



ECOSCIENCE INTERNATIONAL BERHAD

REGISTRATION NO. 202001024633 (1380953-M)



Annual Report **2022**

Cover Rationale

This annual report cover features an intricate abstract design that symbolises the complexity of our business operations with multiple layers of triangles. The triangles symbolise progress and they point in various directions to represent our subsidiaries' dynamic expansion and diverse objectives. Each of the triangles, mirrors the unity that bonds our entire group of companies as we evolve with a common goal. Our distinctive corporate colors infuse the design with our corporate identity and they highlight our confidence and the opportunities that lie ahead.

2nd ANNUAL GENERAL MEETING

(To be conducted virtually)



- **26 May 2023**
- **Friday**
- **10.00am**



TIIH Online website at:
<https://tiih.online>

Broadcast Venue:

Tricor Business Centre
Manuka 2 & 3 Meeting Room

Unit 29-01, Level 29, Tower A
Vertical Business Suite,
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi,
59200 Kuala Lumpur
W.P. Kuala Lumpur, Malaysia



OVERVIEW

- 02** ABOUT US
- 06** CORPORATE INFORMATION
- 07** CORPORATE STRUCTURE



HIGHLIGHTS

- 08** CORPORATE MILESTONES
- 10** IN THE NEWS
- 11** FINANCIAL HIGHLIGHTS



LEADERSHIP

- 13** PROFILE OF DIRECTORS
- 19** PROFILE OF KEY SENIOR
MANAGEMENT



KEY MESSAGES

- 22** CHAIRMAN'S STATEMENT
- 24** MANAGEMENT DISCUSSION
& ANALYSIS
- 32** SUSTAINABILITY STATEMENT



WHAT'S INSIDE



GOVERNANCE

- 40** CORPORATE GOVERNANCE OVERVIEW STATEMENT
- 50** AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
- 53** STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
- 56** DIRECTORS' RESPONSIBILITY STATEMENT



FINANCIAL STATEMENTS

- 58** DIRECTORS' REPORT
- 63** STATEMENT BY DIRECTORS
- 63** STATUTORY DECLARATION
- 64** INDEPENDENT AUDITORS' REPORT
- 68** STATEMENTS OF FINANCIAL POSITION
- 70** STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- 71** STATEMENTS OF CHANGES IN EQUITY
- 74** STATEMENTS OF CASH FLOWS
- 77** NOTES TO THE FINANCIAL STATEMENTS



ADDITIONAL INFORMATION

- 146** ADDITIONAL COMPLIANCE INFORMATION
- 147** LIST OF PROPERTIES
- 148** ANALYSIS OF SHAREHOLDINGS
- 150** NOTICE OF 2ND ANNUAL GENERAL MEETING
- 158** STATEMENT ACCOMPANYING NOTICE OF 2ND ANNUAL GENERAL MEETING
- 160** ADMINISTRATIVE GUIDE
PROXY FORM



ABOUT US



WHO WE ARE

We are a **one-stop solution provider** for the **construction of palm oil mills and supporting facilities, and fabrication of equipment.**

Our core activities are in the construction of plants, which are mainly palm oil mills and facilities supported by our in-house fabrication of equipment.

Other complementary activities include supply of materials and equipment, spare parts and provision of maintenance services.



OUR VISION

We construct facilities that facilitate the supply chain of the all-around palm oil commodity.





OUR MISSION

To provide the most efficient and trustworthy services to our valued customers through the continuous expansion of our facilities to meet the customer demands, providing regular skill set training for our workforce, engaging in research and development and the utilization of information technology to meet the growing needs of the industry in compliance with regulatory and statutory standards for safe and reliable fabrication of our products.



OUR CORE VALUES

E - Excellence: We are committed to achieving consistent excellence

M - Meaningful Work: We understand the impact of our work on the greater society

E - Evolving: We are constantly innovating to maximise the efficiency of our clients



ABOUT US

Our core competencies are in:

Procurement, Construction and Commissioning of palm oil mills and facilities that are in support of the operations of plantations and mills.



PALM OIL MILL

- Our construction of plants business segment includes construction of the entire plant, as well as upgrading works on existing plants.
- We are engaged as the turnkey contractor responsible for procuring the materials required, and carrying out the construction work up to testing and commissioning.

REFINERY & FRACTIONATION PLANTS

We cover downstream processes of palm oil industry such as refineries where crude palm oil is further processed.



CONSTRUCTION OF BIOGAS PLANTS

We undertake turnkey projects in building biogas plants for palm oil mills to generate biogas from palm oil mill effluent (POME).

ABOUT US



FABRICATION & INSTALLATION OF STERILIZER SYSTEMS

We specialized in design and fabrication of pressure vessels in accordance with customer's preference and application depending on their respective palm oil mill capacity.

KERNEL CRUSHING PLANT

We undertakes turnkey projects in building & commissioning for Kernel Crushing Plant.



ELECTROSTATIC PRECIPITATOR

Fabrication and installation of electrostatic precipitator.

CORPORATE INFORMATION

BOARD OF DIRECTORS

• Dato' Tan Yee Boon	Independent Non-Executive Chairman
• Wong Choi Ong	Non-Independent Executive Director/ Managing Director
• Pan Kum Wan	Non-Independent Executive Director
• Law Sang Thiam	Independent Non-Executive Director
• Ang Chye Kian	Independent Non-Executive Director
• Andrea Huang Jia Mei	Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

<u>Name</u>	<u>Designation</u>
Law Sang Thiam	Chairman
Ang Chye Kian	Member
Andrea Huang Jia Mei	Member

NOMINATION COMMITTEE

<u>Name</u>	<u>Designation</u>
Andrea Huang Jia Mei	Chairman
Ang Chye Kian	Member
Law Sang Thiam	Member

REMUNERATION COMMITTEE

<u>Name</u>	<u>Designation</u>
Ang Chye Kian	Chairman
Andrea Huang Jia Mei	Member
Law Sang Thiam	Member

COMPANY SECRETARIES

Tan Bee Hwee
SSM Practicing Certificate No.: 202008001497
Professional qualification: MAICSA 7021024

Wong Wai Foong
SSM Practicing Certificate No.: 202008001472
Professional qualification: MAICSA 7001358

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
W.P. Kuala Lumpur

Telephone No.: 03 2783 9191
Fax No.: 03 2783 9111

HEAD OFFICE

PLO 555, Jalan Keluli 8
Pasir Gudang Industrial Estate
81700 Pasir Gudang, Johor

Telephone No.: 07 255 3126
Fax No.: 07 255 4558
Website: www.ecosciencegroup.com
E-mail: admin@ecoscience.com.my

AUDITORS

Crowe Malaysia PLT (201906000005
(LLP0018817-LCA) & AF 1018)
E-2-3 Pusat Komersial Bayu Tasek
Persiaran Southkey 1
Kota Southkey
80150 Johor Bahru
Johor

Telephone No.: 07 288 6627
Fax No.: 07 338 4627

SPONSOR

Hong Leong Investment Bank Berhad
Level 28, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
W.P. Kuala Lumpur

Telephone No.: 03 2083 1800

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32,
Tower A Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
W.P. Kuala Lumpur

Telephone No.: 03 2783 9299
Fax No.: 03 2783 9222

STOCK EXCHANGE LISTING

ACE Market of the Bursa Malaysia Securities Berhad
Stock Name: EIB
Stock Code: 0255

WEBSITE

www.ecosciencegroup.com

CORPORATE STRUCTURE



CORPORATE MILESTONES

2003 - 2007

2003

Ecoscience Manufacturing & Engineering Sdn Bhd ("EMESB") was incorporated in Malaysia.

2004

- EMESB commenced business operations when we were engaged as a subcontractor for the fabrication and installation of structural works at a palm oil mill in Paloh, Johor.
- We set up our fabrication facility at rented premises in Masai, Johor.

2006

- We secured our first project as a main contractor directly from a palm oil mill owner. This was for the design and fabrication of the front-end handling system for a steriliser station for a palm oil mill in Miri, Sarawak.
- We completed the construction of our current head office and fabrication facility at Pasir Gudang, Johor and relocated our operations to this new premises.

2007

Achieved a major milestone in our geographical expansion when we secured our first foreign country project in Indonesia. This was to carry out mechanical works for the installation of machinery and piping as part of the construction of a biomass power plant for a palm oil mill at Riau, Indonesia.

2008 - 2016

2008

- We registered with DOSH as a manufacturer of unfired pressure vessels, and we started to fabricate pressure vessels, including sterilisers.
- Ecoscience Technologies Sdn Bhd ("ETSB") was incorporated in Malaysia as a company involved in the fabrication and supply of energy and environmental-related equipment. The company commenced business in the same year in 2008 when it secured a purchase order for the supply of a dust filtration system.

2014

- We achieved a major milestone by expanding our market coverage to Gabon, Africa.
- Our first turnkey project in Gabon where we secured a contract for civil, structural, mechanical, piping and electrical works for a palm oil mill and kernel crushing plant at the Awala plantation in Kango, Gabon. We were also engaged to build supporting facilities, such as workers quarters, operational buildings and community amenities.

2015

We secured four additional contracts in Gabon, comprising one contract for the civil, structural, mechanical, piping, electrical and piling works for a palm oil mill at Mouila and three contracts for the construction of workers' quarters at Mouila, Awala and Bitam.

