

# Engineering & Construction Division

## About the Division

- The Engineering & Construction Division offers integrated, end-to-end water and wastewater solutions, covering the entire spectrum from design, finance, construction, to the operation and maintenance of water and wastewater treatment plants, management and reduction of non-revenue water (“NRW”), customer service, and providing billing and collection services both in Malaysia and overseas.
- Key subsidiaries driving this division include Salcon Engineering Berhad (“SEB”), responsible for water engineering, and Envitech Sdn Bhd (“Envitech”), overseeing wastewater engineering.



OPERATING ENVIRONMENT	IMPACT	OUR RESPONSE
<b>Demand of water/wastewater infrastructure</b>		
RM1.1 billion has been allocated to resolve water supply issues and RM11.8 billion worth of high-priority flood mitigation projects is expected to be implemented under Budget 2024.	Opportunities remain as water/wastewater infrastructure is essential for growth, security and sustainability.	<ul style="list-style-type: none"> <li>• Leverage on proven track record and technical expertise.</li> <li>• Collaborate with strategic technology partners for new technology innovations/technology upscaling/manpower upskilling.</li> </ul>
<b>Riding on hydro energy</b>		
Growing demand for sustainable and clean energy coupled with attractive government incentives under the Net Energy Transition Roadmap (“NETR”).	Opportunities for horizontal expansion and growth.	<ul style="list-style-type: none"> <li>• Leveraging on SEB’s expertise in engineering and project design to plan, design and construct small hydropower facilities.</li> </ul>
<b>High material prices here to stay</b>		
Whilst cost of materials such as steel and cement has eased, the price levels have remained greatly elevated compared to pre-pandemic.	Increasing demand for construction will sustain materials and labour pricing.	<ul style="list-style-type: none"> <li>• Effective procurement of critical raw materials and careful selection of suppliers and sub-contractors.</li> <li>• Actively engage with project stakeholders i.e., clients, suppliers/sub-contractors, and consultants to manage costs and practice prudent financial management.</li> </ul>
<b>Competition</b>		
Competitive pricing and meeting clients’ quality expectations are two aspects which need to be balanced out.	Requirement for accurate and reliable market intelligence to source out pricing and opportunities.	<ul style="list-style-type: none"> <li>• Enhance business development capability via active participation in networking events.</li> <li>• Identify niche markets as well as opportunities for overseas expansion.</li> </ul>

## Divisional Operations Review Engineering & Construction Division

### Operation Review

During the year under review, the Engineering & Construction Division secured a contract for a 10.44 MW small hydro power plant at the Sungai Selangor Dam in Kuala Kubu Baru, Selangor valued at RM65 million from AIS Small Hydro Sdn Bhd (“AIS Small Hydro”). This is the Company’s first small hydro power plant project, an addition to our overall renewable energy portfolio which also include solar power. The award of the project reflects the strong confidence that AIS Small Hydro has in Salcon and we look forward to further expanding our portfolio of renewable energy projects in the near future.

Besides this, the division has also successfully secured a RM20.66 million sewer reticulation project in Seberang Perai, Penang which was awarded by Jurutera MTC Sdn Bhd for Messrs Eco Horizon Sdn Bhd. In February 2024, the division secured a sewerage contract from Penang Development Corporation (“PDC”) for the design, construction and upgrading of sewer pipelines and related works in Batu Kawan Industrial Park, Penang valued at RM19.68 million.

In FY2023, the division has also successfully completed several major projects as below:

1. Langkat 2 Package 15 (4), Pipeworks
  - Completed pipelaying works of DN1,600 @1.36 km and DN1.400 @ 3.7 km MSCL pipes to the existing distribution system in December 2023
2. Sewage Treatment Plant STP2A (Module 3 – 50,000 PE with Ultimate Capacity 200,000 PE) at Mukim Kapar
  - Completed design and build, installation, completion, testing & commissioning of sewage treatment plant



Overview of intake and raw water pumping station at Telibong II WTP

3. Rehabilitation Works of Vacuum Sewerage System at Bandar and Ambang Botanic, Klang, Selangor
  - Completed rehabilitation work which include design, construction, installation, testing & commissioning of vacuum sewerage system

The major on-going projects under this division are as below:

### Water engineering:

1. Upgrading of Telibong II Water Treatment Plant – Raw Water Intake and Water Treatment Plant Works
  - Physical works and sectionally commissioned raw water intake and water treatment process plant, enabling treated water production and supply from the new plant
  - Status of completion as at Feb 2024: 98%
2. Provision of EPCC for 10.44 MW Small Hydro Power Plant @ Sg. Selangor Dam, Selangor

- EPCC of Civil & Structural Works, Mechanical, Electrical, Instrumentation & SCADA for the development of 10.44 MW Small Hydro Power Plant
- Status of completion as at Feb 2024: 19%

3. Package 3: Design & Build Dewatered Residual Disposal System for Langkat 2 WTP
  - Design & build dewatered sludge conveyance system and landfill and 6 months O&M
  - Status of completion as at Feb 2024: 22.5%
4. Customer Call Centre, Monitoring & Maintaining DMZ, Meter Reading and Billing for Sandakan Water Department
  - Operation & maintenance of Customer Call Center, monitoring & maintaining District Meter Zones, meter reading and billing
  - Status of completion as at Feb 2024: 90.8%

## Divisional Operations Review Engineering & Construction Division



External Common Gravity Sewer Mains, Jalan Segambut

### **Wastewater engineering:**

1. Proposed External Main Sewer Reticulation Works to STP5 on Lot 21145, Mukim 13, Bandar Cassia, Batu Kawan, Daerah Seberang Perai Selatan, Pulau Pinang
  - Construction of External Main Sewer Reticulation Works
  - Status of completion as at Feb 2024: 23%
2. External Common Gravity Sewer Mains, Jalan Segambut, Kuala Lumpur
  - Construction, inspection, liaison works with authorities, testing & commissioning and handing over of sewerage reticulation
  - Status of completion as at Feb 2024: 87%
3. External Sewerage and Drainage Works, Mukim Kuala Lumpur
  - Construction, inspection, liaison works with authorities, testing & commissioning and handing over of sewerage reticulation

- Status of completion as at Feb 2024: 66%
4. Existing STP (GUS116) and M&E Works for NPS (module 2) for Cadangan Pembangunan at Taman Bunga Raya, Mukim Serendah, Selangor
    - Design, build, testing & commissioning and maintenance of existing sewage treatment plants and M&E works for NPS
    - Status of completion as at Feb 2024: 30%
  5. Sewer Pipelines and related works at Batu Kawan Industrial Park, Seberang Perai Selatan, Pulau Pinang
    - Design, build and upgrade existing sewer pipelines and related works
    - Status of completion as at Feb 2024: Commenced on 5 February 2024 with general and preliminaries

### **Outlook**

Our current total tendered/pre-qualified projects are valued at RM1.2 billion as at 31 December 2023, for both local and overseas project whilst the outstanding orderbook stands at RM308.3 million, with 61% from the water unit, 18%, 1% and 20% from wastewater, NRW and other units respectively.

Moving forward, the division stands ready to tackle challenges and leverage on opportunities in the water and wastewater industry. With a robust portfolio spanning five decades and a proven track record of completing 1,050 projects, including the design, finance, construction, operation, and maintenance of water and wastewater treatment plants, we are strategically positioned to capitalize on emerging opportunities both within Malaysia and internationally.





# Glove Manufacturing Division

## About the Division

- The Glove Manufacturing Division is led by JR Engineering & Medical Technologies Sdn Bhd (“JREMT”).
- JREMT specializes in the manufacturing and trading of medical and industrial grade disposable latex, nitrile and polychloroprene gloves. These products cater to diverse market segments such as dental, food, healthcare, industrial, laboratory, spa & beauty.
- JREMT also provides turnkey and consultation services globally since 2001, encompassing plant set up, machinery sourcing, testing and commissioning of production lines.
- JREMT operates a manufacturing plant equipped with 4 production lines.



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OPERATING ENVIRONMENT	IMPACT	OUR RESPONSE
<b>Demand for gloves</b>		
<p>The current oversupply of gloves is gradually transitioning into a rationalization and consolidation phase. Demand is expected to rationalize by mid-2024 with consistent order replenishments and improved utilization rates.</p>	<p>Plant utilization rates remain low at 50% in 2023.</p>	<ul style="list-style-type: none"> <li>• Continue to focus on high margin specialty gloves to expand income stream.</li> <li>• Penetrate into new markets by participating in healthcare conferences &amp; exhibitions.</li> <li>• Continue to build branding to expand reach and access to customers through online and social engagement.</li> </ul>
<b>Average Selling Price (“ASP”)</b>		
<p>ASP has stabilized to pre-pandemic levels of between USD 20 – 21 per 1,000 pieces and are believed to have bottomed out.</p>	<p>A challenge to raise ASPs due to over-supply situation as customers can easily shift demand to Chinese competitors.</p>	<ul style="list-style-type: none"> <li>• Trademark JREMT brand to protect our brand and reputation.</li> </ul>
<b>Production costs remain elevated</b>		
<p>Raw materials, energy and labour costs remain high whilst natural gas prices have moderated.</p>	<p>Unable to fully pass costs through amidst lower ASPs and oversupply situation.</p>	<ul style="list-style-type: none"> <li>• Invested in biomass plant with 16 tonne capacity to reduce energy costs.</li> <li>• Exploring solar system installation utilizing Automation 4.0 &amp; Fund for Automation &amp; Green Technology (“FAGT”) grant provided by Malaysian Rubber Council for the asset funding.</li> </ul>
<b>Labour and workforce compliance</b>		
<p>The International Labour Organization (“ILO”) has called for the government to strengthen labour laws to align with international standards.</p>	<p>Ensure regulatory compliance for positive reputation with stakeholders.</p>	<ul style="list-style-type: none"> <li>• Maintain Sedex Members Ethical Trade Audit (“SMETA”) on labour practices, health &amp; safety, environment and business ethics.</li> <li>• Strengthen human rights practices through the establishment of policies and grievance procedures.</li> </ul>

## Divisional Operations Review Glove Manufacturing Division



Glove manufacturing facility at JREMT

### Operation Review

Amid heightened market competition following the post-pandemic period, and slower global post-pandemic demand, the division reported a total production of 124,756,632 million pieces of gloves and successfully introduced 5 new products, catering to diverse market needs and demands. The new products launched in 2023 include Ultra thick Dual Black latex with pink inner, Ultra thick Dual Black latex with green inner, Ultra thick dual brown latex with brown inner, Ultra thick dual black latex with purple inner, Un-lined household latex gloves and 400mm Decontamination dual layered examination gloves.

During the year under review, the division exported its gloves to 16 countries as below:



The division obtained new certifications, including the Good Manufacturing Process (“GMP”) certification and EU Type Examination Certificate (PPE III), which underscores our dedication to upholding the highest standards of quality and compliance in glove manufacturing.

Throughout the year, the division actively participated in prominent exhibitions such as ARAB HEALTH 2023, Chennai Medcall 2023, and A+A Germany, among others. These events provided valuable opportunities to showcase our products, interact with potential customers, and strengthen relationships with existing clients.

To enhance energy conservation efforts, the division successfully converted the existing gas to biomass boiler with the approval of JKPP/DOSH. The 16 tonnes biomass plant efficiently generates the required 10 tons of steam, which adequately serves all four production lines, resulting in smoother operations and heightened efficiency.

### Outlook

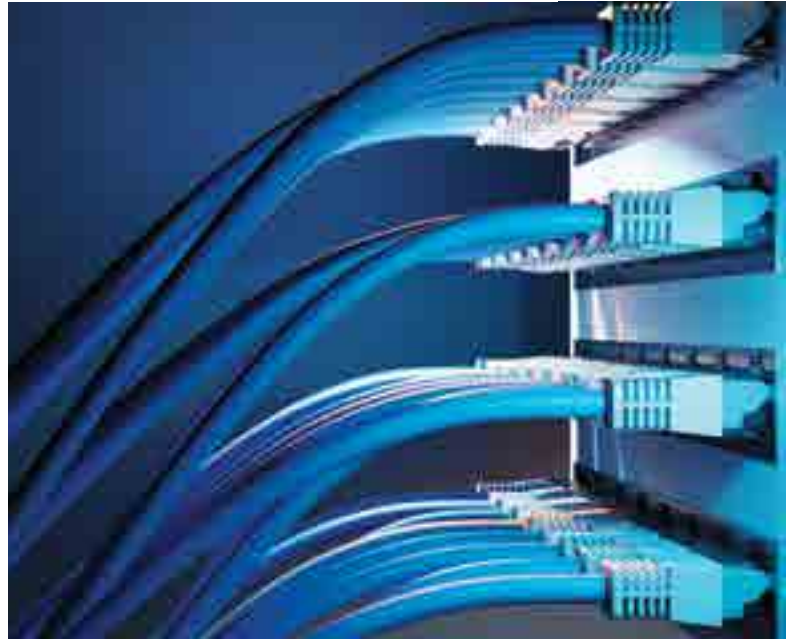
The demand-supply dynamics within the rubber glove industry is projected to move closer to equilibrium. As a result, the division holds an optimistic outlook, expecting the oversupply condition in the rubber glove sector to alleviate gradually. The division will aggressively capitalize on opportunities and overcome challenges by adopting a proactive and strategic approach.



# Technology Services Division

## About the Division

- The Technology Services Division is led by Volksbahn Technologies Sdn Bhd (“VBT”).
- VBT’s network services are available in Klang Valley throughout Prasarana’s Light Rapid Transit (“LRT”), Bus Rapid Transit (“BRT”), and Monorail (“MRL”) corridor from Gombak/ Ampang to Puchong/Putra Heights.
- Manage and operate over 100 mobile sites offering fiber backhaul services to Mobile Network Operators within Prasarana’s corridors.
- Provide Metro Ethernet Services – inter-office connectivity, Enterprise and Wholesale with connectivity to Data Centers in Klang Valley.
- Shared infrastructure access for fixed broadband telecommunication providing leased line, and DAS/IBC for in building coverage.
- 108 km distance of fiber optics network infrastructure in Klang Valley.



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#### Digital Nasional Berhad (“DNB”) 5G network deployment & Dual Wholesale Network (“DWN”)

DNB 5G network is expected to reach 80% population coverage by 2023. Once this is attained, a second 5G network has been permitted in a move towards a DWN model.

Opportunities to secure additional sites as telcos compete to provide quality 5G services.

- Leverage on VBT’s 108 km fibre optic infrastructure along the LRT, BRT and monorail in Klang Valley.
- Continue to enhance technical and commercial relationships with major telcos to provide fast to market services.

#### Malaysia’s growing digital economy

Driven by growing demand, substantial investments from cloud service providers and supportive national policies, the digital economy is one of the fastest growing sectors in Malaysia.

Digital infrastructure is fundamental to the digitalization journey.

- Provide robust connectivity and infrastructure to enable industrial innovations, value-added digital activities and productivity improvements.
- Offering dedicated connectivity to data centres for business enterprises.

#### Regulatory costs & compliance

Adoption of new Mandatory Standard on Access Pricing (“MSAP”) which took effect on 1<sup>st</sup> March 2023.

Lower broadband prices expected across the board.

- Efficient cost management plan to preserve profit margins.
- Work closely with authorities to ensure compliance.

#### Competition

Competition from other network facilities providers and network service providers.

Competitive pricing and the need to differentiate VBT’s services.

- Operate in cost-efficient manner to counter price erosion.
- Offering seamless connectivity and a scalable network design, to match businesses evolving needs.
- Improve network backup and redundancy to reduce incidents of service interruption.



## Divisional Operations Review Technology Services Division

### Operation Review

During the year under review, VBT successfully delivered 6 new cell sites and upgraded the bandwidth for 24 existing cell sites along the LRT corridor for its clients which include Maxis, CelcomDigi Berhad, TM Technology and Digital Nasional Berhad (“DNB”), resulting in an increase in site rental income and bandwidth charges.

Through its Enterprise Business services, VBT secured contracts from 2 new customers i.e. MN Permai NetCom Sdn Bhd and AIMS Data Centre Sdn Bhd. Together with the existing customers - ViewQwest Digital Sdn Bhd, YTL Communication Sdn Bhd, Excel Commerce Solutions Sdn Bhd, XMT Technologies Sdn Bhd and YTL Broadband Sdn Bhd, VBT has secured 12 new enterprise business sites and successfully delivered 9 sites in FY2023.

### Outlook

In view of the growing demand for Over-The-Top (“OTT”) services and the fast-developing data center industry in the Klang Valley, VBT foresees significant business opportunities available in the market. Aside from that, with more open access infrastructure for Broadband Services needed by the service providers for the end-users, VBT anticipate fostering valuable partnerships with the telcos and contributing to the continued development of a robust digital ecosystem.

VBT will continue to focus on the strategic initiatives aimed at expanding and optimizing the metro ethernet services. The division will actively seek opportunities to provide Fixed Broadband Services through collaboration with Service Partners in both greenfield and brownfield areas.

Recognizing the potential beyond the Prasarana Right of Way (“ROW”) corridor, VBT is committed to expanding its services into new geographic areas in near term to cater to a broader customer base and contribute to the overall growth of our operations.



*Fiber laying at LRT Taipan*



# Transportation Division

## About the Division

- The Transportation Division is spearheaded by Eco Coach & Tours (M) Sdn Bhd (“ECT”).
- ECT offers transportation services, including worker transportation for multinational corporations in the northern region in Malaysia, as well as inbound and outbound tour services.
- Green Fleet Sdn Bhd (“GF”), a wholly-owned subsidiary of ECT, provides transportation services for palm oil and soy oil products.



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#### Intelligent transport technologies

Intelligent transportation systems promote ease and efficiency whilst ensuring safety, reliability and on-time performance.

Investing in technology to improve operating and cost efficiencies.

- Enhance ECT’s competitive advantage via the Senstrac Passenger Transport and Tracking System (“Senstrac PTTS”), which facilitates mobility tracking, digital route planning, and automated attendance systems.
- Leverage on Senstrac PTTS for business relationship expansions with other possible MNC clients.

#### Low Carbon Nation Aspiration 2040

Under the Low Carbon Nation Aspiration 2040, Malaysia aims to grow the electric vehicle market share to 38% by 2040.

Duty and tax exemption incentives under Budget 2024 for EVs.

- Long-term strategy to adopt fuel cell electric vehicles.
- Active engagement with clients on requirements and demand.

#### Development of the Light Rail Transit (“LRT”) in Penang

Penang LRT Project amounting to RM 10 billion under the Budget 2024, is expected to cause less reliance on private transportation companies.

Reduced demand for employee transportation services.

- Identify opportunities and engage with relevant government bodies to support national development plans.

#### Competition

Competition from other transportation and logistics service providers, and other modes of transportation.

Growing necessity to distinguish ECT from its competitors and effectively compete with other modes of transportation.

- Accelerate strategies for technology and innovation to compete.
- Identify opportunities to diversify service offerings to differentiate ECT from other competitors.



## Divisional Operations Review Transportation Division



*The launch of ECT's new fleet*

### **Operation Review**

In FY2023, Eco-Coach & Tours (M) Sdn. Bhd.'s ("ECT") operated a fleet consisting of 193 vans, 30 coaches, 25 MPVs, 5 limousine and 18 Tour Buses to cater to its multinational companies' clients such as Intel, Paramit, Analog Device, Kobelco, Celestica and Cruise Royal Caribbean.

ECT successfully launched its new fleet in June 2023 as part of the company's strategic initiative and testament to reliable commuting services for its clients. During the year under review, ECT has also expanded its Senstrac FOCAS Passenger Transport and Tracking System ("Senstrac") to other customers such as Celestica and Kobelco. Senstrac features enhanced safety through AI Dash Camera system, which provides of pictures of incidents at different angles. Notably, zero speeding cases were recorded since the system's installation. As of now, a total of 225 vehicles have been equipped with the Senstrac system.

Under its industrial product logistic unit, Green Fleet Sdn. Bhd. ("GF") operates 9 stainless steel and mild steel bulk tankers for clients in the palm oil and soy oil industries, including Soon Soon Oilmills Sdn. Bhd., PGEO Edible Oils Sdn. Bhd., Lam Soon Edible Oils Sdn. Bhd and United Malayan Bhd.

### **Outlook**

Moving on, the division is committed to enhancing its operational efficiency and effectiveness. This involves improving the procurement system, diversifying parts sourcing and implementing driver's incentives. Besides this, ECT will continue to leverage on digitalization in its transportation services to enable a more efficient and cost saving operational model.



# Renewable Energy Division

## About the Division

- Spearheaded by wholly owned subsidiary Salcon Power (HK) Limited (“Salcon Power”) & 70% owned subsidiary, Inergist Sdn Bhd (“Inergist”).
- Salcon Power operates rooftop solar photovoltaic systems in the United Kingdom for households whilst Inergist installs and operates solar photovoltaic systems on rooftops of homes as well as industrial buildings in the Malaysia market.



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#### Accelerating shift to RE

Under the National Energy Transition Roadmap (“NETR”), Malaysia aims to increase installed RE capacity from 25% (present) to 70% by 2050.

New business opportunities for RE players.

- Collaboration with Authorities ie the Ministry of Natural Resources and Environmental Sustainability, the Energy Commission (“EC”) and the Sustainable Energy Development Authority (“SEDA”) to support national RE development goals.
- Participation in Green Initiatives ie Corporate Green Power Programme (“CGPP”) and Large Scale Solar (“LSS”).
- Strategic Alliances to implement innovative business models and promote energy-efficient and sustainable solutions to serve business and community’s needs.

#### Increasing the use of RE in business operations

Corporations committed to achieving the Net Zero target are dedicated to reducing their carbon footprint to mitigate the impacts of climate change.

Increasing demand for deployment of clean and renewable energy.

#### Increase electricity tariffs

Electricity tariffs have increased steadily over the years due to rising fuel costs for electricity generation.

Increasing demand for sustainable and cost efficient energy options.

- Offer solar-powered energy solutions and tariffs to hedge against future costs and maximise savings.

#### Falling solar module prices

High inventories and declining polysilicon material costs have continued to drive down solar module prices.

Accelerate the adoption of solar energy systems.

- Continuously monitor and adjust pricing strategies whilst prioritising high-quality, sustainable operations and forging enduring partnerships.

## Divisional Operations Review Renewable Energy Division

### OPERATING ENVIRONMENT

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### OUR RESPONSE

#### Intense Competition

Intense competition driven by rapid technological advancements, market saturation, and aggressive pricing strategies.

Margin compressions and increase the pressure to innovate.

- Collaboration with industry leaders to enhance technical capabilities and explore innovative technologies to improve operating efficiencies, enhance quality, and streamline project delivery.
- Explore opportunities for regional expansion.



Salcon strengthened its collaboration with HeveaBoard by installing a solar PV system on rooftop of HeveaBoard production facilities in Gemas, Negeri Sembilan, Malaysia in 2023

#### Operation Review

During the year under review, the consortium where the Company has a 70% stake, was selected as a Solar Power Producer (“SPP”) to develop a 7 MW solar photovoltaic plant in Sungai Siput, Kuala Kangsar, Perak under the Corporate Green Power Programme (“CGPP”). This represents a significant milestone for the division as we further establish our presence and expand our portfolio in the renewable energy sector.

The division also strengthened its collaboration with HeveaBoard Berhad (“HeveaBoard”) by installing a solar PV system with a total capacity of 862.5 kW on the rooftops of HeveaBoard’s particleboard production facilities in Gemas, Negeri Sembilan, Malaysia on a build-own-operate basis for a duration of 25 years, with full operation expected in the first half of 2024. This marks the division’s second partnership with the HeveaBoard Group, following the development of 1.48 MW solar PV systems at HeveaPac premises, a subsidiary of HeveaBoard in 2021.

In FY2023, the Company generated a total of 2,806,683 kWh of solar energy including 2,018,306 kWh from rooftop solar PV system in Malaysia and 788,377 kWh in the UK. These efforts contributed to a total CO<sub>2</sub> avoidance of 1,464.31 metric tons for 2023.

#### Outlook

The achievements and initiatives undertaken by the division in FY2023 have established a strong foundation for continued growth. We aim to further enhance our recurring income stream and portfolio through partnerships with like-minded organisations that share our commitment to reducing carbon emissions and promoting sustainable energy production and utilisation.





# Property Development Division

## About the Division

- The Property Development Division is represented by Salcon Development Sdn Bhd.
- The division delivers niche property development tailored to address the needs of the market and community.

### OPERATING ENVIRONMENT

### IMPACT

### OUR RESPONSE

#### The gradual recovery of the property market

Signs of growth and resilience during FY2023, supported by a favourable economic landscape with growth to moderate to between four per cent and five per cent underpinned by firm domestic demand.

Opportunities to meet an increase in demand for residential and retail space.

- Strategic joint venture with Exsim Kebun Teh Sdn Bhd (“EKTSB”) to unlock the value of the land in Johor Bahru and leverage on the expertise, technical know-how, financial strength and sales and marketing capabilities of EKTSB for large-scale property development projects.

#### Rising borrowing costs and inflationary pressures

The Monetary Policy Committee raised the Overnight Policy Rate (“OPR”) by 25 basis points to 3.00% in May 2023.

Uneven growth in home prices and housing demand due to varying market forces.

- Adopt a cautious stance and identify good market mix for development to meet market demand.

#### High construction costs to remain

Whilst the cost of materials such as steel, and reinforced concrete has softened, increasing energy costs and a shortfall of labour is expected to sustain construction costs in the long term.

High construction costs are here to stay.

- Integration of construction and automation technologies aimed at diminishing the dependence on unskilled, manual labour.
- Seek for new raw material to replace cost.

#### Competitive landscape

Overall retail and residential supply has steadily increased over the years, widening the demand-supply gap.

Price competition & margin compression.

- Identify collaboration opportunities with strategic partners.

## Operation Review

The Group is currently in the midst of planning for the proposed multi phased mixed-use development project in Johor Bahru together with our joint venture partner, Exsim Kebun Teh Sdn Bhd. With the recent positive sentiments in the property market, Salcon hopes to unlock the value of the development land by leveraging on the track record and experience of our partner.

As for the land located in Belfield, the Group foresees high potential in the area with the near completion of the iconic Merdeka 118 tower. The Group will review a suitable development strategy which best fit the needs of the market.

