.	-	1,214,283
- term loan facility granted to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to finance the purchase of properties.	1,219,985	1,319,027
- bank guarantee facility to its wholly owned subsidiary, Rexallent Construction Sdn. Bhd. to finance tender bonds and performance bond.	-	1,485
Corporate guarantees in favour of suppliers for supply of goods of the following:		
- wholly owned subsidiary, Rexallent Construction Sdn. Bhd.	1,350,000	11,950,000
	<u>4,970,390</u>	<u>54,399,466</u>

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	
	2024	2023
	RM	RM
Subcontractor works charged by a related company with common Director	-	315,708

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

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Directors' remuneration (Note 21)	690,725	369,243	275,100	120,500
Other key management personnel:				
- Salary and other emoluments	161,116	474,629	-	-
- Defined contribution plan	19,068	56,838	-	-
	180,184	531,467	-	-
	<u>870,909</u>	<u>900,710</u>	<u>275,100</u>	<u>120,500</u>

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.

31. **Material Litigations (Continued)**

(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.

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.

On 5 August 2024, the Court of Appeal allowed the appeals by Berjaya and held that Rexallent and Safetags shall pay CCV the full judgement sum. As Berjaya had paid CCV 50% of the judgement sum. Rexallent and Safetags would have to reimburse Berjaya the amount which has been paid.

Rexallent and Safetag also have to pay CCV the balance of 50% of the judgement sum according to the 80% : 20% proportion.

(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 (“the Contract”).

Eko Bina is seeking the following reliefs or remedies:

- (i) The amount of RM23,161,711 for the certified amounts pursuant to the Interim Certificates;
- (ii) The interest on the amount of RM23,161,711 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.

31. **Material Litigations (Continued)**

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

On 20 December 2023, Eko Bina received a copy of the Adjudication Decision dated 12 December 2023 from the Adjudicator. Following the adjudication under the CIPAA, the Adjudicator had on 12 December 2023 delivered the Adjudication Decision as follows:

- (i) Golden Wave pays to Eko Bina the total sum of RM23,161,711 as payments due and owing pursuant to Interim Certificates No. 12 to 23 (“Adjudicated Sum”);
- (ii) Pursuant to Section 18(1) of the CIPAA, Golden Wave bears the Costs of Adjudication in the sum of RM61,289 (“Costs of Adjudication”);
- (iii) Golden Wave shall further pay Eko Bina’s Legal Costs in the sum of RM30,000 (“Legal Costs”);
- (iv) Golden Wave shall pay Eko Bina the Adjudicated Sum, Costs of Adjudication and Legal Costs within thirty (30) days from the date of the Adjudication Decision; and
- (v) In the event Golden Wave fails to do so, Golden Wave shall pay interest at 5% per annum on the Adjudicated Sum, Costs of Adjudication and the Legal Costs from the expiry of the thirty (30) days from the date of the Adjudication Decision until the date of full and final settlement.

(collectively referred as “CIPAA Award”)

On 17 May 2024, the High Court in Sabah and Sarawak at Kota Kinabalu had dismissed Golden Wave's Originating Summons to set aside the CIPAA Award with costs of RM10,000 and Golden Wave's Notice of Application to stay the CIPAA Award with costs of RM10,000. The effect of the High Court's Ruling is that the CIPAA Award is therefore affirmed and is now due and payable. The Group had subsequently served a winding up petition against Golden Wave due to non-settlement of the CIPAA Award on 11 October 2024.

As at 31 August 2024, the management had assessed and recognised an expected credit loss allowance accordingly.

31. **Material Litigations (Continued)**

(d) Winding Up Petition served by PLP Electrical Engineering Sdn Bhd ("PLP")

On 16 October 2024, Eko Bina received a winding up petition served by PLP. The default in payment was established by Golden Wave's inability to make payment who has appointed Eko Bina as the main contractor for a specific project in which Eko Bina engaged PLP as a nominated subcontractor for the project. PLP had made demand against the payment of RM1,687,118 on 20 September 2024. PLP had subsequently served a winding up petition with the claims as follows:

- (i) Adjudicated Sum of RM1,432,181;
- (ii) Awarded Interests of RM167,515; and
- (iii) Total cost of adjudication proceeding RM87,321.

The Suit' is fixed for Case Management on 21 January 2025. As at 31 August 2024, the Group had fully recognised the claims as stated above.

(e) Notice of Adjudication Issued Under the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") from Strong Force (M) Sdn. Bhd. ("Claimant")

Rexallent has been served with a copy of the Adjudication Decision dated 28 November 2023 from the Adjudicator on the same date, to refer the dispute arising from the payment claim between Claimant and Rexallent.

Rexallent had on 26 July 2023 received a Payment Claim dated 26 July 2023 under Section 5 of the CIPAA from the Claimant for a sum of RM1,876,226 for the project known as the proposed development of 3 Storeys Logistics Business Complex. In addition, the Claimant claimed RM6,275 of interest on the total outstanding payment due from the due date up to 31 July 2023.