2016

- We further expanded our geographic reach to Liberia, Africa when we secured three contracts for the fabrication and supply of mechanical, civil, structural and electrical equipment and related accessories of a palm oil mill complex.
- Asia Ecoscience Pte Ltd ("AEPL") was incorporated in Singapore, and commenced business in the construction of plants and facilities, and fabrication of equipment focusing on projects in foreign countries outside of Southeast Asia.

CORPORATE MILESTONES

2017 - 2020

2017

Top Well Trading & Services Sdn Bhd ("TWTSSB") was incorporated in Malaysia, and commenced business in the same year supplying spare parts and construction materials, and provision of maintenance services to complement our existing business.

2018

We secured additional contracts in Gabon, including construction of facilities in Mouila, Awala, Bitam and Ndende.

2019

We secured contracts in Gabon, including the construction of the Mouila Lot 3 palm oil mill facility, workers' quarters at the Moutassou Mill and Makouke Mill, a biogas plant as part of the Awala palm oil mill, and a kernel crushing plant for the Makouke palm oil mill at Mouila.

2020

- We expanded our coverage to other industry sectors when we secured contracts for the supply of piping materials and fabrication and installation of storage tanks and additional mechanical works for a paperboard and packaging mill at Banting, Selangor.
- In addition, we secured contracts related to the fabrication of stainless steel tanks for a new glove manufacturing plant at Sendayan, Negeri Sembilan.

2021 - 2022

2021

- We secured a contract to refurbish an existing building and construct new buildings for the development of an explosives manufacturing plant in Bentong, Pahang in July 2021.
- We constructed an extension to our fabrication facility in Johor.
- We continued to secure additional scope of works for the new glove manufacturing plant at Sendayan relating to, among others, civil and steel structural works for warehouse, office, electrical sub-stations and piping works for glove manufacturing lines.

2022

- We secured a contract for civil, structural, installation, testing and commissioning works for the construction of a renewable energy power station in Bachok, Kelantan in April 2022.
- Ecoscience International Berhad ("Ecoscience") debuted on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 18 July 2022.

IN THE NEWS

18 July 2022 **The Edge Markets**

Newly listed Ecoscience International makes ACE Market debut at 29 sen

Source: <https://www.theedgemarkets.com/article/newly-listed-ecoscience-international-makes-ace-market-debut-29-sen>



19 Jul 2022 **The Star**

Ecoscience to focus on downstream expansion

Scan to view:



21 Jun 2022 **Berita Harian**

IPO Ecoscience dijangka raih modal RM24.7 juta

Scan to view:



21 Jun 2022 **The Edge Markets**

Palm oil mills builder Ecoscience to raise RM24.65 mil from IPO to expand Indonesian ops

Scan to view:



18 Jul 2022 **The Malaysia Reserve**

Newly listed Ecoscience International sees potential growth in Indonesian market

Scan to view:



FINANCIAL HIGHLIGHTS

Revenue (RM'000)	(Loss)/ Earnings Before Interest, Tax, Depreciation & Amortisation ("EBITDA") (RM'000)	(Loss)/Profit Before Tax ("LBT")/ ("PBT") (RM'000)	(Loss)/Profit After Tax ("LAT")/ ("PAT") (RM'000)	(LBT)/PBT Margin (%)	(LAT)/PAT Margin (%)
94,389 FY2022	(7,761) FY2022	(10,959) FY2022	(9,390) FY2022	(11.61) FY2022	(9.95) FY2022
153,163 FY2021	14,218 FY2021	11,075 FY2021	8,070 FY2021	7.23 FY2021	5.27 FY2021
153,693 FY2020	11,771 FY2020	8,519 FY2020	6,520 FY2020	5.54 FY2020	4.24 FY2020
170,928 FY2019	20,561 FY2019	17,098 FY2019	12,482 FY2019	10.00 FY2019	7.30 FY2019
113,627 FY2018	13,763 FY2018	10,423 FY2018	7,736 FY2018	9.17 FY2018	6.81 FY2018

Revenue (RM'000)



94,389

2022	94,389
2021	153,163
2020	153,693
2019	170,928
2018	113,627

(Loss)/Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) (RM'000)



(7,761)

2022	(7,761)
2021	14,218
2020	11,771
2019	20,561
2018	13,763

FINANCIAL HIGHLIGHTS

(Loss)/Profit Before Tax (“LBT”)/ (“PBT”) (RM'000)**(10,959)**

2022		(10,959)
2021		11,075
2020		8,519
2019		17,098
2018		10,423

(Loss)/Profit After Tax (“LAT”)/ (“PAT”) (RM'000)**(9,390)**

2022		(9,390)
2021		8,070
2020		6,520
2019		12,482
2018		7,736

(LBT)/PBT margin (%)**(11.61)**

2022		(11.61)
2021		7.23
2020		5.54
2019		10.00
2018		9.17

(LAT)/PAT margin (%)**(9.95)**

2022		(9.95)
2021		5.27
2020		4.24
2019		7.30
2018		6.81

PROFILE OF DIRECTORS



DATO' TAN YEE BOON

Independent Non-Executive Chairman

Age: 48 **Gender:** Male **Nationality:** Malaysian

Date of Appointment: 2 August 2021

Dato' Tan Yee Boon, a Malaysian, male, aged 48, is our Independent Non-Executive Chairman. He was appointed to our Board on 2 August 2021.

He obtained his Bachelor of Laws from the University of Glamorgan (now known as the University of South Wales), United Kingdom, in 1997. He subsequently obtained the Certificate of Legal Practice from the Legal Profession Qualifying Board of Malaysia in 1998.

In 1998, he began his career with Cheang & Ariff as a Chambering Student and was admitted as an advocate and solicitor of the High Court in 1999. In the same year, he joined Ranjit Ooi & Robert Low as a Legal Assistant. He subsequently joined Khaw & Partners as a Legal Assistant in 2000, and was made a Partner of the firm in 2011. In 2013, he left the firm and started his own legal practice, David Lai & Tan, where he is currently the Partner of the firm.

He sits on the board of directors of public companies in Malaysia and Hong Kong including EV Dynamics (Holdings) Limited (since 2016) and TIL Enviro Limited (since 2018), both listed on the Main Board of the Stock Exchange of Hong Kong. He is also an Independent Non-Executive Director of Protasco Berhad (since 2013) and Propel Global Berhad (since 2022), both listed on the Main Market of Bursa Securities.

He does not have any family relationship with any other Directors or major shareholders of the Company.

He attended all four (4) Board of Directors' meeting held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS

WONG CHOI ONG

Non-Independent Executive Director/
Managing Director

Age: 59 **Gender:** Male **Nationality:** Malaysian

Date of Appointment: 21 August 2020



Wong Choi Ong, a Malaysian, male, aged 59, is our Non-Independent Executive Director / Managing Director. He is one of the founders of our Group. He was appointed to our Board on 21 August 2020.

Mr Wong attended Sekolah Menengah Batu Anam in Segamat, Johor from 1978 to 1981. He brings with him approximately 39 years of working experience, of which approximately 29 years were in construction of palm oil mills and facilities.

He started his career with Ladang Dunlop Estate rubber plantation, where he was a general worker between 1983 and 1984. He subsequently established Wee Lip Welding Works in 1985 in partnership with his friend. Wee Lip Welding Works was involved in the manufacturing of welded metal doors and windows, and he left the partnership in 1990. Subsequently, he joined Pembina Progressive Jaya which was involved in the fabrication of storage tanks and palm oil refinery plant fabrication and erection, in 1991 as a partner and he left the partnership in 1993.

In 1994, he worked as an in-house contractor for Mascot Engineering & Construction Sdn Bhd where he was involved in the fabrication and installation of palm oil equipment until 2002. In early 2003, he started to carry out sub-contract work for the fabrication and installation of palm oil equipment for MSHK Engineering Sdn Bhd and at the same time he incorporated Lajumax Sdn Bhd in May 2003 where he is one of the co-founders to carry out business as a fabrication and installation sub-contractor. Lajumax Sdn Bhd was subsequently dissolved in November 2008 as Mr Wong wanted to focus on growing the business of EMESB.

In November 2003, he established EMESB together with Tia Tuan Sim, our Operational and Technical Director. Over the years, he has been instrumental in the growth and development of our Group. He has contributed significantly in penetrating foreign markets including the expansion into Indonesia, Gabon and Liberia. He is responsible for driving the future direction of our Group, development of business strategies and business opportunities, marketing as well as building and maintaining business relationships with our customers. He assumed his current position as our Managing Director on 20 August 2021.

Save for his directorship of the Company, he does not hold any other directorship in public companies and listed corporations.

He does not have any family relationship with any other Directors or major shareholders of the Company.

He attended all four (4) Board of Directors' meeting held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS

**PAN KUM WAN**

Non-Independent Executive Director

Age: 72 **Gender:** Male **Nationality:** Malaysian**Date of Appointment:** 2 August 2021

Pan Kum Wan, a Malaysian, male, aged 72, is our Non-Independent Executive Director and General Manager. He was appointed to our Board on 2 August 2021.

Mr Pan obtained a Bachelor of Science in Chemical Engineering from the Loughborough University of Technology, United Kingdom in 1976. He brings with him approximately 46 years of working experience, of which approximately 24 years were in palm oil refinery operation and 22 years in the construction of palm oil mills and facilities.