## Outlook

Despite the increase in home financing costs, the Group remains optimistic with the positive outlook on Malaysia’s property market in 2024, as the government introduces stamp duty exemptions and discounts for homebuyers.

The Group continues to seek land opportunities that aligns with our vision and objectives whilst navigating its operations with a focus on strategic collaborations and sustainable development.

# Sustainability Statement

This Sustainability Statement presents Salcon’s approaches towards managing our Environmental, Social and Governance (“ESG”) impacts as we continue to build a strong foundation to create sustainable value for our stakeholders.

This year, the Company undertook its 3<sup>rd</sup> Materiality Survey & Assessment involving key inputs from both internal and external stakeholders. Regular surveys ensure that the management has insights into evolving stakeholder expectations, enabling us to make strategic decisions aligned with the Company’s long-term sustainability goals, identify opportunities and to mitigate risks effectively.



Kindly refer to the Materiality section on pages 20 to 25 for assessment methodology and results.

During the year under review, the Company has also taken a step forward by linking both financial and ESG performance to annual remuneration and incentives of each business unit. Moving forward, it is the Company’s intention to cascade down key ESG Key Performance Indicators (“KPIs”) to the senior management level in order to strengthen accountability and embed sustainability across the organization.

In this report, we will share on the Company’s initiatives to support our sustainability agenda and disclose our targets and performance levels to showcase our progress and achievements and promote data and information reporting transparency.

## Reporting Period & Cycle:

1 January 2023 to 31 December 2023 (Annually)

## Scope & Boundary of Reporting

This Sustainability Statement covers the Company’s sustainability-related performance. Our reporting scope is determined by business segments unless otherwise specified. Throughout the reporting period, there have been no significant changes to our structure, ownership, or supply chain. In addition to Salcon Berhad, the coverage extends to our diversified businesses below:

### Business & Company



**Water Engineering**  
Salcon Engineering Berhad  
 (“SEB”)

**Wastewater Engineering**  
Envitech Sdn. Bhd. (“Envitech”)



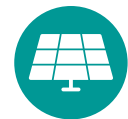
**Glove Manufacturing**  
JR Engineering and Medical  
Technologies (M) Sdn. Bhd.  
 (“JREMT”)



**Technology Services**  
Volksbahn Technologies  
Sdn. Bhd. (“VBT”)



**Transportation**  
Eco-Coach & Tours (M)  
Sdn. Bhd. (“ECT”)  
Green Fleet Sdn. Bhd.  
 (“GF”)



**Renewable Energy**  
Inergist Sdn. Bhd.  
 (“Inergist”)

## Accessibility

This Sustainability Statement is available in HTML and PDF formats and is accessible at our corporate website at <https://www.salcon.com.my/sustainability/sustainability-statement>.

## Feedback

For any concerns or feedback on our sustainability approaches and disclosures in this Sustainability Statement, please contact us at [corporate@salcon.com.my](mailto:corporate@salcon.com.my).

# Sustainability Statement

## Sustainability at Salcon

Sustainability is an integral part of our business strategy and the Company's journey is guided by our Sustainability Framework, which comprises five key pillars: Business Model & Innovation, Leadership & Governance, Human Capital, Environment and Social Capital.

This comprehensive framework guides Salcon in managing sustainability risks and opportunities, integrating sustainability into our business strategies, and creating value for our stakeholders. Aligning these pillars to the United Nations Sustainable Development Goals ("SDGs") and the United Nations Global Compact ("UNGC") principles demonstrates Salcon's commitment to contributing to global sustainability efforts.

## Awards and Accolades



Salcon bagged the Gold Award in the Relations with Local Communities category at The Star ESG Positive Impact Awards 2022.



Salcon won the Gold award in Asia's Best Integrated Report (SME) category at the 8<sup>th</sup> Asia Integrated Reporting Awards ("AIRA").

## Salcon Sustainability Framework






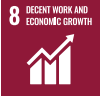




Mission				
To enrich lives by providing top quality products and services through operational excellence and sustainability				
B Business Model & Innovation	G Leadership & Governance	H Human Capital	E Environment	S Social Capital
Goals				
MI1 MI3 MI4 Delivering innovative products & services through operational excellence	MI2 MI6 Becoming a trusted & reliable working partner	MI5 MI7 MI11 Building a thriving workplace for employees	MI8 MI9 Protecting the environment	MI10 Engaging and uplifting the community
Key SDGs Alignment				
UNGC Alignment				
Principle 9	Principle 10	Principle 1, 2, 3, 4, 5 & 6	Principle 7, 8 & 9	Principle 1
UNGC Alignment				
Pages 54 to 58	Pages 59 to 60	Pages 61 to 69	Pages 70 to 82	Pages 83 to 86



## Sustainability Statement

### Contribution to the United Nations Sustainable Development Goals (SDGs)

Salcon continuously embeds sustainable practices within its businesses via the implementation of sustainability-related initiatives and programs. The initiatives and programs conducted directly or indirectly contribute to the realization of the SDGs and this is further elaborated below.

SDG	FY2023 Contribution
 <p><b>1</b> NO POVERTY</p>	<ul style="list-style-type: none"> <li>• Provision of job opportunities for the local community</li> <li>• 100% local employees</li> <li>• Philanthropic contribution with a total amount of RM147,053 for the underprivileged groups</li> </ul>
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> <li>• Certification of ISO 45001 for SEB and JREMT</li> <li>• Annual Safety and Health campaign to elevate employees' awareness level</li> <li>• Provision of medical benefits for employees</li> </ul>
 <p><b>5</b> GENDER EQUALITY</p>	<ul style="list-style-type: none"> <li>• 50% of female workforce</li> <li>• Equal Opportunity Employment Opportunity Policy</li> </ul>
 <p><b>6</b> CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> <li>• Awarded project to design and build for dewatered residual disposal system for Langat 2 WTP</li> <li>• Completed project for 120 MLD WTP and its associated facilities for KTU Water Supply</li> <li>• Completed project for raw water intake and WTP works for Telibong II WTP Phase 2</li> <li>• Collaborated with Water Watch Penang to organize 5 Salcon Smart Water Programmes ("SSWP") to elevate awareness on water conservation among students and teachers</li> </ul>
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> <li>• Awarded EPCC project for 10.44 MW small hydropower plant at Sg Selangor Dam</li> <li>• Salcon-KAB Smart Solar Energy consortium selected as one of the Corporate Green Power Program ("CGPP") solar power producers</li> <li>• Installed solar-powered lights for houses at the Kampung Orang Asli Bukit Tunggul, Dengkil</li> </ul>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> <li>• Employed 400 employees</li> <li>• 384 number of suppliers and sub-contractors</li> <li>• 99.6% of local procurement</li> </ul>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> <li>• Annual recycling program among employees with 2715.71 kg of recyclables collected</li> </ul>
 <p><b>13</b> CLIMATE ACTION</p>	<ul style="list-style-type: none"> <li>• Reduction in 4.88% of carbon emission</li> <li>• Incorporation of climate risk in the annual enterprise risk management register</li> </ul>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> <li>• Organized anti-bribery and anti-corruption training for all employees</li> </ul>
 <p><b>17</b> PARTNERSHIPS FOR THE GOALS</p>	<p>Collaborated with NGOs to organize ESG initiatives:</p> <ul style="list-style-type: none"> <li>• SSWP with Watch Water Penang</li> <li>• Recycling Campaign with Karun Hijau</li> <li>• Eco-brick Workshop with AIESEC</li> <li>• Fabric Recycling Campaign with Kloth Cares</li> <li>• Blood Donation Campaign with Pusat Darah Negara ("PDN")</li> <li>• Breast Cancer Screening with Breast Cancer Welfare Associations ("BCWA")</li> </ul>

# Sustainability Statement

## Sustainability Governance Structure

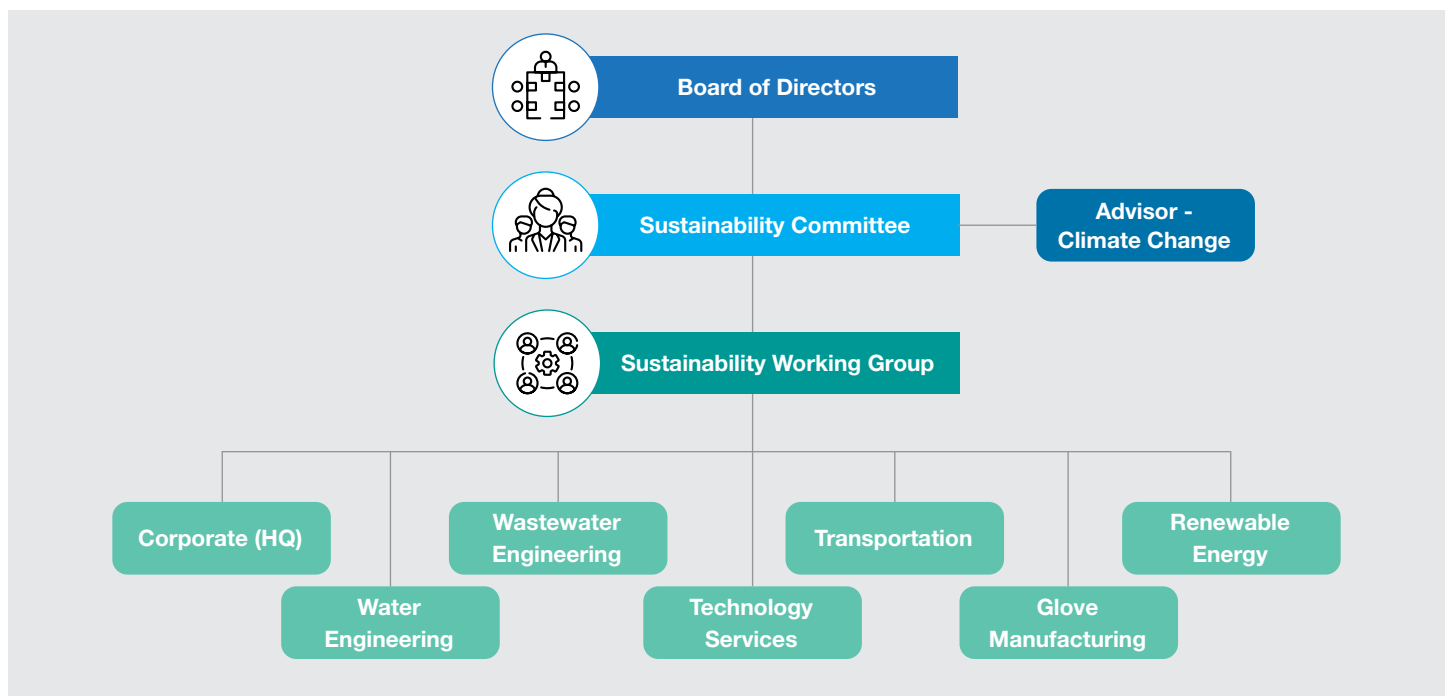
Salcon's Board of Directors ("BOD") sit at the apex of the sustainability governance of the Company and they provide oversight on the overall sustainability initiatives including reviewing the material issues, overseeing sustainability strategy implementation and providing direction on the sustainability agenda of the Company. The Board is supported by the Sustainability Committee ("SC") and the Sustainability Working Group ("SWG").

The SC is chaired by an Independent Non-Executive Director who also holds the position as the Climate Change Advisor, and supported by four other members which consists of an Executive Director, Group Chief Financial Officer, Chief Operating Officer of SEB and General Manager of Corporate Affairs Department. The Committee meets annually.

The structure of the sustainability governance and roles and responsibilities of the Board, SC and the SWG are elaborated below.



Supported by the SC, the BOD takes an active role in addressing ESG material matters including climate change, corporate governance, human rights, occupational safety & health and etc. The SWG comprises various department heads and business unit heads within the Group.



# Sustainability Statement

## B BUSINESS MODEL & INNOVATION



### Delivering innovative products and services through operational excellence

Profitability and financial performance are the utmost priority of the Group as it serves as the critical pillar that sustains our operations and enables us to fulfill our commitment to our stakeholders.

Supported by stringent policies and a robust framework of business ethics, we consistently strive to optimize processes, enhance quality, and foster innovation, as part of our commitment to align our operations with internationally recognized standards in order to enhance our business & financial performance.

#### Policies & Certifications

- Statement of Policies and Business Ethics (“SPBE”)

- ISO Certifications



#### Key Purposes

- Defines the basic requirements placed on Salcon suppliers and contractors concerning their responsibilities towards their stakeholders and the environment.

- Establish standards and operating procedures to enhance credibility, improve efficiency, ensure quality, meet regulatory requirements, manage environmental impact, enhance customer satisfaction, facilitate international trade, and promote continuous improvement.

#### MI

MI1

MI3



Please refer to QSHE policy and ISO certifications: <https://www.salcon.com.my/sustainability/QualitySafetyHealthEnvironment>

## MI1 Business Management & Delivery

A key indicator in successful business management & delivery is having a robust quality management system to track and monitor its implementation and to achieve high customer satisfaction levels. As a Company with diversified businesses, having this in place ensures consistent implementation of quality standards across our various operations.

In FY2023, 100% of the Engineering & Construction division’s project sites and Healthcare division’s manufacturing facility are certified with the **ISO 9001:2015** Quality Management System, **ISO 14001:2015** Occupational Health and Safety Management Systems and **ISO 45001:2018** Environment Management System.

In addition, the Healthcare Division is certified with the **ISO 13485:2016** Quality Management System in the medical device industry, the United States Food and Drug Administration (510K), SEDEX and complies with CE marking.

Practicing and adhering to these standards minimize risks, optimize resources, fosters continuous improvement to create value for our stakeholders, leading to successful project delivery in FY2023 which include:-



# Sustainability Statement

Business Divisions	FY2023 Achievement
<b>Engineering &amp; Construction (Water)</b>	<ul style="list-style-type: none"> <li>100% of projects completed on time and within the budget</li> <li>Recertification of ISO 14001:2015 &amp; ISO 45001:2018 by Bureau Veritas Certification</li> <li>8771 calls received with average handling time of 10 minutes at Sandakan Customer service and billings centre</li> </ul>
<b>Engineering &amp; Construction (Wastewater)</b>	<ul style="list-style-type: none"> <li>100% of projects completed on time and within budget</li> </ul>
<b>Technology Services</b>	<ul style="list-style-type: none"> <li>Achieved target revenue and target site as per budgeted in financial forecast</li> </ul>
<b>Transportation</b>	<ul style="list-style-type: none"> <li>A total of 225 vehicles have been equipped with the Senstrac system</li> </ul>
<b>Glove Manufacturing</b>	<ul style="list-style-type: none"> <li>Achieved less than 2% of rejected gloves</li> <li>Developed 5 new products</li> </ul>

## Customer Satisfaction

Customer satisfaction surveys are regularly conducted for each business division as a means to gather feedback and pinpoint areas for improvement. By consistently meeting and surpassing customer expectations, these practices foster positive relationships and create opportunities for future collaborations.

At our Engineering & Construction Division (Water), surveys are conducted twice a year whereas, for Engineering & Construction (Wastewater), Transportation and Healthcare, annual surveys are distributed.

The target score and results of customer satisfaction for FY2023 are as below.

Divisions	Target	2021	2022	2023
E&C (Water)	75%	62.8%	81.3%	67.5%
E&C (Wastewater)	65%	79.8%	83%	77.5%
Transportation	75%	N/A	85%	96.5%



## Sustainability Statement

Under our Water Engineering & Construction Division, we manage a Customer Service Centre in Sandakan by providing billing and collection services to the consumers. We welcome walk-in and call-in customers for any matters relating to billing and collection. For call-in customers, a target of average time for handling calls is set at 2 minutes per call, subject to situations and type of queries to ensure efficient and helpful handling of cases.

In the year under review, the Company recorded zero legal actions or fines concerning anti-competitive behaviour and violations of anti-trust and monopoly legislation. We also adhered to the Personal Data Protection Act 2010 (“PDPA”) and reported zero complaints relating to breaches of customer privacy.

### Partnering with Industry Peers

To forge business within the challenging business environment, the Company needs to keep abreast of the current and emerging business trends and developments as well as engage with the industry players to benchmark on business practices. We do this by participating in various industry associations for each of our business divisions.

<div style="background-color: #0070C0; color: white; padding: 5px; border-radius: 5px; display: flex; align-items: center;"> <span style="color: white; font-weight: bold;">Engineering &amp; Construction</span> </div> <ul style="list-style-type: none"> <li>Malaysia Federation of Employers</li> <li>The Malaysia Water Association</li> <li>International Water Association</li> <li>Malaysia South-South Association</li> <li>CIDB Malaysia</li> </ul>	<div style="background-color: #0070C0; color: white; padding: 5px; border-radius: 5px; display: flex; align-items: center;"> <span style="color: white; font-weight: bold;">Transportation</span> </div> <ul style="list-style-type: none"> <li>Malaysia Association Tours &amp; Travel Agent</li> <li>Car Rental Association</li> <li>Malaysian Palm Oil Association</li> </ul>	<div style="background-color: #0070C0; color: white; padding: 5px; border-radius: 5px; display: flex; align-items: center;"> <span style="color: white; font-weight: bold;">Glove Manufacturing</span> </div> <ul style="list-style-type: none"> <li>Malaysian Occupational Safety and Health Practitioners Association</li> <li>Malaysian Rubber Council</li> <li>Malaysian Rubber Glove Manufacturers Association</li> </ul>
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Salcon participated in the One Day Industry Forum organized by MWA, demonstrating our commitment to engaging with industry peers and staying abreast with current and emerging business trends

# Sustainability Statement

MI3

## Supply Chain Management

A well-managed and resilient supply chain contributes significantly to the Company’s success and value creation in the long run. Beyond enhancing business performance, collaborations and close engagement with our suppliers and sub-contractors are essential to embed sustainability practices into our business operation.

Salcon’s Statement of Policies and Business Ethics (“SPBE”) outlines the Company’s environmental, social and governance expectations on suppliers and sub-contractors. As part of our engagement process to ensure that suppliers/sub-contractors comply with Salcon’s principals and requirements, acknowledgement and adherence to the SPBE are mandatory in every contract.

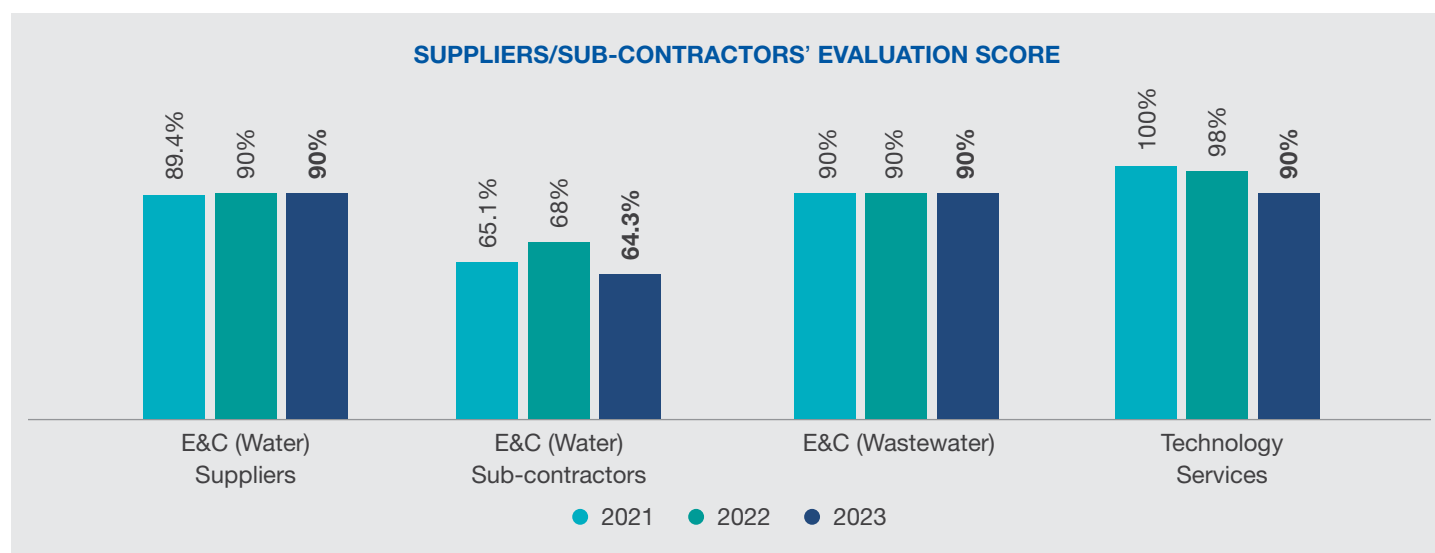
During the year under review, ESG criteria was integrated into the pre-evaluation of critical suppliers and sub-contractors for the Engineering & Construction division. This aids the Company in fostering sustainability, aligning with long-term goals for environmental and social responsibility.

In FY2023, an assessment of environmental impact was conducted for suppliers and sub-contractors under the critical items category. The count decreased from 10 to 5 compared to FY2022, which mainly due to the reduced procurement of critical items during the year.

Yearly evaluations are conducted on existing suppliers/sub-contractors and those who do not meet our minimum requirements are struck off the supplier/sub-contractor list. Key areas being evaluated include, on-time delivery, workmanship, pricing, quality assurance system, after sales support.

Suppliers & sub-contractors performance evaluation score is shown below:

Divisions	Target	2021	2022	2023
E&C (Water) Suppliers	90%	89.4%	90%	90%
E&C (Water) Sub-contractors	90%	65.1%	68%	64.3%
E&C (Wastewater)	50%	90%	90%	90%
Technology Services	95%	100%	98%	90%



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## Sustainability Statement

The Company engages local suppliers and sub-contractors wherever possible according to the type of projects. This is part of our commitment to assist in providing local employment and growing the nation's economy. In FY2023, the Company spent a total of RM154,278,948 on procurement and local procurement spending is at 99.96% throughout the Company.

Percentage of procurement budget spent on local suppliers by country:






Business Divisions	Country	Percentage (%)
 Water Engineering	Malaysia	100%
 Wastewater Engineering	Malaysia	100%
 Technology Services	Malaysia   Others	97.4%   2.6%
 Transportation	Malaysia	100%
 Renewable Energy	Malaysia	100%

MI4

### Technology and Innovation

Salcon recognizes the importance of technology and innovation in pushing its businesses to greater heights. We are continuously on the lookout for emerging developments in technological advancements to support growing demands from the market and actively explore collaboration opportunities with technology partners.

In FY2023, we implemented several initiatives on technology and innovation, summarized in the table below.

Business Divisions	Initiatives
 Engineering & Construction	<ul style="list-style-type: none"> <li>Identified local technology partners for small hydropower plant project</li> <li>Implement sludge pipe conveyor system for Langat 2 Package 3 project</li> <li>Identified Membrane Bioreactor ("MBR") strategic partner for wastewater treatment</li> </ul>
 Technology Services	<ul style="list-style-type: none"> <li>100% geotagging of critical active equipment</li> <li>Exploring opportunities to venture into services for data centres</li> </ul>
 Transportation	<ul style="list-style-type: none"> <li>Continuously upgrade the Senstrac Passenger Transport and Tracking System ("PTTS") to enhance mobility tracking</li> </ul>
 Glove Manufacturing	<ul style="list-style-type: none"> <li>Developed 5 types of gloves namely Ultra thick Dual Black latex with pink inner, Ultra thick Dual Black latex with green inner, Ultra thick dual brown latex with brown inner, Ultra thick dual black latex with purple inner, Un-lined household latex gloves and 400mm Decontamination dual layered examination gloves</li> </ul>
 Renewable Energy	<ul style="list-style-type: none"> <li>Embarked on a solar power project under the Corporate Green Power Program ("CGPP") with KAB Smart Solar Energy Sdn Bhd ("KSSE")</li> </ul>



# G LEADERSHIP & GOVERNANCE



## Becoming a trusted and reliable working partner

At Salcon, our commitment to ethical excellence is fortified by a set of policies that serve as our guiding principles to becoming a trusted and reliable working partner. These policies serve as the backbone of our commitment to meet and exceed the expectations of our stakeholders, fostering sustainability, ethical practices, and responsible decision-making throughout our operations.

### Policies & Certifications

### Key Purposes

### MI

<ul style="list-style-type: none"> <li>• Anti-Bribery and Anti-Corruption (“ABAC”) Policy and Procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Sets out the Groups’ position on bribery and provides principles, guidelines and requirements on how to deal with corrupt and bribery practices that may arise in the course of daily business and operation activities.</li> </ul>	
<ul style="list-style-type: none"> <li>• Code of Ethics and Conduct (“COEC”)</li> </ul>	<ul style="list-style-type: none"> <li>• Sets out guidelines on the Group’s business ethics and the governance of the employees in the workplace on a day-to-day basis in a way that helps maintain an outstanding reputation.</li> </ul>	
<ul style="list-style-type: none"> <li>• Whistleblowing Policy</li> </ul>	<ul style="list-style-type: none"> <li>• To provide and facilitate a mechanism for any Reporting Party to report concerns about any suspected and/or known wrongdoings.</li> </ul>	
<ul style="list-style-type: none"> <li>• Board Diversity Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Sets out the approach to achieve diversity on the composition of the Board of Directors of Salcon.</li> </ul>	
<ul style="list-style-type: none"> <li>• Fit &amp; Proper Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Governs the appointment and re-election of directors of the Group with the aim to safeguard the Board’s quality and integrity.</li> </ul>	
<ul style="list-style-type: none"> <li>• Remuneration Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Attract, retain and motivate qualified board members while ensuring fairness, accountability and compliance with legal and regulatory standards.</li> </ul>	
<ul style="list-style-type: none"> <li>• Integrated Risk Management Policy &amp; Procedure (“IRMPP”)</li> </ul>	<ul style="list-style-type: none"> <li>• Identify, analyze, evaluate, treat, monitor and report upon all significant risks faced by the Group inclusive of all stakeholders in compliance with ISO 31000.</li> </ul>	
<ul style="list-style-type: none"> <li>• Enterprise Risk Management (“ERM”) Framework</li> </ul>	<ul style="list-style-type: none"> <li>• A systematic and strategic framework to identifying, assessing, and managing all relevant risks that can affect the Company’s business and operations.</li> </ul>	



Please refer to <https://www.salcon.com.my/About-Us/corporate-governance> for the above policies.

