

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Ecoscience International Berhad (“Ecoscience” or the “Company”) recognises the importance in applying the Principles and Practices stipulated in the Malaysian Code on Corporate Governance (“MCCG”) issued by the Securities Commission Malaysia throughout the Company and its subsidiaries (“Group”). The Board is committed to ensure highest standards of accountability and transparency are being observed and practised to promote good corporate governance throughout the Group as those are essential to the effective operations of the Group.

This statement is prepared in compliance with ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it is to be read together with the Corporate Governance Report 2022 of the Company (“CG Report”) which is available on the Company’s website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com) and the Company’s announcement on the website of Bursa Securities.

The Board is pleased to set out below the manner in which the Group has applied the three main principles in the MCCG during the financial year ended 31 December 2022 (“FY2022”), which are as follows:

Principle A: Board Leadership and Effectiveness;

Principle B: Effective Audit and Risk Management; and

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

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### BOARD RESPONSIBILITIES

The Board takes full responsibility for the performance of the Group and leading the Group towards achieving its short and long-term objectives, setting corporate strategies for growth and new business development. The Board has delegated the day-to-day operations of the Group to the Managing Director (“MD”) and the Executive Director (“ED”). They manage the Group in accordance with the strategies and policies approved by the Board.

For the Board to discharge their functions and responsibilities orderly and effectively, the Board has delegated specific powers and responsibilities to various Board Committees namely Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. The functions of each Board Committee are set out in the Terms of Reference (“TOR”) of the respective Committees which were approved by the Board. The TOR of each Board Committee are available on the Company’s website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com) and will be annually or periodically reviewed by the NC and/or Board.

The principal roles and responsibilities of the Board are as follows:

- (a) Formulating a strategic plan for the Company and tailoring the same from time to time by taking practical, realistic and holistic approaches;
- (b) Reviewing, challenging and deciding on management’s proposals and monitor its implementation;
- (c) Promoting good corporate governance culture within the Group;
- (d) Identifying principal risks and ensuring the implementation of appropriate systems to mitigate these risks;
- (e) Reviewing the adequacy and integrity of the Company’s internal control systems for compliance with applicable laws, regulations, rules and guide;
- (f) Assessing management’s response to ensure the Company’s business is properly managed and sustained; and
- (g) Overseeing the development and implementation of the investor relations programme.

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**CHAIRMAN**

The Chairman of the Board, Dato' Tan Yee Boon, who is an Independent Non-Executive Director ("Chairman"), is responsible for leading the Board in ensuring the integrity and effectiveness of the Group's corporate governance practices, acts as a facilitator at the meetings and ensures that Board proceedings comply with good conduct and best practices.

The Board recognises the importance of having a clearly accepted division of power and responsibilities between the Chairman and the MD of the Company to ensure a balance of power and authority.

Therefore, the positions of the Chairman and the MD were held by different individuals. The Chairman is a non-executive member of the Board.

The Chairman carries out a leadership role in the conduct of the Board and the primary responsibilities of the Chairman are, amongst others, as follows:

- (a) Providing leadership for the Board in ensuring the Board discharge its responsibilities effectively;
- (b) The efficient organisation and conduct of the Board's function, chairing Board meetings and encouraging all directors to play an active role in Board activities;
- (c) Taking the lead in setting the values and standards of the Company;
- (d) Ensuring complete and accurate information is furnished to Board members on a timely basis to facilitate decision-making;
- (e) Ensuring accurate and timely information, in particular, about the performance of the Company, is furnished to Board members;
- (f) Setting the Board meeting agenda and ensuring that the complete and accurate information will be received by the Directors and adequate time is allocated for discussion of issues tabled to the Board for deliberation;
- (g) Encouraging active participation at Board meetings and allowing dissenting views to be freely expressed;
- (h) Chairing general meetings of shareholders and ensuring orderly conduct and proceedings of such meetings;
- (i) Ensuring effective communication with shareholders and stakeholders and that their views are communicated to the Board as a whole; and
- (j) Facilitating the contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.

The MD, Mr Wong Choi Ong bears overall responsibilities for the Group's business performance and managing the Group in accordance with the strategies and policies approved by the Board. The MD is also responsible for the day-to-day operations of the Group, within the authorities as delegated by the Board.

Our ED, Mr Pan Kum Wan is involved in leadership roles to oversee the day-to-day operations and management within his specific areas of expertise or assigned responsibilities. He is also responsible for the implementation of strategic plans and policies set by the Board and to assist the MD in discharging his duties.

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### CHAIRMAN OF THE BOARD SHOULD NOT BE A MEMBER OF THE BOARD COMMITTEES

The Board complies with Practice 1.4 of the MCCG whereby the Chairman of the Board is not a member of Audit and Risk Management Committee, Nomination Committee or Remuneration Committee. This is to enable the Chairman to exercise his independence and objective view, and also to provide advice and guidance to the Board Committees based on his vast experiences.

### QUALIFIED AND COMPETENT COMPANY SECRETARY

The Board is supported by two (2) qualified and competent Company Secretaries to provide support and guidance in advising the Board on all secretarial matters of the Company in relation but not limited to Companies Act 2016, AMLR of Bursa Securities and MCCG.

The Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators and are qualified to act as Company Secretary pursuant to Section 235(2) of the Companies Act 2016.

The Company Secretaries are responsible for providing support and guidance in advising the Board on all secretarial matters of the Company, in particular its compliance with the AMLR of Bursa Securities as well as informing and keeping the Board abreast of the latest development in corporate governance, changes in the legal regulatory framework, new statutory requirements and best practices.

### ACCESS TO INFORMATION AND ADVICE

The meeting materials of each Board and Board Committees meeting were given to all the Directors at least three (3) days in advance prior to the respective meeting. Reasonable time were given to Directors to review the Board papers so that matters arising could be properly deliberated at the Board and Board Committees meetings and appropriate decisions could be made by the Board and respective Board Committees.

The Board shall have full access to the advice and services of the Company Secretaries and may request information and documents relating to the Company from the Company Secretary in order to facilitate their work duties as a Director.

The Board may also seek for independent professional advice at the Company's expense to enable them to discharge their duties with adequate knowledge on the matters being deliberated.

### COMPANY'S POLICIES

The Board encourages employees across the Group to adhere to and to maintain the highest standard of ethical behaviour, hence the Group has adopted the following policies as a mechanism to minimise any risks that may occur.

#### 1. Board Charter

The Board had on 20 August 2021 adopted a Board Charter to set out their roles, duties and responsibilities to be in line with the principles of good corporate governance. The Board Charter would be periodically reviewed and updated as and when necessary to ensure that it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

The Board Charter is available on the Company's website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com).

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**2. Code of Conduct**

The Group had on 1 July 2020 adopted a Code of Conduct which serves as a documentation of its commitment in business dealings with customers, vendors, suppliers, contractors, government, regulators, investors, the business community as a whole in a manner that is efficient, effective and fair. The Code of Conduct is available on the Company's website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com).

**3. Whistle Blowing Policy**

The Group had on 1 July 2020 adopted a Whistle Blowing Policy to provide an avenue for the employees of the Group and members of the public to raise genuine concerns of any wrongdoing or improper conduct involving the Group and its directors or employees. The Whistle Blowing Policy is available on the Company's website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com).

**4. Anti Bribery and Corruption Policy**

The Group is committed to conducting business in an ethical and honest manner while upholding zero-tolerance position on bribery and corruption and hence had adopted an Anti Bribery and Corruption Policy on 30 July 2021. The Anti Bribery and Corruption Policy is available on the Company's website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com).

**5. Directors' Fit and Proper Policy**

The Board had on 12 July 2022 adopted a Directors' Fit and Proper Policy to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders. The Directors' Fit and Proper Policy is available on the Company's website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com).

**BOARD COMPOSITION**

The Board is committed to ensuring that its composition not only reflects the diversity as recommended by MCGG, as best as it can, but also the right mix of skills and balance to contribute to the achievement of the Group's goal and business objectives.

The current Board consists of six (6) members, comprising two (2) Non-Independent Executive Directors and four (4) Independent Non-Executive Directors. The Company has complied with Rule 15.02 of the AMLR of Bursa Securities of having at least two (2) or one third (1/3) of the Board as independent directors. The Company is also in line with Practice 5.2 of the MCGG where at least half of the Board are independent directors.

Currently, there are two (2) female members on the Board, namely Ms Ang Chye Kian and Ms Andrea Huong Jia Mei which representing 33% of the total Board members. The female Directors provide the Board with gender diversity that serves to bring value to the Board discussions from different perspectives and approaches as well as different leadership styles.

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**BOARD MEETINGS**

During the FY2022, four (4) Board meetings were held in which the Board deliberated upon and considered various issues including the Group's financial results, performance of the Group's business, major investment, business plan and policies and strategies issues affecting the Group's business.

The following is the record of attendance of the Board Members:

Name of Directors	Attendance for FY2022
Dato' Tan Yee Boon	4/4
Wong Choi Ong	4/4
Pan Kum Wan	4/4
Law Sang Thiam	4/4
Ang Chye Kian	4/4
Andrea Huong Jia Mei	4/4

**CONTINUING PROFESSIONAL DEVELOPMENT**

The Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group. Further, all Directors, including newly appointed Directors, are required to attend the Mandatory Accreditation Programme as prescribed by Bursa Securities from time to time.

The Nomination Committee has reviewed the training requirement of the Directors in order for them to discharge their duty diligently.

Details of seminars/conferences/training programmes attended by the Board members during the FY2022 as listed below:

Name of Directors	Seminars/Conferences/Training Programmes Attended
Dato' Tan Yee Boon	<ul style="list-style-type: none"> <li>Corporate Liabilities Risk Under Section 17A of the MACC Act 2009 and its Mitigations</li> <li>Plan your ESG Journey : Lessons For the Boardroom</li> </ul>
Wong Choi Ong	Mandatory Accreditation Program
Pan Kum Wan	Mandatory Accreditation Program
Law Sang Thiam	<ul style="list-style-type: none"> <li>LHDN Audit &amp; Capital Statement Workshop</li> <li>Half Yearly Tax Updates</li> <li>Key Taxation Issues: Individual and Companies</li> <li>Tax Optimisation on Capital &amp; Industrial Building Allowances in 2022</li> <li>Taxation of Estate and Trust in Malaysia</li> <li>ISQM1 Guide and illustrative Manual (IGIM)</li> <li>Key Learning Points from Review of MIA's Illustrative MPERS</li> <li>ISAs for Audit Planning: ISA 300, 315 (Revised), 320 &amp; 450</li> </ul>
Ang Chye Kian	Mandatory Accreditation Program
Andrea Huong Jia Mei	<ul style="list-style-type: none"> <li>Key Amendments To Listing Requirements 2022</li> <li>Decoding Transactions &amp; RPT Rules</li> <li>The Corporate Governance Overview Statement, CG Report, Audit Committee Report, and Statement on Risk Management &amp; Internal Control</li> </ul>

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**RE-ELECTION OF DIRECTORS**

In accordance with the Company's Constitution and in compliance with Rule 7.26(2) of the AMLR of Bursa Securities, all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Pursuant to Clause 76(3) of the Company's Constitution, an election of Directors shall take place each year at the Annual General Meeting ("AGM") of the Company, where one-third (1/3) of the Directors for the time being, 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 the conclusion of the AGM and be eligible for re-election. The Directors to retire in every year shall be the Directors who have been longest in office since their last election.

Pursuant to Clause 78 of the Company's Constitution, any Director so appointed either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

The Nomination Committee ("NC") has conducted a fit and proper assessment of the retiring directors who seek for re-election at the forthcoming AGM namely, Mr Pan Kum Wan and Mr Law Sang Thiam pursuant to the Fit and Proper Policy adopted by the Company. The assessment includes the submission of the Fit and Proper Declaration Forms by the retiring Directors to the NC.

Based on the evaluation of the individual Directors, the NC was satisfied with the performance of the retiring Directors and the Board has on 12 April 2023 concurred with the NC, to recommend the above retiring Directors for re-election at the forthcoming AGM based on the following justifications:

1. Mr Pan Kum Wan remains objective in expressing his view and managing the daily operations of the Group efficiently. He has enormous experience in palm oil refinery operation and the construction of palm oil mills and facilities. He has been contributing significantly to the growth and development of the Group including the expansion of business operations to serve foreign markets since 2006. Mr Pan 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. He has exercised his due care and carried out his professional duties proficiently during his tenure as Non-Independent Executive Director of the Company.
2. Mr Law Sang Thiam fulfils the requirements of independence set out in Guidance Note 9 of the AMLR of Bursa Securities. He remains objective and independent in expressing his view and participating in Board deliberations and decision-making. He has vast experience in audit, accounting, tax advisory and other corporate exercises, and is able to provide the Board with a diverse set of expertise and perspective. He has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director of the Company.

**TENURE OF INDEPENDENT DIRECTORS**

In line with the MCCG and in accordance with the Board Charter, the tenure of an independent director should not exceed a term limit of nine (9) years. In the event that the Board intends to retain the independent director beyond the nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process and the manner to obtain the shareholders' approval on the resolution shall follow the recommendation of MCCG.

Currently, none of the Independent Director of the Company whose tenure has exceeded a cumulative term of nine (9) years.

**NOMINATION COMMITTEE**

The NC which comprises of three (3) Independent Non-Executive Directors is to support and advise the Board in fulfilling their responsibilities to shareholders in ensuring that the Board consists of the right group of people, with an appropriate mix of skills, knowledge, experience and independent elements that fit the Company's objectives and strategic goals.

The Board has through the NC undertakes an annual assessment of the performance and effectiveness of the Board as a whole, Board Committees and individual Director's contribution to the effectiveness on the process of the Board. The effectiveness of the Board is assessed based on specific criteria, including the mix of skills, experience, tenure and other core qualities possessed by Directors.

One (1) committee meeting was held during the FY2022 for the review and approval for the adoption of the relevant evaluation forms. Meanwhile, the NC had on 12 April 2023 conducted the annual assessment on the effectiveness of the Board, the Board Committees and all individual Directors, based on their performance for the FY2022.

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Based on the assessment, the NC concluded that the current structure, size and composition of the Board, which comprises Directors who possess a wide range of expertise, experience and skill in various fields enable them to discharge their duties and responsibilities effectively. The Chairman of the Board had performed excellently and contributed to the Board.

### REMUNERATION COMMITTEE

The Board has set up a Remuneration Committee ("RC") which comprises exclusively Independent Non-Executive Directors, is responsible for reviewing and recommending to the Board matters relating to the remuneration of the Board and senior management, which consist of compensation, bonuses, incentives and benefits.

The RC meets when required and is entrusted, among others, to establish a formal and transparent procedure for developing executive remuneration, fixing and examining the remuneration packages and other benefits of the Executive Directors and senior management. The contribution, responsibilities and performance of each Executive Director and senior management is taken into account when determining their respective remuneration packages.

Non-Executive Directors' fees are determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his fee.

There was no committee meeting held during the FY2022 as the Company was only listed on the ACE Market of Bursa Securities on 18 July 2022. However, the RC has recommended the adoption of the Remuneration Policy to the Board for approval via written resolution and the remuneration policy of the Group was adopted on 16 January 2023. The Remuneration Policy is available on the Company's website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com).

### DIRECTORS' REMUNERATION

The details of the Directors' remuneration comprising remuneration and material benefits-in-kind received from the Company and the Group for the FY2022 are as follows:-

Category	Salaries (RM)	Fees (RM)	Benefits- in-kind (RM)	*Other emoluments (RM)	Total (RM)
<b>Executive Directors</b>					
Wong Choi Ong	1,827,099	-	27,325	133,602	1,988,026
Pan Kum Wan	1,206,532	-	17,400	74,743	1,298,675
<b>Non-Executive Directors</b>					
Dato' Tan Yee Boon	-	35,000	-	3,000	38,000
Law Sang Thiam	-	21,000	-	3,000	24,000
Ang Chye Kian	-	21,000	-	3,000	24,000
Andrea Huong Jia Mei	-	21,000	-	3,000	24,000

Note:

\*Other emoluments comprise contributions to Employees Provident Fund, Social Security Organisation and Employment Insurance System, and allowances.



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The MCCG recommended the Board to disclose on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. However, the Board is of the view that due to the highly competitive nature of the human resource market, the disclosure on a named basis for the top senior management would not be in the best interest of the Company.

Nevertheless, the details of the remuneration of the top five senior management in each successive band of RM100,000 during the FY2022 are as follows:-

Range of Remuneration (RM)	Number of Employees
100,000 – 200,000	1
200,001 – 300,000	2
300,001 – 400,000	-
400,001 – 500,000	-
500,001 – 600,000	2

**PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT****AUDIT AND RISK MANAGEMENT COMMITTEE**

The Board is assisted by the Audit and Risk Management Committee (“ARMC”) which comprises solely three (3) Independent Non-Executive Directors, to oversee the Group's corporate accounting, financial reporting practices, system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations. The Chairman of the ARMC is not the Chairman of the Board.

The Board took note of Practice 9.2 of the MCCG that the ARMC to have a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC and has incorporated the said practice in the TOR of the ARMC. No former partner of the Company's external audit firm and/or the affiliate firm has been appointed to the Board thus far.

The independence, suitability and appointment/re-appointment of the External Auditors is reviewed by the ARMC annually.

The composition of the ARMC is reviewed annually with the view to maintain an independent and effective ARMC, and in line with the principles of the MCCG, all members of the ARMC will undertake continuous professional training relating to development in accounting and auditing standards by attending trainings on the developments and changes in the Malaysian Financial Reporting Standards in order for them to discharge their duties effectively.

Details of the activities carried out by the ARMC for the FY2022 are set out in the ARMC Report in the Annual Report.

**RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Board is entrusted with the overall responsibility of continually maintaining a sound system of risk management and internal controls, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard stakeholders' interest and the Group's assets. The internal control system is designed to assess current and emerging risks and respond appropriately to the risks encountered.



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As an effort to enhance the system of risk management and internal controls, the Board together with the assistance of an external professional Internal Audit firm adopted on-going monitoring and review of the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the ARMC and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated, and consideration is given to the potential impact in achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks. This process is regularly reviewed and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.

The Statement on Risk Management and Internal Control of the Group is set out in the Annual Report which provides an overview of the state of risk management and internal controls within the Group.

### **PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

#### **COMMUNICATION WITH STAKEHOLDERS**

The Board acknowledges the importance of being accountable to the shareholders and investing public via a direct and effective line of communication. The Company always ensures timely release of announcement of events, quarterly announcement of financial results and product information on the Company's website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com).

The Company also maintains various methods of dissemination of information to shareholders, stakeholders and the public at large such as announcements and disclosure to Bursa Securities, Annual Reports, General Meetings and investor relations and media briefings.

#### **CONDUCT OF GENERAL MEETINGS**

General meetings serve as an invaluable platform for shareholders to engage with the Board and Key Senior Management in productive dialogue and provide constructive feedback that contributes to the overall betterment of the Group.

As recommended by the MCCG, the notice of AGM will be sent to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper.

The Board will ensure that each item of special business included in the notices of the AGM or Extraordinary General Meeting is accompanied by a full explanation of the effects of any proposed resolution. In line with Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out in the notice of general meeting will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the general meeting. The outcome of the general meeting will then be announced to Bursa Securities on the same meeting day while the minutes of the general meeting will be uploaded on the Company's website within thirty (30) business days from the date of the general meeting.

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As the Company was only listed on 18 July 2022, the upcoming AGM will be the Company's first AGM as a public listed company. Barring unforeseen circumstances, all Directors will present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to the Board.

### COMPLIANCE STATEMENT

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

This Corporate Governance Overview Statement was approved by the Board on 12 April 2023.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) of Ecoscience International Berhad (“Ecoscience” or “the Company”) is pleased to present its Audit and Risk Management Committee (“ARMC”) Report for the financial year ended (“FY”) 31 December 2022.

## OBJECTIVES

The principal objectives of ARMC is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the financial reporting process, internal controls and risk management of the Company and its subsidiaries (collectively “the Group”).

## MEMBERS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC was formed by the Board on 20 August 2021. Our ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors, and each satisfies the independence requirements contained in the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The composition of the ARMC are as follows:

ARMC Members	Designation	Directorship
Law Sang Thiam	Chairman	Independent Non-Executive Director
Ang Chye Kian	Member	Independent Non-Executive Director
Andrea Huong Jia Mei	Member	Independent Non-Executive Director

The Chairman of the ARMC, namely Mr Law Sang Thiam, has been a member of the Malaysian Institute of Accountants since 2003 and Malaysian Institute of Certified Public Accountants since 2004. Hence, the Company complies with Rule 15.09(1)(c)(i) of the AMLR of Bursa Securities.

The Company has complied with Rule 15.09(1)(b) of the AMLR of Bursa Securities which required all the ARMC members to be non-executive directors, with majority of them being independent directors.

Details of the members of the ARMC are contained in the Profile of Directors as set out in pages 16 to 18 of this Annual Report.

## MEETINGS AND ATTENDANCE

During the FY2022, three (3) meetings were held. The details of attendance of each member at the ARMC meetings were as follows:

ARMC Members	No. of meeting attended	Percentage
Law Sang Thiam	3/3	100%
Ang Chye Kian	3/3	100%
Andrea Huong Jia Mei	3/3	100%

Senior management were invited to attend the meetings for clarification of matters raised at the meetings as and when required.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Minutes of each ARMC meeting were recorded by the Company Secretaries and tabled for confirmation and adoption at the next ARMC meeting. The Chairman of the ARMC reported the salient issues of each meeting to the Board.

### TERMS OF REFERENCE

The ARMC is guided by its Terms of Reference, which is available on the Company's website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com). The Terms of Reference shall be assessed, reviewed and updated when necessary.

### SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC carried out its duties for the FY2022 in accordance with its Terms of Reference.

The following summarises the works carried out by the ARMC during FY2022:

#### Financial Performance and Reporting

- Reviewed unaudited quarterly interim financial reports for the quarters ended 31 March 2022, 30 June 2022 and 30 September 2022 of the Group before recommending to the Board for their consideration, approval and subsequent announcement to Bursa Securities.
- Reviewed the Company's compliance in particular, the quarterly interim financial report with the Listing Requirements of Bursa Securities, applicable approved accounting standards of the Malaysian Accounting Standards Board (MASB) and other relevant legal and statutory requirements.

#### External Audit

- Reviewed External Auditors' works to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements for FY2022.
- Reviewed the suitability and performance as well as factors relating to the independence of the External Auditors with due consideration to the quality, robustness and timeliness of the audit and report furnished, audit governance, level of understanding demonstrated of the Group's business and communication about new and applicable accounting practices and auditing standards and its impact on the Group's financial statements as well as the quality of the people and service level.
- On 30 November 2022, the ARMC reviewed and approved the external audit plan for FY2022, which covers the audit approach, areas of audit emphasis, group audit, internal auditors, reporting and deliverables, engagement team, fees and other matters for the FY2022, as presented by Mr Piong Yew Peng, the partner of our External Auditors, Crowe Malaysia PLT.
- Based on the review on 12 April 2023, the ARMC was satisfied with the External Auditors' suitability, objectivity, independence as well as the quality of audit services provided, sufficiency of audit resources and interactions with the management for FY2022.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### Internal Audit

- On 17 June 2022, the ARMC assessed the suitability of the new internal audit service provider and agreed with the management's recommendation to appoint GovernanceAdvisory.com Sdn Bhd ("GA") as the Internal Auditors of the Group.
- On 26 August 2022, reviewed and approved the internal audit review plan for the FY2022 and FY2023 to ensure adequate scope and coverage on key activities of the Group.
- Reviewed the first internal audit report prepared by GA in respect of project tendering management during the review period from 1 August 2022 to 31 October 2022 as presented by GA on 28 February 2023 which covers the scope of work of GA, objective, review approach, summary of projects invited to tender in year 2022, details of targeted project tender, standard operating policies and procedures and summary of observations.

### INTERNAL AUDIT FUNCTION

The Board acknowledges the need for an effective system of internal control covering all aspects of the Group's activities including the mapping and management of risks which the Group may be exposed to.

The Group has engaged an independent internal audit service provider, GA to provide internal audit function to the Group. This is to assist the ARMC in discharging its duties and responsibilities in carrying out regular reviews on the effectiveness of the internal control system and risk management framework. During the FY2022, GA has conducted review on internal control of the Group on its project tendering management for the period from 1 August 2022 to 31 October 2022. The professional fee incurred in respect of the internal audit function of the Group for FY2022 was RM16,000.

The principal role of the internal audit function is to undertake independent and periodic review of the system of internal control and risk management so as to provide a reasonable assurance to the ARMC that such system continues to operate satisfactorily and effectively.

GA adopts a risk-based approach in planning the internal audit review, based on the International Professional Practices Framework (IPPF), the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

### EVALUATION

The Board, through the Nomination Committee, has evaluated the performance of the ARMC and its members. Based on the assessment conducted for FY 2022, the ARMC and its members are found to have effectively discharged their duties and responsibilities in accordance with the ARMC's Terms of Reference.

This report was approved by the ARMC on 12 April 2023.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors of Ecoscience International Berhad ("Board") is pleased to present this Statement on Risk Management and Internal Control ("Statement") of Ecoscience International Berhad and its subsidiaries (collectively the "Group") prepared in accordance with Rule 15.26(b) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance.

## BOARD RESPONSIBILITIES

The Board acknowledges its responsibility and re-affirms its commitment to maintaining sound systems of risk management and internal control to promote good corporate governance, safeguard stakeholders' interest and the Group's assets as well as to review the adequacy and effectiveness of these systems.

The Board has delegated the review of the adequacy, effectiveness and integrity of the risk management and internal control systems to the Audit and Risk Management Committee ("ARMC"), which keeps the Board informed of any significant issues arising from the risk management and internal control systems of the Group that has brought to the attention of the ARMC by the management, the Internal Auditors and the External Auditors.

Due to the inherent limitations in any system of risk management and internal control, the Board recognises that such systems are designed to manage rather than to eliminate all the risks that may hinder the Group from achieving its business objectives. As such, the systems could only provide reasonable but not absolute assurance against the risks of material misstatement of financial information, financial losses and fraud or breaches of laws or regulations. The Board remains responsible for the governance of risk and all the actions of the ARMC with regard to the execution of delegated oversight responsibilities.

## RISK MANAGEMENT

Risk management is an integral part of business operations and this process goes through a review process by the Board. This is to ensure that all high risks are adequately addressed at various levels within the Group.

The Group has in place a risk management framework as an ongoing process for identifying, analysing, managing and monitoring risks faced by the Group. The risk management process includes identifying significant risks and assessing the likelihood of occurrence, impact and severity of each risk identified. Appropriate mitigating, reporting and monitoring measures are proposed to manage the risks. Managing Director, Executive Director and Heads of Departments are delegated with the responsibility to manage identified risks within defined parameters and standards.

The duties and responsibilities of the ARMC in relation to risk management are as follows:

- (i) To recommend risk management strategies, policies and risk tolerance levels for the Board's approval.
- (ii) To review and assess the adequacy and effectiveness of risk management policies and framework in identifying, evaluating, controlling and monitoring risks and the extent to which these are operating effectively.
- (iii) To ensure infrastructure, resources and systems are in place for risk management, i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of the risk-originating activities of the Group (where applicable).
- (iv) To review periodic risk assessment and business exposures reports from the respective business units of the Group (where applicable) on risk exposures, risk portfolio compositions and risk management activities.

Management meetings and/or discussions will be held regularly to ensure that the risks faced by the Group are monitored and the existing mitigating actions are adequate. During these meetings, the key risks and corresponding controls implemented will be deliberated, reviewed, communicated and agreed upon.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTERNAL CONTROL SYSTEM

The Group has incorporated various key elements into its system of internal control, among which includes:

#### Limits of Authority

A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

#### Policies and Procedures

Documented internal policies and procedures are in place to ensure compliance with internal controls and the relevant rules and regulations. These are reviewed regularly to ensure that the gaps in controls are addressed and where required, revised to meet the business condition.

#### Code of Conduct

A Code of Conduct policy practices strict commitment to high standards of legal compliance as well as business ethics and expects all employees to adhere to these standards.

#### Whistle Blowing Policy

A Whistle Blowing Policy is established to provide an avenue for employees and other stakeholders to report any breach or suspected breach of any law or regulation in a safe and confidential manner.

#### Anti Bribery and Corruption Policy

An Anti Bribery Management and Corruption Policy is established to call for commitment from all stakeholders to uphold the highest standards of ethical conduct, integrity and accountability in our business activities and operations.

#### Internal Audit Function

The Group has outsourced its internal audit function to an independent internal audit service provider, GovernanceAdvisory.com Sdn Bhd, who reports directly to the ARMC on a regular basis. Their primary responsibility is to provide independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control system. The management is responsible for ensuring that corrective actions are taken on reported weaknesses and the internal audit function will carry out subsequent follow-up reviews to ensure the identified areas are rectified for control improvement.

The outsourced internal audit function is free from any relationship or conflict of interest which could impair their objectivity and independence. The outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively; obtained sufficient resources and has unrestricted access to employees and information for the internal audit activity.

An internal audit review was conducted in respect of the scope on project tendering management for the FY2022.

The Board has reviewed the adequacy and effectiveness of the Group's risk management activities and internal control framework and ensured that necessary actions have been or are being taken to rectify identified weaknesses. The Board concludes that continual improvement on the effective system of risk management and internal control is in place to safeguard the shareholders' interest and the Group's assets.

Based on the internal audit review conducted, none of the weaknesses noted has resulted in any material losses, contingencies, or uncertainties that would require separate disclosure in this Annual Report.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### ASSURANCE

The Board has received assurances from the Managing Director, Executive Director and Head of Finance that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects during FY2022. There are no significant areas of concern that may affect the financial, operational and compliance controls.

### REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in this Annual Report 2022. Their limited assurance review is guided by the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

AAPG3 does not require the External Auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board of Directors and management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### CONCLUSION

The Board is of the view that the Group's risk management and internal control systems in place for FY2022, and up to the date of approval of this Statement, is adequate and effective to safeguard the stakeholders' interest and the Group's assets.

This Statement was approved by the Board on 12 April 2023.

# DIRECTORS' RESPONSIBILITY STATEMENT

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required under Rule 15.26(a) of the ACE Market Listing Requirements of Bursa Securities to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are responsible for ensuring that the financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2022 and of the financial performance and cash flows for the financial year then ended on that date.

During the preparation of the financial statements for the financial year ended 31 December 2022, the Directors have:

- (i) Applied the appropriate and relevant accounting policies consistently and in accordance with applicable approved accounting standards;
- (ii) Made judgements and estimates that are reasonable and prudent; and
- (iii) Applied the going concern basis for the preparation of the financial statements.

The Directors also have a general responsibility to maintain accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy to ensure compliance with the Companies Act 2016 as well as to take reasonable steps to safeguard the assets of the Group and of the Company to prevent and to detect fraud and other irregularities.

The Statement is made in accordance with a resolution of Board of Directors dated 12 April 2023.



# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM	The Company RM
Loss after tax for the financial year	9,390,219	2,530,688
Attributable to:-		
Owners of the Company	9,390,219	2,530,688

## DIVIDENDS

No dividend was recommended by the directors for the financial year.

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM51,566,102 to RM76,216,952 by way of issuance of 82,169,500 new ordinary shares at an issue price of RM0.30 each per ordinary share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total consideration of approximately RM24,650,850. The listing expenses arising from the issuance of new ordinary shares amounting to RM1,225,772 were offset against share capital.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## DIRECTORS' REPORT

**BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

**CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

**VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

**CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

**CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## DIRECTORS' REPORT

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Wong Choi Ong\*  
Pan Kum Wan\*  
Andrea Huong Jia Mei  
Ang Chye Kian  
Dato' Tan Yee Boon  
Law Sang Thiam

\* Directors of the Company and its subsidiaries.

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Ding Rui Zhen, Claire  
Pan Ching Looi  
Thing Jin Suan

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	<-----Number of Ordinary Shares----->			
	At 1.1.2022	Bought	Sold	At 31.12.2022
<b>The Company</b>				
<i>Direct Interests</i>				
Wong Choi Ong	106,524,626	-	(92,596,626)	13,928,000
Pan Kum Wan	90,403,374	-	(90,403,374)	-
Ang Chye Kian	-	200,000	(100,000)	100,000
Dato' Tan Yee Boon	-	200,000	-	200,000
Law Sang Thiam	-	200,000	-	200,000
<i>Indirect Interests</i>				
Wong Choi Ong #	-	153,198,000	(81,000)	153,117,000
Pan Kum Wan *	10,069,727	154,364,200	(50,000)	164,383,927

# Deemed interested by virtue of his indirect substantial shareholding in Rajawali Wang Sdn. Bhd. through Caiwan Capital Sdn. Bhd. and Visionary Support Sdn. Bhd. and interest through children's shareholding in the Company.

\* Deemed interested by virtue of his indirect substantial shareholding in Rajawali Wang Sdn. Bhd. through Dynagear Technologies Sdn. Bhd. and Visionary Support Sdn. Bhd. and interest through spouse's and children's shareholding in the Company.

By virtue of their shareholding in the Company, Wong Choi Ong and Pan Kum Wan are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

## DIRECTORS' REPORT

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 35(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**DIRECTORS' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	<b>The Group RM</b>	<b>The Company RM</b>
Fees	98,000	98,000
Salaries, bonuses and other benefits	3,047,276	12,000
Defined contribution benefits	206,700	-
	<b>3,351,976</b>	<b>110,000</b>

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM44,725.

**INDEMNITY AND INSURANCE COST**

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

**SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The significant event during the financial year is disclosed in Note 40 to the financial statements.

**SIGNIFICANT EVENT AFTER THE REPORTING PERIOD**

The significant event after the reporting period is disclosed in Note 41 to the financial statements.



## DIRECTORS' REPORT

### AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	<b>The Group RM</b>	<b>The Company RM</b>
Audit fees	173,296	48,000
Non-audit fees	5,000	5,000
	<b>178,296</b>	<b>53,000</b>

Signed in accordance with a resolution of the directors dated 12 April 2023.

**Wong Choi Ong**

**Pan Kum Wan**

## STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Wong Choi Ong and Pan Kum Wan, being two of the directors of Ecoscience International Berhad, state that, in the opinion of the directors, the financial statements set out on pages 68 to 145 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 12 April 2023.