He started his career in 1977 when he joined Tampoi Oil Products Sdn Bhd, a company involved in palm oil refinery as Production Engineer. In 1979, he left and joined Sawit Oil Industries Sdn Bhd, a company in palm oil refinery as a site engineer. He was then promoted to the post of Factory Manager in 1982, a position he held until he left the company in 1984. In 1985, he joined Felda Refinery Corporation, a palm oil refinery and food manufacturing company, as Factory Manager. In 1994, he left Malaysia to work in the People's Republic of China where he joined Beijing King Voray Edible Oil Co. Ltd, an edible oil refining company as General Manager.

Subsequently, he left in 1997 to join Yantai Tian Sheng Edible Oil Co Ltd, a vegetable oil refinery company as General Manager. He subsequently returned to work in Malaysia in 2001 to take up the position of Project Manager for Sahamas Sdn Bhd, a company involved in the fabrication and installation of palm oil milling equipment. In 2004, he left the company to work in Singapore where he joined Novo Environment Technology Services Pte Ltd, a provider of environmental engineering products as Senior Manager responsible for product development in water filtration systems and heat economiser systems. He left Novo Environment Technology Services Pte Ltd in 2005.

In 2006, he joined EMESB as General Manager and since then, he has been contributing significantly to the growth and development of our Group including the expansion of our business operations to serve foreign markets. He is responsible for the management and implementation of projects to ensure timely delivery to customers. He is also involved in implementation of business strategies and business development.

Save for his directorship of the Company, he does not hold any other directorship in public companies and listed corporations.

He does not have any family relationship with any other Directors or major shareholders of the Company.

He attended all four (4) Board of Directors' meeting held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS

LAW SANG THIAM

Independent Non-Executive Director

Age: 47 **Gender:** Male **Nationality:** Malaysian

Date of Appointment: 2 August 2021



Law Sang Thiam, a Malaysian, male, aged 47, is our Independent Non-Executive Director. He was appointed to our Board on 2 August 2021. He is also the Chairman of our Audit and Risk Management Committee and a member of our Remuneration and Nomination Committees.

Mr Law obtained his Bachelor of Accounting from the University of Malaya in 2000. He has been a member of the Malaysian Institute of Accountants since 2003 and Malaysian Institute of Certified Public Accountants since 2004.

He began his career with Arthur Andersen & Co in 2000 as an Audit Assistant before leaving the firm in 2002 to join Ernst & Young (now known as Ernst & Young PLT) as Audit Associate. During his tenure with the said accounting firms, he was involved in audit assignments of companies in various industries, as well as other engagements involving corporate exercises.

In 2016, Mr Law left Ernst & Young as an Audit Director to establish his own accounting firm, Ivan Law & Co. In 2017, he established Taxavenue Advisory PLT, a firm in Malaysia providing tax advisory services. He is currently the Managing Partner of both Ivan Law & Co and Taxavenue Advisory PLT.

Mr Law is an Independent Non-Executive Director of MCE Holdings Berhad, a company listed on the Main Market of Bursa Securities and Spring Art Holdings Berhad, a company listed on the ACE Market of Bursa Securities.

He does not have any family relationship with any other Directors or major shareholders of the Company.

He attended all four (4) Board of Directors' meeting held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS

**ANG CHYE KIAN**

Independent Non-Executive Director

Age: 61 **Gender:** Female **Nationality:** Malaysian**Date of Appointment:** 2 August 2021

Ang Chye Kian, a Malaysian, female, aged 61, is our Independent Non-Executive Director. She was appointed to our Board on 2 August 2021. She is also the chairman of our Remuneration Committee and a member of our Nomination and Audit and Risk Management Committees.

She obtained her Diploma of Managerial Principles from Stamford College Singapore in 1981. In 1991, she was admitted as an associate of the Malaysian Institute of Management.

Ms Ang began her career with the Malaysia Shipyard and Engineering Sdn Bhd, a shipbuilder and fabricator, as an Audit Assistant in 1982. She left the company in 1985 and joined MUI Finance Berhad, a financial services company, as an Account Assistant until 1989. In 1990, she joined AmBank (M) Berhad as a credit control officer responsible for administration, collection and litigation. She was subsequently promoted to Documentation and Disbursement Officer, a position she held from 1994 to 1996 before being promoted to Senior Marketing and Processing Officer from 1997 to 2000. Subsequently, she took up the position of Senior Credit Executive of rehabilitation and restructuring division within AmBank (M) Berhad from 2001 to 2005 before being promoted to Manager, and was responsible for loans approval in Retail Financing from 2006 to 2011. She was the Head, Manager in Lending Operations from 2012 to 2014 and subsequently held the post of Head, Manager for Credit Process and Evaluation from 2015 until her retirement from AmBank (M) Berhad in 2017.

Save for her directorship of the Company, she does not hold any other directorship in public companies and listed corporations.

She does not have any family relationship with any other Directors or major shareholders of the Company.

She attended all four (4) Board of Directors' meeting held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS

ANDREA HUONG JIA MEI

Independent Non-Executive Director

Age: 41 **Gender:** Female **Nationality:** Malaysian

Date of Appointment: 2 August 2021



Andrea Huang Jia Mei, a Malaysian, female, aged 41, is our Independent Non-Executive Director. She was appointed to our Board on 2 August 2021. She is also the Chairman of our Nomination Committee and a member of our Remuneration and Audit and Risk Management Committees.

Andrea obtained her Diploma in Commerce (Financial Accounting) and Advanced Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Malaysia in 2003 and 2005 respectively. She has been a Member of the Association of Chartered Certified Accountants since 2011, and a Chartered Accountant with the Malaysian Institute of Accountants since 2018.

Andrea started her career as an Audit Assistant with Sha, Tan & Co in 2005, and was promoted to Audit Semi-Senior in 2007. She was subsequently promoted and held the post of Audit Senior between 2008 and 2011, where she was responsible for managing audits of companies, including public listed companies. Between July 2011 to September 2014, she was on a career break. In September 2014, she was appointed as a director of T & S Secretarial Services Sdn Bhd and held this directorship until March 2021. T & S Secretarial Services Sdn Bhd is involved in the provision of secretarial and management services. She is currently a Director of T&S Boardroom Sdn Bhd, a company which provides secretarial support services. She is also a director of several private limited companies providing secretarial, tax, accounting and consultancy services.

Andrea is an Independent Non-Executive Director of Siab Holdings Berhad, Unique Fire Holdings Berhad and Yew Lee Pacific Group Berhad, which are all listed on the ACE Market of Bursa Securities.

She does not have any family relationship with any other Directors or major shareholders of the Company.

She attended all four (4) Board of Directors' meeting held during the financial year ended 31 December 2022.

Additional Information:

Conflict of Interest

None of the Directors have any conflict of interest with the Company.

Conviction of Offence

None of the Directors has been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

PROFILE OF KEY SENIOR MANAGEMENT

ANDY TAN BOON KIONG

Project Director

Nationality:
Malaysia

Gender:
Male

Age:
46

Andy Tan Boon Kiong, a Malaysian, male, aged 46, is our Project Director. He is responsible for our Group's projects in Gabon.

He obtained a Bachelor's Degree in Mechanical and Manufacturing Systems Engineering from Sheffield Hallam University, United Kingdom in 2002. He also obtained a certificate of competency granted under the Factories and Machinery Act 1967 by the chief and deputy chief inspectors of Factories and Machinery which qualified him as a First Grade Steam Engineer.

He began his career in 2002 with Sime Darby Plantation Sdn Bhd as Junior Engineer. He was subsequently promoted to the position of Mill Manager, where he was responsible for palm oil mill operations and projects. He left the company in 2013 to work in Indonesia when he joined PT Super Venture, a company involved in developing and maintaining palm oil mills, as Head of Projects. He was responsible for overseeing palm oil mill construction and maintenance projects in Indonesia.

In 2015, he returned to Malaysia and joined EMESB as General Manager of our Group's operations in Gabon. He was promoted to his current position on 1 August 2021 and is currently responsible for managing and overseeing the implementation of our projects in Gabon.

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

He does not have any family relationship with any other Directors or major shareholders of the Company.

TIA TUAN SIM

Operational and Technical Director

Nationality:
Malaysia

Gender:
Male

Age:
45

Tia Tuan Sim, a Malaysian, male, aged 45, is our Operational and Technical Director. He is responsible for the overall operations of our Group's projects and engineering department. He is one of the founders of our Group.

He obtained a degree in Bachelor of Chemical Engineering from University Teknologi Malaysia in 2001.

He began his career in 2001 when he joined Sahamas Sdn Bhd, a company involved in the fabrication and installation of palm oil milling equipment, as Project Engineer. He subsequently left the company in 2003 and joined Tractors Manufacturing & Assembly Sdn Bhd as Project Engineer where he was responsible for monitoring projects and supervising the workshop operations. In the same year, he left the company to establish EMESB together with Wong Choi Ong, our Managing Director. He was the Project Engineer of EMESB before he was promoted to his current position on 1 August 2021.

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

He does not have any family relationship with any other Directors or major shareholders of the Company.

PROFILE OF KEY SENIOR MANAGEMENT

THING JIN SUAN**Business Development Director**Nationality:
MalaysiaGender:
MaleAge:
40

Thing Jin Suan, a Malaysian, male, aged 40, is our Business Development Director. He is responsible for our Group's growth strategies, business development and sales and marketing operations.

