



ECONPILE HOLDINGS BERHAD
 Company No. 1017164-M)
 (Incorporated in Malaysia under the Companies Act, 1965)

THIS PROSPECTUS IS DATED 11 JUNE 2014

PROSPECTUS



ECONPILE

www.econpile.com

ECONPILE HOLDINGS BERHAD

PUBLIC ISSUE OF 90,000,000 NEW ORDINARY SHARES OF RM0.20 EACH IN ECONPILE HOLDINGS BERHAD (“SHARES”) AT AN ISSUE PRICE OF RM0.54 PER SHARE ALLOCATED IN THE FOLLOWING MANNER:-

- I. 27,000,000 SHARES FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- II. 3,500,000 SHARES FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARY COMPANIES (“GROUP”) AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP;
- III. 47,500,000 SHARES FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND
- IV. 12,000,000 SHARES FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

OFFER FOR SALE OF 55,000,000 SHARES AT AN OFFER PRICE OF RM0.54 PER SHARE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

IN CONJUNCTION WITH THE LISTING OF ECONPILE HOLDINGS BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD



PROSPECTUS

Principal Adviser, Underwriter and Placement Agent



RHB Investment Bank Berhad

(Company No. 19663-P)
 (A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER, SEE “RISK FACTORS” SET OUT IN SECTION 4 OF THIS PROSPECTUS

(Save for the workshop in the first and second photos (from left) shown at the bottom of the back of this Prospectus, the other assets or properties in the photos shown above and at the back of this Prospectus do not belong to the Group.)

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts, the omission of which would make any statement in this Prospectus false or misleading.

RHB Investment Bank Berhad ("RHBIB"), being our Principal Adviser, Underwriter and Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our initial public offering ("IPO").

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia ("SC") has approved our IPO and a copy of this Prospectus has been registered with the SC. The approval and registration of this Prospectus should not be taken to indicate that the SC recommends the IPO or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure in this Prospectus by us and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for our securities. Our admission to the official list of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our securities. Bursa Securities is not liable for any non-disclosure in this Prospectus by us and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND THIS INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

We have also lodged a copy of this Prospectus, together with the application form, with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the Capital Markets and Services Act, 2007 ("CMSA").

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the CMSA, e.g. directors and advisers, are responsible.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

This Prospectus is not intended to be issued, circulated or distributed, and our IPO will not be made in any country or jurisdiction other than Malaysia or to persons who are subject to the laws of any country or jurisdiction other than the laws of Malaysia. Our IPO to which this Prospectus relates is only available to persons receiving this Prospectus electronically or otherwise within Malaysia. We and our Principal Adviser have not authorised and take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer or subscription or purchase or invitation to subscribe or purchase, any securities under our IPO in any jurisdiction in which such offer or invitation in any jurisdiction or in any circumstances in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our IPO Shares (as defined herein) in certain jurisdiction may be restricted by law. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

We will not make or be bound to make any enquiry before any acceptance in respect of our IPO as to whether you have a registered address in Malaysia. We will not accept any liability whether or not any enquiry or investigation is made in connection with it. It is your sole responsibility to consult your legal and/ or other professional advisers as to whether our IPO would result in the contravention of any laws or jurisdictions of Malaysia.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted this IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia connected to it.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our IPO Shares are issued in Malaysia solely based on the contents of this Prospectus. We and our Principal Adviser have not authorised anyone to provide you with information, which is not contained in this Prospectus.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities website at www.bursamalaysia.com.

The contents of the Electronic Prospectus are as per the contents of the copy of this Prospectus registered with the SC. A copy of this Prospectus so registered is available from the websites of Malayan Banking Berhad at www.maybank2u.com.my, CIMB Investment Bank Berhad at www.eipocimb.com, CIMB Bank Berhad at www.cimbclicks.com.my, Affin Bank Berhad at www.affinOnline.com, Affin Investment Bank Berhad at www.affintrade.com, Public Bank Berhad at www.pbebank.com and RHB Bank Berhad at www.rhb.com.my.

You are advised that the internet is not a fully secure medium and that your Internet Share Application (as defined herein) is subject to the risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or the integrity of an Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/ printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper/ printed copy of this Prospectus for any reason whatsoever, the contents of the paper/ printed copy of this Prospectus which are identical to the copy of this Prospectus registered with the SC shall prevail. The Electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:-

- I. We and our Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites and are not responsible for the availability of, or the content or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- II. We and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- III. Any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the websites of the Internet Participating Financial Institutions, you are advised that:-

- I. The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web servers of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions are not responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or obtained from the web servers of the Internet Participating Financial Institutions and subsequently, communicated or disseminated in any manner to you or other parties.
- II. While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any faults with web browsers or other relevant software, any faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the websites of the Internet Participating Financial Institutions, and/ or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:-

Events	Tentative dates
Opening of applications for the IPO Shares	11 June 2014
Closing of applications for the IPO Shares	18 June 2014
Balloting of applications for the IPO Shares	20 June 2014
Allotment of the IPO Shares to successful applicants	25 June 2014
Tentative Listing date	30 June 2014

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION WILL CLOSE AT THE DATE STATED ABOVE OR SUCH LATER DATE AS OUR DIRECTORS, PROMOTERS AND OFFERORS TOGETHER WITH OUR UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE.

IN THE EVENT THE CLOSING DATE OF APPLICATIONS IS EXTENDED, WE WILL ADVERTISE A NOTICE OF THE EXTENSION IN WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA NEWSPAPERS PRIOR TO THE ORIGINAL CLOSING DATE OF THE APPLICATIONS. FOLLOWING THIS, THE DATES FOR THE BALLOTING OF APPLICATIONS FOR THE IPO SHARES, ALLOTMENT OF THE IPO SHARES AND LISTING WOULD BE EXTENDED ACCORDINGLY.

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DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:-

"Acquisitions"	: The acquisition by Econpile of the entire issued and paid-up share capital of ESB from the vendors of ESB, namely The Cheng Eng and Pang Sar for a total purchase consideration of RM89,000,000 to be satisfied entirely via the issuance of 445,000,000 new Econpile Shares to the said vendors and the acquisition by The Cheng Eng of the five (5) Econpile Shares from Lim Hooi Mooi for a total cash consideration of RM1.00 as well as the acquisition by Pang Sar of the five (5) Econpile Shares from Wong Wai Foong for a total cash consideration of RM1.00
"Act"	: Companies Act, 1965
"ADA"	: Authorised Depository Agent
"AGM"	: Annual General Meeting
"Application"	: The application for the IPO Shares by way of Application Form, Electronic Share Application and/ or Internet Share Application
"Application Form(s)"	: Printed application form(s) for application of the IPO Shares
"ATM"	: Automated Teller Machine
"Authorised Financial Institution(s)"	: The authorised financial institution(s), namely Affin Bank Berhad, CIMB Bank Berhad, CIMB Investment Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad, participating in the Internet Share Application with respect to payments for the IPO Shares
"Board"	: Our board of Directors
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"CDS"	: Central Depository System
"CMSA"	: Capital Markets and Services Act, 2007
"Director(s)"	: The Director(s) of our Company and shall have the meaning given in Section 4 of the Act
"EBITDA"	: Earnings before interest, taxation, depreciation and amortisation
"Econpile" or the "Company"	: Econpile Holdings Berhad (1017164-M)
"Econpile Group" or the "Group"	: Econpile and its subsidiary companies, collectively
"Econpile Share(s)" or "Share(s)"	: Ordinary share(s) of RM0.20 each in Econpile

DEFINITIONS (CONT'D)

"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet, and/ or an electronic storage medium, including but not limited to CD-ROMs
"Electronic Share Application(s)"	:	Application(s) for the IPO Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per Share
"Equity Guidelines"	:	Equity Guidelines of the SC
"ESB"	:	Econpile (M) Sdn Bhd (164265-P)
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended/ ending
"Independent Market Researcher" or "Protégé Associates"	:	Protégé Associates Sdn Bhd (675767-H)
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) in the Internet Share Application
"Internet Share Application"	:	Application for the IPO Shares through an online share application service provided by Internet Participating Financial Institutions
"IPO"	:	Initial public offering comprising the Public Issue and the Offer for Sale, collectively
"IPO Price"	:	RM0.54 for each Issue Share and Offer Share, where applicable
"IPO Share(s)"	:	The Issue Share(s) and Offer Share(s), collectively
"Issue Share(s)"	:	All or part of the 90,000,000 new Econpile Shares to be issued pursuant to the Public Issue
"Issuing House" or "MIH"	:	Malaysian Issuing House Sdn Bhd (258345-X)
"Listing"	:	Admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of Econpile of RM107,000,002 comprising 535,000,010 Econpile Shares on the Main Market of Bursa Securities
"Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities
"Listing Scheme"	:	The Public Issue, the Offer for Sale and the Listing, collectively
"LPD"	:	15 April 2014, being the latest practicable date prior to the issuance of this Prospectus

DEFINITIONS (CONT'D)

"Malaysian Public"	: Citizens of Malaysia, permanent residents of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	: Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
"M&A"	: Memorandum and Articles of Association
"MIA"	: Malaysian Institute of Accountants
"MITI"	: Ministry of International Trade and Industry of Malaysia
"MOF"	: Ministry of Finance of Malaysia
"NA"	: Net assets
"NTA"	: Net tangible assets
"Offer for Sale"	: Offer for sale by the Offerors of 55,000,000 existing Econpile Shares, representing approximately 10.3% of the enlarged issued and paid-up share capital of Econpile, at the IPO Price
"Offer Share(s)"	: 55,000,000 existing Econpile Shares to be offered pursuant to the Offer for Sale
"Offeror(s)"	: The Cheng Eng and Pang Sar, collectively
"Official List"	: The official list of Bursa Securities
"Participating Financial Institution(s)"	: Participating financial institution(s) for the Electronic Share Application
"PAT"	: Profit after taxation
"PBT"	: Profit before taxation
"Placement Agent"	: RHBIB
"PPSB"	: Platinum Production Sdn Bhd (515775-H)
"Principal Adviser" or "RHBIB"	: RHB Investment Bank Berhad (19663-P)
"Promoter(s)"	: The Cheng Eng, Pang Sar and The Kun Ann, collectively
"Public Issue"	: Public issue of 90,000,000 new Econpile Shares, representing approximately 16.8% of the enlarged issued and paid-up share capital of Econpile, at the IPO Price
"R&D"	: Research and development
"Restructuring Exercises"	: The restructuring exercises implemented in connection with our IPO, details of which are set out in Section 5.5 of this Prospectus

DEFINITIONS (CONT'D)

"Reporting Accountants" or "KPMG"	:	Messrs KPMG (AF0758)
"RM" and "Sen"	:	Ringgit Malaysia and sen, respectively
"ROC"	:	Registrar of Companies of Malaysia
"Rules"	:	Rules of Bursa Depository
"SC"	:	Securities Commission Malaysia
"Solicitors" or "Wong Beh & Toh"	:	Messrs Wong Beh & Toh
"Underwriter"	:	RHBIB
"Underwriting Agreement"	:	Underwriting agreement dated 28 April 2014 entered into between Econpile and RHBIB for the underwriting of 27,000,000 Issue Shares under the Public Issue

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GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used in this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

"auger(s)"	:	A tool consisting of a twisted rod of metal fixed to a handle, used for making large holes in the ground
"basement slab"	:	Slabs that form the surface of the basement floor
"bedrock"	:	The hard area of rock in the ground, which holds up the soil above
"BM TRADA"	:	BM TRADA Certification Limited, United Kingdom, which is a leading multi-sector certification body accredited by United Kingdom Accreditation Service BM TRADA's portfolio of services includes certification to quality, environmental, energy, information security, health and safety and food safety management systems, as well as chain of custody and product and personnel schemes
"bored piles"	:	A type of pile that is concreted at a permanent location at the holes bored in the ground
"CIDB"	:	The Construction Industry Development Board of Malaysia
"contiguous bored walls"	:	Walls that are formed by bored piles constructed at close spacing
"conventional (bottom-up) construction method"	:	A construction method where excavation works shall commence after the completion of piling works and retaining system until the lowest slab level. The work sequence then starts from the lowest slab level by constructing pile cap, lowest basement slab and column progressing upwards towards the ground level
"crawler"	:	A continuous mechanical track
"defect liability period"	:	A warranty period where a contractor has to undertake to repair or make good at his own cost and expense any defects or faults in the work performed as stated in the agreement
"diaphragm walls"	:	Rectangular reinforced concrete walls
"DOSH"	:	Department of Occupational Safety and Health, Ministry of Human Resources of Malaysia
"driven piles"	:	Pre-manufactured or precast piles that are driven into the ground by driving the piles into the ground with hydraulic hammer mounted on a crawler rig
"earth retaining system"	:	A support system created to retain or support the earth during excavation works
"earthworks"	:	Works involving excavation works and constructing temporary steel platform and staging, which form part of the scopes and sequences of construction works for pile caps and basement slabs

GLOSSARY OF TECHNICAL TERMS (CONT'D)

"excavation works"	: Works involving excavating the earth and transporting them within the site to make up level or to an off-site dumping ground
"Gantt chart"	: A Gantt chart is a visual representation of a project schedule. A type of bar chart, a Gantt charts show the start and finish dates of the different required elements of a project. Henry Laurence Gantt, an American mechanical engineer, is recognised for developing the Gantt chart
"GBI"	: Green Building Index, is Malaysia's industry recognised green rating tool for buildings to promote sustainability in the built environment and raise awareness among developers, architects, engineers, planners, designers, contractors and the public about environmental issues and their responsibility to the future generations
"HSE"	: Health, Safety and Environment
"ISO"	: International Organisation for Standardisation, is the world's largest developer of voluntary International Standards. International Standards give state of the art specifications for products, services and good practice, helping to make industry more efficient and effective. Developed through global consensus, they help to break down barriers to international trade
"ISO 14001:2004"	: ISO 14001:2004 sets out the requirements for an environmental management system to enable an organisation to develop and implement a policy and objectives which take into account legal requirements and other requirements to which the organisation subscribes, and information about significant environment aspects
"ISO 9001:2000"	: ISO 9001:2000 sets out the requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements. This standard was revised by ISO 9001:2008
"ISO 9001:2008"	: ISO 9001:2008 sets out the requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements. This standard revised ISO 9001:2000. ISO 9001:2008 has been developed in order to introduce clarifications to the existing requirements of ISO 9001:2000 and to improve compatibility with ISO 14001:2004. ISO 9001:2008 does not introduce additional requirements nor does it change the intent of the ISO 9001:2000 standard.
"jack-in-piles"	: Jack-in-piles are pre-manufactured or precast piles that are jacked into the ground by form of exerting large force using hydraulic or mechanical jack-in machine
"king post"	: A central vertical post

GLOSSARY OF TECHNICAL TERMS (CONT'D)

"LAD"	: Liquidated and ascertained damages are damages due to customer calculated at a rate as stated in the contract agreement when a construction contractor fails to deliver the completed work within a period stipulated in the said contract agreement
"lateral support system"	: A support system to prevent excessive movements in the earth retaining system. Ground anchors and steel strutting are two (2) of the most used lateral support system
"LPIP Act"	: Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994
"pile cap"	: A thick concrete slab that is constructed above a group of installed piles and acts as support to the column which supports the superstructure
"PKK"	: Pusat Khidmat Kontraktor, whose vision is to ensure the existence of quality bumiputera business and industrial community towards achieving Vision 2020
"QMS"	: Quality Management System
"rebar"	: Reinforcement bar
"retention sum"	: An amount of progress billings which is not paid until the conditions specified in the agreement for the payment of such amounts have been met or until defects have been rectified
"soffit"	: The underside of an architectural structure such as an arch, a balcony, or overhanging eaves
"SPKK"	: Sijil Perolehan Kerja Kerajaan, Malaysia (Certificate of Malaysian Government works procurement)
"staging areas"	: Designated areas in the construction site where all the vehicles, machinery, materials and tools are located for access
"steel sheet pile walls"	: A continuous steel wall that is formed with the steel sheet piles, which have interlocking flangers
"substructure works"	: Consist of pile cap, basement floors and columns up to the ground floor level
"temporary steel platforms"	: Platforms constructed to facilitate the movement of machinery and lorries
"top-down construction method"	: A construction method where the structure is constructed downwards from ground level, rather than starting from downwards towards ground level. The constructed upper slab is usually constructed in a ring shape around the perimeter of the structure, thus acts as lateral support to the retaining system. The inner ring allows space for further excavation works to proceed.

PRESENTATION OF INFORMATION

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, bodies corporate and corporations.

References in this Prospectus to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force. References to a time of a day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

References to "our Company" or "the Company" or "Econpile" in this Prospectus are made to Econpile Holdings Berhad (Company No. 1017164-M), references to "Our Group" or "the Group" or "Econpile Group" are made to our Company and our subsidiary companies and references to "we" or "us" or "our" or "ourselves" are made to our Company, and where the context requires, our Company and our subsidiary companies. Unless the context otherwise requires, references to "Management" are to our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. In particular, certain information in this Prospectus is extracted or derived from report(s) provided by Protégé Associates for inclusion in this Prospectus. We have appointed Protégé Associates to provide an independent market and industry review relating to an overview of the economy and industry in which we operate in. In compiling their data for the review, Protégé Associates relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved. You should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on it.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:-

- i. Demand for our services;
- ii. Our business strategies;
- iii. Our Management's plans and objectives for future operations;
- iv. Our financial position; and
- v. Our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:-

- i. The economic, political and investment environment in Malaysia; and
- ii. Government policy, legislation and regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Director	Address	Occupation	Nationality
Krishnan A/L C K Menon <i>(Independent Non-Executive Chairman)</i>	17, Jalan Tijani 4 Tijani 2 South Off Jalan Langgak Tunku 50480 Kuala Lumpur	Company Director	Malaysian
The Cheng Eng <i>(Group Managing Director)</i>	99, Jalan Permai Robson Heights 50460 Kuala Lumpur	Company Director	Malaysian
Pang Sar <i>(Executive Director/ Group Chief Executive Officer)</i>	No. 28, USJ 5/1K 47600 Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian
The Kun Ann <i>(Executive Director)</i>	99, Jalan Permai Robson Heights 50460 Kuala Lumpur	Company Director	Malaysian
Dato' Rosli Bin Mohamed Nor <i>(Independent Non-Executive Director)</i>	B-G-7, Riana Green East Condominium Jalan Wangsa Delima 7 Bandar Baru Wangsa Maju 53300 Kuala Lumpur	Company Director	Malaysian
Ong Poay Wah @ Chan Poay Wah <i>(Independent Non-Executive Director)</i>	2A, Jalan Cecawi 6/5 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Rosli Bin Mohamed Nor	Chairman	Independent Non-Executive Director
Krishnan A/L C K Menon	Member	Independent Non-Executive Chairman
Ong Poay Wah @ Chan Poay Wah	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Rosli Bin Mohamed Nor	Chairman	Independent Non-Executive Director
Krishnan A/L C K Menon	Member	Independent Non-Executive Chairman
Ong Poay Wah @ Chan Poay Wah	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

NOMINATION COMMITTEE

Name	Designation	Directorship
Ong Poay Wah @ Chan Poay Wah	Chairman	Independent Non-Executive Director
Dato' Rosli Bin Mohamed Nor	Member	Independent Non-Executive Director
Krishnan A/L C K Menon	Member	Independent Non-Executive Chairman

COMPANY SECRETARIES

: Lim Hooi Mooi (MAICSA 0799764)
Wong Wai Foong (MAICSA 7001358)

Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel: 03-2264 8888
Fax: 03-2282 2733

REGISTERED OFFICE

: Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel: 03-2264 8888
Fax: 03-2282 2733

HEAD OFFICE

: No. 55C, Jalan Sungei Besi
57100 Kuala Lumpur

Tel: 03-9222 3333
Fax: 03-9222 3888
Website: www.econpile.com
E-mail: mail@econpile.com.my

AUDITORS AND REPORTING ACCOUNTANTS

: KPMG (AF0758)
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Tel: 03-7721 3388
Fax: 03-7721 3399

SOLICITORS

: Wong Beh & Toh
Advocates & Solicitors
Peti #30, Level 19, West Block
Wisma Selangor Dredging
142-C Jalan Ampang
50450 Kuala Lumpur

Tel: 03-2713 6050
Fax: 03-2713 6052

1. CORPORATE DIRECTORY (CONT'D)

PRINCIPAL BANKERS

: CIMB Bank Berhad (13491-P)
2-2-1 Wisma Pauson
Jalan Taming Kanan Satu
Taman Taming Jaya
43200 Balakong
Selangor Darul Ehsan

Tel: 03-8961 0594
Fax: 03-8961 0593

AmBank (M) Berhad (8515-D)
No. 6 & 7, Jalan S10/1, Section 10
Off Jalan Bukit
43000 Kajang
Selangor Darul Ehsan

Tel: 03-8733 2176
Fax: 03-8733 3280

Malayan Banking Berhad (3813-K)
30th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Tel: 03-2070 8833
Fax: 03-2070 1880

Alliance Bank Malaysia Berhad (88103-W)
28th Floor, Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur

Tel: 03-2730 2300
Fax: 03-2692 5135

United Overseas Bank (Malaysia) Bhd (271809-K)
Level 7, Menara UOB
Jalan Raja Laut
50350 Kuala Lumpur

Tel: 03-2692 7722
Fax: 03-2691 2160

**INDEPENDENT MARKET
RESEARCHER**

: Protégé Associates Sdn Bhd (675767-H)
Suite C-06-06, Plaza Mont' Kiara
2 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur

Tel: 03-6201 9301
Fax: 03-6201 7302

1. CORPORATE DIRECTORY (CONT'D)

- PRINCIPAL ADVISER,
UNDERWRITER AND
PLACEMENT AGENT** : RHB Investment Bank Berhad (19663-P)
Level 10, Tower One, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
- Tel: 03-9287 3888
Fax: 03-9287 2233/ 3355
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
- Tel: 03-7841 8000
Fax: 03-7841 8150
- SHARE REGISTRAR** : Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
- Tel: 03-2264 3883
Fax: 03-2282 1886
- LISTING SOUGHT** : Main Market of Bursa Securities

2. INFORMATION SUMMARY

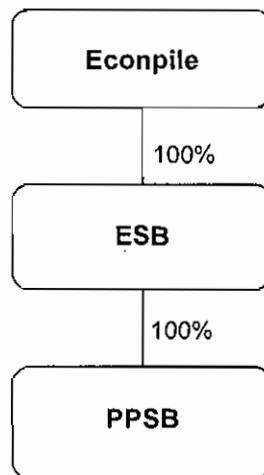
THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT US AND OUR IPO AND IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD CAREFULLY READ AND UNDERSTAND THIS SECTION TOGETHER WITH THE ENTIRE PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN US.

2.1 Our History

We were incorporated in Malaysia on 14 September 2012 under the Act as a private limited company under the name of Econpile Holdings Sdn Bhd. We were subsequently converted into a public limited company on 14 August 2013 and assumed our present name. We were incorporated as an investment holding company to facilitate our Listing.

We had undertaken the Restructuring Exercises prior to our Listing, details of which are set out in Section 5.5 of this Prospectus. ESB and PPSB became our wholly-owned subsidiary companies pursuant to the Restructuring Exercises.

The present corporate structure of our Group is set out below:-



Through our subsidiary companies, namely ESB and PPSB, we are principally involved in the following business activities:-

- i. The provision of piling and foundation services; and
- ii. Property investment, rental of machinery and sales of goods.

Further details of our history, Group structure, Restructuring Exercise, Listing Scheme and achievements are set out in Section 5 of this Prospectus.

2.2 Ownership and Management

Our Promoters, substantial shareholders, Directors, and key management and technical personnel are set out in the following page:-

2. INFORMATION SUMMARY (CONT'D)

2.2.1 Promoters

Name	Designation
The Cheng Eng	Group Managing Director
Pang Sar	Executive Director/ Group Chief Executive Officer
The Kun Ann	Executive Director

2.2.2 Substantial Shareholders

Name	Designation
The Cheng Eng	Group Managing Director
Pang Sar	Executive Director/ Group Chief Executive Officer

2.2.3 Directors

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

2.2.4 Key Management and Technical Personnel

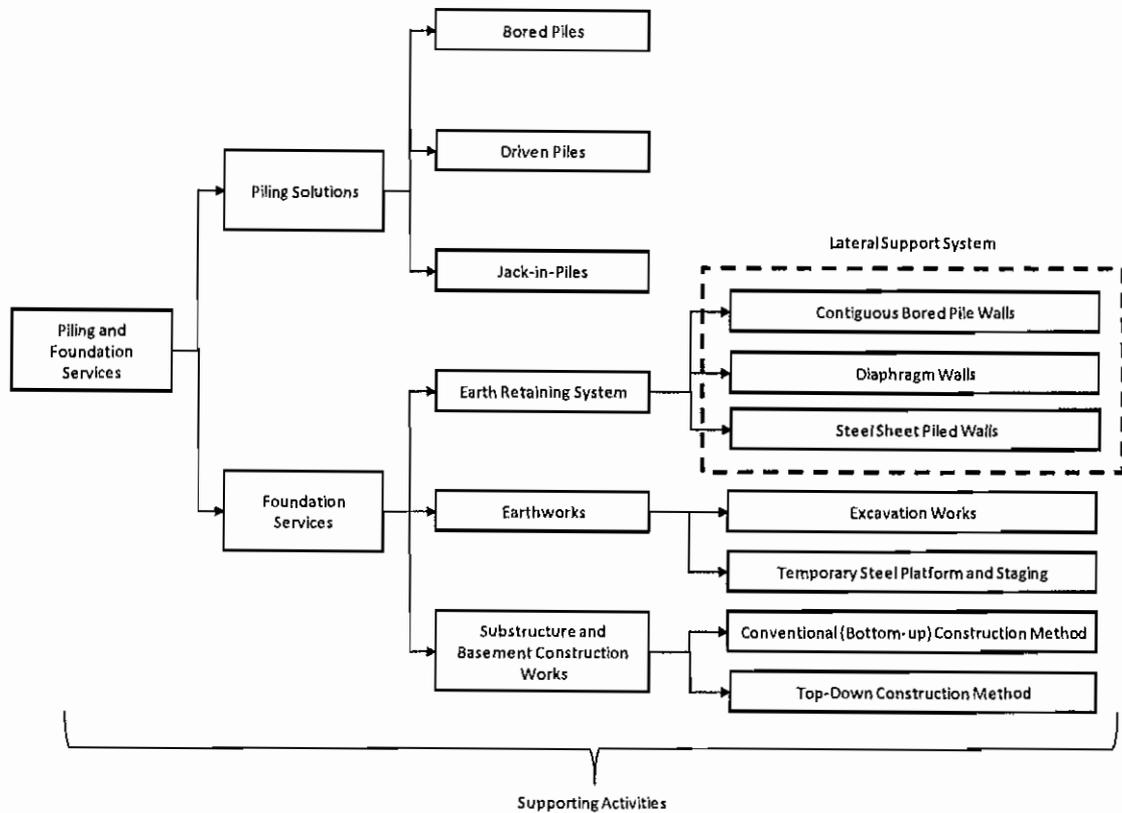
Name	Designation
The Cheng Eng	Group Managing Director
Pang Sar	Executive Director/ Group Chief Executive Officer
The Kun Ann	Executive Director
Choo King Hwa	Senior General Manager (Construction)
Bin Lay Thiam	Senior General Manager (Finance)
Amrick Singh A/L Atar Singh	General Manager (Operations)

Further details of our Promoters, substantial shareholders, Directors, and key management and technical personnel and their direct and indirect shareholdings in our Company are set out in Section 8 of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.3 Business Model

Our business model is depicted below:-



Further details on our business model are set out in Section 6.1 of this Prospectus.

2.4 Principal Activities

Our principal activities are depicted below:-

2.4.1 Piling Solutions

i. Bored Piles

Bored pile is a type of pile that is concreted at a permanent location at the holes bored in the ground. Bored piling is a major revenue contributor to our Group. Bored piles are formed by boring a hole into soil or rock to the required depth and place reinforcement and concrete into the bored hole. A temporary steel casing and/ or drilling stabilising fluid is required to protect the stability of the bored hole during boring to prevent the collapse of the earth into the hole.

ii. Driven Piles

Driven piles are pre-manufactured or precast piles that are driven into the ground by driving the piles into the ground with hydraulic hammer mounted on a crawler rig, which is a rig mounted on a continuous mechanical track.

2. INFORMATION SUMMARY (CONT'D)

iii. Jack-in-Piles

Jack-in-piles are pre-manufactured or precast piles that are jacked into the ground by form of exerting large force using hydraulic or mechanical jack-in machine.

2.4.2 Foundation Services

i. Earth Retaining System

An earth retaining system is a support system created to retain or support the earth during excavation works.

a) Contiguous Bored Pile Walls

Contiguous bored pile walls are essentially bored piles constructed at close spacing. Contiguous bored pile walls can be incorporated as permanent structure as the basement wall.

b) Diaphragm Walls

Diaphragm walls are rectangular reinforced concrete walls constructed as earth retaining system. Diaphragm walls are designed as permanent structure and shall be incorporated as basement wall system.

c) Steel Sheet Pile Walls

Steel sheet pile walls are commonly used as temporary retaining system, an alternative option used as retaining walls apart from diaphragm walls.

d) Lateral Support System

The retaining system is able to withstand a free standing height. However, as the excavation works go deeper, a lateral support system is required to support the retaining system to prevent excessive movements in the earth retaining system. Ground anchors and steel strutting are two (2) of the most used lateral support system.

ii. Earthworks

Earthworks form part of our scopes and sequences of construction works for pile caps and basement slabs. Clients are able to engage our earthwork services to facilitate basement excavation.

a) Excavation Works

Excavation works involve excavating the earth and transporting them within the site to make up level or to an off-site dumping ground.

2. INFORMATION SUMMARY (CONT'D)

b) Temporary Steel Platform and Staging

For deep basement excavation within a congested site, temporary steel platforms need to be constructed to facilitate the movement of machinery and lorries. The staging areas, on the other hand, are designated areas in the construction site where all the vehicles, machinery, materials and tools are located for access.

iii. Substructure and Basement Construction Works

Substructure works consist of pile cap, basement floors and columns up to the ground floor level. Pile cap is a thick concrete slab that is constructed above a group of installed piles and acts as support to the column which supports the superstructure.

After the completion of the pile caps, the basement slabs will be constructed next. For multi-level basements, reinforced concrete columns will be constructed and then, the subsequent floors will be constructed.

For substructure works and deep basement works, there are two (2) methods involved, namely a conventional (bottom-up) construction method and a top-down construction method.

a) Conventional (Bottom-Up) Construction Method

For the conventional (bottom-up) construction method, excavation works shall commence after the completion of piling works and retaining system until the lowest slab level. The work sequence then starts from the lowest slab level by constructing pile cap, lowest basement slab, column and etc progressing upwards towards the ground level i.e. bottom-up construction sequence.

b) Top-Down Construction Method

Top-down construction is the opposite of the traditional bottom-up construction. Top-down construction for substructure means the structure is constructed downwards from ground level, rather than starting from downwards towards ground level. The constructed upper slab is usually constructed in a ring shape around the perimeter of the structure, thus acts as lateral support to the retaining system. The inner ring allows space for further excavation works to proceed. Top-down construction is preferable in congested areas where shorter construction periods are allocated.

2.4.3 Supporting Activity

Our Group owns a workshop located in Bukit Beruntung, Rawang to support our foundation, geotechnical and structural works. With the workshop, our Group has the in-house capability to undertake refurbishment, fabrication, modification repair or maintenance works on our existing fleet of machinery, tools and equipment.

2. INFORMATION SUMMARY (CONT'D)

We also use the workshop as our strategic resources centre for addressing any requests from the sites of each project and coordinating the mobilisation of services and support team and the delivery of the materials, machinery and equipment requested.

Further details of our principal activities are set out in Section 6.2 of this Prospectus.

2.5 Competitive Strengths

Our business is supported by the following competitive strengths to sustain the business as well as to support our growth:-

- i. Experienced management team;
- ii. Proven track record;
- iii. Extensive experience in bored piling;
- iv. Extensive experience in top-down construction;
- v. Well-equipped and organised maintenance workshop;
- vi. Sizeable fleet of piling machinery and equipment to support operations; and
- vii. Commitment to quality assurance.

Further details of our competitive strengths are set out in Section 6.4 of this Prospectus.

2.6 Principal Markets

Our principal market of operations is the Malaysian market. As at the LPD, all our customers and projects are based in Malaysia.

Further details of our principal markets are set out in Section 6.5 of this Prospectus.

2.7 Technologies Used

Our Group is dependent on proprietary software and drilling machinery and tool technologies to sustain our operations and maintain our competitiveness.

Further details of our technologies used are set out in Section 6.8 of this Prospectus.

2.8 Future Plans and Strategies

Our Group's vision is to become one of the leading piling and foundation services contractors in Malaysia, specialising in bored piling and foundation services. Moving forward, our Group's future plans and business strategies will centre on the following key action plans:-

- i. Continued expansion within the piling and foundation services market;
- ii. Upgrading internal capabilities; and
- iii. Implementing an ISO 14001:2004-compliant environmental management system.

Further details of our future plans and strategies are set out in Section 6.19 of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.9 Financial Highlights

2.9.1 Proforma Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets out a summary of the proforma consolidated statements of profit or loss and other comprehensive income of our Group based on our audited financial statements for the past three (3) financial years up to the FYE 30 June 2013, prepared based on the assumption that our Group has been in existence throughout the relevant financial years under review as well as the audited consolidated statements of profit or loss and other comprehensive income of our Group for the seven (7)-month FPE 31 January 2014 and the comparative period for the unaudited seven (7)-month FPE 31 January 2013. The proforma and audited consolidated statements of profit or loss and other comprehensive income are presented for illustrative purposes only and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter on the Proforma Consolidated Financial Information on Econpile Group as set out in Sections 12 and 13 of this Prospectus, respectively.

	<-----Audited-----> <-----FYE 30 June----->			Unaudited Seven (7)-month FPE 31 January 2013	Audited Seven (7)- month FPE 31 January 2014
	2011 RM'000	2012 RM'000	2013 RM'000	RM'000	RM'000
Revenue	207,647	305,783	386,066	240,184	263,172
Cost of sales	(182,489)	(271,142)	(328,405)	(197,575)	(223,465)
Gross profit	25,158	34,641	57,661	42,609	39,706
Other income	592	2,834	3,875	1,530	5,381
Administrative expenses	(9,449)	(12,798)	(21,849)	(14,187)	(16,412)
Results from operating activities	16,301	24,677	39,687	29,952	28,675
Finance income	242	403	513	90	436
Finance costs	(866)	(1,214)	(1,626)	(986)	(1,014)
PBT	15,677	23,866	38,574	29,056	28,097
Tax expense	(4,379)	(6,638)	(10,709)	(8,139)	(9,652)
PAT and total comprehensive income for the year	11,298	17,228	27,865	20,917	18,445
Number of Econpile Shares ('000) ^{**1}	535,000	535,000	535,000	535,000	535,000
EBITDA (RM'000)	26,444	34,823	52,309	36,856	36,915

2. INFORMATION SUMMARY (CONT'D)

	<-----Audited----->			Unaudited	Audited
	<-----FYE 30 June----->			Seven (7)-month	Seven (7)-month
	2011	2012	2013	FPE 31 January	FPE 31
	RM'000	RM'000	RM'000	2013	January
				RM'000	2014
					RM'000
Gross profit margin (%)	12.1	11.3	14.9	17.7	15.1
PBT margin (%)	7.5	7.8	10.0	12.1	10.7
PAT margin (%)	5.4	5.6	7.2	8.7	7.0
EPS (sen)					
- Basic	2.11	3.22	5.21	3.91	3.45
- Diluted ²	-	-	-	-	-
Current ratio (times)	1.20	1.35	1.46	1.46	1.68
Gearing ratio (times)	0.25	0.36	0.38	0.38	0.32
NTA (RM'000)	49,648	66,876	88,741	87,793	107,186
NA (RM'000)	49,648	66,876	88,741	87,793	107,186
NTA per Econpile Share ¹ (Sen)	9.28	12.50	16.59	16.41	20.03
NA per Econpile Share ¹ (Sen)	9.28	12.50	16.59	16.41	20.03

Notes:-

¹ Based on our issued and paid-up share capital immediately after the Public Issue

² There were no potential dilutive ordinary shares to be issued throughout the financial years/ periods under review

Further details of our financial information are set out in Section 11 of this Prospectus.

2.10 Principal Statistics Relating to Our IPO

The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with the text:-

	No. of Shares	RM
i. Share capital		
Authorised share capital	1,000,000,000	200,000,000
Issued and paid-up share capital as at the date of this Prospectus	445,000,010	89,000,002
Shares to be issued pursuant to the Public Issue	90,000,000	18,000,000
Enlarged issued and paid-up share capital upon Listing	535,000,010	107,000,002
ii. IPO Price for each IPO Share		0.54

2. INFORMATION SUMMARY (CONT'D)

	No. of Shares	RM
iii. Market capitalisation of our Company based on the IPO Price upon Listing		288,900,005
iv. Proforma NTA based on our Proforma Consolidated Statement of Financial Position as at 31 January 2014		
Proforma NTA upon Listing ^{*1} ('000)		152,747
Proforma NTA per Share upon Listing ^{*2} (Sen)		28.55

Notes:-

*1 After taking into account our Public Issue of 90,000,000 new Econpile Shares at the IPO Price and after deducting estimated listing expenses of RM3,710,000

*2 Based on our enlarged issued and paid-up share capital upon Listing of 535,000,010 Econpile Shares

We have only one (1) class of shares, namely ordinary shares of RM0.20 each. The IPO Shares shall rank *pari passu* in all respects with our existing issued and paid-up ordinary shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Further details of our IPO are set out in Section 3 of this Prospectus.