## Sustainability Statement

MI2

### Business Ethics and Corporate Governance

We are committed to conducting our business in accordance with the Malaysian Code of Corporate Governance (“MCCG”), the Corporate Liability provision under Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 and all relevant laws, regulations and industry best practices in the jurisdictions we operate.

 Read more about our the Company’s corporate governance practices on pages 97 to 103.

Salcon upholds the highest standards of ethical business conduct guided by the COEC, ABAC Policy and Procedures. These documents outline the Company’s approaches to practising ethical business conduct, respecting human rights and preventing bribery and corruption activities throughout its business chain. In addition, the Engineering & Construction Division has implemented the Statement of Policies and Business Ethics on their suppliers and sub-contractors.

The Company also established its Whistleblowing Policy to provide a platform for whistleblowers to report any concerns of misconduct. The Whistleblowing Policy is also aligned with the Whistleblower Protection Act 2010 to protect whistleblowers from any retaliation. There were no whistle blowing cases recorded in FY2023.

 Please visit the Whistle blowing policy: <https://www.salcon.com.my/investor-relations/corporate-governance.html>.

In FY2023, the Internal Audit Risk Management Department (“IARMD”) conducted Integrity Awareness training for all employees including new joiners, with a participation rate of 49.2%. The Integrity Awareness training is crucial to develop and elevate the awareness levels of our employees about anti-bribery and anti-corruption commitment to promote ethical business practices.

The Group reported zero incidents of bribery and corruption, and consequently, zero employee disciplined or dismissed due to non-compliance with the ABAC policy as well zero fines in FY2023 and 100% of operations was assessed for corruption related risks.



*Integrity Awareness Briefing conducted by IARM for Salcon staff, both in-person and virtually*

#### Tax Strategies

Salcon has established its tax strategies with clear approaches and commitments as follows:

- Compliance to tax laws and regulations in countries we operate
- Not to use tax structures without commercial substance
- Undertaking of transfer pricing using the arm’s length principle

MI6

### Systematic Risk Management

Robust risk management practices are vital to protect the Company from business disruption and ensure business continuity. At Salcon, risk management approaches are guided by the Group’s IRMPP and the ERM Framework which are established in alignment to the ISO 31000 Risk Management.

In FY2023, the Audit Committee and Risk Management Committee was merged to become a combined Audit and Risk Management Committee to allow for a more integrated approach to risk management and governance.

Merging the audit and risk management functions facilitate better coordination and communication. This enables more efficient risk oversight, management and development of comprehensive strategies to address risks effectively whilst maintaining strong governance practices and creating more value for our stakeholders.

 Kindly refer to the Statement of Risk Management and Internal Control section on pages 107 to 112 and the Key Risks & Mitigation section on pages 26 to 31.

# Sustainability Statement

## H HUMAN CAPITAL



### Building a thriving workplace for employees

We highly value our employees and regard them as our most significant asset. Our workforce is comprised of dedicated, skilled individuals who perform their roles with utmost professionalism. At Salcon, we create an environment that fosters learning, development, and career advancement, especially in a fast-evolving business landscape. From the initial recruitment process, we strive to instill our corporate values in our employees, aligning their actions with our strategic imperatives to ensure the seamless operation of our business. We provide incentives to keep our employees engaged and place a strong emphasis on their professional development. It's our commitment to offer equal opportunities to all our employees based on their skills and qualifications.

Under this pillar, we are guided by the following policies to establish good practices on building a thriving workplace for employees:

Policies	Key Purposes	MI
<ul style="list-style-type: none"> <li>• QSHE Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Promote excellence in Occupational Safety &amp; Health standards by ensuring safe and healthy conditions for the prevention of work-related injury and ill health.</li> </ul>	MI5
<ul style="list-style-type: none"> <li>• Human Resource Policies and Procedures Manual (“HRPP”)</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrates the management’s commitment towards employee welfare and care and yet ensure cost effectiveness and competitiveness with market practices.</li> </ul>	MI7
<ul style="list-style-type: none"> <li>• Equal Opportunity Employment Policy (“EOEP”)</li> </ul>	<ul style="list-style-type: none"> <li>• Providing equal opportunities in employment for all employees in line with the International Labour Organization Core Conventions.</li> </ul>	MI11
<ul style="list-style-type: none"> <li>• Anti-Sexual Harassment Policy</li> </ul>	<ul style="list-style-type: none"> <li>• To create a workplace environment that is free from harassment, promotes respect and provides a clear framework for addressing incidents when they occur.</li> </ul>	MI11
<ul style="list-style-type: none"> <li>• Human Rights Policy</li> </ul>	<ul style="list-style-type: none"> <li>• To establish and communicate Salcon’s commitment to upholding and respecting human rights principles within its business operations, and expectations on stakeholders.</li> </ul>	MI11
<ul style="list-style-type: none"> <li>• Whistleblowing Policy</li> </ul>	<ul style="list-style-type: none"> <li>• To provide and facilitate a mechanism for any Reporting Party to report concerns about any suspected and/or known wrongdoings.</li> </ul>	MI11

Please refer to QSHE policy: <https://www.salcon.com.my/sustainability/QualitySafetyHealthEnvironment>.  
 Please refer to EOEP: <https://www.salcon.com.my/sites/default/files/Equal%20Opp%20Employment%20Policy.pdf>.  
 Please refer to Anti Sexual Harassment Policy: [https://www.salcon.com.my/sites/default/files/Salcon\\_Sexual%20Harassment%20Policy.pdf](https://www.salcon.com.my/sites/default/files/Salcon_Sexual%20Harassment%20Policy.pdf).  
 Please refer to Human Rights policy: <https://www.salcon.com.my/sustainability/human-capital-development>.  
 Please refer to Whistleblowing policy: <https://www.salcon.com.my/About-Us/corporate-governance>.

## Sustainability Statement

MI5

### Occupational Health and Safety



In FY2023, Salcon introduced the 12 Life Saving Rules (LiSaR) to ensure safety and well-being of employees

Salcon is committed to maintaining a safe and secure work environment for its stakeholders, demonstrating our responsibility as a company.

For on-site safety and health responsibilities, Salcon's Engineering & Construction and Healthcare arms, which are SEB, Envitech, and JREMT, are certified with the ISO 45001:2018 Occupational Health and Safety Management System. These divisions undergo regular external audits conducted by third-party auditors to ensure compliance.

Within the Engineering & Construction Division, our safety and health practices are managed by the Quality, Safety, Health and Environment ("QSHE") department and the Safety, Health and Environment ("SHE") Committee. This Committee is led and chaired by the Chief Operating Officer ("COO"), and supported by representatives from each department. The SHE Committee evaluates safety and health policies, procedures and practices, and provides recommendations for preventive and corrective actions. All project sites monitored by the QSHE Department are certified under the ISO 45001:2015 and audited by Bureau Veritas.

By placing a strong emphasis on health, safety, and sustainability, we not only protect the well-being of our team and the environment but also ensure the success and integrity of our projects and the safety of our healthcare manufacturing facility.



Please refer to the QSHE policy: <https://www.salcon.com.my/sustainability/QualitySafetyHealthEnvironment>.

To uphold strict adherence to our safety and health protocols, the SHE Committee performs regular inspections and implements the following programs to oversee health and safety matters, with the aim of preventing accidents and injuries:



## Sustainability Statement

No.	Initiatives	Key Actions Undertaken	Division
1	Quarterly SHE Committee meeting	<ol style="list-style-type: none"> <li>Regular workplace inspections are conducted to identify workplace safety and health concerns.</li> <li>Emergency Response Preparedness Drills are carried out to ensure preparedness for emergencies.</li> </ol>	<ul style="list-style-type: none"> <li>Engineering &amp; Construction</li> <li>Glove Manufacturing</li> </ul>
2	Yearly external audit and inspection	<ol style="list-style-type: none"> <li>Re-certification of ISO 45001:2018 Occupational Safety and Health (“OSH”) Management System by Bureau Veritas International.</li> <li>Passed the audit by international independent third-party audit – SEDEX Members Ethical Trade Audit (“SMETA”).</li> </ol>	<ul style="list-style-type: none"> <li>Engineering &amp; Construction</li> <li>Glove Manufacturing</li> </ul>
3	Annual Safety and Health Campaign	<ol style="list-style-type: none"> <li>Encourage our employees to take responsibility and adopt a healthy lifestyle through various activities: <ul style="list-style-type: none"> <li>Dementia talk</li> <li>Chiropractic talk and Free Consultation</li> <li>Health screening</li> </ul> </li> <li>A total of 86 pints of blood were collected during the 14<sup>th</sup> Salcon Blood Donation Drive in 2023, in collaboration with Pusat Darah Negara.</li> <li>Demonstration of the usage of an automated external defibrillator (“AED”) was conducted in collaboration with the Academy of Safety and Emergency Care Sdn Bhd.</li> </ol>	<ul style="list-style-type: none"> <li>Engineering &amp; Construction</li> </ul>
4	Regular Safety and Health training	<ol style="list-style-type: none"> <li>SHE induction training for new employees to set standards, raise awareness of hazards, explain how health and safety is managed and awareness on the Group’s procedures.</li> <li>Toolbox briefings on weekly basis.</li> <li>Total of 28 new employees attending SHE induction training.</li> </ol>	<ul style="list-style-type: none"> <li>Engineering &amp; Construction</li> <li>Glove Manufacturing</li> </ul>
5	Monthly machinery inspection	<ol style="list-style-type: none"> <li>Safety &amp; Health Officer conducts monthly machinery inspections.</li> </ol>	<ul style="list-style-type: none"> <li>Engineering &amp; Construction</li> <li>Glove Manufacturing</li> </ul>
6	Hazard Identification, Risk Assessment and Risk Control (“HIRARC”)	<ol style="list-style-type: none"> <li>Identifying potential hazards and risks prior to project commencement.</li> </ol>	<ul style="list-style-type: none"> <li>Engineering &amp; Construction</li> </ul>
7	Yearly SHE Audit and inspection	<ol style="list-style-type: none"> <li>Safety and health risk assessments have been carried out at project sites to identify potential risks and implement appropriate mitigation measures.</li> <li>As at 31<sup>st</sup> Dec 2023, 100% of our project sites have undergone the assessment.</li> </ol>	<ul style="list-style-type: none"> <li>Group</li> </ul>
8	Emergency Response Preparedness & House Keeping	<ol style="list-style-type: none"> <li>Fire evacuation drills and housekeeping activities have been conducted at the Headquarters in collaboration with the Fire Department. The average evacuation time was less than 10 minutes.</li> <li>20 staff have completed the emergency responses plan and preparedness training conducted by the Academy of Safety and Emergency Care (“ASEC”).</li> </ol>	<ul style="list-style-type: none"> <li>Engineering &amp; Construction</li> </ul>
9	Renewal of QSHE Policy	<ol style="list-style-type: none"> <li>Included commitment to meet and exceed clients’ and applicable parties’ requirements in the renewable energy sector, and declared in the updated QSHE Policy.</li> </ol>	<ul style="list-style-type: none"> <li>Engineering &amp; Construction</li> </ul>

## Sustainability Statement

### Towards Zero LTI

In FY2023, the Group recorded zero cases of employee fatality and contractor fatality. The man-hours achieved without a lost time injury (“LTI”) for each business division are as follows:

Safety Data	HQ & Water Engineering	Wastewater Engineering	Glove Manufacturing
Total number of working hours in 2023	1,056,106	210,056	481,464.5
Total cumulative man-hours with zero LTI	5,764,520	3,567,872	2,063,254
Target man-hours with zero LTI	5,500,000	3,500,000	3,000,000

Transportation (“ECT” & “GF”) and technology division (“VBT”) track man-hours but do not set targets. In FY2023, total man-hours with zero LTI for ECT, GF and VBT was 438,000 hours, 1,500 hours and 1,952 hours respectively.

### Safety and Health Training

To foster a positive occupational health and safety culture in the workplace, we provide our employees and contractors with up-to-date safety and health guidelines and inform them of their responsibilities, as well as the risks associated with their daily tasks through a series of regular training sessions throughout the year.

In FY2023, 40% of the Safety Committee members, totalling 66 employees, engaged in safety training covering a variety of safety and health topics. Additionally, employees who are not part of the Safety Committee were strongly encouraged to participate in safety-related training sessions to promote an awareness of the importance of workplace safety. During FY2023, an additional 99 employees who are not part of the Safety & Health Committee were sent to attend safety-related training programs.



M17

### Talent Attraction and Engagement

To cultivate a culture driven by performance and to foster an engaging and inclusive workforce, the Group has embraced two core approaches as part of our talent management strategy: (i) Talent attraction and retention and (ii) Engagement and Inclusion. Our objective is to provide a high-quality work environment that promotes positive employee well-being, safety, creativity, collaboration, diversity, and inclusivity.

#### Talent Attraction and Retention

Attracting and retaining talent is a critical driver of growth and success. Salcon consistently offers competitive benefits and welfare to its employees, ensuring we remain competitive and capable of retaining top talent by benchmarking ourselves against industry peers. As part of the Company’s efforts to gather feedback and insights from employees, an Employee Satisfaction Survey (“ESS”) is conducted biennially to identify concerns, improve engagement and promote open communication and transparency. Feedback from the survey guides management in making informed decisions on policies, benefits, work culture and organizational changes.

During FY2023, an ESS was conducted to assess our employees’ perspectives in areas such as workplace culture, job satisfaction, professional development opportunities and overall organizational climate. The survey was distributed to employees in Malaysia and overseas and received a response rate of 32%.

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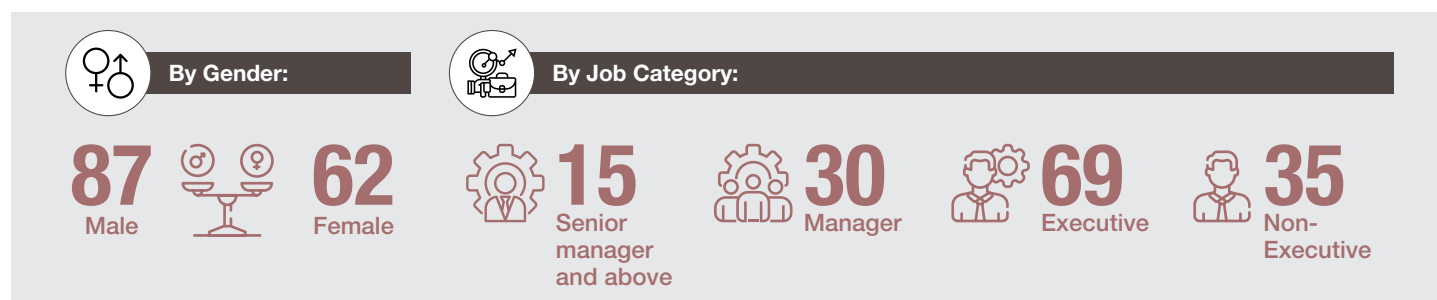
In response to the findings, the company has undertaken the following actions and initiatives towards a healthier and more productive work environment:

Areas	Key Actions Taken
Compensation & Benefits	<ul style="list-style-type: none"> <li>Dental benefits for all staff incorporated in Annual Medical Benefits</li> <li>Health Screening extended to E level/category subject to entitlement</li> <li>Group Hospitalization &amp; Surgical covers unemployed male spouse (all levels of employees) except Contract employees in Non-Executive level</li> <li>OT meal allowance has increased for all staff eligible to claim OT meal allowance, especially for the Drivers</li> <li>Staggered Work Hours (“SWH”) - staff gets to choose based on 3 work schedules based on their needs</li> <li>Office attire is allowed to be casual with collared shirt and jeans – encourage more flexible work arrangement</li> </ul>
Excessive Workload & Staffing	<ul style="list-style-type: none"> <li>Manpower deployment to site from HQ to minimize burnout</li> </ul>
Automation (Paperless)	<ul style="list-style-type: none"> <li>Implemented working on e-attendance</li> </ul>
Team Bonding & Positive Work Culture/ Environment	<ul style="list-style-type: none"> <li>Enhancing message on company 5 new core values</li> </ul>

To foster transparency and facilitate open communication between management and employees, an inaugural townhall meeting was conducted in October 2023. The event served as a platform for sharing key updates, information about the Company’s performance and future plans of the Group. It provided employees with the direct opportunity to interact with the management, ask questions and address their concerns and thoughts. The townhall meeting was attended by the Board Executive Directors, Chief Operating Officer of Salcon Engineering Berhad and the heads of each department/division.

In FY2023, we integrated ESG-related Key Performance Indicators (“KPIs”) into the Group’s KPI framework, underscoring our dedication to fostering and promoting meaningful ESG values that lead to sustainable and outstanding long-term outcomes.

The total number of employees who received a regular performance and career development review:



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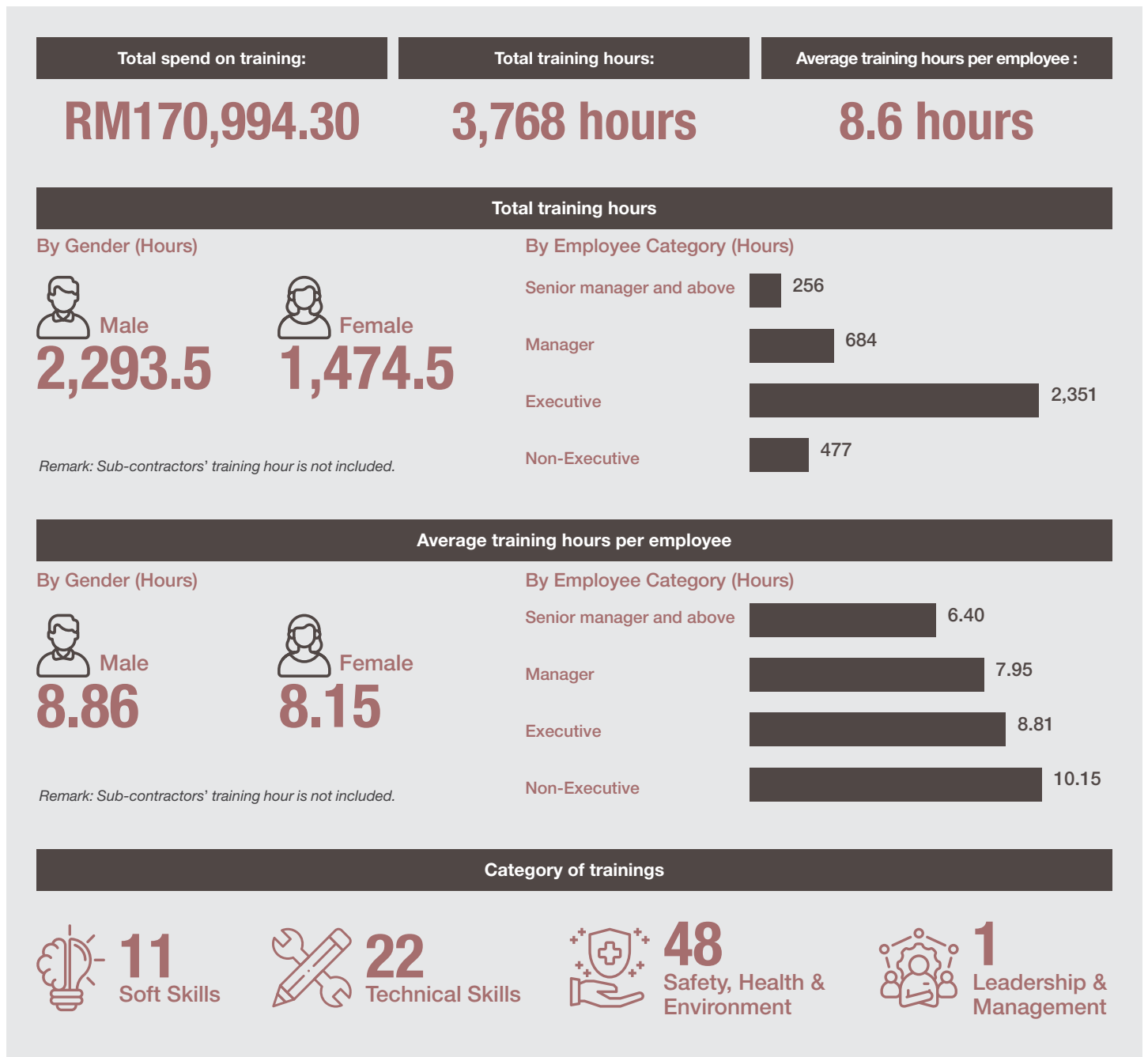
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### Training & Development

The Company's training and development strategy aims at enhancing knowledge and skills of our employees, covering both technical and soft skills. These programs empower individuals to excel in their respective roles and contribute to the achievement of the Group's strategic objectives. In FY2023, we made a total investment of RM 170,994.30 to upskill our employees through 82 training sessions. These training initiatives encompassed soft skills, leadership and management, technical training, and safety, health & environment programs. These training programs were conducted both internally and externally.

As a testament to our core values, we encourage our employees to enhance their skills by taking on challenging assignments and expanded responsibilities. We ensure that every employee has the opportunity to attend relevant training programs that aligns with their interests and job requirements.





## Sustainability Statement

### Engagement & Inclusion

We aim to foster a culture of respect, diversity and inclusion where employees feel safe, valued and included, and where every employee can offer their unique contribution. Salcon does not practice gender discrimination, age, race, religion, culture or nationality as encapsulated in our Equal Opportunity Employment Policy (“EOEP”). At the Board of Directors level, the Board Diversity Policy sets out the approach to achieve diversity on the composition of the Board of Directors of Salcon. At present, the Board members consist of 5 male and 1 female director.

During the year under review, we are pleased to report that there is not incidence of discrimination reported.

In FY2023, we organized various employee engagement programs to strengthen relationships among employees, motivate employees to contribute to society and foster spirit of togetherness and teamwork.

We continuously strive to provide competitive benefits and organize well-being activities for our employees beyond regulatory requirements. Among the benefits provided for full-time employees are:

Benefits & Well-being	FY2023 Initiatives
Medical Benefits <ul style="list-style-type: none"> <li>Health screening package for Executive level</li> <li>Outpatient &amp; Hospitalization Medical Benefits</li> <li>Dental treatment</li> </ul>	<ul style="list-style-type: none"> <li>RM9,947.60 spend for executive health screening</li> <li>Total of RM181,157.15 spend for outpatient medical benefits for 184 employees</li> <li>Total of RM297,729.59 spend for hospitalization and surgical insurance for 14 employees</li> </ul>
Salcon Recreational Club <ul style="list-style-type: none"> <li>A social club for Salcon employees with various recreational activities</li> </ul>	<ul style="list-style-type: none"> <li>Annual Dinner</li> <li>Sport Tournaments: Bowling &amp; Badminton tournament</li> <li>Annual Family Trip at Splash Mania Water Park</li> </ul>
Rewards & Recognition <ul style="list-style-type: none"> <li>Long service award</li> </ul>	<ul style="list-style-type: none"> <li>Total of 27 staffs received long service award in 2023</li> </ul>

### Parental leave

	Female	Male
Total number of employees that were entitled to parental leave	50	96
Total number of employees that took parental leave	7	12
Total number of employees that returned to work in the reporting period after parental leave ended	6	12
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	4	7
Return to work and retention rates of employees that took parental leave	100%	100%

# Sustainability Statement




Appreciation for staff & management during **Salcon Annual Dinner 2023**




Conducted **14<sup>th</sup> Blood Donation Drive & Health Screening** for staff and public



**Ramadhan Goodies Giveaway** to all staff during Ramadhan month



Celebrating festival of light with staff during **Deepavali Goodies Giveaway**



**Townhall meeting** between management and employees



Promote work-life balance among employees through **Salcon Bowling Tournament**



Staff participation in **Ecobricks Workshop**



Uniting our Salcon Family at our annual **family day**



**Salcon Movie Night** benefited children from orphanage home



Installation of solar panel for community at Kg. Orang Asli Bukit Tunggul in **Lighting Up Our Community Event**

# Sustainability Statement



Advocating Breast Cancer Awareness



Staff participation in Dementia Awareness Session



Spring Cleaning Contest



Talk on chiropractic & good posture



SHE Campaign at Sandakan

MI11

## Labour Rights and Practices

Salcon places a strong emphasis on monitoring human and labor rights, with a particular focus on its supply chain. This approach is driven by the recognition that the business practices and potential lack of commitment from subcontractors, suppliers, vendors, and other partners may lead to regulatory non-compliance concerning human and labor rights. The Group also fairly conducts its businesses, respecting human rights and well-being of its employees. It adheres to all international agreements that prevent child labor and forced labor, and it is committed to providing freedom of political views, implementing best labor practices related to living and working conditions, and ensuring fair compensation across its operations.

 The principles and actions are detailed in the Equal Opportunity Employment Policy ("EOEP") and Human Rights Policy on Salcon's website, <https://www.salcon.com.my/sites/default/files/Equal%20Opp%20Employment%20Policy.pdf> and <https://www.salcon.com.my/sustainability/human-capital-development> respectively.

### Grievance Mechanism

Salcon ensures fair management of grievances, particularly employee grievances, by following the Salcon's Employee Grievance Handling Procedure. Employees are made aware of the existence of this grievance mechanism. They can submit grievances to their immediate superiors, respective Department Heads, or the Internal Audit & Risk Management Department. While employees are encouraged to resolve issues through the existing management hierarchy or informal channels (dialogues between parties), they are not impeded or discouraged from using the grievance mechanism if they prefer.

Additionally, Salcon has adopted an Anti-Sexual Harassment Policy to protect its employees from such harassment. In FY2023, there were zero reported human or labor rights incidents through the whistleblowing channel, zero non-compliance with labor laws, and no operation at risk of child labor.

### Employee Demography

 **410**  
Total number of employees

 **Male 205 Female 205**  
Total employees by gender

 **29.3%**  
Employee turnover rate

 Full Employee Demography Data is detailed under Key Performance Indicators from pages 229 to 236.

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## E Environment

### Protecting the Environment

We remain committed to protecting the environment through sustainable business practices and recognize the importance of preserving natural resources, reducing our ecological footprint, and fostering a healthier planet for current and future generations.