He obtained his Bachelor of Chemical Engineering degree from the University of Sheffield, United Kingdom in 2005. He subsequently obtained his Master's in Business Administration from Lancaster University, United Kingdom, in 2012.

He began his career in 2005 with Linde Industrial Gases (M) Sdn Bhd, a producer of industrial gasses, as Process Engineer. He left the company in the same year and joined Tapis Teknik Sdn Bhd, a manufacturer of filtration and separation equipment, as a Sales and Application Engineer before he was promoted to Regional Sales Manager in 2007. He subsequently left the company in 2012 and joined Sterling Engineering and Trading Sdn Bhd, a company involved in trading of engineering products, as its director. He was responsible for sales and marketing, and overseeing the company's operations.

In 2015, he left and joined EMESB as Product Development Manager where he was responsible for developing growth strategies, business development, and overseeing the company's sales and marketing operations. He was promoted to his current position on 1 August 2021.

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

He does not have any family relationship with any other Directors or major shareholders of the Company.

ANSON SING YUN XIANG**Head of Finance**Nationality:
MalaysiaGender:
MaleAge:
39

Anson Sing Yun Xiang, a Malaysian, male, aged 39, is our Head of Finance. He is responsible for our Group's accounting and financial matters, including financial reporting, treasury functions, credit control, budgeting and taxation.

He obtained his Bachelor's Degree of Science in Accounting and Finance from the University of London in association with the London School of Economics, United Kingdom, in 2007 with a degree in Accounting and Finance. He has been a member of the Association of Chartered Certified Accountants and Malaysian Institute of Accountants since 2016.

He started his career in 2009 when he joined CLK Associates, an audit firm, as an Audit Junior and was subsequently promoted to Senior Auditor in 2012. In 2013, he left and joined Kerry Group Business Services (ASPAC) Sdn Bhd, a shared services company, as Accounts Officer. In June 2016, he left the company to join IOI Lipid Enzymtec Sdn Bhd, a manufacturer of industrial chemicals, as Accountant. Shortly after in September 2016, he joined Kimlun Sdn Bhd, a construction company, as Assistant Accounts Manager where he was responsible for supervising monthly accounts and tax-related matters.

In 2018, he left Kimlun Sdn Bhd to join EMESB as Assistant Finance Manager and was promoted to his current position on 1 August 2021.

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

He does not have any family relationship with any other Directors or major shareholders of the Company.

PROFILE OF KEY SENIOR MANAGEMENT

GOH YU MENG

Head of Human Resources and Administration

Nationality:
MalaysiaGender:
FemaleAge:
69

Goh Yu Meng, a Malaysian, female, aged 69, is our Head of Human Resources and Administration. She is responsible for our Group's human resources and administrative function, storekeeping and logistic operations.

She attended Stamford College, Selangor and obtained the LCCI Higher Accounting in 1976. She also obtained her Certificate in Personnel Management from the Malaysian Institute of Personnel Management in 1984.

She began her career with Tampoi Oil Products Sdn Bhd in 1976, a company involved in palm oil refinery as Accounts Assistant. In 1979, she left and joined Felda Vegetable Oil Products Sdn Bhd, a company involved in palm oil refinery as Administrative and Accounts Executive. In 2000, due to the restructuring of Felda group of companies, she was assigned to work under Delima Oil Products Sdn Bhd, a company involved in palm oil refinery and manufacturing of packaged foods as Administrative and Accounts Manager. She left Delima Oil Products Sdn Bhd in April 2011.

In May 2011, she joined EMESB as the Finance and Administration Manager where she was responsible for managing the company's finances and administrative matters. On 1 August 2021, she assumed her present position and is currently responsible for overseeing our Group's human resources and administrative functions, storekeeping and logistic operations.

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

She does not have any family relationship with any other Directors or major shareholders of the Company.

Additional Information:**Conflict of Interest**

None of the Key Senior Management have any conflict of interest with the Company.

Conviction of Offence

None of the Key Senior Management has been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

CHAIRMAN'S STATEMENT



“

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (“Board”), it is my pleasure to present to you the first Annual Report of Ecoscience International Berhad (“Ecoscience” or “Company”) for the financial year ended 31 December 2022 (“FY2022”). We have been able to reflect upon our achievements, challenges and progress over the past year, and it is heartening to see how we have grown as a team.

”

Notwithstanding the challenges and uncertainties that we faced, I am pleased to report that Ecoscience has continued to thrive and grow, with our successful debut on the ACE Market of Bursa Malaysia Securities Berhad on 18 July 2022 being our greatest milestone yet. Based on the initial public offering price of RM0.30 per share, our Company has raised total gross proceeds of RM24.7 million from the public issue of the new ordinary shares in our Company. Our achievements thus far are a testament of our hard work and resilience, but they are also a reminder that success is never guaranteed and that we must remain humble in the face of our accomplishments.

DATO' TAN YEE BOON

Independent Non-Executive Chairman

CHAIRMAN'S STATEMENT

**2022 YEAR IN REVIEW**

During FY2022, Ecoscience and its subsidiaries ("Group") recorded total revenue of RM94.4 million as compared to RM153.2 million documented for the preceding financial year ended 31 December 2021 ("FY2021"). We experienced some setbacks that have significantly affected the Company's top and bottom line.

High raw material cost and the interest rate have delayed the decision making of certain potential customers in the awarding of several projects tendered by our Group, which has adversely affected the Group's performance for the financial year. We have also encountered delays in completion of project due to adverse weather condition. The raw materials, transportation and freight costs which remain high in the year 2022 reduced the Group's gross profit margins accordingly.

The Group registered a loss before tax of RM11.0 million and loss after tax of RM9.4 million for FY2022 respectively, mainly due to the decrease in revenue from the construction of plants and facilities segment and the fabrication of equipment segment, recognition of net impairment loss on financial assets and listing expenses in FY2022.

THE YEAR AHEAD

As we reflect on the past year, we are also looking forward to and excited about the opportunities that lie ahead. For the coming year, the Group will continue to focus on our core competencies, explore new business opportunities and secure new customers that can potentially extend our global footprint into new geographical markets. We will continue to tender for palm oil related projects locally as well as overseas.

As a forward-thinking organisation, we recognise the urgent need to address the global challenge of climate change and we are committed to aligning with the cause of Net Zero 2050. We will be tendering for renewable energy related projects that will enable us to contribute our part in this transition towards renewable energy sources and help create a future of cleaner and more sustainable energy. With these strategies in place, we are focused on creating better value by leveraging our strengths, resources and expertise to deliver better results for all our stakeholders.

APPRECIATION

On behalf of the Board, I would like to express our sincere appreciation towards our valued customers, business partners and shareholders for your unwavering support throughout the years. The Company recognises that our success up to this point has only been made possible with your continued commitment to our brand, products and services. We take great pride in our strong relationships with each one of our stakeholders and we look forward to continuing our journey together.

I would also like to take this opportunity to express my heartfelt gratitude to my esteemed Board members and members of our staff for their continuous hard work and dedication that have been essential in helping us achieve our goals and drive the success of the Company. Their contributions are invaluable, and I am honored to work alongside each and every one of them. As we move forward, there is still much work to be done and I am confident that we will continue to build on our successes, learn from our challenges and work together to achieve greater things.

MANAGEMENT DISCUSSION & ANALYSIS



Managing Director's OVERVIEW OF FY2022

On behalf of the Board of Directors ("Board"), I am pleased to present to you the first Annual Report and Audited Financial Statements of Ecoscience International Berhad ("Ecoscience") for the financial year ended 31 December 2022 ("FY2022").

Despite a challenging year arising from, amongst others, delays in contract awards, delays in completion of projects due to adverse weather conditions, and high raw material, transportation and freight costs, which have affected our revenue as well as our gross profit adversely, we managed to mitigate the impact to our businesses through several approaches taken such as cost and inventory controls by the management.

WONG CHOI ONG

Non-Independent Executive Director/
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

GROUP BUSINESS OVERVIEW

Ecoscience and its subsidiaries (collectively the “Group”) are a one-stop solutions provider for the construction of palm oil mills and supporting facilities, with in-house fabrication capabilities of palm oil milling equipment.

With an established track record of approximately 19 years, the Group’s core activities are in the construction of plants, which are mainly palm oil mills and facilities supported by the Group’s in-house fabrication of equipment, while the Group’s involvement in non-palm oil industries includes, amongst others, rubber, paperboard and packaging, power generation, rubber gloves and explosive manufacturing. Other complementary activities include the supply of materials and equipment, spare parts and provision of maintenance services.

As a turnkey contractor for plant and facility construction, the Group is primarily responsible for project planning, supervision and management, construction of buildings, fabrication of plant equipment and structures, and installation, testing, and commissioning of palm oil mills and facilities. Ecoscience has also registered with the Department of Occupational Safety and Health Malaysia as a manufacturer of unfired pressure vessels.

Other turnkey projects that the Group undertakes include projects in construction of kernel crushing plant and biogas plants for palm oil mills to generate biogas from palm oil mill effluent (POME).

Ecoscience’s clientele encompasses multinational corporations and large global resource companies that strengthen the Group’s market presence throughout Peninsular Malaysia, East Malaysia, as well as overseas markets, principally Indonesia and Gabon, a country on the west coast of Africa. On 18 July 2022, Ecoscience successfully listed on the ACE Market of Bursa Malaysia Securities Berhad.