2.11 Utilisation of Proceeds from the Public Issue

We expect to raise gross proceeds from the Public Issue of RM48,600,000 and intend for the proceeds to be utilised in the manner set out below:-

Details of Utilisation	Timeframe for utilisation upon Listing	Amount RM'000	Percentage of gross proceeds %
Purchase of machinery and equipment	Within 18 months	14,580	30.0
Repayment of bank borrowings	Within 24 months	12,150	25.0
Working capital	Within 24 months	18,160	37.4
Estimated listing expenses	Upon Listing	3,710	7.6
		48,600	100.0

Any unutilised amount allocated for the purpose of purchase of machinery and equipment and repayment of bank borrowings will be used towards working capital. In addition, any excess amount required for purchase of machinery and equipment and additional repayment of bank borrowing will be allocated from working capital. Further details of our utilisation of proceeds are set out in Section 3.11 of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.12 Risk Factors

An investment in shares listed or to be listed on Bursa Securities involves a number of risks. You should rely on your own evaluations and carefully consider the following risk factors (which may not be exhaustive) that may have a significant impact on our future performance, in addition to the other information contained elsewhere in this Prospectus, before applying for any IPO Shares, which are the subject of this Prospectus.

The risk factors that may affect our future financial profitability are not limited to financial risks and industry risks, and include the following:-

i. Risks Relating to Our Operations

- Reliance on approvals, licences and permits;
- Project risks;
- Possible delays in completion of construction projects;
- Availability and fluctuations in prices of raw materials;
- Dependence on the services of our subcontractors;
- Dependence on Group Managing Director, Group Chief Executive Officer, Executive Director and key management and technical personnel;
- Borrowings and financing risks;
- Absence of long-term contractual agreement with customers; and
- No assurance that future plans will be commercially successful.

ii. Risks Relating to Our Industry

- Dependence on the construction and property development industry;
- Competition risks;
- Dependence on foreign workers;
- Workplace safety and health matters;
- Insurance coverage on assets and employees; and
- Uncertainty in securing new contracts.

iii. Other Risks

- Political, economic and regulatory risk;
- Vulnerability to changes in government regulations; and
- Forward-looking statements.

2. INFORMATION SUMMARY (CONT'D)

iv. Risks Relating to Our IPO

- No prior market for our Shares and possible volatility of our Share prices;
- Trading price and volume of our Shares;
- Continued control by our Promoters;
- Payment of dividend is not assured;
- Delay or abortion of our Listing;
- Delay between admission and trading of the IPO Shares; and
- Future fund raising may dilute shareholders' equity or restrict our operations.

Further details of the risk factors are set out in Section 4 of this Prospectus.

2.13 Dividend Policy

It is our Board's policy to recommend and distribute minimum dividends of 20% of our annual PAT attribution to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subjected to the approval of our shareholders at our annual general meeting.

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as having profits and excess funds not required to be retained to fund our working capital requirements.

Further details of the dividend policy are set out in Section 11.8 of this Prospectus.

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3. DETAILS OF OUR IPO

3.1 Introduction

This Prospectus is dated 11 June 2014.

We have obtained the SC's approval on 4 March 2014 in respect of our IPO. However, the approval of the SC shall not be taken to indicate that the SC recommends the IPO.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC, and neither the SC nor the ROC takes any responsibility for its contents.

We have obtained the approval from Bursa Securities, for the admission to the Official List and for the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, on 16 April 2014. Official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit the IPO Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules. We will not issue share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the total number of our Shares for which listing is sought must be in the hands of 1,000 public shareholders holding not less than 100 Shares each, upon admission to the Official List. We expect to meet this public shareholding spread requirement at the point of the Listing. In the event that the above requirement is not met, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all successful applications for our IPO. If any such monies are not repaid within 14 days after we become liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You must have a CDS account when applying for our IPO Shares. In the case of an application by way of the Application Form, you should state your CDS account in the space provided in the Application Form. If you do not presently have a CDS account, you must open a CDS account at an ADA prior to making an application for our IPO Shares.

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institutions by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application requires you to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account and an existing account with access to the internet financial services with Internet Participating Financial Institutions can make an Internet Share Application. You shall furnish your CDS account number to the Internet Participating Financial Institutions by keying your CDS account number into the online application form. A corporation or institution cannot apply for the IPO Shares by way of Internet Share Application.

3. DETAILS OF THE IPO (CONT'D)

You should rely on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor any of our advisers has authorised anyone to provide you with the information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMA.

The distribution of this Prospectus and the sale of our IPO Shares in other jurisdictions outside Malaysia may be restricted by the law. If you have come into possession of this Prospectus, we require you to inform yourself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to subscribe for any IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation is not authorised or lawful. This Prospectus shall also not be used to make an offer or invitation of our Shares to any person to whom it is unlawful to do so.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinion or reports expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of our Company or our Shares.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN US. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN DOUBT ABOUT THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR SHARES.

3.2 Opening and Closing of Applications

Your applications will be accepted from 10.00 a.m. on 11 June 2014 and will close at 5.00 p.m. on 18 June 2014 or such other later time and date or dates as our Directors, Promoters, Offerors and our Underwriter may in their absolute discretion mutually decide. Late applications will not be accepted.

3.3 Indicative Timetable

The indicative timing of events leading up to our Listing is set out below:-

Events	Tentative dates
Opening of applications for the IPO Shares	11 June 2014
Closing of applications for the IPO Shares	18 June 2014
Balloting of applications for the IPO Shares	20 June 2014
Allotment of the IPO Shares to successful applicants	25 June 2014
Tentative Listing date	30 June 2014

3. DETAILS OF THE IPO (CONT'D)

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application will close at the date stated above or such later date as our Directors, Promoters and Offerors together with our Underwriter in their absolute discretion may mutually decide.

In the event the closing date of applications is extended, we will advertise a notice of the extension in widely circulated English and Bahasa Malaysia newspapers prior to the original closing date of the applications. Following this, the dates for the balloting of the applications for the IPO Shares, allotment of the IPO Shares and Listing would be extended accordingly.

3.4 Purposes of Our IPO

The purposes of our IPO are set out below:-

- i. To enhance our business profile and future prospects through the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities;
- ii. To enable us to gain access to the capital market to source for cost effective capital raising for our operations and future expansion, details of which are elaborated in Section 6.19 of this Prospectus;
- iii. To provide an opportunity for the investing community, including the Malaysian Public, our eligible Directors and employees and persons who have contributed to the success of our Group, to participate in the equity and continued growth of our Group; and
- iv. To enhance the liquidity of our Shares, and transparency of our corporate management.

3.5 Share Capital

	No. of Shares	RM
i. Share capital		
Authorised share capital	1,000,000,000	200,000,000
Issued and paid-up share capital as at the date of this Prospectus	445,000,010	89,000,002
Shares to be issued pursuant to the Public Issue	90,000,000	18,000,000
Enlarged issued and paid-up share capital upon Listing	535,000,010	107,000,002
ii. IPO Price for each IPO Share		0.54
iii. Market capitalisation of our Company based on the IPO Price upon Listing		288,900,005
iv. Proforma NTA based on our Proforma Consolidated Statement of Financial Position as at 31 January 2014		
Proforma NTA upon Listing ¹ ('000)		152,747
Proforma NTA per Share upon Listing ² (Sen)		28.55

3. DETAILS OF THE IPO (CONT'D)

Notes:-

- *1 *After taking into account our Public Issue of 90,000,000 new Econpile Shares at the IPO Price and after deducting estimated listing expenses of RM3,710,000*
- *2 *Based on our enlarged issued and paid-up share capital upon Listing of 535,000,010 Econpile Shares*

You are to pay in full on application the IPO Price of RM0.54 for each IPO Share.

We have only one (1) class of shares, namely ordinary shares of RM0.20 each. The IPO Shares shall rank *pari passu* in all respects with our existing issued and paid-up ordinary shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid-up on our Shares held by them, be entitled to share the whole of the profits paid out by us as dividends and other distributions and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and the provisions of the Act.

Our shareholders are entitled to vote at any of our general meeting in person or by proxy or, being a corporation, by a representative, and, on a show of hands, every shareholder present in person or by proxy or other duly authorised representative shall have one (1) vote, and on poll, every shareholder present in person or by proxy or other duly authorised representative shall have one (1) vote for every Share held. A proxy may but need not be a member of our Company and the provisions of Section 149(1)(b) of the Act shall not apply to our Company.

3.6 Details of Our IPO

We will undertake the Public Issue and the Offer for Sale in conjunction with our Listing on the Main Market of Bursa Securities, details of which are set out below:-

3.6.1 Public Issue

Our Public Issue of a total of 90,000,000 Issue Shares, representing approximately 16.8% of our enlarged issued and paid-up share capital, at the IPO price of RM0.54 per Issue Share shall be payable in full on application subject to the terms and conditions set out in this Prospectus and, upon acceptance, will be allocated in the manner as set out below:-

i. Malaysian Public

27,000,000 Issue Shares, representing approximately 5.0% of our enlarged issued and paid-up share capital, will be made available for application by the Malaysian Public, of which 13,500,000 Issue Shares, representing approximately 2.5% of our enlarged issued and paid-up share capital are allocated to Bumiputera investors. Any Issue Shares not subscribed by such Bumiputera investors will be made available for application by other Malaysian Public.

3. DETAILS OF THE IPO (CONT'D)

ii. Our Eligible Directors and Employees of Our Group and Persons who have Contributed to the Success of Our Group

3,500,000 Issue Shares, representing approximately 0.7% of our enlarged issued and paid-up share capital, will be made available for application by our eligible Directors and employees and persons who have contributed to the success of our Group. The persons who have contributed to the success of our Group include our customers, consultants, suppliers, subcontractors and business associates.

All of the 3,500,000 Issue Shares have been allocated to our eligible Directors and employees based on their respective seniority, job position and length of service, and to persons who have contributed to the success of our Group, based on their contribution and length of relationship, and support to the growth of our Group. Based on those criterias, as at the LPD, we have a total of 4 Directors as well as up to 400 employees and persons who have contributed to the success of our Group, who are eligible to take up the reserved Issue Shares, the breakdown of which are set out below:-

	Number of persons	Number of Shares allocated
Directors	4	400,000
Employees and persons who have contributed to the success of our Group	Up to 400	3,100,000

Details of the proposed allocation to our Directors are set out below:-

Directors	Designation	Number of Shares allocated
Krishnan A/L C K Menon	Independent Non-Executive Chairman	100,000
The Kun Ann	Executive Director	100,000
Dato' Rosli Bin Mohamed Nor	Independent Non-Executive Director	100,000
Ong Poay Wah @ Chan Poay Wah	Independent Non-Executive Director	100,000

Details of the proposed allocation to our key management and/ or technical personnel, save for the Directors who are also the key management and/ or technical personnel, are set out below:-

Key management and technical personnel	Designation	Number of Shares allocated
Choo King Hwa	Senior General Manager (Construction)	45,000
Bin Lay Thiam	Senior General Manager (Finance)	45,000
Amrick Singh A/L Atar Singh	General Manager (Operations)	45,000

3. DETAILS OF THE IPO (CONT'D)

iii. Private Placement to Identified Investors

47,500,000 Issue Shares, representing approximately 8.9% of our enlarged issued and paid-up share capital, will be made available for application by way of private placement to identified investors.

iv. Private Placement to Identified Bumiputera Investors Approved by MITI

12,000,000 Issue Shares, representing approximately 2.2% of our enlarged issued and paid-up share capital, will be made available for application by way of private placement to identified Bumiputera investors approved by MITI.

3.6.2 Offer for Sale

55,000,000 Offer Shares, representing approximately 10.3% of our enlarged issued and paid-up share capital, at the IPO Price of RM0.54 per Offer Share will be offered by the Offerors by way of private placement to identified Bumiputera investors approved by MITI. Details of the Offerors are set out in Section 3.7 of this Prospectus.

Our Underwriter has fully underwritten the Issue Shares made available for application by the Malaysian Public as set out in Section 3.6.1(i) of this Prospectus. The Issue Shares made available for application by our eligible Directors and employees and persons who have contributed to the success of our Group, identified investors and Bumiputera investors approved by MITI as set out in Sections 3.6.1(ii), (iii), (iv) and 3.6.2 of this Prospectus, respectively are not underwritten. Our Placement Agent has received irrevocable undertakings from the identified investors to take up the Issue Shares made available for application under the private placement under Section 3.6.1(iii) of this Prospectus. The amount of IPO Shares will not increase via any over-allotment or "greenshoe" option.

Any Issue Shares not subscribed for under Section 3.6.1(i) of this Prospectus will be made available for application by way of private placement to identified investors. Thereafter, any remaining re-offered Issue Shares that are not subscribed for under Section 3.6.1(i) of this Prospectus will then be subscribed for by our Underwriter based on the terms and conditions of the Underwriting Agreement dated 28 April 2014. Please refer to Section 3.13 of this Prospectus for further details of the underwriting arrangements.

However, in the event that all Issue Shares under Section 3.6.1(i) of this Prospectus are over-subscribed, the IPO Shares not subscribed for under Sections 3.6.1(ii) and (iii) of this Prospectus, if any, will be made available for application by the Malaysian Public.

The basis of allocating the Issue Shares shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities as well as to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors, Promoters and Offerors.

3. DETAILS OF THE IPO (CONT'D)

3.7 Offerors

Details of our Offerors and their relationships with our Group within the past three (3) years are set out below:-

Name and Address	Nature of relationship	Before the IPO		Shares offered pursuant to the Offer for Sale			After the IPO	
		No. of Shares	%	No. of Shares	% ¹	% ²	No. of Shares	%
The Cheng Eng 99, Jalan Permai Robson Heights 50460 Kuala Lumpur	Promoter, substantial shareholder and Group Managing Director	222,500,005	50.0	27,500,000	6.2	5.1	195,000,005	36.4
Pang Sar No. 28, USJ 5/1K 47600 Subang Jaya Selangor Darul Ehsan	Promoter, substantial shareholder and Executive Director/ Group Chief Executive Officer	222,500,005	50.0	27,500,000	6.2	5.1	195,000,005	36.4
Total		445,000,010	100.0	55,000,000	12.4	10.2	390,000,010	72.8

Notes:-

¹ Based on our existing issued and paid-up share capital of 445,000,010 Econpile Shares immediately prior to the IPO

² Based on our enlarged issued and paid-up share capital of 535,000,010 Econpile Shares immediately after the IPO

3.8 Basis of Arriving at the IPO Price

Prior to the IPO, there has been no public market for our Shares. The IPO Price was determined and agreed upon by our Directors, Promoters and Offerors together with RHBIB, our Principal Adviser, Underwriter and Placement Agent, after taking into consideration the following factors:-

i. Our Financial History

We recorded a proforma consolidated PAT of approximately RM27.86 million for the FYE 30 June 2013. Based on our enlarged issued and paid-up share capital upon our Listing of 535,000,010 Econpile Shares, our proforma consolidated net EPS is 5.21 sen.

Further, our Group also recorded a proforma consolidated PAT of approximately RM18.44 million for the seven (7)-month FPE 31 January 2014, which translates to approximately RM31.61 million on an annualised basis. Based on our enlarged issued and paid-up share capital upon listing of 535,000,010 Econpile Shares, our proforma consolidated net EPS is 5.91 sen on an annualised basis.

3. DETAILS OF THE IPO (CONT'D)

ii. Our Proforma Consolidated NA

Our proforma consolidated NA as at 31 January 2014 stood at RM152.75 million upon our Listing and after taking into consideration the proposed utilisation of proceeds raised from the Public Issue, assuming our Listing was completed on 31 January 2014.

iii. Our Proforma Price-to-Earnings Multiple

Based on our existing issued and paid-up share capital prior to the IPO of 445,000,010 Shares, our proforma consolidated net EPS for the FYE 30 June 2013 is 6.26 sen. Based on our IPO Price, this translates into a proforma price-to-earnings multiple of approximately 8.63 times.

Further, based on our existing issued and paid-up share capital prior to the IPO of 445,000,010 Shares, our proforma consolidated net EPS for the seven (7)-month FPE 31 January 2014 is 7.11 sen on an annualised basis. Based on our IPO Price, this translates into a proforma price-to-earnings multiple of approximately 7.59 times on an annualised basis.

Based on our enlarged issued and paid-up share capital upon Listing of 535,000,010 Shares, our proforma consolidated net EPS for the FYE 30 June 2013 is 5.21 sen. Based on our IPO Price, this translates into a proforma price-to-earnings multiple of approximately 10.36 times.

Further, based on our enlarged issued and paid-up share capital upon Listing of 535,000,010 Shares, our proforma consolidated net EPS for the seven (7)-month FPE 31 January 2014 is 5.91 sen on an annualised basis. Based on our IPO Price, this translates into a proforma price-to-earnings multiple of approximately 9.14 times on an annualised basis.

iv. Our Operating History

Our business is built on the foundation of our main business activities, namely the provision of piling and foundation services, including civil engineering and related activities. Our competitive strengths have contributed to our achievements to date and provide a platform to strengthen our position in the piling and foundation services industry.

Further details of our operating history and the nature of our business are set out in Sections 5 and 6 of this Prospectus.

v. Our Prospects and Future Plans

Premised on our future plans and strategies as set out in Section 6.19 of this Prospectus, our competitive strengths as set out in Section 6.4 of this Prospectus, the prospects and outlook of the industry as set out in Section 7 of this Prospectus and the state of our order book as disclosed in Section 11.5 of this Prospectus, we believe that we will continue to enjoy positive growth and favourable prospects over the next few years.

Our Directors, Promoters and Offerors together with RHBIB are of the opinion that the IPO Price is fair and reasonable after careful consideration of the above-mentioned factors.

3. DETAILS OF THE IPO (CONT'D)

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to consider carefully the risk factors as set out in Section 4 of this Prospectus.

3.9 Dilution

Dilution is computed as the difference between the IPO Price paid by the investors for our IPO Shares and the proforma consolidated NA per Share of our Group immediately after our IPO.

Our proforma NA per Share based on our enlarged issued and paid-up share capital of 535,000,010 Shares after adjusting for the effects of our IPO and the proposed utilisation of proceeds would be 28.55 sen. This represents an immediate increase in NA per Share of 4.46 sen to our existing shareholders and an immediate dilution in the NA per Share of 25.45 sen, representing approximately 47.1% dilution, to our new investors.

The following table illustrates such dilution on a per Share basis:-

	Sen
IPO Price	54.00
Proforma consolidated NA per Share as at 31 January 2014 based on the existing issued and paid-up share capital of 445,000,010 Econpile Shares	24.09
Increase in proforma consolidated NA per Share attributable to the existing shareholders	4.46
Proforma consolidated NA per Share after adjusting for the Public Issue and proposed utilisation of proceeds	28.55
Dilution in NA per Share to new investors	25.45
Dilution in NA per Share to new investors as a percentage of the IPO Price	47.1%

The following table summarises the total number of Shares acquired by the vendors pursuant to the Acquisitions, who are also our Promoters, Directors, substantial shareholders and key management and technical personnel, and the cost per Share to them and to the new public investors who subscribe for or purchase the IPO Shares pursuant to our IPO:-

Vendors	Number of Shares acquired pursuant to the Acquisitions	Total consideration RM	Cost per Share RM
The Cheng Eng	222,500,005	44,500,001	0.20
Pang Sar	222,500,005	44,500,001	0.20
	Number of IPO Shares	Total consideration RM	Cost per Share RM
New investors	90,000,000	48,600,000	0.54

3. DETAILS OF THE IPO (CONT'D)

Save for the Shares acquired by the vendors of the Acquisitions as mentioned above, there is no substantial disparity between the IPO Price and the effective cash cost of any existing Shares to our Promoters, Directors, substantial shareholders, key management and technical personnel or persons connected with them, or in which they have the right to acquire, during the past three (3) years prior to the date of this Prospectus.

3.10 Market Capitalisation upon Listing

Based on the IPO Price of RM0.54 per IPO Share and our enlarged issued and paid-up share capital of 535,000,010 Shares, our market capitalisation upon our Listing on the Main Market of Bursa Securities will be RM288,900,005.

3.11 Utilisation of Proceeds from the Public Issue

We expect to raise gross proceeds from the Public Issue of RM48,600,000 and intend for the proceeds to be utilised in the manner set out below:-

Details of utilisation	Timeframe for utilisation upon Listing	Notes	Amount RM'000	Percentage of gross proceeds %
Purchase of machinery and equipment	Within 18 months	(i)	14,580	30.0
Repayment of bank borrowings	Within 24 months	(ii)	12,150	25.0
Working capital	Within 24 months	(iii)	18,160	37.4
Estimated listing expenses	Upon Listing	(iv)	3,710	7.6
			48,600	100.0

Notes:-

i. Purchase of machinery and equipment

Our Group has earmarked approximately RM14.58 million for the purchase of machinery and equipment to further expand our piling and foundation services market, building upon our reputation and ability to secure new and greater projects. Our Group will purchase more new and higher technology machinery and equipment that are less manual intensive and more automated. Higher technology machinery and equipment can increase our human resource efficiency, while increasing precision and reducing human error across our operating processes. With the addition of the machinery and equipment, our Group expects our sales to increase and thus contributing positively to the future earnings of our Group. Please refer to Section 6.19 of this Prospectus for further details on our future plans and strategies. Any unutilised amount will be used towards working capital. In addition, any excess amount required for purchase of machinery and equipment will be allocated from working capital.

ii. Repayment of bank borrowings

Our Group intends to use RM12.15 million to partially repay our bankers' acceptance facility which was obtained to finance our purchases of materials related to our Group's business.

As at the LPD, our outstanding bankers' acceptance facility amounted to approximately RM12.30 million bearing the prevailing interest rate ranging from approximately 4.8% to 5.9% per annum. The allocated proceeds are less than the outstanding amount of the bankers' acceptance as at the LPD. However, the outstanding amount of the bankers' acceptance is a variable figure and may increase or decrease over the time. It is the intention of our Group to utilise RM12.15 million to partially repay the bankers' acceptance facility in the event that the outstanding amount increases to more than RM12.15 million.

3. DETAILS OF THE IPO (CONT'D)

The repayment of our bankers acceptance facility will reduce our Group's gearing level from 0.32 times, based on our Group's borrowings as at the LPD of approximately RM34.28 million and the shareholders' funds as at 31 January 2014 of approximately RM107.19 million, to 0.14 times, based on our Group's borrowings of approximately RM22.13 million (assuming our Group's borrowings as at the LPD of approximately RM34.28 million minus the repayment of our bankers acceptance facility of RM12.15 million) and proforma shareholders' funds after taking into consideration the IPO and proposed utilisation of proceeds of approximately RM152.75 million.

With the repayment of our bankers' acceptance facility as mentioned above, we expect to improve our liquidity position in future. However, the repayment of our bankers' acceptance facility will not result in interest savings to us as the interest cost has been incurred upfront. Any unutilised amount will be used towards working capital. In addition, any excess amount required for additional repayment of bank borrowings will be allocated from working capital.

We wish to highlight that the amount of bankers' acceptance disclosed under Section 6.2.7 of the Accountants' Report of approximately RM9.87 million was recorded as at the seven (7)-month FPE 31 January 2014 was lower than the amount of bankers' acceptance disclosed under Note (ii) of Section 3.11 of this Prospectus of approximately RM12.30 million was recorded as at the LPD.

iii. Working capital

We have allocated RM18.16 million to be used as working capital to finance our Group's existing and future operations in line with our future plans and strategies. Our allocation for working capital will be used for day-to-day operations including purchase of materials, payment of staff related expenses such as salary, allowances, rental of machinery, repayment of creditors and general expenses such as administrative costs.

iv. Estimated listing expenses

We will bear all expenses and fees incidental relating to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities.

The estimated listing expenses for our Listing are set out below:-

	RM'000
Professional fees	1,700
Regulatory authorities' fees	160
Underwriting, placement and brokerage fees	1,400
Printing and advertising fees	350
Issuing house expenses	50
Miscellaneous	50
Total	3,710

In the event of an excess/ deficit in the actual quantum of listing expenses, such amount will be adjusted against the amount allocated for working capital purposes accordingly.

Pending the utilisation of proceeds from the Public Issue for the above-mentioned purposes, the proceeds would be placed as deposits with banks or licensed financial institutions, or used for investments in short-term deposits, money market or debt instruments, as our Directors may in their absolute discretion deem appropriate.

3.12 Underwriting Commission, Brokerage, Placement Fees

3.12.1 Underwriting Commission

RHBIB, as our Underwriter has agreed to underwrite 27,000,000 Issue Shares to be made available for application by the Malaysian Public. We are obligated to pay our Underwriter an underwriting commission at the rate of 2.0% of the IPO Price.

3. DETAILS OF THE IPO (CONT'D)

3.12.2 Brokerage Fee

We will pay the brokerage fee for the Issue Shares at the rate of 1.0% of the IPO Price in respect of successful applications which bear the stamps of either RHBIB, a participating organisation of Bursa Securities, a member of Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association and/ or the Issuing House.

3.12.3 Placement Fee

We are obligated to pay RHBIB, our Placement Agent a placement fee at the rate of 2.0% of the Issue Shares at the IPO Price to be placed out to placees identified by our Placement Agent and a placement fee at the rate of 1.0% of the Issue Shares at the IPO Price to be placed out to placees identified by our Group.

The Offerors are obligated to pay RHBIB, our Placement Agent a placement fee at the rate of 2.0% of the Offer Shares at the IPO Price to be placed out to the Bumiputera investors identified by our Placement Agent and approved by the MITI as well as a placement fee at the rate of 1.0% of the Offer Shares at the IPO Price to be placed out to the Bumiputera investors identified and approved by the MITI.

3.13 Salient Terms of the Underwriting Agreement

We had, on 28 April 2014, entered into an Underwriting Agreement with RHBIB, whereby RHBIB had agreed to underwrite 27,000,000 IPO Shares at the IPO Price subject to the terms and conditions of the Underwriting Agreement.

The following salient terms are extracted from the Underwriting Agreement. The capitalised terms and numbering references used in this section shall have the respective meaning and numbering references as prescribed thereto in the Underwriting Agreement:-

"6. Conditions

6.1 Details

The obligation of the Underwriter to underwrite the Underwritten Shares under this Agreement is conditional on the performance by the Company of its obligations under this Agreement and conditional on the following:

6.1.1 *The Underwriter receiving certificate in the form or substantially in the form contained in Schedule 2 (Certificate by Company) of this Agreement, one dated the date of registration of the Prospectus and the other dated the Closing Date, both of which are to be signed by the Directors of the Company (on behalf of the Board) stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 11 (Representations, Warranties and Undertakings) of this Agreement and being provided with the reports or confirmation and being satisfied at the date of registration of the Prospectus and Closing Date respectively that:*

6.1.1.1 *there is no occurrence of any material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole subsequent to the Agreement Date; or*

3. DETAILS OF THE IPO (CONT'D)

- 6.1.1.2 *there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings in Clause 11 (Representations Warranties and Undertakings) untrue or inaccurate or result in a breach of this Agreement by the Company;*
- 6.1.2 *This Agreement being signed by the relevant authorised signatories to this Agreement and stamped within the statutory time frame;*
- 6.1.3 *The issue of the Prospectus not later than one (1) month from the Agreement Date or such later date as the Underwriter and the Company may from time to time agree in writing;*
- 6.1.4 *The registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO with the SC and its lodgement with the ROC by the Issue Date;*
- 6.1.5 *All the approvals referred to in Clause 2.2 (Approvals) remain in full force and effect and that all conditions to the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with;*
- 6.1.6 *The approval of Bursa Securities for the admission of the Company to the Official List and the listing of and quotation for its entire issued and paid-up share capital on the Main Market being obtained on terms acceptable to the Underwriter and the approvals of the SC and Bursa Securities remaining in full force and effect and that all conditions (except for any which can only be complied with after the IPO has been completed) have been complied with;*
- 6.1.7 *The Underwriter being satisfied that the Company will, following completion of the IPO be admitted to the Official List and its issued and paid-up share capital listed and quoted on the Main Market without undue delay;*
- 6.1.8 *The execution of the Placement Agreement and the Placement Agreement not having been terminated or rescinded pursuant to the provisions thereof;*
- 6.1.9 *The Underwriter receiving a copy duly certified by a director or secretary of the Company to be a true and accurate copy and in full force and effect, of a resolution of the Directors:*
- 6.1.9.1 *approving the Prospectus (including a confirmation that the Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus), this Agreement and the transactions contemplated by it;*
- 6.1.9.2 *authorising the issuance of the Prospectus; and*
- 6.1.9.3 *authorising a person to sign and deliver this Agreement on behalf of the Company;*
- 6.1.10 *The IPO not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the IPO and/or listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market have been obtained and are in force up to the Closing Date;*

3. DETAILS OF THE IPO (CONT'D)

6.1.11 *The Underwriter being satisfied that the Company has complied with and that the IPO is in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;*

6.1.12 *There being no occurrence of any Specified Event;*

6.1.13 *There not having occurred on or prior to the Closing Date any breach of and/or failure to perform any of the undertakings by the Company contained in this Agreement; and*

6.1.14 *There not being any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to the Listing or in connection with the Group which is still subsisting or unresolved to the satisfaction of the Underwriter.*

6.2 Waiver

The Underwriter may, without prejudice to its power, rights and remedies under this Agreement, at law or in equity, waive all or any of the Conditions except for those required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with this Agreement. Any Condition so waived shall be deemed to have been satisfied in relation to it. For the avoidance of doubt, any such waiver by the Underwriter shall be without prejudice to the Underwriter's right to elect to treat any further or other breach, failure or event as releasing and discharging the Underwriter from its obligations under this Agreement and shall be without prejudice to the right of the Underwriter to terminate this Agreement by written notice given to the Company and in such event the provisions of Clause 14 (Termination) shall apply.

6.3 Non - satisfaction

If:

6.3.1 Pre Issue Date

In the event any of the conditions set out in Clause 6.1.2, Clause 6.1.3, Clause 6.1.9 or Clause 6.1.12 (to the extent not waived) are not satisfied by the Issue Date;

6.3.2 Closing Date

Any of the Conditions other than those referred to in Clause 6.3.1 (Pre Issue Date) to the extent not waived are not satisfied by the Closing Date;

the Underwriter shall be entitled to terminate this Agreement and in such event the provisions of Clause 14 (Termination) shall apply, but without prejudice to the rights of the Underwriter under Clause 10 (Fees and Commission) and under Clause 12 (Costs and Expenses). The parties hereto shall be released and discharged from their respective obligations hereunder and this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save for any antecedent breaches.

3. DETAILS OF THE IPO (CONT'D)

14. Termination

- 14.1 *Notwithstanding anything contained in this Agreement, the Underwriter may after consultation with the Company in such manner as the Underwriter shall reasonably determine by notice in writing to the Company given at any time before the Underwriter is discharged or required to carry out its obligation under Clause 9 (Underwriting Obligation), terminate and withdraw its Underwriting Commitment upon the occurrence of any of the following:*
- 14.1.1 *there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 11 (Representations, Warranties and Undertakings) or which is contained in any certificate, statement or notice under or in connection with this Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice of such breach given to the Company by the Underwriter or by the Closing Date, whichever is the earlier; or*
 - 14.1.2 *there is failure on the part of the Company to perform any of its or his obligations contained in this Agreement; or*
 - 14.1.3 *there is withholding of information from the Underwriter which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Shares issued or offered under the IPO; or*
 - 14.1.4 *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or*
 - 14.1.5 *the closing date of the application of the IPO Shares does not occur within three (3) months from the Agreement Date, subject to the extension of Closing Date which is approved by the Underwriter.*
 - 14.1.6 *the occurrence of any force majeure event including, but not limited to the following:*
 - 14.1.6.1 *any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or currency exchange rates or the occurrence of any combination of any of the foregoing which would prejudice the IPO; or*
 - 14.1.6.2 *any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on the Group; or*

3. DETAILS OF THE IPO (CONT'D)

- 14.1.6.3 any event or series of events beyond the reasonable control of the Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to the IPO or pursuant to the underwriting of the Underwritten Shares; or
- 14.1.6.4 any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise;
- 14.1.6.5 any material adverse change in financial conditions as stated in Clause 14.1.6.1 above to include stock market conditions and interest rates. For this purpose, a material adverse change in the stock market condition shall mean the Kuala Lumpur Composite Index of Bursa Securities has dropped 10% between its index level on the Agreement Date and the Closing Date (both dates inclusive); or
- 14.1.6.6 any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business and/or financial position of the Group.
- 14.1.7 in the event that the listing of and quotation for the entire issued and paid up share capital of the Company on the Main Market is withdrawn or not procured or procured but subject to conditions not acceptable to the Underwriter;
- which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group, the success of the IPO, or the listing of the Company on the Main Market or market conditions generally or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.
- 14.2 Upon the notice as described in Clause 14.1 being given, the Underwriter shall be released and discharged of its obligation without prejudice to its rights under this Agreement, and where the Underwriter has terminated or withdrawn its Underwriting Commitment pursuant to Clause 14.1 or Clause 6.3, this Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of this Agreement, except the following:
- 14.2.1 the Company shall pay the Underwriting Commission in accordance with Clause 10 (Fees and Commission), costs and expenses as described in and in accordance with Clause 12 (Costs and Expenses) (including those incurred in the event the Closing Date is extended), upon the occurrence of Clauses 14.1.1 to 14.1.7 or Clause 6.3 above save for the circumstances in Clauses 14.3 and 23.2.2 below;

3. DETAILS OF THE IPO (CONT'D)

- 14.2.2 *the Company shall continue to be liable to indemnify the Underwriter and the Indemnified Persons set out in clause 11.3.1 pursuant to Clauses 11.2, 11.3 and 11.4 (Representations, Warranties and Undertakings).*
- 14.3 *For the avoidance of doubt, upon the occurrence of any force majeure events as described in Clause 14.1.6 above, the costs and expenses as described in Clause 12 (Costs and Expenses) together with the Broken Funding Fee shall remain payable.*
- 14.4 *In the event of a unilateral termination of this Agreement by the Company for reasons not attributable to the Underwriter's wilful default or gross negligence and where there was no breach of representations, warranties or undertakings by the Underwriter as described in this Agreement, the full Underwriting Commission as well as the costs and expenses referred to in Clause 12 (Costs and Expenses) shall be payable by the Company to the Underwriter."*

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4. RISK FACTORS

OUR BUSINESS IS SUBJECT TO A NUMBER OF RISK FACTORS, MANY OF WHICH ARE BEYOND OUR CONTROL. BEFORE MAKING AN INVESTMENT DECISION, YOU SHOULD CAREFULLY CONSIDER, ALONG WITH THE OTHER MATTERS IN THIS PROSPECTUS, THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW.

THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE OR EXCLUSIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY IN THE FUTURE HAVE A MATERIAL ADVERSE EFFECT ON US OR OUR SHARES.

IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

4.1 Risks Relating to Our Operations

4.1.1 Reliance on Approvals, Licences and Permits

The Malaysian construction industry is highly regulated, with various government bodies governing the approval of licences and certification with CIDB, which governs the operations of our Group. As such, we are bound by the terms of the licences awarded by these authorities, which dictate the types and nature of activities which we engage in. In ensuring standards of construction, these licences and certification accord our Group various privileges such as limitless tender capacity, the ability to operate throughout Malaysia and provide approvals necessary to conduct activities required in the day-to-day operations of the projects undertaken by us. The majority of these licences and certification are subject to annual renewals.

Under the LPIP Act, it is mandatory for all contractors to register with the CIDB before undertaking to carry out and complete any construction work in Malaysia. Anyone who undertakes to carry out and complete any construction work without being registered as a registered contractor with the CIDB commits an offence under the LPIP Act and, if convicted, shall be liable to a fine not exceeding RM50,000.

There are a total of seven (7) registration grades, ranking from Grade "1" to Grade "7", whereby Grade "7" being the highest registration grade. The capacity of a contractor in tendering for the value of construction work depends on its registration grade.

We are currently a Grade "7" contractor registered with the CIDB and with Grade "7" registration grade, we have the capacity to tender for construction works without limit to the values. The Grade "7" registration grade is a recognition of our capability and has been taken as a pre-qualification for government or government related projects.

As stated above, we will not be able to undertake our piling and foundation services if our Grade "7" licence is revoked or not renewed and our Grade "7" licence may be revoked or not renewed if we fail to comply with the rules and guidelines issued by CIDB, which may have an adverse effect on our business operations.

4. RISK FACTORS (CONT'D)

However, as long as we comply with the rules and guidelines issued by CIDB, we will not lose our Grade "7" licence and CIDB will not reject the renewal of our registration certificate, details of which are set out in Section 6.12 of this Prospectus. We wish to highlight that we have been registered with CIDB as Grade "7" contractor since 1997 and since then we have not encountered any issue in renewing our Grade "7" licence.

While these licences and certification assist our Group in complying with the Malaysian construction standards, our operations can be adversely affected if the renewal of existing licences and certificates is prohibited, for whatsoever reason. However, our Group has not encountered any major disruption in renewal of our licences and certificates from the various government agencies mentioned above since commencement of our operations. Moving forward, our Group does not foresee any hindrances in renewing all our licences and certification due to our Group's diligence in adhering to the conditions of the licences and certification.