**Wong Choi Ong**

**Pan Kum Wan**

## STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Wong Choi Ong, being the director primarily responsible for the financial management of Ecoscience International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 145 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Wong Choi Ong, NRIC Number: 640814-05-5189  
at Johor Bahru  
in the State of Johor  
on 12 April 2023

Before me

**Wong Choi Ong**

Nur Amreeta Kaur Gubachen Singh (J276)  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Ecoscience International Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 145.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Reasonableness of revenue recognition arising from contracts with customers Refer to Notes 4.1(e), 4.21 and 27 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group's revenue is principally derived from the following businesses:</p> <ul style="list-style-type: none"> <li>• Construction of Plants and Facilities</li> <li>• Fabrication of Equipment</li> <li>• Supply of materials and equipment</li> <li>• Others</li> </ul> <p>Pursuant to MFRS 15, revenue may be recognised at a point in time or progressively over time and judgements required to assess the performance obligations and revenue recognition. Judgements impacting the revenue recognition are as follow:-</p> <ul style="list-style-type: none"> <li>• Interpreting of contract terms and conditions;</li> <li>• Assessing and identifying the performance obligations; and</li> <li>• Assessing the computation of revenue recognition.</li> </ul>	<p>To address this risk, our audit procedures involved the following:</p> <ul style="list-style-type: none"> <li>• Reviewing the contract terms and identifying performance obligations stipulated in the contracts on sample basis;</li> <li>• Evaluating whether the performance obligations are satisfied at a point in time or over time; and</li> <li>• Assessing whether the revenue is recognised are in accordance with MFRS 15 "Revenue with Contract Customers".</li> </ul>

## INDEPENDENT AUDITORS' REPORT

**Key Audit Matters (cont'd)**

<b>Reasonableness of attributable profit arising from construction contracts</b> Refer to Notes 4.1(e) and 4.21(a) to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>The Group recognises certain revenue and costs relating to its construction activities over time, by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period using the input method. This requires the use of estimates on construction contract revenue and cost.</p> <p>Revenue and cost recognised on over time have an inherent risk as they involves judgement and estimates. Substantial changes to construction contract revenue and cost estimates in the future can have a significant effect on the Group's results.</p>	<p>To address this risk, our audit procedures involved the following:</p> <ul style="list-style-type: none"> <li>• Making inquiries and obtaining an understanding from management on the procedures and controls in relation to the estimation of and revision to the construction contract revenue and cost;</li> <li>• Reviewing the reasonableness of the estimated construction contract revenue by comparing the letter of awards, progress claims certified by the construction customers' consultants and variation orders on sample basis; and</li> <li>• Reviewing the reasonableness of the estimated construction contract cost by reviewing the contract works awarded to subcontractors and suppliers, assessing the basis of estimation for contract works not awarded and comparing to the actual costs incurred up to the end of the reporting period on sample basis.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

### Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITORS' REPORT

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 6 to the financial statements.

**OTHER MATTERS**

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

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Johor Bahru

12 April 2023

**Piong Yew Peng**  
03070/06/2023 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2022

	Note	The Group		The Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
			(Restated)		
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	51,566,100	51,566,100
Property, plant and equipment	6	25,282,227	24,864,408	-	-
Other investments	7	2,036,700	2,068,841	-	-
		27,318,927	26,933,249	51,566,100	51,566,100
<b>CURRENT ASSETS</b>					
Inventories	8	18,169,801	15,213,335	-	-
Trade receivables	9	22,694,034	12,600,043	-	-
Other receivables, deposits and prepayments	10	12,450,675	7,283,952	178,167	500
Short-term investment	11	5,915,926	-	5,915,926	-
Contract assets	12	57,678,761	42,865,604	-	-
Amount owing by subsidiaries	13	-	-	14,428,187	-
Current tax assets		5,164,799	3,491,034	45,000	-
Fixed deposits with licensed banks	14	17,195,605	13,518,743	-	-
Cash and bank balances		6,419,820	6,507,094	50,178	2
		145,689,421	101,479,805	20,617,458	502
<b>TOTAL ASSETS</b>		<b>173,008,348</b>	<b>128,413,054</b>	<b>72,183,558</b>	<b>51,566,602</b>

The annexed notes form an integral part of these financial statements.



## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONT'D)

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
			(Restated)		
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	15(a)	74,991,180	51,566,102	74,991,180	51,566,102
Invested equity	15(b)	-	-	-	-
Merger deficit	16	(45,209,495)	(45,209,495)	-	-
Foreign exchange translation reserve	17	(461,365)	(248,843)	-	-
Retained profits/(Accumulated losses)		43,667,059	53,057,278	(2,969,279)	(438,591)
<b>TOTAL EQUITY</b>		<b>72,987,379</b>	<b>59,165,042</b>	<b>72,021,901</b>	<b>51,127,511</b>
<b>NON-CURRENT LIABILITIES</b>					
Hire purchase payables	18	968,628	485,374	-	-
Term loans	19	8,143,248	8,687,789	-	-
Deferred tax liabilities	20	638,598	2,421,092	-	-
		9,750,474	11,594,255	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	21	29,682,015	16,102,720	-	-
Other payables and accruals	22	5,552,779	9,943,314	161,657	21,200
Amount owing to a subsidiary	13	-	-	-	417,891
Provision	23	810,232	810,030	-	-
Contract liabilities	12	8,616,288	55	-	-
Hire purchase payables	18	490,986	443,126	-	-
Term loans	19	1,103,922	1,032,718	-	-
Short-term borrowings	24	30,815,635	16,674,161	-	-
Bank overdrafts	25	13,191,611	11,757,993	-	-
Current tax liabilities		7,027	889,640	-	-
		90,270,495	57,653,757	161,657	439,091
<b>TOTAL LIABILITIES</b>		<b>100,020,969</b>	<b>69,248,012</b>	<b>161,657</b>	<b>439,091</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>173,008,348</b>	<b>128,413,054</b>	<b>72,183,558</b>	<b>51,566,602</b>

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
REVENUE	27	94,388,776	153,164,345	-	-
COST OF SALES		(85,967,314)	(125,939,394)	-	-
GROSS PROFIT		8,421,462	27,224,951	-	-
OTHER INCOME		593,387	579,303	624,813	-
		9,014,849	27,804,254	624,813	-
ADMINISTRATIVE EXPENSES		(14,083,337)	(14,285,468)	(3,131,382)	(425,579)
OTHER OPERATING INCOME/(EXPENSES)		354,945	(328,107)	(23,967)	-
FINANCE COSTS		(2,640,374)	(2,769,485)	(152)	-
NET (IMPAIRMENT LOSS)/REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS	28	(3,604,927)	654,497	-	-
(LOSS)/PROFIT BEFORE TAX	29	(10,958,844)	11,075,691	(2,530,688)	(425,579)
TAX INCOME/(EXPENSE)	30	1,568,625	(3,003,910)	-	-
(LOSS)/PROFIT AFTER TAX		(9,390,219)	8,071,781	(2,530,688)	(425,579)
OTHER COMPREHENSIVE EXPENSE	31				
<u>Items that Will be Reclassified</u> <u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(212,522)	(916,550)	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(9,602,741)	7,155,231	(2,530,688)	(425,579)
<b>EARNINGS/(LOSS) PER SHARE (SEN)</b>					
Basic	32	(3.18)	3.13		
Diluted	32	(3.18)	3.13		

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Non-Distributable				Distributable		Total Equity RM
	Share Capital RM	Invested Capital RM	Merger Deficit RM	Exchange Translation Reserve RM	Retained Profits RM		
<b>The Group</b>							
Balance at 1.1.2021	2	6,356,605	-	667,707	44,985,497	52,009,811	
Profit after tax for the financial year	-	-	-	-	8,071,781	8,071,781	
Other comprehensive expense for the financial year	-	-	-	(916,550)	-	(916,550)	
- Foreign currency translation differences							
Total comprehensive income for the financial year	-	-	-	(916,550)	8,071,781	7,155,231	
Contributions by and distributions to owners:							
- Issuance of shares pursuant to acquisitions of subsidiaries	51,566,100	(6,356,605)	(45,209,495)	-	-	-	
Balance at 31.12.2021	51,566,102	-	(45,209,495)	(248,843)	53,057,278	59,165,042	

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Non-Distributable					Distributable	
	Share Capital	Merger Deficit	Exchange Translation Reserve	Retained Profits	Total Equity		
	RM	RM	RM	RM	RM		
<b>The Group</b>							
Balance at 1.1.2022	51,566,102	(45,209,495)	(248,843)	53,057,278	59,165,042		
Loss after tax for the financial year	-	-	-	(9,390,219)	(9,390,219)		
Other comprehensive expense for the financial year							
- Foreign currency translation differences	-	-	(212,522)	-	(212,522)		
Total comprehensive expenses for the financial year	-	-	(212,522)	(9,390,219)	(9,602,741)		
Contributions by and distributions to owners:							
- Issuance of shares for public issue	24,650,850	-	-	-	24,650,850		
- Listing expenses	(1,225,772)	-	-	-	(1,225,772)		
Total contributions by and distributions to owners	23,425,078	-	-	-	23,425,078		
Balance at 31.12.2022	74,991,180	(45,209,495)	(461,365)	43,667,059	72,987,379		

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Share Capital RM	Accumulated Losses RM	Total Equity RM
<b>The Company</b>			
Balance at 1.1.2021	2	(13,012)	(13,010)
Loss after tax/Total comprehensive expenses for the financial year	-	(425,579)	(425,579)
Contribution by and distribution to owners of the Company:-			
- Issuance of shares for the acquisition of subsidiaries	51,566,100	-	51,566,100
Balance at 31.12.2021/1.1.2022	51,566,102	(438,591)	51,127,511
Loss after tax/Total comprehensive expenses for the financial year	-	(2,530,688)	(2,530,688)
Contribution by and distribution to owners of the Company:-			
- Issuance of shares for public issue	24,650,850	-	24,650,850
- Listing expenses	(1,225,772)	-	(1,225,772)
Total contributions by and distributions to owners	23,425,078	-	23,425,078
Balance at 31.12.2022	74,991,180	(2,969,279)	72,021,901

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM	2021 RM (Restated)	2022 RM	2021 RM
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax		(10,958,844)	11,075,691	(2,530,688)	(425,579)
Adjustments for:-					
Bad debts written off		-	16,200	-	-
Impairment loss on trade receivables		3,675,527	105,900	-	-
Depreciation of property, plant and equipment		1,181,867	1,258,419	-	-
Provision/(realisation of provision) for onerous contract		202	(372,391)	-	-
Provision for liquidated ascertained damages		-	215,048	-	-
Fair value loss/(gain) on other investments		32,678	(116,693)	-	-
Fair value gain on short-term investment		(42,673)	-	(42,673)	-
Interest expenses		2,375,766	2,077,825	-	-
Gain on disposal of property, plant and equipment		-	(59,999)	-	-
Interest income		(359,780)	(194,094)	(260,740)	-
Reversal of impairment loss on trade receivables		(70,600)	(776,597)	-	-
Unrealised loss on foreign exchange		157,551	-	-	-
Operating (loss)/profit before working capital changes		(4,008,306)	13,229,309	(2,834,101)	(425,579)

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	The Group		The Company	
	2022	2021	2022	2021
Note	RM	RM (Restated)	RM	RM
Operating (loss)/profit before working capital changes	(4,008,306)	13,229,309	(2,834,101)	(425,579)
Increase in inventories	(2,956,466)	(6,565,978)	-	-
Decrease in contract cost assets	-	2,676,478	-	-
(Increase)/Decrease in contract assets	(815,769)	630,729	-	-
(Increase)/Decrease in trade and other receivables	(32,863,029)	14,382,551	(177,667)	-
Increase/(Decrease) in contract liabilities	8,616,233	(1,906,262)	-	-
Increase/(Decrease) in trade and other payables	9,886,619	(16,269,795)	140,457	19,700
(Decrease)/Increase in amount owing to a related party	-	-	-	(12,012)
<b>CASH (FOR)/FROM OPERATIONS</b>	<b>(22,140,718)</b>	<b>6,177,032</b>	<b>(2,871,311)</b>	<b>(417,891)</b>
Income tax paid	(2,801,000)	(4,332,382)	(45,000)	-
Income tax refunded	47,011	7,346	-	-
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	<b>(24,894,707)</b>	<b>1,851,996</b>	<b>(2,916,311)</b>	<b>(417,891)</b>
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>				
Interest received	359,780	194,094	260,740	-
Advances to subsidiaries	-	-	(14,846,078)	-
Purchase of short-term investment	(5,873,253)	-	(5,873,253)	-
Proceeds from disposal of property, plant and equipment	-	60,000	-	-
(Placement)/Withdrawal of fixed deposits pledged with licensed banks	(3,676,862)	256,547	-	-
Purchase of other investments	(537)	-	-	-
Purchase of property, plant and equipment	33(a) (1,305,540)	(469,649)	-	-
<b>NET CASH FLOW (FOR)/FROM INVESTING ACTIVITIES</b>	<b>(10,496,412)</b>	<b>40,992</b>	<b>(20,458,591)</b>	<b>-</b>

The annexed notes form an integral part of these financial statements.



## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

		<b>The Group</b>		<b>The Company</b>	
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	Note	RM	RM (Restated)	RM	RM
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Repayment to a director	33(b)	-	(100,000)	-	-
Repayment to a shareholder	33(b)	-	(120,000)	-	-
Advances from a subsidiary		-	-	-	417,891
Drawdown of short-term borrowings	33(b)	88,464,296	73,091,335	-	-
Drawdown of term loans	33(b)	673,050	-	-	-
Interest paid	33(b)	(2,375,766)	(2,077,825)	-	-
Net proceeds from issuance of shares		23,425,078	-	23,425,078	-
Repayment of short-term borrowings	33(b)	(74,322,822)	(76,009,521)	-	-
Repayment of hire purchase obligations	33(b)	(483,686)	(485,427)	-	-
Repayment of term loans	33(b)	(1,285,609)	(1,003,919)	-	-
<b>NET CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		<b>34,094,541</b>	<b>(6,705,357)</b>	<b>23,425,078</b>	<b>417,891</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,296,578)</b>	<b>(4,812,369)</b>	<b>50,176</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>(5,250,899)</b>	<b>320,031</b>	<b>2</b>	<b>2</b>
<b>EFFECTS OF TRANSLATION RESERVE</b>		<b>(224,314)</b>	<b>(758,561)</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	33(d)	<b>(6,771,791)</b>	<b>(5,250,899)</b>	<b>50,178</b>	<b>2</b>

The annexed notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

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

Principal place of business : PLO 555, Jalan Keluli 8  
Pasir Gudang Industrial Estate  
81700 Pasir Gudang  
Johor Darul Takzim

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 12 April 2023.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following applicable new accounting standards (including consequential amendments, if any):-

### **MFRSs (Including The Consequential Amendments)**

Amendment to MFRS 3: Reference to the Conceptual Framework

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

The adoption of the above applicable accounting standard (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**3. BASIS OF PREPARATION (CONT'D)**

- 3.2 The Group has not applied in advance the following applicable accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>MFRSs (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – comparative information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
The adoption of the above applicable accounting standards (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.	

**4. SIGNIFICANT ACCOUNTING POLICIES****4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

**(a) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(b) Impairment of Property, Plant and Equipment**

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

**(c) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 8 to the financial statements.

**(d) Impairment of Trade Receivables and Contract Assets**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 9 and 12 to the financial statements respectively.

**(e) Revenue Recognition for Construction Contracts**

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to-date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 12 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(f) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

*Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

**(a) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

**(b) Contingent Liabilities**

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

**4.2 BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.2 BASIS OF CONSOLIDATION (CONT'D)****(a) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

However, an acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combination. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties. Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or gain from bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited financial statements of the Group.

**(b) Non-controlling Interests**

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**(c) Changes in Ownership Interests in Subsidiaries Without Change of Control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.2 BASIS OF CONSOLIDATION (CONT'D)****(d) Loss of Control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**4.3 FUNCTIONAL AND FOREIGN CURRENCIES****(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

**(b) Foreign Currency Transactions and Balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

**(c) Foreign Operations**

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at average exchange rates. All exchange differences arising from translation are taken directly to the other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.4 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

**(a) Financial Assets**

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

*Debt Instruments***(i) Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

**(ii) Fair Value through Other Comprehensive Income**

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.4 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets (Cont'd)***Debt Instruments (Cont'd)***(iii) Fair Value through Profit or Loss**

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

*Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.4 FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial Liabilities****(i) Financial Liabilities at Fair Value through Profit or Loss**

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

**(ii) Other Financial Liabilities**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

**(c) Equity Instruments**

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently. Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

**(d) Derivative Financial Instruments**

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.4 FINANCIAL INSTRUMENTS (CONT'D)****(e) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(f) Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

**4.5 INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.6 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the remaining lease period
Buildings	2%
Plant and machinery	20%
Furniture, fittings and office equipment	20%
Motor vehicles	20%
Renovations	20%
Electrical installation	20%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.7 LEASE**

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

**4.8 INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.9 CONTRACT COST ASSETS****Costs to Fulfil A Contract**

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract cost assets are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost assets exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost assets does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

**4.10 CONTRACT ASSET AND CONTRACT LIABILITY**

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

**4.11 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

**4.12 IMPAIRMENT****(a) Impairment of Financial Assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.12 IMPAIRMENT (CONT'D)****(a) Impairment of Financial Assets (Cont'd)**

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

**(b) Impairment of Non-Financial Assets**

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

**4.13 PROVISIONS**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.13 PROVISIONS (CONT'D)****Onerous Contracts**

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

**4.14 EMPLOYEE BENEFITS****(a) Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

**(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

**4.15 INCOME TAXES****(a) Current Tax**

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

**(b) Deferred Tax**

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.15 INCOME TAXES (CONT'D)**

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

**4.16 CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

**4.17 OPERATING SEGMENTS**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**4.18 EARNINGS PER ORDINARY SHARE**

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

**4.19 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.20 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

**(a) Construction of Plants and Facilities**

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)****(a) Construction of Plants and Facilities (Cont'd)**

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

**(b) Fabrication of Equipment**

Revenue is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from fabrication of equipment which either creates or enhances an asset that the customer controls as the asset is created or enhances or the customer simultaneously receives and consumes the benefits provided as the Group performs is recognised over time according to the accounting policy as described in Note 4.21(a).