As we recognise the urgent need to address the global challenge of climate change, we have been tendering for renewable energy related projects to help in promoting environmental-friendly resources and to create a cleaner and more sustainable future.

REVIEW OF FINANCIAL PERFORMANCE

Revenue

The Group recorded total revenue of RM94.4 million for FY2022, 38.4% lower as compared to RM153.2 million documented for the preceding financial year ended 31 December 2021 (“FY2021”). The Group derived the highest revenue from its construction of plants and facilities segment, which contributed 46.9% to the total revenue, while the supply of materials and equipment and fabrication of equipment segments contributed 29.2% and 22.8% respectively to the Group’s total revenue.

The decline in revenue was mainly due to lower revenue contribution from the construction of plants and facilities segment as well as the fabrication of equipment segment as most of the construction and fabrication projects were completed in FY2021. In addition, the revenue recognition was affected by the delay in certification of the completion of a project milestone in FY2022 by a customer and the delays in completion of projects due to adverse weather conditions.

REVENUE
(RM’000)

94,389
2021: 153,163



**(LOSS)/PROFIT
BEFORE TAX**
(RM’000)

(10,959)
2021: 11,075



TOTAL ASSETS
(RM’000)

173,008
2021: 128,413



MANAGEMENT DISCUSSION & ANALYSIS

Revenue by Geographical Locations

On a geographical review, Malaysia remains the largest revenue contributor to the Group, registering RM66.5 million for FY2022 as compared to RM41.8 million for FY2021 following commencement of projects in Malaysia customers during the financial year. Our foreign sales from Indonesia decreased by RM23.2 million to RM18.2 million for the FY2022 (FY2021: RM41.4 million) as the project was at the tail end phase in FY2022. The balance of total revenue for FY2022 is contributed by Gabon and Liberia at RM9.5 million and RM0.2 million, respectively as compared to revenue of RM69.5 million and RM0.5 million from Gabon and Liberia, respectively in FY2021. The decreases were mainly due to lower revenue recognised following the completion of most contracts for the construction of plants.

Gross Profit

Upon deduction of cost of sales, the Group recorded a gross profit of RM8.4 million for FY2022, a 69.1% decrease from RM27.2 million recorded for FY2021. The lower gross profit was a result of lower revenue recorded for FY2022 as explained above.

Loss / Profit Before Tax & After Tax

For FY2022, Ecoscience registered a loss before tax ("LBT") of RM11.0 million and loss after tax ("LAT") of RM9.4 million as compared to profit before tax ("PBT") of RM11.1 million and profit after tax ("PAT") of RM8.1 million generated during FY2021. The losses recorded were mainly attributable to the decrease in revenue as explained in the earlier section, net impairment loss on financial assets of RM3.6 million as a result of receivables that has been outstanding for over 12 months despite several attempts by the group to collect the amount owing from the customers and listing expenses of RM1.6 million which have been expensed off to the profit and loss in FY2022.

Trade Receivables Turnover Period

For FY2022, the trade receivables turnover period stood at 68 days (FY2021: 51 days). The turnover period for FY2022 was higher as compared to FY2021 due to slower collection from the customers mainly from the supply of material and equipment segment. We are monitoring closely on the status of the collections and will evaluate the collectability of the outstanding receivables from time to time.

Trade Payables Turnover Period

Trade payables turnover period stood at 97 days (FY2021: 74 days). The trade payables turnover period for FY2022 was higher as compared to FY2021 mainly attributable to slower payments made to the suppliers.

Liquidity & Capital Resources

While Ecoscience's cash inflow from financing activities increased to RM34.1 million mainly as a result of drawdown of bank borrowings to fund new projects and proceeds generated from its Initial Public Offering ("IPO"), the Group recorded net cash outflow of RM24.9 million for operating activities mainly due to the increase in trade and other receivables and net cash outflow of RM10.5 million for investing activities mainly attributable to purchase of short-term investments and placement of fixed deposits pledged with licensed banks.

Gearing Ratio

Ecoscience's gearing ratio remained constant at 0.7x as at 31 December 2022.

Known Trends and Events

Save for the anticipated risks disclosed in pages 29 to 30 of this annual report, we are not aware of any other known trends and events that are reasonably likely to have a material effect on the Group's operations, performance, financial condition and liquidity.

MANAGEMENT DISCUSSION & ANALYSIS

IPO

The Company had raised gross proceeds of approximately RM24.65 million from its IPO. The Group expects to use the IPO proceeds within an estimated timeframe of up to 24 months, from the date of listing of the Company's shares on the ACE Market of Bursa Malaysia Securities Berhad. From the IPO proceeds, the Group has allocated RM6.0 million (24.4%) for the purpose of business expansion, of which RM5.0 million will be utilised for the establishment of a new fabrication facility and office in Indonesia, and RM1.0 million to be utilised for the expansion of the Group's environmental and energy efficiency business. The Group has further allocated RM7.9 million (31.8%) of the IPO proceeds for working capital requirements, RM7.0 million (28.4%) for repayment of bank borrowings and RM3.8 million (15.4%) for listing expenses.

The utilisation of gross proceeds as disclosed above should be read in conjunction with the Prospectus of Ecoscience dated 21 June 2022.

As of 31 December 2022, the IPO proceeds allocated for working capital requirements, repayment of bank borrowings and listing expenses have been fully utilised and RM0.1 million has been utilised to purchase 1 new unit of non-chemical water treatment equipment for the expansion of the environmental and energy efficiency business. There was a delay in executing our business expansion plan to establish a new fabrication facility and office in Indonesia as we are still in the midst of identifying a suitable piece of land and sorting out the land conversion matters. Notwithstanding the delay, we have engaged a company secretary to assist us in incorporating a new company in Indonesia.

**Share Price Performance**

As of 30 December 2022, the IPO proceeds allocated for working capital requirements, repayment of bank borrowings and listing expenses have been fully utilised and the Group's share price closed at RM0.500 with a total market capitalisation of RM170.0 million.

Dividend

No dividend has been paid or declared by Ecoscience since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year. Future declaration of dividend is dependent upon various factors including but not limited to our financial performance, cash flow requirements and capital expenditure plans.

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW BY BUSINESS SEGMENT

Construction of Plants and Facilities Segment

Revenue from construction of plants and facilities segment decreased by RM41.8 million to RM44.3 million (FY2021: RM 86.1 million) for FY2022 as most of the construction projects were completed in FY2021. The recognition of revenue was also affected by the delay in certification of a project's milestone completion by a customer, delay in handover of site from a customer to our Group and delays in completion of projects due to adverse weather conditions.



MANAGEMENT DISCUSSION & ANALYSIS

Fabrication of Equipment Segment

For FY2022, revenue from our fabrication segment decreased by RM11.6 million to RM21.5 million (FY2021: RM33.1 million) as most of the fabrication projects were completed in FY2021. We will continue to tender for new projects to enhance the sustainability of our order book. However, there can be no assurance that such tenders will be successful resulting in securing new contracts.

We believe the incorporation of a wholly-owned subsidiary in Indonesia and the establishment of a new fabrication facility and office located at Balikpapan in East Kalimantan province, Indonesia, will place the Group in a stronger position to capitalise on the opportunities available in Indonesia. This strategy for business expansion is expected to improve the Group's efficiency by reducing response time to request from Indonesian customers as well as reducing the Group's shipping costs. Furthermore, we believe that the operation of a fabrication facility in Indonesia could enhance the Group's prospects in securing new contracts for the expansion or development of palm oil plants and facilities as well as other related sectors.

Supply of Materials and Equipment Segment

Our revenue contributed from the supply of material and equipment segment decreased by RM4.6 million to RM27.6 million (FY2021: RM32.2 million) during the FY2022 as a result of lower supply of construction material spun piles to a palm oil mill in Indonesia.

**Anticipated Risks & Mitigation**

We have identified several risks that the Group may be exposed to that can potentially have impact to our operating activities of each principal business segment as well as business growth. Accordingly, we have developed appropriate approaches or strategies to deal with the effect or outcome of such matters on our business activities and/or to mitigate such risk:

(i) We are dependent on a major customer for their significant contribution to our order book.

In the previous years, there has been a single customer who has contributed 68.5% and 38.2% towards the Group's revenue for FY2020 and FY2021, respectively. The contribution by the aforementioned customer to the Group's revenue, however, has been reduced to 5.7% in FY2022. The ongoing engagement is project-based with no further revenue expected upon completion of current projects, provided new contracts are secured.

We will continue to focus on securing more projects from different customers as depending on a single major customer can be risky for our business, leaving us vulnerable to market fluctuations and changing customer preferences. We will actively seek for new customers to diversify our customer portfolio.

MANAGEMENT DISCUSSION & ANALYSIS

(ii) We are dependent on our ability to continuously secure new projects to ensure the continuity of our order book.

Our financial performance depends on our ability to secure new projects to sustain our order book. As projects are typically awarded based on competitive bidding, there can be no assurance that our bids will be successful, or we will continue to secure new projects. Our order book is also subject to the risk of sudden changes such as delay, termination or suspension of projects, and variation orders, which may affect the scope of our work.