4.1.2 Project Risks

Most of the risks involved in project risks are covered in Section 4.1 of this Prospectus. As our Group's contracts with customers are mostly individually entered, the projects are subjected to the following individual risk factors:-

- i. Customers may delay or cancel their projects. Delays may arise from changes in customer requirements or delay in approval by the relevant authorities. In the event that the delay is prolonged, customers will resort to cancellation of their projects. Project delays may affect profit margins and may delay the recognition of revenues. Additional costs may also be incurred as a result of these delays. As at the LPD, we have not experienced any cancellation of awarded projects to us by our customers and we have not experienced any delay in projects awarded by our customers;
- ii. Unexpected ground conditions. Normally, the design of the project will rely on the accuracy of soil investigation works in soil test reports done prior to award of the project. Due to variation of ground conditions, some of the variation in ground conditions might not be detected. Due to poorer than expected soil conditions, the construction may encounter problems such as excessive settlement of surrounding ground, cracks in adjoining structures, or failure of test piles. To reduce the risk of the unexpected ground conditions, we will carry out a project review with our technical team on the design before commencement of works. Our technical teams will review the ground condition, construction sequence and method and temporary works with the project team. Additional costs which may be incurred by us due to the adverse ground conditions would have been factored in our tender process and hence will not have material impact to the earnings of our Group. With our past experience, we are able to estimate the additional cost for the adverse ground conditions during the tender process. However, if we secure projects in areas which we are not familiar with the ground conditions, we shall rely on soil test reports, which may not fully reflect the extent of adverse ground conditions. Accordingly, additional cost arising from such conditions may not be adequately factored in our tender prices.

4. RISK FACTORS (CONT'D)

Notwithstanding the above, as at the LPD, we have not experienced any additional cost arising from such conditions which has materially affected our Group in the past;

- iii. For each project, the detailed management and execution of the works are headed by the project manager. Project manager is also responsible for day to day operation of the project site. The works will be seriously affected if the project manager fails to perform his duty expediently, this will result in delay and cost overrun. To ensure the project manager is carrying out his duty, a management control system involving tabling of weekly and monthly report is implemented. The senior management will review the report and will need to do their separate assessment on the project and present their weekly and monthly report to the top management highlighting the delay and problems on site. This will ensure timely intervention, which includes putting in additional resources, supervision, manpower or replacement with more experienced project managers, by the management if the project manager performs unsatisfactorily; and
- iv. Unfavourable economic conditions and/ or financial performance of our customers may cause them to terminate their project(s) with us. Our Group's business may be adversely affected by such an event. However, as at the LPD, we have not experienced such an event.

To mitigate the above risks, our Group will conduct studies on the complexity and the requirements of each project during the tender/ quotation stage. We shall conduct a thorough understanding of project requirements, sequencing of works, work planning and technical requirements in our tender submission. Any major discrepancies in the project requirements shall be highlighted and qualified in our tender submission.

Armed with the experience and expertise, our management team works closely with our customers to ensure that all work requirements and quality are met so that the defects of our projects are at minimal level. Also our works are also supervised by the customer's project consultant's team, which consists of people from various professions such as architects, engineers, and quantity surveyor. All works are supervised by the consultant site personnel which comprise resident engineer and clerks of works. Before handing over of the project, joint inspection will be carried out together with the consultant to ensure the works are carried out to their satisfaction. The risk of potential rectification works and claims made by our customers will be limited. Some minor defects are normally rectified within the defect liability period, which normally ends within one (1) or two (2) years from date of handing over. The average rectification cost constituted less than 0.5% of our Group's revenue per annum for the past financial years/ periods under review. Further, such cost would have been priced in our tender price during the tendering process.

4.1.3 Possible Delays in Completion of Construction Projects

Construction projects are subject to certain deadlines and budgets. Any extensions of time in the projects would result in project cost overrun as well as, attract negative reputation and legal uncertainties such as possibility of the enforcement of the LAD by the customer.

4. RISK FACTORS (CONT'D)

In the event of a delay in a project due to conditions beyond the control of the contractor, the contractor would apply for extension of time for the project. If the extension of time is successfully approved and granted by the customer based on the recommendation of the architect, the enforcement of the LAD would not be made against the contractor. However, in the event of a delay in a project due to the fault of the contractor and the enforcement of the LAD by the customer, the architect will make necessary recommendations to the customer to deduct the LAD from the contractor's progress payment, which will in turn reduce the total revenue of the contractor generated from this project. As such, the timeliness in completing piling and foundation projects is vital in upholding our Group's financial performance and our Group's reputation in the construction industry.

The timely completion of any construction project is dependent on various external factors, which may include but are not limited to, securing the necessary permits or approvals from relevant government agencies or authorities, adequacy in the supply of raw materials and availability of workers.

In mitigating such risks, our Group has formulated an effective cost and operational monitoring procedure to ensure that our projects are completed within the stipulated timeframes. When a project has been awarded, a kick-off meeting will be organised by the contract department and project department. Contract department will prepare a cost budget and shall be responsible for the cost monitoring of the project and will coordinate on the appointment of subcontractors or suppliers and to ensure the cost are within budget. Meanwhile, the project department will prepare a work schedule, works statement and site organisation. Technical department will be called in as and when the works require technical input.

The project manager is responsible for the day to day operations of the project and shall prepare a weekly report to the Senior General Manager (Project), identifying the progress of the project and identifying the problems on site.

At the same time, we constantly strive to appoint reliable and reputable suppliers and subcontractors to ensure timely delivery of raw materials, and closely follow project completion deadlines. Notwithstanding the above, we have not experienced any material delay in the past which triggers the enforcement of the LAD against us.

4.1.4 Availability and Fluctuations in Prices of Raw Materials

Due to the nature of our business, we purchase a range of raw materials, which include cement, pre-mixed and ready-mixed materials, steel bars, etc from our suppliers. Generally, our Group does not maintain long term contracts with any of our suppliers but we maintain long term relationships with our suppliers based on their performance. By maintaining a large pool of suppliers, we are not dependent on any single supplier or subcontractor.

However, raw materials are price sensitive, and there can be no assurance that our Group will be able to obtain sufficient quantities of raw materials for our projects when the materials are scarce in the market. At the same time, there is no assurance that any shortage or increase in the cost of raw materials will not have an adverse effect on our financial performance. Price fluctuations in the raw materials market caused by the price volatility of raw materials, which are beyond our control, could also result in increased costs and result in a material adverse effect on our Group's financial performance.

4. RISK FACTORS (CONT'D)

Notwithstanding the above, we have not experienced any significant price increase in raw materials which has material adverse effect on our Group's financial performance in the past.

4.1.5 Dependence on the Services of Our Subcontractors

Our Group engages subcontractors to provide various labour-intensive works in our piling and foundation services projects such as constructing diaphragm walls and basement. Please refer to Sections 6.2.2 (i) (b) and 6.2.2 (iii) of this Prospectus for further details on diaphragm walls and basement construction, respectively.

Subcontractors are appointed through the assessment of tenders submitted by the subcontractors, as well as past working experiences with them. Upon negotiation, formal contractual agreements are executed between our Group and subcontractors to ensure the terms and conditions for the collaboration are predefined before the commencement of any construction work.

Notwithstanding this formal contractual relationship, any failure of a subcontractor to provide its contracted services may lead to damages and penalties made against our Group in favour of the customer who awarded the construction project.

While there are no guarantees that any failure by our subcontractors to provide agreed contracted services will adversely affect our Group's financial performance, our Group endeavours to mitigate this risk through various procedures which include performing regular assessments of our subcontractors along with evaluations on their ability to deliver services in a timely, reliable and satisfactory manner. In order to avoid over-dependence on any single subcontractor, our Group also maintains a large pool of subcontractors with which we can work with should the need arise.

4.1.6 Dependence on Group Managing Director, Group Chief Executive Officer, Executive Director and Key Management and Technical Personnel

Our continued success will depend significantly on the ability, expertise and continued efforts of our Group Managing Director, Group Chief Executive Officer, Executive Director and key management and technical personnel. The departure of any of these individuals may, to a certain extent, affect our future business operations and financial performance. Our future success also depends on our ability to attract, hire, train and motivate sufficient skilled personnel.

Recognising the importance of our key management and technical personnel, we will continuously consider appropriate measures so as to attract and retain our key personnel. We also strive to groom and develop younger members of the management team to gradually assume greater responsibilities in preparation for our long-term expansion as part of our succession plan. Further, service agreements have been entered into between our Group and The Cheng Eng and Pang Sar to ensure their commitment to our Group upon the Listing. Please refer to Section 8.9 of this Prospectus for further details on the service agreements.

4. RISK FACTORS (CONT'D)

Despite the abovementioned service agreements allowing for early termination by either party, The Cheng Eng and Pang Sar are actively involved in our day-to-day operations. Their departure, if any, may affect our business operations and financial performance. However, any unfavourable performance of our Group would greatly affect both The Cheng Eng and Pang Sar as the major shareholders of our Company, which collectively hold approximately 72.8% of the enlarged issued and paid-up capital of our Company upon the Listing.

Premised on the above, both The Cheng Eng and Pang Sar are very active in our operations and they are also grooming and developing younger members of the management team to assume greater responsibilities as part of our succession plan. As such, an early departure before the end of the three (3)-year tenure of the service agreements would be unlikely.

Piling and foundation services are the main businesses for both The Cheng Eng and Pang Sar and they are actively involved in our day-to-day operations. Further, both The Cheng Eng and Pang Sar do not have any other major financial interest outside our Group. Hence, the chances of The Cheng Eng and Pang Sar exiting our Group in the medium term are highly unlikely.

We believe that offering a competitive salary package, training and conducive working environment should mitigate this risk further. We also believe that by increasing our profile through the Listing, we will be able to attract more qualified personnel to continuously play an active role in the growth of our Group. Notwithstanding the above, we have not experienced any departure of our Executive Director, key management and/ or technical personnel which has a material adverse effect on our business operations in the past.

4.1.7 Borrowings and Financing Risks

Our total borrowings as at the LPD amounted to approximately RM34.28 million, all of which are domestic borrowings and interest-bearing. As such, any additional borrowings and/ or increase in interest rates, which is beyond our control, may result in an increase in interest expense, which may affect our profitability. There can be no assurance that current interest rates will be maintained in the future and/ or that any increase in our borrowings will not have any material effect on our financial performance. Notwithstanding the above, we have not experienced any increase in interest rates which has a material adverse impact on our financial performance in the past.

Our credit facilities may also be subject to periodic review by the financial institutions and contain certain covenants which may limit our operating and financing flexibility. Any act or omission by us that breaches such covenants may give the rights to the financial institutions to terminate the relevant credit facilities and/ or enforce any security granted in relation to those credit facilities. This may in turn cause a cross default of other credit facility agreements. As these covenants are commonly contained in the credit facility agreements in Malaysia, we will endeavour to monitor the compliance with all such covenants. Nevertheless, there can be no assurance that our performance will not be adversely affected should we breach such covenants of any of our facility agreements. Notwithstanding the above, we have not breached such covenants of any of our facility agreements in the past.

4. RISK FACTORS (CONT'D)

4.1.8 Absence of Long-Term Contractual Agreement with Customers

Our Group does not have any long-term contract with our customers. However, we have established close working relationships with our customers. Our customers, namely Glomac Berhad group of companies, have been our customers for more than 10 years. In addition, we also have received repeated orders from our other customers such as Putrajaya Perdana Berhad group of companies, Bandar Raya Developments Berhad group of companies, Selangor Dredging Berhad group of companies and IOI Corporation Berhad group of companies. Each of the piling and foundation services contract generally ranges from three (3) to 18 months depending on the size and complexity of the project.

Our Group seeks to limit this risk by maintaining a close working relationship with our existing customers. Our Group believes that by providing quality services, on-time delivery, competitive pricing and value-added services, our Group will be able to maintain a continuous relationship with our customers.

4.1.9 No Assurance that Future Plans will be Commercially Successful

In order to achieve our future plans as disclosed in Section 6.19 of this Prospectus, our Group relies on the availability of management, financial and customer support as well as operational and other resources. The success of our continued expansion within the piling and foundation services market will be dependent upon, amongst others, our ability to continuously succeed in securing projects, broaden our customer base and further improve our services and internal capabilities. In addition, we may utilise significant resources in our business expansion plans, upgrading our internal capabilities such as purchase of machinery and equipment as well as implementing an ISO 14001:2004-compliant Environmental Management System. However, there is no assurance that the successful implementation of our future plans will improve our earnings given that additional resources or costs would have to be incurred for the implementation of our future plans.

Further, to manage any future growth of our operations and personnel resulting from our business expansion, we will improve and effectively utilise our operational, management, marketing and financial systems and successfully recruit, hire, train and manage additional personnel. Our failure to manage our business expansion and growth may materially and adversely affect our business operations and financial performance. Notwithstanding the above, we have not experienced any mismanagement in our business expansion and growth which has a material adverse impact on our business operations and financial performance in the past.

4.2 Risks Relating to Our Industry

4.2.1 Dependence on the Construction and Property Development Industry

Piling and foundation services are a subset of construction and property development activities. Hence, there is an interdependence between both the piling and foundation services market and the construction and property development industry, where all construction and property development projects create demand for piling and foundation services.

4. RISK FACTORS (CONT'D)

Therefore, our Group's operations are highly dependent on the performance of the construction and property development industry in Malaysia and any impact on the construction and property development industry will have direct impact on the market we are operating in. The construction and property development industry are affected by the political and economic stability of the country, inflation, shortage of labour supply as well as increase in labour and raw material cost. Furthermore, the Malaysian property development industry is also susceptible to risks such as rise in financing cost and fluctuating demand for real estate properties as well as further property cooling measures implemented by the Federal and/or State Government particularly in Penang and Johor Darul Takzim where our Group intends to expand our business in the near future. These risks may result in the dampening of investors' sentiment and demand for properties leading to the possible delay or cancellation of construction projects. Under such circumstances, our Group's business may be affected as the pool of potential demand for our piling and foundation services may be reduced accordingly from the delay or cancellation of construction projects. Our planned future expansion in Penang and Johor Darul Takzim may also not be smooth or successful. Notwithstanding the above, we have not experienced any slowdown in the construction and property development industry, which has a material adverse impact on our financial performance in the past.

The performance of piling and foundation services market players such as our Group is correlated with the performance of the construction and property development industry. At first glance, the property market cooling measures announced in the Budget 2014 seem to dampen the sentiment in the property market leading to potential slower demand for properties which can affect construction demand. However, the move is seen as curbing unhealthy excessive speculative activities particularly in the residential segment. This may lead to a more sustainable property market in the long run with lesser speculative influence that can drive the price high. In addition, the Malaysian Government has continued to implement projects related to affordable housing and projects with a positive impact on the citizen and low import value are expected to be implemented. As such, the Board does not foresee any major impact on our business as we generate our revenue from both residential and commercial projects. As at the LPD, our order book for the piling and foundation services segment stood at approximately RM449.88 million and our Group has not experienced any slowdown in securing new contracts. Please refer to Section 11.5 of this Prospectus for further details on the state of our order book.

Malaysia is undergoing continuous expansion as the economy is expected to maintain moderate growth moving forward. The construction industry is expected to benefit tremendously from government-led initiatives and spending. Favourable labour market conditions leading to rising disposable income is likely to fuel improvements in domestic demand. However, there is no assurance that there will be no adverse condition affecting the stability of the bullish construction industry.

4.2.2 Competition Risks

The construction industry is highly competitive and we face competition from various construction companies, both listed and non-listed companies. Competitive pressures may result in highly competitive pricing in order to secure a contract, which may affect our financial performance.

4. RISK FACTORS (CONT'D)

However, our Group is a Grade "7" contractor registered with CIDB. The registrations with CIDB enable us to tender for government and private sector projects of any size and amount within the categories of works which we are licensed to carry out. In addition, the barrier of entry to the piling and foundation services market in Malaysia is relatively high as huge capital investment is required to purchase drilling rigs and other related machinery in order to undertake large-scale projects. Grade "7" main contractors may have the licences to undertake the piling and foundation works on their own. However, in view of the nature of the piling and foundation services, which requires special skillsets and heavy investment in specialised equipment and machinery, main contractors may not necessarily possess those skillset and the necessary equipment and machinery. As such, the main contractors may prefer to concentrate on the construction works and subcontract the piling and foundation services works to us.

Our Group is also led by an experienced management team with extensive experience in their respective fields of piling and foundation services to ensure smooth internal operations. Our Group's consistent track record since our establishment of more than 25 years has earned us many recurring customers and new customers through favourable referrals and recommendations from existing customers. Furthermore, our Group has extensive experience in bored piling, top-down construction, well-equipped and organised maintenance workshop with necessary tools such as gantry, welding sets and tooling machines as well as experienced technicians to maintain, modify and repair our fleet of specialised piling equipment in-house in an efficient manner and a sizeable fleet of piling machinery and equipment; details of our material machinery held by our Group are set out in Section 6.18.2 of this Prospectus, to support our operations. Our commitment to quality assurance has also been proven by the accreditation of our quality management system in compliance with ISO 9001:2000 by BM TRADA since 2002 for the provision of installation and testing of bored piles, driven piles and construction of substructure.

We seek to maintain our order books and market share by actively participating in competitive bidding and negotiation to secure contracts and continuing our efforts in maintaining our competitive edge in terms of cost efficiency, service quality, reliability and innovation in construction industry. Please refer to Section 11.5 and Section 7 of this Prospectus for the state of our order book and our market share, respectively. However, no assurance can be given that we will be able to compete effectively with current and new entrants into the construction industry in the future. Notwithstanding the above, we have not experienced any material decrease in market share which has a material adverse effect on our financial performance in the past.

4.2.3 Dependence on Foreign Workers

The industry in which our Group operates is dependent on the employment of foreign workers due to the shortage of local workers in the local construction industry. While the employment of foreign workers is currently allowed in the construction industry, these foreign workers can only be sourced from specific countries as determined by the Malaysian Government. In general, approval is granted based on the merits of each case and is subject to conditions determined by the relevant authorities from time to time. Additionally, the Malaysian Government may amend policies relating to the employment of foreign workers in the construction industry and/ or include new conditions.

4. RISK FACTORS (CONT'D)

As our Group's operations are highly dependent on the supply of foreign workers, any scarcity in its supply would adversely affect our business. Furthermore, any increase in the levy or minimum wages for foreign workers or any other costs to be paid to the Malaysian Government would increase our Group's construction overheads, directly impacting our financial performance. Should the Malaysian Government amend their policies and impose any restriction or limit to the number of foreign workers to be employed for our projects, the completion of our construction projects may be delayed, hence affecting our Group's business plans and financial performance. To mitigate these risks, we have appointed agents and subcontractors, from whom we can draw supply of foreign workers as and when necessary for our projects. Notwithstanding the above, we have not experienced any shortage of foreign workers which has a material adverse impact on our business operations in the past.

4.2.4 Workplace Safety and Health Matters

Our Group's operations are subject to laws and regulations, including those relating to workplace safety and workers' health. Our Group believes that our existing operations are in compliance with the relevant laws and regulations and is currently not aware of any breaches of workplace safety and health matters. Our management attended and will continue to attend workplace safety and health related seminar and conference to keep abreast of the recent development of relevant laws and regulations. Further, all the management and site personnel of our Group who are required to work on site have attended the green card program regulated by CIDB and possess the green card before being allowed to work on site.

In addition, prior to engaging a subcontractor, we would obtain a name list of site personnel from the subcontractor for compliance checking. This is to ensure that all site personnel of subcontractors possess green card and comply with the relevant laws and regulations.

Nevertheless, we remain exposed to potential workplace safety and health liabilities. Notwithstanding the above, we have not experienced any breach of workplace safety and health matters which has material adverse impact on our business operations in the past.

4.2.5 Insurance Coverage on Assets and Employees

Our Group believes that we have an adequate insurance coverage on our assets and employees. In ensuring such risks are minimised, our Group reviews our insurance policies on a regular basis to ensure that there is adequate coverage on our assets and employees. However, there can be no assurance that all liabilities incurred will be sufficiently covered by insurance and as such, claims for damages arising from our Group's operations may have an adverse impact on our Group's financial condition or results of operations. Notwithstanding the above, we have not experienced any claim for damages arising from our Group's operations which is not sufficiently covered by insurance and has a material adverse impact on our financial performance in the past.

4. RISK FACTORS (CONT'D)

4.2.6 Uncertainty in Securing New Contracts

Our business development team is always on the lookout for new business opportunities to sustain business continuity and growth. Our technical team and labour workforce on the other hand will correspondingly provide and maintain consistent quality of service delivery to our customers to encourage recurring business with existing customers and business with new customers. The encouraging influx of customers through recommendations and through our market reputation in piling and foundation services also contributes positively into our future business expansion. As at the LPD, our current book order amounts to approximately RM449.88 million which would last for 12 to 15 months. However, there is no assurance that we will not be facing a situation of uncertainty in securing new contracts.

4.3 Other Risks

4.3.1 Political, Economic and Regulatory Risk

Our financial and business prospects, and the industry in which we operate in, will depend to some degree on the developments in the political and regulatory front in Malaysia. Amongst the political, economic and regulatory factors are changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the governments' policies such as licensing regulations.

The performance of piling and foundation services market players such as our Group is correlated with the performance of the construction and property development industry. At first glance, the property market cooling measures announced in the Budget 2014 seem to dampen the sentiment in the property market leading to potential slower demand for properties which can affect construction demand. However, the move is seen as curbing unhealthy excessive speculative activities particularly in the residential segment. This may lead to a more sustainable property market with lesser speculative influence that can drive the price high. In addition, the Malaysian Government has continued to implement projects related to affordable housing and projects with a positive impact on the citizen and low import value are expected to be implemented. As such, the Board does not foresee any major impact on our business as we generate our revenue from both residential and commercial projects. As at the LPD, our order book for the piling and foundation services segment stood at approximately RM449.88 million and our Group has not experienced any slowdown in our tender project. Please refer to Section 11.5 of this Prospectus for further details on the state of our order book.

We will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these factors. However, there can be no assurance that adverse political, economic and regulatory changes, which are beyond our control, will not materially affect our Group's business. Notwithstanding the above, we have not experienced any adverse political, economic and regulatory changes which have a material adverse impact on our business operations in the past.

4. RISK FACTORS (CONT'D)

4.3.2 Vulnerability to Changes in Government Regulations

Our Group's operations are governed by the terms of the licences awarded by CIDB, which set out the types and nature of activities which a construction company in Malaysia is allowed to undertake. In addition to the above, our Group is also subject to, amongst others, the LPIP Act, the Occupational Safety and Health Act, 1994, the Environment Quality Act 1974 and the Factories and Machinery Act 1967 in Malaysia. Furthermore, construction works carried out at construction sites are often subject to directives and terms imposed by local authorities.

We have not experienced any severe restrictions on our conduct of business which have a material adverse impact on our business operations in the past. We will always endeavour to comply with any new laws and regulations imposed. However, there is no assurance that any adverse development or change in the regulatory environment in Malaysia would not have an adverse impact on our ability to conduct business in the country.

4.3.3 Forward-Looking Statements

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on assumptions made by our Group and although we believed to be reasonable at that time, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors set out in Section 4 of this Prospectus. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

4.4 Risks Relating to Our IPO

4.4.1 No Prior Market for Our Shares and Possible Volatility of Our Share Prices

Prior to the IPO, there has been no public market for our Shares. There can be no assurance that an active market in our Shares will be developed or be sustained upon Listing. Our IPO Price was determined through negotiations between our Directors, Promoters, Offerors, and RHBIB as the Principal Adviser, Underwriter and Placement Agent, after taking into consideration various factors.

We cannot assure you that the market price of our Shares will not decline below the IPO Price. We believe that a number of factors could cause our Share price to fluctuate, including but not limited to sales of substantial amounts of our Shares in the public market in the immediate future, announcements of developments relating to our business, fluctuations in our operating results, general industry conditions or the performance of the global economy.

4. RISK FACTORS (CONT'D)

4.4.2 Trading Price and Volume of Our Shares

The trading price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of securities listed on Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our quoted Shares. Nevertheless, the profitability of our Group is not dependent on the performance of securities listed on Bursa Securities as the business activities of our Group have no direct correlation with the performance of securities listed on Bursa Securities.

4.4.3 Continued Control by Our Promoters

Upon Listing, our Promoters, namely The Cheng Eng, Pang Sar and The Kun Ann will collectively hold an aggregate of 390,100,010 Econpile Shares, representing approximately 72.9% of our enlarged issued and paid-up share capital. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the voting of our shareholders, unless our Promoters are required to abstain from voting by law and/ or by the relevant guidelines or regulations.

Nevertheless, as good corporate governance, we have appointed three (3) independent Directors, namely Dato' Rosli Bin Mohamed Nor, Krishnan A/L C K Menon and Ong Poay Wah @ Chan Poay Wah, and established an Audit Committee to ensure all future transactions involving related parties, if any, are entered into on an arm's-length basis or normal commercial terms that are not more favourable to the related parties than those generally available to third (3rd) parties and not to the detriment of our minority shareholders.

4.4.4 Payment of Dividend is Not Assured

We conduct all our operations through our subsidiary companies. Accordingly, our main source of income, which is an important factor in our ability to pay dividends to our shareholders, is the receipt of dividends and other distributions to us from our subsidiary companies, namely ESB and PPSB. It is our Board's policy to recommend and distribute minimum dividends of 20% of our annual PAT attribution to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subjected to the approval of our shareholders at our annual general meeting.

Our ability to pay dividends or make other distributions to our shareholders may also be subject to restrictions contained in our existing and/ or future loan agreements, the future financial performance and cash flow position of our Group and subject to us having profits and sufficient funds which are in excess to our requirements to fund our operations, other obligations or business plans.

4. RISK FACTORS (CONT'D)

Furthermore, some of our bankers require us to seek their prior approval for dividend payments. We do not expect such approval to be unreasonably withheld by our bankers, therefore, we are confident that we can make our dividend payment, if declared.

Our payment of dividends will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial conditions and any other factors considered relevant by our Board. Actual dividends declared may vary depending on the financial performance and cashflow of our Group, and may be waived if the payment of the dividends would adversely affect the cashflow and operations of our Group.

There is no assurance that our Company will be able to distribute dividends to our shareholders as a result of the above-mentioned factors. There is also no assurance that we will be able to record profits and have sufficient funds for our operations, other obligations and business plans to declare dividends to our shareholders. Notwithstanding the above, we have not experienced such risk of a material nature in the past.

4.4.5 Delay in or Abortion of Our Listing

Our Listing may be potentially delayed or aborted due to the occurrence of any one or more of the following events:-

- i. Our Underwriter exercising its right pursuant to the Underwriting Agreement in discharging itself from its obligations thereunder;
- ii. The placees under the private placement tranche of the Public Issue and Offer for Sale fail to acquire the IPO Shares allocated to them; and
- iii. We are unable to meet the public shareholding spread requirements of Bursa Securities of which at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the time of our admission to the Official List.

In the event of a failure of our Listing, all monies paid in respect of any application accepted from you will be returned in full without interest within 14 days, failing which, the provision of sub-section 243(2) of the CMSA shall apply accordingly. Nevertheless, we will endeavour to ensure compliance of the various requirements to avoid delays or non-implementation of our Listing.

4.4.6 Delay Between Admission and Trading of the IPO Shares

After we have allocated and allotted our Shares to your CDS account with Bursa Depository, which would occur at least two (2) Market Days before the anticipated date for admission to the Official List, it may not be possible for you to immediately recover monies paid in respect of the IPO Shares from us in the event that our admission and commencement of trading on the Main Market of Bursa Securities do not occur. Delays in the admission and commencement of trading in shares on Bursa Securities have occurred in the past. In order for us to return the monies to you in respect of the IPO Shares following the allocation in Bursa Depository, a reduction of our Company's capital would be necessary. This would require the sanction of our shareholders by special resolution at a general meeting and the confirmation of the capital reduction by the High Court of Malaya.

4. RISK FACTORS (CONT'D)

There can be no assurance that monies can be recovered within a short period of time. If such monies are not repaid within 14 days after we become liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

4.4.7 Future Fund Raising May Dilute Shareholders' Equity or Restrict Our Operations

We may require additional funding for our future growth. This may result in dilution of our shareholders' equity, or restrictions imposed by additional debt funding such as, amongst others, maintenance of a certain level of current ratio, gearing ratio and/ or dividend payouts.

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our customer base and the need to maintain and expand our piling and foundation services. Thus, we may need additional capital expenditure for mergers and acquisitions or investments. An issue of Shares or other securities to raise funds will dilute shareholders' equity interest and may, in case of a rights issue, require additional investment by shareholders.

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5. OUR GROUP

5.1 Our History and Business

We were incorporated in Malaysia on 14 September 2012 under the Act as a private limited company under the name of Econpile Holdings Sdn Bhd. We were subsequently converted into a public limited company on 14 August 2013 and assumed our present name. We were incorporated as an investment holding company to facilitate our Listing.

We had undertaken the Restructuring Exercises prior to our Listing, details of which are set out in Section 5.5 of this Prospectus. ESB became our wholly-owned subsidiary company whilst PPSB became our indirect wholly-owned subsidiary company held through ESB pursuant to the Restructuring Exercises.

Through ESB, we are principally involved in the provision of piling and foundation services. Our piling solutions include bored piles, driven piles and jack-in-piles, details of which are set out in Section 6.2.1 of this Prospectus. Our foundation services include earth retaining system, earthworks as well as substructure and basement construction works, details of which are set out in Section 6.2.2 of this Prospectus, respectively. The revenue contribution of these principal activities to our Group was more than 99% for the past three (3) financial years up to the FYE 30 June 2013 as well as the seven (7)-month FPE 31 January 2014, details of which are set out in Section 11 of this Prospectus.

In addition, through PPSB, we are also involved in property investment, rental of machinery and sales of goods. However, these activities are not our core business activities. The revenue contribution of these activities to our Group was less than 1% for the past three (3) financial years up to the FYE 30 June 2013 as well as the seven (7)-month FPE 31 January 2014, details of which are set out in Section 11 of this Prospectus.

Our Group's history began with the birth of ESB, founded by Mr The Cheng Eng in 1987. At the time, ESB was established as a provider of driven piling and foundation services on a sub-contract basis. Subsequently, Mr Pang Sar was appointed as ESB's Executive Director in 1992. ESB has grown into what it is today as a result of the concerted efforts made by both partners.

During the initial years of our Group's operation, the majority of projects undertaken involved piling works for medium rise buildings up to six (6) storeys high.

As our Group's business grew, potential projects involving taller buildings began to surface. As such, our Group began to offer a wider range of services to our customers and ventured into bored piling and substructure works. Bored piles are able to support higher loads in many types of soil condition and thus provide suitable foundation for high rise buildings. Diversifying into bored piling allowed us to widen our scope of projects to include foundation and substructure work for high rise buildings. Through the careful delivery and implementation of projects, we gradually built our reputation within the piling and foundation services market in Malaysia.

As the demand for our services increased, our Group began investing in more bored piling machinery and expanding our manpower capacity to cater for demand while ensuring our consistency in delivery timeliness and work quality. We also continued to build internal capabilities through the accumulation of skilled human resources, as well as experienced geotechnical engineers with expertise and experience relevant to our work.

5. OUR GROUP (CONT'D)

Our conservative expansion throughout the mid-1990s helped us to sustainably endure the 1997 Asian financial crisis, which witnessed many construction projects being abandoned or stalled. The crisis put many construction industry players, including piling and foundation contractors in financial difficulties, many of which were expanding unsustainably in their efforts to capitalise on the construction boom during the early 1990s. However, we were able to benefit from acquiring machinery at below-market prices from these construction companies. Further, our prudent practice such as conducting thorough credit checks on customers and projects as well as evaluating the likelihood of receivables collection prior to securing the projects has minimised our exposure to bad debt.

In 1998, we were engaged for bored piling and substructure services for Putrajaya development project, a planned city to relocate the federal administrative centre from Kuala Lumpur. The first project engagement had earned us subsequent piling projects for different phases of the Putrajaya development project from 1999 to 2004, which included several government buildings and apartments.

The financial crisis also changed the way the market players within the construction industry operate. Property developers started to outsource the construction process to contractors and subcontractors to reduce their financial and operational risk. This trend allowed our Group to evolve from a subcontractor into a specialised main contractor for piling and foundation works, which helped earn a larger share of a project's value.

In 2000, PPSB was incorporated to be principally involved in property investment, rental of machinery and sales of goods.

In 2000, we also established a machinery repair and maintenance team to optimise maintenance costs and reduce operational downtime of our machinery. In 2001, PPSB purchased a piece of land in Bukit Beruntung, Rawang. The land was later used to construct our workshop and rented to ESB. As such, this is an inter-company transaction between ESB and PPSB and the revenue of PPSB is eliminated after consolidation at Group level. The workshop has continued to grow and is now the backbone in ensuring the cost and time efficiency of our Group's operations.

In 2002, our quality management system was successfully accredited as ISO 9001:2000 compliant by BM TRADA. Our business was further expanded as we secured several notable projects for bored piling and substructure works. The buildings for which we were contracted for piling and substructure works are, for example, a major shopping complex, airport, power plant and luxury condominium.

In 2007, we decided to boost our piling capability by investing in a new Bauer BG 40 rotary drilling rig from Germany. This machine can be used for drilling cased boreholes, uncased deep boreholes, boreholes with long hollow stem augers and special drilling systems such as front of wall piles.

In 2008, our quality management system was upgraded to ISO 9001:2008 and was certified by BM TRADA, demonstrating our continued commitment to leading quality practices. Our management is continuously seeking improvement in parallel to our expansion. We have transformed from a small piling company to a bored piling and substructure specialist with the capability to offer bored piling services, backed up by well-equipped workshop with a sizable fleet of machinery, led by a competent and dedicated management team and operated by skilful and experienced technical personnel.

5. OUR GROUP (CONT'D)

The list of selected notable projects secured by our Group since inception is set out below:-

Year	Details of projects
1992	Secured several projects for the design and installation of driven cast-in-place piling and pile cap for shops houses in Subang Jaya, five (5)-storey medium rise apartment in Subang Jaya and six (6)-storey apartment at Petaling Jaya, Selangor Darul Ehsan.
1994	Secured a project for piling, pile cap, basement slab and ground slab works for a 13-storey hotel with parking at its basement level in Kuala Lumpur, Wilayah Persekutuan.
1995	Secured a project for construction of overhead bridge above a railway in Kampung Jawa, Klang, Selangor Darul Ehsan.
2000	Making further inroads into Putrajaya, Wilayah Persekutuan with the award of contracting works for (i) piling, foundation and retaining wall for government building at Putrajaya, Wilayah Persekutuan, (ii) building the retaining wall at Precinct 16 and (iii) bored piling, diaphragm wall and substructure works for government building at Lot 2G2. Contracted to undertake bored piling and related works as part of the slope remedial works at KM 170, Jalan Kota Kinabalu, Sandakan, Sabah.
2001	Secured more jobs in Putrajaya, Wilayah Persekutuan with projects involving (i) piling and infrastructure works at Precinct 4; (ii) piling works for a district cooling plant at Precinct 2 and (iii) piling and related works for a government complex at Lot 3G2, Precinct 3. Secured jobs in other states within the Peninsular Malaysia for (i) piling works for a hospital in Sungai Petani, Kedah Darul Aman, (ii) piling and substructures works for a 18-storey complex in Johor Bharu, Johor Darul Takzim and (iii) piling works for a bridge that crosses over Sungai Pahang in Chenor, Pahang Darul Makmur.
2003	Awarded a contract for earthworks, piling and miscellaneous works for the design, construction, completion and commissioning of the government building in Johor Bahru, Johor Darul Takzim. Contracted for bored piling works for a flood mitigation project in Gombak, Kuala Lumpur, Wilayah Persekutuan.
2005	Contracted for piling works for an elevated highway in Subang Jaya, Selangor Darul Ehsan.
2006	Contracted for bored piling works for the construction of two (2) units of coal fired power plant project in Jimah, Port Dickson, Negeri Sembilan Darul Khusus. Awarded a contract for site clearance, earthwork, temporary works, retaining wall, piling and foundation works for six (6) blocks of high-cost apartment and five (5) levels of basement car park at Jalan Menerung, in Bangsar, Kuala Lumpur, Wilayah Persekutuan.

5. OUR GROUP (CONT'D)

Year	Details of projects
	<p>Contracted for piling and basement works for the extension of a shopping complex at Jalan Maarof in Taman Bukit Bandaraya, Kuala Lumpur, Wilayah Persekutuan. This project involved contractor's design and built solution for retaining system with high cantilever height.</p> <p>The abovementioned two (2) Kuala Lumpur-based projects in 2006 are adjoined to each other and the contracts were awarded by the same developer. The combined value of the contracts from the two (2) projects stood at more than RM80.00 million.</p>
2007	<p>Contracted for piling works for the substrate plant of a multinational company in Senai, Johor Darul Takzim.</p> <p>Contracted for piling, earthworks, pile cap, basement slabs for an energy efficient building at Plot 2C15 in Precinct 2, Putrajaya, Wilayah Persekutuan.</p>
2008	<p>Contracted for bored piling and ancillary works under Package N3, of the electrified double-tracking project between Ipoh and Padang Besar.</p>
2009	<p>Contracted for piling, pile caps system, basement slab system for the design, construction, completion and commissioning of the headquarters of a government-linked company in Kuching, Sarawak.</p> <p>Contracted for piling works for the infrastructure development at Tanjong Agas Oil & Maritime Industrial Park in Pekan, Pahang Darul Makmur.</p>
2010	<p>Contracted for piling and structure works under Module 8 for water treatment plant and related works in Kuching, Sarawak.</p> <p>Contracted for bored piling works for the terminal approach road (elevated road) for the development of new airport and related works in Sepang, Selangor Darul Ehsan.</p>
2011	<p>Contracted for bored piling works for the design, engineering, procurement, delivery, construction and commissioning of the power plant in Manjung, Perak Darul Ridzuan.</p> <p>Contracted for the design and installation of bored piling works for the commercial complex that will consist of two (2) blocks of 30-storey tower, a shopping complex with three (3)-storey basement car park and a 23-storey hotel in Putrajaya, Wilayah Persekutuan.</p>
2012	<p>Contracted for bored piling works for the development of power plant project in Johor Darul Takzim.</p> <p>Contracted for bored piling works under a public transport project in the Klang Valley.</p> <p>Contracted for another bored piling works under the above public transport project in the Klang Valley.</p>

5. OUR GROUP (CONT'D)

Year	Details of projects
	Contracted for bored piling for the construction and completion of the Subterranean Penang International Convention and Exhibition Centre at Jalan Tun Dr Awang in Penang.
2013	Contracted for the construction of a tunnel linkage along Jalan Bukit Bintang. Contracted for piling, substructure and reinforced concrete works up to the soffit of the ground floor slab for the proposed 44-storey tower and two (2)-storey basement car park at Jalan Harapan in Petaling Jaya, Selangor Darul Ehsan. Contracted for bored piling, pile cap and lift pits and related works at Seksyen 7 in Shah Alam, Selangor Darul Ehsan.