**(c) Others**

Revenue from others include the sales of material, equipment and spare parts, repair and maintenance services and other services.

Sales of material, equipment and spare parts is recognised when the Group has transferred control of the goods to the customers, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Revenue from repair and maintenance and other services is recognised at a point in time when the service have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

A receivable is recognised when the goods are delivered or services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from other services which the customer simultaneously receives and consumes the benefits provided as the Group performs is recognised over time according to the accounting policy as described in Note 4.21(a).

**4.22 OTHER OPERATING INCOME****(a) Interest income**

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

**(b) Rental income**

Rental income is accounted for on a straight-line method over the lease term.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**5. INVESTMENTS IN SUBSIDIARIES**

	<b>The Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	51,566,100	51,566,100

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022	2021	
		%	%	
<i>Subsidiaries of the Company</i>				
Ecoscience Manufacturing & Engineering Sdn. Bhd. ("EMESB")	Malaysia	100	100	Construction of plants and facilities, fabrication of equipment, and supply of materials and equipment
Asia Ecoscience Pte Ltd ^ ("AEPL")	Singapore	100	100	Construction of plants and facilities, and fabrication of equipment
<i>Subsidiaries of EMESB</i>				
Ecoscience Technologies Sdn. Bhd.	Malaysia	100	100	Fabrication and supply of energy and environmental related equipment
Top Well Trading & Services Sdn. Bhd.	Malaysia	100	100	Supply of spare sparts and construction materials, and provision of maintenance services

^ This subsidiary was audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 6. PROPERTY, PLANT AND EQUIPMENT

## The Group

## 2022

## Carrying Amount

## Owned assets

	At 1.1.2022 RM	Additions (Note 33(a)) RM	Reclassification RM	Translation Differences RM	Depreciation Charges (Note 29) RM	At 31.12.2022 RM
Freehold land	1,814,000	-	-	-	-	1,814,000
Buildings	16,084,916	-	-	(22,394)	(319,563)	15,742,959
Plant and machinery	692,978	120,608	1,006,962	-	(264,241)	1,556,307
Furniture, fittings, and office equipment	234,875	124,945	-	(23)	(102,729)	257,068
Motor vehicles	647,481	1,154,378	-	-	(367,666)	1,434,193
Renovations	65,598	-	-	(381)	(43,041)	22,176
Electrical installation	39	-	-	-	-	39
Asset under construction	784,412	222,550	(1,006,962)	-	-	-
	20,324,299	1,622,481	-	(22,798)	(1,097,240)	20,826,742

## Right-of-use asset

Leasehold land	4,540,109	-	-	-	(84,624)	4,455,485
	24,864,408	1,622,481	-	(22,798)	(1,181,864)	25,282,227

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2021 RM	Additions (Note 33(a)) RM	Reclassification RM	Disposal RM	Translation Differences RM	Depreciation Charges (Note 29) RM	At 31.12.2021 RM
<b>2021 (Restated)</b>							
<i>Carrying Amount</i>							
<u>Owned assets</u>							
Freehold land	1,814,000	-	-	-	-	-	1,814,000
Buildings	16,576,626	-	-	-	(168,557)	(323,153)	16,084,916
Plant and machinery	572,868	303,258	24,695	(1)	-	(207,842)	692,978
Furniture, fittings, and office equipment	261,161	78,351	-	-	(129)	(104,508)	234,875
Motor vehicles	1,008,397	-	-	-	-	(360,916)	647,481
Renovations	243,723	-	-	-	(1,289)	(176,836)	65,598
Electrical installation	579	-	-	-	-	(540)	39
Asset under construction	23,208	785,899	(24,695)	-	-	-	784,412
	20,500,562	1,167,508	-	(1)	(169,975)	(1,173,795)	20,324,299
<u>Right-of-use asset</u>							
Leasehold land	4,624,733	-	-	-	-	(84,624)	4,540,109
	25,125,295	1,167,508	-	(1)	(169,975)	(1,258,419)	24,864,408

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>The Group</b>			
<b>2022</b>			
<u>Owned assets</u>			
Freehold land	1,814,000	-	1,814,000
Buildings	17,805,818	(2,062,859)	15,742,959
Plant and machinery	5,446,169	(3,889,862)	1,556,307
Furniture, fittings, and office equipment	1,538,140	(1,281,072)	257,068
Motor vehicles	3,618,734	(2,184,541)	1,434,193
Renovations	1,197,014	(1,174,838)	22,176
Electrical installation	57,313	(57,274)	39
	31,477,188	(10,650,446)	20,826,742
<u>Right-of-use asset</u>			
Leasehold land	5,000,000	(544,515)	4,455,485
	36,477,188	(11,194,961)	25,282,227
<b>The Group</b>			
<b>2021 (Restated)</b>			
<u>Owned assets</u>			
Freehold land	1,814,000	-	1,814,000
Buildings	17,828,957	(1,744,041)	16,084,916
Plant and machinery	4,318,599	(3,625,621)	692,978
Furniture, fittings, and office equipment	1,413,301	(1,178,426)	234,875
Motor vehicles	2,464,356	(1,816,875)	647,481
Renovations	1,198,018	(1,132,420)	65,598
Electrical installation	57,313	(57,274)	39
Asset under construction	784,412	-	784,412
	29,878,956	(9,554,657)	20,324,299
<u>Right-of-use asset</u>			
Leasehold land	5,000,000	(459,891)	4,540,109
	34,878,956	(10,014,548)	24,864,408

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (a) The Group has lease contracts for leasehold land used in its operations. Their lease terms are as follows:-

Leasehold land      The Group has entered into 1 (2021 – 1) non-cancellable operating lease agreement for the use of land. The leases are for a period of 60 (2021 – 60) years with no renewal or purchase option included in the agreement. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land without the prior approval from lessor.

- (b) Included in the carrying amount of property, plant and equipment at the reporting period are the following assets pledged to financial institutions as security for banking facilities granted to the Group as disclosed in Notes 19, 24 and 25:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Plant and machinery	946,200	-
Freehold land	1,814,000	1,814,000
Leasehold land	4,455,485	4,540,109
Buildings	15,238,630	15,570,943
	<b>22,454,315</b>	<b>21,925,052</b>

- (c) Included in the property, plant and equipment of the Group were motor vehicles and plant and machinery with a total carrying amount of RM1,572,098 (2021 – RM911,944) held under hire purchase arrangements. These assets have had been pledged as security for the hire purchase payables of the Group as disclosed in Note 18 to the financial statements.

**7. OTHER INVESTMENTS**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
At 1 January	2,068,841	1,952,148
Additions	207,658	-
Disposal	(207,121)	-
Fair value (loss)/gain during the financial year (Note 29)	(32,678)	116,693
At 31 December	<b>2,036,700</b>	<b>2,068,841</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**7. OTHER INVESTMENTS (CONT'D)**

Other investments represent life insurance policies (the “Policy”) taken to insure managing director and one of the key management personnel (“KMP”) of the Group (the “Insured Person”). Under the Policy, the beneficiary is a bank (the “Bank”) and the total insured sum is RM3,010,000 (2021 – RM2,650,000). At the inception of the Policy, the Group paid an upfront payment of RM2,208,962 (2021 – RM2,180,963). For any insured events happened to the Insured Person, the insured sum will be used to settle the outstanding bank loan of the Group from the Bank and thereafter any excess amount will be payable to the Group. The Policy can be withdrawn at any time with surrender charges if such withdrawal occurs before the maturity date of the Policy and a cash refund will be based on the cash surrender value of the Policy at the date of withdrawal.

As at 31 December 2022, the directors of the Group expect that the Policy will be terminated at the maturity date and there will be no specific surrender charges in accordance with the terms of the Policy. The directors of the Group consider that the expected life of the Policy will remain unchanged from initial recognition.

In the event of death of the Insured Person, the other investments will be derecognised and any resulting gains or losses will be recognised in profit or loss.

**8. INVENTORIES**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Raw materials	4,177,026	4,732,124
Trading goods	-	57,209
Finished goods	896,579	-
Work-in-progress	13,096,196	10,424,002
	<b>18,169,801</b>	<b>15,213,335</b>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	48,774,292	46,904,588

**9. TRADE RECEIVABLES**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Third parties	26,455,317	12,756,399
Allowance for impairment losses	(3,761,283)	(156,356)
	<b>22,694,034</b>	<b>12,600,043</b>
Allowance for impairment losses:-		
At 1 January	156,356	827,053
Addition during the financial year (Note 28)	3,675,527	105,900
Reversal during the financial year (Note 28)	(70,600)	(776,597)
At 31 December	<b>3,761,283</b>	<b>156,356</b>

The Group's normal credit terms range from 30 to 60 (2021 – 30 to 60) days.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**10. OTHER RECEIVABLES, DEPOSITS, AND PREPAYMENTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	RM	RM	RM	RM
Other receivables:-				
Third parties	11,348,797	179,677	-	-
Goods and services tax recoverable	824	1,020	-	-
	11,349,621	180,697	-	-
Advance payments to suppliers	69,479	5,926,708	-	-
Deposits	653,575	527,719	178,167	500
Prepayments	378,000	648,828	-	-
	12,450,675	7,283,952	178,167	500

The advance payments to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

**11. SHORT-TERM INVESTMENT**

	<b>The Group/The Company</b>	
	<b>2022</b>	<b>2021</b>
	RM	RM
Money market fund, at fair value	5,915,926	-

The fund invests mainly into Islamic money market instruments and thus have minimum exposure to changes in market value. There is no maturity period for money market funds as these money is callable on demand.

**12. CONTRACT ASSETS/(LIABILITIES)**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	RM	RM
<b>Contract Assets</b>		
Construction contracts	51,831,404	41,685,969
Fabrication of goods	5,847,357	1,179,635
	57,678,761	42,865,604
<b>Contract Liabilities</b>		
Construction contracts	(8,518,019)	(50)
Fabrication of goods	(98,269)	(5)
	(8,616,288)	(55)
	49,062,473	42,865,549

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**12. CONTRACT ASSETS/(LIABILITIES) (CONT'D)**

- (a) The contract assets primarily relate to the Group's right to consideration for works completed on construction contracts and fabrication works but not yet billed as at the reporting date. The amount will be invoiced within 180 days.

Included in contract assets are retention sum receivables approximately RM8,449,713 (2021 – RM15,557,373). These retention sums are expected to be collected within the periods ranging from 360 to 720 (2021 – 360 to 720) days.

- (b) The contract liabilities primarily relate to advance considerations received from few customers for construction contracts, fabrication works and trading of goods of which the revenue will be recognised over the remaining contract term of the specific contract it relates to within 30 (2021 – 30) days.
- (c) The changes to contract assets balances during the financial year are summarised below:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	RM	RM
At 1 January	42,865,549	41,590,016
Revenue recognised in profit or loss during the financial year	94,365,776	153,164,345
Billings to customers during the financial year	(88,089,197)	(150,872,702)
Translation difference	(79,655)	(1,016,110)
At 31 December	49,062,473	42,865,549

**13. AMOUNT OWING BY/(TO) SUBSIDIARIES**

	<b>The Company</b>	
	<b>2022</b>	<b>2021</b>
	RM	RM
<b>Amount Owing by Subsidiaries</b>		
<u>Current</u>		
Non-trade balance	14,428,187	-
<b>Amount Owing to a Subsidiary</b>		
<u>Current</u>		
Non-trade balance	-	(417,891)

- (a) The non-trade balances amount owing by represent unsecured advances granted to subsidiaries which are repayable on demand. Interest is charged ranging from 2.25% to 3.25% (2021 – Nil) per annum on the outstanding balance. The amounts owing are to be settled in cash.
- (b) In the previous financial year, the non-trade balances amount owing to represents unsecured interest-free advances. The amount owing is repayable on demand and is to be settled in cash.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**14. FIXED DEPOSITS WITH LICENSED BANKS**

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates of 1.60% to 2.85% (2021 – 1.40% to 2.20%) per annum. The fixed deposits have maturity periods of 30 to 365 (2021 – 30 to 365) days for the Group.
- (b) All the fixed deposits of the Group have been pledged to licensed banks as security for banking facilities granted to Group as disclosed in Notes 19, 24 and 25 to the financial statements.

**15. SHARE CAPITAL AND INVESTED EQUITY**

- (a) Share capital

	The Group/The Company			
	2022	2021	2022	2021
	Number of Shares		RM	RM
<b>Issued and Fully Paid-up</b>				
Ordinary Shares				
At 1 January	257,830,500	2	51,566,102	2
Issuance of new shares:				
- acquisition of subsidiaries	-	257,830,498	-	51,566,100
- public issue	82,169,500	-	24,650,850	-
Listing expenses	-	-	(1,225,772)	-
At 31 December	340,000,000	257,830,500	74,991,180	51,566,102

- (i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (ii) During the current financial year, the Company increased its issued and paid-up share capital from RM51,566,102 to RM76,216,952 by way of issuance of 82,169,500 new ordinary shares at an issue price of RM0.30 per share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM24,650,850. The listing expenses arising from the issuance of new ordinary shares amounting to RM1,225,772 were offset against share capital.
- The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.
- (iii) In the previous financial year, the Company increased its issued and paid-up share capital from RM2 to RM51,566,101.60 by way of issuance of 179,125,000 and 78,705,498 new ordinary shares at RM0.20 each to acquire the entire equity interest in EMESB and AEPL for a purchase consideration of RM35,825,000 and RM15,741,099.60 respectively.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**15. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)**

## (b) Invested equity

	The Group/The Company			
	2022	2021	2022	2021
	Number of Shares		RM	RM
<b>Issued and Fully Paid-up</b>				
Ordinary Shares				
At 1 January	-	5,950,002	-	6,356,605
Adjustment pursuant to the acquisition of subsidiaries	-	(5,950,002)	-	(6,356,605)
At 31 December	-	-	-	-

In the previous financial year, the amount of invested equity has been reversed pursuant to the completion of the acquisitions of subsidiaries.

**16. MERGER DEFICIT**

The merger deficit arises from the difference between the carrying value of the investment in subsidiaries and the nominal value of shares of the Group's subsidiaries upon consolidation under the merger accounting principle.

**17. FOREIGN EXCHANGE TRANSLATION RESERVE**

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

**18. HIRE PURCHASE PAYABLES**

	The Group	
	2022 RM	2021 RM (Restated)
Minimum hire purchase payments:		
- not later than 1 year	1,043,362	502,755
- later than 1 year and not later than 5 years	544,336	476,090
	1,587,698	978,845
Less: Future finance charges	(128,084)	(50,345)
Present value of hire purchase payables	1,459,614	928,500
Analysed by:-		
Current liabilities	490,986	443,126
Non-current liabilities	968,628	485,374
	1,459,614	928,500

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**19. TERM LOANS**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Current liabilities	1,103,922	1,032,718
Non-current liabilities	8,143,248	8,687,789
	<b>9,247,170</b>	<b>9,720,507</b>

(a) The term loans at the end of the reporting period are secured by:-

- (i) legal charges over property, plant and equipment as disclosed in Note 6(b) and fixed deposits with licensed banks of the Group as disclosed in Note 14(b);
- (ii) jointly and severally guaranteed by certain directors of the Group.

(b) The interest rate profile of the term loans are summarised below:-

	<b>Effective Interest Rate</b>	<b>The Group</b>	
	<b>%</b>	<b>2022</b>	<b>2021</b>
		<b>RM</b>	<b>RM</b>
Floating rate term loans	3.00 - 5.56	9,247,170	9,720,507

**20. DEFERRED TAX LIABILITIES**

	<b>At</b>	<b>Recognised in</b>	<b>At</b>
	<b>1.1.2022</b>	<b>Profit or Loss</b>	<b>31.12.2022</b>
	<b>RM</b>	<b>(Note 30)</b>	<b>RM</b>
		<b>RM</b>	

**2022***Deferred Tax Liabilities*

Property, plant and equipment	2,302,080	62,900	2,364,980
Contract assets/liabilities	313,412	(313,412)	-
	<b>2,615,492</b>	<b>(250,512)</b>	<b>2,364,980</b>

*Deferred Tax Assets*

Provisions	(194,400)	-	(194,400)
Contract assets/liabilities	-	(617,082)	(617,082)
Allowance for impairment losses in trade receivables	-	(865,700)	(865,700)
Unutilised tax losses	-	(49,200)	(49,200)
	<b>(194,400)</b>	<b>(1,531,982)</b>	<b>(1,726,382)</b>

	<b>2,421,092</b>	<b>(1,782,494)</b>	<b>638,598</b>
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**20. DEFERRED TAX LIABILITIES (CONT'D)**

	At 1.1.2021 RM	Recognised in Profit or Loss (Note 30) RM	At 31.12.2021 RM
<b>2021</b>			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	2,256,890	45,190	2,302,080
Contract assets/liabilities	-	313,412	313,412
	2,256,890	358,602	2,615,492
<i>Deferred Tax Assets</i>			
Provisions	(232,200)	37,800	(194,400)
Contract assets/liabilities	(234,581)	234,581	-
Allowance for impairment losses in trade receivables	(186,400)	186,400	-
	(653,181)	458,781	(194,400)
	1,603,709	817,383	2,421,092

**21. TRADE PAYABLES**

The normal trade credit term granted to the Group is 30 to 60 (2021 – 30 to 60) days.