We will continue to tender for new projects in the palm oil industries, both locally and overseas. We will continue to promote our business in supplying heat recovery equipment and non-chemical water treatment equipment using a leasing business concept which will generate recurring revenue for us. In March 2022, we have appointed a distributor for our non-chemical water treatment equipment in Sarawak. In addition, we will also participate in tendering of projects related to renewable energy such as businesses related to the production of biofuel with palm oil waste.

(iii) We are subject to risks associated with Gabon.

We are subject to Gabon's government policies, legal system, taxation system (including withholding tax), monetary policy (including exchange controls and repatriation of profits), licensing and other requirements, and laws and regulations governing business operations, labour, health, safety, and environment and other policies. Failure to comply with any of the necessary laws, rules and other requirements of conducting business in Gabon may result in action by Gabonese authorities, as well as fines and/ or penalties, all of which might have a negative impact on our business operations and financial performance.

We reduce our risk exposure by sub-contracting the local portion of the works to contractors registered in Gabon. We maintain bank accounts in EUR which provide a natural hedge against foreign exchange fluctuations to mitigate the foreign exchange risk. We monitor closely on our project executions in Gabon to ensure compliance with the necessary laws, rules and other requirements of conducting business in Gabon.

(iv) We are exposed to the risks of project delays as well as contract termination or suspension.

Our projects include delivery milestones to achieve within a timeline, which may be affected by several factors, including but not limited to, the availability of materials, labour, the timely delivery of shipments and customs clearance. In this respect, we may be subject to the inability to meet our contractual obligations due to factors that may be beyond our control. During FY2022, we have encountered delays the completion of projects due to adverse weather conditions in Gabon and Malaysia.

It is within our practice to apply for a timeline extension with the respective customer, should there be any experience of delays in implementing our projects. Nevertheless, we remain mindful that there is no assurance that customers will grant us the time extension. On the other hand, it is crucial that we manage the customer's expectations ahead of starting the project to ensure all parties are aligned throughout the implementation of the project.

(v) We are exposed to fluctuations in the market price of steel.

Steel price is affected by, amongst others, overall economic performance, demand, production capacity and supply. We mainly use steel products and pipes for the construction of plants and facilities and fabrication of equipment. During FY2022, some of our potential customers have delayed their decisions in awarding contracts tendered by our Group due to, amongst others, high steel price.

Whenever it is practical, we will lock in the price for all of the steel products and pipes with suppliers for a period of time while we bid for a contract. Else, we might purchase all of the steel materials and pipes that are required for a project promptly after securing the contract or purchase order in order to stay close to the budget that was used to bid for the contract. Nevertheless, there is no assurance that these measures will result in purchasing the required steel materials at prices that are not materially higher than the budgeted prices.

MANAGEMENT DISCUSSION & ANALYSIS

OUTLOOK FOR FY2023

With Malaysia and Indonesia being the largest palm producers in the world, the prospects are looking bright for the overall economic growth of these two nations.

The Malaysian economy recorded strong growth of 8.7% in 2022 and the nation's gross domestic product is forecasted to grow between 4.0% and 5.0% in 2023, underpinned by firm domestic demand, improving labour market conditions and recovery in tourism-related sectors following the reopening of international borders. Moving forward, efforts will be ramped up to uplift and enhance the economic potential for Malaysia to become more competitive, sustainable and inclusive, with the goal to position Malaysia as a major investment destination.

Meanwhile, domestic economic growth in Indonesia was recorded at 5.3% in 2022, improving significantly from 3.7% in 2021. For 2023, the Indonesian economy is forecasted to develop robust growth within the 4.5 to 5.3% range attributed to the release of pent-up domestic demand in the form of household consumption and investment. The latest projection is in line with increasing public mobility after the Indonesian Government fully lifted community activity restrictions, demonstrating a promising business outlook, increasing inflow of foreign direct investment and the ongoing completion of national strategic projects. Moreover, the Indonesian government is encouraging the establishment of local refineries to boost local employment, thus it is expected that more refinery plants will be built in Indonesia in the near future.

For the coming financial year ("FY2023"), the Group will continue to focus on its core competencies in the construction of palm oil mills and supporting facilities, and fabrication of equipment as well as to explore business opportunities with prospective new customers to grow its customer base, including covering new geographical markets.

In addition, the Group will implement the following business strategies and plans: (a) to establish a new fabrication facility and office in Indonesia; and (b) to expand its environmental and energy efficiency business. Considering the above, the Group remains cautiously optimistic of its performance for FY2023, driven by our ongoing projects as well as new projects expected to be secured for the following quarters and we will continue to tender and secure new projects to sustain our order book.

With these strategies in place, we believe that we are better positioned to generate better performance and reinforce our stakeholders. We are excited about the potential of these strategies and we look forward to sharing our progress as we work towards creating greater and more sustainable value for all our stakeholders.



SUSTAINABILITY STATEMENT

REPORTING FRAMEWORK

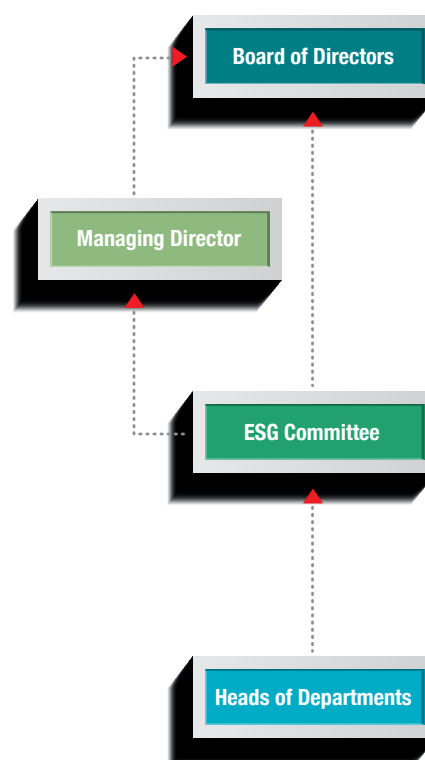
This sustainability statement adheres to the ACE Market Listing Requirements reporting guidelines set by Bursa Malaysia Securities Berhad ("Bursa Securities") and provides a transparent and comprehensive picture of Ecoscience International Berhad ("Ecoscience") and all its operating subsidiaries' (collectively, the "Group") sustainability journey throughout the financial year ended 31 December 2022 ("FY2022"). The scope of this sustainability statement covers the businesses in construction of plants and facilities, fabrication of equipment, as well as supply of materials and equipment.

The Board of Directors ("Board") acknowledges the increasing importance of environmental, social and governance (ESG) matters as sustainability considerations in supporting our long-term business strategies. We have established an ESG committee as our commitment to create sustainable progress for the Group. The Board takes guidance from, amongst others, the recommendations under the Malaysian Code of Corporate Governance as well as the Sustainability Reporting Guide 3rd Edition by Bursa Securities, in addressing the Group's identified sustainability matters and efforts to meet the expectations of stakeholders.

Governance in Sustainability Processes

Board of Directors	<ul style="list-style-type: none"> Responsible for sustainability practices and performances; Review the adequacy of sustainability initiatives and processes; and Oversee the Group's sustainability matters, provide advices and directions on sustainability issues for the Group as and when necessary.
Managing Director	<ul style="list-style-type: none"> Lead and drive the overall sustainability strategy and implementation across the Group; and Discuss, review and monitor the progress of sustainability matters regularly.
ESG Committee	<ul style="list-style-type: none"> Led by the Business Development Director of the Group; Comprises senior representatives of departments and human resources; Perform materiality assessment on the Group's sustainability matters; and Drive, track and monitor progress and improvements towards achieving the Group's key sustainability objectives.
Heads of Departments	<ul style="list-style-type: none"> Responsible for the management and performance of sustainability matters; and Report to ESG Committee on the status of action plans and performances in relation to sustainability matters.

Sustainability Governance Structure



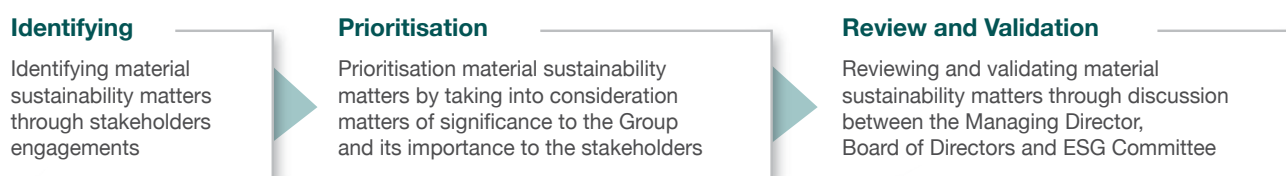
Material Sustainable Matters

As an integrated service provider for the palm oil milling industry, Ecoscience is enhancing our focus and role in contributing towards a sustainable supply chain. Being a one-stop solution provider for the construction of palm oil mills and supporting facilities, and fabrication of equipment, our business activities include the construction of plants, which are mainly palm oil mills and facilities supported by our in-house fabrication of equipment, supply of materials and equipment, spare parts and the provision of maintenance services.

SUSTAINABILITY STATEMENT

Material Sustainable Matters (Cont'd)

Our approach towards identifying the Group's material sustainable matters is as follows:



In line with the Group's business, we have identified material sustainability matters pertaining to the economic, environmental, social and governance, and our current practices and actions taken to deal with these sustainability matters are as follows:

Stakeholder Engagement Table

Stakeholder engagement is a vital component of our Group's business sustainability and long-term performance. It enables our Group to identify possible difficulties, build trust, and create mutually beneficial solutions that suit the objectives of all parties involved by understanding the wants and concerns of our numerous stakeholders.