Please also refer to Section 5.8.1 of this Prospectus for additional notable projects secured by our Group as part of our key achievements and milestones.

Today, we are a piling and foundation services provider, with services ranging across various piling solutions and foundation services such as earth retaining system, earthworks as well as substructure and basement construction works. We are registered with CIDB and hold its Grade "7" licence, which allows us to tender for projects with unlimited values and our registered categories are Category B (Building), Category CE (Civil Engineering) and Category ME (Mechanical and Electrical). With the above grade and categories, we are able to tender for various types of works such as piling works, building works, infrastructure works and mechanical and electrical services. Please refer to Section 6.12 of this Prospectus for the detailed description of our Grade "7" licence.

Further, we have over the years built expertise and capabilities in bored piling services, making us one of the leading providers of such services in the Malaysian market. Our success is attributable to attention to consistent quality in delivery, strong technical capabilities, and a good long-standing market reputation, all of which are key factors towards our Group's continued success moving forward.

5.2 Share Capital and Changes in Share Capital

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

Share capital	No. of Shares	Par value RM	Amount RM
Authorised	1,000,000,000	0.20	200,000,000
Issued and paid-up	445,000,010	0.20	89,000,002

Upon completion of the Public Issue, our enlarged issued and paid-up share capital will be increased to RM107,000,002 comprising 535,000,010 Econpile Shares.

The details of the changes in our issued and paid-up share capital since incorporation are set out below:-

5. OUR GROUP (CONT'D)

Date of allotment	No. of Shares	Par value RM	Consideration ^{*1}	Cumulative issued and paid-up share capital RM
14.09.2012	2	0.50	Subscribers' shares	1
06.09.2013	2	0.50	Allotment of shares	2
26.09.2013	10 ^{*2}	0.20	Subdivision of shares	2
03.10.2013	445,000,000	0.20	Acquisition of ESB	89,000,002

Notes:-

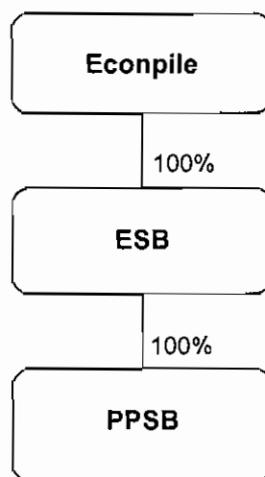
*1 There was no discounts, special term or installment payment term granted to these transactions

*2 Number of subdivided shares

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company.

5.3 Group Structure

The present corporate structure of our Group is set out below:-



Our subsidiary companies and their principal activities are set out below:-

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
ESB	11.09.1987 Malaysia	2,000,000	100.0	Provision of piling and foundation services, including civil engineering and related activities ^{*1}
PPSB	01.06.2000 Malaysia	1,000,000	100.0	Property investment, rental of machinery and sales of goods ^{*2}

5. OUR GROUP (CONT'D)

Notes:-

- ¹ Our piling solutions include bored piles, driven piles and jack-in-piles, details of which are set out in Section 6.2.1 of this Prospectus. Our foundation services include earth retaining system, earthworks as well as substructure and basement construction works, details of which are set out in Section 6.2.2 of this Prospectus, respectively. The revenue contribution of these principal activities to our Group was more than 99% for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, details of which are set out in Section 11 of this Prospectus.
- ² Property investment, rental of machinery and sales of goods are not our core business activities. The revenue contribution of these activities to our Group was less than 1% for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, details of which are set out in Section 11 of this Prospectus.

5.4 Subsidiary Companies

5.4.1 ESB

ESB was incorporated in Malaysia under the Act on 11 September 1987 as a private limited company. ESB is principally involved in the provision of piling and foundation services, including civil engineering and related activities. ESB commenced operations in July 1988.

As at the LPD, ESB's authorised and issued and paid-up share capital are set out below:-

Share capital	No. of shares	Par value RM	Amount RM
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	2,000,000	1.00	2,000,000

There has been no changes in ESB's issued and paid-up share capital for the past three (3) years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in ESB.

As at the LPD, ESB has one (1) subsidiary company, namely PPSB, and does not have any associated companies.

5.4.2 PPSB

PPSB was incorporated in Malaysia under the Act on 1 June 2000 as a private limited company. PPSB is principally involved in property investment, rental of machinery and sales of goods. PPSB commenced operations in January 2002.

As at the LPD, PPSB's authorised and issued and paid-up share capital are set out below:-

Share capital	No. of shares	Par value RM	Amount RM
Authorised	1,000,000	1.00	1,000,000
Issued and paid-up	1,000,000	1.00	1,000,000

There has been no changes in the issued and paid-up share capital of PPSB for the past three (3) years up to the LPD.

5. OUR GROUP (CONT'D)

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in PPSB.

As at the LPD, PPSB does not have any subsidiary and associated companies.

5.5 Restructuring Exercises

In conjunction with, and as an integral part of our Listing, we have implemented the Restructuring Exercises prior to our Listing, details of which are set out below:-

5.5.1 Subdivision of Shares

We had, on 26 September 2013, implemented a subdivision of shares where the four (4) ordinary shares of RM0.50 each in the issued and paid-up capital of our Company were subdivided into 10 ordinary shares of RM0.20 each credited as fully paid up.

Upon completion of the subdivision of our shares, the authorised capital of our Company, which was RM100,000 divided into 200,000 ordinary shares of RM0.50 each, was altered by subdividing the 200,000 ordinary shares of RM0.50 each into 500,000 ordinary shares of RM0.20 each.

5.5.2 Increase in Authorised Share Capital

We had, on 26 September 2013, implemented an increase in authorised share capital of our Company from RM100,000 divided into 500,000 ordinary shares of RM0.20 each to RM200,000,000 by the creation of 999,500,000 new ordinary shares of RM0.20 each.

Upon completion of the increase in authorised share capital, the authorised capital of our Company had been increased from RM100,000 divided into 500,000 ordinary shares of RM0.20 each to RM200,000,000 divided into 1,000,000,000 ordinary shares of RM0.20.

5.5.3 Acquisitions

We had, on 26 September 2013, entered into a sale and purchase agreement with the vendors of ESB, namely The Cheng Eng and Pang Sar, for the acquisition of 2,000,000 ordinary shares of RM1.00 each in ESB, representing 100.0% of the issued and paid-up share capital of ESB for a purchase consideration of RM89,000,000.

The total purchase consideration of RM89,000,000 for the acquisition of ESB was satisfied via the issuance of 445,000,000 new Econpile Shares at an issue price of RM0.20 per Share to the said vendors in the manner as set out below:-

	No. of shares held in ESB	%	No. of Econpile Shares issued	%
The Cheng Eng	1,000,000	50.0	222,500,000	50.0
Pang Sar	1,000,000	50.0	222,500,000	50.0
TOTAL	2,000,000	100.0	445,000,000	100.0

5. OUR GROUP (CONT'D)

The purchase consideration for the acquisition of ESB was based on the audited NA of ESB as at 30 June 2013 of approximately RM88.74 million. The acquisition of ESB was completed on 3 October 2013.

Pursuant to the incorporation of the Company, one (1) share each was issued at par value of RM0.50 each to Lim Hooi Mooi and Wong Wai Foong, who are our company secretaries. Further, an additional one (1) share each was issued at par value of RM0.50 each to Lim Hooi Mooi and Wong Wai Foong to facilitate the subdivision of shares as disclosed in Section 5.5.1 of this Prospectus. Pursuant to the subdivision of shares, the total of four (4) ordinary shares of RM0.50 each in the issued and paid-up capital of our Company were subdivided into 10 ordinary shares of RM0.20 each credited as fully paid up, of which Lim Hooi Mooi and Wong Wai Foong held five (5) Shares each.

The Cheng Eng had, on 8 October 2013, acquired the five (5) Shares from Lim Hooi Mooi for a total cash consideration of RM1.00. Pang Sar had also, on 8 October 2013, acquired the five (5) Shares from Wong Wai Foong for a total cash consideration of RM1.00.

Upon completion of the Acquisitions, our issued and paid-up share capital increased from RM2.00 comprising 10 Econpile Shares to RM89,000,002 comprising 445,000,010 Econpile Shares.

5.6 Listing Scheme

Subsequent to the Restructuring Exercises and in conjunction with our Listing, we will undertake the Listing Scheme as set out below:-

5.6.1 Public Issue

We will undertake a public issue of 90,000,000 new Econpile Shares, representing approximately 16.8% of our enlarged issued and paid-up share capital, at the IPO Price to be allocated in the following manner:-

- i. 27,000,000 Issue Shares for application by the Malaysian Public where 13,500,000 Issue Shares are allocated to Bumiputera investors;
- ii. 3,500,000 Issue Shares for application by our eligible Directors and employees and persons who have contributed to the success of our Group;
- iii. 47,500,000 Issue Shares for application by way of private placement to identified investors; and
- iv. 12,000,000 Issue Shares for application by way of private placement to identified Bumiputera investors approved by MITI.

Our Issue Shares will rank *pari passu* in all respects with our existing Econpile Shares including voting rights, except that the new Econpile Shares will not be entitled to any dividends, rights, allotments or other forms of distribution, the entitlements of which is prior to the date of allotment of the said Issue Shares.

Upon completion of the Public Issue, our issued and paid-up share capital will increase from RM89,000,002 comprising 445,000,010 Econpile Shares to RM107,000,002 comprising 535,000,010 Econpile Shares.

5. OUR GROUP (CONT'D)

5.6.2 Offer for Sale

55,000,000 Offer Shares, representing 10.3% of our enlarged issued and paid-up share capital, at the IPO Price will be offered by the Offerors by way of private placement to identified Bumiputera investors approved by MITI.

5.6.3 Listing

Upon completion of the Public Issue and Offer for Sale, our Company shall be admitted to the Official List and our entire enlarged issued and paid-up share capital of RM107,000,002 comprising 535,000,010 Econpile Shares shall be listed and quoted on the Main Market of Bursa Securities.

5.7 Capital Expenditures and Divestitures

Save for the Acquisitions as set out in Section 5.5 of this Prospectus and as disclosed below, our Group has not incurred any other material capital expenditure and divestiture (including interests in other corporations) for the past three (3) financial years up to the FYE 30 June 2013, the seven (7)-month FPE 31 January 2014 and 1 February 2014 up to the LPD:-

	<-----FYE 30 June----->			Seven (7)- month FPE	1 February
	2011 RM'000	2012 RM'000	2013 RM'000	31 January 2014 RM'000	2014 up to the LPD RM'000
Expenditures					
Acquisition of machinery in relation to the business	10,311	14,934	25,357	8,478	391
Acquisition of property	-	-	4,975	789	-
Divestitures					
Disposal of property	1,050	649	-	-	-
Disposal of shares in Active Rhythm Sdn Bhd	-	2,500	-	-	-

The above capital expenditures were financed through our internally-generated funds and/ or bank borrowings.

In addition, there are no material capital expenditures and divestitures currently in progress within or outside Malaysia.

5.8 Key Achievements, Milestones and Certifications

5.8.1 Key Achievements and Milestones

Year	Achievements and Milestones
1987	Incorporation of ESB, principally involved in driven piling.
1992	Breached the 'RM10.00 million' mark in revenue generated for the first time.

5. OUR GROUP (CONT'D)

Year	Achievements and Milestones
1993	Received our first bored piling project involving bored piling and pile cap works for two (2) blocks of 20-storey condominium consisting of 188 units and a block of two (2)-storey clubhouse at, Petaling Jaya, Selangor Darul Ehsan.
1994	Started offering complete piling and substructure services to our customer.
1997	Received our first project valued at RM10.00 million when we were engaged as a subcontractor to undertake the construction of the raft foundation and earthwork involving a retail centre and a service apartment at Jalan Ampang, Kuala Lumpur, Wilayah Persekutuan. Works undertaken by our Group included the construction of a 28,500 cubic metres of reinforced concrete raft foundation. The works involved several massive concrete pouring raft foundation.
1998	Awarded first major project in Putrajaya, Wilayah Persekutuan. The project involved bored piling, pile cap, earthworks and substructure works for a government building in Putrajaya, Wilayah Persekutuan.
2001	Purchased a vacant industrial land in Bukit Beruntung, Rawang to construct our workshop via our wholly-owned subsidiary, PPSB.
2002	ESB was accredited with ISO 9001:2000 by BM TRADA. Breached the 'RM50.00 million' mark in revenue generated for the first time. Completed the construction of our workshop in Bukit Beruntung, Rawang to maintain and repair our fleet of machinery.
2004	Subcontracted for foundation piling works for a major shopping centre at Jalan Bukit Bintang/ Jalan Raja Chulan, Kuala Lumpur, Wilayah Persekutuan. This project involved the installation of bored pile up to the depth of 92 metres.
2005	Contracted for piling, diaphragm wall, earthworks, substructure and basement works for The Troika, comprising of four (4) levels basement car parks at Jalan Binjai, Kuala Lumpur, Wilayah Persekutuan. This project was our first deep basement project in Kuala Lumpur City Center area that involved the partial top down construction method.
2007	Breached the 'RM150.00 million' mark in revenue generated for the first time.

5. OUR GROUP (CONT'D)

Year	Achievements and Milestones
2008	Secured contracts with value above RM50.00 million. The contracts were awarded for (i) foundation and basement construction works (bored piling, pile cap and earthworks) for the development of a 36-storey office block, inclusive of a single storey recreational space and five (5)-storey basement car park on Jalan P. Ramlee/ Jalan Pinang, Kuala Lumpur, Wilayah Persekutuan. (Note: For this project, we provided our design and install foundation solution using three (3) metres diameter bored pile) and (ii) foundation and basement construction works for a 19-storey complex with two (2) basement car park at Jalan Merlimau, Kuala Lumpur, Wilayah Persekutuan.
2010	Contracted for the piling, substructure and basement works for the 30-storey Menara Hap Seng 2, seven (7)-storey podium car park and five (5)-storey basement parking at Jalan Tengah, Kuala Lumpur, Wilayah Persekutuan. This project was carried out using the top-down construction method.
2011	ESB upgraded its accreditation to ISO 9001:2008 and is certified by BM TRADA.
2012	<p>Breached the 'RM300.00 million' mark in revenue generated for the first time.</p> <p>Contracted for piling works, diaphragm wall and basement construction works for the 55-storey W Hotel and The Residences and a four (4) basement car park at Jalan Ampang, Kuala Lumpur, Wilayah Persekutuan. The top-down construction method is used for this project.</p> <p>Contracted for piling works for the proposed two (2) blocks of apartments together with a five (5)-storey podium car park at Jalan Medang Serai in Bangsar, Kuala Lumpur, Wilayah Persekutuan. The project involved the construction of piling, contiguous bored piles and substructure over a very challenging terrain, with differences in height of more than 30 metres between two (2) sides.</p> <p>Contracted for piling and substructure works for the proposed 50-storey Pavilion with four (4)-storey basement car parks at Jalan Bukit Bintang, Kuala Lumpur, Wilayah Persekutuan. The project is located within the busiest street in heart of Kuala Lumpur and it involved the use of a top down construction method. The value of the contract is more than RM100.00 million.</p>

5. OUR GROUP (CONT'D)

5.8.2 Key Certifications

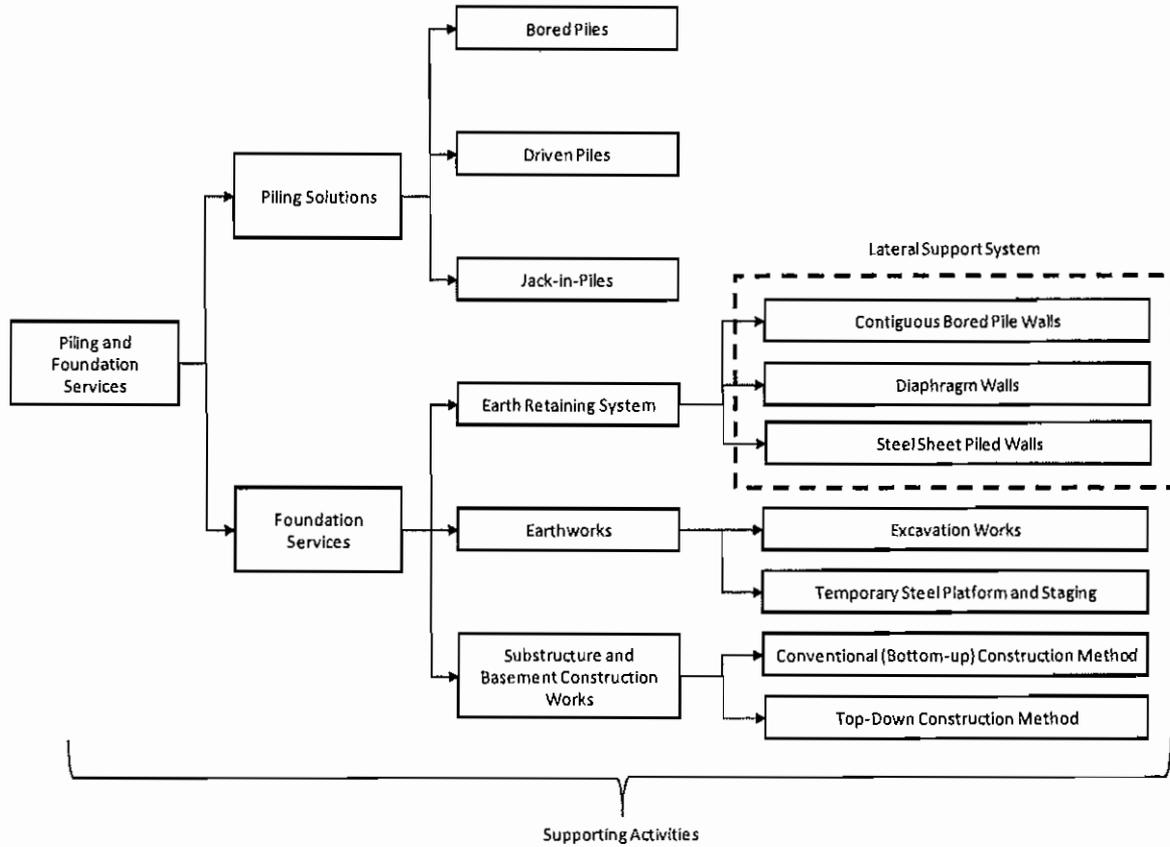
Year	Certifications
2000	Received Safety Award from Muhibbah Engineering (M) Bhd – Hubungan Raya Joint Venture in recognition of 500,000 man hours worked without any lost time accident.
2002	ESB was accredited with ISO 9001:2000 by BM TRADA since 27 May 2002 and was later updated to MS ISO 9001:2008 on 25 May 2011. ESB is compliant with ISO 9001:2008 QMS requirements for provision of installation and testing of bored piles, driven piles; and construction of sub-structure. The accreditation is valid until 26 August 2014.
2011	Received Safety Award from Bovis Lend Lease in recognition of 313,627 man hours worked without any lost time injury from 10 February 2010 to 9 February 2011.
2012	Achieved three (3) stars rating by CIDB according to the contractor's capacity and capability evaluation program's criteria for year 2011. ESB was classified as having good management and technical capabilities, compliance to best practices and good project management.

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6. BUSINESS OVERVIEW

6.1 Business Model

Our business model is depicted below:-



We are primarily involved in the provision of piling and foundation services. Our business is built on the foundation of our main core business, namely piling solutions and foundation services.

Piling solutions include bored piles, driven piles and jack-in-piles. Further details of each piling solution are set out in Section 6.2.1 of this Prospectus.

Foundation services include earth retaining system, earthworks as well as substructure and basement construction works. Further details of each foundation service are set out in Section 6.2.2 of this Prospectus.

Our Group also offers design and built services to our customers. We are able to leverage on our piling technical expertise and available resources to provide alternative practical and economical design for foundation and substruction works.

6. BUSINESS OVERVIEW (CONT'D)

6.2 Principal Activities

The principal activities of our Group are set out below:-

(Note: Save for the workshop as disclosed in Section 6.2.3 of this Prospectus, the other assets or properties in the photos shown in Section 6.2 of this Prospectus do not belong to our Group)

6.2.1 Piling Solutions

i. Bored Piles

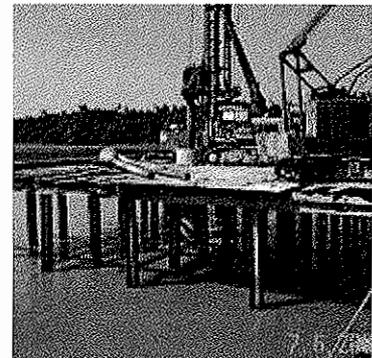
Bored pile is a type of pile that is concreted at a permanent location at the holes bored in the ground. Bored piling is a major revenue contributor to our Group. Bored piles are formed by boring a hole into soil or rock to the required depth and place reinforcement and concrete into the bored hole. A temporary steel casing and/ or drilling stabilising fluid is required to protect the stability of the bored hole during boring to prevent the collapse of the earth into the hole.

Boring is carried out by boring rigs mounted on the undercarriage moving on a continuous mechanical track. Installation of temporary casing is carried out using a vibratory hammer that is lifted by crawler crane, which is a crane mounted on a continuous mechanical track.

The difficulties in boring of bored piles will depend on the diameter and depth of the bored piles, and the ground conditions, which vary from soft soil to hard rock. The types of soil and ground deposit such as marine clay, slime, granite, bedrock, limestone with gravities and sandstone impose different challenges for installation of the bored piles. Large diameter bored piles require hydraulic boring rigs and special tools such as rock augers and buckets.

Bored piling solution supports higher vertical column loads as compared to other types of piling solution such as driven and jack-in piling solutions. Hence, bored piling is widely used for high rise buildings, bridge piers, etc. It offers a reliable and economical solution for adverse ground conditions, especially in limestone bedrock areas.

Bored Piles



6. BUSINESS OVERVIEW (CONT'D)

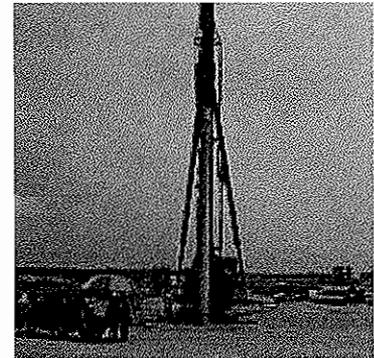
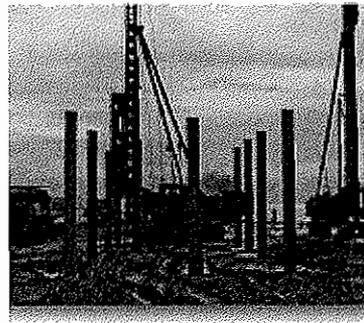
ii. Driven Piles

Driven piles are pre-manufactured or precast piles that are driven into the ground with hydraulic hammer mounted on a crawler rig, which is a rig mounted on a continuous mechanical track.

The commonly used pre-manufactured or precast piles are precast concrete piles and steel piles. We procure the supply of precast reinforced concrete piles from the local manufacturers that have obtained their respective product certification from SIRIM QAS International Sdn Bhd.

Driven pile is considered the most conventional method used for pile foundations for medium rise building or structures.

Driven Piles

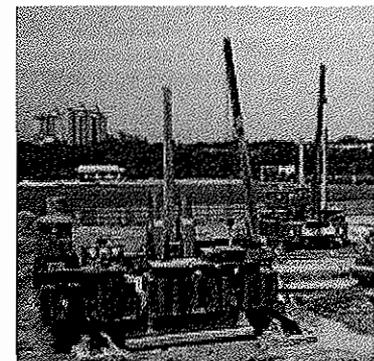
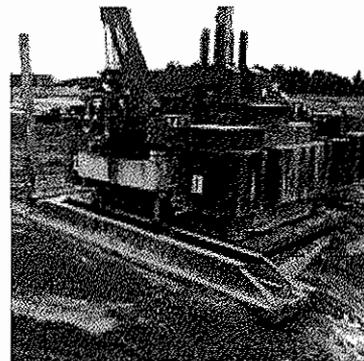


iii. Jack-in-Piles

Jack-in-piles are pre-manufactured or precast piles that are jacked into the ground by form of exerting large force using hydraulic or mechanical jack-in machine. The jack-in machine is able to provide the jack-in force of minimum two (2) times of the designed load. The jack-in force of the machine is provided by the countered weight mounted on the machine.

Jack-in-piles create lesser vibration and noise as compared to those generated by driven piles, and hence is widely used in densely built up area.

Jack-in-Piles



6. BUSINESS OVERVIEW (CONT'D)

6.2.2 Foundation Services

i. Earth Retaining System

An earth retaining system is a support system created to retain or support the earth during excavation works. For basement excavations, the earth retaining system is required to resist lateral forces from the soil and the ground water to prevent the surrounding ground from excessive movement or collapsing.

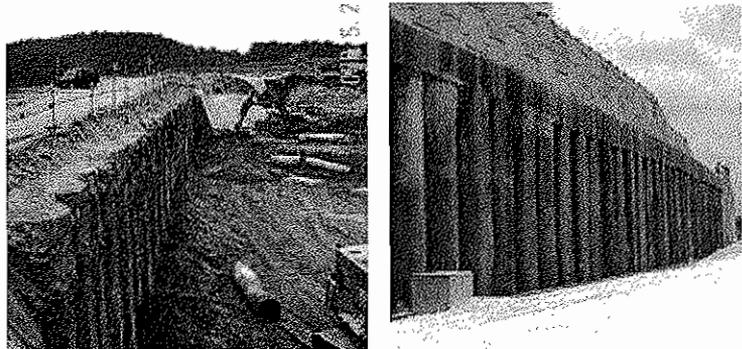
The types of earth retaining systems that we offer includes contiguous bored pile walls, diaphragm walls and steel sheet piled walls. Ground anchors and steel strutting may be required to provide the lateral support system to the earth retaining systems. The main types of retaining system are described below:-

a) Contiguous Bored Pile Walls

Contiguous bored pile walls are essentially bored piles constructed at close spacing. Contiguous bored pile walls can be incorporated as permanent structure as the basement wall. Normally a concrete skin wall is casted against the contiguous bored pile walls to give flat finishes.

The advantage of the contiguous bored pile walls is that large diameter contiguous bored piles can be constructed to enable a longer cantilever structure for the ease of unobstructed excavation works.

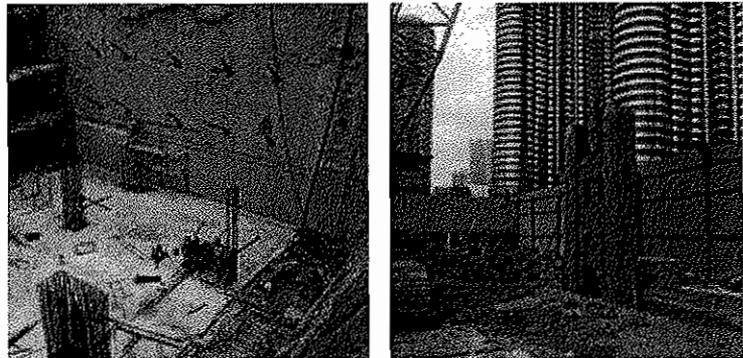
Contiguous Bored Pile Walls



6. BUSINESS OVERVIEW (CONT'D)

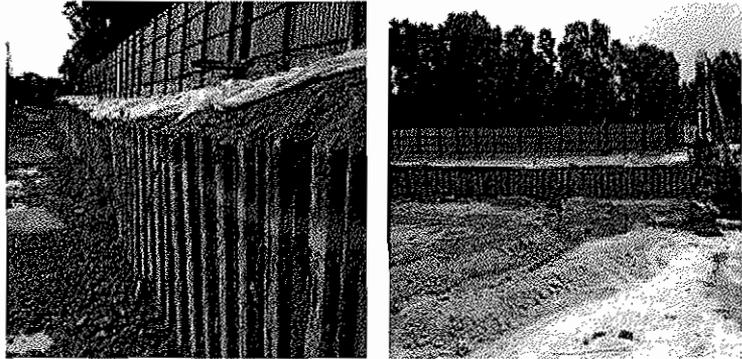
b) Diaphragm Walls

Diaphragm walls are rectangular reinforced concrete walls constructed as earth retaining system. A narrow trench, normally 0.6 to 1.0 metre wide, is excavated in panel using grab mounted on crawler crane, which is a crane mounted on a continuous mechanical track. The excavated trench is filled with drilling stabilising fluid that acts as stabiliser to provide the stability to the trench during excavation. After the excavation is completed, the rebar cage will be inserted into the excavated trench and this is followed by the placing of concrete from the bottom of the excavated trench. The drilling stabilising fluid will be displaced and pumped out for use in the subsequent operations. Diaphragm walls are designed as permanent structure and shall be incorporated as basement wall system. Diaphragm walls can be installed in close proximity to existing structure and hence, are commonly constructed in congested areas particularly for deep basements.

Diaphragm Walls**c) Steel Sheet Pile Walls**

Steel sheet pile walls are commonly used as temporary retaining system, an alternative option used as retaining walls apart from diaphragm walls. These sheet piles have interlocking flanges that allow the sheet piles to be arranged and form a continuous steel wall. Steel sheet piles are arranged into their position before driven into the ground and can be reused. They are usually used as temporary retaining walls which can be extracted at the end of the project and the steel reused. Steel sheet pile walls can be used as remediation of contaminated soils, major components in the construction of infrastructures such bridges, dams and port facilities as well as support of excavation.

6. BUSINESS OVERVIEW (CONT'D)

Steel Sheet Piled Walls**d) Lateral Support System**

The retaining system is able to withstand a free standing height. However, as the excavation works go deeper, a lateral support system is required to support the retaining system to prevent excessive movements in the earth retaining system. Excessive movements in the earth retaining system sinks the ground surface surrounding the excavated pit leading to the collapse of the earth retaining system. Ground anchors and steel strutting are two (2) of the most used lateral support system.

Ground Anchors

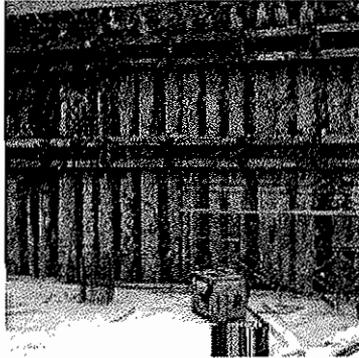
Ground anchors are used to provide lateral support to the retaining system. Ground anchors are constructed by drilling holes through the soil according to the required depth and placed in steel strands. The resulting holes are filled with cement grout. After the cement grout has gained strength, the steel strands are stressed against an anchor block. The anchor block is constructed along the retaining system and upon stressing against the block, the steel strands will provide the lateral resistance to the retaining system.

Steel Strutting

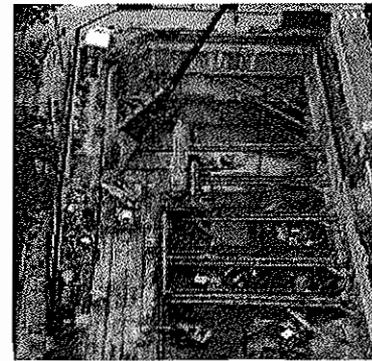
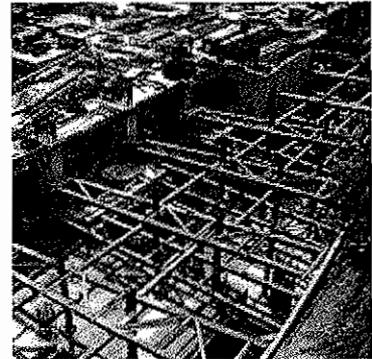
For steel strutting used in propped excavation, a lateral support needs to be firstly provided to the retaining system before proceeding to the next stages. This can be done using the ground anchors method. Steel H sections are commonly used to brace the excavation pit by extending over the excavation. The steel section will be supported by vertical H beams or king post, which is a central vertical post. As for deep excavation, multi-layers of steel strut are installed.

6. BUSINESS OVERVIEW (CONT'D)

Ground Anchors



Steel Strutting



ii. **Earthworks**

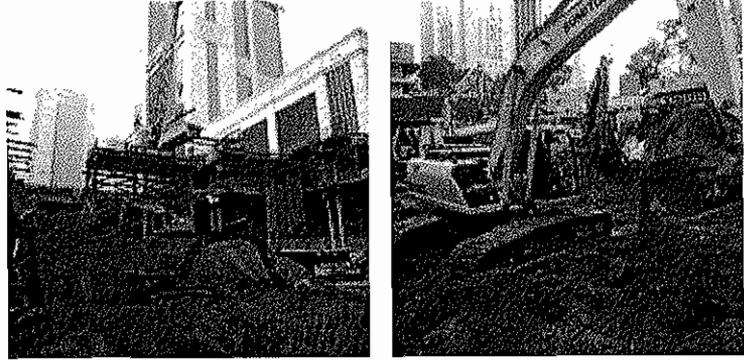
Earthworks form part of our scopes and sequences of construction works for pile caps and basement slabs, details of pile caps and basement slabs are set out in Section 6.2.2 (iii) of this Prospectus. Clients are able to engage our earthwork services to facilitate basement excavation. Our earthwork services can be divided into two (2) parts as set out below:-

a) **Excavation Works**

Excavation works involve excavating the earth and transporting them within the site to make up level or to an off-site dumping ground. This requires a close coordination with lorry transportation companies and the preparation of dumping ground.

6. BUSINESS OVERVIEW (CONT'D)

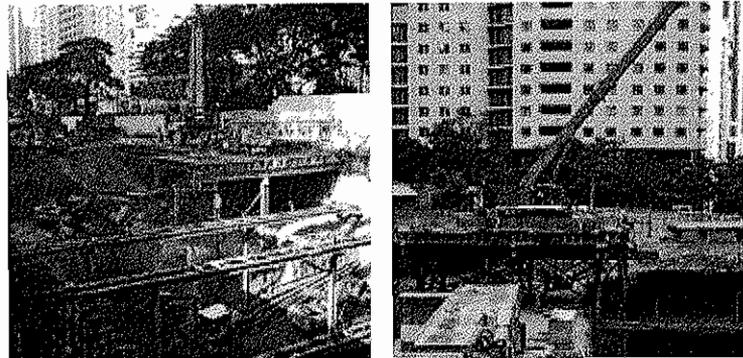
Earthwork



b) Temporary Steel Platform and Staging

For deep basement excavation within a congested site, temporary steel platforms need to be constructed to facilitate the movement of machinery and lorries. We have also used a specially lifting bucket for efficient lifting and transporting of earth from the deep basement constructed. The steel platform is essentially constructed using temporary vertical steel members, steel beams and steel plates, which are designed to facilitate and withstand vehicular load. The struts form the skeletal frames of the platform that strengthen the framework by resisting longitude compression. The staging areas, on the other hand, are designated areas in the construction site where all the vehicles, machinery, materials and tools are located for access.

Temporary Steel Platform and Staging



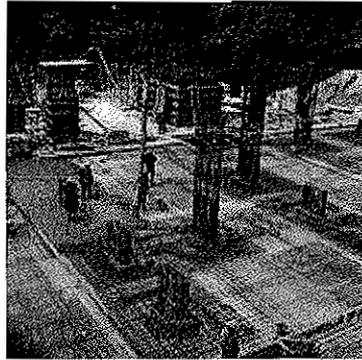
iii. Substructure and Basement Construction Works

Substructure works consist of pile cap, basement floors and columns up to the ground floor level. Pile cap is a thick concrete slab that is constructed above a group of installed piles and acts as support to the column which supports the superstructure.

After the completion of the pile caps, the basement slabs will be constructed next. For multi-level basements, reinforced concrete columns will be constructed and then, the subsequent floors will be constructed.

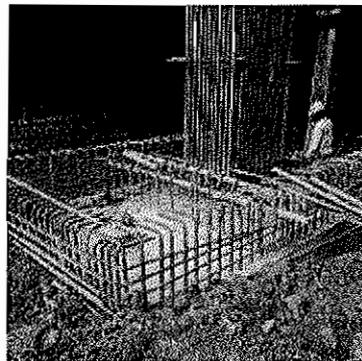
6. BUSINESS OVERVIEW (CONT'D)

Pile Caps



Basement slabs form the surface of the basement floor. It is reinforced concrete floor and the thickness of the basement slabs are dependent on the load that it will be bearing. For the lowest basement floor, the concrete slab needs to be designed in a way that supports any uplifts in ground water pressure.

Basement Slabs



For substructure works and deep basement works, there are two (2) methods involved, namely a conventional (bottom-up) construction method and a top-down construction method as described below:-

a) Conventional (Bottom-Up) Construction Method

The construction of substructure with basement starts with the excavation works. If there is no space restriction and the soil conditions are good, an open excavation method is used. For area which requires the earth retaining system, excavation works will be carried out in stages according to the level of depth involved. At each stage, a lateral support system needs to be installed until the excavation works reached the bottom of the basement. The piles are exposed and sliced off before the pile cap is casted. The casting is later performed on the lowest basement, column and the subsequent basement slab in this order. Once the basement slab is completely casted, the temporary lateral support system used will be removed. The sequence is repeated until the basement slab reached the ground floor level. Hence, the work sequence starts from the lowest slab before progressing upwards towards the ground floor level i.e. bottom-up construction sequence under the conventional construction method.