	<p>Corporate Friend in the Climate Governance Malaysia to promote environmental sustainability</p>		<p>Support the UN Sustainable Development Goals and Paris Climate Agreement’s aim of limiting global warming to 1.5°Celsius</p>
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Our policies and frameworks are aligned with industry best practices and outlines clear and transparent guidance as well as stringent process controls to foster a culture of environmental responsibility within our business operations.

Policies & Certifications	Key Purposes	MI
<ul style="list-style-type: none"> <li>Salcon Green policy</li> </ul>	<ul style="list-style-type: none"> <li>Establish our commitments in different areas in reducing carbon footprint and pollutions, which include Energy, Water Consumption, Prevention of Pollution, Procurement, Biodiversity and Education.</li> </ul>	
<ul style="list-style-type: none"> <li>Water Management Plan (“WMP”)</li> </ul>	<ul style="list-style-type: none"> <li>Focusing on our commitment to reduce water consumption via water conservation initiatives.</li> </ul>	
<ul style="list-style-type: none"> <li>QSHE Policy</li> </ul>	<ul style="list-style-type: none"> <li>Promote excellence in Quality, Occupational Safety &amp; Health and Environment standards by eliminating hazards, reducing risks and protecting the environment and its workers.</li> </ul>	
<ul style="list-style-type: none"> <li>Enterprise Risk Management (“ERM”) Framework</li> </ul>	<ul style="list-style-type: none"> <li>Develop strategies to reduce the company’s carbon footprint, including initiatives to decrease greenhouse gas emissions.</li> </ul>	

 Please refer to the QSHE policy: <https://www.salcon.com.my/sustainability/QualitySafetyHealthEnvironment> for the Group’s environmental commitments.

## MI8 Environmental Impact Management

Our management approach involves identifying and mitigating significant environmental impacts across all our operations. These endeavours are guided by the Salcon Green Policy, which articulates our commitment to minimizing our environmental footprint, preserving resources, and advocating sustainable practices across our business operations.

 The Green Policy is available at <https://www.salcon.com.my/sustainability/Climate-Change>.

Key environmental focus areas under this MI8 include Water and Wastewater Management, Energy Management, Pollution and Resource Management, as well as Ecological Impacts.

During the period under review, a key development was the extension of the target reduction date for water and energy consumption from 2026 to 2030. This allows for a smoother transition towards implementing sustainable practices and reflects a responsible approach to resource management. This adjustment also provides us with the necessary flexibility to enact meaningful changes across our operations, engage stakeholders effectively, and achieve our sustainability goals in a more manageable timeframe.

# Sustainability Statement

## Water & Wastewater Management

Efficient water supply management is of paramount importance to us, especially since our core operations specialize in the construction of water and wastewater treatment facilities. Salcon takes a comprehensive approach to preserve and improve the efficiency, resilience, appeal, and value of our assets through robust water management practices. Our initiatives for water conservation are directed by the company’s WMP. This plan focuses on efficient water resource management, establishing long-term goals to reduce water consumption, and integrating water conservation principles into our operations.

 The WMP is available at <https://www.salcon.com.my/sustainability/Climate-Change>.




Over the years, all of the Group’s wastewater has been directed to an external wastewater treatment facility, and 100% of our water supply is sourced from surface water bodies like dams and rivers. As of FY2023, there have been no instances of noncompliance with water quality or quantity permits, standards, or regulations.

## Water Consumption Initiatives

Key Water Consumption Reduction Initiatives	Business Units
Non-Revenue Water (“NRW”) reduction projects in Sabah	Engineering & Construction
Application of water conservation signages at toilet walls	Group
Partnership with Non-Government Organization – Water Watch Penang for holistic educational approaches on water conservation	Salcon HQ
Water abstraction and usage from natural sources	Glove Manufacturing
Rainwater harvesting for vehicle washing at depot	Transportation
Monthly inspections for leaks and plumBing issues	Group
Usage of borewell water	Glove Manufacturing

## Water Consumption Data

### OUR TARGET

<b>Group’s Long-Term Target</b>	To reduce Group water consumption intensity by 10% per unit basis by 2030*	
<b>Division Yearly Reduction Targets</b>	 <b>Engineering &amp; Construction</b>	To reduce water consumption by 10% per RM1 million revenue
	 <b>Transportation</b>	To reduce water consumption by 3% per RM1 million revenue
	 <b>Glove Manufacturing</b>	To reduce water consumption by 1% per 1,000 gloves produced

*Remark: Group long-term target date was extended from 2026 to 2030 to enable a more gradual transition to sustainable practices and to be in line with Group’s emissions target date.*



## Sustainability Statement

The water consumption and consumption intensity of each division are presented below:

Indicators	Unit of Measurement	2016 <sup>1</sup> (base year)	2021 <sup>1</sup>	2022 <sup>1</sup>	2023
<b>Water</b>					
<b>Water Consumption Intensity</b>					
Engineering & Construction <sup>2</sup>	m <sup>3</sup> per RM 1 million revenue	15.51	31.53	13.84	15.65
Transportation	m <sup>3</sup> per RM 1 million revenue	1.23	54.81	62.92	69.97
Glove Manufacturing	m <sup>3</sup> per 1,000 gloves produced	N/A	0.27	0.73	0.90
<b>Water Consumption</b>					
Engineering & Construction <sup>2</sup>	m <sup>3</sup>	549	4,297	1,865	1,604
Transportation	m <sup>3</sup>	17	766	942	739
Glove Manufacturing	m <sup>3</sup>	N/A	47,624	91,723	112,812

**Notations:**

1. Base year for Engineering & Construction division is 2016 whilst the base year for Glove Manufacturing was revised from 2021 to 2022 due to phasing out of bore well water. Base year for Transportation has been revised from 2016 to 2021 to reflect operational changes due to in-house washing of vehicles instead of out-sourcing to third parties.
2. Data includes both office and project site consumption, incorporating KTU WTP, Langat Package 15 (4), Telibong WTP, Small Hydro Project, and Langat Package 3.

In FY2023, the performance of each division fell short of their yearly targets. Although total water consumption in the Engineering & Construction and Transportation operations decreased, the drop in revenue of 23.95% and 29.47% during FY2023 resulted in an increase in water consumption intensity. The Glove Manufacturing Division also saw an increase in water consumption as they gradually phased out bore well water extraction and fully transitioned to utilizing water supply from Air Selangor to ensure higher quality water intake. As a result, long term target was also not achieved and recorded an increase of 16.7% from base year. The Group will intensify our efforts to achieve long term targets.

### Energy Management

Energy consumption and management play a significant role in determining the total Scope 2 emissions resulting from our business operations. Salcon places a strong emphasis on energy efficiency to mitigate carbon emissions. Our primary focus is on achieving efficient energy consumption and reducing both carbon emissions and energy intensities.

### Energy Management Initiatives





Key Energy Management Initiatives	Business Units
Temperature control for air conditioning	Group
Turn-off air conditioning system and light when the room is not occupied	Group
Use of solar lights within premises	Glove Manufacturing
Replacing faulty lights to LED lights which is more environmentally friendly and higher energy efficiency	Group

## Sustainability Statement

## Energy Consumption Data



## OUR TARGET

<b>Group's Long-Term Target</b>	To reduce Group energy consumption intensity by 50% per unit basis by 2030*		
<b>Division Yearly Reduction Targets</b>	 <b>Engineering &amp; Construction</b>	To reduce energy consumption by 6% per RM1 million revenue	
	 <b>Transportation</b>	To reduce energy consumption by 6% per RM1 million revenue	
	 <b>Technology Services</b>	To reduce energy consumption by 6% per full time employee	
	 <b>Glove Manufacturing</b>	To reduce energy consumption by 12% per 1,000 gloves produced	

Remark: Group long-term target date was extended from 2026 to 2030 to enable a more gradual transition to sustainable practices and to be in line with Group's emissions target date.

The energy consumption and consumption intensity of each division are presented below:

Indicators	Unit of Measurement	2016 <sup>1</sup> (base year)	2021 <sup>1</sup>	2022	2023
<b>Energy</b>					
<b>Energy Consumption Intensity</b>					
Engineering & Construction <sup>1</sup>	MJ per RM1 million revenue	9,817	8,023	8,297	9,621
Transportation	MJ per RM1 million revenue	15,018	13,931	12,142	17,506
Technology Services	MJ per full time employee	10,597	8,179	8,819	9,340
Glove Manufacturing	MJ per 1,000 gloves produced	-	61.13	83.66	92.45
<b>Energy Consumption</b>					
Engineering & Construction <sup>1</sup>	MJ	815,789	1,093,457	1,118,052	985,975
Transportation	MJ	205,463	194,749	181,786	184,896
Technology Services	MJ	169,546	130,867	141,106	149,443
Glove Manufacturing	MJ	-	10,818,187	10,464,908	11,534,616

## Notations:

1. Base year for Engineering & Construction, Transportation and Technology Services divisions is 2016 whilst the base year for Glove Manufacturing is 2021 as the business was acquired during the year.
2. Data includes both office and project site consumption, incorporating KTU WTP, Langat Package 15 (4), Telibong WTP, Small Hydro Project, and Langat Package 3.

From base year to 2023, the energy intensity for Engineering & Construction and Technology Services has decreased by 2% and 12% respectively, due to energy efficiency improvements. However, for Transportation and Glove Manufacturing, the energy intensity increased by 17% and 51% from base year. The drop in revenues for both the Transportation and Glove Manufacturing resulted in an increase in energy consumption intensity.

Furthermore, the escalating mean temperature resulting from climate change has increased energy usage for effective cooling in offices for Technology Service Division. As for the Glove Manufacturing division, total energy consumption increase despite a slight reduction in total gloves produced resulting in higher energy consumption intensity. This is because JREMT has to keep 4 production lines running although utilization is only 50% due to interconnectivity of the entire plant.

As a result, long term target was also not achieved and recorded an increase of 13.5% from base year. The Group will intensify our efforts to achieve long term targets.

## Sustainability Statement

### Pollution & Resources Management

The Group's Engineering & Construction Division holds certification for the ISO 14001 Environmental Management System, and we maintain 100% compliance across all our business operations with Malaysia's Department of Environment ("DE") and all relevant local government regulations.

Various environmental factors, including waste management, raw material used, air quality and noise management are monitored annually in accordance with the environmental monitoring plan.

### Target in Driving the Success of Pollution and Resources Management

<b>Waste Management</b>	<ul style="list-style-type: none"> <li>To ensure disposal of scheduled waste generated in compliance with environmental laws and regulations</li> <li>To ensure that construction wastes are disposed of at authorised landfills that are licensed by the Local Authority</li> </ul>
<b>Raw Materials Used</b>	<ul style="list-style-type: none"> <li>Prudent and responsible consumption to reduce raw material wastage</li> </ul>
<b>Air Quality &amp; Noise Management</b>	<ul style="list-style-type: none"> <li>Ensure 100% compliance within the approved ranges as determined by Malaysia's Department of Environment ("DOE")</li> </ul>

### Waste Management

Responsible and sustainable consumption practices form the basis of effective waste management. In line with the Group's QSHE policy, Salcon diligently complies with all relevant environmental laws and regulations in all our operations. This approach allows us to utilize resources and recycle waste materials responsibly.

### Initiatives in Waste Management

Waste Management Initiatives	Company/ Operation Country
Waste minimization through paper reuse	Group
Digitalization of paperwork, business processes and operations	Group
Increase recycling efforts and practices through recycling program in offices, recycling awareness and proper waste segregation	HQ
Using recyclable products in workplace	HQ

### Scheduled Waste Data

Salcon consistently monitors scheduled waste and recycling data to ensure efficient waste management and reduce its environmental footprint. Table below summarizes the 3-year scheduled waste data for our current projects and recycling data.

Indicators	Unit of Measurement	2021	2022	2023
<b>Waste Data</b>				
Telibong WTP	Tonnes	4.58	0.02	0.07

### Recycled Waste Data

Indicators	Unit of Measurement	2021	2022	2023
<b>Recycled Waste Data</b>				
Paper	kg	5,164.8	2,537	3,866.6
Plastic	kg	9.1	3	3.5

## Sustainability Statement

## Recycled Waste Data

Indicators	Unit of Measurement	2021	2022	2023
<b>Recycled Waste Data</b>				
Metal	kg	20.2	146	77
Glass	kg	0	0	0
Reusable Items	kg	301.1	152	178.8
Electronic Items	kg	27.6	0	156

## Raw Material Used

Salcon enforces accountability among its suppliers to uphold ethical procurement practices, ensuring efficient and sustainable management of the supply chain for raw materials and construction projects. Our procurement process is guided by the Salcon Green Policy, which outlines our dedication to an Environmental Purchasing Program focused on the acquisition of environmentally responsible products. The Group actively monitors raw material consumption to maintain an optimal supply and minimize waste.

 The Green Policy is available at <https://www.salcon.com.my/sites/default/files/SALCON-GREEN-POLICY.pdf>.

The data for raw material used is presented in the table below:

Raw Material Used	Unit of Measurement	FY2021	FY2022	FY2023
<b>KTU WTP Project*</b>				
- Reinforcement Bar	tonnes	-	33.79	-
- Concrete	tonnes	2,593.20	153.60	-
<b>Eco-Coach &amp; Tours</b>				
- Diesel	litres	692,120.20	860,845.89	693,084.71
<b>Green Fleet</b>				
- Diesel	litres	147,125.90	154,040.49	144,837.34
<b>JREMT</b>				
- Nitrile & Latex	tonnes	3,349.34	3,159.77	2,574,438
- Carton & Inner	tonnes	-	1,275,674	1,069,418

Note: Raw material used for KTU WTP project is not available for FY2023 due to the project was handed over to the authority in FY2023.

## Air Quality &amp; Noise Management

In order to prevent air and noise pollution on project sites, the Group is committed to complete compliance with local laws and regulations regarding the permissible levels established by the relevant environmental authorities. To achieve this, the following initiatives are undertaken:

Categories	Key Initiatives in Pollution & Resources Management	Business Unit
<b>Air Quality</b>	<ul style="list-style-type: none"> <li>Regular watering of access roads at project sites to reduce dust pollution around the neighbourhood.</li> </ul>	Engineering & Construction
<b>Noise</b>	<ul style="list-style-type: none"> <li>Noise monitoring devices are installed at prime locations and the monthly monitoring reports are highlighted during site progress meetings.</li> </ul>	Engineering & Construction

## Sustainability Statement

### Ecological Impact

Salcon recognizes the importance of conserving the ecosystem and biodiversity at all project sites by minimizing actions that can have a detrimental effect on environmental health. In alignment with the Group’s Green Policy, we are dedicated to implementing biodiversity conservation measures to mitigate biodiversity loss and create a net positive impact on biodiversity.

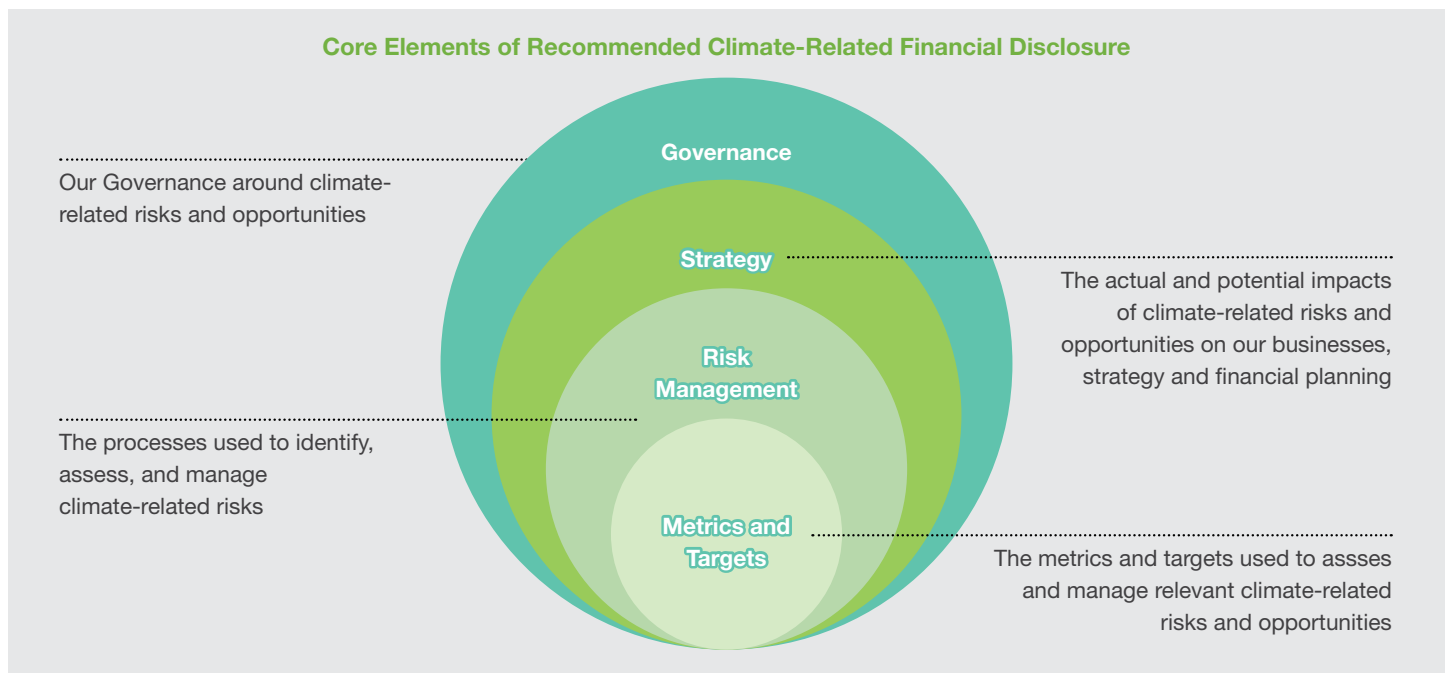
The initiatives in ecology management are presented in the table below:

Key Initiatives in Ecology Management	Business Unit
Conducted Environmental Aspect Identification (“EAI”), Risk & Opportunities for Environment and Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) before commencing a project.	Engineering & Construction
Strictly zero burning and zero hunting at project site.	Engineering & Construction
Compliance towards environmental regulations.	Group
Yearly oil spillage drill to avoid soil contamination.	Engineering & Construction

## MI9 Climate Change

### Net Zero Emission Goal

As a signatory and supporter of the Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations, Salcon is firmly committed to enhancing our climate and environmental disclosures in alignment with the stringent requirements outlined by TCFD.



### Climate Governance

The governance of sustainability matters is an integral aspect of our Salcon Sustainability Framework. The Chairman of the Sustainability Committee (“SC”), who also holds the role as the Advisor-Climate Change, oversees climate and environmental risks including the setting of the company’s targets and performance. Supported by the SC and the Audit & Risk Committee, the Board reviews the Company’s climate risks and opportunities, strategies, initiatives and performance and endorses the Sustainability Statement and TCFD disclosures.

Please refer to page 53 for Sustainability Governance Structure.



# Sustainability Statement

The SWG is tasked with executing the Group’s climate strategy and ensuring that our objectives for reducing carbon emissions are achieved. The SWG collaborates closely with various business segments to implement environmental initiatives, analyze environmental data, assess risks, and develop mitigation measures to prepare the Group for potential climate change impacts.

## Climate Strategy

Salcon conducts a review of climate-related risks and opportunities, categorizing them into two distinct groups. The first category includes risks associated with the physical impacts of climate change, while the second encompasses risks linked to the transition to a low-carbon economy. These categories align with the guidelines set out in the TCFD recommendations.

In terms of opportunities, we are actively focusing on our contributions to the establishment of a low-carbon environment, with a particular emphasis on enhancing energy-saving features in our operations. Moreover, we are engaged in discussions on how to further expand these opportunities.

Our climate strategy comprises several key components:

<p><b>1 Alignment with the Paris Agreement:</b></p> <p>We are committed to aligning our strategy with the objectives of the Paris Agreement, which aims to limit global warming to below 2 degrees Celsius, striving for a more sustainable and climate-resilient future.</p> 	<p><b>2 Investment in Low-Carbon Technologies:</b></p> <p>We are actively investing in low-carbon technologies and innovative solutions to reduce emissions in our operations. For instance, we are exploring the utilization of biogas, contributing to our efforts to lower our carbon footprint.</p> 	<p><b>3 Supporting the Transition to a Low-Carbon Economy:</b></p> <p>We are dedicated to supporting the transition to a low-carbon economy, both within our organization and in the broader context. This includes implementing practices that promote sustainability and a reduced environmental impact.</p> 	<p><b>4 Stakeholder Communication:</b></p> <p>We prioritize open and effective communication of our climate strategy and the progress we make with all stakeholders, including shareholders, customers, and employees. This communication is essential to raise awareness and foster a better understanding of climate change issues.</p> 
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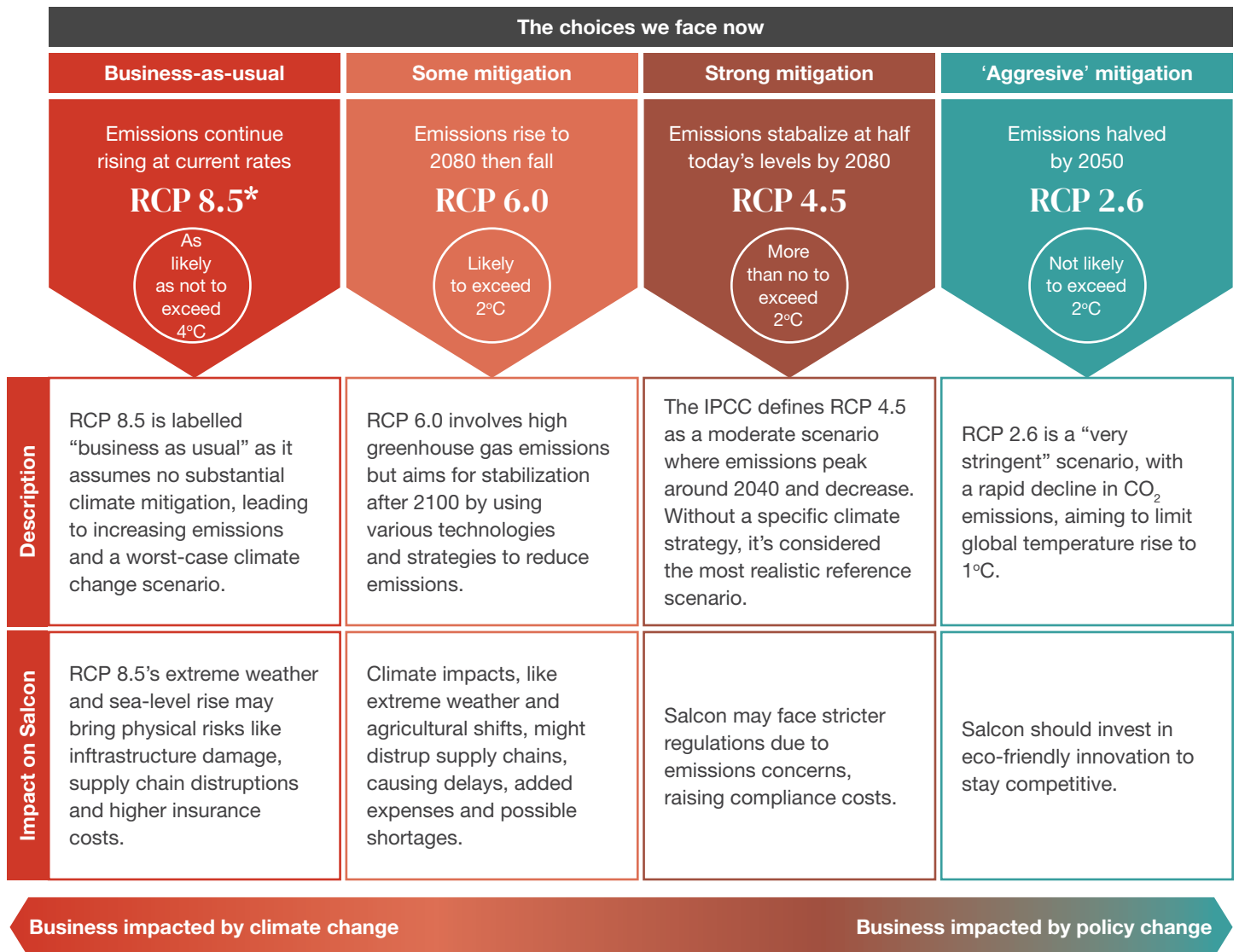
These elements collectively shape our commitment to addressing climate change and reducing our environmental impact.

# Sustainability Statement

## Scenario Analysis

In FY2023, we conducted a desktop scenario analysis to gain an insight into the risks and opportunities linked to climate change. This analysis included an assessment of how a 2°C temperature increase might impact our business operations.

Four climate change scenarios, Representative Concentration Pathway (“RCP”) 8.5, 6.0, 4.5 and 2.6, were used to model the climate-related risks. RCP 8.5 considers the business-as-usual scenario with no efforts on carbon emission reduction, where more adaptation will be needed. On the other hand, RCP 2.6 considers a more conscious effort on emissions reduction across all sectors aligned with the Paris Agreement’s 2°C pathway, which requires less adaptation. The analysis also delved into the impacts on Salcon based on the 4 scenarios as below:



# Sustainability Statement

## Climate Risk Management

Subsequent to the climate scenario analysis, Salcon identified potential risks and opportunities, in order to mitigate their impacts on both our operations and stakeholders. Our climate change adaptation strategies aim to address these challenges over the short-term (by 2025), medium-term (by 2030), and long-term (by 2050).

This strategic process is guided by Salcon’s robust Enterprise Risk Management (“ERM”) framework which aligns with the international risk management standard ISO 31000. Through this framework, we identify and mitigate climate change risks and opportunities, implement suitable risk management strategies and effective internal controls to reduce our exposure accordingly.

 Please refer to Statement of Risk Management and Internal Control on pages 107 to 112.