**22. OTHER PAYABLES AND ACCRUALS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b> RM	<b>2021</b> RM	<b>2022</b> RM	<b>2021</b> RM
Other payables - third parties	1,753,493	4,893,073	107,847	-
Deposit received	382,500	390,750	-	-
Accruals	2,261,428	1,773,819	53,810	21,200
Payroll liabilities	1,155,358	2,885,672	-	-
	5,552,779	9,943,314	161,657	21,200

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**23. PROVISION**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Provision for onerous contract</b>		
At 1 January	-	372,391
Provision made during the financial year (Note 29)	202	-
Realisation of provision made in previous financial year	-	(372,391)
At 31 December	202	-
<b>Provision for liquidated ascertained damages</b>		
At 1 January	810,030	594,982
Provision made during the financial year (Note 29)	-	215,048
At 31 December	810,030	810,030
	810,232	810,030

**24. SHORT-TERM BORROWINGS**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Invoice financing	21,295,318	9,527,847
Revolving credit	500,000	500,000
Bankers' acceptances	9,020,317	6,646,314
	30,815,635	16,674,161

- (a) The short-term borrowings of the Group at the end of the reporting period bore interest rates of 3.48% to 7.06% (2021 – 2.58% to 5.41%) per annum. The short-term borrowings drawn for a period of 58 to 150 (2021 – 114 to 150) days for the Group.
- (b) The short-term borrowings of the Group are secured in the same manner as the term loans disclosed in Note 19 to the financial statements.

**25. BANK OVERDRAFTS**

- (a) The bank overdrafts of the Group are secured in the same manner as the term loans disclosed in Note 19 to the financial statements.
- (b) The bank overdrafts of the Group at the end of the reporting period bore floating interest rates of 7.45% to 10.40% (2021 – 6.45% to 9.40%) per annum.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**26. DERIVATIVE LIABILITIES**

	<b>Contract/Notional Amount</b>	
	<b>2022</b>	<b>2021</b>
<b>The Group</b>	<b>RM</b>	<b>RM</b>
<b>Derivative Liabilities</b>		
Forward currency contracts	-	1,245,000

The fair value of the derivative liabilities were not material and not recognised by the Group.

**27. REVENUE**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Revenue from Contracts with Customers</b>		
<u>Recognised over time:</u>		
Construction of plants and facilities	44,290,696	86,113,422
Fabrication of equipment	6,556,774	24,289,827
	50,847,470	110,403,249
<u>Recognised at a point in time:</u>		
Fabrication of equipment	14,950,379	8,770,659
Supply of material and equipment	27,601,358	32,233,122
Others	966,569	1,748,315
	43,518,306	42,752,096
	94,365,776	153,155,345
<b>Revenue from Other Source</b>		
Rental income from equipment	23,000	9,000
	94,388,776	153,164,345

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**28. NET IMPAIRMENT LOSS/(REVERSAL OF IMPAIRMENT LOSS) ON FINANCIAL ASSETS**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Bad debt written off	-	16,200
Impairment losses on trade receivables (Note 9)	3,675,527	105,900
Reversal of impairment losses on trade receivables (Note 9)	(70,600)	(776,597)
	<b>3,604,927</b>	<b>(654,497)</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**29. (LOSS)/PROFIT BEFORE TAX**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
		<b>(Restated)</b>		
(Loss)/Profit before tax is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- current financial year	173,296	123,769	48,000	20,000
- underprovision in the previous financial year	-	1,500	-	-
- non-audit fees	5,000	-	5,000	-
Depreciation of property, plant and equipment (Note 6)	1,181,864	1,258,419	-	-
Fair value loss on other investment	32,678	-	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	834,175	736,771	-	-
- bankers' acceptances	1,171,062	984,917	-	-
- hire purchase payables	40,785	58,018	-	-
- term loans	329,744	298,119	-	-
Lease expenses:				
- short-term leases	487,062	417,013	-	-
- low-value assets	9,200	9,048	-	-
Listing expenses	1,624,433	653,786	2,924,748	254,282
Loss on foreign exchange:				
- realised	241,139	328,107	23,967	-
- unrealised	157,551	-	-	-
Provisions:				
- onerous contract	202	-	-	-
- liquidated ascertained damages	-	215,048	-	-
Staff costs:				
- short-term employee benefits	8,998,066	9,285,748	-	-
- defined contribution benefits	715,992	785,154	-	-
Fair value gain on financial assets measured at fair value through profit or loss mandatorily:				
- other investments	-	(116,693)	-	-
- short-term investment	(42,673)	-	(42,673)	-
Gain on disposal of property, plant and equipment	-	(59,999)	-	-
Gain on foreign exchange:-				
- realised	(348,203)	-	-	-
Interest income received on short-term investment	(3,253)	-	(3,253)	-
Interest income on financial assets measured at amortised cost:				
- bank	(57,264)	-	(57,264)	-
- fixed deposits with licensed banks	(298,901)	(193,839)	-	-
- advances to subsidiaries	-	-	(200,223)	-
- others	(362)	(255)	-	-
Realisation of provision of onerous contract	-	(372,391)	-	-
Rental income	(184,275)	(185,775)	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**30. TAX (INCOME)/EXPENSE**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Income tax:				
- current year	15,200	2,231,280	-	-
- under/(over)provision in the previous financial year	198,669	(44,753)	-	-
	<b>213,869</b>	<b>2,186,527</b>	<b>-</b>	<b>-</b>
Deferred tax (Note 20):				
- origination and reversal of temporary differences	(1,657,294)	789,283	-	-
- (over)/underprovision in the previous financial year	(125,200)	28,100	-	-
	<b>(1,782,494)</b>	<b>817,383</b>	<b>-</b>	<b>-</b>
	<b>(1,568,625)</b>	<b>3,003,910</b>	<b>-</b>	<b>-</b>

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory tax rate to tax (income)/expense at the effective tax rate of the Group and of the Company is as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
(Loss)/Profit before tax	(10,958,844)	11,075,691	(2,530,688)	(425,579)
Tax at the statutory tax rate of 24% (2021- 24%)	(2,630,123)	2,658,166	(607,365)	(102,139)
Tax effects of:-				
Non-deductible expenses	311,225	939,057	528,146	102,139
Reduction in tax rates on small scale company up to RM600,000 at 17% (2021 - 17%)	-	(1,554)	-	-
Non-taxable income	(132,814)	(56,449)	(781)	-
Effects of differential in tax rate of a foreign subsidiary	476,503	(438,302)	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(21,900)	(26,600)	-	-
Deferred tax assets not recognised during the financial year	355,015	-	80,000	-
Tax incentive, rebates and exemptions	-	(53,755)	-	-
Under/(Over)provision of income tax in the previous financial year	198,669	(44,753)	-	-
(Over)/Underprovision of deferred tax in the previous financial year	(125,200)	28,100	-	-
	<b>(1,568,625)</b>	<b>3,003,910</b>	<b>-</b>	<b>-</b>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 – 24%) of the estimated assessable profit for the financial years. The taxation of other jurisdiction is calculated at the rate prevailing in the jurisdiction.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**30. TAX (INCOME)/EXPENSE (CONT'D)**

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	RM	RM	RM	RM
Unused tax losses:				
- expires year of assessment 2028	-	45,000	-	-
- expires year of assessment 2029	480,000	490,000	-	-
- expires year of assessment 2030	454,000	454,000	-	-
- expires year of assessment 2032	360,000	-	333,000	-
	<b>1,294,000</b>	<b>989,000</b>	<b>333,000</b>	<b>-</b>

Based on the current legislation, the unused tax losses are allowed to be utilised for 10 (2021 – 10) consecutive years of assessment ("YA").

**31. OTHER COMPREHENSIVE EXPENSE**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	RM	RM
<b>Item that Will be Reclassified Subsequently to Profit or Loss</b>		
Foreign currency translation:		
- changes during the financial year	(212,522)	(916,550)

**32. (LOSS)/EARNINGS PER SHARE**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	RM	RM
(Loss)/Profit attributable to the owners of the Company	(9,390,219)	8,071,781
Weighted average number of ordinary shares	295,425,860	257,830,500
Basis (loss)/earnings per shares (Sen)	(3.18)	3.13
Diluted (loss)/earnings per shares (Sen)	(3.18)	3.13

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**33. CASH FLOW INFORMATION**

- (a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Property, plant and equipment</b>		
Cost of property, plant and equipment purchased (Note 6)	1,622,481	1,167,508
Less: Acquired through hire purchase arrangements	(1,014,800)	-
Less: Amount owing to other payables	-	(697,859)
Add: Payments in respect of previous financial year's purchases	697,859	-
	<b>607,681</b>	<b>469,649</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**33. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bank Overdrafts RM	Term Loans RM	Hire Purchase Payables RM	Short-term Borrowings RM	Total RM
<b>2022</b>					
At 1 January	*	9,720,507	928,500	16,674,161	27,323,168
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	*	673,050	-	88,464,296	89,137,346
Repayment of principal	*	(1,285,609)	(483,686)	(74,322,822)	(76,092,117)
Repayment of interests	(834,175)	(329,744)	(40,785)	(1,171,062)	(2,375,766)
	(834,175)	(942,303)	(524,471)	12,970,412	10,669,463
<u>Other Changes</u>					
Acquisition of new hire purchase arrangements for assets purchased in current financial year (Note 33(a))	-	-	1,014,800	-	1,014,800
Foreign exchange adjustments	-	139,222	-	-	139,222
Interest expenses recognised in profit or loss (Note 29)	834,175	329,744	40,785	1,171,062	2,375,766
	834,175	468,966	1,055,585	1,171,062	3,529,788
At 31 December	*	9,247,170	1,459,614	30,815,635	41,522,419

\* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement for principal amount is presented.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Bank Overdrafts RM	Term Loans RM	Hire Purchase Payables RM	Short-term Borrowings RM	Amount Owing To Director RM	Amount Owing To Shareholder RM	Total RM
<b>2021 (Restated)</b>							
At 1 January	*	10,687,900	1,413,927	19,592,347	100,000	120,000	31,914,174
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	*	-	-	73,091,335	-	-	73,091,335
Repayment of principal	*	(1,003,919)	(485,427)	(76,009,521)	(100,000)	(120,000)	(77,718,867)
Repayment of interests	(736,771)	(298,119)	(58,018)	(984,917)	-	-	(2,077,825)
<u>Other Changes</u>							
Foreign exchange adjustments	-	36,526	-	-	-	-	36,526
Interest expenses recognised in profit or loss (Note 29)	736,771	298,119	58,018	984,917	-	-	2,077,825
	736,771	334,645	58,018	984,917	-	-	2,114,351
At 31 December	*	9,720,507	928,500	16,674,161	-	-	27,323,168

\* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement for principal amount is presented.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**33. CASH FLOW INFORMATION (CONT'D)**

(c) The total cash outflows for leases as a lessee are as follows:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	RM	RM
		(Restated)
Payment of short-term leases	487,062	417,013
Payment of low-value assets	9,200	9,048
	<b>496,262</b>	<b>426,061</b>

(d) The cash and cash equivalents comprise the following:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	RM	RM	RM	RM
Fixed deposits with licensed banks	17,195,605	13,518,743	-	-
Cash and bank balances	6,419,820	6,507,094	50,178	2
Bank overdrafts	(13,191,611)	(11,757,993)	-	-
	<b>10,423,814</b>	<b>8,267,844</b>	<b>50,178</b>	<b>2</b>
Less: Fixed deposits pledged to licensed banks (Note 14)	(17,195,605)	(13,518,743)	-	-
	<b>(6,771,791)</b>	<b>(5,250,899)</b>	<b>50,178</b>	<b>2</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**34. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial years are as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	RM	RM	RM	RM
<b>(a) Directors</b>				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	98,000	542,073	98,000	-
- salaries, bonuses and other benefits	3,047,276	3,599,439	12,000	-
	3,145,276	4,141,512	110,000	-
Defined contribution benefits	206,700	264,600	-	-
	3,351,976	4,406,112	110,000	-
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- fees	19,374	-	-	-
- salaries, bonuses and other benefits	264,489	-	-	-
	283,863	-	-	-
Defined contribution benefits	30,108	-	-	-
	313,971	-	-	-
<b>Total directors' remuneration</b>	<b>3,665,947</b>	<b>4,406,112</b>	<b>110,000</b>	<b>-</b>

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Group were RM44,725 (2021 – RM45,400).

**(b) Other Key Management Personnel**

Short-term employee benefits	1,392,527	2,046,213	-	-
Defined contribution benefits	105,768	161,382	-	-
	1,498,295	2,207,595	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**35. RELATED PARTY DISCLOSURES****(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

**(b) Significant Related Party Transactions and Balances**

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Subsidiaries</b>				
Management fees	-	-	321,400	-
Interest income	-	-	200,223	-
<b>A company in which a shareholder of the Group has substantial financial interest</b>				
Sales	-	6,210,922	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**36. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the managing director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into the 3 main reportable segments as follows:-

- Construction of Plants and Facilities Segment – involved in the construction of palm oil mill, and its facilities, rubber plantation facilities and other industry facilities.
  - Fabrication of Equipment Segment – involved in the fabrication of palm oil mill equipment.
  - Supply of Material and Equipment – involved in trading of construction material and equipment.
  - Others – involved in fabrication of other equipment and other services.
- (a) The directors assess the performance of the reportable segments based on their profit before interest expense and tax. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

- (b) Each reportable segment assets is measured based on all assets of the segment other than tax-related assets. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and other tax-related liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses and listing expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**36. OPERATING SEGMENTS (CONT'D)**

## 36.1 BUSINESS SEGMENTS

	Construction of Plants and Facilities RM	Fabrication of Equipment RM	Supply of Material and Equipment RM	Others RM	The Group RM
<b>2022</b>					
<b>Revenue</b>					
External revenue	44,290,696	21,530,153	27,601,358	966,569	94,388,776
<b>Results</b>					
Segment (loss)/profit before interest and taxation	(9,247,428)	4,565,564	(427,184)	(157,262)	(5,266,310)
Finance costs					(2,640,374)
Unallocated expenses					(3,052,160)
Loss before taxation					(10,958,844)
<b>Other Information</b>					
Depreciation of property, plant and equipment	515,841	328,405	319,892	17,726	1,181,864
Fair value loss on other investments	16,540	6,272	9,576	290	32,678
Fair value loss on short- term investment	-	-	-	(42,673)	(42,673)
Gain on foreign exchange					
- realised	(13,145)	(203,786)	(131,272)	-	(348,203)
Impairment loss on trade receivables	2,968,827	220,990	482,280	3,430	3,675,527
Interest income	(151,475)	(57,437)	(87,696)	(63,172)	(359,780)
Interest expenses	1,113,163	566,894	668,094	27,615	2,375,766
Loss on foreign exchange					
- realised	95,101	57,269	55,058	33,711	241,139
- unrealised	5,948	92,206	59,397	-	157,551
Provision					
- onerous contract	102	39	59	2	202
Reversal of impairment losses on trade receivables	-	(65,598)	-	(5,002)	(70,600)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**36. OPERATING SEGMENTS (CONT'D)****36.1 BUSINESS SEGMENTS (CONT'D)**

<b>2022</b>	Construction of Plants and Facilities RM	Fabrication of Equipment RM	Supply of Material and Equipment RM	Others RM	<b>The Group RM</b>
<b>Assets</b>					
Segment assets	93,798,453	33,549,488	33,240,847	7,254,761	167,843,549
Unallocated assets:					
- current tax assets					5,164,799
<b>Total assets</b>					<b>173,008,348</b>
Additions to non-current assets other than financial instruments and deferred tax assets are:-					
Property, plant and equipment	757,827	403,753	438,741	22,160	1,622,481
<b>Liabilities</b>					
Segment liabilities	25,216,402	8,400,763	10,540,660	503,489	44,661,314
Unallocated liabilities:					
- current tax liabilities					7,027
- deferred tax liabilities					638,598
- short-term borrowings					30,815,635
- hire purchase payables					1,459,614
- term loans					9,247,170
- bank overdrafts					13,191,611
<b>Total liabilities</b>					<b>100,020,969</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**36. OPERATING SEGMENTS (CONT'D)**

## 36.1 BUSINESS SEGMENTS (CONT'D)

2021	Construction of Plants and Facilities RM	Fabrication of Equipment RM	Supply of Material and Equipment RM	Others RM	The Group RM
<b>Revenue</b>					
External revenue	86,113,422	33,069,486	32,233,122	1,748,315	153,164,345
<b>Results</b>					
Segment profit before interest and taxation	7,748,468	1,877,762	4,589,766	454,263	14,670,259
Finance costs					(2,769,485)
Unallocated expenses					(825,083)
Profit before taxation					11,075,691
<b>Other Information</b>					
Bad debt written off	-	-	-	16,200	16,200
Depreciation of property, plant and equipment	568,741	374,013	306,976	8,689	1,258,419
Fair value gain on other investments	(54,004)	(31,068)	(30,946)	(675)	(116,693)
Gain on disposal of property, plant and equipment	(27,767)	(15,974)	(15,911)	(347)	(59,999)
Impairment losses on trade receivables	105,900	-	-	-	105,900
Interest income	(89,824)	(51,676)	(51,472)	(1,122)	(194,094)
Loss on foreign exchange - realised	278,286	23,037	11,195	15,589	328,107
Provision of liquidated ascertained damages	-	215,048	-	-	215,048
Reversal of impairment losses on trade receivables	-	(776,597)	-	-	(776,597)
Reversal of provision of onerous contract	(204,092)	(168,299)	-	-	(372,391)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**36. OPERATING SEGMENTS (CONT'D)****36.1 BUSINESS SEGMENTS (CONT'D)**

<b>2021</b>	Construction of Plants and Facilities RM	Fabrication of Equipment RM	Supply of Material and Equipment RM	Others RM	<b>The Group RM</b>
<b>Assets</b>					
Segment assets	76,679,910	26,270,225	20,792,678	683,476	124,426,289
Unallocated assets:					
- prepayment					495,731
- current tax assets					3,491,034
<b>Total assets</b>					<b>128,413,054</b>
Additions to non-current other than financial instruments and deferred tax assets are:-					
Property, plant and equipment	477,803	380,816	301,230	7,659	1,167,508
<b>Liabilities</b>					
Segment liabilities	12,236,702	7,756,831	6,592,315	249,071	26,834,919
Unallocated liabilities:					
- accruals					21,200
- current tax liabilities					889,640
- deferred tax liabilities					2,421,092
- short-term borrowings					16,674,161
- hire purchase payables					928,500
- term loans					9,720,507
- bank overdrafts					11,757,993
<b>Total liabilities</b>					<b>69,248,012</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**36. OPERATING SEGMENTS (CONT'D)****36.2 GEOGRAPHICAL INFORMATION**

Revenue is based on the country in which the customers are located.