6. BUSINESS OVERVIEW (CONT'D)

b) Top-Down Construction Method

Top-down construction is the opposite of the traditional bottom-up construction. Top-down construction for substructure means the structure is constructed downwards from ground level, rather than starting from downwards towards ground level. Top-down construction is preferable in congested areas where shorter construction periods are allocated.

The construction of upper floor slabs before reaching the lowest basement floor provides an advantage by enabling the utilisation of the upper floor slab as lateral support to the retaining system and thus, omitting the construction of ground anchors or steel struts.

The works sequence starts with the installation of the retaining system, usually diaphragm wall or contiguous bored pile wall, and the installation of king post, which is a central vertical post, or plunge in column, which is a beam to support basement slabs. Excavation shall be carried out to the soffit of designed upper floor slab level. The slab, which is usually in perimeter ring form, shall then be casted after the reinforcement bar is placed and thus acts as lateral support to the retaining system. The temporary vertical H-beam provides vertical support to the floor slab. The perimeter ring slab with centre opening allows sufficient working space for excavation works to continue at a deeper level.

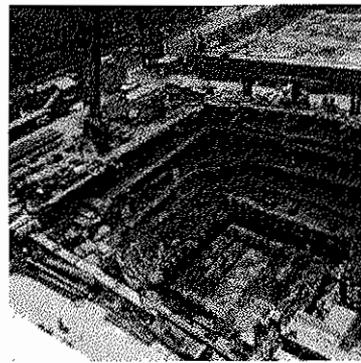
When the next designed floor slab level is reached, the ring slab is again casted. The excavation works would continue to the lowest basement slab and pile cap. The construction works would then continue from the bottom level for the pile cap and slabs before the inner ring opening is finally closed.

In some cases, certain floor slabs are not casted during the top down sequence to give sufficient working space for the excavators. This is termed as jump floor. Such works involve detailed works sequencing, the designing of retaining system, perimeter ring slab, king post, which is a central vertical post and temporary working platform and customised equipment. Top-down construction requires a team with high technical expertise and vast experience personnel.

For construction of basement at heavily built-up area, the top-down construction method offers various advantages such as reducing the work footprint leading to shorter completion of project and concrete volume.

6. BUSINESS OVERVIEW (CONT'D)

Top-Down Construction



6.2.3 Supporting Activity

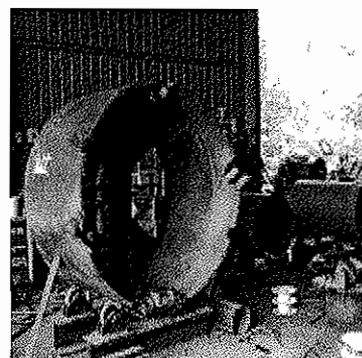
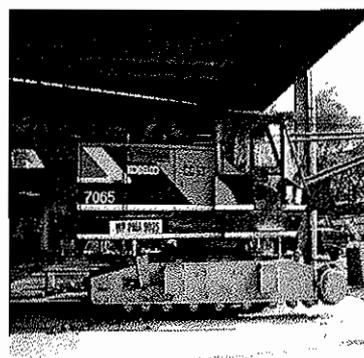
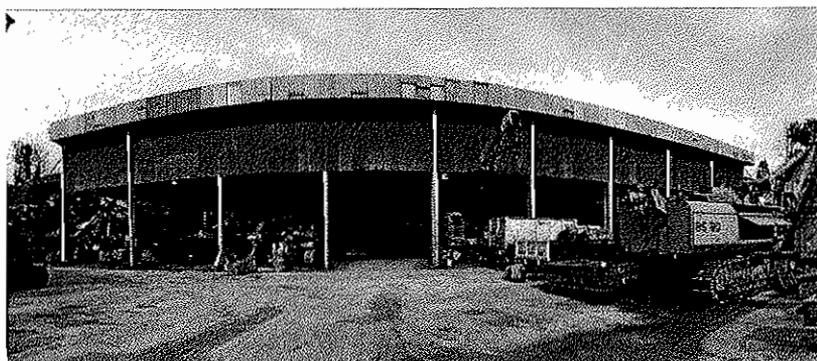
Our workshop is used to support our foundation, geotechnical and structural works. It has a covered working space that is supported by overhead gantry cranes and ancillary lifting equipment making the repair and fabrication of the tools and parts possible. With the workshop, our Group has the in-house capability to undertake refurbishment, fabrication, modification repair or maintenance works on our existing fleet of machinery, tools and equipment. Drilling tools and parts can also be fabricated or modified at our workshop to cater to the specific needs of each individual project undertaken by us. This is one of our Group's competitive advantages as we have flexibility to offer customised solutions or undertake various projects of different scales and difficulty levels due to our ability to modify and customise tools and equipment. With less reliance on external parties, we are in a better position to manage our project deliverables and ensure a shorter project completion period.

The above works are undertaken by ESB's rented workshop located in Bukit Beruntung, Rawang from PPSB, which consists of detached factories. Our workshop occupies five (5) parcels of vacant industrial land that have a combined land area of approximately 230,788 square feet. As at the LPD, 81 personnel including mechanics, welders and drivers have been assigned to the workshop.

We also use our workshop as our strategic resources centre for addressing any requests from the sites of each project and coordinating the mobilisation of services and support team and the delivery of the materials, machinery and equipment requested.

6. BUSINESS OVERVIEW (CONT'D)

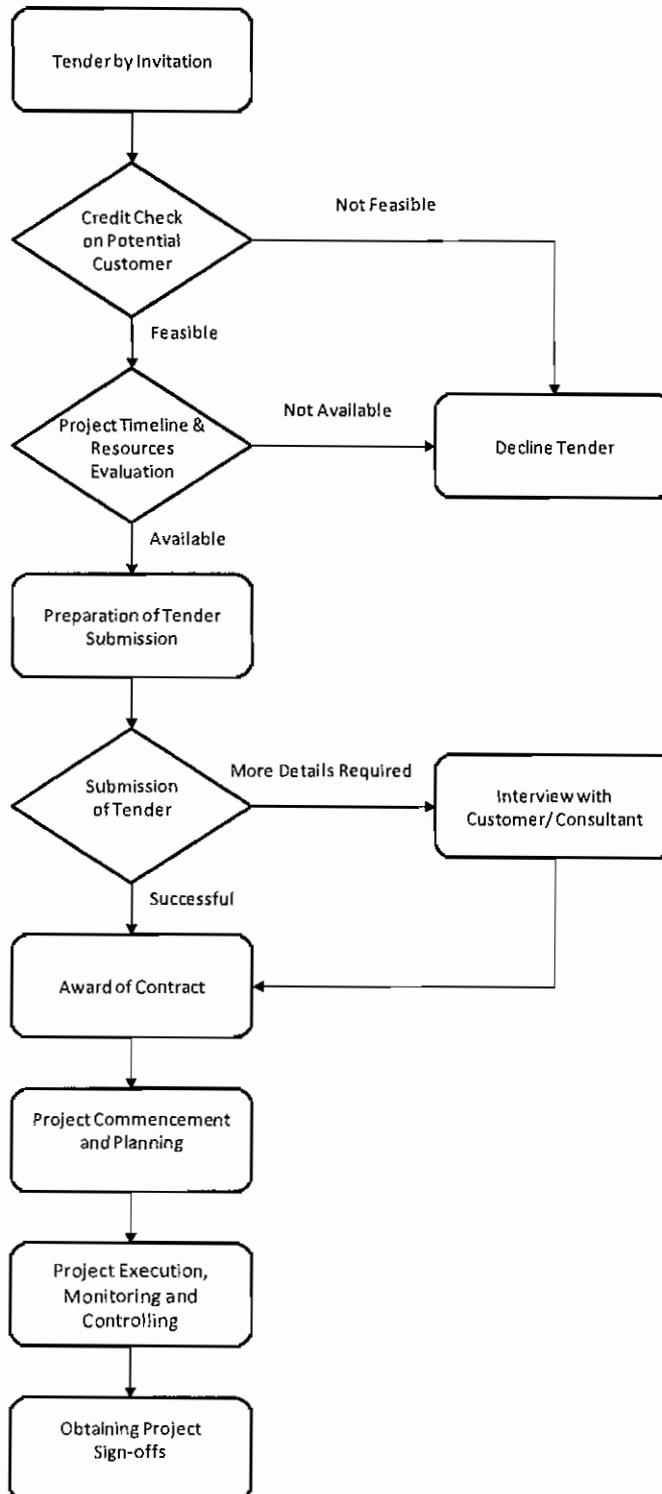
Workshop



6. BUSINESS OVERVIEW (CONT'D)

6.3 Business Process

The diagram below depicts the flow of our business tendering process as per our current model:-



6. BUSINESS OVERVIEW (CONT'D)

6.3.1 Evaluation of Tender Opportunities

As a result of our track record in the construction industry as a reputable piling and foundation contractor, most of our tender opportunities come via invitation from project principals whom we have previously worked with, or referrals from past customers. Nevertheless, we are also able to participate in open tenders.

Upon receiving invitation from a project principal or project consultant for tender, our finance department will conduct a credit risk assessment, if necessary, on our potential customer's financial background and capacity in consultation with our key management team. Upon confirmation of the potential customer's creditworthiness, the finance department will prepare the required documents fees and arrange for collection of tender documents from the potential customer's premise.

6.3.2 Preparation and Submission of Tender

Our contracts department will then conduct a meeting to evaluate the project's requirement in terms of project timeline, schedule, location and technicality. After considering the availability of resources for the project, our team will proceed to prepare the tender for submission. The processes are detailed below:-

- i. Establish requirements, specifications and schedule of the project from tender documents;
- ii. Discuss with project and design departments on specific requirements of the project;
- iii. To clarify ambiguities in tender documents with project principal or project consultant;
- iv. Evaluate the availability of machinery, manpower and other resources according to the project timeline and schedule; and
- v. Internal costing and budgetary evaluations on subcontractor costs, material costs and overheads to determine the pricing of the tender.

The final pricing of the tender quoted in the tender submission is determined after having evaluated all the related costs, including indicative prices from suppliers and subcontractors. Once the management has confirmed the tender price, the tender will be submitted to the project consultant or customer's office, on or before the prescribed submission deadline.

6.3.3 Post-Submission Negotiations/ Interview

Before the contract is awarded, if necessary, the customer may call for an interview for clarification on details on the proposed tender. Among the issues to be discussed are tender pricing, technical capabilities and quality control, related project experience, availability of plant and machinery including manpower, financial strength of our company, and project-completion time. Upon clearance of all the issues mentioned above, negotiation is completed and finalised.

6. BUSINESS OVERVIEW (CONT'D)

6.3.4 Award of Contract

The notification of a successful tender is generally received from the Project Consultant or customer in the form of a letter of award within 60 to 90 days from the date of the submission of tender. Most customers require us to secure our performance by providing a performance bond within a stipulated timeframe after the award of the project. The value of the performance bond is usually five (5) percent of the contract value, and in the form of a bank guarantee provided by a licensed bank or financial institution acceptable to the customer.

6.3.5 Project Commencement and Planning

Once the letter of award is received, our project team will be assembled for the planning of project implementation and at the same time, the identified suppliers and subcontractors are formally contracted for the project. The project plan involves various key components such as resources and staffing, risk planning, testing, change control planning and quality management. The temporary site facilities together with the necessary insurance and signboard with details of the project will be put up, signifying the commencement of the project. Preparation and implementation of HSE policy will be on-going throughout the project life cycle to ensure safety at work site at all times.

6.3.6 Project Execution, Monitoring and Controlling

The project team will manage the project based on the agreed scope of works. The project team will closely monitor the progress of the project according to the project's Gantt chart as well as bill of quantities and ensure that there are sufficient available resources to perform the works required. The on-going performance of the project execution will be reported on a daily basis to the project manager. A meeting with the representative of our customers will also be organised periodically to discuss on the status of the project, project issues and change requests. If a change to the scope of works is requested, a variation order will be prepared and executed by our customers.

6.3.7 Obtaining Project Sign-offs

A project deliverable or a milestone is considered to be completed when a sign-off is successfully obtained from our customer or representative of our customer. During a project, there may be more than one (1) sign-off required depending on the terms and conditions stipulated in the letter of award. The project is fully completed upon obtaining the final sign-off from our customer. However, our Group may be required to undertake remedial works to rectify construction defects within the warranty period given.

6. BUSINESS OVERVIEW (CONT'D)

6.4 Competitive Strengths

Our business is supported by the following competitive strengths to sustain the business as well as to support our growth:-

i. Experienced Management Team

Our management team has extensive experience in their respective fields of piling and foundation services. They ensure smooth internal operations and are a key factor of our service quality. Their experience and combined expertise enable us to execute projects in accordance with project specifications, safety precautions, deadline and budget, as well as allowing us to make knowledgeable, accurate and realistic alternative solutions to our customer based on their accumulated experience in handling similar situations and project conditions.

In addition, the extensive experience of the management team in managing projects as mentioned above allows our Group to have a proper scheduling as well as coordination of projects intake and projects on-hand. Their on-site experience in coordinating resources also allows our Group to reduce idle time of our machinery. Premised on the above, our Group would be able to operate efficiently while maximising output for our customers. It also allows proper scheduling and coordination of projects intake and projects on-hand.

The following is a summary table of our Group's management team along with their experiences:-

No.	Key Personnel	Position	Years of Experience	Years with ESB
1.	The Cheng Eng	Group Managing Director	45	27
2.	Pang Sar	Executive Director/ Group Chief Executive Officer	30	23
3.	The Kun Ann	Executive Director	8	4
4.	Choo King Hwa	Senior General Manager (Construction)	27	4
5.	Bin Lay Thiam	Senior General Manager (Finance)	23	2
6.	Amrick Singh A/L Atar Singh	General Manager (Operations)	21	7
7.	Sukumaran A/L Ramadass	General Manager (Projects)	24	3
8.	Muhammad Hafiz Bin Jalaluddin	Senior Project Manager	17	16

6. BUSINESS OVERVIEW (CONT'D)

ii. Proven Track Record

We have been serving in the piling and foundation services market for more than 25 years, which has contributed well to our brand equity in the construction industry in Malaysia. Our proven track record in securing contracts as shown in our list of selected notable projects secured by our Group since inception disclosed in Section 5.1 of this Prospectus and our key achievements and milestones as disclosed in Section 5.8.1 of this Prospectus has earned us many recurring customers and new customers through favourable referrals and recommendations from existing customers. Our service quality and track record have also won us many long-running working relationships with major property developers and construction companies in Malaysia, contributing to a growing project portfolio.

iii. Extensive Experience in Bored Piling

We have accrued extensive bored piling experience from different types of projects ranging from infrastructure construction to high rise buildings to substructure construction. Our venture into bored piling has helped us to accumulate vast technical knowledge in handling different types of soil condition and piling requirements. We keep abreast with the latest technology and piling techniques to continuously improve our technical capability as a supplement to our already extensive domain experience. We have the capability to construct large diameter bored piles of up to three (3) metres in diameter. We have also in the past installed piles up to depth of 92 metres. Bored piling of such size and depth requires expertise and experience, and not just the relevant physical tools and machinery.

Such experience enhances our competitiveness in the market. In addition, our technical support teams are able to undertake the design-and-built option or contractor's alternative design option for foundation and substructure works. We are able to package the piling works with our design and building services that would potentially lead to an economical solution for the construction project and shorter completion period.

iv. Extensive Experience in Top-Down Construction

Our extensive experience in top-down construction has enabled us to adapt and to work more effectively in challenging urban environments. Construction in urban locations brings challenges. New structures are often extended to the edge of site boundary to maximise development potential. Our Group has the capability to undertake top-down construction for substructure. By using the top-down construction approach, we are able to effectively address the vertical and horizontal displacement challenges during the construction of substructures in highly populated city centres as it is difficult to use the conventional anchors and struts and perform site operations for complex underground facilities and lifeline structures. We have the experiences and skills in the construction of temporary steel platform and staging in congested sites to solve both problems of limited access and working space. Our platforms above excavated areas do not only allow access for heavy machinery, but also provide space for storage of materials, fabrication and repair works.

6. BUSINESS OVERVIEW (CONT'D)

In addition to limited access and working space, new structures are typically built in close proximity to existing structures and foundations. It is critical to limit ground movement during new construction works to prevent damage to surrounding structures. Top-down construction has the advantage of preventing movement of surrounding ground with its perimeter retaining walls firstly constructed before excavation starts. We have employed the technically advanced top-down construction methodology in constructing basements for several projects in Kuala Lumpur city centre. Our portfolio in this area includes the construction of four (4) levels of basement parking for The Troika, a luxury condominium development, five (5) levels of basement parking for Menara Hap Seng 2, a 30-storey office tower, four (4) levels of basement parking for W Hotel and The Residences, a 53-storey mixed hotel and residential development.

v. Well-equipped and Organised Maintenance Workshop

One of our competitive advantages is our organised and well-equipped workshop, used to maintain, modify and repair our fleet of specialised piling equipment. The workshop comprises a dedicated team of experienced technical personnel responsible for supporting our large fleet of machinery. They can be deployed as part of our mobile response team to perform quick on-site repairing works if necessary. The workshop enables our Group to optimise the utilisation of our machinery fleet by reducing vehicle downtime, ensuring maximum machinery effectiveness and prolonging the useful life of each machine. We are also able to customise tools to accommodate difficult project conditions. With less reliance on third parties for maintenance and repair works, our Group is less vulnerable to external factors such as long servicing hours and queuing time as well as unavailability of external service providers which can lead to longer disruption in our operations. We also stand to enjoy higher cost savings by undertaking the maintenance and repair works on tools and equipment internally.

We have a well-maintained system which allows daily updates on the availability of machinery, tools and spare parts. The daily updates enable efficient resource planning and coordination for projects and proper inventory management, which optimise the use of our capital equipment while ensuring maintenance is efficient.

vi. Sizeable Fleet of Piling Machinery and Equipment to Support Operations

Our Group has a sizeable fleet of piling machinery and equipment, including but not limited to, eight (8) drill rigs as stated in Section 6.18.2 of this Prospectus that can assist us to undertake large-scale projects or more small- to medium-scale projects leading to more potential revenue stream. We also have a diversified fleet of piling machinery and equipment that provide us with the flexibility of adopting many different construction methods.

We have invested in state-of-the-art drilling rigs and we have an extensive inventory of customised drilling tools to cater to the different needs of each project. We own hydraulic and mechanical rigs of various brands and models, which include those manufactured by a well-known German-based construction and machinery manufacturing concern, Bauer group, with models ranging from BG7 to BG40. The selection of rigs is complemented with a wide range of customised accessories such as soil augers, boring buckets and coring tools. In addition, we have vibratory hammers with various capacities to help with the driving of piles and foundation supports into the ground.

6. BUSINESS OVERVIEW (CONT'D)

Supporting our piling operation is a wide range of general construction equipment. Our extensive fleet of crawler cranes, which is a crane mounted on a continuous mechanical track, have the lifting capacity ranging from 30 tonnes to 100 tonnes. We also own and maintain various excavators, some of which with long reach capability which are ideal for basement work.

vii. Commitment to Quality Assurance

We strive to render superior service quality and ensure customers' satisfaction in the delivery of all of our projects. Since our establishment, our Group has established a long-standing reputation as a quality provider of consistent piling and foundation services. Our commitment in quality standards is proven by the accreditation of our quality management system in compliance with ISO 9001:2000 by BM TRADA since 2002 for the provision of installation and testing of bored piles, driven piles and construction of substructure. In keeping with ISO 9001 quality standards, we have updated our accreditation to ISO 9001:2008 in 2011. Our quality consistency over the years has helped us establish a strong reputation as a reliable and trustworthy partner in the piling and foundation services market, and this has further strengthened our customers' faith in our capabilities.

6.5 Principal Markets

Our principal market of operations is the Malaysian market. As at the LPD, all our customers and projects are based in Malaysia. We intend to continue focusing on the local piling and foundation services market in line with our expertise, track record and capacity in the country.

6.6 Seasonality of Our Business

The property development and construction industry are cyclical in nature and are highly dependent on the general economic conditions and political stability of the country. However, we believe that there will be continued demand for our services because the construction industry serves as a catalyst for national wealth creation and it has a far reaching multiplier effect on other industries namely manufacturing, financial services and other professional services. The construction industry further supports social development of the country through the provision of basic infrastructures and employment opportunities.

6.7 Types, Sources and Availability of Materials/ Input

The bulk of our contract expenses are contributed by subcontractor fees and raw materials used for our business such as cement, concrete and steel. In line with our business of constructing solid foundation and substructures, our Group has also developed standardised procedures in selecting subcontractors and suppliers.

All selected subcontractors and suppliers are analysed prior to awarding of subcontracts. Our Group selects only experienced subcontractors and suppliers with high reliability and strong financial positions to ensure the quality of the structures and services rendered to end-users.

All our raw materials are sourced locally. The prices of our principal raw materials such as cement, concrete and steel are volatile and are subject to price fluctuations caused by supply and demand conditions. Please refer to Section 11.3 (ii) of this Prospectus for further details on our contract expenses.

6. BUSINESS OVERVIEW (CONT'D)

6.8 Technologies Used

Our Group is dependent on proprietary software and drilling machinery and tool technologies to sustain our operations and maintain our competitiveness. We utilise Microsoft Project to assist us in project management and AutoCAD to assist us preparation of shop and construction drawings.

We have also invested in hydraulic drilling machinery and tools that can be used to drill rocks in various ground condition and bore deep holes. Our existing drilling machinery and tools include Bauer BG 40 rotary drilling rig from Germany.

6.9 Quality Assurance Procedures and Management

6.9.1 Main Quality Objectives

Our Group places strong emphasis on our quality control procedures to meet our customer's expectations and to comply with the ISO's standards and regulations set by the local government. Our Group ensures proper implementation and execution of stringent quality standards and procedures at each stage throughout the business process to ensure high-end service quality are delivered within the stipulated timeframe. The consistent quality and on-time project delivery help in driving our Group towards favourable growth by retaining our Group's reputation in its reliability and trustworthiness.

Our quality objectives are:-

- i. To achieve less than 15 percent of machine breakdown hour per project;
- ii. To achieve zero accident hour for every project;
- iii. To minimise wastage of material to 10 percent per project;
- iv. To complete all projects within schedule;
- v. To reduce written customer complaints to an average of not more than five (5) cases per project; and
- vi. To reduce administration cost to 7.5 percent of turnover through promotion of wastage control.

6.9.2 Ensuring Quality through Stringent Partner Selection

In line with our mission of constructing solid foundation and substructures, our Group has also developed standardised procedures in selecting subcontractors and suppliers. All selected subcontractors and suppliers are analysed prior to awarding of subcontracts. Our Group selects only experienced subcontractors and suppliers with proven track record based on their working history with our Group to ensure the quality of structures and services delivered to end-users.

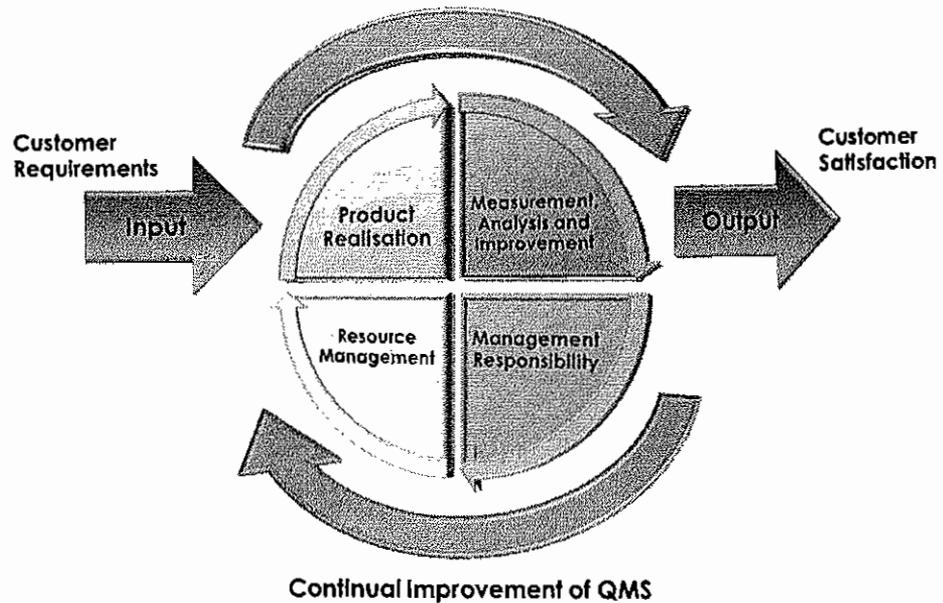
6. BUSINESS OVERVIEW (CONT'D)

6.9.3 Quality Assurance Team

Our quality assurance team is led by one (1) of our employees who is a certified ISO 9001:2008 Lead Auditor, accredited by International Register of Certified Auditors. An internal audit is conducted annually, and is carried out by all departments. Cross-checking across departments is also carried out to ensure more thorough auditing. An external audit is conducted by BM TRADA every year.

6.9.4 ISO 9001:2008 Compliance

Our Group's QMS was certified with the ISO 9001:2000 accreditation on 27 August 2002 and the subsequent updated ISO 9001:2008 certification on 25 May 2011 for the provision of installation and testing of bored piles, driven piles and construction of substructure.



Our Group has established a complete QMS, which complies with ISO requirements in ensuring the proper execution of our business processes to constantly meet our customer's expectations within the given timeframe. As part of these processes, our audit team measures and monitors the characteristic of the service to verify that the requirements for the services are met. Our audit team also ensures that services, which do not conform to the service requirements, are identified and controlled to prevent unintended implementation. Corrective actions will be taken to eliminate the cause of non-conformities of the services in order to prevent recurrence of the problem.

The quality assurance manual has been carefully prepared by our Group's audit team. Our management is committed to the execution of the procedures established in the quality assurance manual whilst the quality assurance personnel has complete authority to carry out the quality assurance system to identify control problems, and to initiate, recommend and rectify the problems identified. The quality assurance manual is reviewed as and when necessary to comply with our customers and our Group's procedures.

6. BUSINESS OVERVIEW (CONT'D)

Our company focuses on the following criteria for our quality assurance:-

i. Resource Management

Our Group recognises the experience and right working attitudes of our employees as a precious intangible asset in driving our company towards constantly meeting our customers' expectations and conforming to the required standards and regulations set by the Malaysian Government. Hence, we ensure each of our employees possesses a high competency and is aware of his specific job functions from time to time.

Each new entrant is briefed on his job function and provided information regarding our Group's background, structure and policy especially our QMS. Besides that, new entrant is also guided by his immediate superior in executing his job until he is familiar with our Group's procedures and QMS.

On top of that, our Group also provides formal training to our employees from time to time to aim them with the required knowledge and skills to carry out their tasks, conforming to ISO requirements and the relevant government regulatory bodies. Training requirements are identified by our human resource manager and the management representative. The formal training provided to the site team covers the following criteria:-

- Purpose and objectives of quality system
- Quality system elements
- Documentation involved
- Technical nature of their duties
- Functional relationships
- Job responsibilities and functions

ii. Measurement, Analysis and Improvement

Our Group employs internal auditing as an approach to review our conformity to government regulations and the ISO standards, which will be assessed annually by BM TRADA. Each department will be responsible to conduct audit on another department based on the prepared checklist. Our internal cross checking effort ensures higher compliance to the regulations and requirements before being assessed by the relevant authorities.

The results of audit are documented systematically for management review. Corrective action is taken if any non-conformity is highlighted during the auditing process. Follow-up audit is conducted if necessary to ensure that all non-conformity issues are resolved.

6. BUSINESS OVERVIEW (CONT'D)

6.10 R&D

We are principally involved in the piling and foundation services market specialising in bored piling and substructure works in the construction industry. As such, our Group is not materially involved in the R&D of technology but rather a user of technology. The extent of our R&D involves research into the latest technologies and techniques of piling and foundation implementation in the construction industry to keep abreast with the latest technology and improvise our technical capability to undertake design and built option and/ or alternative design and method. We are also constantly studying into ways of implementation to enhance the performance of our services. Further details of our extensive experiences in bored piling and top-down construction are set out in Sections 6.4 (iii) and 6.4 (iv) of this Prospectus, respectively.

6.11 Sales and Marketing Strategies

Our Group's sales and marketing strategies are set out below:-

i. Collaboration with Past Customers and Customer Referrals

Our marketing approach and strategy is dependent on our track record and reputation in the construction industry, which has been solidified over the years. Our Group's track record and reliability as a piling and foundation specialist has helped us establish a strong and mutually beneficial relationship with our customers. Our track record and goodwill with satisfied project principals continue to perpetuate new and greater business opportunities either through recurring business and/ or recommendations to other prospective customers.

As a result, the majority of our new projects are secured via participation in invited tenders or past customer referrals, instead of participation in open tenders. Tender invitations and referrals represent more exclusive opportunities that offer a greater chance of success upon participation. The familiarity that comes with working in collaboration with past project principals also creates a synergy that leads to work effectiveness and efficiency over the project period.

ii. Contracts Department

Our contracts department is responsible for acting on project leads and sourcing for new projects for our Group. Potential projects could come in the form of invited tenders, customer referrals and to a much lesser extent, open tenders. Our contracts department team is responsible for approaching and submitting project tender bids upon rigorous planning and costing work. As at the LPD, our contracts department consists of 17 personnel.

6. BUSINESS OVERVIEW (CONT'D)**6.12 Approvals, Major Licences and Permits Obtained**

Details of the approvals, major licences and permits obtained by us for the business and operations of our Group are set out below:-

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
ESB	CIDB	From 18.03.2014 to 17.03.2017	Grade "7" licence for specialisation in:- i. Category B :- a) B02: Building and plant construction using hot-rolled or cold-rolled steel structures such as steel beams, steel columns, steel roof truss and portal frame; b) B04: General building works, reinforced concrete frame building, construction works excluding reinforced concrete frame structures; c) B05: Piling works such as in situ concrete piling, precast reinforced concrete, pre-stress and post-tension concrete, steel, wood and patented system; d) B12: Aluminium/ steel and glass works; e) B13: Tile installation and rendering works; f) B14: Paint works; g) B24: Building maintenance works, cleaning system, etc;	135642 A / 1970430- WP030390	(i) General conditions (a) This certificate is non-transferable; and (b) CIDB reserves the right to review the registration grade of ESB from time to time; (ii) ESB's responsibilities and obligations (a) ESB shall comply with the provisions of the LPIP Act, the regulations made thereunder and any term, condition or restriction imposed by CIDB from time to time; (b) ESB shall not participate any tender or execute any construction works after this certificate has expired and unless it is renewed; (c) ESB shall not undertake any construction project which exceeds the value of construction works specified under the registration grade and shall not execute any construction works which is outside his registered category; (d) ESB shall submit information regarding any new construction works or contract(s) within one (1) month of the award; (e) ESB shall submit any information required by CIDB from time to time;	Noted Noted Complied Complied Complied Complied Complied

6. BUSINESS OVERVIEW (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
			ii. Category CE:-			
			a) CE01: Road construction, road repair, pavement, bus stops, open car park, and related works such as road shoulders and sidewalks;		(f) ESB shall display the certificate of registration issued by CIDB or a certified true copy of the certificate by CIDB at the place of business;	Complied
			b) CE02: Construction of concrete, brick, wooden or iron bridges;		(g) ESB shall display his registration number on the signboard at each construction site;	Complied
			c) CE03: Construction of marine structures such as jetty, port, wharf, seawall and river;		(h) ESB shall apply for renewal of registration at any time within 60 days before the expiry date specified in this certificate. Any application received by CIDB later than 30 days before the expiry of the certificate of registration shall be imposed with a fee of RM 200 for late renewal; and	Complied
			d) CE08: Slope conservation works including stabilisation works such as micropiling, ground anchoring and ground grouting;		(i) ESB shall comply with all requirements and stipulations in ESB's code of ethics	Complied
			e) CE10: Installation of all types of piling such as in situ concrete piling, precast reinforced concrete, pre-stress or post-tension concrete metal piling, wood piling and patent piling;		(iii) Disciplinary actions The registration of ESB shall be cancelled, suspended or revoked if:-	
			f) CE13: Installation of signage, integrated signs for complexes, airports, shopping complexes, exhibition signs, road signs, etc;		(a) ESB fails to comply with the requirement of any other written law;	Noted
			g) CE20: Construction, installation or renovation (including hot tapping) of water supply system;		(b) ESB has been adjudicated a bankrupt;	Noted
					(c) A winding-up petition in relation to ESB has been presented;	Noted
					(d) ESB contravenes or fails to comply with any provision of the LPIP Act;	Noted

6. BUSINESS OVERVIEW (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
			<ul style="list-style-type: none"> h) CE21: General civil engineering works; i) CE34: Pre-cast concrete installation, reinforced concrete or non reinforced concrete for beams, kerbs, sewers and drains; j) CE36: Soil works; and 		<ul style="list-style-type: none"> (e) ESB has obtained the certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise; (f) ESB has abandoned any construction works undertaken without any good reason; (g) ESB is found negligent by the court or by any board of enquiry established under any written law in connection with any construction works undertaken; or 	Noted
			<ul style="list-style-type: none"> iii. Category ME:- <ul style="list-style-type: none"> a) E10: Special control panel; b) M01: Installation, commissioning, maintenance and repair of air-conditioners, cold room coolers and ventilation system; and c) M15: Various mechanical equipment such as installation and repair of plant machinery and equipment, installation, commissioning, maintenance and repair of mechanical based system like waste treatment plant, installation of water treatment plant, rotary pump, reciprocating pump, centrifugal pump and special purpose pump. Installation of pumping apparatus, conveyor system, mobile rack, etc. 		<ul style="list-style-type: none"> (h) ESB contravenes any of the terms and conditions of the contractor's responsibilities and obligations as specified in item (f) above. 	Noted

6. BUSINESS OVERVIEW (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
					(ii) ESB's responsibilities and obligations	
					(a) The company/ the holder of this certificate shall not lend, lease, transfer, permit or cause the certificate to be used by someone who has not been named to use this certificate for the purpose of procuring government work;	Complied
					(b) Only officers of the company who are named in this certificate is authorised to sign the company contract documents and take or authorise the employees to take document tendered;	Complied
					(c) The company/ holder of this certificate shall ensure all terms and conditions to obtain this certificate are complied with at all time during the period of validity of this certificate;	Noted
					(d) The company/ holder of this certificate shall inform CIDB of any changes of information within 21 days from the date of the said change occurred;	Complied
					(e) The company/ holder of this certificate shall comply with all the instructions and resolutions of government via treasury instructions, treasury circular letters and circulars issued by Jabatan Teknikal (Jabatan Kerja Raya/ Jabatan Pengairan & Saliran) from time to time; and	Complied
					(f) The company/ holder of this certificate shall comply with all instructions and resolutions issued by CIDB from time to time.	Complied

6. BUSINESS OVERVIEW (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
					(iii) Disciplinary actions	
					(a) The company/ holder of this certificate shall be subject to disciplinary action as set out in Regulation 15 of the Registration of Contractors (Construction Industry) Regulations 1995 in the event of failure to comply with item (i) above;	Noted
					(b) CIDB has the right to take disciplinary action and impose any punishment on registered contractor;	Noted
					(c) The company/ holder of this certificate who has been blacklisted, suspended, revoked or which this certificate has been withdrawn due to disciplinary proceeding shall not participate in any tender or involve in government procurement work;	Noted
					(d) The company/ holder of this certificate whose certificate has been revoked or withdrawn will be removed from the register of CIDB. Such company/ holder of this certificate shall comply with the terms and conditions for the issuance of SPKK for new application. A blacklisted key management personnel is prohibited from obtaining SPKK for a period of three (3) years; and	Noted
					(e) The company/ holder of this certificate who has been blacklisted and suspended shall participate in tender or government procurement work only after the expiry of the blacklisting or suspension period.	Noted

Company Number : 1017164-M

6. BUSINESS OVERVIEW (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
					(iv) Financial limits (work cost) SPKK registered contractor shall only participate in tender allowed under the registration grade it registered.	Complied

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6. BUSINESS OVERVIEW (CONT'D)**6.13 Brand Names, Patents, Trademarks, Technical Assistance Agreements, Franchises and Other Intellectual Property Rights**

Save as disclosed below, as at the LPD, we do not have any other brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights for our business operations:-

Company	Trademark	Class	Application number	Application date/ Status
Econpile		37	2013060887	14.10.2013/ Pending approval from the Intellectual Property Corporation of Malaysia
Econpile	ECONPILE	37	2013060885	14.10.2013/ Pending approval from the Intellectual Property Corporation of Malaysia

6.14 Dependency on Patents, Licences, Industrial, Commercial or Financial Contracts or Arrangements

Save for the licences as disclosed in Section 6.12 of this Prospectus, we are not dependent on any other patents, licences, industrial, commercial or financial contracts or arrangements that could materially affect our business or profitability.

6.15 Interruptions in Business for the Past 12 Months

We have not experienced any business interruption in the form of trade disputes or major operational breakdown occurring within and/ or outside our Group that may have a significant effect on our operations during the 12 months preceding the date of this Prospectus.