## Climate-related Risks, Impacts and Our Responses

Risk Type	Description	Potential Financial Impact	Time Horizon	Opportunities & Our Responses
Physical Risks	Extreme weather	<ul style="list-style-type: none"> <li>- Cost over-runs and reduced revenues as a result of storms and flooding causing damage to infrastructure &amp; affecting operations at project site</li> <li>- Increase in materials &amp; logistical costs due to disruption to supply chains</li> </ul>	Short/ Medium Term	<ul style="list-style-type: none"> <li>- Proper site selection and elevation</li> <li>- Implementation of emergency response plans</li> <li>- Diversify suppliers and reduce dependence on single supplier</li> <li>- Expand downstream into flood mitigation projects</li> </ul>
	Rising global temperature patterns	<ul style="list-style-type: none"> <li>- Increased energy costs</li> <li>- Increase in carbon credits pricing due to higher emissions</li> </ul>	Medium/ Long Term	<ul style="list-style-type: none"> <li>- Invest in energy-efficient technologies, equipment upgrades, and operational improvements</li> </ul>
Transitional Risk	<b>Legislative</b>			
	<ul style="list-style-type: none"> <li>- Increased pricing of GHG emissions</li> <li>- Enhanced emissions-reporting obligation</li> <li>- Exposure to litigation measures</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in direct cost i.e., carbon taxes</li> <li>- Increasing operational costs</li> <li>- Higher compliance costs</li> </ul>	Medium/ Long Term	<ul style="list-style-type: none"> <li>- Integration of internal practices for emission reductions and improvement of energy efficiency into operations</li> <li>- Stay updated on the latest climate change regulations and ensure strict compliance</li> </ul>
	<b>Technology &amp; Market</b>			
	Substitution of existing products and services with lower emissions options	<ul style="list-style-type: none"> <li>- Rising research and development (R&amp;D) expenditures to fulfill the demand for low-carbon and energy-efficient products and services in the market</li> <li>- Rising operational expenses</li> </ul>	Medium term	<ul style="list-style-type: none"> <li>- Transition to renewable energy sources such as solar, wind, or geothermal to offset reliance on conventional energy and mitigate energy cost fluctuations</li> <li>- Use of public-sector incentives/ green bonds</li> <li>- Identifying strategic technology partners for the engineering &amp; construction division</li> <li>- Explore R&amp;D activities to create innovative product solutions within the healthcare division</li> </ul>

## Sustainability Statement

Risk Type	Description	Potential Financial Impact	Time Horizon	Opportunities & Our Responses
Transitional Risk	<b>Technology &amp; Market</b>			
	Changing consumer behaviour	Shift in consumer preferences impact revenues	Medium/Long Term	<ul style="list-style-type: none"> <li>- Innovate and develop new low emission products and services</li> <li>- Identify strategic collaborations to transition to low carbon economy</li> </ul>
	<b>Reputation</b>			
	Damage to company reputation and brand	<ul style="list-style-type: none"> <li>- Reduced revenue from decreased demand for goods/services and production capacity</li> <li>- Reduced investor confidence in the Group's capability to transition to a low-carbon economy</li> </ul>	Short/Medium term	<ul style="list-style-type: none"> <li>- Commitment to halve emissions by 50% by 2030 and net zero by 2050</li> <li>- Incorporate considerations of climate risks and opportunities throughout the design, development, and operation of assets</li> <li>- Establish key performance indicators for the Climate Change Strategy</li> <li>- Implement energy conservation and energy efficiency measures adoption</li> </ul>





### Metrics & Targets

Salcon employs the carbon intensity method, which involves measuring carbon emissions per unit basis, to analyze the Group's carbon emissions due to the diverse nature of our business operations. The Group measures and reports both direct carbon emissions (Scope 1) and location-based energy-indirect greenhouse gas ("GHG") emissions (Scope 2) stemming from our business activities.

Our short-term and medium targets for every business division are as stated below.



### OUR TARGET

<b>Group's Long-Term Target</b>	To reduce Group's carbon emission intensity by 50% per unit basis by 2030 and achieve Net Zero carbon emission by 2050	
<b>Division Yearly Reduction Targets</b>	 <b>Engineering &amp; Construction</b>	To reduce carbon emission by 6% per RM1 million revenue per annum
	 <b>Transportation</b>	To reduce carbon emission by 7% per RM1 million revenue per annum
	 <b>Technology Services</b>	To reduce carbon emission by 7% per full time employee per annum
	 <b>Glove Manufacturing</b>	To reduce carbon emission by 11% per 1,000 gloves produced per annum

## Sustainability Statement

Indicators	Unit of Measurement	2019 <sup>1</sup> (base year)	2021 <sup>1</sup>	2022	2023	
<b>Emission</b>						
<b>Absolute Emission</b>						
Engineering & Construction <sup>2</sup>	Total absolute emission (Scope 1-3)	tonne CO <sub>2</sub>	708.48	534.4	584.48 <sup>3</sup>	654.49
	Emission intensity based on equity shares	tonne CO <sub>2</sub> /RM mil	3.82	3.44	3.87 <sup>3</sup>	5.69
Transportation	Total absolute emission (Cat 15)	tonne CO <sub>2</sub>	3,718.85	2,295.5	2,767.19	2,290.33
	Emission intensity based on equity shares	tonne CO <sub>2</sub> /RM mil	106.77	84.23	94.82	111.24
Technology Services	Total absolute emission (Scope 3)	tonne CO <sub>2</sub>	26.6	21.27	22.93	24.28
	Emission intensity based on equity shares	tonne CO <sub>2</sub> /headcount	0.78	0.66	0.72	0.76
Glove Manufacturing	total absolute emission (Scope 3)	tonne CO <sub>2</sub>	N/A	1,879.45	1,850.3	2,001.45
	Emission intensity based on equity shares	tonne CO <sub>2</sub> /1,000 gloves produced	N/A	0.0054	0.0075	0.0082

**Notations:**

1. Base year for Engineering & Construction, Transportation and Technology divisions is 2019 whilst the base year for Glove Manufacturing is 2021 as the business was acquired during the year.
2. Data includes both office and project site consumption, incorporating KTU WTP, Langat Package 15 (4), Telibong WTP, Small Hydro Project, and Langat Package 3.
3. The absolute emission and emission intensity for Engineering & Construction Division for FY2022 was restated due to restructuring of reporting scope.

In FY2023, our total absolute emissions from each division amounted 4,969.14 tonnes CO<sub>2</sub>, representing a 4.9% reduction in total carbon emission for Scope 1, 2 and 3 from the previous year.

For Scope 1 emissions, we use the emission factor published by the US Environmental Protection Agency (“US EPA”), while for Scope 2 emissions, we utilize the ComBined Margin emission factor based on fuel consumption in Malaysia.

 The emission factors reference (For Scope 1 emissions) is available at <https://www.epa.gov/climateleadership/ghg-emission-factors-hub>.

The emission factors reference (For Scope 2 emissions) is available at <https://www.mgtc.gov.my/wp-content/uploads/2019/12/2017-CDM-Electricity-Baseline-Final-Report-Publication-Version.pdf>.



# Sustainability Statement

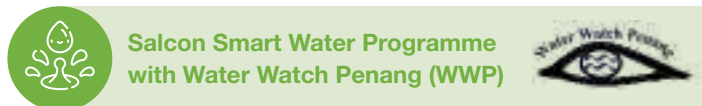
## Scope 3 Emission Data

In 2022, Salcon initiated the monitoring and reporting of its carbon emissions in accordance with Scope 3 emissions, specifically Category 6 (Business Travel) and Category 7 (Employee Commuting). Business travel encompasses both air travel and on-road vehicle use by our engineering & construction unit. For employee commuting, we utilize a sampling method to collect data across our diverse business units. However, the absolute Scope 3 emissions that have been tabulated are not included in the reported emission reduction target. We are committed to providing more comprehensive reporting on Scope 3 emissions in our future.


Indicators	Unit of Measurement	2019 (base year)*	2021	2022	2023
Category 6: Business Travel	tonnes	N/A	N/A	26.12	26.78
Category 7: Employee Commuting	tonnes	N/A	N/A	226.15	279.92
<b>Total emission (tonnes CO<sub>2</sub>)</b>	<b>tonnes</b>	<b>N/A</b>	<b>N/A</b>	<b>252.27</b>	<b>306.7</b>

## Environmental Stewardship

Environmental stewardship and sustainability require collaborative efforts, and forming partnerships with like-minded entities can significantly enhance the impact and reach of these initiatives. Salcon actively seeks to establish relationships with external organizations that align with its sustainability goals.




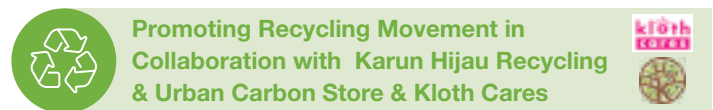
Salcon continues to organize its flagship programme, Salcon Smart Water Programme (“SSWP”) at Sungai Penchala in Bukit Kiara Park with its long-term collaborative partner – Water Watch Penang (“WWP”). This programme, which aims to impart water conservation and awareness amongst our younger generation, was established since 2010 and has benefitted more than 3,300 students and 179 teachers to date.

 For more information about the programme, please refer to the Social Capital - Community Engagement section of this report.



Salcon organized an Ecobricks-making workshop with a total of 70 students in Sekolah Kebangsaan USJ 12, Subang Jaya in collaboration with AIESEC UPM to foster sustainability and reducing environmental impact amongst the youth. Employees of Salcon also contributed 10 solid Ecobricks which was donated to SK USJ 12 as part of their modular furniture structure.

 For more information about the programme, please refer to the Social Capital - Community Engagement section of this report.



We continued to encourage our employees to recycle and engaged Karun Hijau to collect our recyclables. We have in total recycled 4,281.9 kg of paper, plastic, glass, reusable items, metal and electronic items.

Besides that, we have also continued our effort on educating our people on fabric recycling initiative in collaboration with Kloth Malaysia, by setting up our Salcon Fabric Recycling Bin in the office since 2020, to encourage our people to recycle unwanted fabric. In FY2023, a total of 178.8 kg of fabric including pre-loved clothing, handbags, belts, linen and soft toys were collected.

# Sustainability Statement

## S Social Capital



### Engaging and uplifting the community

Connecting with the community allows us to gain insights into societal needs, and we take pride in actively contributing to support those in need and make positive impacts as part of our corporate responsibility through various social activities, not only by the company itself but the collective efforts from our employees as volunteers.

Our commitment in community engagement is guided by our community engagement scheme and philanthropic & non-commercial sponsorship guidelines as below:

Guidelines	Purposes	MI
<ul style="list-style-type: none"> <li>Community Engagement Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Engage with local communities through 4 approaches: Empowering Education, Community Outreach, Philanthropic Giving &amp; Local Employment</li> </ul>	MI10
<ul style="list-style-type: none"> <li>Philanthropic &amp; Non-commercial Sponsorship Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Setting criteria for donations and non-commercial sponsorship</li> </ul>	MI10

MI10

### Community Engagement

#### Why We Engage:

- To make a positive difference in our communities, through our social initiatives and community programs
- To stay connected to the developments and trends surrounding our operations which help contribute to shaping our relevance and impact in these communities



#### Guided by the UN SDGs:

- To promote quality education and effective learning for all
- To ensure access for all to adequate, safe, and affordable basic necessities



- To promote inclusive and sustainable economic growth and employment for all



- To emphasize the need for collaboration, cooperation, and partnerships to achieve the broader sustainability agenda



#### We make positive impacts through:

- Empowering education
- Strategic partnerships, outreach and voluntary employee participation
- Corporate philanthropy giving
- Local employment



# Sustainability Statement

## EMPOWERING EDUCATION

### Salcon Smart Water Program (“SSWP”)

The Salcon Smart Water Programme (“SSWP”) which started since 2010, focuses on education outside the classroom to educate youths on the importance of river and water conservation. The programme provides students with practical skills and a holistic learning experience through hands-on testing of river water’s physical, chemical, and biological aspects. This knowledge equips them to take creative actions aimed at protecting water sources and reducing water consumption both at school and in their homes.

**3,326**

students benefitted

**16.75%**

knowledge improvement

**98%**

**Participants**

recommendation rate

Reached out to

**94 schools  
& 4 orphanages**

### Salcon Train The Trainers (“TOT”) Programme

The Salcon Train the Trainers (“TOT”) Programme which is an integral part of the SSWP, aims to expand the reach and impact of the Company’s engagement efforts in promoting environmental awareness. Through the TOT Programme, teachers are trained as facilitators on how to conduct the SSWP. By equipping teachers with the necessary skills and resources, Salcon is empowering them to independently conduct the SSWP within their respective schools or programs. Salcon supports the school teachers by providing transportation, full set of programme materials and water testing kits.

**179**

“Certified Trainers”  
**trained**

**19**

**schools**  
which conducted  
own programme

**41**

**programmes**  
conducted by  
schools



Training of teachers as facilitators and equipping them with the knowledge and skills to conduct the SSWP at their own time





# Sustainability Statement

## Salcon Ecobricks Workshop

In a collective endeavor to advance environmental sustainability and foster a greener world, Salcon in collaboration with AIESEC UPM organized an Ecobricks-making workshop with a total of 70 students in SK USJ 12, Subang Jaya. The workshop aims to educate and empower the younger generation by showing them how to transform plastic waste into a valuable resource for sustainable simple modular furniture.



Students working hand in hand to construct a modular bench using recycled plastic waste

## Back to School Campaign

Through Salcon Back to School Campaign in 2024, we took the initiative to benefit 133 primary school pupils from low-income households from SK Lembah Subang, Petaling Jaya. In our effort to support their education, we provided each child with essential school supplies, including new school shoes, socks, and a water bottle. By undertaking this initiative, Salcon not only aimed to alleviate the financial burden on families struggling with limited resources but also sought to create an inclusive and supportive learning environment for these young students.



Students from SK Lembah Subang expressed joy as they received brand new school shoes through the Salcon Back to School Programme

## COMMUNITY OUTREACH

### Lighting Up Our Community

A team of 24 volunteers from Salcon Berhad came together to brighten up the lives of 19 families at the Kampung Bukit Tunggul Orang Asli community in Sepang.

Under this initiative, eighteen (18) houses were installed with 24 W portable batten lights which comes equipped with a USB port for convenient recharge of electronic gadgets. This solar powered lighting system aims to uplift the quality of lives of 56 Orang Asli residents Kampung Bukit Tunggul which includes 37 children and 19 adults.



Salcon volunteers providing solar panels to enhance the livelihood of the Sepang Orang Asli communities

### 14<sup>th</sup> Blood Donation Drive

Our longstanding collaboration with Pusat Darah Negara over the last 14 years demonstrates our unwavering dedication to this significant cause. This partnership serves as a valuable platform to raise public awareness about health and actively contribute to replenishing our local blood bank.

This year's blood donation drive saw an impressive turnout, with 86 pints of blood collected through the generous contributions from 121 volunteers registered. These donations are believed to potentially save the lives of 261 individuals in need.



Salcon collaborated with Pusat Darah Negara and held its 14<sup>th</sup> annual blood donation drive

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- Creating Sustainable Value
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## Sustainability Statement

### Christmas Movie Day with the Orphanage

25 Children from Pusat Penjagaan Kanak-Kanak Cacat Taman Megah (“PPKKCTM”) had a heartwarming Christmas outing with staff of Salcon Berhad and their families in a fun-filled evening including a dinner at KFC and a screening of the movie, Aquaman & The Lost Kingdom. Salcon employees also generously contributed essential items such as groceries, toiletries, and medication, extending their support to the home and its residents.



*A heartwarming Christmas outing with Salcon employees and 25 children from Pusat Penjagaan Kanak-Kanak Cacat Taman Megah (“PPKKCTM”)*

### MOVING FORWARD

As we navigate the current business landscape, and increased focus on environmental, social, and governance standards, our commitment remains steadfast. By effectively managing the five pillars outlined in our sustainability framework, we aim to create value for all stakeholders, ensure the company’s long-term success and contribute to a sustainable future.

### PHILANTHROPIC GIVING

The Group has consistently shown its commitment to making positive impacts in the local community through a range of Corporate Social Responsibility (“CSR”) activities. We continue to support the local community by regularly providing financial contributions and in-kind donations to various charitable organizations and foundations that aid the less privileged and those in need. In total for FY2023, we have contributed RM49,190.50 as donation to various organizations.

### LOCAL EMPLOYMENT

The Group is committed to ensuring job security and career growth for our employees. In line with SDG 8 which is to promote decent work and economic growth, we prioritize the recruitment of local talents where 100% of our recruits are local in FY2023.

Through the internship and protégé programme, we aim to contribute to the professional growth and development of Malaysian graduates, ultimately preparing them to make valuable contributions to their chosen fields and the corporate world as a whole. In FY2023, we employed 14 numbers of fresh graduates in support of the Malaysia Government’s protégé initiative.

# Performance Data Table

from ESG Reporting Platform

As a Listed Issuer, Salcon is obligated to provide mandatory ESG disclosures according to the Main Market Listing Requirements, following the enhanced Sustainability Reporting Guide, 3<sup>rd</sup> Edition. The performance data table obtained from the ESG Reporting Platform outlines indicators that are pertinent to our Material Matters.

Indicator	Measurement Unit	2023
<b>Business Ethics &amp; Corporate Governance</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Manager & above	Percentage	69.57
Manager	Percentage	56.00
Executive	Percentage	57.98
Non-executive	Percentage	20.63
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Number of Board Directors	Number	6
Number of independent Directors on the board	Number	3
Number of women on the board	Number	1
Annual General Meeting: Number of days between the date of notice and date of meeting	Number	54
<b>Supply Chain Management</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.96
<b>Occupational Health &amp; Safety</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	165
Percentage of sites with OHSAS 18001 certification	Percentage	100.00
Number of work-related employee fatalities, over last 3 years	Number	0
<b>Talent Attractions &amp; Engagement</b>		
Bursa C6(a) Total hours of training by employee category		
Senior Manager & above	Hours	256
Manager	Hours	684
Executive	Hours	2,351
Non-executive	Hours	477
<b>Environmental Impact Management</b>		
Bursa C4(a) Total energy consumption	Megawatt	3,570.81
Bursa C9(a) Total volume of water used	Megalitres	115.155000
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	0.00
Three years of total energy usage data on properties disclosed	Megawatt	9,116.03
Three years of total water usage data from property portfolio disclosed	Cubic meters	252,159.00
Disclosure of three years of waste recycled (tonnes)	Metric tonnes	12.64
Percentage of sites covered by recognized environmental management systems such as ISO14001 or EMAS	Percentage	100.00
<b>Climate Change</b>		
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	340.69
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	116.34
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	4,820.23
Three years of total GHG emissions data on properties disclosed	Metric tonnes	14,757.69
<b>Community Engagement</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	77,155.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	945

Internal assurance External assurance No assurance

(\*)Restated

## Performance Data Table

from ESG Reporting Platform

Indicator	Measurement Unit	2023
<b>Labour Rights &amp; Practices</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Manager & above Under 30	Percentage	0.00
Senior Manager & above Between 30-49	Percentage	27.60
Senior Manager & above Above 50	Percentage	72.40
Manager Under 30	Percentage	0.00
Manager Between 30-49	Percentage	67.30
Manager Above 50	Percentage	32.70
Executive Under 30	Percentage	26.10
Executive Between 30-49	Percentage	55.10
Executive Above 50	Percentage	18.80
Non-executive Under 30	Percentage	46.80
Non-executive Between 30-49	Percentage	45.20
Non-executive Above 50	Percentage	8.00
Gender Group by Employee Category		
Senior Manager & above Male	Percentage	75.90
Senior Manager & above Female	Percentage	24.10
Manager Male	Percentage	65.50
Manager Female	Percentage	34.50
Executive Male	Percentage	47.10
Executive Female	Percentage	52.90
Non-executive Male	Percentage	67.00
Non-executive Female	Percentage	33.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.30
Female	Percentage	16.70
Under 30	Percentage	0.00
Between 30-49	Percentage	0.00
Above 50	Percentage	100.00
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	38.30
Bursa C6(c) Total number of employee turnover by employee category		
Senior Manager & above	Number	0
Manager	Number	7
Executive	Number	25
Non-executive	Number	68
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Percentage of global staff with a disability.	Percentage	0.20
Percentage of women in the global workforce.	Percentage	50.00

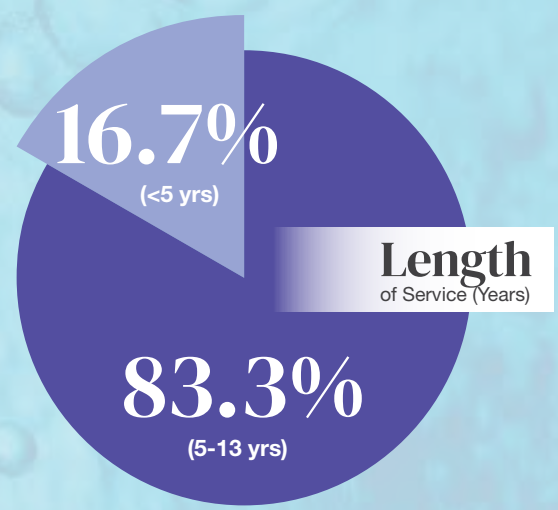
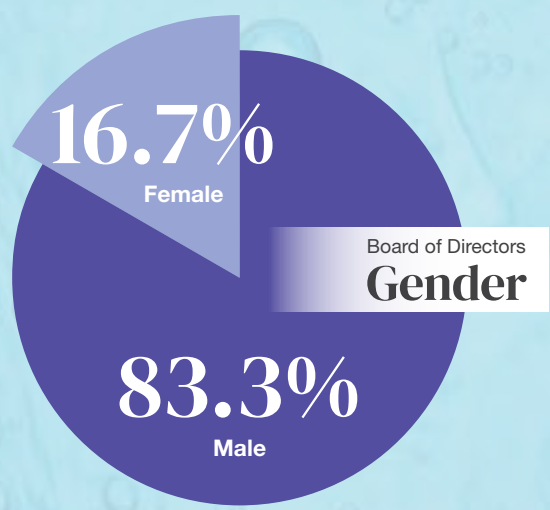
Note:  
Performance indicators of material matters within our Sustainability Report 2023 which do not contain quantitative data have been addressed in relevant sections of this report.

# Our Board of Directors' & Key Senior Management

We are pleased to introduce the esteemed members of our Board of Directors, whose diverse expertise, leadership, and commitment are invaluable assets to our organization. Comprised of seasoned professionals and visionaries from various industries, our Board plays a pivotal role in guiding the strategic direction and governance of our Company.

## Directors' Statistics

The team is accountable to our shareholders for the responsible conduct of our business and to sustain the long-term growth of the Company by delivering profitability and a healthy economic performance.





## Board of Directors' Profile



**Tan Sri Abdul Rashid Bin Abdul Manaf**

**Chairman, Independent Non-Executive Director**

Tan Sri Abdul Rashid Bin Abdul Manaf, aged 77, male, was appointed to the Board of Salcon Berhad (“Salcon”) as Chairman on 2 January 2019.

Tan Sri Abdul Rashid read law at Middle Temple, London, England and returned to Malaysia in 1970 as a Barrister-at-law.

Tan Sri Abdul Rashid is now a full-time businessman. Before venturing into business, he was a senior partner in a legal firm in Kuala Lumpur until his retirement on 24 August 2006. He joined the Malaysian Judicial and Legal Service in 1970 and was appointed as a Magistrate at Kuala Lumpur until 1973. He was later made the President of the Sessions Court in Klang. In 1975, he became the Senior Federal Counsel for the Income Tax Department. His services with the Government came to an end in 1977 when he left to join private practice and venture into business.

Tan Sri Abdul Rashid was the Chairman of the Board of S P Setia Berhad from 1996 until 2012. He was also the Group Chairman of Cahya Mata Sarawak Berhad from October 2018 to September 2021 and Chairman, Independent Non-Executive Director of Perak Corporation Berhad from 6 July 2020 until 1 August 2022.

Tan Sri Abdul Rashid is currently the Founder and Non-Independent Non-Executive Director of Eco World Development Group Berhad.



**Tan Sri Dato' Tee Tiam Lee**

**Executive Deputy Chairman**

Tan Sri Dato' Tee Tiam Lee, aged 66, male, was appointed to the Board of Salcon on 1 January 2010.

Tan Sri Dato' Tee has an extensive career and has vast experience in various industries including insurance, water engineering/treatment, hotel management, property investment, timber industries and oil palm plantation business.

He began his career in insurance industry in 1976 after finishing his secondary education and has more than 30 years experience in this industry to-date.

Tan Sri Dato' Tee is a Director of Salcon Engineering Berhad and also a Director of several private limited companies including Tabir Arena Group of Companies, Jouta Plantation Sdn Bhd and Evergreen Comfort Sdn Bhd, which deal in oil palm plantation business in the east coast of West Malaysia.

He is the Chairman of The Mines Residents Association (“MRA”) and is also the Adviser/Director of the Chinese Chamber of Commerce in Terengganu since 1995.

Currently, Tan Sri Dato' Tee is also a Committee Member of Malaysia-China Chamber of Commerce (“MCCC”), the Founder-Member of The Federation of Malaysia Chinese Guilds Association and The Federation of Hokkien Association of Malaysia. Tan Sri Dato' Tee is also the Eminent Member of The Associated Chinese Chambers of Commerce and Industry of Malaysia (“ACCIM”).



## Board of Directors' Profile



### Dato' Leong Kok Wah

Executive Director

Dato' Leong Kok Wah, aged 70, male, was appointed to the Board of Salcon on 1 January 2010.

He holds a Master's degree in Business Administration ("MBA") from University of Hull, United Kingdom ("UK") and is a member of Institute of Bankers ("UK"), Institute of Credit Management ("UK"), Institute of Marketing ("UK") and Asian Institute of Chartered Bankers (formerly known as Institute of Bankers Malaysia).

Dato' Leong has an extensive career and held senior positions in the banking industry. He has vast experience in stock broking, asset management and futures and options trading. He sits on the Board of various companies in Malaysia. He was formerly a Director of S P Setia Berhad.

Dato' Leong is also a Non-Independent Non-Executive Deputy Chairman and shareholder of Eco-World Development Group Berhad.

Dato' Leong is also a member of Sustainability Committee of the Company.