<b>The Group</b>	<b>2022 RM</b>	<b>2021 RM</b>
Malaysia	66,476,836	41,849,599
<b>Foreign</b>		
Gabon	9,474,363	69,504,018
Liberia	224,128	451,439
Indonesia	18,213,449	41,359,289
	<b>94,388,776</b>	<b>153,164,345</b>

Non-current assets are determined according to the country where these assets are located.

<b>The Group</b>	<b>Non-current assets 2022 RM</b>	<b>2021 RM</b>
Malaysia	23,888,085	23,419,779
Singapore	3,430,842	3,513,470
	<b>27,318,927</b>	<b>26,933,249</b>

**36.3 MAJOR CUSTOMERS**

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

<b>The Group</b>	<b>Revenue 2022 RM</b>	<b>2021 RM</b>
Customer A	16,913,331	58,433,394
Customer B	22,742,912	25,818,060
Customer C	12,274,517	-
Customer D	10,935,253	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**37. CAPITAL COMMITMENTS**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Purchase of property, plant and equipment	-	224,550

**38. CONTINGENT LIABILITIES**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Performance guarantees extended to third parties	7,180,454	3,830,386

**39. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**39.1 FINANCIAL RISK MANAGEMENT POLICIES**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk****(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily Euro Dollar ("EUR"), United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)**

## 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

## (i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currencies of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

The Group	Euro RM	United States Dollar RM	Singapore Dollar RM
<b>2022</b>			
<u>Financial Assets</u>			
Trade receivables	4,717,113	2,194,777	-
Other receivables	6,678,464	2,460,764	70,603
Fixed deposits with licensed banks	-	2,024,770	-
Cash and bank balances	63,205	191,817	98,634
	11,458,782	6,872,128	169,237
<u>Financial Liabilities</u>			
Trade payables	-	(1,070,042)	-
Other payables	-	-	(21,951)
Term loans	-	-	(2,379,491)
	-	(1,070,042)	(2,401,442)
Net financial assets/(liabilities)	11,458,782	5,802,086	(2,232,205)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)**

The Group's exposure to foreign currency risk (a currency which is other than the functional currencies of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (Cont'd):-

<b>The Group</b>	<b>Euro RM</b>	<b>United States Dollar RM</b>	<b>Singapore Dollar RM</b>
<b>2021</b>			
<u>Financial Assets</u>			
Trade receivables	636,361	1,186,847	292
Other receivables	5,431	5,967	-
Cash and bank balances	20,091	2,162,225	163,644
	<b>661,883</b>	<b>3,355,039</b>	<b>163,936</b>
<u>Financial Liabilities</u>			
Trade payables	(20,143)	-	-
Other payables	-	-	(718,727)
Term loans	-	-	(2,573,845)
	<b>(20,143)</b>	<b>-</b>	<b>(3,292,572)</b>
Net financial assets/(liabilities)	<b>641,740</b>	<b>3,355,039</b>	<b>(3,128,636)</b>
Less: Forward foreign currency contracts (contracted notional principal)	<b>-</b>	<b>(1,245,000)</b>	<b>-</b>
	<b>641,740</b>	<b>2,110,039</b>	<b>(3,128,636)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)**

## 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

## (i) Foreign Currency Risk (Cont'd)

*Foreign currency risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Effects on (Loss)/Profit After Tax</b>		
EUR/RM - strengthened by 8% (2021 - 7%)	609,325	32,834
- weakened by 8% (2021 - 7%)	(609,325)	(32,834)
USD/RM - strengthened by 14% (2021 - 6%)	649,830	96,529
- weakened by 14% (2021 - 6%)	(649,830)	(96,529)
SGD/RM - strengthened by 10% (2021 - 3%)	(190,171)	(71,333)
- weakened by 10% (2021 - 3%)	190,171	71,333
<b>Effects on Equity</b>		
EUR/RM - strengthened by 8% (2021 - 7%)	1,026,755	-
- weakened by 8% (2021 - 7%)	(1,026,755)	-

## (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 19, 24 and 25 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(ii) Interest Rate Risk (Cont'd)***Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Effects on (Loss)/Profit After Tax</b>		
Increase of 100 (2021 - 25) basis points	(302,289)	(81,890)
Decrease of 100 (2021 - 25) basis points	302,289	81,890

There is no impact on the Group's equity.

**(iii) Equity Price Risk**

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

**(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(i) Credit Risk Concentration Profile**

The Group's major concentration of credit risk relates to the amounts owing by 4 (2021 – 2) customers which constituted approximately 59% (2021 – 68%) of its trade receivables (including related parties) at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Malaysia	13,949,717	6,435,190
Gabon	6,833,631	6,022,853
Indonesia	1,910,686	142,000
	<b>22,694,034</b>	<b>12,600,043</b>

**(ii) Maximum Exposure to Credit Risk**

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM 29,839,697 (2021 – Nil), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

**(iii) Assessment of Impairment Losses**

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganization.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 12 months past due.

Trade Receivables and Contract Assets

The Group applies the simplified approach in measuring expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit loss, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 12 months (2021 – 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate as the key macroeconomic factor of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)**

## 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)*Allowance for Impairment Losses*

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
<b>The Group</b>			
<b>2022</b>			
Current (not past due)	11,694,240	-	11,694,240
1 to 90 days past due	10,480,939	-	10,480,939
91 to 180 days past due	320,100	-	320,100
181 to 365 days past due	2,477,844	(2,477,844)	-
more than 365 days past due	1,482,194	(1,283,439)	198,755
Trade receivables	26,455,317	(3,761,283)	22,694,034
Contract assets	57,678,761	-	57,678,761
	84,134,078	(3,761,283)	80,372,795
<b>2021</b>			
Current (not past due)	8,038,155	-	8,038,155
1 to 90 days past due	3,782,877	-	3,782,877
91 to 180 days past due	698,691	(35,300)	663,391
181 to 365 days past due	115,620	-	115,620
more than 365 days past due	121,056	(121,056)	-
Trade receivables	12,756,399	(156,356)	12,600,043
Contract assets	42,865,604	-	42,865,604
	55,622,003	(156,356)	55,465,647

The movements in the loss allowances in respect of trade receivables is disclosed in Note 9 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivable as it is negligible.

Fixed Deposits with Licensed Banks and Cash and Bank Balances

The Group considers the banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owed by Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)**

## 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Amount Owing by Subsidiaries (Cont'd)*Allowance for Impairment Losses*

At the end of the reporting period, there was no indication that the amount owing is not recoverable other than those which had already impaired in the previous financial year.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

**(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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### 39. FINANCIAL INSTRUMENTS (CONT'D)

#### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

###### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
<b>2022</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	29,682,015	29,682,015	29,682,015	-	-
Other payables and accruals	-	5,170,279	5,170,279	5,170,279	-	-
Short-term borrowings	4.81	30,815,635	30,815,635	30,815,635	-	-
Hire purchase payables	5.12	1,459,614	1,587,698	544,336	602,730	440,632
Term loans	4.25	9,247,170	12,057,568	1,495,436	4,012,927	6,549,205
Bank overdrafts	7.79	13,191,611	13,191,611	13,191,611	-	-
		89,566,324	92,504,806	80,899,312	4,615,657	6,989,837

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
<b>2021 (Restated)</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	16,102,720	16,102,720	16,102,720	-	-
Other payables and accruals	-	9,552,564	9,552,564	9,552,564	-	-
Short-term borrowings	4.03	16,674,161	16,674,161	16,674,161	-	-
Hire purchase payables	5.60	928,500	978,845	486,693	492,152	-
Term loans	2.80	9,720,507	12,007,801	1,306,218	4,108,625	6,592,958
Bank overdrafts	6.81	11,757,993	11,757,993	11,757,993	-	-
<u>Derivative Financial Liabilities</u>						
Foreign currency contracts (gross settled):						
- gross payments	-	-	1,252,216	1,252,216	-	-
- gross receipts	-	-	(1,245,000)	(1,245,000)	-	-
		64,736,445	67,081,300	55,887,565	4,600,777	6,592,958

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

The Group's policies in respect of the major areas of treasury activity are as follows (Cont'd):-

**(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

<b>The Company</b>	<i>Weighted Average Effective Interest Rate %</i>	<i>Carrying Amount RM</i>	<i>Contractual Undiscounted Cash Flows RM</i>	<i>Within 1 Year RM</i>
<b>2022</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	161,657	161,657	161,657
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	*	29,839,697	29,839,697
		161,657	30,001,354	30,001,354
<b>2021</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	21,200	21,200	21,200
Amount owing to a subsidiary	-	417,891	417,891	417,891
		439,091	439,091	439,091

\* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised since their fair value on initial recognition were not material.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.2 CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and bank balances and fixed deposits with licensed banks. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	RM	RM
		(Restated)
Short-term borrowings	30,815,635	16,674,161
Hire purchase payables	1,459,614	928,500
Term loans	9,247,170	9,720,507
Bank overdrafts	13,191,611	11,757,993
	54,714,030	39,081,161
Less: Fixed deposits with licensed banks (Note 14)	(17,195,605)	(13,518,743)
Less: Cash and bank balances	(6,419,820)	(6,507,094)
Net debt	31,098,605	19,055,324
Total equity	72,987,379	59,165,042
Debt-to-equity ratio	43%	32%

There was no change in the Group's approach to capital management during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	RM	RM	RM	RM
	(Restated)			
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Other investments (Note 7)	2,036,700	2,068,841	-	-
Short-term investment (Note 11)	5,915,926	-	5,915,926	-
	<b>7,952,626</b>	<b>2,068,841</b>	<b>5,915,926</b>	<b>-</b>
<u>Amortised Cost</u>				
Amount owing by subsidiaries (Note 13)	-	-	14,428,187	-
Trade receivables (Note 9)	22,694,034	12,600,043	-	-
Other receivables (Note 10)	11,348,797	179,677	-	-
Fixed deposits pledged with licensed banks (Note 14)	17,195,605	13,518,743	-	-
Cash and bank balances	6,419,820	6,507,094	50,178	2
	<b>57,658,256</b>	<b>32,805,557</b>	<b>14,478,365</b>	<b>2</b>
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Hire purchase payables (Note 18)	1,459,614	928,500	-	-
Term loans (Note 19)	9,247,170	9,720,507	-	-
Trade payables (Note 21)	29,682,015	16,102,720	-	-
Other payables and accruals (Note 22)	5,170,279	9,552,564	161,657	21,200
Amount owing to a subsidiary (Note 13)	-	-	-	417,891
Short-term borrowings (Note 24)	30,815,635	16,674,161	-	-
Bank overdrafts (Note 25)	13,191,611	11,757,993	-	-
	<b>89,566,324</b>	<b>64,736,445</b>	<b>161,657</b>	<b>439,091</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)**

## 39.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	<b>The Group</b>		<b>The Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	RM	RM	RM	RM
	(Restated)			
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	13,248	116,693	45,926	-
<u>Amortised Cost</u>				
Net (losses)/gains recognised in profit or loss	(3,066,375)	514,863	243,808	-
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(2,454,564)	(2,061,500)	(10,288)	-

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### 39. FINANCIAL INSTRUMENTS (CONT'D)

#### 39.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instrument Carried at Fair Value			Fair Value of Financial Instrument not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
2022	RM	RM	RM	RM	RM	RM	RM	RM
<b>Financial Assets</b>								
Short-term investment	5,915,926	-	-	-	-	-	5,915,926	5,915,926
Other investments	-	2,036,700	-	-	-	-	2,036,700	2,036,700
	5,915,926	2,036,700	-	-	-	-	7,952,626	7,952,626
<b>Financial Liabilities</b>								
Hire purchase payables	-	-	-	-	1,459,614	-	1,459,614	1,459,614
Term loans	-	-	-	-	9,247,170	-	9,247,170	9,247,170
	-	-	-	-	10,706,784	-	10,706,784	10,706,784

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.5 FAIR VALUE INFORMATION (CONT'D)**

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instrument Carried at Fair Value			Fair Value of Financial Instrument not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>The Group</b>								
<b>2021 (Restated)</b>								
<u>Financial Assets</u>								
Other investments	-	2,068,841	-	-	-	-	2,068,841	2,068,841
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	928,500	-	928,500	928,500
Term loans	-	-	-	-	9,720,507	-	9,720,507	9,720,507
	-	-	-	-	10,649,007	-	10,649,007	10,649,007

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 39. FINANCIAL INSTRUMENTS (CONT'D)

## 39.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

	Financial Instrument Carried at Fair Value			Financial Instrument not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>The Company</b>								
<b>2022</b>								
<u>Financial Assets</u>								
Short-term investment	5,915,926	-	-	-	-	-	5,915,926	5,915,926

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**39. FINANCIAL INSTRUMENTS (CONT'D)****39.5 FAIR VALUE INFORMATION (CONT'D)****(a) Fair Value of Financial Instruments Carried at Fair Value**

- (i) The fair value of other investments and short-term investment are determined by reference to information provided by the respective financial institutions, with which the investments were entered into.
- (ii) There were no transfers between level 1 and level 2 during the financial year.

**(b) Fair Value of Financial Instruments Not Carried at Fair Value**

- (i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair value of hire purchase payables are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<b>2022</b>	<b>2021</b>
	%	%
Hire purchase payables	4.81	5.60

**40. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 18 July 2022, the Company was admitted to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") with the listing of and quotation for its entire enlarged issued share capital of RM76,216,952 comprising 340,000,000 ordinary shares on the ACE Market of Bursa Securities.

**41. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD**

On 28 February 2023, the Company announced a proposal to undertake an issuance of up to 170,000,000 free warrants on the basis of 1 warrant for every 2 ordinary shares in the ("Proposed Free Warrants Issue"). The Proposed Free Warrants Issue is subject to the approval of Bursa Securities and shareholders in the general meeting.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**42. COMPARATIVE FIGURES**

The following figures have been reclassified to conform with the presentation of the current financial year.

	As Previously Reported RM	As Restated RM
<b>The Group</b>		
<b>Statement of Financial Position (Extract):-</b>		
<u>Non-current liabilities</u>		
Lease liabilities	485,374	-
Hire purchase payables	-	485,374
<u>Current liabilities</u>		
Lease liabilities	443,126	-
Hire purchase payables	-	443,126
<hr/>		
<b>Statements of Cash Flows (Extract):-</b>		
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Repayment of hire purchase obligation	-	(485,427)
Repayment of lease liabilities	(485,427)	-
<hr/>		

# ADDITIONAL COMPLIANCE INFORMATION

## UTILISATION OF PROCEEDS

The Company had raised gross proceeds of approximately RM24.65 million from the initial public offering exercise and the utilisation of proceeds raised as at 18 April 2023 are as follows:

Utilisation of proceeds	Proposed utilisation RM'000	Amount utilised RM'000	Balance to be utilised RM'000	Estimated timeframe for utilisation upon listing
<b>Business expansion</b>				
- Establishment of new fabrication facility and office in Indonesia	5,000	-	5,000	Within 24 months
- Expansion of environmental and energy efficiency business	1,000	225	775	Within 24 months
<b>Working capital</b>	7,851	7,851	-	Within 12 months
<b>Repayment of bank borrowings</b>	7,000	7,000	-	Within 12 months
<b>Estimated listing expenses</b>	3,800	3,800	-	Within 1 month
<b>Total</b>	24,651	18,876	5,775	

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

## AMOUNT OF AUDIT FEES AND NON-AUDIT FEES

The audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2022 by the Company's Auditors, or a firm or a corporation affiliated to the Auditors are as follow:

	Group (RM)	Company (RM)
Audit fees	173,296	48,000
Non-audit fees*	41,800	6,200
<b>Total</b>	<b>215,096</b>	<b>54,200</b>

\* Non-audit fees consist of fees for reviewing Statement on Risk Management and Internal Control, transfer pricing documentation and tax fees

## MATERIAL CONTRACTS

There was no material contract entered into by the Group involving the interest of the Directors and major shareholders subsisting at the end of the financial year under review.