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6. BUSINESS OVERVIEW (CONT'D)**6.16 Major Customers**

Our customers who individually contributed 10% or more of our revenue for each of the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014 are set out below:-

Customers	Services provided	Country	Year(s) of relationship as at the LPD	Revenue							
				2011 RM'000	%	FYE 30 June 2012 RM'000	%	2013 RM'000	%	Seven (7)-month FPE 31 January 2014 RM'000	%
Glomac Damansara Sdn Bhd (subsidiary company of Glomac Berhad)	For the works of site clearance, earthworks, oiling, pile cap works, embedded retaining structure, foundation and basement structure	Malaysia	More than 10 years	35,529	17.1	-	-	-	-	-	-
Greenhill Resources Sdn Bhd (jointly controlled entity of SP Setia Berhad)	For the substructure works	Malaysia	Four (4) years	23,772	11.0	-	-	-	-	-	-
Syarikat Muhibbah Perniagaan dan Pembinaan Sdn Bhd	Mass rapid transit	Malaysia	Two (2) years	-	-	-	-	25,957	6.7	59,428	22.6
Urusharta Cemerlang (KL) Sdn Bhd	For the substructure works	Malaysia	Two (2) years	-	-	-	-	15,694	4.1	27,627	10.5

6. BUSINESS OVERVIEW (CONT'D)

Our Group is not dependent on any particular customer such as Glomac Damansara Sdn Bhd, Greenhill Resources Sdn Bhd, Syarikat Muhibbah Perniagaan dan Pembinaan Sdn Bhd and Urusharta Cemerlang (KL) Sdn Bhd and does not expect to be in the future as majority of our past years' revenues were derived from project based revenue, which are non-recurring in nature and the contribution by major customers are dependent on the contract value of the projects in the respective years. Our customer base and revenue stream remains diverse. We continue to work with long-standing customer such as Glomac Berhad group of companies with whom we have working relationships spanning more than 10 years.

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6. BUSINESS OVERVIEW (CONT'D)**6.17 Major Suppliers**

Our suppliers who individually contributed 10% or more of our purchases for each of the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014 are set out below:-

Suppliers	Products purchased	Country	Year(s) of relationship as at the LPD	Purchases							
				2011		FYE 30 June 2012		Seven (7)-month FPE 31 January 2014			
				RM'000	%	RM'000	%	RM'000	%		
C.I.Readymix Sdn Bhd	Concrete	Malaysia	More than 10 years	13,422	18.4	26,176	30.5	20,817	21.6	14,595	14.5
Chuan Huat Industrial Marketing Sdn Bhd	Steel bars	Malaysia	Five (5) to 10 years	6,906	9.5	10,662	12.4	10,931	11.3	5,553	5.5
Y.K. Chan Enterprise Sdn Bhd	Steel bars, pipes and steel plates	Malaysia	Five (5) to 10 years	4,824	6.6	10,284	12.0	9,119	9.5	2,690	2.7
Tasek Concrete Sdn Bhd	Concrete	Malaysia	Five (5) to 10 years	7,519	10.3	8,348	9.7	-	-	-	-

C.I. Readymix Sdn Bhd topped our major suppliers' list, of which contributing to more than 10 percent of our annual materials purchases for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014. We have the capability to acquire the required materials from more than one (1) supplier to fulfil all our business demand and to mitigate the risk of being over dependent on a single supplier. Nevertheless, our Group has established long term business relationship with a number of these companies, and believes these relationships are beneficial to our purchasing and cost efficiency. In the event that these major suppliers cannot supply to us, we are still able to obtain comparable substitutes from other suppliers in the local market.

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6. BUSINESS OVERVIEW (CONT'D)**6.18 Information on Land and Buildings****6.18.1 Summary of Properties Used**

A summary of the material properties owned by our Group are set out below:-

Registered owner	Address	Tenure/ Expiry of lease	Description and existing use	Date of issuance of certificate of fitness for occupation/ completion and compliance	Approximate age of building	Total built up area and land area square feet	Net book value as at 31 January 2014 RM	Major encumbrances
ESB	Unit C/T08, Block C Plaza Dwtasik Jalan Sri Permaisuri Bandar Sri Permaisuri 56000 Kuala Lumpur	Leasehold for 99 years and will expire on 11.01.2095	Vacant commercial unit at seventh (7 th) floor of a 13-storey office block held for future office use	10 April 2001	12	Built-up: 5,597 Land area: Not applicable	2,244,098	Nil
	Unit C/T09, Block C Plaza Dwtasik Jalan Sri Permaisuri Bandar Sri Permaisuri 56000 Kuala Lumpur	Leasehold for 99 years and will expire on 11.01.2095	Vacant commercial unit at eighth (8 th) floor of a 13-storey office block held for future office use	10 April 2001	12	Built-up: 5,597 Land area: Not applicable	2,244,098	Nil
	Unit P-2.5, Podium Block, Plaza Dwtasik Jalan Sri Permaisuri Bandar Sri Permaisuri 56000 Kuala Lumpur	Leasehold for 99 years and will expire on 11.01.2095	Vacant commercial unit at second (2 nd) floor of a 13-storey office block held for future office use	10 April 2001	12	Built-up: 3,907 Land area: Not applicable	783,641	Nil

6. BUSINESS OVERVIEW (CONT'D)

Registered owner	Address	Tenure/ Expiry of lease	Description and existing use	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and land area square feet	Net book value as at 31 January 2014 RM	Major encumbrances
PPSB	No. 5, 7, 9, 11, 13 Jalan Kenanga 5 Seksyen BB11 Bandar Bukit Beruntung 48300 Rawang Selangor Darul Ehsan	Freehold	Five (5) parcels of industrial land, of which one (1) single storey detached workshop is erected on No. 9, Jalan Kenanga 5 and another one (1) single storey detached workshop is erected on No. 11 and 13, Jalan Kenanga 5. All five (5) parcels of industrial land together with the workshops are rented to ESB	10 July 2013	11	Built-up: 26,677 Land area: 230,788	6,368,903	Charged to CIMB Bank Berhad

A summary of the property rented by our Group for our operations are set out below:-

Tenant	Registered owner	Address	Tenure/ Date of expiry of lease	Description and existing use	Total built up area and land area square feet	Yearly rental RM
ESB	The Cheng Eng and Pang Sar	No. 55, Jalan Sungei Besi 57100 Kuala Lumpur	Three (3) years from 01.07.2013 till 30.06.2016	A four and a half (4 ½)-storey commercial terrace shopoffice occupied for office use	Built-up: 7,400 Land area: 1,604	16,200

The above properties owned and leased by our Group have been issued with the relevant certificate of fitness as at the date of this Prospectus.

6. BUSINESS OVERVIEW (CONT'D)

Our Listing Scheme does not involve any valuation of the above-mentioned land and buildings. As at the date of this Prospectus, our Group is not in breach of any law, rules and building regulations in relation to the use of the properties above. Our Directors wish to highlight that, with respect to the land and buildings owned and leased by our Group as stated above, there are no environmental issues that may materially affect our Group's operations and utilisation of the above properties.

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6. BUSINESS OVERVIEW (CONT'D)**6.18.2 Material Tangible Fixed Assets Other than Property**

Save as disclosed below, as at the date of this Prospectus, our Group does not have any other material tangible fixed assets:-

No.	Description	No. of Units	Date of Acquisition	Remaining depreciation life No. of Years	Net Book Value as at 31 January 2014 RM'000
1.	Drill Rig Bauer BG40	1	22.08.2011	6	4,550
2.	Drill Rig Bauer BG25V	1	27.08.2012	7	1,378
3.	Drill Rig Bauer BG40	1	09.08.2012	7	1,805
4.	Drill Rig Bauer BG40	1	01.10.2012	7	3,725
5.	Drill Rig Bauer BG28V	1	16.11.2012	7	1,521
6.	Drill Rig Bauer BG22V	1	27.06.2013	8	1,599
7.	Drill Rig Bauer BG25V	1	27.06.2013	8	1,868
8.	Drill Rig Bauer BG40	1	11.10.2013	8	4,674
Total					21,120

6.18.3 Material Plans to Construct, Expand or Improve Facilities

As at the date of this Prospectus, our Group does not have any other material plans to construct, expand or improve our facilities.

6. BUSINESS OVERVIEW (CONT'D)

6.19 Future Plans and Strategies

Our Group's vision is to become one of the leading piling and foundation services contractors in Malaysia, specialising in bored piling and foundation services works. Moving forward, our Group's future plans and business strategies will centre on the following key action plans:-

i. Continued Expansion within the Piling and Foundation Services Market

Our Group's primary thrust moving forward is to continue expanding within the piling and foundation services market, focusing on the principal activities at which we are prominent in terms of industry practices and reputation. We will continue to expand our reach in this market, building upon our strong reputation, ability to secure new and greater projects, and growing capabilities and resources. We believe that our expertise and experience in our existing activities are our best chance of higher growth and success moving forward.

Through our sales and marketing strategies and consistent work quality, we will continue to secure new piling and foundation projects. These strategies coupled with our track record have contributed to our past success, and will continue to drive our future growth.

We strive to increase our penetration rate in the Malaysian piling and foundation services market by actively bidding for projects in Penang and Johor Darul Takzim. We expect more opportunities in Penang following the construction of the second Penang bridge, which is expected to increase the property development activities in Penang, especially the areas adjacent to the new bridge. Further to, George Town, Penang was accorded the United Nations Educational, Scientific and Cultural Organisation World Heritage List of Cities and Sights on 7 July 2008, Penang has experienced an expanding tourism industry since then, which has led to more hotel development projects.

We also expect more opportunities in Johor Darul Takzim due to the high volume of development in Iskandar Malaysia, including property development and infrastructure projects. According to the Iskandar Regional Development Authority, Iskandar Malaysia has progressed rapidly, with several key developments completed and many more nearing completion since its launch in 2006. Progress is being achieved across multiple sectors including education, healthcare, leisure and tourism, property, creative and retail. In addition, critical enablers such as physical infrastructure, safety and security, public housing, and social development initiatives are also moving forward.

Despite the transportation cost for machinery required for projects located in the said area, is higher, the cost is not significant and it would be priced in our tender process.

Further, we have on-going projects in Penang and Johor Darul Takzim, it would be more cost effective for us to continue to expand our footing and diversify our clientele base in both states for future projects in view of the supplier chain network and good credit relationship built.

6. BUSINESS OVERVIEW (CONT'D)

ii. Upgrading Internal Capabilities

A solid combination of technical knowledge and management skills of experienced personnel, up-to-date machinery, tools and knowledge, sufficient manpower and systematic work process is crucial to sharpen the competitive edge of our Group in the local market. In order to become one of the leading piling and foundation service provider in Malaysia, we intend to strengthen our internal capabilities and expand our resources to be able to compete effectively against both local and foreign competitors operating in the local market.

Our Group will be investing in more new and higher technology equipment and machinery that are less manual intensive and more automated. Higher technology equipment can increase our human resource efficiency, while increasing precision and reducing human error across our operating processes. We will also be looking to expand our pool of skilled human resources, exploring foreign skilled labour as a means to increase our capacity while mitigating against the shortage of skilled labour within the local construction labour market.

iii. Implementing an ISO 14001:2004-compliant Environmental Management System

In our continuous effort towards process improvement, we are in the midst of implementing an environmental management system in compliance with ISO 14001:2004 standards. We have appointed BM TRADA as our consultant and we have also complied with the Environment Aspect-Impact analysis as stipulated in ISO 14001:2004. Further, we have set up a program for submission and to be audited for the certification by the certification bodies by third quarter of 2014. We are gradually adapting our environment management practices such as waste management at the construction site and effluent management to be ISO 14001:2004 compliant and are targeting to become fully accredited by 2014.

Currently, the contract department will monitor the overall wastage of the material used on site without examining the detailed work process in minimising the wastage. The methodology adopted in ISO 14001:2004 emphasizes in identifying Environment Aspect and Impact analysis through systematic approach. As such, through a plan and documented process, it ensures an efficient waste management in order to achieve the works and cost efficiency at work site.

By implementing ISO 14001:2004, we are able to benefit from reduction of operational cost and increase in workplace productivity through efficient resource and waste management as wastage from projects will be planned in advance and monitored. A reduced wastage at work site would provide a cleaner and safer working environment, which would have in turn improve workplace efficiency and result in cost saving.

Apart from creating a safer working environment, being ISO 14001:2004 certified helps to brand our Group and increase our competitiveness in the industry especially with the increasing demand for GBI certified buildings. Two (2) out of the six (6) GBI rating system's criteria require implementation of proper construction management and proper waste management system. Property developers would prefer an ISO 14001:2004 certified contractor to help them achieve the GBI certification. We intend to be one (1) of the pioneers in the local construction industry to be accredited with ISO 14001:2004 standard.

6. BUSINESS OVERVIEW (CONT'D)

6.20 Prospects of Our Group

We believe the prospects of our Group are favourable as our business is led by an experienced management team. In view that our Group has been serving in the piling and foundation services market for more than 25 years, we have a proven track record of our service quality and have accrued an extensive experience in bored piling and top-down construction. Furthermore, our well-equipped and organised maintenance workshop and sizeable fleet of piling machinery and equipment can assist us to undertake large-scale projects or more small- to medium-scale projects leading to more potential revenue stream. Our commitment to quality assurance and our quality consistency over the years has helped us establish a strong reputation as a reliable and trustworthy partner in the piling and foundation services market. Further details on our competitive strengths are set out in Section 6.4 of this Prospectus.

Our Group's vision is to become one of the leading piling and foundation services contractors in Malaysia, specialising in bored piling and foundation services works. Moving forward, our Group's future plans and business strategies will centre on the continuous expansion within the piling and foundation services market, upgrading internal capabilities and the implementation of an ISO 14001:2004-compliant Environmental Management System.

We intend to increase our penetration rate in the Malaysian piling and foundation services market by actively bidding for projects in Penang and Johor Darul Takzim. We expect more opportunities in Penang due to the increase of property development activities following the construction of the second Penang bridge, especially the areas adjacent to the new bridge. Further, Penang has experienced an expanding tourism industry since George Town, Penang was accorded the United Nations Educational, Scientific and Cultural Organisation World Heritage List of Cities and Sights on 7 July 2008, which has led to more hotel development projects. We also expect more opportunities in Johor Darul Takzim due to the high volume of development in Iskandar Malaysia, which has progressed rapidly since its launch in 2006. Further details on our future plans and strategies are set out in Section 6.19 of this Prospectus.

According to the Independent Market Researcher's report, the piling and foundation services market in Malaysia was valued at an estimated RM2.96 billion in 2013 and is expected to grow at a compound annual growth rate of 9.1% for the years 2013 to 2018. Further details on our prospects and outlook of the industry are set out in Section 7 of this Prospectus.

As our Group is primarily project-based, our future profitability is dependent on the number of projects and value of the projects secured. Over the past three (3) years, we have been able to secure notable projects from property developers, government-initiated infrastructure projects and also from other large corporations. As at the LPD, the state of our book order in our piling and foundation services segment amounts to RM449.88 million. Further details on the state of our order book are set out in Section 11.5 of this Prospectus.

6. BUSINESS OVERVIEW (CONT'D)

Given that the piling and foundation services business is capital intensive, we need to constantly upgrade our machinery with newer, more powerful and more efficient machines to remain competitive. Our Group has earmarked approximately RM14.58 million, representing 30% of the gross proceeds from the Public Issue, for the purchase of machinery and equipment to further expand our piling and foundation service market. We would be able to operate in a more cost efficient manner with newer and higher technology machinery and equipment due to lower likelihood of machinery's and equipment's breakdown. As such, we should be able to further enhance our competitiveness in our tender. Please refer to Section 3.11 of this Prospectus for further details on utilisation of proceeds from the Public Issue.

As a result of the above, we believe that we will continue to enjoy positive growth and favourable prospects over the next few years.

We will continue to leverage on our core competencies, competitive edge and our established track record whilst pursuing growth opportunities within the piling and foundation industry.

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

(Prepared for inclusion in this Prospectus)

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Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

27 MAY 2014

The Board of Directors
Econpile Holdings Berhad
No. 55C, Jalan Sungai Besi,
57100 Kuala Lumpur.

Dear Sirs/Madams,

Executive Summary of the Construction Industry with Insights into Piling and Foundation Services in Malaysia

This Executive Summary of the 'Construction Industry with Insights into Piling and Foundation Services in Malaysia' is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the prospectus of Econpile Holdings Bhd ("Econpile") to the Securities Commission Malaysia in relation to its proposed listing on the Official List of Bursa Malaysia Securities Berhad.

1.0 Malaysia Economic Overview

The Malaysian economy expanded by 4.7 percent in 2013 which was in line with the growth target of 4.5 percent to 5.0 percent set by the Malaysian Government. The Malaysian economy expanded by 4.1, 4.4, 5.0 and 5.1 percent in the first, second, third and fourth quarter of 2013 respectively on the back of robust domestic demand and accommodative monetary policy.

Despite the positive results revealed in most of Malaysia's key economic indicators for 2013, the Malaysian Government is mindful of the downside risks to global growth that may affect the growth in the local economy. In the near future, the growth in the Malaysian economy is expected to be anchored again by domestic demand. Domestic demand is expected to be led by private expenditure which is projected to register an increase of 8.3 percent in 2014. Private sector consumption and investment in 2014 are projected to expand by 6.9 percent and 12.6 percent respectively. The Malaysian Government has reiterated its intention to continue focusing on accelerating the national transformation process and supporting growth while improving public finance and ensuring fiscal sustainability.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



The Malaysian Government has also allocated RM1.6 billion under Budget 2014 for development in the five regional corridors. The Malaysian economy is expected to grow by 4.5 to 5.5 percent in 2014 on the back of expected improving external environment and favourable domestic demand. The private sector is expected to drive the growth momentum in domestic demand.

2.0 An Introduction to the Construction Industry

Construction refers to the conversion of raw materials through the use of labour into various forms of buildings and infrastructures. Construction is not limited to buildings alone but also includes bridges, dams, roads, canals, et cetera ("etc").

A typical construction job is usually managed by a project manager and supervised by a construction manager, design engineer, construction engineer and/or project architect. To ensure the success of the project, the design and execution of the infrastructure must be effectively planned and should take into consideration various issues such as budget, timeline, construction site safety, the environmental impact of the job, the availability of building materials, logistics, and bidding, etc.

3.0 An Introduction to the Piling and Foundation Services Market

Through its core subsidiary company, Econpile is principally involved in the Malaysian construction industry as a piling and foundation services provider. Econpile is a piling and foundation specialist, with services ranging across various piling and foundation solutions, geotechnical works and construction of structures below ground level. Econpile has over the years built keen expertise and capabilities in bored piling services in the Malaysian market.

Like the broader construction industry in Malaysia, the local piling and foundation services market has also registered positive growth from 2007 to 2011. The local piling and foundation services market is dependent on government related construction projects. Since 2007, the growth in the industry was spurred by the implementation of government related projects particularly from 9MP and Tenth Malaysia Plan ("10MP") projects. Many projects have been implemented such as the infrastructure development in Malaysia's regional economic corridors particularly in Iskandar Malaysia and mega projects such as the Klang Valley Mass Rail Transit ("MRT") project was also kick-started in 2011. The piling and foundation services market is expected to continue to ride on the growth in the demand for construction moving forward.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Substructure works involve the construction activities done below surface level such as foundation, basement walls and subfloors. Retaining walls are also considered a component of the substructure; it is a structure built on the sites that prevent earth from failing, collapsing or moving down. Conventionally, all substructure works are required to be completed prior to the construction of superstructure.

Foundation is an essential component of substructure work that upholds the load of the entire building built upon it. Playing a vital role in supporting the construction process as well as ensuring the safety and sustainability of the building, it is also an important prerequisite to urban construction activity for any infrastructure, residential and commercial development.

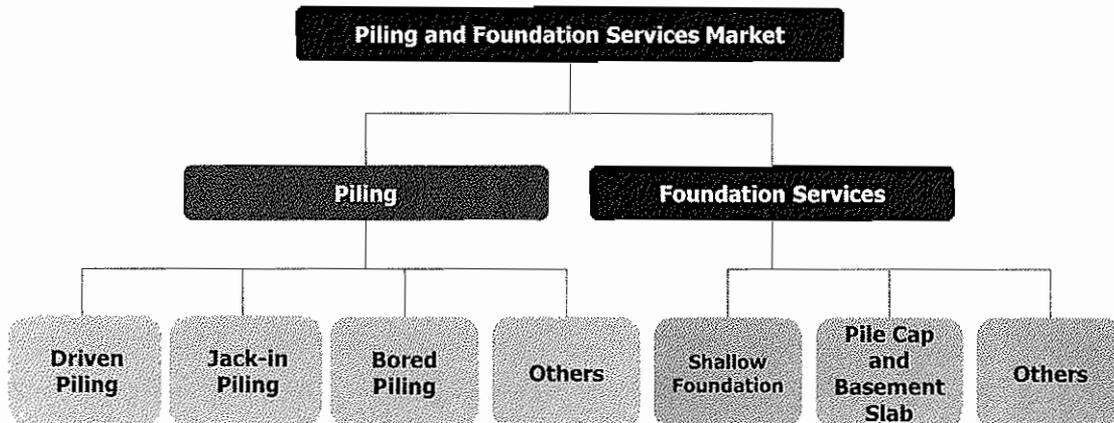
The foundation of a structure is part of the substructure (structures below ground level) that is in direct contact with the ground and which transmits the load of the structure to the ground. It can be broadly classified into *shallow foundations* and *deep foundations (or normally referred as piled foundations)*. Shallow foundation is built near the surface of the earth and is ideal when the soil immediately below the footing is strong enough to carry the building's load.

In cases where the underneath soil in contact is weak, compressible and inadequate to provide stable support for the structure, deep/piled foundation is required. Deep/piled foundation's bearing capacity is derived from the combination of end bearing capacity and shaft friction capacity. End bearing capacity of the pile is derived from the resistance of the stratum at the base of the piles and shaft friction capacity is obtained through its resistance from the shaft friction between the embedded surface of the piles shaft and the surrounding soils. In order to support the structure above them, piles has to be embedded to a sufficient depth into the ground to a point where the total bearing capacity of the pile is able to support the load imposed by buildings or structure. Deep/piled foundations are also used to support structures built over water as well as to resist uplift loads in tall chimney or basement tanks, or lateral loads such as foundations for bridges or jetty.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Figure 1: The Piling and Foundation Services Market



Source: IMR Report

3.1 Piling (Deep Foundation)

There are various methods in deep foundation work known as piling systems. Driven piling system, jack-in piling system and bored piling system are the three most commonly used piling systems in the construction industry.

3.1.1 Driven Piling System

Driven piles are pre-manufactured piles installed by driving into ground by means of continuous dropping a heavy hammer on the piles to required depth or resistant. Hydraulic hammer and diesel hammer are commonly employed with the former being a more environmentally friendly option.

Driven piles are pre-manufactured from timber, steel, reinforced concrete or composites (piles that consist of two or more pile types). Each type of driven pile has its advantages and disadvantages; therefore, having a standard or favourite pile type over another is not recommended. Factors such as design requirements, cost, soil conditions, impact on nearby structures, availability of pile materials and capabilities of local contractors should be considered during the pile selection process. The most commonly pre-manufactured piles are precast reinforced concrete square pile and pre-stressed concrete circular spun pile.

Driven piles do not bulge in soft soil conditions. During installation, they retain their shape while the surrounding soils are displaced. Displacement causes the surrounding soils to compress against the driven piles resulting in an increase in its load-bearing capacity. The piles are normally driven to hard stratum. Driven pile is also classified as displacement pile

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



where by the soil is displaced during driving and there is no extraction of soil as in bored piles.

Driven piling system is considered an environmentally friendly method because it does not require removal of soils during foundation installation which also makes it cost effective as no extra expenses are incurred for site clean-up. However, due to the displacement nature, driven piling method creates noise and vibration during installation. This causes disturbances to the surrounding environment and structures. This has restricted the use of driven piles in urban area or in area where the surrounding environment is sensitive to the disturbances. Driven piles are normally used for medium loaded structures such as medium-rise apartment, factories and bridges with normal span.

3.1.2 Jack-in Piling System

Jack-in piling system is a relatively new method for foundation work; it is an innovative variant of driven piling, and is an alternative to conventionally driven piles and bored piles. The jack-in piling system uses static force (dead weights) to push and insert piles into the ground. It exerts force that attains their reaction from counter weights placed on the jack-in piling frame. Similar to driven piles system, jack-in pile is suitable for medium loaded structures.

Similar to driven piles, jack-in piling system does not excavate soil materials during installation. Its biggest advantage over driven piles and bored piles is that it exerts very low noise and vibration during installation process; thus ensuring minimal disturbance and disruption to the environment during installation. On its downside, jack-in piling system requires relatively larger, flatter and stronger working area as compared to driven piling system due to the bulk of the jack-in piling machine. Also unlike bored piling system, it can only install a certain size of pile and is unable to go through harder ground layers or boulders.

3.1.3 Bored Piling System

Bored piles, also known as drilled piles or cast-in-situ piles are piles formed by boring a hole into the soil and filling it with concrete, used in a bored piling system.

As opposed to driving piles into the ground by driving or jacking methods, a bored piling system engages boring/ drilling activities to remove soils and is non-displacement. Bored piling machines have specially designed drilling tools, buckets and grabs that are used to remove soils and rocks. To prevent surrounding soils from collapsing into the shaft during drilling, temporary casings are placed to support the walls of the shaft. Once the excavation

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



of the shaft is completed, negligible particles or unwanted debris remaining in the shaft are cleared using airlifting system. Instead of pre-manufactured piles such as those used in driven piling systems, the piles are cast-in-situ which means "cast on site or in position", this process is completed by pouring concrete into the shaft. For grounds that are less cohesive, a steel reinforcement cage is inserted into the shaft to provide stability before concrete is poured in.

Bored piling systems produce little vibration and lower noise level as compared to driven piling. Adjacent piles or structures are not disturbed since the principle of soil removal is applied instead of soil displacement. In view of piles being cast-in-situ, piles of variable lengths and size can be cast through soft compressible soils into suitable bearing material. However, bored piling is more costly and slower in construction as compared to other piling systems. Removing soil would incur additional cost to dispose waste material while taking up more time to construct cast-in-situ piles.

The advantage of this method is that a large diameter size can be installed to support very large vertical and horizontal loads. Bored piles are commonly adopted in tall buildings or heavy structures such as large span bridges, jetty foundations, or in congested areas where it is required to reduce the pile group sizes. Bored piling is the most commonly used system for high rise buildings.

3.1.4 Others

Examples of other piling system are micropiles and caisson piles systems.

3.2 Foundation Services

Foundation services refer to the construction of shallow foundation systems, pile cap and basement slabs as well as other substructure and related works.

3.2.1 Shallow Foundation Systems

As indicated before, a shallow foundation system is used when the soil immediately below is strong enough to support the structure's load. The construction of shallow foundation is considered simple and inexpensive due to the little soil excavation. It includes *spread footing foundations* and *mat foundations*.

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a) Spread Footing Foundations

Spread footing, or sometimes termed as pad footing or strip footing, is by far the most common type of shallow foundation; is made up of a reinforced concrete slab which distributes the load from the column through the contact surfaces into the ground. It can be built in different shapes and sizes to accommodate structural needs. Spread footing is a common method used for the construction of low rise residential or commercial structures; however, it is not sufficient to bear the load of a high rise structure.

b) Mat Foundations

Mat foundation, also known as raft foundation, is a relatively large slab usually made of reinforced concrete covering the entire footprint of the structure.

3.2.2 Pile Cap and Basement Slab

Pile cap refers to a thick concrete slab that is installed above installed piles to support the imposed load while basement slab refers to the surface of the basement floor. Deep basement of up to six floors is common in buildings located in dense area and parking space within the building is required.

3.2.3 Others

Examples of other foundation services include excavation works, retaining system such as temporary sheet pile, contiguous bored piles and diaphragm wall as well as ground improvement or soil treatment works which are normally used for road and infrastructure works.

4.0 Market Segmentation Analysis

The construction industry in Malaysia can generally be segmented into two distinct segments namely, real estate construction and civil engineering & special trade work as follows:

1) Real Estate Construction

Real estate construction refers to the construction of structures and buildings for residential as well as non-residential purposes. Residential properties include single-storey terraced, 2-3 storey terraced, single storey semi-detached, 2-3 storey semi-detached, detached, town house, cluster, low cost house, low cost flat, flat, service apartment, condominium or apartment and small office or home office ("SOHO").

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Meanwhile, non-residential properties include commercial, industrial, agricultural and leisure properties.

2) Civil Engineering & Special Trade Work

Civil engineering mainly refers to the construction of infrastructures such as roads and highways, utility structures and buildings, and public infrastructures like bridges, stadiums, ports, dams, railways, etc. Meanwhile, special trade works consists of activities such as metal works, electrical works, refrigeration and air-conditioning works, painting works, plumbing, sewerage and sanitary works, glass works, carpentry, and tiling and flooring works, etc.

Figure 2: Market Dynamics Scorecard for the Construction Industry in Malaysia

Market Dynamics Indicators	Measurement	Trends
2013 Market Size (Market Revenue) (RM billion)	29.42	Increasing
2013 Market Growth Rate (%)	10.9	Increasing
2018 Forecast Market Size (Market Revenue) (RM billion)	39.45	Increasing
Forecast Period Market Compound Annual Growth Rate ("CAGR") (2013-2018) (%)	6.0	-
Competitive Landscape	Highly competitive with over 53,000 active contractors.	Stable
2014 Demand Conditions	Government-led initiative and spending along with improving consumer sentiment and interest in properties will continue to underpin demand.	Increasing
2014 Supply Conditions	Accommodative financing will continue to encourage uptake in properties. However, market participants must be wary of its reliance on foreign workers.	Stable

Source: IMR Report

5.0 Historical Performance and Growth Forecast of the Construction Industry in Malaysia

Protégé Associates has provided the historical performance and growth forecast of the construction industry in Malaysia based on the primary and secondary research as well as analytical works conducted. The construction industry in Malaysia has been on the growth path since a turnaround in 2007 to register a positive growth after three consecutive years of

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



contraction. From 2007 to 2011, the construction industry registered a single digit percentage growth each year save for 2010 with 11.4 percent in expansion recorded for that year. During this period, the growth was mainly supported by the implementation of projects under the Ninth Malaysia Plan ("9MP"). The growth in the local construction industry for 2011 expanded at a slower pace of 4.7 percent as compared to the rate recorded in 2010 due to slower activities in the non-residential and civil engineering segments following the completion of major highway projects. Protégé Associates estimates that the construction industry in Malaysia is worth approximately RM26.53 billion in 2012 and RM29.42 billion in 2013. The construction industry is projected to grow at a CAGR of 6.0 percent for the 2013-2018 period. The historical market size (market revenue) and growth forecast of the construction industry in Malaysia is as shown in Figure 3 below.

Figure 3: Historical Market Size (Market Revenue) and Growth Forecast for the Construction Industry in Malaysia, 2007-2018

Year	Market Size (Market Revenue) (RM billion)	Growth Rate (%)
2007	17.42	-
2008	18.15	4.2
2009	19.27	6.2
2010	21.46	11.4
2011	22.46	4.7
2012	26.53	18.1
2013	29.42	10.9
2014	32.37	10.0
2015	33.50	3.5
2016	34.84	4.0
2017	37.04	6.3
2018	39.45	6.5

CAGR (2013-2018): 6.0 percent

Notes:

- 1) All figures are rounded; the base year is 2013;
- 2) Numbers may not necessarily add up due to rounding;
- 3) At constant price 2005.

Source: IMR Report

The local construction industry performed well in 2012 by registering the highest growth rate since 1995 (21.1 percent). The growth in the industry was supported mainly by the civil

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



engineering sub-sector. Besides that, the residential and non-residential sub-sectors had also contributed to the growth in the construction industry. In 2013, the construction industry in Malaysia expanded by 10.9 percent on the back of robust activities in the residential and civil engineering sub-sectors.

Going forward, expansion in the local construction industry is expected to be driven by factors such as the government-led initiatives and spending, a sustained economic growth boosting spending and investment in properties, accommodative financing and steady population growth. Much of the construction industry's growth prospects hinges upon the speed and effective implementation of the various projects identified under the 10MP and ETP, along with the continued execution of various public-private partnership ("PPP") projects. The implementation of civil engineering projects in the oil and gas, utility and transport segment is expected to support growth in the construction industry. However, the pace of growth in the local construction industry is projected to slow towards the end of the 10MP as more projects under the plan are expected to be completed by then before starting to pick up again in 2016 to 2018 with the expected implementation of more new construction projects under the 11th Malaysia Plan ("11MP").

6.0 Historical Performance and Growth Forecast of the Piling and Foundation Services Market in Malaysia

The piling and foundation services market is a sub-segment operating within the construction industry. Protégé Associates has provided the historical performance and growth forecast of the piling and foundation services market in Malaysia based on the primary and secondary research as well as analytical works conducted. In 2013, it accounted for an estimated 10.1 percent of the total construction industry. The performance of the piling and foundation services market highly correlates to the performance of the construction industry; piling and foundation work is a prerequisite to the erection of all buildings, and above-ground level infrastructures. Like the broader construction industry in Malaysia, the local piling and foundation services market has also registered positive growth from 2007 to 2011. The local piling and foundation services market is dependent on government related construction projects. Since 2007, the growth in the industry was spurred by the implementation of government related projects particularly from 9MP and 10MP projects. Many projects have been implemented such as the infrastructure development in Malaysia's regional economic corridors particularly in Iskandar Malaysia and mega projects such as the Klang Valley MRT project was also kick-started in 2011. The piling and foundation services market is expected

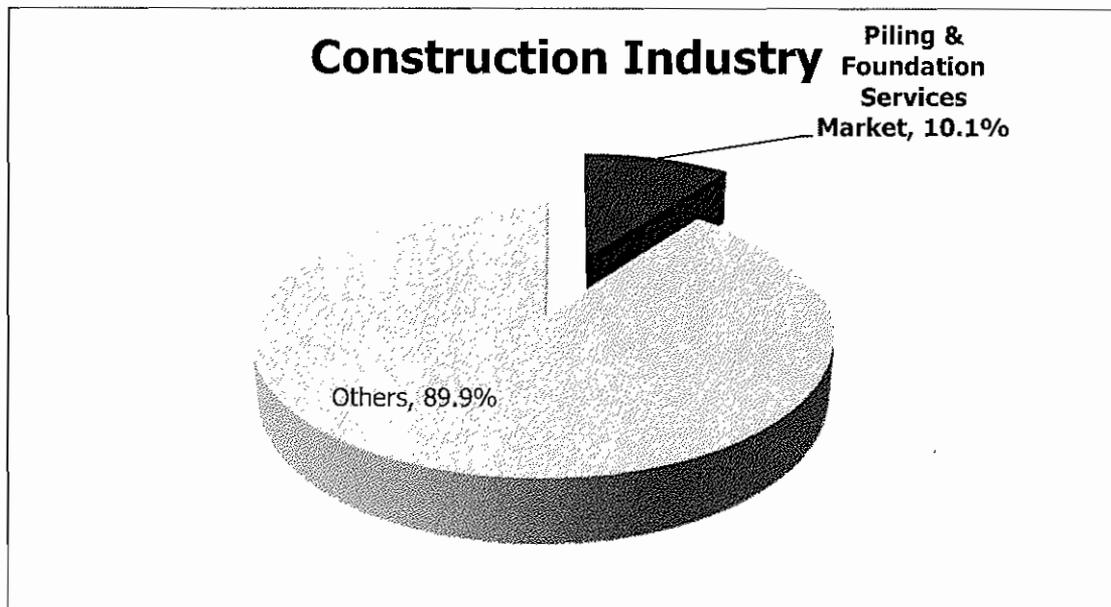
7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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to continue to ride on the growth in the demand for construction moving forward. The double-digit growth registered in the market for 2012 was supported by the on-going implementation of mega projects such as the first Klang Valley MRT, Kuala Lumpur International Airport 2 ("KLIA2") and the second Penang Bridge. In 2013, the market continued its double-digit growth expansion supported by further growth in the construction of infrastructure and residential properties.

Figure 4: Piling and Foundation Services Market Size (Market Revenue) within the Construction Industry, 2013



Source: IMR Report

Figure 5: Historical Market Size (Market Revenue) and Growth Forecast for the Piling and Foundation Services Market in Malaysia, 2007-2018

Year	Market Size (Market Revenue) (RM billion)	Growth Rate (percent)
2007	1.08	-
2008	1.14	5.6
2009	1.20	5.3
2010	1.28	6.7
2011	1.56	21.9
2012	2.38	52.5
2013	2.96	24.4

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Year	Market Size (Market Revenue) (RM billion)	Growth Rate (percent)
2014	3.17	7.0
2015	3.38	6.7
2016	3.68	8.9
2017	4.10	11.5
2018	4.58	11.7

CAGR (2013-2018): 9.1 percent

Notes:

- 1) All figures are rounded; the base year is 2013;*
- 2) Numbers may not necessarily add up due to rounding;*

Source: IMR Report

Piling and foundation ordinarily occurs at the front-end of the construction workflow. Demand for its services usually occurs at the early stage of a construction workflow. As a result, piling and foundation services market growth rate may display greater fluctuation than the broader construction industry over a 3-5 year period. A longer term growth trend is expected to continue over the forecast period, with the pace of growth in the market being expected to taper to a single digit percent in 2014 and 2015 with the expected completion of several major infrastructure projects. The growth in the market is highly dependent on government projects. The Malaysian Government has already indicated that there is a possibility that major government projects with low multiplier effect may be rescheduled which can slow construction activities including piling and foundation services if materialised. Nevertheless, projects with a high positive impact on the citizen and low import value are expected to be implemented. The Malaysian Government has already announced the implementation of projects such as the 316-kilometre West Coast Expressway from Banting to Taiping as well as the double-tracking projects from Ipoh to Padang Besar and later, from Gemas to Johor Bahru. Besides that, RM1 billion has also been allocated to PR1MA Corporation Malaysia ("PR1MA") to provide 80,000 housing units at 20 percent below market prices. The projected upcoming infrastructure projects such as the MRT 2 and MRT 3 projects as well as continuing expansion of the existing light rail transit ("LRT") line and the on-going property development in Iskandar Malaysia are also expected to be a growth catalyst for the market during the forecast period. The pace of growth in the market is expected to pick up again in 2016, 2017 and 2018 as new construction projects under the 11MP are expected to be implemented. The market is expected to register a CAGR of 9.1 percent for the 2013-2018 period. The market is estimated to be valued at RM4.58 billion in 2018.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



7.0 Competitive Landscape of the Construction Industry in Malaysia

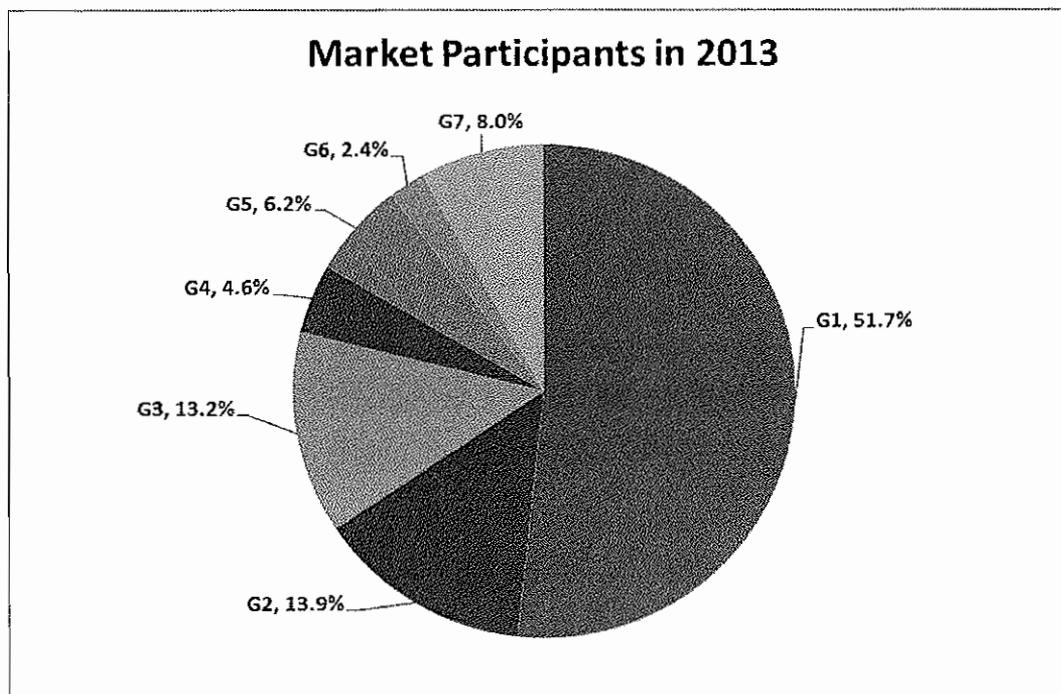
It is mandatory for all contractors whether local or foreign to register with the Construction Industry Development Board ("CIDB") before they undertake to execute and complete any construction works in Malaysia. The construction industry is highly competitive and fragmented with different grades of contractors capable of bidding for varying project sizes according to their capabilities and levels of services.