### Datin Goh Phaik Lynn

Non-Independent Non-Executive Director

Datin Goh Phaik Lynn, aged 63, female, was appointed to the Board of Salcon on 30 December 2019.

Datin Goh holds a Master of Science and Bachelor of Science Econ from London School of Economics UK.

Datin Goh has extensive experience and an illustrious career in the Corporate Banking sector. She was the General Manager, Head of Corporate Banking and Investment Division of Ban Hin Lee Bank and a member of the Board of BHLB Pacific Trust Management Bhd (Unit Trust company) and BHLB Asset Management Bhd during her tenor with the bank from 1983 to 2000.

Datin Goh is also involved in various charity projects. She is a member of the Owen-Baden Powell Society and a member of the Board of Governors of Convent Bukit Nanas Kuala Lumpur.

Datin Goh is a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company.

**Notes:-**

1. All Directors are Malaysian.
2. There is no family relationship between the Directors and/or major shareholders of the Company except for Datin Goh Phaik Lynn, who is a director and major shareholder of the Company, is the spouse of Dato' Leong Kok Wah.
3. None of the Directors has entered into any transaction, whether directly or indirectly, which has a conflict of interest or potential conflict of interest, including interest in any competing business that the Director has with the Company or its subsidiaries.
4. None of the Directors has been convicted for any offences (other than traffic offences) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

## Board of Directors' Profile



**Dato' Rosli Bin Mohamed Nor**

**Independent Non-Executive Director**

Dato' Rosli Bin Mohamed Nor, aged 65, male, was appointed to the Board of Salcon on 2 July 2018.

Dato' Rosli graduated with a Bachelor of Science in Civil Engineering from Brighton Polytechnic (now known as Brighton University), United Kingdom.

Dato' Rosli has built a long and steady career in construction, trading and property development. He was a design engineer at Engineering and Environmental Consultants Sdn Bhd and a project manager at United Engineers (M) Bhd before starting his own construction business. His companies have undertaken construction of various projects including highways, LRT tunnels, water reservoirs and rail lines. He then moved on to other new businesses in property development and coal supply.

Dato' Rosli was formerly an Independent Non-Executive Director of Export-Import Bank of Malaysia Berhad. He had served a period of nine (9) years from 2009 to 2018, longest on record for a developmental financial institution. He was also a former Independent Non-Executive Director of Econpile Bhd for a period of nine (9) years from December 2013 and was redesignated as Non-Independent Non-Executive Director from October 2022 until October 2023.

He has been reappointed as Corporate Advisor to Global Piling Solutions Co., Ltd ("GPS") in November 2023, a company incorporated under the laws of Cambodia. GPS is a wholly-owned subsidiary of Econpile Bhd.

Dato' Rosli currently sits on the board of ADS Sentral Sdn Bhd, a subsidiary of TRC Synergy Berhad and KMK Plus Sdn Bhd, the later being his privately owned construction firm. He is also the Corporate Advisor to Hassan (Cambodia) Co. Ltd. a prominent shopping mall developer in Cambodia.

Currently his main focus is on corporate advisory and consultancy services under his privately owned company, Incap Ventures Sdn. Bhd.

Dato' Rosli is the Chairman of the Sustainability Committee, a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company. He is the Advisor-Climite Change to oversees climate risks and mitigation plans for the Group.



**Chan Seng Fatt**

**Senior Independent Non-Executive Director**

Chan Seng Fatt, aged 60, male, a Chartered Accountant of The Malaysian Institute of Accountants was appointed to the Board of Salcon on 17 December 2014.

Mr. Chan Seng Fatt has an extensive career exposure spanning more than 35 years covering various aspects of experience namely external and management auditing, financial management, corporate finance, stockbroking and senior level operation and general management.

Mr Chan has held several senior positions in various private and public companies.

Currently, he is the Group Chief Executive Officer of Star Media Group Bhd and an Independent Non-Executive Director of Skyworld Development Berhad.

Mr Chan is the Chairman of Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company. He is also the Senior Independent Director of the Company.

# Key Senior Management's Profile

## Leong Yi Shen

Chief Financial Officer

Male | 33 | Malaysian

**Date of first appointment to key senior management position:**  
20 August 2021

**Name of Company:**  
Salcon Berhad

### Qualification(s):

- Bachelor of Commerce (Accounting and Finance) from The University of Melbourne
- Victorian Certificate of Education from Scotch College, Melbourne

### Professional Qualification:

- Chartered Accountants (Malaysia)
- CPA Australia

### Working Experience(s):

Leong Yi Shen started his career as an Associate in CIMB Investment Bank under "The Complete Bankers" Program in 2012 and then continued his career in CIMB Commercial Banking until 2017.

Leong Yi Shen then joined Salcon Berhad under its travel-related subsidiary, Salcon Xinlian Sdn Bhd and has since become more active in the Group level as Vice President, Group Strategy & Strategic Investments, Finance. He oversees a portfolio of investments on behalf of the Group and was involved in carrying out financial due diligence on acquisitions for the Group. He also heads the Renewable Energy division within the Group.

## Jamiluddin Amini Bin Sulaiman

Chief Operating Officer

Male | 56 | Malaysian

**Date of first appointment to key senior management position:**  
29 June 2010

**Name of Company:**  
Salcon Engineering Berhad

### Qualification(s):

- Bachelor of Science (Chemical Engineering), Brown University, Rhode Island, USA

### Working Experience(s):

Jamiluddin Amini Bin Sulaiman has been in his present position since January 2021 and he currently oversees the overall operation of various divisions and departments of the company in water and wastewater sectors. He has accumulated over 33 years of experience in water treatment/water supply industry and environment engineering, ranging from project management to engineering procurement, construction, commissioning, operation and maintenance.

He started his career in the United States as Environmental Analytical Chemist at Ceimic Corporation, followed by Project Engineer at Energy & Environmental Engineering Inc. He was primarily involved in technology development of hazardous wastewater control under USEPA SBIR program and operating an inorganic testing laboratory.

Upon returning to Malaysia, he joined Erinco Sdn. Bhd., a local engineering consulting firm and was assigned to carry out detailed engineering studies, preparation of design, tender documents/drawings and supervision of contracts for the rehabilitation of 14 water treatment plants in Johor. He later joined Salcon in 1996 as Senior Project Engineer, assigned to lead a team to implement a project under Sg. Selangor Water Supply Scheme Phase 2. In 1999, he became Head of Engineering and subsequently moved up to become General Manager, Director of Project and Director of Engineering & Proposal.

## Key Senior Management's Profile

### Lee Thim Loy

Managing Director

Male | 75 | Malaysian

**Date of first appointment to key senior management position:**  
30 August 1984

**Name of Company:**  
Envitech Sdn Bhd

**Qualification(s):**

- Bachelor degree in Chemical Engineering from the National Taiwan University, Taipei in 1971
- Master degree in Environmental Engineering from the Asian Institute of Technology, Bangkok in 1973
- A Registered Professional Engineer with Practicing Certificate from the Board of Engineers, Malaysia
- Member of the Institution of Engineers, Malaysia

**Working Experience(s):**

Ir. Lee Thim Loy has more than 50 years of experience in the wastewater industry. His experience ranges from design and construction of network pumping stations, oxidation ponds, aerated lagoon system, rotating biological contactors, oxidation ditches, extended aeration activated sludge system, and intermittently decanted extended aeration (IDEA) activated sludge treatment system for sewage treatment.

Ir. Lee's portfolio includes involvement in several Sewerage Master Plans and Feasibility Studies for the Townships in Shah Alam, Seremban and Bintulu in Malaysia. His capabilities extend into the treatment of palm oil wastes besides related environmental consultancy for industrial effluent surveys, wastewater flow analyses and wastewater feasibility studies.

Ir. Lee's noteworthy experience includes as a Principal Investigator in the Palm Oil Waste Treatment Project in Malaysia and in Thailand, a project sponsored by the International Development Research Centre, Canada, and undertaken by the Asian Institute of Technology, Bangkok, in association with the Department of Environment, Ministry of Science, Technology and Environment, Malaysia from 1979 to 1981.

Ir. Lee's latest experience serves as one of the Project Directors in the design, supply, installation, testing and commissioning of the mechanical and electrical equipment for the Langat Centralised Sewage Treatment Plant catering for a population equivalent of 920,000 persons or sewage flow rate of 207,000 m<sup>3</sup>/day.

### Low Beng Peow

Executive Director

Male | 77 | Malaysian

**Date of first appointment to key senior management position:**  
30 August 1984

**Name of Company:**  
Envitech Sdn Bhd

**Qualification(s):**

- Bachelor degree in Chemical Engineering from the National Taiwan University, Taipei in 1971
- Master degree in Environmental Engineering from the Asian Institute of Technology, Bangkok in 1973
- A Registered Professional Engineer with practising certificate in the branch of Environmental Engineering with the Board of Engineers, Malaysia
- Fellow of the Institution of Engineers Malaysia

**Working Experience(s):**

Ir. Low Beng Peow, has been in the environmental engineering industry for more than 50 years. His experience covered the study, design, construction, implementation and management of sewerage system including sewage treatment plants, pumping stations and sewer networks.

Ir. Low's noteworthy experience includes involvement in the multi-million ringgit Greater Kuala Lumpur Sewerage Project financed by the International Bank for Reconstruction and Development in year 70's, and successful completion of not less than 400 projects since the incorporation of Envitech Sdn Bhd in year 1984.

## Key Senior Management's Profile

**Dato' Mohammad Hakim Low Bin Abdullah**

Chief Executive Officer

Male | 60 | Malaysian

**Date of first appointment to key senior management position:**  
May 2014

**Name of Company:**  
Volksbahn Technologies Sdn Bhd

**Qualification(s):**

- Bachelor of Business Administration and International Marketing from Eastern Michigan University US

**Working Experience(s):**  
Dato' Mohammad Hakim Low Bin Abdullah has more than 23 years of Telco Industry experience in senior positions with Malaysian and International Companies such as Wembley Industries, Lucent Technologies, Sapura Digital, Commverge Solutions and KargoCard. In his various commercial roles, he spearheaded the introduction and boost of sales for new products and services for the telecommunication and consumer industry.

Besides being the Managing Director and Co-Founder of Volksbahn Technologies Sdn Bhd, he sits on the Board of Directors of various companies as a strategic and commercial advisor.

**Vergis Mathews A/L V.V. Mathew**

Chief Executive Officer

Male | 63 | Malaysian

**Date of first appointment to key senior management position:**  
1997 - Managing Director

**Name of Company:**  
Eco-Coach & Tours (M) Sdn Bhd

**Qualification(s):**

- ACCA (UK Variance)

**Working Experience(s):**  
Vergis Mathews has extensive career experience in various industries including transportation or logistic business for more than 23 years, film production, advertising and marketing, and audit and corporate tax.

Vergis Mathews was an Associate partner in Paul Charles & Associates from 1 February 1980 to 30 June 1986 before leaving for Coopers & Lybrand, London, United Kingdom as Audit Senior from 1 July 1986 to end 1991. He then joined the film production industry from 1 March 1992 to 30 March 2000 as Finance and Business Development Director.

In year 1997, he was appointed as Managing Director of Eco-Coach & Tours (M) Sdn Bhd to the Fleet Operation and seconded by Petronas NGV to assist the Chairman of Commonwealth Games 1998 Rt. Gen. Tan Sri Hashim Ali on the logistic coordination and needs for 2000 unit/fleet vehicles XVI Kuala Lumpur, 1998 Commonwealth Games.



## Key Senior Management's Profile

### Ganesan A/L Subramaniam

Managing Director

Male | 61 | Malaysian

**Date of first appointment to key senior management position:**  
June 2001

**Name of Company:**  
JR Engineering And Medical Technologies (M) Sdn Bhd

**Qualification(s):**  
• Diploma in Mechanical Engineering from Bradford Technical College Kuala Lumpur in 1986

**Working Experience(s):**  
Ganesan ventured into the glove manufacturing business in 1991 when he joined Brightway Holdings Sdn Bhd and was the General Manager when he left in 2001. He has more than 32 years of experience in the glove manufacturing industry as well as expertise in the design, engineering, construction of gloves dipping lines, quality control system and management in the wastewater treatment plant and boilers.

Ganesan founded JR Engineering And Medical Technologies (M) Sdn Bhd in 2001 and has been the Managing Director after the incorporation.

Ganesan has vast experience and knowledge in setting up of glove dipping plants and know-how technical application and inputs for plants set-up. He has advised several glove companies both locally and abroad on the setting up of gloves dipping plants.

**Notes:-**

1. Directorship in public companies and listed companies
  - i. Jamiluddin Amini Bin Sulaiman, Salcon Engineering Berhad.
  - ii. Vergis Mathews A/L V. V. Mathew, The Asia Nature Conservation Berhad.
2. Any family relationship with any director and/or major shareholder of Salcon Berhad
  - i. Leong Yi Shen is the son of Dato' Leong Kok Wah and Datin Goh Phaik Lynn who are the directors and major shareholders of the Company.
  - ii. Save as disclosed above, none of other Key Senior Management has any family relationship with any Director and/or major shareholder of the Company.
3. None of the Key Senior Management has any conflict of interests or potential conflict of interests, including interest in any competing business that he has with Salcon Berhad or its subsidiaries.
4. Other than traffic offences, none of the Key Senior Management has any convictions for offences within the past 5 years and of any public sanction or penalty imposed by the relevant regulatory bodies during the year.

# Corporate Governance Overview Statement



The Board of Directors (“the Board”) of Salcon Berhad (“Salcon” or “the Company”) presents this statement, to provide all stakeholders, with an overview of the Corporate Governance (“CG”) Practices (“Practices”) of the Company for the financial year ended 2023 (“FY2023”). This overview takes guidance from the key principles as set out in the Malaysian Code on Corporate Governance (“MCCG”) issued by Securities Commission Malaysia and is prepared in accordance with Practice Note 9 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”).

## Commitment from The Board

The Board recognises the importance of maintaining a high standard of CG practices within Salcon and its subsidiaries (“Group”). Good CG practice is essential to sustain the Group in the long-run, and the Board sees that as an integral part of the Group’s business strategy. By setting up a correct governance framework and parameters, the Board believes that a culture of integrity, transparency and accountability will automatically flow-throughout the Group. Besides, sound CG practices are primary to the smooth, effective and transparent operations of the Company; enabling the Company to attract investments, protect and enhance shareholders’ value.

The Board will continuously review and evaluate the Group’s CG practices and procedures, with a view to adopt and implement the best practices.

## Compliance with MCCG

The Company has complied with the practices while applying the main principles of the MCCG for the FY2023, except:

- Practice 5.9 (The Board comprises at least 30% women directors)
- Practice 8.2 (The Board discloses 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)

The Corporate Governance Report (“CG Report”) provides detailed disclosures on whether and how the Company has applied the Practices, as set out in the MCCG, for the FY2023.

The report is available at [www.salcon.com.my](http://www.salcon.com.my).



## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### i. Board Responsibilities

The Board of Directors holds the esteemed position as the apex governing body of the Company, entrusted with the vital task of safeguarding and augmenting the stakeholders’ value. At the core of its fiduciary duties and leadership mandate, the Board bears the weighty responsibility of not only guiding but also diligently overseeing the multifaceted activities and decisions of our organization. Moreover, it assumes a crucial role in upholding the principles of transparency, ethics, and accountability by holding our management team to the highest standards of performance and conduct.

To facilitate and enhance a clear understanding of the functions performed by both the Board and Management, a Board Charter has been developed, that succinctly outlines these functions. The Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board’s objectives and corporate vision.

The Board reserves to itself certain key matters, while also delegating its authority in certain functions to its Board Committees. On 25 May 2023, the Board had approved to streamline and integrate the Company’s Audit Committee (“AC”) and Risk Management Committee (“RMC”) into a single committee, namely the “Audit and Risk Management Committee” (“ARMC”). This strategic integration was undertaken to enhance the Board’s ability to exercise more effective oversight of the Company’s risk management affairs.

## Corporate Governance Overview Statement

Following the integration of the ARMC, there are currently four (4) Board Committees have been appointed to assist the Board in its oversight function where each Committee has specific areas of responsibility as illustrated below:

### BOARD COMMITTEE



#### SUSTAINABILITY COMMITTEE (“SC”)

Reviews the Group’s strategic direction, policies, principles on sustainability matters



#### REMUNERATION COMMITTEE (“RC”)

Reviews the overall remuneration policy and strategy implementation of the Board and Senior Management



#### AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”)

Monitors and reviews the integrity of financial statements, the relationship with external auditors, the effectiveness of Group’s internal control and risk management



#### NOMINATION COMMITTEE (“NC”)

Reviews the composition and balance of the Board to ensure the right structure and skills are in place to deliver the Group’s strategy

The roles and responsibilities of the Board and Management are adequately established and communicated to ensure accountability. Management is responsible for the day-to-day operations of the Group’s activities and for achieving corporate objectives and goals, set by the Board.

Although specific powers had been delegated to the Board Committees, the Board keeps itself abreast with relevant key issues and decisions via presentations of Board Committee’s reports and minutes of meetings.

Additionally, the responsibilities of the Executive Director (“ED”) are also set out in the Board Charter. The Board will periodically review the Board Charter and Terms of References (“TORs”) for the respective Board Committees and make necessary amendments to ensure consistency with the Board objectives, and relevant rules and regulations of the various authorities.

The latest review of the Board Charter was conducted on 24 August 2023 and the updated versions of the Board Charter and TORs for the respective Board Committees are available for viewing on the Company’s website, [www.salcon.com.my](http://www.salcon.com.my).

There is a clear division of responsibilities to ensure a balance of authority and power, as the roles of the Chairman and the ED are distinct and separate. The Chairman of the Board, Tan Sri Abdul Rashid Bin Abdul Manaf, is an Independent Non-Executive Director (“INED”) who leads the Board with dedication and focuses on the compliance and good corporate governance practices. The duties and responsibilities of the Board, Chairman and ED are clearly established and set out in the Board Charter.

The Chairman of the Board is not a member of the Audit and Risk Management Committee (“ARMC”), Nomination Committee (“NC”), Remuneration Committee (“RC”) and Sustainability Committee (“SC”). Thus, there is a clear and distinct division of responsibilities between the Chairman of the Board and the Committees. This is to ensure an appropriate balance of power, division of roles, responsibilities and accountability as well as objective review by the Board while deliberating on the observations and recommendations tabled by the Board Committees.

The Board is supported by two qualified and competent Company Secretaries. All members of the Board have access to the advice and services of the Company Secretaries on all secretarial matters relating to the Group, to assist them in exercising their duties. The Board is satisfied with the performances and supports rendered by the Company Secretaries, in assisting the Board, in discharging of their duties. The Board is regularly updated and kept informed of the requirements issued by regulatory authorities, including the latest developments in the legislations and regulatory framework affecting the Group.

## Corporate Governance Overview Statement

### Ethics and Integrity


The Board has adopted and implemented a Code of Ethics and Conduct (“COEC”) throughout the Group since 2010. The COEC applies to all employees including Directors, and adheres to a high ethical standard of integrity, objectivity, confidentiality and competency; while complying with all applicable laws and regulations that govern the Group’s businesses and activities. The COEC emphasizes ethical conduct in all aspects of the Group’s activities including conflicts of interest, privacy and confidentiality of information. The COEC also sets out prohibited activities or misconducts; such as acceptance of gifts, corruptions, dishonest behaviour, discrimination, sexual harassment, etc.

 The COEC is available at [www.salcon.com.my](http://www.salcon.com.my).

The Board is committed to and supports the principle of zero tolerance for any form of bribery or corruption, whether direct or indirect, involving its stakeholders. To comply with Section 17A of the Malaysian Anti-Corruption Commission Act 2009, an Anti-Bribery and Anti-Corruption Policy (“ABAC”) has been adopted and implemented by the Group since 2020. This is to ensure the Group has adequate procedures in place to prevent and detect bribery and corruption. In 2021, the Board formed a Sub-Board Integrity Committee chaired by the Chief Integrity Officer and holds periodic meetings. Any outcomes are reported directly to the ARMC.

During the FY2023, the Board approved a revised ABAC Policy that further strengthens and promotes the deterrence of bribery and corruption. Additionally, the Group organized its second internal briefing session and the appointment of Integrity Governance Champion (“IGC”) for the Group. The aim was to enhance awareness and understanding of the ABAC Policy, whilst, IGC act as figure within an organization who plays a leading role in promoting and ensuring integrity within the governance framework. This individual advocates for ethical behaviour, transparency, and adherence to principles of integrity throughout the organization.

The ABAC applies to all employees of the Group including directors and officers, any third party who performs services for or on behalf of the Group and joint-venture entities of Salcon.

 The ABAC Policy is available on the Company’s website, [www.salcon.com.my](http://www.salcon.com.my).

### Grievance Mechanism

The Company have in place channels for internal and external stakeholders to raise any concerns they may have relating to misconduct or improprieties.

#### i) Internal: Grievance handling form

All incidents or issues pertaining to unfair treatment or discriminatory actions are recorded and investigated as a matter of high priority by the Human Resource and Admin Department, and may be escalated to Senior Management, if necessary.

#### ii) Internal and External: Whistle-blowing platform

The Whistle-Blowing Policy (“WBP”) established in 2012, provides an avenue for all employees, vendors, contractors, suppliers, consultants, customers and stakeholders to raise their concerns for any improper conduct within the Group, without fear of retaliation and to offer protection for the individual who report such allegations. Any employee or stakeholder, who is aware that any improper conduct has been, is being, or is likely to be committed; is encouraged to report directly to the ARMC Chairman, via email to [chansf8@yahoo.com](mailto:chansf8@yahoo.com).

For FY2023, the Company did not receive any report or complaint of misconduct from employees, management, public or stakeholders.

 The WBP is available at [www.salcon.com.my](http://www.salcon.com.my).

### Sustainability Matters

#### Dedication and Commitment

The Board recognises the importance of incorporating the Environmental, Social and Governance (“ESG”) aspects throughout the business operations and has embedded sustainability considerations into the products and services of the Group. The Board Charter includes the Board’s responsibility to ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.

## Corporate Governance Overview Statement

To embrace and cultivate the sustainability culture, Salcon has formed a Sustainability Committee (“SC”) on 9 January 2018 that report directly to the Board. The Terms of Reference for the SC is available on the Company’s website, [www.salcon.com.my](http://www.salcon.com.my). In addition, a Sustainability Working Group Committee (“SWGC”) comprises various department head and business unit heads that report to SC has been formed to assist the coordination of sustainability matters on a lower communication ground.

The Group’s sustainability commitments are governed and guided by Salcon’s Group Sustainability Framework. The Group’s materially matters are based on the following 5 key focus pillars:

1. Business Model & Innovation
2. Leadership & Governance
3. Human Capital
4. Environment
5. Social Capital

Each focus pillar is supported by strategic goals and aligned with the UN Sustainable Development Goals and United Nations Global Compact ten principles. Measurable ESG targets are set and tracked for each focus pillar.

Supported by the SC and SWGC, the Board takes an active role to address ESG material matters including climate change, corporate governance, human rights, occupational safety & health and etc. The material issues have been identified and reviewed annually through consultation with stakeholders, taking into account any new business developments and other sources.

The Board requires reliable assurance regarding the effectiveness of sustainability risk management and reporting. Therefore, sustainability statement reviews are incorporated into annual internal audit plans. In-house internal auditors will provide assurance by collating, verifying, and validating sustainability information and data from subsidiaries in accordance to IPPF standards.

The sustainability statement is set out on pages 50 to 86 of this Annual Report and the Company activities carried out in the FY2023.

### ii. Board Composition

During the financial year under review, the Board comprises three (3) Independent Directors and three (3) Non-Independent Directors. Thus, the Board’s composition has fully complied with the Bursa Securities Listing Requirements for INED to make up at least one-third (1/3) of the Board membership. With this existing composition, the Board has further fulfilled MCCG Practice 5.2, whereby at least half of the Board’s composition comprises Independent Directors.

In relation to gender diversity for Board and Senior Management, the Board recognizes the benefits of a diversity in the Board’s spectrum and has adopted a Board Diversity Policy (which include gender policy) whereby all appointment to the Board are based on merit and objective criteria, merit, contribution and with the due regard for diversity in skills, experience, age and gender. The Board believes that a truly diversified Board will leverage differences in thought, perspective, knowledge, skill, professional experience, gender, will enhance the decision making capabilities of the Board and achieve optimum Board performance.

Currently, the Group does not have any specific measurable objective for achieving gender diversity in the senior management. Nevertheless, the Group is committed to promoting a culture of diversity in the workplace for better decision making and competitive advantage. As at 31 December 2023, the Group’s workforce diversity was 50% male and 50% female.

Although the Board does not have a specific policy on gender diversity for Board and Senior Management, however the Board and NC are mindful of its responsibilities to conduct appointment processes for Board and Senior Management in a manner that promotes gender diversity as per recommendation stated in the Malaysian Code on Corporate Governance.

The Company’s Constitution provides that 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 Annual General Meeting (“AGM”) in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election as Directors.



## Corporate Governance Overview Statement

For the forthcoming AGM, Dato' Leong Kok Wah and Mr. Chan Seng Fatt will retire as Directors pursuant to Clause 76(3) of the Company's Constitution, and being eligible, offer themselves for re-election.

The profile of the above Directors and their respective attendance in Board Meetings are presented in this Annual Report. Meanwhile, the Board's recommendation statement for the re-election of both Directors is included in the Notice of AGM dated 13 June 2024.

### iii. Nomination Committee ("NC")

The selection and appointment of a new member of the Board and Board Committees are decided by the Board based on the recommendations from the NC.

The Board through the NC had on 26 May 2022, established and implemented a Fit and Proper Policy for the appointment and re-election of Directors of the Group. This Policy will enhance the governance of the Company in relation to the Board's quality and integrity, as well as ensure that each of its Directors has the character, experience, integrity, competence, time and commitment to effectively discharge his role as a Director.

A formal evaluation, in the form of self and peer evaluation, are conducted each year by the NC, to assess the effectiveness of the Board, its committees and individual Directors. The NC had on 28 February 2024 conducted the Board and Board Committees performance evaluation for FY2023, with the assistance from the internal secretarial team. The areas reviewed covered; Board composition and skill matrix of respective Directors, Board's responsibilities, independence of the Independent Directors, integrity in dealing with potential conflict of interest situation and performances of the Company's Senior Management. Subsequent to the reviews/evaluations, the result will be summarized and recommended to the Board for review.