Following the adjudication under the CIPAA, the Adjudicator had on 28 November 2023 delivered the Adjudication Decision as follows:

- (i) Rexallent shall pay the Claimant the Adjudicated Sum amounting to RM1,876,226 ("Adjudicated Amount");
- (ii) The Adjudicated Amount shall be paid to the Claimant on or before 28 December 2023;
- (iii) Pursuant to Section 25(o) of the CIPAA and Clause 26.17 of the PAM 2006 NSC Conditions, Rexallent shall pay to the Claimant interest on the Adjudicated Amount calculated at the rate of a simple interest based on the Maybank Base Lending Rate plus one (1) percent from the date of Payment Claim and continuing until the Adjudicated Amount is paid; and

31. **Material Litigations (Continued)**

- (e) Notice of Adjudication Issued Under the Construction Industry Payment & Adjudication Act 2012 (“CIPAA”) from Strong Force (M) Sdn. Bhd. (“Claimant”) (Continued)

Following the adjudication under the CIPAA, the Adjudicator had on 28 November 2023 delivered the Adjudication Decision as follows: (continued)

- (iv) Pursuant to Section 18(1) of the CIPAA and in accordance with the principle that costs follow the event, Rexallent shall pay the cost of the adjudication proceedings as stated below:
- Adjudication fees: RM28,607;
 - AIAC administrative fees: RM6,065;
 - Reimbursement fee: RM500; and
 - Party and Party Cost: RM35,000.

On 11 September 2024, Rexallent received a Winding Up Petition served by Strong Force. On 10 October 2024, the winding up petition was struck out as Strong Force had been wound up.

- (f) Winding Up Petition served by S-Form System Formwork (M) Sdn Bhd (“S-Form System”)

On 24 April 2024, S-Form System has served a Petition of Winding-up against the Company with the claims as follows:

- (i) Total amount of RM670,596;
- (ii) Interest at the rate of 5% per annum on the sum of RM670,596 from 22 September 2023 until the full settlement;
- (iii) Court cost of RM3,000.

On 20 August 2024, the Court has disallowed the Company’s Ad Interim Stay of Winding up application and made the following orders:

- (i) The Ad Interim Liquidator shall not attempt to dispose of or sell the Company’s assets until the full disposal of the E&J Venture Sdn Bhd (“E&J Venture”)’s application to Stay the Winding up Order; and
- (ii) The Company shall give full cooperation with the Ad Interim Liquidator including access to the Company’s books and records.
- (iii) The E&J Venture’s stay of winding up order application shall be heard on 26 September 2024.

31. **Material Litigations (Continued)**

(f) Winding Up Petition served by S-Form System Formwork (M) Sdn Bhd ("S-Form System") (Continued)

Following the above, E&J Venture being the contributory of the Company has managed to reach an out of court settlement with S-Form System. In light of the settlement, E&J Venture filed a termination application to terminate the winding up order dated 24 July 2024 and the Court of Appeal recorded the following judgement on 11 September 2024:

- (i) E&J Venture to pay S-Form System a total amount of RM670,596 as a full and final settlement;
- (ii) Interest at the rate of 5% per annum on the sum of RM670,596 from 22 September 2023 until the full settlement;
- (iii) Court cost of RM11,200;
- (iv) All legal proceeding in respect of the action to be withdraw;
- (v) Additional cost of RM150,000 to be paid by the Company;
- (vi) Winding up order to be set aside.

On 23 September 2024, the Group received a sealed copy of the Court of Appeal's order dated 11 September 2024, setting aside the Winding-up order dated 24 July 2024.

(g) Writ of Summons and Statement of Claims by Syarikat Logam Unitrade Sdn Bhd ("SLUSB")

On 5 September 2024, Rexallent received a lawsuit from SLUSB following a no response on the demand of RM1,756,542 for construction goods sold and delivered. The claims are as follow:

- (i) Total amount of RM1,756,542;
- (ii) Late payment charges at 0.1% amounting to RM193,203;
- (iii) Court cost.

Nevertheless, consensus of settlement has been obtained. Consequently, the litigation application was withdrawn by the SLUSB on 9 September 2024.

32. Significant Events

- (a) Joint venture agreement entered into between Eko Bina Sdn. Bhd (“Eko Bina”) and T.J. Civil & Structural Contractor Sdn. Bhd. (“TJCS”)

Eko Bina 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.

On 17 November 2023, Eko Bina received a Notice of Termination from TJCS to terminate the joint venture agreement due to Eko Bina unable to obtain the bank guarantee for the performance bond.

- (b) Suspension of trading

On 9 August 2024, the Company had been suspended pursuant to Paragraph 16.02(1)(j) of the Main Market Listing Requirements due to winding up petition served against the Company as disclosed in Note 31(f) to the financial statements. With the setting aside of the winding up petition on 23 September 2024, the suspension was uplifted on 25 September 2024.

33. Comparative Figures

The following comparative figures of the Company have been reclassified to conform with the current financial period's presentation:

	As previously stated RM	Restatements RM	As restated RM
Statement of profit or loss and other comprehensive income for the financial period ended 31 August 2023 (extract)			
Cost of sales	(176,588,241)	(4,403,026)	(180,991,267)
Other operating expenses	(21,482,233)	4,403,026	(17,079,207)

34. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 August 2024 were authorised for issue in accordance with a resolution of the Board of Directors dated 31 December 2024.



ECOBUILT

EcoBuilt Holdings Bhd

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