In 2013, CIDB Malaysia's record showed a total of 66,672 registered contractors. As illustrated in Figure 6, a total of 52,578 of the contractors were registered under G1, G2 and G3 grades (approximately 79 percent) while the rest consist of contractors registered under G4-G7 grades.

Figure 6: Number of Market Participants in the Malaysian Construction Industry by Grade, 2011-2013

Grade	Bidding Limit (RM)	2011	2012	2013
G1	Not exceeding 200,000	32,752	36,399	34,485
G2	Not exceeding 500,000	8,187	8,665	9,268
G3	Not exceeding 1,000,000	10,437	10,351	8,825
G4	Not exceeding 3,000,000	2,686	2,922	3,038
G5	Not exceeding 5,000,000	3,817	4,317	4,130
G6	Not exceeding 10,000,000	1,398	1,692	1,594
G7	Unlimited	4,573	5,144	5,332
Total		63,850	69,490	66,672

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Source: IMR Report

There were approximately 80.2 percent or 53,483 active contractors as at end-December 2013. In 2013, 6,179 new contractors entered the construction industry signalling the continued interest by new contractors to participate in the growing construction industry. Majority of the contractors were concentrated in certain geographic locations where there were higher demand for construction activities and services. Selangor, Sabah, Wilayah Persekutuan and Johor had the highest number of contractors registered at 10,773, 9,674, 7,263 and 6,540 respectively.

G7 contractors mainly comprise established contractors who are able to compete for and undertake projects of unlimited size as they have the required financial strengths, track record and reputation and technical expertise to implement such large scale projects. As at end-December 2013, there were 4,630 active and 270 new G7 contractors while 432 were either semi active or dormant.

G7 contractors are able to undertake and manage the entire project on their own and may work with or sub-contract certain portion/process to smaller contractors to benefit from cost and time savings. They typically have existing work relationships and track records with many customers which they are able to leverage upon to attain new projects. Some would have

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



been pre-qualified with certain of their customers, allowing them to participate in closed tenders, giving them an edge in winning the bid.

8.0 Competitive Landscape of the Piling and Foundation Services Market in Malaysia

Foundation service providers are market players that provide the construction industry with foundation solutions and piling systems. The fluid and competitive nature of the construction industry has led to a certain degree of differentiation and diversification in product and service offerings and business models. Foundation service providers serving the construction industry come in various sizes; they may excel in certain areas, utilise different piling systems, provide multiple construction services, focused on serving different geographical markets or diversify into other related/non-related businesses.

Foundation service providers are involved in the activities pertaining to foundation work. It includes reviewing projects, assessing proposed construction site, designing types of foundation for each construction project, piling activities and engineering testing. As at 17 March 2014, there were 5,893 market players registered with CIDB for piling works under the civil engineering construction category, of which 37.5 percent of the total or 2,208 market players were G7 piling contractors. Meanwhile, the number of market players registered with CIDB for piling works under the building construction category totalled 944, of which 346 market players were G7 piling contractors. Generally, G7 piling contractors are established contractors who are able to compete for, and undertake piling works in projects of unlimited size as they have the required financial strength, track record and reputation as well as technical expertise to implement such large scale projects.

Foundation service providers that are specialised in the area of piling systems are specifically known as *specialised piling contractors*. Focusing on providing piling solutions to the construction industry, specialised piling contractors are well-equipped with specialised machineries and technicians to carry out piling works. Due to the specialisation and expertise in piling systems, they are often sourced for complex and large-scale projects.

However, there are foundation service providers that are not specialised in the area of foundation work and are known as *general contractors*. In addition to supplying foundation solutions, they also provide other construction solutions, which can be any activity within the construction workflow. With a wider range of construction service offerings, general contractors usually have a smaller scale and/or limited capacity for foundation work; for

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



example, focusing on a single piling system or less sophisticated boring machinery that can only reach a shorter depth. Meanwhile, some contractors do not possess the actual capabilities to carry out foundation work; they outsource the work to piling contractors. Although foundation work is not the principal activity of general contractors, they are considered as foundation service providers by virtue that they are able to supply some form of foundation solutions although they normally sub-contracting the works to the piling contractors.

Figure 7: Selected Local Market Players Offering Piling and Foundation Services

Market Players	Description
Pintaras Jaya Berhad ("Pintaras")	<ul style="list-style-type: none"> • A public listed company on the Main Market of Bursa Malaysia Securities Bhd. • Principal activities consist of undertaking of piling contracts, civil engineering and building construction works and rental of plant and machinery as well as investment holding. • Revenue for its financial year ended 30 June 2013 was RM172.8 million.
Sunway Geotechnics (M) Sdn Bhd ("Sunway")	<ul style="list-style-type: none"> • Incorporated in 1996. • Involves in geotechnical services and related products and hire of heavy machineries. • Revenue for its financial year ended 31 December 2012 was RM379.9 million.
Econpile Holdings Bhd ("Econpile")	<ul style="list-style-type: none"> • Its wholly owned subsidiary, Econpile (M) Sdn Bhd was incorporated in 1987. • Through Econpile (M) Sdn Bhd, it is involved in the provision of piling and foundation services • Revenue for its financial year ended 30 June 2013 was RM386.1 million.
Biaxis (M) Sdn Bhd	<ul style="list-style-type: none"> • Incorporated in 1999. • It is a geotechnical contractor and an investment company. • Revenue for its financial year ended 31 December 2012 was RM112.7 million.
Aneka Jaringan Sdn Bhd ("Aneka")	<ul style="list-style-type: none"> • Incorporated in 2001. • Involves in the construction, structural and civil engineering works. • Revenue for its financial year ended 31 August 2013 was RM127.4 million.
Geohan Sdn Bhd ("Geohan")	<ul style="list-style-type: none"> • Incorporated in 1996. • Its nature of business is building and earthwork contractors, sub-contractor and real properties developments. • Revenue for its financial year ended 31 December 2012 was RM142.1 million.
Geopancar Sdn Bhd ("Geopancar")	<ul style="list-style-type: none"> • Incorporated in 1996. • Involves in geotechnical engineering work especially in the design and

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Market Players	Description
	<p>construction of retaining structure and foundation.</p> <ul style="list-style-type: none"> Revenue for its financial year ended 31 March 2012 was RM154.6 million.
Ansah Sdn Bhd ("Ansah")	<ul style="list-style-type: none"> Incorporated in 1985. Is a contractor for piling works. Revenue for its financial year ended 31 December 2012 was RM64.0 million.
Chuan Luck Piling Sdn Bhd ("Chuan Luck")	<ul style="list-style-type: none"> Incorporated in 1988. Is a builder and a general contractor. Revenue for its financial year ended 31 December 2012 was RM45.1 million.

Source: IMR Report

9.0 Estimated Econpile's Market Share

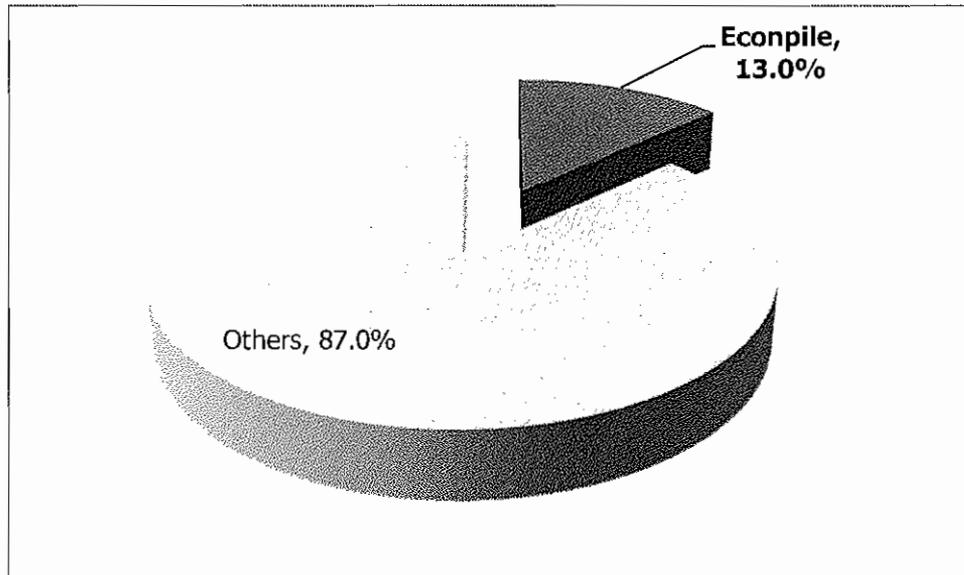
Econpile is involved as a piling and foundation service provider specialising in bored piling and substructure works.

For financial year ended 30 June 2013, Econpile generated revenue of RM386.1 million, equivalent to a 13.0 percent share of the piling and foundation services market during the year, as illustrated in Figure 8. This is based on Econpile's revenue of RM386.1 million against total estimated market size (market revenue) of the piling and foundation services market in Malaysia of RM2.96 billion in 2013. As such, Econpile is considered one of the major players in the piling and foundation services market in Malaysia.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Figure 8: Econpile's Share within the Piling and Foundation Services Market in Malaysia, 2013



Source: IMR Report

10.0 Demand and supply conditions

Demand and supply conditions refer to market factors that can positively or negatively affect future market size (market revenue) and growth by specifically altering demand or supply dynamics. These demand and supply factors can include trends, key developments or events that spur market expansion, leading to increases in sales or revenues, or developments that negatively affect market growth. The following figure depicts the demand and supply conditions affecting the value and growth of the construction industry, and highlighting the impact on the present market situation.

The piling and foundation services market is a sub-segment within the larger construction industry. As such, its performance is largely influenced by market conditions affecting the construction industry. The demand and supply conditions detailed henceforth are seen to affect the construction industry and all its sub-segments, including the piling and foundation services market.

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Figure 9: Demand and Supply Conditions Affecting the Construction Industry in Malaysia, 2014

Condition	Type	Impact
Government-Led Initiatives and Spending	Demand	+
Sustained Economic Growth to Boost Spending and Investment in Properties	Demand	+
Steady Population Growth	Demand	+
Property Overhang	Demand	-
Accommodative Financing	Supply	+
Reliance on Foreign Workers	Supply	-

Source: IMR Report

11.0 Reliance on and Vulnerability to Imports

The construction industry is generally not reliant on imports of raw materials. Major raw materials typically used in the construction industry such as cement, steel bars, pre-mixed and ready-mixed materials are readily available in Malaysia.

The construction industry is however reliant on foreign workers in particular low-skilled foreign workers due to the labour-intensive nature of the industry. Foreign workers are employed in the construction industry due to cost reasons as well as poor participation by local labour. Most locals shunned these jobs as they view it as dangerous, dirty and difficult, and they expect higher wages. Therefore, the construction industry is highly reliant on foreign workers. The CIDB is aware of the issue and has accordingly taken initiatives to transform and reduce the industry's reliance on foreign workers.

12.0 Substitute Products or Services

There are no direct substitutes to construction services as it refers to a form of services and process in the construction or assembling of buildings and/or infrastructures. The construction services are generic in nature and may be provided by any construction companies.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



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13.0 Relevant Laws and Regulations Governing the Market and Peculiarities of the Market**13.1 Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994**

The Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 ("ACT 520") came into force on 24th July 1994. Pursuant to ACT 520, the CIDB was established as the governing body entrusted with the responsibility to provide effective leadership and coordination among construction industry players in Malaysia. All builders, contractors and sub-contractors, be it local or foreign, are required to register with the CIDB and comply with the provisions of the ACT 520 before undertaking or executing any construction work in Malaysia. Any person who undertakes to carry out and complete any construction works without being registered as a registered contractor with the CIDB shall be guilty of an offence under the ACT 520.

As of July 2012, amendments to ACT 520 were passed in Parliament and slated to be gazetted in September 2012. The revised Act, now known as the Lembaga Pembangunan Industri Pembinaan Malaysia (Amendment) Act 2011, or "CIDB Act 2011" was amended to upgrade ACT 520 (the "Principal Act") in line with best international practices in the industry and in view of the liberalisation of the industry when ASEAN Free Trade Area ("AFTA") comes into play.

13.2 Registration as Contractors

The Certification of Registration issued by the CIDB is valid for a minimum period of one year and a maximum term not exceeding three years, unless cancelled, suspended or revoked earlier by the CIDB.

There are three categories of registrations, namely building construction, civil engineering construction and mechanical and electrical.

The scope of registration can be further classified into seven grades with each grade having different tendering capacity.

The Malaysian Government had implemented the 'Sistem Satu Pendaftaran Kontraktor' ("SSPK") with immediate effect from 15 October 2012. SSPK is a method that combines the registration procedures of CIDB and Construction Services Centre ("PKK"). Under the new system, all the contractor licences issued by PKK in relation to participation in tenders called by the Malaysian government authorities, statutory bodies, regulatory authorities or an entity that is otherwise regarded to be in the public sector are cancelled and replaced with 'Sijil

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Perolehan Kerja Kerajaan' ("SPKK") issued by CIDB. Nevertheless, the issuance of 'Sijil Taraf Bumiputera' for the identification of bumiputera status has remained under the control and supervision of PKK.

The scope of registration for SPKK can be further classified into two categories, namely civil engineering, building or mechanical and electrical with six grades for each category. Each grade has different tendering capacity.

13.3 The Construction Industry Payment and Adjudication Act 2012 (the "CIPAA")

The CIPAA, passed in May 2012, is set to come into force in 2013. Modelled along similar mechanisms in the United Kingdom, Australia and Singapore, CIPAA is sufficiently rehashed to take in local legal and business requirements. It aims to set a benchmark for industry players to honour cash payments, paving new ways of doing business. With the enforcement of the CIPAA, late payments - which is characteristic of the industry is expected to trickle out and cash flow issues are also expected to be resolved speedily and professionally through the adjudication process.

The industry stands to gain from the implementation of the CIPAA, as one of its defining features is its statutory rights given to affected parties to refer a dispute to adjudication. This inevitably compels parties to diligently comply with their respective contractual obligations. Hence, major potential disputes arising out of non-conformance to contractual obligation is automatically averted.

CIPAA is applicable to most written construction contracts for both the government and private sectors irrespective whether the contracts use local or international forms of contracts. It covers all construction works carried out wholly or partly within Malaysia, including construction works entered into by the government. However, there are a few exceptions. CIPAA does not apply to construction contracts entered into by a natural person for any construction works in respect of any buildings which is less than four storeys high and which is wholly intended for his (own) occupation.

13.4 Environmental Regulations

Under the Environmental Quality (Prescribed Activities) (Environment Impact Assessment) Order 1987, an environmental impact assessment is required for the following activities including the construction of airports, land reclamation, housing development, infrastructure, ports, petroleum, etc. – subject to certain conditions – prior to project commencement.

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13.5 Other Related Regulations

Other known related regulations includes the Occupational Safety and Health Act 1994 ("Act 514"), Factories and Machinery Act, 1967 (revised 1974) [Act 139], i.e. (the "Principal Act") and its amending act, Factories and Machinery Act (Amendment) 2006. Act 514 covers several pertinent issues such as the general duties of the employers and self-employed persons to ensure, so far as it is practicable, the safety, health and welfare at work of all his employees as well as persons other than employees, duty to formulate safety and health policy, as well as duties of designers, manufacturers and suppliers so far as it is practicable, that the plant is so designed and constructed as to be safe and without risks to health when properly used.

Meanwhile, pursuant to the Principal Act, provisions relating to safety, health and welfare were outlined in Part II, Section 10. The aforementioned Section was not affected by the amending act except where amendments were made pertaining to terms and definitions. Further regulations were introduced under this act such as Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986, and Factories and Machinery (Safety, Health and Welfare) Regulations, 1970.

13.6 Malaysia Standards

As of 31 July 2012, the Department of Standards Malaysia, under the purview of the Ministry of Science, Technology and Innovation, had issued 48 mandatory standards for the Building, Construction and Civil Engineering category under "ISC D". For the category Mechanical Engineering specified under "ISC F", there are 8 mandatory standards, while Fire Safety and Prevention under "ISC M" features 38 mandatory standards. These standards fall under the purview of various legal articles, for example Street Drainage Act 1976 - Uniform Building By-Laws, the Fire Services Act 1988, the Customs Act 1967 and the Timber Industry Board Act 1965. While ISC D mainly covers code of practices and specifications for raw materials used in construction, ISC F includes safety rules for construction and installation. Some safety rules also extend to the installation of electrical equipment and wiring systems under "ISC E". The Malaysia Standards ("MS") is published by SIRIM Berhad.

Previously, the MS are modelled after the British Standards. At the same time, the MS adopted International Organisation for Standardisation standards, i.e. the "ISO", American Society for Testing and Materials ("ASTM"), American Concrete Institute ("ACI"), Joint Commission International ("JCI") accreditation standards for hospitals and joint Australia/New Zealand ("AS/NZ") standards. In March 2010, however, British Standards shifted to

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Eurocodes for structural design. Consequently, the British Standards Institution withdrew 57 related/conflicting structural codes. With the arrangement of the European Committee for Standardisation ("CEN"), the structural Eurocodes will be published as "MS EN". As such, this shift has already been implemented in Malaysia, for example, MS EN 10025: Part 1:2009 (P):2011 for structural steels as well as MS EN 197-1:2007 and MS EN 197-2:2007 for specifications of cement and cement conformity evaluation respectively.

As the scope of these mandatory standards is so wide, many different authorities are tasked with its enforcement. Among these include CIDB, state governments, Department of Occupation, Health and Safety, the Fire Department and Ministry of International Trade and Industry. Furthermore, the CIDB, in collaboration with other organisations such as the Public Works Department, National Housing Department, REHDA, Malaysian Institute of Architects, Master Builders Association Malaysia ("MBAM") and National House Buyers Association ("HBA") had issued its own construction industry standard (CIS 7:2006) on Quality Assessment System for Building Construction Work. This standard specifies requirements on quality of workmanship and assessment procedures for building construction work, as part of the Quality Assessment System in Construction ("QLASSIC"). CIDB had also engaged in efforts to encourage local construction companies to attain ISO 9001 and ISO 14001 certifications to ensure the existence of a balanced environment where economic and social goals are in equilibrium.

13.7 Build-then-sell ("BTS") Concept to be Implemented by 2015

In order to reduce the number of project abandonment by property developers which leaves buyers with loan to pay without shelter, the government has proposed to implement the BTS concept to be implemented by 2015. The BTS concept will require property buyer to pay a down payment of 10 percent and their property loan will only start after the completion of the property development. This condition exposes the developers to high financial risk, because the loan will be bore by the developers defying the traditional funding by the home buyers. The expected implementation of the BTS concept come 2015 has given rise to many uncertainties with no clear directions noticeable at least until nearer to its implementation date.

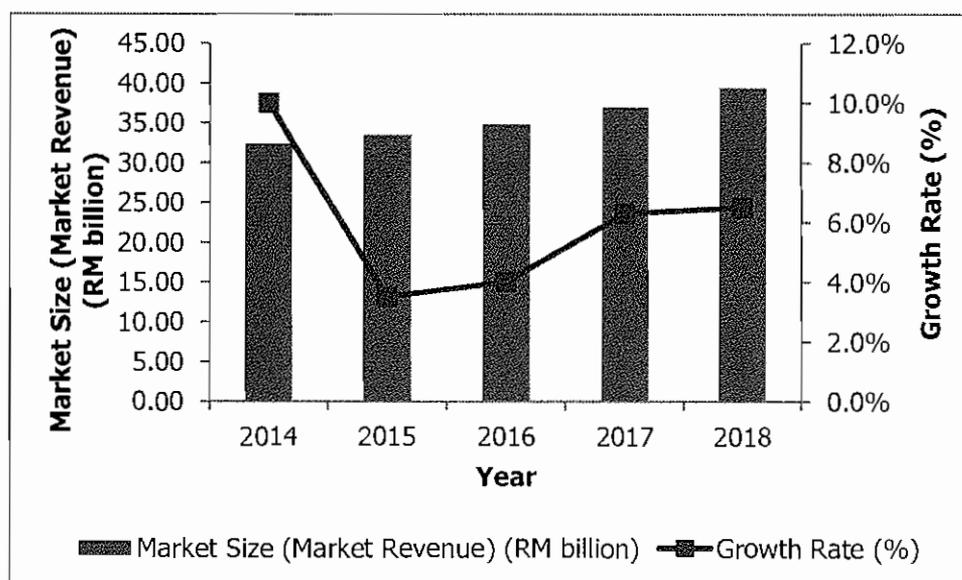
7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



14.0 Prospects and Outlook of the Construction Industry in Malaysia

The outlook for the construction industry is positive for the immediate term, and steady growth is projected throughout the forecast period from 2014 to 2018. In 2013, the construction industry in Malaysia was estimated to be worth approximately RM29.42 billion and it is expected to grow at a CAGR of 6.0 percent for the 2013-2018 period. Protégé Associates projects the size (revenue) of the construction industry in Malaysia to reach RM39.45 billion in 2018.

Figure 10: Market Size (Market Revenue) and Growth Forecast for the Construction Industry in Malaysia, 2014-2018



Source: IMR Report

Factors priming growth within the construction industry is likely to come from the government-led initiatives and spending, a sustained economic growth boosting spending and investment in properties, accommodative financing and steady population growth.

On top of the 10MP, the construction industry is also set to benefit directly from the rollout of the ETP. Under the ETP, a number of major property development projects planned within the Greater KL along with infrastructure projects would support the growth of the construction industry. The industry as a whole is expected to benefit from the mammoth Klang Valley MRT project.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Meanwhile, the Greater KL initiative targets to increase the number of people living in the city from 6 million currently to 10 million by 2020. It is estimated that an additional one million homes would have to be constructed to meet the requirements of an enlarged population base. The Greater KL plan alone is expected to require a cumulative funding of RM172 billion from 2010 to 2020, of which 34 percent is expected to come from the public sector. Among some of the specific initiatives under the Greater KL plan includes an International Financial District in KL, redevelopment of the Sungai Besi airport, township development in Sungai Buloh, establishing a world class integrated convention facilities at Jalan Duta and a Malaysia Truly Asia Centre. Major investments is expected to be made to improve and extend the connectivity of public transportations including expanding the KL LRT coverage and the implementation of a high capacity mass rapid transit system supported by a network of feeder buses and covered walkways. The on-going property development in the Iskandar Malaysia including high-rise building projects as well as major oil and gas projects such as the Refinery and Petrochemical Integrated Development ("RAPID") project in Johor are expected to continue driving the growth in the construction industry. Urban rejuvenation efforts including the redevelopment of Kampung Baru are also expected to be undertaken.

Malaysia's standard of living has improved tremendously, and this trend is likely to be sustained moving forward as the country continues its expansion. The Malaysian Government has committed to continued vigilance in the economy, promising continued supportive and accommodative macroeconomic policies as the economy reverts to high gear moving forward. Favourable labour market conditions leading to rising disposable income is likely to fuel improvements in domestic demand, and is likely to have a positive effect on domestic consumer confidence.

Malaysia's real GDP is expected to remain resilient and expand by between 4.5 to 5.5 percent in 2014. During good economic periods, the general population can expect better access to more job opportunities and salary growth, and this will accordingly provide them with greater propensity to purchase, upgrade or invest in properties. Hence, the construction industry will benefit from the increase in uptake of properties. Taking into consideration the various government-led initiatives, coupled with the country's continued economic expansion and increasing consumer and business sentiment the construction industry is projected to register healthy growth throughout the forecast period.

In view of the piling and foundation services market operating within the construction industry, strong performance of the construction industry will directly affect the piling and

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT
(CONT'D)



foundation services market positively. The increased of construction project, both real estate and civil engineering will likely increase the demand for piling and foundation work. The piling and foundation services market was valued at an estimated RM2.96 billion in 2013 and is expected to grow at a CAGR of 9.1 percent for the 2013-2018 period.

Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Seow Cheow Seng". The signature is stylized and written over a faint, circular watermark or background.

SEOW CHEOW SENG
Managing Director

Protégé Associates Sdn. Bhd.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL

8.1 Substantial Shareholders and Promoters

8.1.1 Shareholdings

The direct and indirect interests of our substantial shareholders and/ or Promoters in our Company before and after our IPO are set out below:-

Substantial shareholders and Promoters	Nationality	Before our IPO		After our IPO ¹	
		% Econpile Shares	No. of Econpile Shares	% Econpile Shares	No. of Econpile Shares
The Cheng Eng	Malaysian	50.0	222,500,005	-	195,000,005
Pang Sar	Malaysian	50.0	222,500,005	-	195,000,005
Promoters					
The Kun Ann	Malaysian	-	-	-	100,000

Notes:-

¹ The shareholdings shown in the table above included the pink form allocation under the Public Issue as set out in Section 3.6.1 (ii) of this Prospectus

² Negligible

Save as disclosed above, our Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises control over our Company.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.1.2 Profiles

The Cheng Eng, a Malaysian aged 66, is our founder and Group Managing Director. He was appointed to our Board on 8 October 2013. As our founder and Group Managing Director, he is responsible for our Group's business growth direction, major corporate development plans and activities, monitoring of daily on-site operations and jointly overseeing our Contract Department with our Executive Director and Group Chief Executive Officer, namely Pang Sar. He completed his secondary education at Tsun Jin High School, Kuala Lumpur with school certificate in 1967.

He started his career in 1968 as the site supervisor with United Engineers Pte Ltd, Singapore, where he was involved in various foundation and piling projects. In 1973, he joined Caisson Piling Pte Ltd as the Senior Site Manager, where he managed, led and acquired extensive knowledge in various piling systems. He left Caisson Piling Pte Ltd to pursue his entrepreneurial venture in the fields of geotechnical and civil engineering. He subsequently founded ESB in 1987.

Pang Sar, a Malaysian aged 55, is our Executive Director and Group Chief Executive Officer. He was appointed to our Board on 8 October 2013. He is responsible for the overall strategic management, office operations of our Group and jointly overseeing our Contract Department with our Group Managing Director, namely The Cheng Eng. He graduated with a Bachelor of Science with Honours Degree in Civil Engineering from University of Leeds, United Kingdom in 1981. He is a member of the Institution of Engineers, Malaysia, and a Registered Professional Engineer with the Board of Engineers, Malaysia.

He began his professional career at Hussein & KH Chong Consultant Sdn Bhd as a Resident Engineer before joining South East Asia Driller Sdn Bhd, which was a subsidiary company of Sime Darby Berhad then, a specialist foundation contractor, as an Assistant Project Manager in 1983. He was then seconded to Sime-UEP Development Sdn Bhd (now known as Sime Darby USJ Development Sdn Bhd, which is a subsidiary company of Sime Darby Berhad) in 1987. His last position was the Consumer Services and Property Manager at Sime-UEP Development Sdn Bhd. He joined ESB in 1991 as a General Manager and subsequently appointed as a Director of ESB in 1992.

The Kun Ann, a Malaysian aged 33, is our Executive Director. She was appointed to our Board on 8 October 2013. She joined our Group in 2010 and is responsible for the business development and corporate affairs of our Group. She graduated with a Bachelor of Business and Commerce Degree and a Master of International Business, both from Monash University, Australia in 2002 and 2004, respectively.

She started her career in 2005 as a Business Development Executive in the environmental industry at Advanced Pyrotech Sdn Bhd where she gained experience in handling marketing activities and public relations. She subsequently joined the Department of Government Affairs at the American Malaysian Chamber of Commerce, a non-governmental organisation, in 2008, where she participated extensively in advocacy efforts to promote mutually-prosperous commercial relations between American and Malaysian businesses.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.1.3 Changes in shareholdings

The changes in shareholdings of our substantial shareholders and Promoters in our Company since incorporation up to the LPD are set out below:-

Substantial shareholders and Promoters	<-----As at date of incorporation----->				<-----As at the LPD----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Econpile Shares	%	No. of Econpile Shares	%	No. of Econpile Shares	%	No. of Econpile Shares	%
The Cheng Eng	-	-	-	-	222,500,005	50.0	-	-
Pang Sar	-	-	-	-	222,500,005	50.0	-	-
Promoters								
The Kun Ann	-	-	-	-	-	-	-	-

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.2 Directors

8.2.1 Shareholdings

The direct and indirect interests of our Directors in our Company before and after our IPO are set out below:-

Directors	Designation	Nationality	Before our IPO		After our IPO ¹			
			Direct No. of Ecompile Shares	%	Direct No. of Ecompile Shares	%	Indirect No. of Ecompile Shares	%
Krishnan A/L C K Menon	Independent Non-Executive Chairman	Malaysian	-	-	100,000	- ²	-	-
The Cheng Eng	Group Managing Director	Malaysian	222,500,005	50.0	-	-	195,000,005	36.4
Pang Sar	Executive Director/ Group Chief Executive Officer	Malaysian	222,500,005	50.0	-	-	195,000,005	36.4
The Kun Ann	Executive Director	Malaysian	-	-	-	-	100,000	- ²
Dato' Rosli Bin Mohamed Nor	Independent Non-Executive Director	Malaysian	-	-	-	-	100,000	- ²
Ong Poay Wah @ Chan Poay Wah	Independent Non-Executive Director	Malaysian	-	-	-	-	100,000	- ²

Notes:-

¹ The shareholdings shown in the table above included the pink form allocation under the Public Issue as set out in Section 3.6.1(ii) of this Prospectus

² Negligible

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.2.2 Profiles

The profiles of The Cheng Eng, Pang Sar and The Kun Ann are set out in Section 8.1.2 of this Prospectus.

Krishnan A/L C K Menon, a Malaysian aged 64, is our Independent Non-Executive Chairman. He was appointed to our Board on 20 February 2014. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He started his career in 1975 with Hanafiah, Raslan and Mohamed where he left as the Audit/ Insolvency Partner in 1987. He subsequently joined Touche Ross, Leicester, United Kingdom as the Head of Corporate Finance until 1988. Thereafter, he joined Public Bank Berhad where he served for six (6) years and left as the Executive Vice-President in 1994. From 1995 to 1997, he acted as the Executive Director firstly with Kampong Lanjut Tin Dredging Berhad and then, Idris Hydraulic (Malaysia) Berhad. After serving with two (2) public-listed companies then, he joined Putrajaya Holdings Sdn Bhd as its Chief Operating Officer from 1997 until 2000. He worked as the Consultant to AKN Capital Sdn Bhd from 2000 until 2003. He subsequently served as the Executive Director of AWC Facility Solutions Berhad from 2003 to 2007.

He is presently the Non-Independent Non-Executive Director & Chairman of SCICOM (MSC) Berhad and Independent Non-Executive Director & Chairman of KLCC Property Holdings Berhad. He is also the Independent Non-Executive Director of Petroliam Nasional Berhad and MISC Berhad. In addition, he acts as the Chairman of KLCC (Holdings) Sdn Bhd and KLCC REIT Management Sdn Bhd.

Dato' Rosli Bin Mohamed Nor, a Malaysian aged 55, is our Independent Non-Executive Director. He was appointed to our Board on 8 October 2013. He graduated with a Bachelor of Science Degree in Civil Engineering from Brighton Polytechnic (presently known as Brighton University), United Kingdom in 1982.

He began his career in 1982 as a Design Engineer with Engineering and Environmental Consultants Sdn Bhd before joining United Engineers (M) Bhd in 1988 as a Senior Manager.

In 1992, he left United Engineers (M) Bhd and started his own construction business by forming Benar Antara Sdn Bhd, a PKK Class A and CIDB Grade "7" registered Bumiputera Contractor. The company undertook various projects that include highways, LRT tunnels, water reservoirs and rail lines. The company has subsequently been sold to a public listed company, but he remained as their managing director till 2000.

He then moved on to other new businesses, such as, KMK Plus Sdn Bhd, which is involved in construction, KMK Ventures Sdn Bhd, which is involved in mining, Landas Idaman Sdn Bhd which is involved in development of Malay Reserve land and Guomara Sdn Bhd which is a coal trader. In 2010, he was engaged as the Business Development Advisor of TRC Infra Sdn Bhd.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

He is also a Director of EXIM Bank Berhad since 2009. At EXIM Bank Berhad, he sits on credit, risk, audit, nomination and remuneration committees, of which he is chairman of the latter. In 2011, he was sent to Harvard Business School to attend a course in finance. In 2013, he was part of the bank's team for United States Dollar 1.00 billion sukuk roadshow covering Singapore and Hong Kong.

Ong Poay Wah @ Chan Poay Wah, a Malaysian aged 45, is our Independent Non-Executive Director. She was appointed to our Board on 8 October 2013. She graduated with a Bachelor of Accountancy with Honours Degree from Universiti Utara Malaysia in 1993.

She began her professional career with an audit firm, namely Messrs KK Chow & Co. in May 1992 as an Audit Trainee and subsequently as an Audit Senior. During her tenure with Messrs KK Chow & Co., she was exposed to various audit and tax assignments.

She joined Merge Power Sdn Bhd in June 1994 as the Group Accountant and was later promoted as General Manager in charge of Finance and Corporate Planning Division. She was subsequently appointed to the board of directors of Merge Housing Berhad ("MHB") as an Executive Director on 13 February 2001 with the overall responsibility for the accounting and financial operations of the MHB group which is involved in property development activities. She resigned from the board of directors of MHB on 28 October 2011 subsequent to the privatisation of MHB (now known as Merge Housing Sdn Bhd) and has since remained as the General Manager in Finance and Accounts.