Based on the results of assessment, the Board was satisfied with the performances of the Board, Board Committees, individual Directors and Senior Management; including the level of independence of all INEDs and their abilities to act in the best interests of the Company, during deliberations at the Board and Board Committee meetings.

The Board has also via the NC on 28 February 2024, conducted an assessment on the fit and proper on the retiring directors who seek for re-election at the forthcoming AGM namely, Dato' Leong Kok Wah and Mr. Chan Seng Fatt pursuant to the Fit and Proper Policy adopted by the Company. As recommended by the NC, the Board agreed that both retiring

Directors met the criteria as prescribed in the Fit and Proper Policy as well as Paragraph 2.20A of Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their duties as Directors. The Board recommended to shareholders, their re-election at the forthcoming AGM of the Company.

The Board is satisfied with the Board's composition, as the Directors are professionals in the fields of construction and engineering, finance and accounting, banking, legal, insurance, hotel management, science economic and property investment.

The Board has through the NC, assessed the training needs of each director on an annual basis and satisfied that the Directors have attended trainings to enable them to discharge their duties, thus recommended the relevant trainings to each Director for their participation. Details of trainings attended by the Directors for the FY2023 are set out under "Additional Compliance Information" under page 113 of this Annual Report.

### iv. Remuneration Committee ("RC")

The Board via the RC, established and implemented the Remuneration Policy for Directors and Senior Management. The RC is responsible to review the policy from time to time; to ascertain that the policy remains competitive and is in alignment or parallel with market practices. Thus, the Company will be able to attract, retain and motivate the Directors and Senior Management.

Detailed information on the Directors' remuneration packages for the FY2023 on a named basis, is disclosed under Practice 8.1 of the CG Report.

For the FY2023, the Company has departed from Practice 8.2 of the MCCG. The Board is of the opinion that it would not be in its best interest of the Company to make such disclosures of Senior Management's remuneration components (salary, bonus, benefits in-kinds and other emoluments) in bands of RM50,000, in view of the competitiveness in the market for senior talents and to support the Company's effort in attracting and retaining highly talented personnel.

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### i. Audit and Risk Management Committee ("ARMC")

The ARMC takes on the role of assisting the Board in discharging its fiduciary duties in Company's governance structure, the responsibility of overseeing the financial reporting process and ensuring that the results are fairly presented in the financial statements.

## Corporate Governance Overview Statement

The ARMC has complied with Paragraphs 15.09 and 15.10 of the Listing Requirements. Besides that, the Board also adopted Practice 9.1 of the MCCG which requires the positions of ARMC Chairman and the Board Chairman to be held by two different individuals.

The Group has a comprehensive system of internal controls in place, designed to ensure that risks are mitigated and that Group's objective are attained. The ARMC supports the Board by overseeing the Group's Risk Management Framework and regularly assessing the framework to ascertain its adequacy and effectiveness. Details of the risk management framework, internal control system and activities carried out, are set out in the Statement of Risk Management & Internal Control ("SORMIC") on page 107 of this Annual Report.

During the FY2023, the Board is of the view that the system of internal control and risk management in place are sound and sufficient to safeguard the Group's assets, as well as shareholders' investments and the interests of stakeholders. The Board is satisfied that the ARMC has discharged its functions, duties and responsibilities in accordance with the ARMC's Term of Reference. The Audit and Risk Management Committee Report details its composition and activities of the ARMC carried out in FY2023, are disclosed on page 104 of this Annual Report.

### ii. Financial Reporting

The Board is committed to ensure the financial statements prepared for each financial year which give true and fair view of the Group and of the Company's state of affairs, results and cash flow. In discharging its duties, the ARMC is entrusted to review all financial results and financial statements prior to being recommended to the Board for approval.

Independent and objective assurance is provided by the Company's external auditor ("EA"), KPMG PLT. During the FY2023, the EA met the ARMC twice without the presence of the Executive Directors and employees, to provide objective feedback on any issues of concern and pertinent matters.

The ARMC has considered the provision of non-audit services by the EA, and concluded that these services did not compromise their independence and objectivity; as the amount of the non-audit fees paid as compared to the total audit fees was not significant. The audit and non-audit fees incurred for service rendered by the EA to the Group for the FY2023 was RM548,000 and RM35,000 respectively.

The Board is of the opinion that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, the provisions of the Companies Act, 2016 and Bursa Securities Listing Requirements.

### iii. Risk Management and Internal Control

The Group's internal audit and risk assessment function is performed in-house by the Internal Audit and Risk Management Department ("IARMD"), which reports directly to the ARMC. The principal role of the IARMD is to undertake audits and reviews to evaluate the effectiveness of internal controls, corporate governance, and risk management processes to provide an independent and reasonable assurance to the Board on the adequacy and integrity of the Group's internal control systems.

Mr. Lee Jian Xun is the Head of Department for IARMD, and reports administratively to the Executive Director and functionally to the ARMC, to ensure impartiality and independence in executing the duties. He is a Certified Practising Accountant (CPA Aust.), a Chartered Accountant of Malaysia and member of both ASEAN CPA and MARIM, and a Professional Member of the Institute of the Internal Auditors Malaysia ("IIAM"). He has over a decade of combined experience in external audit in mid-tier accounting firms and internal auditing for Government-Linked Companies and Public Listed Companies. Salcon Berhad is a registered corporate member of the IIAM.

The purpose, authority and responsibility of the internal audit activity is formally defined in the Audit Charter and periodically reviewed by the Head of IARMD and present for ARMC endorsement. All internal audit activities are conducted via risk-based reviews, and in adherence to the guidance practices and standards of International Professional Practices Framework and ISO 19011:2018. The Risk Management assessments are in general compliance to ISO 31000 Risk Management – Guidelines.

## Corporate Governance Overview Statement

### PRINCIPLE **C**: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

#### i. Engagement with Stakeholders

##### Communication


The Company values the importance of timely and accurate communication with shareholders and stakeholders. Hence, the Board reviews and approves all important announcements prior to public release inclusive of annual and quarterly reports; via Bursa Link and/or the Company's website, by the Company Secretaries or Corporate Affairs Department ("CAD"). Alternate platforms such as social media (i.e. Facebook and LinkedIn) is utilized by the Company to reach out to a broader range of public, shareholders, investors and interested parties.

The notice of general meetings, proxy form, Annual Report, Circular to shareholders and minutes of the general meetings are also published on the Company's website.

##### Corporate Disclosures

The Company has high commitment to circulate information such as corporate announcements, circular/notice to shareholders, and annual/quarterly financial results to general public in a timely and precise manner. The quarterly interim and full year financial results are published for view, within two (2) months from end of each last quarter of financial year and the financial results are presented in a clear, understandable and accurate assertion.

The disclosures provide shareholders and investors with comprehensive, accurate and quality information while promotes and maintains the Company's credibility and shareholders confidence. All disclosures complied with the Listed Issuers Corporate Disclosure Guide ("CD Guide").

 Information relating to investor relations can be viewed on the Company's website, [www.salcon.com.my](http://www.salcon.com.my).

#### ii. Conduct of General Meetings

The Company's Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") serve as vital platforms through which shareholders can actively participate in the corporate governance process, fostering open lines of communication and facilitating meaningful engagement between shareholders and the Board of Directors. Shareholders are encouraged to attend each AGM and EGM and given ample time to voice their opinions, seek clarifications, and express concerns on matters pertinent to the Company's operations, strategies, and overall performance.

The Chairman of the Board chaired the 20<sup>th</sup> AGM held on 21 June 2023. The Chairman encouraged shareholders to raise questions during the AGM, before putting the resolutions to vote. All the Directors, along with the Chief Operating Officer, Chief Financial Officer, Company Secretaries and EA were present to respond to the shareholders' questions, where necessary.

Further, in line with good corporate governance practices, at least twenty-eight (28) days' notice has been given to the shareholders prior to the AGM and the minutes of the general meeting together with the key matters discussed are published on the Company's website, [www.salcon.com.my](http://www.salcon.com.my).

The Company appointed a poll administrator and a scrutineer for the poll voting process of the AGM. Pursuant to the Listing Requirements, the Board put all resolutions to vote by poll at the meeting and announced the polling results to Bursa Securities on the same day.

The minutes of the AGM were uploaded on the Company's website within 30 business days from the date of the AGM.

This Corporate Governance Overview Statement was approved by the Board on 28 February 2024.

Continuing the Company's commitment to sustainable practices and to promote eco-friendliness, the forthcoming 21<sup>st</sup> AGM of the Company will continue to be conducted virtually i.e. through live streaming and using remote participation and voting facilities to provide shareholders and/or proxies opportunity to follow and participate in the AGM effectively.

# Audit and Risk Management Committee Report

On 25 May 2023, the Board had approved to streamline and integrate the Company's Audit Committee ("AC") and Risk Management Committee ("RMC") into a single committee, namely the "Audit and Risk Management Committee" ("ARMC"). This strategic integration was undertaken to enhance the Board's ability to exercise more effective oversight of the Company's risk management affairs.

The ARMC presents its report that provides insights into the manner in which the ARMC discharges its duties for the Group in year 2023.

## Composition and Attendance

The composition of ARMC remains unchanged as the AC members, prior to the merger of the AC and RMC. The ARMC comprises three (3) members, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This composition meets the requirements as stated in Paragraph 15.09(1)(a) and (b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

The ARMC members and their attendance at meetings during the year are indicated as below:

No.	Name	Designation	Attendance
1	Mr. Chan Seng Fatt (Chairman)	Senior Independent Non-Executive Director	5/5
2	Dato' Rosli Bin Mohamed Nor	Independent Non-Executive Director	5/5
3	Datin Goh Phaik Lynn	Non-Independent Non-Executive Director	5/5

The ARMC Chairman, Mr. Chan Seng Fatt, is a Chartered Accountant of the Malaysian Institute of Accountants. Thus, the Company has complied with Paragraph 15.09(1)(c)(i) of the Listing Requirements.

The Board of Directors ("BOD") via the Nomination Committee, reviews the composition of the ARMC, assesses the members' performances and effectiveness of the ARMC and their respective term of office via annual evaluation. The BOD is satisfied that the ARMC members had discharged their duties and responsibilities in accordance with the newly endorsed ARMC's Terms of Reference ("TOR") on 25 May 2023, and the ARMC has supported the BOD in ensuring the Company upholds appropriate Corporate Governance ("CG") standards.

 The TOR of ARMC is available at [www.salcon.com.my](http://www.salcon.com.my).

## Meetings

The ARMC held five (5) meetings in financial year ended 31 December 2023 ("FY2023"). The Executive Director ("ED"), Chief Financial Officer ("CFO") and Head of Internal Audit were invited to the meetings to facilitate their direct communications and provide clarifications on identified audit issues pertaining to the Group's activities. The External Auditors ("EA"), Messrs. KPMG PLT, were invited to participate in the meetings, where necessary.

The meetings were appropriately structured through agendas. The meeting's materials were distributed in advance to members, at least five (5) business days prior to the meetings.

Among of the ARMC's responsibilities are to ensure the reliability of the Company's annual/quarterly financial results and the Company's compliances with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia. The CFO conducts a briefing/presentation of the annual/quarterly financial statements to the ARMC for deliberation, and subsequent recommendation to the BOD, for approval.

During the ARMC meeting held in February 2023, the EA confirmed that they were provided unfettered access to information and enjoyed full cooperation from the Management throughout the course of their audits. The EA were also invited to raise any matters that they considered important, for the ARMC's attention. The ARMC had met the EA twice, without the presence of the Company's Executive Directors and employees. During these two (2) meetings, the ARMC enquired about the Company Management's co-operation with the EA, their sharing of information and the proficiency and determine whether there are any inappropriate scope or resource limitations in financial reporting functions.

Minutes of each ARMC meeting were recorded and tabled for confirmation during the next ARMC meeting, and subsequently presented to the BOD for notation.

## Audit and Risk Management Committee Report

### Summary of Activities of ARMC

The ARMC's activities during the FY2023 comprised the following:

- On 28 February 2023, the ARMC reviewed and recommended to the Board, the payment of final dividend for the FY 2022. The ARMC also met up with the EA without the presence of Executive Directors and employees, reviewed their independence and discussed their re-appointment. The ARMC, being satisfied with performance of the EA; recommend to the BOD, the reappointment of Messrs KPMG PLT, as the EA for the FY2023. The ARMC also reviewed adequacy scope, functions, competency and resources of the internal audit function.
- On 06 April 2023, the ARMC reviewed the Audited Financial Statements of the Company and the Group for the FY2022, and subsequently recommended them to the BOD for approval.
- On 23 November 2023, the ARMC reviewed the Annual Audit Plan for the FY2023 in relation to audit services as well as on recurring non-audit services provided by the EA. The Annual Audit Plan includes the audit strategies, scope, etc., on the financial statements. The recurring non-audit services including annual review of the Statement on Risk Management and Internal Control ("SORMIC"). The ARMC having considered the nature and scope of non-audit works of the EA, were satisfied that there were no conflicts of interest or impairments to the independence and objectivity of the EA. The EA gave written assurance that they are, and have been independent throughout the conduct of the audit engagement, in accordance with the terms of all relevant professional and regulatory requirements.
- On Financial Reporting, the ARMC reviewed the quarterly financial statements during the ARMC meetings and subsequently recommended these statements to the BOD for approval. The review of the fourth quarter results for FY 2022 was conducted on 28 February 2023; and the reviews of the quarterly results of first, second and third quarters for FY2023, were conducted on 25 May 2023, 24 August 2023 and 23 November 2023 respectively.
- The ARMC reviewed and discussed the Internal Audit ("IA") reports in every meeting held.
- The ARMC had reviewed the related party transactions within the Group and provided opinion on whether they are in the best interest of the Group at arm's length, fair and reasonable and not detrimental to the interest of the minority shareholders of the Company and recommended the transactions to the BOD for consideration and approval.

- The ARMC reviewed ARMC Report, Corporate Governance Overview Statement, Corporate Governance Report and SORMIC.
- The ARMC reviewed the adequacy of scope, functions, competency and resources of Internal Audit Function.
- The ARMC reviewed the Audit Charter, Risk Register, Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy.

### Internal Audit Function

The Group's internal audit functions are to evaluate and provide an independent, risk based and objective assurance, while adding value and improve the efficiency and effectiveness of the Group's operation. Internal audit activities are performed in-house by Internal Audit and Risk Management Department ("IARMD"), which reports directly to the ARMC and adheres with the International Professional Practices Framework ("IPPF") and ISO 31000 standards on Risk Management Process. All internal audit function for the FY2023 were conducted by IARMD.

No areas of the internal audit function were outsourced. The total cost incurred by the Group's internal audit function for the year under review was approximately RM467,000. The details pertaining to the person responsible and number of resources for the department is available in the CG Report, Practice 11.2.

During the FY under review, the internal audit activities include, inter alia, the following:

- IARMD conducted audit review activities as per the 2023 Audit Plan which was approved by the ARMC on 28 February 2023.
- IARMD presented IA reports as per the functions conducted, during the scheduled ARMC meetings, using the following contents:
  - The observation findings warranting Management's attention but not requiring immediate corrective action;
  - The current audit findings, value-adding proposition, Management responses to IARMD's findings and recommendations;
  - Follow up on previous years' issues and status of mitigation actions taken;
  - The Key Risk Profile and comparison of risk assessment result for the audited risk factors; and
  - Reporting to the ARMC on any material issue/misstatement or major deficiency noted, that posed a high risk to the overall internal control system of the Group.



## Audit and Risk Management Committee Report

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- The scope of audit engagements in FY2023 covered the following:
  - Compliance assurance on laws, standards, regulations, policies and plan;
  - Financial assurance on economic activity of an entity as measure and reported by accounting methods;
  - Operational auditing to evaluate the effectiveness, efficiency and economy of operations management;
  - Sustainability assurance on disclosure of common sustainability matters in the Annual Report;
  - Compliance with FTSE4Good Bursa Malaysia Index requirements; and
  - Attainment and alliance to Company objectives.

# Statement of Risk Management and Internal Control

The Board of Directors of Salcon Berhad (“Salcon” or “the Company”) is committed to maintain a sound and effective internal control and risk management system. Throughout the Company and its subsidiaries (collectively referred to as “the Group”), individual projects and departments have established tailored control mechanisms. These are developed under the guidance of Executive Board Members and key Senior Management personnel, who bear the responsibility for ensuring good business practices and adherence to regulatory governance. This statement outlines the nature and scope of the Group’s internal control and risk management in the financial year ended 31 December 2023.

The Statement of Risk Management and Internal Control was prepared pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and guided by Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers (“the Guidelines”).

## Board Responsibilities

The Board acknowledges its responsibility for the Group’s internal control and risk management system and reviews its effectiveness, adequacy and robustness. The internal control system covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters.

The Board is aware that this system is designed to manage and mitigate, rather than eliminate, the risks of not adhering to the Group’s policies, procedures and preventing in achieving goals and objectives within the risk tolerance established by the Board and Management. Therefore, the system is to provide reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.

In FY2023, the Audit and Risk Management Committee (“ARMC”), formerly known as the Audit Committee (“AC”) until 25 May 2023, reviewed the adequacy and effectiveness of internal controls based on the internal audits conducted by the in-house Internal Audit and Risk Management Department (“IARMD”) during the year. Audit reports comprised audit observations, findings, value added propositions, recommendations and management replies to address the issues highlighted by IARMD, were presented to the members during the ARMC meetings with Minutes duly recorded.

ARMC also provides risk oversight and ensuring the execution of measures to mitigate risk pertaining to the Group’s businesses and operations. The Group’s Risk Management Framework is outlined in its Integrated Risk Management Policy and Procedures (“IRMPP”). The IRMPP has been revised and approved for general conformity to ISO31000 standard.

Internal controls and risk-related matters which require the Board’s attention, were highlighted in the internal audit report and tabulated in the meetings for discussion, actions and approval.

## Internal Audit and Risk Management Function

The Company complies with Bursa Securities and MMLR by setting-up an in-house IARMD. IARMD functionally reports to ARMC and administratively to Executive Director, providing feedback in managing the key risks and ascertaining the adequacy and integrity of the Group’s internal control and risk management system.

The Internal Audit and Risk Management Function reviews key activities of the Group based on an annual audit plan approved by the ARMC. The plan as prepared by the IARMD, is based on the Company’s Corporate Key Risk Register which is inclusive of existing projects of the operating entities, subsidiaries and departments within the Group.

The ARMC reviews all internal audit reports and the scope of works to be carried out to ensure that the necessary level of assurance; with respect to the adequacy of internal controls and the management of key risks as required by the Board, is achieved. Follow-up reviews on previous audit issues are also carried out to ascertain that appropriate actions are taken to address internal control weaknesses.

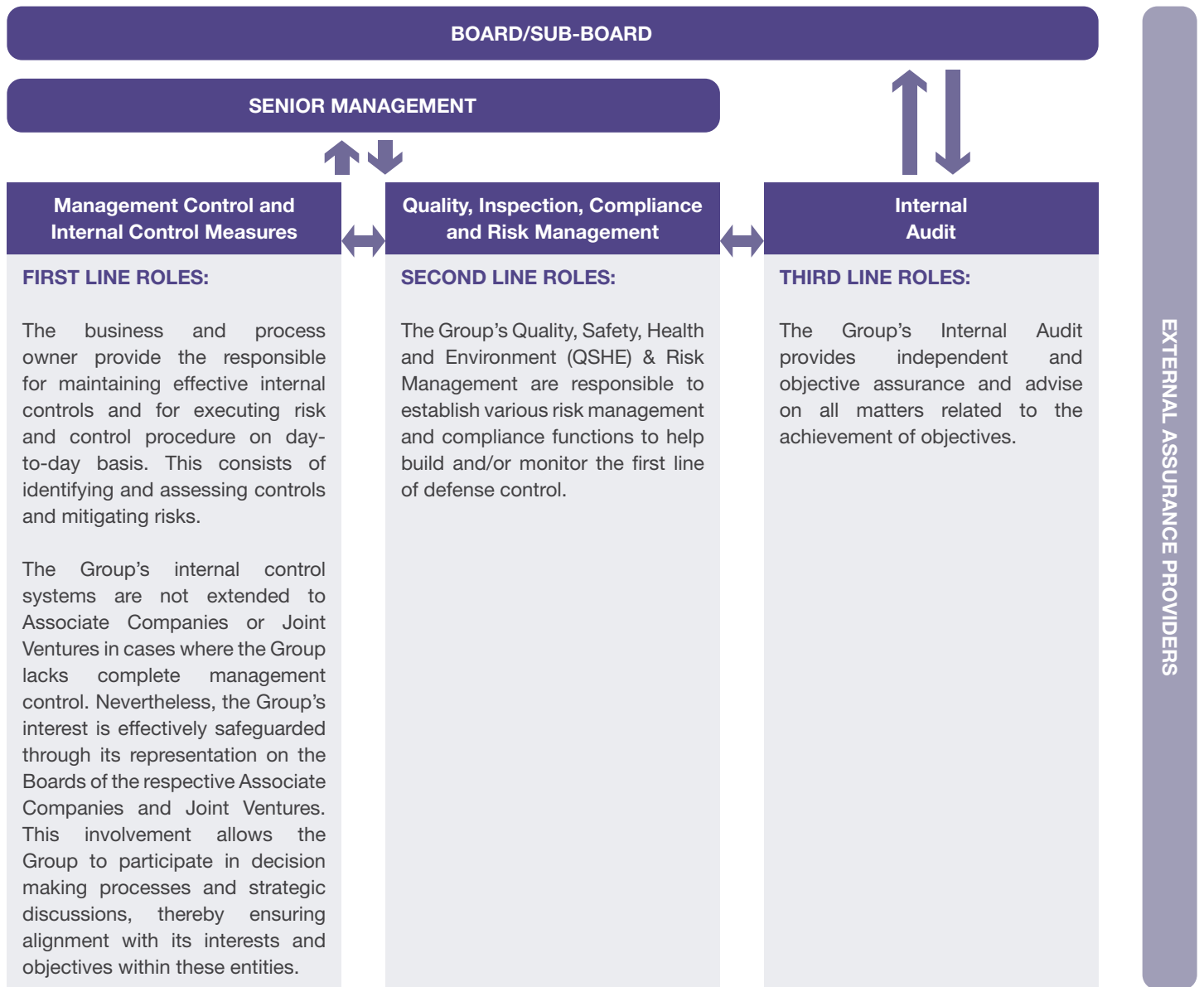
Subsequent to the reviews, the ARMC shall highlight the findings to the Board for necessary actions, on a quarterly basis or as appropriate.

## Statement of Risk Management and Internal Control

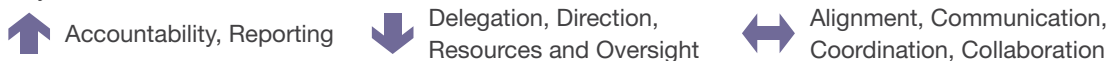
### Control Processes and Risks

The Group's adheres to the "Three Lines of Defence model" as the guideline for effective risk management and control within the Company as depicted below:

### THREE LINES OF DEFENSE



Key:



## Statement of Risk Management and Internal Control

The Group's internal control system comprises the following key processes:

### 1. International Organisation for Standardization ("ISO") certifications:

- Salcon Engineering Berhad ("SEB"), a wholly owned subsidiary of Salcon Berhad, is certified to ISO9001:2015 - Quality Management System ("QMS"), ISO14001:2015 - Environmental Management System ("EMS") and ISO45001:2018 - Occupational Health and Safety Management System ("OHSMS") at both the corporate office and at project levels.
- As required by legislation, the Company has also established a Safety and Health Committee to assist in the implementation of applicable inspections and reviews of OHSMS while emphasizing the Group's commitment to ensure and maintain a safe working environment.
- Under ISO 9001, ISO14001 and ISO45001 requirements, internal quality audits are conducted annually by Quality, Safety, Health and Environment ("QSHE") department to check, measure, analyze, review and improve on the performances of SEB's certifications; on both the corporate office and applicable projects.

### 2. Authority and Responsibilities

- The Board delegates certain duties and responsibilities to various Board Committees through the clearly defined Terms of Reference ("TOR"). The TORs are reviewed as and when necessary and are available at the Company's website, [www.salcon.com.my](http://www.salcon.com.my).
- The authority limit and signatory document is reviewed periodically to reflect the authority and authorization limit of the Management in all aspects of the Group's major business operations and regulatory functions.

### 3. Monitoring and Reporting

- Board and Board Committee meetings are scheduled to update the Group's performance regularly. The Group's business plan, execution and financial performance are reviewed and discussed by the Board on quarterly basis. The Minutes of Meeting are duly recorded.

### 4. Policies and Procedures

- The Group has set up and documented internal policies, standards and procedures to ensure compliances of internal controls and relevant laws and regulations. Common Group policies such as ISO and Human Resource Policies Procedures ("HRPP") are available on the Company's intranet for easy access and reference by employees.

### 5. Audit

- IARMD performs assurance and compliance engagement on financial, compliance, operational, sustainability and information technology auditing. IARMD discharges its responsibilities with the guidance of terms and principles as stated in the Audit Charter. Audit activities are carried out in adherence to the Standard and Guidelines of International Professional Practices Framework ("IPPF"). IARMD reports its findings to the ARMC via internal audit reports. Internal audit reports will include audit findings, value added propositions, areas for improvement, audit recommendations, management replies and action plans.
- The surveillance and re-certification audits for ISO9001:2015, ISO14001:2015 and ISO45001:2018 are conducted by Bureau Veritas.
- External Auditors have been engaged to provide audit and non-audit services to the Group for the year 2023. Nature of non-audit services provided is available within the Corporate Governance Overview Statement in this Annual Report.

## Statement of Risk Management and Internal Control

### 6. Enterprise Risk Management

- The Group has implemented an Enterprise Risk Management (“ERM”) framework to manage all relevant risks that can affect the Company’s business and operations. The ERM framework is supported by a risk governance structure; comprising of the ARMC, the Risk Management Working Group (“RMWG”) and IARMD. The governance structure is tasked with the responsibilities and accountabilities for monitoring risk management.