# LIST OF PROPERTIES

No.	Location	Description/ Existing Use	Area (Sq. Metres)	Tenure	Date of Revaluation/ Date of Acquisition	Age of Building (Years)	Carrying Amount as at 31/12/2022 (RM'000)
1	PLO 555 & PLO 506, Jalan Keluli 8, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor	Head Office and manufacturing plant	Gross floor area: 103,344 for factory and 9,300 for office	60 years leasehold expiring on 2 July 2067 (remaining tenure of 45 years)	24 August 2016 (Revaluation)	16	12,543
2	No. 37, Jalan Ekoflora 1/11, Taman Ekoflora, 81100 Johor Bahru, Johor	Tenanted to one of our Key Senior Management, Tia Tuan Sim	3,595	Freehold	9 May 2017	5	1,378
3	No. 8, Jalan Ekoperniagaan 1/10, Taman Ekoperniagaan, 81100 Johor Bahru, Johor	Office	8,785	Freehold	8 August 2017	6	2,779
4	2 Venture Drive, #13-04 Vision Exchange, Singapore 608526	Office	517	99 Years leasehold expiring on 9 June 2112 (remaining tenure of 90 years)	15 September 2017	9	3,431



# ANALYSIS OF SHAREHOLDINGS

AS AT 3 APRIL 2023

## SHARE CAPITAL

Total number of issued Shares: 340,000,000  
Class of Shares: Ordinary Shares  
Voting Rights: One vote for each ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS AS AT 3 APRIL 2023

SIZE OF SHAREHOLDINGS	No of shareholders	Percentage of shares (%)	No. of Shares	Percentage of shares (%)
LESS THAN 100	-	0.000	-	0.000
100 TO 1,000	305	21.224	126,800	0.037
1,001 TO 10,000	590	41.058	3,405,300	1.002
10,001 TO 100,000	405	28.184	14,178,500	4.170
100,001 TO 16,999,999*	136	9.464	169,289,400	49.791
17,000,000 AND ABOVE**	1	0.070	153,000,000	45.000
	1,437	100.000	340,000,000	100.000

\* Less than 5% of issued shares    \*\* 5% and above of issued shares

## DIRECTORS' SHAREHOLDINGS AS AT 3 APRIL 2023

NO.	NAMES	Direct		Indirect	
		No of Shares	Percentage of share held (%)	No of Shares	Percentage of share held (%)
1	TAN YEE BOON	200,000	0.059	-	-
2	WONG CHOI ONG	13,928,000	4.096	153,117,000 <sup>(1)</sup>	45.034
3	PAN KUM WAN	-	-	164,393,927 <sup>(2)</sup>	48.351
4	LAW SANG THIAM	200,000	0.059	-	-
5	ANG CHYE KIAN	100,000	0.029	-	-
6	ANDREA HUONG JIA MEI	-	-	-	-

Notes:

<sup>(1)</sup> Deemed interested by virtue of his indirect shareholdings in Rajawali Wang Sdn. Bhd. through Caiwan Capital Sdn. Bhd. and Visionary Support Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and indirect interest held through his daughter, Wong Pei Li's shareholdings in our Company.

<sup>(2)</sup> Deemed interested by virtue of his indirect shareholdings in Rajawali Wang Sdn. Bhd. through Dynagear Technologies Sdn. Bhd. and Visionary Support Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and indirect interest held through his spouse, Li Siok Go's and his sons, Pan Ching Looi's and Pan Ching Yeong's shareholdings in our Company.

## LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 3 APRIL 2023

NO.	NAMES	Direct		Indirect	
		No of Shares	Percentage of share held (%)	No of Shares	Percentage of share held (%)
1	WONG CHOI ONG	13,928,000	4.096	153,117,000 <sup>(1)</sup>	45.034
2	PAN KUM WAN	-	-	164,393,927 <sup>(2)</sup>	48.351
3	RAJAWALI WANG SDN. BHD.	153,000,000	45.000	-	-
4	CAIWAN CAPITAL SDN. BHD.	-	-	153,000,000 <sup>(3)</sup>	45.000
5	VISIONARY SUPPORT SDN. BHD.	-	-	153,000,000 <sup>(3)</sup>	45.000
6	DYNAGEAR TECHNOLOGIES SDN. BHD.	-	-	153,000,000 <sup>(3)</sup>	45.000

Notes:

<sup>(1)</sup> Deemed interested by virtue of his indirect shareholdings in Rajawali Wang Sdn. Bhd. through Caiwan Capital Sdn. Bhd. and Visionary Support Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and indirect interest held through his daughter, Wong Pei Li's shareholdings in our Company.

<sup>(2)</sup> Deemed interested by virtue of his indirect shareholdings in Rajawali Wang Sdn. Bhd. through Dynagear Technologies Sdn. Bhd. and Visionary Support Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and indirect interest held through his spouse, Li Siok Go's and his sons, Pan Ching Looi's and Pan Ching Yeong's shareholdings in our Company.

<sup>(3)</sup> Deemed interested by virtue of its shareholdings in Rajawali Wang Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

## ANALYSIS OF SHAREHOLDINGS AS AT 3 APRIL 2023

## LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 3 APRIL 2023

NO.	Name of Shareholders	No of Shares	Percentage of share held (%)
1	RAJAWALI WANG SDN. BHD.	153,000,000	45.000
2	LIM SIEW KUEN	16,121,250	4.742
3	WONG CHOI ONG	13,928,000	4.096
4	WONG YEW CHOO	12,881,364	3.789
5	CHOW PUI HEE	12,017,000	3.534
6	LI SIOK GO	10,069,727	2.962
7	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ANDY TAN BOON KIONG	7,637,710	2.246
8	TAY HONG SING	5,935,500	1.746
9	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	5,393,500	1.586
10	THAM YEW LEONG	5,293,600	1.557
11	GOH YU MENG	5,150,565	1.515
12	LEE YOON HUAT	4,410,900	1.297
13	YOH SHEUE SHYUAN	3,869,700	1.138
14	LOW GUAN HONG	3,865,000	1.137
15	TIA TUAN SIM	3,576,884	1.052
16	WOO CHIEW LOONG	2,879,000	0.847
17	AMANAHRAYA TRUSTEES BERHAD PMB DANA AL-AIMAN	2,169,700	0.638
18	PONG CHIN HUAT	1,833,400	0.539
19	CHUA YEIN YEIN	1,747,900	0.514
20	SINTARI VENTURE SDN BHD	1,665,800	0.490
21	LEE MING GEOK	1,500,000	0.441
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM AI LENG (E-KLG/TSK)	1,500,000	0.441
23	PAN CHING LOOI	1,300,000	0.382
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW GUAN HONG (7006356)	1,292,800	0.380
25	NG KAH KIT	1,229,900	0.362
26	LEE SIAU LUN	1,209,700	0.356
27	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH LEK SIN (MY3753)	1,100,300	0.324
28	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR STANDARD CHARTERED BANK MALAYSIA BERHAD (WEALTH MANAGEMENT) (TEMPATAN)	1,086,100	0.320
29	AMANAHRAYA TRUSTEES BERHAD PMB DANA BESTARI	1,084,900	0.319
30	PHANG SUN WAH	1,000,000	0.294
	<b>TOTAL</b>	<b>285,750,200</b>	<b>84.044</b>

# NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Second Annual General Meeting (“2<sup>nd</sup> AGM”) of Ecoscience International Berhad (“Ecoscience” or “Company”) will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting facilities via TIH Online website at <https://tjih.online> from the broadcast venue at 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, Malaysia on **Friday, 26 May 2023** at **10.00 a.m.**, to transact the following businesses:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)
2. To approve the payment of Directors’ fees to the following Non-Executive Directors for the financial year ended 31 December 2022:
  - (a) RM35,000.00 for Dato’ Tan Yee Boon **Ordinary Resolution 1**  
(Please refer to Explanatory Note 2)
  - (b) RM21,000.00 for Mr Law Sang Thiam **Ordinary Resolution 2**  
(Please refer to Explanatory Note 2)
  - (c) RM21,000.00 for Ms Ang Chye Kian **Ordinary Resolution 3**  
(Please refer to Explanatory Note 2)
  - (d) RM21,000.00 for Ms Andrea Huong Jia Mei **Ordinary Resolution 4**  
(Please refer to Explanatory Note 2)
3. To approve the payment of Directors’ fees to the following Non-Executive Directors for the period from 1 January 2023 until the date of the next Annual General Meeting of the Company to be held in 2024:
  - (a) RM5,000.00 per month for Dato’ Tan Yee Boon **Ordinary Resolution 5**  
(Please refer to Explanatory Note 2)
  - (b) RM3,000.00 per month for Mr Law Sang Thiam **Ordinary Resolution 6**  
(Please refer to Explanatory Note 2)
  - (c) RM3,000.00 per month for Ms Ang Chye Kian **Ordinary Resolution 7**  
(Please refer to Explanatory Note 2)
  - (d) RM3,000.00 per month for Ms Andrea Huong Jia Mei **Ordinary Resolution 8**  
(Please refer to Explanatory Note 2)
4. To approve the payment of Directors’ benefits of RM56,725.00 for the financial year ended 31 December 2022. **Ordinary Resolution 9**  
(Please refer to Explanatory Note 2)
5. To approve the payment of Directors’ benefits up to an amount of RM108,094.00 for the period from 1 January 2023 until the date of the next Annual General Meeting of the Company to be held in 2024. **Ordinary Resolution 10**  
(Please refer to Explanatory Note 2)

NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING

6. To re-elect the following Directors who are retiring by rotation in accordance with Clause 76(3) of the Constitution of the Company and, who being eligible, offer themselves for re-election:

- (a) Mr Pan Kum Wan
- (b) Mr Law Sang Thiam

**Ordinary Resolution 11****Ordinary Resolution 12**

(Please refer to Explanatory Note 3)

7. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 13**

(Please refer to Explanatory Note 4)

**AS SPECIAL BUSINESS**

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

8. **SPECIAL RESOLUTION**  
**WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT 2016**

**Special Resolution**

(Please refer to Explanatory Note 5)

“THAT pursuant to Section 85 of the Companies Act 2016 (“the Act”) read together with Clause 12(3) of the Constitution of the Company and subject to passing Ordinary Resolution 14 – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees.

AND THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine.”

NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING9. **ORDINARY RESOLUTION****AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

“THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 (“the Act”) and subject always to the Act, the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Ordinary Resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

**Ordinary Resolution 14**

(Please refer to Explanatory Note 6)

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

**BY ORDER OF THE BOARD**

**TAN BEE HWEI (SSM PC NO. 202008001497) (MAICSA 7021024)**

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

Company Secretaries

Kuala Lumpur

27 April 2023

**Notes:**1. **IMPORTANT NOTICE**

*The broadcast venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the Meeting to be present at the main venue of the meeting.*

*Shareholders **will not be allowed** to attend the 2<sup>nd</sup> AGM in person at the broadcast venue on the day of the meeting.*

*Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 2<sup>nd</sup> AGM using the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.*

**Please read these Notes carefully and follow the procedures in the Administrative Details for this 2<sup>nd</sup> AGM in order to participate remotely via RPV.**

2. *For the purpose of determining who shall be entitled to participate in this 2<sup>nd</sup> AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 18 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 2<sup>nd</sup> AGM via RPV.*

NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING

3. *A member who is entitled to participate in this 2<sup>nd</sup> AGM via RPV is entitled to appoint an attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.*
4. *A member of the Company entitled to attend, speak and vote at this 2<sup>nd</sup> AGM is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend the 2<sup>nd</sup> AGM.*
5. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
6. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
7. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Sections 25A(1) of the Central Depositors Act.*
8. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
9. *A member who has appointed a proxy or attorney or authorised representative to participate at this 2<sup>nd</sup> AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for this 2<sup>nd</sup> AGM.*
10. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this 2<sup>nd</sup> AGM or adjourned 2<sup>nd</sup> AGM at which the person named in the appointment proposes to vote:*
  - (i) *In hard copy form*

*In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.*
  - (ii) *By electronic means*

*The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide.*
11. *Please ensure ALL the particulars as required in the proxy form are complete, signed and dated accordingly.*
12. *Last date and time for lodging the proxy form is **Wednesday, 24 May 2023, at 10.00 a.m.***

NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING

13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding this 2<sup>nd</sup> AGM or adjourned 2<sup>nd</sup> AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
- (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

**Explanatory Notes****Ordinary Business****1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2022**

*This item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval from the shareholders for the Audited Financial Statements. Hence, this item on the Agenda will not be put forward for voting.*

**2. Ordinary Resolutions 1 to 10 – Payment of Directors' fees and Benefits**

*Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting. The payment of the Directors' fees and benefits for the financial year ended 31 December 2022 will only be made if the relevant proposed Ordinary Resolutions 1 to 4 and 9 are passed at this 2<sup>nd</sup> AGM.*

*The proposed Ordinary Resolutions 5 to 8, if passed, will give authority to the Company to pay the Directors' fees from 1 January 2023 until the next Annual General Meeting of the Company to be held in 2024 as and when their services are rendered.*

*The proposed Ordinary Resolution 10 is to facilitate payment of Directors' benefits for the period from 1 January 2023 until the date of the next Annual General Meeting of the Company to be held in 2024. Directors' benefits include meeting allowances and other emoluments payable to Directors and in determining the estimated total, the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees meetings.*



NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING

The proposed structure of the Directors' benefits for the financial year ended 31 December 2022 and the period from 1 January 2023 until the next Annual General Meeting of the Company to be held in 2024 is as follows:

Type of Benefits	Amount
Meeting Allowance	RM1,000 per day
Insurance Premium	
Professional Indemnity	RM12,094.00
Company Car	RM44,725.00 (for the financial year ended 31 December 2022) RM70,000.00 (for the period from 1 January 2023 until the date of the next Annual General Meeting to be held in 2024)

Payment of the Directors' benefits will be made by the Company to the respective Directors as and when incurred if the proposed Ordinary Resolution 10 is passed by the shareholders at the 2<sup>nd</sup> AGM.

In the event the Directors' fees and benefits proposed are insufficient, approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

3. **Ordinary Resolutions 11 and 12 – Re-election of Directors who retire in accordance with Clause 76(3) of the Constitution of the Company**

Mr Pan Kum Wan and Mr Law Sang Thiam are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 2<sup>nd</sup> AGM.

Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance, the profiles of both Directors are set out on pages 15 to 16 of the Annual Report 2022. For the purpose of determining the eligibility of both Directors to stand for re-election at the 2<sup>nd</sup> AGM, the Board had through its Nomination Committee ("NC"), considered, assessed and deliberated on the suitability of the said Directors to be re-elected as Directors of the Company based on assessment on fit and proper and the results of the board assessment of the aforementioned Directors for the financial year ended 31 December 2022 and Fit and Proper Policy of the Company. Based on the recommendation of NC, the Board supports the re-election of the aforementioned Directors with the following justifications:

**Ordinary Resolution 11: Re-election of Mr Pan Kum Wan as Non-Independent Executive Director**

Mr Pan Kum Wan remains objective in expressing his view and managing the daily operations of the Group efficiently.

Mr Pan Kum Wan has enormous experience in palm oil refinery operation and the construction of palm oil mills and facilities. He has been contributing significantly to the growth and development of the Group including the expansion of business operations to serve foreign markets since 2006.

Mr Pan Kum Wan 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.

Mr Pan Kum Wan has exercised his due care and carried out his professional duties proficiently during his tenure as Non-Independent Executive Director of the Company.

**Ordinary Resolution 12: Re-election of Mr Law Sang Thiam as Independent Non-Executive Director**

Mr Law Sang Thiam fulfils the requirements of independence set out in Guidance Note 9 of the ACE Market Listing Requirements. He remains objective and independent in expressing his view and participating in Board deliberations and decision-making.

Mr Law Sang Thiam has vast experience in audit, accounting, tax advisory and other corporate exercises, and is able to provide the Board with a diverse set of expertise and perspective.

Mr Law Sang Thiam has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director of the Company.



NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING

*Based on the above, the Board collectively agreed that both Directors had met the criteria as prescribed by Rule 2.20A of the ACE Market Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The Board was also satisfied with the fit and proper assessment completed by the retiring Directors.*

4. **Ordinary Resolution 13 – Re-appointment of Auditors**

*The Audit and Risk Management Committee (“ARMC”) had at its meeting held on 12 April 2023 assessed the suitability and independence of the External Auditors and recommended the re-appointment of Crowe Malaysia PLT as External Auditors of the Company for the financial year ending 31 December 2023. Crowe Malaysia PLT had notified the Company of their intention to seek re-appointment as auditors.*

*The Board has in turn reviewed the recommendation of the ARMC and recommended the same to be tabled to the shareholders for approval at the 2<sup>nd</sup> AGM.*

**Special Business**

5. **Special Resolution: Waiver of Pre-emptive Rights**

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

6. **Ordinary Resolution 14 – Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act**

*Subject to the passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Act, the proposed Ordinary Resolution 14, if passed, would renew the mandate granted to the Directors at the 1<sup>st</sup> AGM held on 3 June 2022 (“1<sup>st</sup> AGM”) and provide flexibility to the Directors to undertake fundraising activities, including but not limited to placement of shares for the purpose of funding the Company’s future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of the issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier.*

*The Company had issued and allotted 82,169,500 ordinary shares pursuant to the mandate granted to the Directors at the 1<sup>st</sup> AGM at an initial public offering price of RM0.30 per ordinary share on 15 July 2022 pursuant to the initial public offering exercise, before the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad on 18 July 2022.*

NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING

The Company had raised gross proceeds of approximately RM24.65 million from the initial public offering exercise and the utilisation of proceeds raised as at 18 April 2023 pursuant to the aforesaid mandate are as follows:

<b>Utilisation of proceeds</b>	<b>Proposed utilisation RM'000</b>	<b>Amount utilised RM'000</b>	<b>Balance to be utilised RM'000</b>	<b>Estimated timeframe for utilisation upon listing</b>
<b>Business expansion</b>				
- Establishment of new fabrication facility and office in Indonesia	5,000	-	5,000	Within 24 months
- Expansion of environmental and energy efficiency business	1,000	225	775	Within 24 months
<b>Working capital</b>	7,851	7,851	-	Within 12 months
<b>Repayment of bank borrowings</b>	7,000	7,000	-	Within 12 months
<b>Estimated listing expenses</b>	3,800	3,800	-	Within 1 month
<b>Total</b>	24,651	18,876	5,775	

# STATEMENT ACCOMPANYING NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING

(pursuant to Rule 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

## [Ordinary Resolutions 11 and 12]

The Directors who retire pursuant to Clause 76(3) of the Constitution of the Company and being eligible to offer themselves for re-election at the 2<sup>nd</sup> AGM are Mr Pan Kum Wan and Mr Law Sang Thiam (“Retiring Directors”).