She has more than 20 years of experience in the areas of audit, finance and accounts for both public and private companies and is well versed with regulatory reporting, financial management, corporate restructuring as well as business and budget planning.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.2.3 Directorships and Business Activities Performed Outside Our Group

Save as disclosed below, none of our Directors has any directorship or business activities performed outside our Group in Malaysia (which are active and not dormant) for the past five (5) years prior to the LPD:-

Directors	Company ¹	Principal activities	Designation	Date of appointment	Date of resignation	Effective shareholding as the LPD ₂ %
Krishnan A/L C K Menon	Asian Contact Centres Sdn Bhd	Provision of customer contact centre outsourcing and helpdesk services	Director	28.04.2009	-	-
	KLCC (Holdings) Sdn Bhd	Property investment related activities and property development	Director	14.10.2010	-	-
	KLCC Property Holdings Berhad	Investment holding, property investment and the provision of management services while its subsidiary companies are principally engaged in property investment and the provision of management services	Director	25.10.2010	-	-
	KLCC REIT Management Sdn Bhd	Management of real estate investment fund	Director	05.12.2012	-	-
	M3 Technologies (Asia) Berhad	Provision of 'mobile internet' messaging solutions using SMS and wireless application protocol technology	Director	19.06.2002	27.05.2010	-
	MISC Berhad	Ship-owning, ship operating and other logistics and maritime transportation services	Director	30.08.2001	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Directors	Company ¹	Principal activities	Designation	Date of appointment	Date of resignation	Effective shareholding as the LPD ₂ %
	Netinsat Asia Sdn Bhd	Investment holding in Scicom (MSC) Berhad	Director	11.12.2003	-	33.33
	Petroliam Nasional Berhad	Exploitation of oil and gas, marketing of petroleum and petroleum products	Director	28.04.2010	-	-
	Putra Perdana Construction Sdn Bhd	Construction	Director	31.05.2003	13.09.2012	-
	Putra Perdana Development Sdn Bhd	Property management and investment holding while its subsidiary companies are principally engaged in property development and construction	Director	01.07.2004	13.09.2012	-
	Putra Perdana Expressways Sdn Bhd	Investment holding with its subsidiary companies intend to be involved in the business of an expressway concessionaire and undertaking of construction project services	Director	23.06.2011	13.09.2012	-
	Putrajaya Holdings Sdn Bhd	Master developer of Putrajaya	Director	25.04.2003	01.12.2010	-
	Putrajaya Perdana Berhad	Provides construction services and develops real estate properties	Director	31.05.2003	13.09.2012	-
	Sarjana Sejati (M) Sdn Bhd	Property development	Director	01.07.2004	13.09.2012	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Directors	Company ¹	Principal activities	Designation	Date of appointment	Date of resignation	Effective shareholding as the LPD ₂ %
	Scicom (Academy) Sdn Bhd	Provision of customer service training products as well as contact centre consulting and marketing	Director	10.03.2004	-	-
	Scicom (MSC) Berhad	Investment holding company and the provision of customer contact centre within the business process outsourcing space while its subsidiary companies are principally engaged in the business of provision of customer contact centre outsourcing services and customer service training products as well as contact centre consulting and marketing services	Director	10.03.2004	-	23.5
	Scicom International College Sdn Bhd	Provision of higher education courses, academic training and certification	Director	11.08.2010	-	-
	Senandung Budiman Sdn Bhd	Property development and construction	Director	29.11.2006	13.09.2012	-
	Setia Putrajaya Construction Sdn Bhd	Building construction	Director	31.05.2003	01.12.2010	-
	Setia Putrajaya Development Sdn Bhd	Property development	Director	31.05.2003	01.12.2010	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Directors	Company ^{*1}	Principal activities	Designation	Date of appointment	Date of resignation	Effective shareholding as the LPD ² %
	Setia Putrajaya Sdn Bhd	Property development, building construction and investment holding while its subsidiary companies are principally engaged in property development and building construction	Director	31.05.2003	01.12.2010	-
	SPK-Sentosa Corporation Berhad	Property investment and construction activities	Director	26.03.2002	09.06.2010	-
	T2 South Homeowners Berhad	General maintenance	Director	09.01.2010	-	-
	Tunas Eksklusif Holding Sdn Bhd	Principally engaged in the business of housing contractor and property development	Director	13.06.2003	13.09.2012	-
	UBG Berhad	Investment holding with its subsidiary companies principally engage in the business of provision of building construction and civil engineering works, mechanical and electrical engineering related activities	Director	19.09.2008	28.12.2010	-
The Cheng Eng	Active Rhythm Sdn Bhd	Principally engaged in the business of property investment	Director	20.07.2001	-	50.0

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Directors	Company ^{*1}	Principal activities	Designation	Date of appointment	Date of resignation	Effective shareholding as the LPD ² %
	Ascendvest Sdn Bhd	Principally engaged in the business of property development	Director	20.02.2013	-	25.0
	Danau Suria Mining Sdn Bhd	Principally engaged in the business of mining operations	Director	30.09.2011	04.07.2013	-
	HT Mines Sdn Bhd	Principally engaged in mining of iron ore	Director	23.03.2011	-	20.0
	Jack-In-Pile (M) Sdn Bhd	Principally engaged in the business of piling	Manager	05.10.2011	20.09.2013	-
	Platinum Exclusive Sdn Bhd	Principally engaged in the business of general trading	Director	06.06.2011	10.10.2013	-
	RCI Wire Tech Sdn Bhd	Principally engaged in the business of manufacturing and dealers in galvanized wire	Director	29.09.2008	-	24.5
	Yoong Beng Aluminium Extrusion Sdn Bhd	Principally engaged in the business of aluminium extrusion	Director	18.07.1996	-	-
Pang Sar	Active Rhythm Sdn Bhd	Principally engaged in the business of property investment	Director	20.07.2001	-	50.0
	Ascendvest Sdn Bhd	Principally engaged in the business of property development	Director	20.02.2013	-	25.0

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Directors	Company ¹	Principal activities	Designation	Date of appointment	Date of resignation	Effective shareholding as the LPD ² %
	Danau Suria Mining Sdn Bhd	Principally engaged in the business of mining operations	Director	30.09.2011	04.07.2013	-
	HT Mines Sdn Bhd	Principally engaged in mining of iron ore	Director	05.10.2011	-	20.0
	Jurunding Buildpacs Sdn Bhd	Principally engaged in the business of general contractors including civil engineering contractors	Director	19.07.2006	23.09.2013	-
The Kun Ann	Platinum Exclusive Sdn Bhd	Principally engaged in general trading	Director	06.06.2011	10.10.2013	-
Dato' Rosli Bin Mohamed Nor	ADS Projek Sdn Bhd	Principally engaged in the business of property development, general trading and investments	Director	22.10.2012	-	-
	Export-import Bank of Malaysia Bhd	Principally engaged in the business of banking in the promotion and support of export, import and investment	Director	02.09.2009	-	-
	Guomara Sdn Bhd	Principally engaged in providing consultancy of business development for Malaysian companies and coal trading	Director	16.12.2002	-	80.0

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Directors	Company ¹	Principal activities	Designation	Date of appointment	Date of resignation	Effective shareholding as the LPD ₂ %
	KMK Plus Sdn Bhd	Principally engaged in the business of construction of bungalows for Landas Idaman Sdn Bhd	Director	22.04.2010	-	10.0
	KMK Ventures Sdn Bhd	Principally engaged in providing project management services and mining	Director Manager	28.02.2003 06.03.2003	-	50.0
	Landas Idaman Sdn Bhd	Principally engaged in business of development of Malay reserved land	Director	28.04.2005	14.11.2013	-
Ong Poay Wah @ Chan Poay Wah	Dataran Kesuma Sdn Bhd	Principally engaged in the business of property development and property investment	Director	02.07.1999	21.10.2011	-
	Juta Permai (M) Sdn Bhd	Principally engaged in the business of property development and property investment	Director	02.07.1999	21.10.2011	-
	Menang Pintaran Sdn Bhd	Principally engaged in the business of property development and property investment	Director	12.01.2002	21.10.2011	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Directors	Company ¹	Principal activities	Designation	Date of appointment	Date of resignation	Effective shareholding as the LPD ² %
	Merge Housing Sdn Bhd	Principally engaged in the business of property investment, development and civil engineering works and building construction.	Director	13.02.2001	28.10.2011	-
	Vista Jati Engineering Sdn Bhd	Principally engaged in the business of mechanical and electrical engineering, general trading and investment	Director	07.07.2011	-	20.0
	ZL Engineering Sdn Bhd	Principally engaged in the business of electrical engineering	Director	16.03.2012	-	- ³

Notes:-

- ¹ Does not include public listed company(ies) held for investment purposes, of which the directors' shareholdings are below five (5) percent
- ² Consists of the total direct equity interest held in the company and/ or the total indirect equity interest held in the company via other company(ies)
- ³ Negligible

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.2.4 Directors' Remuneration and Material Benefits-In-Kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to our Directors for their services rendered in all capacities within our Group for the FYE 30 June 2013 and the FYE 30 June 2014 are set out below:-

Directors	←-----Remuneration Band-----→	
	FYE 30 June 2013 RM'000	Proposed for FYE 30 June 2014 RM'000
Krishnan A/L C K Menon	-	0 - 50
The Cheng Eng	850 - 900	1,050 - 1,100
Pang Sar	850 - 900	1,050 - 1,100
The Kun Ann	100 - 150	200 - 250
Dato' Rosli Bin Mohamed Nor	-	0 - 50
Ong Poay Wah @ Chan Poay Wah	-	0 - 50

The remuneration which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

8.3 Board Practice

8.3.1 Directorship

Details of our Board are set out below:-

Directors	Designation	Date of appointment	Date of expiration of the current term of office	No. of year(s) in office
Krishnan A/L C K Menon	Independent Non-Executive Chairman	20.02.2014	At the AGM in accordance with the M&A	Less than one (1)
The Cheng Eng	Group Managing Director	08.10.2013	At the AGM in accordance with the M&A	Less than one (1)
Pang Sar	Executive Director/ Group Chief Executive Officer	08.10.2013	At the AGM in accordance with the M&A	Less than one (1)
The Kun Ann	Executive Director	08.10.2013	At the AGM in accordance with the M&A	Less than one (1)

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Directors	Designation	Date of appointment	Date of expiration of the current term of office	No. of year(s) in office
Dato' Rosli Bin Mohamed Nor	Independent Non-Executive Director	08.10.2013	At the AGM in accordance with the M&A	Less than one (1)
Ong Poay Wah @ Chan Poay Wah	Independent Non-Executive Director	08.10.2013	At the AGM in accordance with the M&A	Less than one (1)

According to our Articles of Association, one-third (1/3) of our Directors are subject to retirement by rotation such that each Director shall retire once in every three (3) years or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office at each annual general meeting.

Our Directors to retire every year shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed as Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

A Director appointed by other Directors to fill in a casual vacancy or as an addition to the existing Board, shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

8.3.2 Audit Committee

The composition of our Audit Committee is set out below:-

Name	Designation	Directorship
Dato' Rosli Bin Mohamed Nor	Chairman	Independent Non-Executive Director
Krishnan A/L C K Menon	Member	Independent Non-Executive Chairman
Ong Poay Wah @ Chan Poay Wah	Member	Independent Non-Executive Director

The terms of reference of our Audit Committee, amongst others, include the following:-

- i. Reviews with the external auditors, the audit plan and their evaluation of the internal control systems and the external audit report;
- ii. Reviews the financial statements of our Group prior to submission to our Board;
- iii. Reviews the results and scope of the internal audit procedures and other services provided by our external auditors;
- iv. Reviews and evaluates our internal audit program and processes and internal control functions;

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

- v. Assesses the financial risks and matters relating to related party transactions and conflict of interests;
- vi. Recommends to our Board regarding the appointment of the external auditors; and
- vii. Obtain advice from independent parties and other professionals, where necessary, in discharging their duties.

The Audit Committee may obtain advice from independent parties and other professionals in discharging their duties.

8.3.3 Remuneration Committee

The composition of our Remuneration Committee is set out below:-

Name	Designation	Directorship
Dato' Rosli Bin Mohamed Nor	Chairman	Independent Non-Executive Director
Krishnan A/L C K Menon	Member	Independent Non-Executive Chairman
Ong Poay Wah @ Chan Poay Wah	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee, amongst others, include the following:-

- i. Recommends to our Board regarding the remuneration of our Directors;
- ii. Assist our Board in assessing the responsibility and commitment undertaken by our Board members;
- iii. Establish the performance criteria to evaluate the performance of our Directors and ensuring that the remuneration of our Directors are reflective of the responsibility and commitment of our Directors concerned; and
- iv. Provide the necessary package to attract, retain and motivate our Group Managing Director and Executive Directors of the quality required to manage our business and to align their interest with those of our shareholders.

8.3.4 Nomination Committee

The composition of our Nomination Committee is set out below:-

Name	Designation	Directorship
Ong Poay Wah @ Chan Poay Wah	Chairman	Independent Non-Executive Director
Dato' Rosli Bin Mohamed Nor	Member	Independent Non-Executive Director
Krishnan A/L C K Menon	Member	Independent Non-Executive Chairman

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

The terms of reference of our Nomination Committee, amongst others, include the following:-

- i. Reviews the structure, size and composition as well as the effectiveness and the mix of skills and expertise of our Board;
- ii. Reviews the nomination for the appointment or reappointment of our Board members;
- iii. Recommends Directors who are retiring by rotation to be put forward for re-election; and
- iv. Ensures that all Board appointees undergo an appropriate introduction and training programmes.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.4 Key Management and Technical Personnel

8.4.1 Shareholdings

The direct and indirect interests of our key management and technical personnel in our Company before and after our IPO are set out below:-

Name	Designation	Nationality	Before our IPO ¹		After our IPO ¹	
			Direct	Indirect	Direct	Indirect
			No. of Ecompile Shares	%	No. of Ecompile Shares	%
The Cheng Eng	Group Managing Director	Malaysian	222,500,005	50.0	-	-
Pang Sar	Executive Director/ Group Chief Executive Officer	Malaysian	222,500,005	50.0	195,000,005	36.4
The Kun Ann	Executive Director	Malaysian	-	-	100,000	- ²
Choo King Hwa	Senior General Manager (Construction)	Malaysian	-	-	45,000	- ²
Bin Lay Thiam	Senior General Manager (Finance)	Malaysian	-	-	45,000	- ²
Amrick Singh A/L Atar Singh	General Manager (Operations)	Malaysian	-	-	45,000	- ²

Notes:-

¹ The shareholdings shown in the table above included the pink form allocation under the Public Issue as set out in Section 3.6.1(ii) of this Prospectus

² Negligible

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.4.2 Profiles

The profiles of The Cheng Eng, Pang Sar and The Kun Ann are set out in Section 8.1.2 of this Prospectus.

Choo King Hwa, a Malaysian aged 52, is our Senior General Manager (Construction). He joined our Group in 2010 as Senior General Manager (Construction) in ESB and is responsible for the monitoring and managing site technical activities of our Group. He graduated with a Bachelor of Civil Engineering with Honours Degree from Monash University in 1985.

Upon graduation, he joined PT Jaya Sumpiles, Republic of Indonesia as the Project Engineer supervising dredging, reclamation and shore protection works in the province of Aceh, Republic of Indonesia and Jelutong, Brunei Darussalam before returning to Malaysia in 1988. He subsequently spent two (2) years as a Design Engineer with Zaidun-Leeng Sdn Bhd, overseeing the design and supervision of various commercial and residential development works. In 1991, he joined Kamunting Construction Sdn Bhd as a Project Engineer and was subsequently promoted to Project Manager in charge of site and development works. Between 1995 and 2007, he assumed various senior management positions in Innovest Berhad, Putra Perdana Construction Sdn Bhd and WCT Construction Sdn Bhd, principally involved in the preparation and costing of tenders for projects such as KLCC Convention and Exhibition Centre and Malaysian Airlines System Berhad's Airbus A380 hangar project at the Kuala Lumpur International Airport, planning and managing the construction of major infrastructure developments in Klang Valley, including the Persatuan Suri dan Anggota Wanita Perkhidmatan Awam's banquet hall and hostel in the Federal Territory of Putrajaya and Kota Kinabalu International Airport's redevelopment project in Sabah.

Bin Lay Thiam, a Malaysian aged 44, is our Senior General Manager (Finance). He joined our Group in 2012 as the Senior General Manager (Finance) in ESB and is responsible for the financial affairs, human resources and treasury functions of our Group. Upon completion of his secondary education in 1990, he undertook a four (4)-year articleship programme under the Malaysian Institute of Certified Public Accountants with KPMG Peat Marwick, Kuala Lumpur and he completed the said programme in 1994. A Chartered Accountant by profession, he is a member of MIA and Malaysian Institute of Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants.

He started his career at KPMG Peat Marwick, Kuala Lumpur in 1990 where he was attached to the audit division and later seconded to the consultancy division. During his tenure of 10 years in KPMG Peat Marwick, he gained professional exposure in auditing, business advisory and consultancy services. He joined Fiamma Holdings Berhad in 2000, assuming the role of Group Accounts and Corporate Affairs manager, principally involved in corporate reporting, compliance and fundraising. In 2005, he was appointed as the Group Financial Controller of Harbour-Link Group Berhad. He continued to pursue his career advancement as the Chief Financial Officer in Southern Acids Berhad in 2010 and subsequently as the Chief Financial Officer in GSB Group Berhad in 2011, where he was principally responsible for the financial affairs, business development and treasury functions. He is the Independent Non-Executive Director of Harbour-Link Group Berhad, of which he was appointed on 6 February 2014.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Amrick Singh A/L Atar Singh, a Malaysian aged 45, is our General Manager (Operations). He joined our Group as General Manager (Operations) in ESB in 2007 and is responsible for the site operational matters and heads the Safety and Health Committee of our Group. He graduated with a Bachelor of Civil Engineering with Honours Degree from Universiti Teknologi Malaysia in 1992. He passed the Safety and Health Officer Examination conducted by National Institute of Occupational Safety and Health in 1999.

He joined Pilecon Geotechnics Sdn Bhd in 1992 as a Project Engineer, where he was responsible for planning and executing technical activities for projects such as Machap-Sedenak package of North-South Expressway and developments in Parcel D Putrajaya. His responsibility was expanded to include coordination of site safety matters upon being certified by National Institute of Occupational Safety and Health as a competent Safety and Health Officer in 1999. In 2000, he was transferred to Pilecon Engineering Berhad, the parent company of Pilecon Geotechnics Sdn Bhd, and was subsequently promoted to the position of Quality Management System Manager.

Prior to joining ESB, he was a Project Manager for Pintaras Geotechnics Sdn Bhd from 2002 till 2007 where he was principally involved in the planning and monitoring of piling and substructure works. He was involved in the foundation construction of infrastructure and commercial developments such as bridges for Guthrie Corridor Expressway and the Sultan Iskandar Customs, Immigration and Quarantine Complex.

8.5 Involvement of Our Executive Directors and/ or Key Management and Technical Personnel in Other Businesses/ Corporations

As at the LPD, save as disclosed below and in Section 8.2.3 of this Prospectus for our Group Managing Director, The Cheng Eng and our Executive Director and Group Chief Executive Officer, namely Pang Sar, none of our Executive Directors and/ or key management and technical personnel are involved in other businesses or corporations in Malaysia (which are active and not dormant), save and except for the operations of our Group:-

Name	Company	Principal Activities	Designation	Effective Shareholding %
Choo King Hwa	ERC Secretarial Services Sdn Bhd	Principally engaged in the business of providing company secretarial services	Director	-
Bin Lay Thiam	Harbour-Link Berhad	Group Principally engaged in the business of providing shipping, forwarding and transportation services, engineering and civil works services as well as operating equipment rental business	Director	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Our Executive Directors and key management are of the view that their involvements in the businesses and corporations above do not have any material effect on their capacity within our Group and would not be expected to affect the operations of our Group.

Their involvement in the above businesses do not require a significant amount of their time as they are merely a director of these companies and/ or do not hold any executive position in these companies and hence, does not require to spend a significant amount of time on the affairs of these companies. Hence, our Executive Directors' and key management's involvement in these companies neither materially nor adversely affect their contribution to our Group.

As such, our Executive Directors and/ or key management and technical personnel devote most of their working time and effort to their executive functions in our Group. Their ability to act as our Executive Directors and/ or key management and technical personnel of our Group is not expected to change going forward.

8.6 Declaration from Our Promoters, Directors and Key Management and Technical Personnel

As at the LPD, none of our Promoters, Directors and key management and technical personnel is or has been involved in any of the following events (whether within or outside Malaysia):-

- i. a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- ii. disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- iii. charged and/ or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- iv. any judgment was entered against him involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- v. being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.7 Family Relationships and Associations

Save for The Kun Ann who is the daughter of The Cheng Eng, there are no other family relationships or associations between our Promoters, substantial shareholders, Directors and key management and technical personnel.

8.8 Benefits Paid or Intended to be Paid

Save for the remuneration and benefits paid to our Directors for services rendered in all capacities to our Group as set out in Sections 8.2.4 and 8.9 of this Prospectus and the dividend paid to The Cheng Eng and Pang Sar in the FYE 30 June 2013, there are no other amounts or benefits paid or intended to be paid or given to our Promoters, substantial shareholders and/ or Directors within the two (2) years preceding the date of this Prospectus.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.9 Service Agreements

Save as disclosed below, as at the LPD, none of our Directors and key management and technical personnel has any existing or proposed service agreement with our Group:-

- i. The service agreement between ESB and The Cheng Eng dated 17 September 2013 for the appointment of The Cheng Eng as the Managing Director for a period of three (3) years ("TCE Initial Term"), commencing on 17 September 2013, with an extension of three (3) years ("TCE Extended Term"), at a monthly basic salary of RM60,000. ESB shall pay to The Cheng Eng a contractual annual bonus equivalent to minimum of four (4) months' salary and a performance bonus based upon the performance and profitability of ESB.

The Cheng Eng may resign from the appointment by giving six (6) months written notice in lieu or by payment of six (6) months' salary in lieu of such notice. Upon The Cheng Eng's resignation or upon his retirement age or upon his death during the TCE Initial term or TCE Extended term, ESB shall make an ex-gratia payment of one (1) month's salary for each full year of service calculated from the date he first joined ESB which is since 11 September 1987 ("TCE Joining Date"). In the event that ESB terminates this appointment, ESB shall make a compensation of one (1) month's salary for each full year of service calculated from the TCE Joining Date save and except where such removal are due to reason of The Cheng Eng committing wilful breach of the terms herein contained, wilful misconduct, neglect, being adjudged a bankrupt or being convicted of any criminal offence or security laws of Malaysia which may tend to affect the reputation of ESB or his incapacity by reason of illness, accident, unsound mind or other cause rendering him unable to perform his duties for a continuous period of more than 60 days in any 12 months period.

- ii. The service agreement between Econpile and The Cheng Eng dated 10 October 2013 for the appointment of The Cheng Eng as the Group Managing Director for a period of three (3) years, commencing on 10 October 2013, with an extension of three (3) years, at a monthly basic salary of RM10,000. Either party may terminate the agreement by giving six (6) months written notice or by the payment of a sum equivalent to your last drawn salary which would have accrued during the term of such notice required or during the unexpired term of such notice required.
- iii. The service agreement between ESB and Pang Sar dated 17 September 2013 for the appointment of Pang Sar as the Chief Executive Officer for a period of three (3) years ("PS Initial Term"), commencing on 17 September 2013, with an extension of three (3) years ("PS Extended Term"), at a monthly basic salary of RM60,000. ESB shall pay to Pang Sar a contractual annual bonus equivalent to minimum of four (4) months' salary and a performance bonus based upon the performance and profitability of ESB.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Pang Sar may resign from the appointment by giving six (6) months written notice in lieu or by payment of six (6) months' salary in lieu of such notice. Upon Pang Sar's resignation or upon his retirement age or upon his death during the PS Initial term or PS Extended term, ESB shall make an ex-gratia payment of one (1) month's salary for each full year of service calculated from the date he first joined ESB which is since 3 June 1991 ("PS Joining Date"). In the event that ESB terminates this appointment, ESB shall make a compensation of one (1) month's salary for each full year of service calculated from the PS Joining Date save and except where such removal are due to reason of Pang Sar committing wilful breach of the terms herein contained, wilful misconduct, neglect, being adjudged a bankrupt or being convicted of any criminal offence or security laws of Malaysia which may tend to affect the reputation of ESB or his incapacity by reason of illness, accident, unsound mind or other cause rendering him unable to perform his duties for a continuous period of more than 60 days in any 12 months period.

- iv. The service agreement between Econpile and Pang Sar dated 10 October 2013 for the appointment of Pang Sar as the Executive Director/ Group Chief Executive Officer for a period of three (3) years, commencing on 10 October 2013, with an extension of three (3) years, at a monthly basic salary of RM10,000. Either party may terminate the agreement by giving six (6) months written notice or by the payment of a sum equivalent to your last drawn salary which would have accrued during the term of such notice required or during the unexpired term of such notice required.

The Cheng Eng and Pang Sar are the permanent employees of Econpile Group. Despite being the permanent employees of Econpile Group, service agreements have been entered into between our Group and them to ensure their commitment to our Group upon Listing. Further, this would give an additional assurance and comfort to our future investors on the continuation of the business and key management of our Group. Please refer to Section 4.1.6 of this Prospectus for the risk relating to the dependence on Group Managing Director, Group Chief Executive Officer, Executive Director and Key Management and Technical Personnel.

8.10 Employees

8.10.1 Number of Employees

As at the LPD, our Group has a total workforce of 376 permanent employees excluding three (3) of our Board members, and 24 contractual employees. Malaysians accounted for 66.5% of total employees while the remaining 33.5% were foreign nationals. All of our foreign employees have valid working permits.

The breakdown of our employees by categories as at the end of the past three (3) financial years up to the FYE 30 June 2013 and as at the LPD is set out below:-

	<-----No. of employees----->			
	<-----As at 30 June----->			As at the
	2011	2012	2013	LPD
Management and professional	26	28	31	35
Project engineer and contract executive	22	26	23	39
Technical and supervisory	140	166	160	181

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

	<-----No. of employees----->			
	<-----As at 30 June----->			As at the
	2011	2012	2013	LPD
Clerical and administrative	18	27	32	33
General workers	71	95	85	115
Total workforce	277	342	331	403

The increase in number of our employees from 277 as at the FYE 30 June 2011 to 342 as at the FYE 30 June 2012 was mainly due to an increase in our workforce, which in line with our business expansion in the FYE 30 June 2012.

None of our employees, whether permanent or contractual, belong to any trade unions or have any labour relationship with any union, and there have been no industrial disputes since we commenced operations.

8.10.2 Training and Development Programmes

We recognise the importance of human resource as a central element of any successful organisation and aim to build an experienced, capable and dynamic team. In line with this, we conduct on-the-job training programmes for our technical staff aimed at improving skills and technical knowledge.

The key training and development programmes attended by our employees for the past three (3) years and up to the LPD are set out below:-

Month/ Year	Training and Development Programmes undertaken
	<u>Operations/ Technical</u>
September 2013	<ul style="list-style-type: none"> • Accident Prevention Seminar by Perkeso 2013 (Seminar Pencegahan Kemalangan Perkeso (2013) (External)
August 2013	<ul style="list-style-type: none"> • Traffic management officer (External)
April 2013	<ul style="list-style-type: none"> • 1st Responder Training Programme for First Aid & Cardiopulmonary Resuscitation (External)
June 2011	<ul style="list-style-type: none"> • Method Statement for Load Testing on Bored Piles (In-house)
	<u>Management</u>
May 2014	<ul style="list-style-type: none"> • Slope Management Seminar (External)
March 2014	<ul style="list-style-type: none"> • Soil- Structure Interaction in Geotechnical Design (External)
November 2013	<ul style="list-style-type: none"> • Issues regarding Design and Build Contract (External)
October 2013	<ul style="list-style-type: none"> • Seminar on "High Strength and Temperature Limits – Balancing Act in Tropical Climate" (External)
October 2013	<ul style="list-style-type: none"> • Master Builders Association Malaysia Technical Product Briefing (External)

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Month/ Year	Training and Development Programmes undertaken
October 2013	<ul style="list-style-type: none"> Construction Sector Safety and Health Awareness Seminar (Seminar Kesedaran & Latihan Pegawai Penilai Keselamatan & Kesihatan Industri Pembinaan) (External)
September 2013	<ul style="list-style-type: none"> Piling and deep foundation Asia (External)
August 2013	<ul style="list-style-type: none"> Seminar on Technology and Application of Information and Communication Technology in the Construction Sector (Seminar Teknologi & Aplikasi Information and Communications Technology Dalam Industri Pembinaan) (External)
August 2013	<ul style="list-style-type: none"> Issues and Latest Policies of Kementerian Dalam Negeri, CIDB and Immigration Office Seminar (Seminar Dalam Isu & Polisi Terkinidan Kementerian Dalam Negeri, CIDB & Jabatan Imigresen) (External)
June 2013	<ul style="list-style-type: none"> Master Builders Association Malaysia Annual Safety & Health Conference 2013 (External)
May 2013	<ul style="list-style-type: none"> Understanding Demolition Works (External)
May 2013	<ul style="list-style-type: none"> Understanding Contractor's Integrity (Program Kefahaman Integriti Kontraktor) (External)
April 2013	<ul style="list-style-type: none"> Seminar Code of Business Ethics (External)
March 2013	<ul style="list-style-type: none"> 5th Malaysian Construction Summit 2013 (External)
February 2013	<ul style="list-style-type: none"> Managing Safety & Health in Construction Sector (External)
November 2012	<ul style="list-style-type: none"> Master Builders Association Malaysia Technical Product Talk 3/ 2012 (External)
September 2012	<ul style="list-style-type: none"> Quantity Surveying International Convention 2012 (External)
September 2012	<ul style="list-style-type: none"> Self Development Towards the Advancement of the Malaysian Construction Sector (Seminar Pembentukan Keterampilan Jati Diri Ke Arah Kecemerlangan Kontraktor Pembinaan Malaysia) (External)
September 2012	<ul style="list-style-type: none"> 15th Conference & Exhibition on Occupational Safety & Health (External)
June 2012	<ul style="list-style-type: none"> Annual Safety Conference 2012 (External)
May 2012	<ul style="list-style-type: none"> Green Technology: Fundamentals and Opportunities (External)
May 2012	<ul style="list-style-type: none"> Seminar on Qlassic (Way forward for quality enhancement) (External)
April 2012	<ul style="list-style-type: none"> Integrity and Good Conduct within the Construction Sector (Pembinaan Menjana Pembangunan Berintegriti) (External)
March 2012	<ul style="list-style-type: none"> Talk on Construction Contract Administration System (External)

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Month/ Year	Training and Development Programmes undertaken
February 2012	<ul style="list-style-type: none"> • 4th Malaysian Summit 2012 - Infrastructure Investment Through Public Private Partnership (External)
November 2011	<ul style="list-style-type: none"> • Product Launch & Seminar on Malaysian Civil Engineering Standard Method of Measurement (External)
September 2011	<ul style="list-style-type: none"> • ISO 9001:2008 QMS Lead Auditor Training (External)
August 2011	<ul style="list-style-type: none"> • Going for Initial Public Offering (External)
July 2011	<ul style="list-style-type: none"> • Understanding Akta Wang Tak Dituntut 1965 (Taklimat Khas Pemahaman Akta Wang Tak Dituntut 1965) (External)
	<u>Finance and Administration</u>
November 2013	<ul style="list-style-type: none"> • 9th Tricor Tax & Corporate Seminar (External)
November 2013	<ul style="list-style-type: none"> • MIA Conference 2013 (External)

8.10.3 Management Succession Plan

Our business is organised along functional lines where department managers are responsible for the execution of their duties. Our Group practices management empowerment, whereby department managers are relatively autonomous and have significant decision-making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on our Group Managing Director/ Executive Directors to be involved in all details and aspects of the operational and functional areas. This allows our Group Managing Director/ Executive Directors to focus on strategic matters and further developing the business for growth and success.

Nevertheless, to ensure business continuity, our Group has put in place a management succession plan which includes:-

- i. Identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management positions in line with business goals, strategies and the culture of our Group; and
- ii. Taking a positive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision-making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

9. APPROVALS AND CONDITIONS

9.1 Approvals and Conditions

The approval of the SC for our IPO, pursuant to Section 212(5) of the CMSA and the equity requirement for public companies, was obtained on 4 March 2014. The terms and conditions imposed by the SC and status of compliance are set out below:-

Terms	Status of compliance	
i. Public issue of 90,000,000 new Econpile Shares, representing 16.8% of the enlarged issued and paid-up share capital of Econpile, to be allocated in the following manner:-	To be complied	
	No. of Econpile Shares	% of enlarged issued and paid-up share capital
Category		
Malaysian public*	27,000,000	5.0
Eligible Directors, employees and persons who contributed to the success of the Econpile Group	3,500,000	0.7
Selected investors by way of private placement	47,500,000	8.9
Private placement to Bumiputera investors approved by the MITI	12,000,000	2.2
Total	90,000,000	16.8

Note:-

* 50% of the Econpile Shares are to be allocated to Bumiputera investors

- | | |
|--|----------------|
| ii. Offer for sale of 55,000,000 existing Econpile Shares, representing 10.3% of the enlarged issued and paid-up share capital of Econpile, by The Cheng Eng and Pang Sar by way of private placement to identified Bumiputera investors approved by MITI; and | To be complied |
| iii. Listing of and quotation for Econpile's entire enlarged issued and paid-up share capital of RM107,000,002, comprising 535,000,010 Econpile Shares, on the Main Market of Bursa Securities. | To be complied |

9. APPROVALS AND CONDITIONS (CONT'D)

Conditions	Status of compliance
i. Econpile to allocate Econpile Shares representing at least 12.5% of its enlarged issued and paid-up capital to Bumiputera investors at the point of listing. This includes the Econpile Shares offered under the balloted public issue portion, of which 50% are to be offered to Bumiputera investors; and	To be complied
ii. RHBIB/ Econpile to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing.	To be complied

Effects of the Listing on the equity structure of Econpile	Status of compliance
The equity structure relating to the shareholdings in Econpile would change arising from the Listing, as follows:-	To be complied

	% held before the Listing	% held after the Listing
Bumiputera		
To be nominated and approved by MITI	-	12.5
Via public balloting	-	2.5
	-	15.0
Non-Bumiputera	100.0	85.0
Total Malaysian	100.0	100.0
Foreigner	-	-
Total	100.0	100.0

The approval of Bursa Securities for our admission to the Official List and the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities was obtained on 16 April 2014. The conditions imposed by Bursa Securities and status of compliance are set out below:-

Conditions	Status of compliance
i. Econpile and RHBIB to make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of Listing Requirements;	To be complied
ii. Econpile and RHBIB to furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of Econpile on the first day of listing; and	To be complied
iii. Submission prior to listing, the following information in respect of the moratorium on the shareholdings of promoters to Bursa Securities and Bursa Depository:-	To be complied
(a) Name of shareholders;	
(b) Number of shares; and	
(c) Date of expiry of the moratorium of each block of shares	

Econpile is required to ensure full compliance with all requirements as provided under the Listing Requirements at all times.

9. APPROVALS AND CONDITIONS (CONT'D)

The approval of MITI for our admission to the Official List and the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities was obtained on 1 April 2014. The condition imposed by MITI and status of compliance are set out below:-

Condition	Status of compliance
RHBIB to notify MITI upon completion of our Listing	To be complied

9.2 Moratorium on our Shares

Pursuant to the Equity Guidelines, our Promoters will not be allowed to sell, transfer or assign their entire shareholdings for a period of six (6) months from our date of admission to the Official List.

The shareholdings^{*1} of our Promoters, which will be subject to moratorium, are set out below:-

Promoter	Number of Shares held after the IPO	Percentage of share capital %
The Cheng Eng	195,000,005	36.4
Pang Sar	195,000,005	36.4
The Kun Ann	100,000	^{*2}

Notes:-

^{*1} *The shareholdings shown above included the pink form allocation under the Public Issue as set out in Section 3.6.1 (ii) of this Prospectus*

^{*2} *Negligible*

The moratorium is specifically endorsed on the Share certificates representing our Promoters' respective shareholding which are under moratorium to ensure that our Company's share registrar does not register any transfer not in compliance with the moratorium restrictions.

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**10.1 Related Party Transactions and Conflict of Interest**

Save as disclosed below, there are no other related party transactions, existing or proposed, entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors and major shareholders, and/ or persons connected with them for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014:-

10.1.1 Recurrent Related Party Transactions

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction Value		
				2011 RM'000	2012 RM'000	2013 RM'000
ESB, The Cheng Eng and Pang Sar	The Cheng Eng and Pang Sar	The Cheng Eng and Pang Sar are the Promoters, substantial shareholders and directors of Econpile.	Rental of office premises to ESB located at No. 55, Jalan Sungai Besi, 57100 Kuala Lumpur	16	16	16
ESB and Jack-In-Pile (M) Sdn Bhd	Cheng Eng	The Cheng Eng is the Promoter, substantial shareholder and director of Econpile and he was the director and shareholder of Jack-In-Pile (M) Sdn Bhd.	i. Subcontract to Jack-In-Pile (M) Sdn Bhd for jack-in piling, driven piling and general construction works ii. Revenue generated from Jack-In-Pile (M) Sdn Bhd for bored piling works	2,635	8,903	16,356
ESB and Nanyang Matrix Sdn Bhd	The Kun Ee	The Kun Ee is the daughter of The Cheng Eng, sister of The Kun Ann and she was the director and shareholder of Nanyang Matrix Sdn Bhd.	i. Subcontract to Nanyang Matrix Sdn Bhd for sheet piling works ii. Revenue generated from Nanyang Matrix Sdn Bhd for sales of sheet piles	100	568	1,523
				-	1,076	9,797
						1,754
						267
						-
						1,500

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

10.1.2 Non-Recurrent Related Party Transactions

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction Value		
				2011 RM'000	FYE 30 June 2012 RM'000	Seven (7)- month FPE 31 January 2014 RM'000
ESB, The Cheng Eng and Pang Sar	The Cheng Eng and Pang Sar	The Cheng Eng and Pang Sar are the Promoters, substantial shareholders and directors of Econpile.	Disposal of 2,000,000 shares in Active Rhythm Sdn Bhd, representing the entire issued and paid-up share capital of the company based on the NA of the company of RM1.97 million as at 30 June 2012	-	2,500	-

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment to our minority shareholders.

Upon our Listing, our Audit Committee will review the terms of all related party transactions, and our Directors will report such transactions, if any, annually in our Company's annual report. In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the nature and extent of his interest including all matters in relation to the proposed related party transactions that he is aware or should reasonably be aware of, which is not in our best interest. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transactions.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors, major shareholders and/ or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transactions will also abstain from voting in respect of his direct and/ or indirect shareholdings. Such interested Director and/ or major shareholder will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10.2 Transactions that are Unusual in Their Nature or Conditions

Our Directors have confirmed that there are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/ or any of our subsidiary companies was a party for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

10.3 Outstanding Loans (Including Guarantees of Any Kind)

Our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) that have been granted by our Company and/ or any of our subsidiary companies to or for the benefits of the related parties for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

10.4 Interest in Similar Businesses and in Businesses of Our Customers or Suppliers

As at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in the following:-

- i. Any other businesses and corporations carrying on a similar trade as our Group; and
- ii. Any other businesses and corporations which are the customers or suppliers of our Group.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

10.5 Declaration by the Advisers for Our IPO

i. Principal Adviser, Underwriter and Placement Agent

RHBIB has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Underwriter and Placement Agent for our IPO.

ii. Due Diligence Solicitors

Messrs Wong Beh & Toh has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Due Diligence Solicitors for our IPO.

iii. Auditors and Reporting Accountants

Messrs KPMG has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Auditors and the Reporting Accountants for our IPO.

iv. Independent Market Researcher

Protégé Associates has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our IPO.

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