Our Group's initiatives on stakeholder engagement are illustrated in the table below:

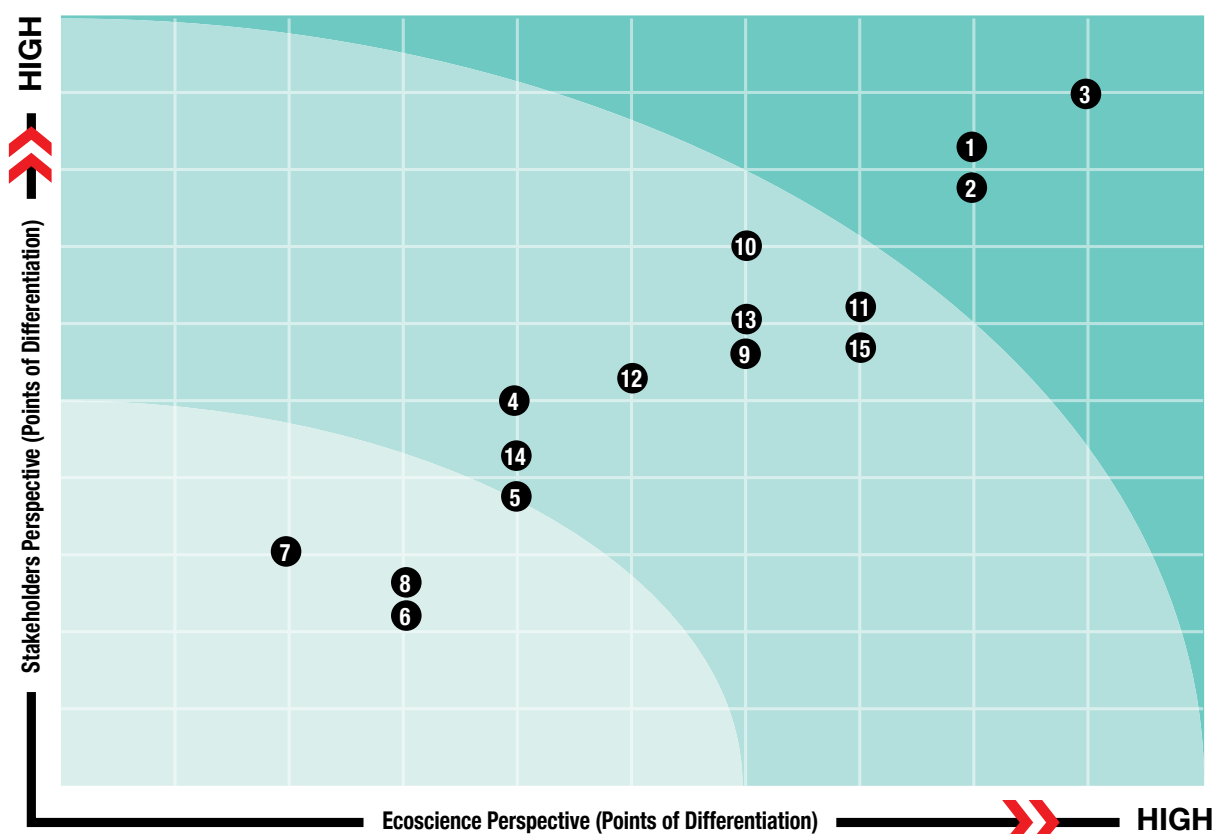
Stakeholder	Expectations & Interests	Engagement Methods
Investors	<ul style="list-style-type: none"> Financial performance Sustainable financial returns Business strategy Sustainable dividend policy Corporate governance 	<ul style="list-style-type: none"> Annual general meetings Annual reports Quarterly financial reports Corporate website
Customers	<ul style="list-style-type: none"> Good relationship rapport Ensure timely service and product delivery Resolving complaints efficiently Compliant with health and safety standards operating procedure (SOP) when attending meetings 	<ul style="list-style-type: none"> Actively engage and build relationships Regular meetings and feedback Participation in industry networking events
Local Communities	<ul style="list-style-type: none"> Impact of operations Interaction with local communities Building good relationships 	<ul style="list-style-type: none"> Corporate Social Responsibility
Regulatory Agencies	<ul style="list-style-type: none"> Compliance with corporate governance Compliance with all local laws and regulations Compliance with labour, environmental and health & safety regulations 	<ul style="list-style-type: none"> Annual reports Compliance with relevant government laws and regulations Participation in seminars and information sessions conducted by the authorities
Suppliers	<ul style="list-style-type: none"> Transparent procurement practices & pricing Regular payment schedule Timely delivery 	<ul style="list-style-type: none"> Timely payments Vendor registration (as needed) Contract engagement (as needed)
Industry Peers	<ul style="list-style-type: none"> Industry best practices 	<ul style="list-style-type: none"> Participation in industry networking events
Employees	<ul style="list-style-type: none"> Training and development Occupational health and safety Competitive remuneration and rewards 	<ul style="list-style-type: none"> Training and development programmes Safety training and awareness Annual appraisals Whistle Blowing Policy

SUSTAINABILITY STATEMENT

Sustainability Materiality Assessment

The Materiality Matrix impacts value creation in Ecoscience within the three areas according to the colour shades below:

- **Points of Differentiation**
Topics where Ecoscience can lead
- **Value Enhancement**
Topics that can add operational value to Ecoscience
- **Value Protection**
Foundation topics for Ecoscience



Economic Sustainability Matters	<ol style="list-style-type: none"> 1. We are a one-stop solution provider. 2. We have in-house capabilities for the design and fabrication of equipment. 3. Our established track record as a strong platform for continuous business sustainability and growth.
Environmental Sustainability Matters	<ol style="list-style-type: none"> 4. Supply of Regulatory-Compliant and Environmental-Friendly Products & Services 5. Solar Energy 6. Waste Management 7. Digitalised Processes 8. Reducing Single-Use Materials
Social Sustainability Matters	<ol style="list-style-type: none"> 9. Workforce Demographic 10. Health and Safety 11. Employees 12. Talent Management 13. Employee Remuneration & Retention 14. Social Investments
Governance	<ol style="list-style-type: none"> 15. Policies and Governance Practices

Material Sustainability Matters Identified and Its Importance

The importance of these sustainability matters selected to Ecoscience International Berhad are as follow:

- To ensure long-term sustainability to our core business.
- To adapt and adopt environmental issues to address the current global climate change.
- To create healthy organisational social culture.
- To be a responsible organisation to adhere to our values and goals.

SUSTAINABILITY STATEMENT



ECONOMIC Sustainability Matters

The Group practices the following measures to ensure business success and long-term sustainable growth:



We are a one-stop solution provider

We are well-positioned to provide a one-stop solution for the construction of plants and supporting facilities for palm oil mills and plantations as our core competencies include procurement, construction and the commissioning of palm oil mills and facilities that are in support of the operations of plantations and mills. Our construction segment is supported by our fabrication capabilities for palm oil milling equipment. We believe that this has been and will continue to be the Group's key competitive advantage as we provide convenience to customers, simplifying their dealings with only one turnkey contractor for the entirety of the project.



We have in-house capabilities for the design and fabrication of equipment

Having in-house capabilities to fabricate some of the palm oil milling equipment allows us to control a portion of the cost components and timing of delivery for some of our products. In addition, we are also able to provide customised solutions based on our customers' specific requirements. From time to time, we engage with third party consultants and engineers to develop new designs for palm oil milling equipment, of which we will then work on areas for improvement and modification to ensure the equipment meets our ever-advancing key performance measures.



Our established track record is a strong platform for continuous business sustainability and growth

We have built a solid track record of approximately 19 years in providing construction and fabrication solutions for plants, facilities and equipment in Malaysia and overseas, including Indonesia, Gabon and Liberia. The Group's market presence locally as well as in foreign countries will serve as a reference site and platform for us to grow our business, gearing up for continuous business sustainability and growth.



Environmental Sustainability Matters

The Group adopts several sustainable practices in response to environmental issues such as climate change, waste and pollution, which are identified as below:



Supply of Regulatory-Compliant and Environmental-Friendly Products & Services

The Group is involved in providing environmental-friendly systems and products, such as non-chemical treatment for cooling towers and boilers as well as biogas plants. We construct biogas plants for palm oil mill effluent (POME) treatment at palm oil mills for our customers, which comprise POME pre-treatment systems, bioreactor tanks, biogas treatment systems and power generation systems following the standards set under the Department of Environment Malaysia.

The Group conducts research and development initiatives on water treatment with the aim to achieve zero discharge from palm oil mills. Additionally, we have allocated budget of RM1.0 million from the proceeds raised from the initial public offerings to promote our environmental and energy efficiency business segment to customers in the coming financial year.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL SUSTAINABILITY MATTERS (Cont'd)



Solar Energy

The Group had in November 2021 installed a solar photovoltaic system to reduce the consumption of electricity at the office and manufacturing plant located at Pasir Gudang, Johor, and has received approval from the Malaysian Green Technology and Climate Change Corporation (MGTC) for Green Investment Tax Allowance and approval from the Energy Commission to operate the solar photovoltaic system.