The profile of the Retiring Directors who are standing for re-election as per Agenda item 6 of the Notice of 2<sup>nd</sup> AGM are as follows:

### A. PAN KUM WAN

(Non-Independent Executive Director)

<b>Nationality</b>	: Malaysian
<b>Age</b>	: 72
<b>Gender</b>	: Male
<b>Date of Appointment</b>	: 2 August 2021
<b>Length of Tenure (as at 31 December 2022)</b>	: 1 year 5 months

### QUALIFICATION

Mr Pan Kum Wan obtained a Bachelor of Science in Chemical Engineering from the Loughborough University of Technology, United Kingdom in 1976.

### DIRECTORSHIP/RELEVANT APPOINTMENTS (Other than Ecoscience International Berhad)

NIL

### RELEVANT EXPERIENCE

Mr Pan Kum Wan was appointed as a Non-Independent Executive Director of the Company on 2 August 2021.

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 Thian 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 Ecoscience Manufacturing & Engineering Sdn. Bhd. 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.

Mr Pan Kum Wan holds 163,393,927 ordinary shares of the Company by virtue of his indirect shareholdings in Rajawali Wang Sdn. Bhd. through Dynagear Technologies Sdn. Bhd. and Visionary Support Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and indirect interest held through his spouse, Li Siok Go's and his sons, Pan Ching Looi's and Pan Ching Yeong's shareholdings in the Company. He has no family relationship with any Director and/or major shareholder of the Company and does not have any business or other relationship which could pose a conflict of interest with the Company or interfere with exercise of his judgement in the Company. He acts in the best interest of the Company.

He has not 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.

The Board hereby supports and recommends the re-election of Mr Pan Kum Wan as the Non-Independent Executive Director of the Company for the shareholders' approval.

STATEMENT ACCOMPANYING NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING**B. LAW SANG THIAM**

(Independent Non-Executive Director)

<b>Nationality</b>	: Malaysian
<b>Age</b>	: 47
<b>Gender</b>	: Male
<b>Date of Appointment</b>	: 2 August 2021
<b>Length of Tenure (as at 31 December 2022)</b>	: 1 year 5 months

**QUALIFICATION**

Mr Law Sang Thiam 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.

**DIRECTORSHIP/RELEVANT APPOINTMENTS (Other than Ecoscience International Berhad)**

- MCE Holdings Berhad
- Spring Art Holdings Berhad

**RELEVANT EXPERIENCE**

Mr Law Sang Thiam was appointed as an Independent Non-Executive Director of the Company on 2 August 2021.

Mr Law Sang Thiam 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, he 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 Sang Thiam holds 200,000 ordinary shares of the Company. He has no family relationship with any Director and/or major shareholder of the Company and does not have any business or other relationship which could pose a conflict of interest with the Company or interfere with exercise of his judgement in the Company. He acts in the best interest of the Company.

He has not 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.

The Board hereby supports and recommends the re-election of Mr Law Sang Thiam as the Independent Non-Executive Director of the Company for the shareholders' approval.

# ADMINISTRATIVE GUIDE

Date : Friday, 26 May 2023  
 Time : 10.00 a.m.  
 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,  
 Malaysia  
 Online Meeting Platform : TIIH Online website at <https://tiih.online>

Dear Shareholders of Ecoscience International Berhad (“**Ecoscience**” or “**the Company**”)

## 2<sup>nd</sup> AGM

The 2<sup>nd</sup> AGM of the Company will be conducted virtually in accordance with the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers’ issued by the Securities Commission Malaysia which was revised on 7 April 2022. In this respect, the Company will continue to leverage technology to ensure that the 2<sup>nd</sup> AGM supports meaningful engagement between the Board of Directors, Management and Shareholders of the Company.

Please find the below requirements for the 2<sup>nd</sup> AGM:

- The 2<sup>nd</sup> AGM will be conducted virtually **through live streaming and online remote voting** using Remote Participation and Voting (“**RPV**”) facilities via **TIIH Online** website at <https://tiih.online> from the Broadcast Venue.
- The Broadcast Venue is the main venue in Malaysia where the Chairman of the meeting will be physically present in accordance with Section 327(2) of the Companies Act 2016 and Clause 52(3) of the Constitution of the Company. As such, shareholder(s), proxy(ies), authorised representative(s) or attorney(s) are **NOT ALLOWED** to be physically present at the Broadcast Venue.
- We **strongly encourage** you to attend the 2<sup>nd</sup> AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 2<sup>nd</sup> AGM.

## REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

- The RPV facilities are available at **TIIH Online** website at <https://tiih.online>.
- Shareholders are to attend, speak (in the form of real-time submission of typed texts) and vote (collectively, “participate”) remotely at the 2<sup>nd</sup> AGM using RPV facilities from Tricor Investor & Issuing House Services Sdn. Bhd.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

## ADMINISTRATIVE GUIDE

## PROCEDURES TO REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 2<sup>nd</sup> AGM using the RPV facilities:

	Procedure	Action
<b>BEFORE THE DAY OF 2<sup>nd</sup> AGM</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” and select <b>“Create Account by Individual Holder”</b>. Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a user of TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online</li> </ul>
(b)	Submit your request to attend 2 <sup>nd</sup> AGM remotely	<ul style="list-style-type: none"> <li>Registration is open from Thursday, 27 April 2023 until the day of the 2<sup>nd</sup> AGM on Friday, 26 May 2023. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 2<sup>nd</sup> AGM to ascertain their eligibility to participate in the 2<sup>nd</sup> AGM using the RPV.</li> <li>Login with your user ID (i.e. e-mail address) and password and select the corporate event: <b>“(REGISTRATION) ECOSCIENCE 2<sup>nd</sup> AGM”</b></li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the Record of Depositors as at <b>18 May 2023</b>, the system will send you an <b>e-mail after 24 May 2023 to approve or reject</b> your registration for remote participation.</li> </ul> <p>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV facilities).</p>
<b>ON THE DAY OF THE 2<sup>nd</sup> AGM (26 MAY 2023)</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID (i.e. e-mail address) and password for remote participation at the 2<sup>nd</sup> AGM at any time from <b>9.00 a.m.</b> i.e. 1 hour before the commencement of the meeting <b>at 10.00 a.m. on Friday, 26 May 2023</b>.</li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: <b>“(LIVE STREAM MEETING) ECOSCIENCE 2<sup>nd</sup> AGM”</b> to engage in the proceedings of the AGM remotely.</li> <li>If you have any questions for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 2<sup>nd</sup> AGM. If there is a time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences <b>from 10.00 a.m. on Friday, 26 May 2023</b> until a time when the Chairman announces the completion of the voting session of the 2<sup>nd</sup> AGM.</li> <li>Select the corporate event: <b>“(REMOTE VOTING) ECOSCIENCE 2<sup>nd</sup> AGM”</b> or if you are on the live stream meeting page, you can select the <b>“GO TO REMOTE VOTING PAGE”</b> button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> <li>You may choose to download a document (of your votes) for the record.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the 2<sup>nd</sup> AGM, the live streaming will end.</li> </ul>

## ADMINISTRATIVE GUIDE

### Note to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to **TIIH Online** on the day of the meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

### NO BREAKFAST / LUNCH PACK, DOOR GIFT OR FOOD VOUCHER

There will be **no distribution** of breakfast / lunch packs, door gifts or food vouchers during the 2<sup>nd</sup> AGM since the meeting is being conducted on a virtual basis.

### ENTITLEMENT TO PARTICIPATE IN THE 2<sup>ND</sup> AGM

Only a depositor whose name appears on the Record of Depositors as at **18 May 2023** (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 2<sup>nd</sup> AGM or appoint proxies to attend and/or vote on his/her behalf.

### ANNUAL REPORT 2022

- The Company's Annual Report 2022 is available at the Company's website at [www.ecosciencegroup.com](http://www.ecosciencegroup.com) and Bursa Malaysia Securities Berhad ("Bursa Securities")'s website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under Company's announcements.
- You may request for a printed copy of the Annual Report 2022 at <https://tiih.online> by selecting **"Request for Annual Report / Circular" under the "Investor Services"**.
- Kindly consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

### RECORDING OR PHOTOGRAPHY

Unauthorised recording or photography of the proceedings of the 2<sup>nd</sup> AGM is strictly prohibited.

### COMMUNICATION GUIDE

Shareholders are reminded to monitor the Company's website and announcements for any changes relating to the AGM arrangements.

### PROXY

- The 2<sup>nd</sup> AGM will be conducted virtually, if you are unable to attend the meeting via RPV facilities on 26 May 2023, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.
- You may also submit the Proxy Form electronically via **TIIH Online** website at <https://tiih.online> no later than **Wednesday, 24 May 2023 at 10.00 a.m.** Please do read and follow the procedures to submit the Proxy Form electronically below.
- You may submit your Proxy Form to the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") by fax at 03-2783 9222 or e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com). However, please ensure that the **Original Proxy Form** is deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or, alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 2<sup>nd</sup> AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid. On revocation, your proxy(ies) will not be allowed to participate in the AGM. In such event, you should advise your proxy(ies) accordingly.

## ADMINISTRATIVE GUIDE

**ELECTRONIC SUBMISSION OF PROXY FORM**

The procedures to submit your proxy form electronically via **TIIH Online** website are summarised below:

Procedure		Action
<b>Steps for Individual Shareholders</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” by selecting <b>“Create Account by Individual Holder”</b>. Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user of TIIH Online, you are not required to register again.</li> </ul>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: <b>“ECOSCIENCE 2<sup>nd</sup> AGM – SUBMISSION OF PROXY FORM”</b>.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.</li> <li>Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your votes.</li> <li>Review and confirm your proxy(ies) appointment.</li> <li>Print the proxy form for your record.</li> </ul>



## ADMINISTRATIVE GUIDE

Procedure		Action
<b>Steps for Corporation or Institutional Shareholders</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects <b>“Create Account by Representative of Corporate Holder”</b>.</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact the persons stated under <b>“ENQUIRY”</b> section below if you need clarifications on the user registration.</p>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Select the corporate exercise name: <b>“ECOSCIENCE 2<sup>nd</sup> AGM – SUBMISSION OF PROXY FORM”</b>.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Proceed to download the file format for <b>“SUBMISSION OF PROXY FORM”</b> in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxy(ies) by inserting the required data.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select <b>“Submit”</b> to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>

**POLL VOTING**

- The voting at the 2<sup>nd</sup> AGM will be conducted by poll in accordance with Rule 8.31A of Bursa Securities’ ACE Market Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting and Scrutineers Solutions Sdn. Bhd. as Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions at any time from the commencement of the 2<sup>nd</sup> AGM at 10.00 a.m. but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to “Procedures to Remote Participation and Voting via RPV Facilities” provided for guidance on how to vote remotely via **TIIH Online**.
- Upon completion of the voting session for the 2<sup>nd</sup> AGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration of whether the resolutions are duly passed.

## ADMINISTRATIVE GUIDE

**RESULTS OF THE VOTING**

The poll vote results of the resolutions proposed at the 2<sup>nd</sup> AGM will be announced at the 2<sup>nd</sup> AGM and subsequently via an announcement to Bursa Securities, which is available at <http://www.bursamalaysia.com>.

**PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS**

The Board recognises that the 2<sup>nd</sup> AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 2<sup>nd</sup> AGM, shareholders may in advance, before the 2<sup>nd</sup> AGM, submit questions to the Board of Directors via **TIH Online** website at <https://tiih.online>, by selecting “e-Services” to login, post your questions and submit it electronically no later than **Wednesday, 24 May 2023 at 10.00 a.m.** The Board of Directors will endeavor to address the questions received at the 2<sup>nd</sup> AGM.

**ENQUIRY**

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

**Tricor Investor & Issuing House Services Sdn. Bhd.**

General/Fax No	: +603 - 2783 9299 / +603 - 2783 9222
Email	: <a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>
En. Mohd Kamal Bin Mohd Din	: +603 - 2783 9237 / <a href="mailto:kamal.mohd@my.tricorglobal.com">kamal.mohd@my.tricorglobal.com</a>
En. Muhammad Ashraff Bin Mohd Khaizan	: +603 - 2783 9276 / <a href="mailto:muhammad.ashraff@my.tricorglobal.com">muhammad.ashraff@my.tricorglobal.com</a>
Mr Low Cheng Chuan	: +603 - 2783 9278 / <a href="mailto:cheng.chuan.low@my.tricorglobal.com">cheng.chuan.low@my.tricorglobal.com</a>
En. Syafiqul Hafidz Bin Abdul Kadir	: +603 - 2783 9024 / <a href="mailto:syafiqul.hafidz@my.tricorglobal.com">syafiqul.hafidz@my.tricorglobal.com</a>

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**ECOSCIENCE INTERNATIONAL BERHAD**Registration No.: 202001024633 (1380953-M)  
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

**PROXY FORM**

\*I/We \_\_\_\_\_ Tel: \_\_\_\_\_

(Full name in block, NRIC / Passport No. / Company No.)

of \_\_\_\_\_

being member(s) of **ECOSCIENCE INTERNATIONAL BERHAD**, hereby appoint:

Full Name (in Block as per NRIC / Passport No.)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and/or

Full Name (in Block as per NRIC / Passport No.)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as \*my/our proxy/proxies to vote for \*me/us and on my/our behalf at the Second Annual General Meeting ("**2<sup>nd</sup> AGM**") of the Company which will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting facilities via TIH Online website at <https://ti.h.online> from the broadcast venue at 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, Malaysia on **Friday, 26 May 2023 at 10.00 a.m.**, or any adjournment thereof, to vote as indicated below:

Item	Agenda		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.		
Ordinary Business		Ordinary Resolution ("OR")/ Special Resolution	For Against
2.	Approval of the following Directors' fees for the financial year ended 31 December 2022:		
	(a) RM35,000.00 for Dato' Tan Yee Boon	OR 1	
	(b) RM21,000.00 for Mr Law Sang Thiam	OR 2	
	(c) RM21,000.00 for Ms Ang Chye Kian	OR 3	
	(d) RM21,000.00 for Ms Andrea Huong Jia Mei	OR 4	
3.	Approval of the following Directors' fees for the period from 1 January 2023 until the date of the next Annual General Meeting of the Company to be held in 2024:		
	(a) RM5,000.00 per month for Dato' Tan Yee Boon	OR 5	
	(b) RM3,000.00 per month for Mr Law Sang Thiam	OR 6	
	(c) RM3,000.00 per month for Ms Ang Chye Kian	OR 7	
	(d) RM3,000.00 per month for Ms Andrea Huong Jia Mei	OR 8	
4.	Approval of payment of Directors' benefits of RM56,725.00 for the financial year ended 31 December 2022	OR 9	
5.	Approval of payment of Directors' benefits up to an amount of RM 108,094.00 for the period from 1 January 2023 until the date of the next Annual General Meeting of the Company to be held in 2024	OR 10	
6.	Re-election of Mr Pan Kum Wan as Non-Independent Executive Director	OR 11	
7.	Re-election of Mr Law Sang Thiam as Independent Non-Executive Director	OR 12	
8.	Re-appointment of Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2023 and authorising the Directors to fix their remuneration	OR 13	
Special Business			
9.	Waiver of Pre-Emptive Rights Pursuant to Section 85 of the Companies Act 2016	Special Resolution	
10.	Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016	OR 14	

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

.....  
Signature / Common Seal

\* Delete whichever not applicable

Notes:

1. **IMPORTANT NOTICE**

- The broadcast venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the Meeting to be present at the main venue of the meeting. Shareholders **will not be allowed** to attend the 2<sup>nd</sup> AGM in person at the broadcast venue on the day of the meeting.
- Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 2<sup>nd</sup> AGM using the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.
- Please read these Notes carefully and follow the procedures in the Administrative Details for this 2<sup>nd</sup> AGM in order to participate remotely via RPV.**
2. For the purpose of determining who shall be entitled to participate in this 2<sup>nd</sup> AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 18 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 2<sup>nd</sup> AGM via RPV.
  3. A member who is entitled to participate in this 2<sup>nd</sup> AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
  4. A member of the Company entitled to attend, speak and vote at this 2<sup>nd</sup> AGM is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend the 2<sup>nd</sup> AGM.
  5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
  6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
  7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Sections 25A(1) of the Central Depositories Act.
  8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
  9. A member who has appointed a proxy or attorney or authorised representative to participate at this 2<sup>nd</sup> AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for this 2<sup>nd</sup> AGM.
  10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this 2<sup>nd</sup> AGM or adjourned 2<sup>nd</sup> AGM at which the person named in the appointment proposes to vote:
    - (i) In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
    - (ii) By electronic means  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide.
  11. Please ensure ALL the particulars as required in the proxy form are complete, signed and dated accordingly.
  12. Last date and time for lodging the proxy form is **Wednesday, 24 May 2023, at 10.00 a.m.**
  13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding this 2<sup>nd</sup> AGM or adjourned 2<sup>nd</sup> AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
  14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
    - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
    - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
      - (a) at least two (2) authorised officers, of whom one shall be a director; or
      - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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AFFIX  
STAMP

**ECOSCIENCE INTERNATIONAL BERHAD**

202001024633 (1380953-M)

c/o 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

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Fold this flap for sealing



**ECOSCIENCE INTERNATIONAL BERHAD**  
REGISTRATION NO. 202001024633 (1380953-M)

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



+607 255 3126



admin@ecoscience.com.my

[www.ecosciencigroup.com](http://www.ecosciencigroup.com)