Usage of electricity (over a period of 3 years):

Year	Usage (kWh)
2020	514,702
2021	401,472
2022	303,854



Waste Management

The Group has a standard operating procedure to recycle or dispose all unwanted hardware components by handing them over to the scrap material collector. As at 31 December 2022, the Group has recycled and disposed a total of 4,623 kgs of waste materials, namely 4,060 kgs of mild steel and 563 kgs of stainless steel respectively. The Company only start to collect the data in 2022 and there was no historical data available for comparison.



Digitalised Processes

We have a Computerised Numerical Control (CNC) machine, which computerises manufacturing processes, in which pre-programmed software and codes control the movement of our production equipment. This technology allows for high precision and repeatability, as well as complex geometries and shapes to be produced with ease, compared to manual machining.

On the other hand, manual machining involves the use of hand-operated tools, such as lathes, mills, and drill presses, to perform machining operations. The process is performed by skilled machinists who use their experience and judgement to produce parts and components. Manual machining requires a high level of skill and experience, and the end-product may vary in precision from that produced by CNC machining.

Percentage of time saved and defected products reduced:

Items	Percentage
Time Saved	80%
Defected Products Reduced	10%



Reducing Single-Use Materials

We recycle our packaging materials for logistics when repacking our products for export. For FY2022, we have repurposed 45 wooden pallets and 112 carton boxes for the transportation of goods via containers and vessel shipments. There was no historical data available for comparison.



Social Sustainability Matters

The Group is constantly striving for improvement in organisational culture and adopting best practices to create the best working environment for all our staff members and serve the interests of the wider communities as well.



Health and Safety

Having a Health and Safety Committee in place is crucial for promoting a safe and healthy work environment. Our committee, consisting of six (6) members, is responsible for monitoring and evaluating the workplace for potential health and safety hazards as well as for implementing measures to mitigate any identified risks. As at FY2022, we have received two (2) Green Books and two (2) Yellow Books awarded by the Department of Occupational Safety and Health (DOSH) of Malaysia to certify that our business premises are safe for operations.

SUSTAINABILITY STATEMENT

SOCIAL SUSTAINABILITY MATTERS (Cont'd)

The Green Books have been awarded to the Group's Safety and Health Officers (SHO) who are involved in the manufacturing, construction, services and utilities segments of our business. Meanwhile, the Yellow Books have been awarded to the Group's Site Safety Supervisors (SSS) who are involved in the construction segment and have excelled in their main role to ensure the safety of our business premises for the comfort of our entire workforce.

With the outbreak of COVID-19 face masks and sanitiser have become essential tools in preventing the spread of illness. By making these items readily available, we can help to ensure that our employees feel protected and secure while at work. The Group also exercises safety measures according to an established standard operating procedure for COVID-19. We hope that these initiatives help to boost employee morale and increase productivity with less distraction of health concerns.

The Group is dedicated to providing a supportive and healthy work environment for our employees by providing several essential amenities in the workplace. To ensure this, we have implemented several initiatives to meet the needs of our staff. Firstly, we have installed water filtration systems in the pantry to ensure that employees have access to clean drinking water at all times as well as a constant supply of beverages to keep employees refreshed and energised throughout the day. Secondly, for staff members who are working overtime, we provide packed meals to ensure that they have access to nutritious and hot meals and serves as a reminder for them to take breaks and refuel while still on the job.

Thirdly, we offer comprehensive insurance coverage to our employees to ensure that they have access to quality medical care and support in case of illness or injury. Fourth, our initiative to raise awareness on sexual harassment with posters aims to educate and empower individuals to take a stand against this issue. We believe that everyone has a role to play in creating a safe and respectful environment. Our posters feature clear and concise information on what constitutes harassment, its effects, and ways for prevention. These initiatives demonstrate our commitment to creating a positive and supportive work environment that promotes the health, happiness, and productivity of our employees.

Lastly, employees who did not apply for medical leave throughout the year were incentivised as well. Those with zero medical claim will receive an RM200 as a one-time reward for that financial year. In addition, unclaimed medical expenses from the annual budget are rewarded.

Number of work-related fatalities & lost time incident rate:

Year 2020

Man Days:
 $135 \text{ Average Workers} \times 8 \text{ Hours Daily} \times 22 \text{ Days Works} \times 12 \text{ Months}$
= 285,120 Man Hours Working

Lost Time Incident Rate:
 $\text{Man Hours Working} \times \text{Number of Incident} \div 1 \text{ Million Rate Hours}$
 $285,120 \times 0 \div 1,000,000$
= 0

Year 2021

Man Days:
 $85 \text{ Average Workers} \times 8 \text{ Hours Daily} \times 22 \text{ Days Works} \times 12 \text{ Months}$
= 179,520 Man Hours Working

Lost Time Incident Rate:
 $\text{Man Hours} \times \text{Number of Incident} \div 1 \text{ Million Rate Hours}$
 $179,520 \times 0 \div 1,000,000$
= 0

Year 2022

Man Days:
 $80 \text{ Average Workers} \times 8 \text{ Hours Daily} \times 26 \text{ Days Work} \times 12 \text{ Months}$
= 199,680 Man Hours Working

Lost Time Incident Rate:
 $\text{Man Hours} \times \text{Number of Incident} \div 1 \text{ Million Rate Hours}$
 $199,680 \times 0 \div 1,000,000$
= 0

SUSTAINABILITY STATEMENT

SOCIAL SUSTAINABILITY MATTERS (Cont'd)



Employees

We ensure that all our employees are given an equal opportunity to grow their career pathway and we are ready to invest in professional development trainings as needed for employees to groom them for future business expansion. The Board is also committed to involving employees of the Group in making decisions in relation to social policies.

As we are now in the endemic phase of the COVID-19 virus, we intend to reintroduce our annual company traditions such as monthly birthday celebrations for staff members, annual dinner events and annual company trips to encourage social engagement and strengthen the bond amongst our team of staff, whilst be cautious of the safety and wellbeing of all our staff members.



Workforce Demographic

As at 31 December 2022, Ecoscience employs a total of 113 employees (2021: 90 employees), of which 89 are male employees (2021: 68 male employees) and 24 are female employees (2021: 22 female employees).



Talent Management

Effective talent management enables the Group to attract, retain, and engage the top talent in order to support our long-term goals and objectives. This not only leads to improved productivity and skills enhancement, but also helps to foster a positive and supportive work environment, where employees are motivated, engaged, and committed to their work. Additionally, talent management also helps companies to plan for future talent needs, to build a pipeline of talented individuals, and to proactively manage the risks associated with workforce transitions, such as turnover and skill shortages.

For FY2022, the Group had focused upskilling our talent pool in the areas of Engineering, Safety, Finance and Human Resources. We have invested in a total of 216 hours of training, five (5) mid-management staff and ten (10) executive staff which helped to identify the key competencies and requirements for managerial and key senior positions for succession planning. We have also provided a total of 28 hours of training for four (4) foreign employees.



Employee Remuneration & Retention

In order to retain our top employees, we offer a competitive package that includes a competitive salary, bonus payment, and other benefits that are in line with industry standards. Furthermore, we offer a well-defined internal career progression path that allows individuals to take on new responsibilities and enhance their careers over time. This path gives individuals the opportunities they need to fulfil their long-term career goals while working with us. We believe in giving our employees the skills and resources they need to succeed, and we are dedicated to creating an atmosphere in which they can grow and prosper.



Social Investments

To contribute towards social investment, our employee, En Nizam, a road accident victim that become disabled to work for 6 months has received a RM1,000 donation from the company along with other forms of assistance. This contribution was a show of sympathy for the family of the victim of the tragic incident.

SUSTAINABILITY STATEMENT



GOVERNANCE

Sustainable governance within an organisation is essential for the long-term business success, which involves establishing systems, processes, and policies that prioritise sustainability in decision-making and operations. By embedding sustainable governance practices into the foundation of our Group, we are better able to ensure that our business strategies are aligned with our values and goals to act in the best interests of all our stakeholders. Ultimately, good governance will help build trust with stakeholders, reduce risks, and create a positive reputation, which can lead to increased brand loyalty and long-term business success.



Policies and Governance Practices

The Group is committed to conducting our business ethically and in compliance with the approved code of conduct, which is available on our website. We have in place Ecoscience's Code of Conduct, Anti-Bribery and Corruption Policy, Whistle Blowing Policy, Board Charter, Fit & Proper Policy, and Risk Management Framework for all departments within the Group to ensure close monitoring of risk towards the achievement of Ecoscience's objectives. These policies are applicable to all employees of the Group and it reflects the underlying shared values that we uphold.

Every employee is made to adhere to the confidentiality of company privacy information at all time during the tenure of service by signing of the acceptance letter. We strictly adhere to the Malaysia Employment Act 1955.



SUMMARY

In summary, the Group believes that ESG sustainability is pivotal for business growth as well as to remain relevant and competitive within today's competitive business environment. As a publicly traded organisation, we are just getting started on the road to sustainability, and there is much more work to be done to advance our position. We will engage with experienced parties to provide consulting and training for our existing ESG committee so that we are well-equipped to meet the ESG criteria.

We are committed to making good progress and establishing a more sustainable future for all of our stakeholders. We will continue to develop and implement best practices in order to increase the Group's sustainability.