The ERM Reporting structure below illustrates how the Company ensures the efficiency and effectiveness of coordinating and integrating Company’s all risk management activities.



- The ARMC is established to provide oversight and assurance concerning the Group’s risk profile to the Board.
- The RMWG is established to assist the Board and the ARMC to facilitate/update at business units’ level on the identification and communication of present or potential critical risks identified. The RMWG are represented by Heads of subsidiaries, divisions and departments.
- The IARMD reports directly to the ARMC while providing an independent assessment, and reasonable assurances of the effectiveness, adequacy and reliability; of the Group’s risk management processes and internal control system.
- There are established processes and procedures, which are detailed within the IRMPP for risks identifications, assessments, communication and monitoring. IARMD continues to review the risks and the effectiveness of risk mitigation strategies and controls at the corporate, divisional and projects levels including material joint ventures and associates.
- The Group has been using professional specialised software since Year 2006, to facilitate the monitoring functions and enhance the reporting and presentation structure and processes. Additionally, risk tolerances are presented via the use of a risk impact and likelihood matrix with reference to established tolerance boundaries so that risks deemed high or low, can be distinguished. IARMD would tabulate, report and brief the ARMC on the performances of the risk management system at least once a year.
- The Group ERM Framework is regularly reviewed and risk register are presented to the RMWG and ARMC for deliberation at minimum once per financial year.



# Statement of Risk Management and Internal Control

## RISK MANAGEMENT PROCESS



### 7. Integrity and Corporate Governance

- The Group embraces high integrity culture throughout the entire organizations by establishing an Integrity Committee that reports to ARMC.
- A Code of Ethics and Conducts (“COEC”) is established for the Group and is applicable to all employees, senior management and directors. Employees of the Company were required to acknowledge COEC on the first (1) day of employment work. The COEC defines the ethical standards and work conduct required from all the applicable categories of staffs towards the Group.
- Annual Code of Ethics and Conflict of Interest Declaration Form issued by the IPPF has been acknowledged by IARMD on annual basis.
- Salcon has an Insider Trading Policy (“ITP”) to provide guidance and ascertain material non-public information is not misused.

Salcon has a Whistle-blowing Policy (“WP”) to provide a platform for staffs or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Groups policies, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimization, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Company. The ARMC has the overall responsibility in overseeing the implementation of the WP for the Group. The WP is available at the Company’s website.

- Salcon has an Anti-Bribery and Corruption Policy to provide information and guidance to those working for or with Salcon on how to recognize and deal with potential bribery and corruption issues as well as understanding their roles and responsibilities.
- During 2023, the Company did not receive any report or incidences from whistle blowers on any possible or potential bribery or corruption from employees, management or business associates.
- Segregation of duties is practiced to avoid conflict of interests and to reduce the scope for error and fraud.

## Statement of Risk Management and Internal Control

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### 8. Sustainability Assurance Statement or Report

- Salcon is committed to manage and nurture a sustainable and profitable business which contributes positively to the communities and sustains the environment by integrating economic, environmental and social considerations into corporate value creation strategies and performance.
- The Board Sustainability Committee had been formed since January 2018 and is chaired by an Independent Non-Executive Director and consist of a total of 5 committee members.
- The materiality assessment is guided by the Bursa Malaysia's Sustainability Reporting Guide, GRI Framework, and <IR> Framework. The Company's materially matters are based on 5 key focus areas: *Business model & innovation, Leadership & Governance, Human Capital, Environment, and Social capital*. All material issues have been identified and reviewed annually through consultation with stakeholders, taking into account any new business developments and other sources. The results of this review are disclosed/ reported in the Sustainability Statement of the Annual Report in relation to each key material issue.
- Directors require reliable assurance regarding the effectiveness of sustainability risk management and reporting. Therefore, sustainability statement reviews are incorporated into annual internal audit plans. In-house internal auditors will provide assurance by collating, verifying, and validating sustainability information and data from subsidiaries in accordance to IPPF standards.

### 9. Insurance

- Insurance coverage and safeguarding on assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss. Annual renewal policy is undertaken by Management to review the coverage based on the current fixed asset register and the respective net book values. The Company seeks professional advice to assist by conducting a risk assessment on the adequacy of the intended coverage.
- The Company purchases Workman Compensation and Contractors All Risk insurance for each project. The sum insured is in accordance with the requirement stated in the Letter of Award of each project.

#### Review of this statement

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for FY2023, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared 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, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The 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 opines that the internal control and risk management system in place for the year under review is sound and robust to safeguard the Group's assets, shareholders' investments and stakeholders' interest. The Board has received written confirmation and assurance from the Executive Director and Chief Financial Officer that the Group's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the framework adopted by the Group. This Statement is subsequently recommended by ARMC to the Board for approval on 16 April 2024.

# Additional Compliance Information

## 1. ATTENDANCE/MEETING RECORDS OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 2023 “FY2023”

No	Name	Designation	Number of Meetings Attended During FY2023				
			BOD	ARMC	NC	RC	SC
1	Tan Sri Abdul Rashid Bin Abdul Manaf	Independent Non-Executive Director/ Chairman	5/5	N/A	N/A	N/A	N/A
2	Tan Sri Dato’ Tee Tiam Lee	Executive Deputy Chairman	5/5	N/A	N/A	N/A	N/A
3	Dato’ Leong Kok Wah	Executive Director	5/5	N/A	N/A	N/A	1/1
4	Chan Seng Fatt	Senior Independent Non-Executive Director	5/5	5/5	1/1	1/1	N/A
5	Dato’ Rosli Bin Mohamed Nor	Independent Non-Executive Director	5/5	5/5	1/1	1/1	1/1
6	Datin Goh Phaik Lynn	Non-Independent Non-Executive Director	5/5	5/5	*0/1	*0/1	N/A

### Notes:

BOD - Board of Directors

RC - Remuneration Committee

ARMC - Audit and Risk Management Committee

SC - Sustainability Committee

NC - Nomination Committee

N/A - Not Applicable

\* Appointed as a member of NC and RC on 1 March 2023 i.e. after the meeting date

## 2. TRAINING PROGRAMS ATTENDED BY DIRECTORS FOR FY2023

Name	Training Topic	Date
Tan Sri Abdul Rashid Bin Abdul Manaf	UN Global Compact Network Malaysia & Brunei	11 Jul 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	4 - 7 Sept 2023
Tan Sri Dato’ Tee Tiam Lee	Management of Cyber Risk	3 Oct 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	8 - 9 Nov 2023
Dato’ Leong Kok Wah	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	19 Sep 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	16 - 17 Oct 2023
Chan Seng Fatt	Navigating the Rising Tide of Financial Crime & Technology	8 Sep 2023
	Management of Cyber Risk	3 Oct 2023
	Malaysia Budget 2024 Highlight	21 Nov 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	29 - 30 Nov 2023
Dato’ Rosli Bin Mohamed Nor	Asia Pacific Board Leadership Centre WeBinar - Navigating AI Governance and ESG Reporting for the Future	17 Oct 2023
Datin Goh Phaik Lynn	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	12 Sep 2023
	JC3 Journey to Zero Conference 2023	24 - 25 Oct 2023

## Additional Compliance Information

### 3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiaries involving Directors and major shareholders for FY2023.

### 4. AUDIT AND NON-AUDIT FEE

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors and a firm affiliated to the external auditors' firm by the Company and the Group for FY2023 are as follows:

	Company (RM)	Group (RM)
Audit Fees	193,000	548,000
Non-Audit Fees	35,000	35,000
<b>Total Fees</b>	<b>228,000</b>	<b>583,000</b>

### 5. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during FY2023.

### 6. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

The Company did not seek any mandate from its shareholders pertaining to RRPT during FY2023.

### 7. EMPLOYEE SHARE SCHEME

The Company did not establish any employee share scheme and does not have any subsisting employee share scheme during FY2023.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are legally required to prepare financial statements which present a true and fair view of the state of affairs of the Company and the Group and are pleased to announce that in preparing the financial statements for FY2023, the Group has:

- ensured compliance with applicable accounting standards enforced in Malaysia;
- adopted and consistently applied appropriate accounting policies; and
- made judgements and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are maintained, which disclose with reasonable accuracy, the financial position of the Group and also to ensure that the financial statements comply with the Companies Act 2016. In addition, the Board is responsible for the proper safeguarding of the assets of the Group and to take reasonable steps for the prevention and detection of fraud and other irregularities.



# Financial Statements

**Overview of the information about the results of business operations, financial position and statement of cash flows.**

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# Directors' Report for the year ended 31 December 2023

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 2023.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	(21,193)	(19,711)
Non-controlling interests	(15,782)	-
	(36,975)	(19,711)

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company in respect of the financial year ended 31 December 2022 as reported in the Director's Report of that year were as follows:

- An interim dividend via distribution of treasury shares as share dividends on the basis of one (1) treasury share for every forty (40) existing ordinary shares held in the Company. The total number of treasury shares distributed was 24,677,276 shares or equivalent to RM4,840,265.

The dividend was fully credited into the depositors' securities accounts of the entitled shareholders maintained with Bursa Malaysia Depository Sdn. Bhd. on 22 May 2023.

## Directors' Report for the year ended 31 December 2023

### DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Abdul Rashid bin Abdul Manaf  
 Tan Sri Dato' Tee Tiam Lee  
 Dato' Leong Kok Wah  
 Dato' Rosli bin Mohamed Nor  
 Chan Seng Fatt  
 Datin Goh Phaik Lynn

### DIRECTORS OF THE SUBSIDIARIES

The following is a list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this report:

Jamiluddin Amini Bin Sulaiman  
 Lee Thim Loy  
 Low Ah Chye @ Low Beng Peow  
 Vergis Mathews a/l V. V. Mathew  
 Tan Peng Kok  
 Png Chiew Chuan  
 Tan Ban Seng  
 Dato' Ding Pei Chai  
 Soh Yoke Yan  
 Sam Minh Tri  
 Leong Yi Shen  
 Tee Xun Hao  
 Pung Wei Gin (appointed on 1 March 2023)  
 Peh Ju Chai  
 Dato' Lee Chung Wah @ Lee Chung Fu  
 Wong Shek  
 Ganesan A/L Subramaniam  
 Hamen A/L Ganesan  
 Yoong Li Yen (appointed on 28 December 2023) (also alternate Director of Peh Ju Chai)  
 Yoong Hau Chun (appointed on 28 December 2023)  
 Jonathan Wu Jo-Han (appointed on 13 December 2023)  
 Dato' Lai Keng Onn (appointed on 13 December 2023)

## Directors' Report for the year ended 31 December 2023

### DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses and children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Bought *	Sold	
<b>The Company</b>				
<u>Direct interest</u>				
Tan Sri Dato' Tee Tiam Lee	57,117,091	1,427,926	-	58,545,017
Dato' Leong Kok Wah	5,326,098	133,152	-	5,459,250
<u>Deemed interest</u>				
Tan Sri Dato' Tee Tiam Lee <sup>(1)</sup>	66,992,024	1,674,799	-	68,666,823
Dato' Leong Kok Wah <sup>(2)</sup>	99,138,829	2,478,469	-	101,617,298
Datin Goh Phaik Lynn <sup>(3)</sup>	104,464,927	2,611,621	-	107,076,548

\* Receipt of Ordinary Shares pursuant to the distribution of share dividends on the basis of one (1) treasury share for every forty (40) existing ordinary shares held in Salcon Berhad in respect of the financial year ended 31 December 2022.

- <sup>(1)</sup> (i) Deemed interested through the shares held by child (Tee Xun Hao) pursuant to Section 59(11)(c) of the Companies Act 2016.  
(ii) Deemed interested through shares held in Infra Tropika Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- <sup>(2)</sup> (i) Deemed interested through the shares held by children (Leong Yi Ping and Leong Yi Ming) pursuant to Section 8 of the Companies Act 2016.  
(ii) Deemed interested through the shares held by spouse (Datin Goh Phaik Lynn) in Naga Muhibah Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- <sup>(3)</sup> (i) Deemed interested through the shareholding in Naga Muhibah Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.  
(ii) Deemed interested through the shares held by spouse (Dato' Leong Kok Wah) and children (Leong Yi Ping and Leong Yi Ming) pursuant to Section 8 of the Companies Act 2016.

None of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## Directors' Report for the year ended 31 December 2023

### DIRECTORS' INTERESTS (CONTINUED)

Particulars of the Directors' interest in the warrants during the financial year are as follows:

	Number of warrants 2018/2025			
	At 1.1.2023	Acquired	Exercised/ Disposed	At 31.12.2023
<b>The Company</b>				
<u>Direct interest</u>				
Tan Sri Dato' Tee Tiam Lee	20,375,600	-	-	20,375,000
Dato' Leong Kok Wah	1,900,000	-	-	1,900,000
<u>Deemed interest</u>				
Tan Sri Dato' Tee Tiam Lee <sup>(1)</sup>	23,898,323	-	-	23,898,323
Dato' Leong Kok Wah <sup>(2)</sup>	35,366,176	-	-	35,366,176
Datin Goh Phaik Lynn <sup>(3)</sup>	37,266,176	-	-	37,266,176

- (1) (i) Deemed interested through the warrants held by child (Tee Xun Hao) pursuant to Section 59(11)(c) of the Companies Act 2016.  
(ii) Deemed interested through shares held in Infra Tropika Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (2) (i) Deemed interested through the warrants held by children (Leong Yi Ping and Leong Yi Ming) pursuant to Section 8 of the Companies Act 2016.  
(ii) Deemed interested through the shares held by spouse (Datin Goh Phaik Lynn) in Naga Muhibah Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (3) (i) Deemed interested through the shareholding in Naga Muhibah Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.  
(ii) Deemed interested through the warrants held by spouse (Dato' Leong Kok Wah) and children (Leong Yi Ping and Leong Yi Ming) pursuant to Section 8 of the Companies Act 2016.

The main features of the Warrant are as follows:

- i) Each Warrant will entitle its Warrant Holders an option to subscribe for one (1) new ordinary share at the exercise price of RM0.30 per share at any time on or after 20 July 2018 to 19 July 2025, subject to adjustments in accordance with the provisions of the Deed Poll dated 29 June 2018 constituting the Warrant;
- ii) Any Warrant not exercised during the exercise period shall thereafter lapse and cease to be valid; and
- iii) The new ordinary shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank equally in all respects with the existing ordinary shares of the Company, save and except that the new ordinary shares will not be entitled to any dividends, rights, allotments, and/or other distribution that may be declared, made or paid for which the entitlement date of which precedes the date of allotment of the new ordinary shares arising from the exercise of the Warrants.

The outstanding warrants remain unexercised at the end of the financial year amounting to 336,566,643 (2022: 336,566,643).

## Directors' Report for the year ended 31 December 2023

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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, other than those disclosed in Note 32 to the financial statements.

The Directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	310	310
Remuneration	2,192	5,132
Estimated money value of any other benefits	229	446
	2,731	5,888

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

The movements in the treasury shares are disclosed in Note 17.2 to the financial statements.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity insurance coverage provided and the corresponding insurance premium effected for all Directors and other officers of the Company and its subsidiaries, joint ventures and associates are RM10,000,000 and RM20,000 respectively. There were no indemnity given to or insurance effected for auditors of the Company.



## Directors' Report for the year ended 31 December 2023

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business 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:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for those disclosed in Note 24 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### SIGNIFICANT EVENTS

The significant events during the financial year are disclosed in Note 34 to the financial statements.

## Directors' Report for the year ended 31 December 2023

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### AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM583,000 and RM227,500 respectively.

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

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**Tan Sri Dato' Tee Tiam Lee**

Director

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**Dato' Leong Kok Wah**

Director

Kuala Lumpur

Date: 26 April 2024

# Statements of Financial Position

at 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Assets</b>					
Property, plant and equipment	3	43,903	55,051	-	-
Right-of-use assets	4	14,690	12,545	-	-
Intangible assets	5	23,015	33,924	-	-
Investment properties	6	8,060	9,078	-	-
Investments in subsidiaries	7	-	-	77,351	90,880
Investments in associates	8	-	17,244	-	-
Investments in joint ventures	9	29,664	37,620	23,500	23,500
Other investments	10	37,783	13,520	37,783	13,520
Deferred tax assets	11	12,720	11,548	-	-
Trade and other receivables	12	17,816	10,404	239,834	279,557
<b>Total non-current assets</b>		<b>187,651</b>	<b>200,934</b>	<b>378,468</b>	<b>407,457</b>
Trade and other receivables	12	38,662	64,860	7,934	7,398
Contract assets	13	59,189	51,139	-	-
Contract costs	13	1,992	1,006	-	-
Inventories	14	113,002	120,754	-	-
Other investment	10	11,239	6,070	-	-
Current tax assets		4,017	3,983	4	184
Prepayments	12	3,590	4,291	20	12
Cash and cash equivalents	15	155,793	140,072	94,620	84,883
		387,484	392,175	102,578	92,477
Assets classified as held for sale	16	445	1,075	-	-
<b>Total current assets</b>		<b>387,929</b>	<b>393,250</b>	<b>102,578</b>	<b>92,477</b>
<b>Total assets</b>		<b>575,580</b>	<b>594,184</b>	<b>481,046</b>	<b>499,934</b>

## Statements of Financial Position at 31 December 2023 (continued)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Equity</b>					
Share capital		458,276	458,276	458,276	458,276
Reserves		(6,418)	3,510	(71)	(826)
(Accumulated losses)/ Retained earnings		(62,783)	(36,755)	(11,927)	12,624
<b>Total equity attributable to owners of the Company</b>	17	389,075	425,031	446,278	470,074
<b>Non-controlling interests</b>		7,520	22,599	-	-
<b>Total equity</b>		396,595	447,630	446,278	470,074
<b>Liabilities</b>					
Trade and other payables	19	5,199	4,210	-	-
Loans and borrowings	18	15,360	6,737	-	-
Lease liabilities		4,099	671	-	-
Deferred tax liabilities	11	11,603	12,110	-	-
<b>Total non-current liabilities</b>		36,261	23,728	-	-
Trade and other payables	19	96,862	102,254	3,268	24,860
Contract liabilities	13	1,117	520	-	-
Loans and borrowings	18	42,974	18,800	31,500	5,000
Lease liabilities		1,477	1,138	-	-
Current tax liabilities		294	114	-	-
<b>Total current liabilities</b>		142,724	122,826	34,768	29,860
<b>Total liabilities</b>		178,985	146,554	34,768	29,860
<b>Total equity and liabilities</b>		575,580	594,184	481,046	499,934

The notes on pages 134 to 204 are an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>					
Revenue	20	154,610	204,109	2,500	1,883
Cost of sales		(147,021)	(180,677)	-	-
<b>Gross profit</b>		7,589	23,432	2,500	1,883
Other income		34,369	29,916	39,123	9,563
Distribution expenses		(1,441)	(1,774)	(82)	(80)
Administrative expenses		(39,105)	(40,621)	(9,954)	(14,891)
Other expenses		(37,104)	(33,263)	(56,875)	(2,675)
Net (loss on)/reversal of impairment of financial instruments and contract assets		(10,998)	(32,267)	-	526
<b>Results from operating activities</b>		(46,690)	(54,577)	(25,288)	(5,674)
Finance income		3,952	1,477	6,027	5,272
Finance costs	22	(3,283)	(2,673)	(268)	(269)
<b>Operating loss</b>		(46,021)	(55,773)	(19,529)	(671)
Share of profit of equity-accounted associates/joint ventures, net of tax		7,624	4,133	-	-
<b>Loss before tax</b>		(38,397)	(51,640)	(19,529)	(671)
Tax credit/(expense)	23	1,422	10,320	(182)	(55)
<b>Loss from continuing operations</b>		(36,975)	(41,320)	(19,711)	(726)
<b>Discontinued operations</b>					
Loss from discontinued operations, net of tax		-	(6)	-	-
<b>Loss for the year</b>	24	(36,975)	(41,326)	(19,711)	(726)



## Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023 (continued)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Other comprehensive expense, net of tax</b>					
<b>Item that is or maybe reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations	25	(10,683)	(2,797)	-	-
<b>Other comprehensive expense for the year, net of tax</b>		(10,683)	(2,797)	-	-
<b>Total comprehensive expense for the year</b>		(47,658)	(44,123)	(19,711)	(726)
<b>Loss attributable to:</b>					
Owners of the Company		(21,193)	(24,330)	(19,711)	(726)
Non-controlling interests		(15,782)	(16,996)	-	-
<b>Loss for the year</b>		(36,975)	(41,326)	(19,711)	(726)
<b>Total comprehensive expense, attributable to:</b>					
Owners of the Company		(31,876)	(27,127)	(19,711)	(726)
Non-controlling interests		(15,782)	(16,996)	-	-
<b>Total comprehensive expense for the year</b>		(47,658)	(44,123)	(19,711)	(726)
<b>Basic loss per ordinary share (sen):</b>					
from continuing operations	26	(2.11)	(2.40)		
from discontinued operations		-	-		
		(2.11)	(2.40)		
<b>Diluted loss per ordinary share (sen):</b>					
from continuing operations	26	(2.11)	(2.40)		
from discontinued operations		-	-		
		(2.11)	(2.40)		

The notes on pages 134 to 204 are an integral part of these financial statements.

# Statements of Changes in Equity

for the year ended 31 December 2023

Group	Note	Attributable to Owners of the Company						Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	
<b>At 1 January 2022</b>		458,276	(3,744)	7,133	(6,831)	454,834	39,595	494,429
Foreign currency translation differences for foreign operations	25	-	-	(2,797)	-	(2,797)	-	(2,797)
<b>Total other comprehensive expense for the year</b>		-	-	(2,797)	-	(2,797)	-	(2,797)
Loss for the year		-	-	-	(24,330)	(24,330)	(16,996)	(41,326)
<b>Total comprehensive expense for the year</b>		-	-	(2,797)	(24,330)	(27,127)	(16,996)	(44,123)
Contributions by and distributions to owners of the Company								
Own shares acquired	17.2	-	(2,676)	-	-	(2,676)	-	(2,676)
Dividends to owners of the Company	27	-	5,594	-	(5,594)	-	-	-
<b>Total transactions with owners of the Company</b>		-	2,918	-	(5,594)	(2,676)	-	(2,676)
<b>At 31 December 2022</b>		458,276	(826)	4,336	(36,755)	425,031	22,599	447,630

Note 17.1    Note 17.2    Note 17.3

## Statements of Changes in Equity for the year ended 31 December 2023 (continued)

Group	Note	Attributable to Owners of the Company						Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Accumulated losses RM'000	Non-controlling interest RM'000	Total RM'000	
<b>At 1 January 2023</b>		458,276	(826)	4,336	(36,755)	22,599	425,031	447,630
Foreign currency translation differences for foreign operations	25	-	-	(10,683)	-	-	(10,683)	(10,683)
<b>Total other comprehensive expense for the year</b>		-	-	(10,683)	-	-	(10,683)	(10,683)
Loss for the year		-	-	-	(21,193)	(15,782)	(21,193)	(36,975)
<b>Total comprehensive expense for the year</b>		-	-	(10,683)	(21,193)	(15,782)	(31,876)	(47,658)
Contributions by and distributions to owners of the Company		-	-	-	-	-	-	-
Own shares acquired	17.2	-	(4,085)	-	-	-	(4,085)	(4,085)
Change in ownership interest in subsidiaries		-	-	-	5	485	5	490
Subscription of shares by non-controlling interest		-	-	-	-	300	-	300
Dividends to non-controlling interest		-	-	-	-	(82)	-	(82)
Dividends to owners of the Company	27	-	4,840	-	(4,840)	-	-	-
<b>Total transactions with owners of the Company</b>		-	755	-	(4,835)	703	(4,080)	(3,377)
<b>At 31 December 2023</b>		458,276	(71)	(6,347)	(62,783)	7,520	389,075	396,595

Note 17.1    Note 17.2    Note 17.3

## Statements of Changes in Equity for the year ended 31 December 2023 (continued)

Company	← Attributable to Owners of the Company →				Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Distributable	
<b>At 1 January 2022</b>	458,276	(3,744)	18,944	473,476	
Loss and total comprehensive expense for the year	-	-	(726)	(726)	
Contributions by and distributions to owners of the Company					
Own shares acquired	-	(2,676)	-	(2,676)	17.2
Dividends to owners of the Company	-	5,594	(5,594)	-	27
<b>Total transactions with owners of the Company</b>	-	2,918	(5,594)	(2,676)	
<b>At 31 December 2022/1 January 2023</b>	458,276	(826)	12,624	470,074	
Loss and total comprehensive expense for the year					
Contributions by and distributions to owners of the Company					
Own shares acquired	-	(4,085)	(19,711)	(19,711)	17.2
Dividends to owners of the Company	-	4,840	(4,840)	(4,085)	27
<b>Total transactions with owners of the Company</b>	-	755	(4,840)	(4,085)	
<b>At 31 December 2023</b>	458,276	(71)	(11,927)	446,278	
	Note 17.1	Note 17.2			

The notes on pages 134 to 204 are an integral part of these financial statements.

# Statements of Cash Flows

for the year ended 31 December 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>				
Loss before tax				
- continuing operations	(38,397)	(51,640)	(19,529)	(671)
- discontinued operations	-	(6)	-	-
	(38,397)	(51,646)	(19,529)	(671)
Adjustments for:				
Amortisation of intangible assets	1,139	1,387	-	-
Depreciation of property, plant and equipment	10,747	7,787	-	-
Depreciation of right-of-use assets	1,954	1,793	-	-
Dividend income	(599)	(83)	(3,099)	(1,883)
Finance costs	3,283	2,673	268	269
Finance income	(3,952)	(1,477)	(6,027)	(5,272)
Profit guarantee	(11,100)	(20,800)	-	-
Net fair value (gain)/loss on other investment	(1,615)	719	(1,187)	719
Net (reversal of)/impairment loss on:				
- investment in joint ventures	4,287	322	-	-
- investment in equity-accounted associate	3,253	-	-	-
- investment in subsidiaries	-	-	3,790	-
- property, plant and equipment	15,167	-	-	-
- right-of-use assets	1,142	-	-	-
- assets held for sale	-	77	-	-
- goodwill	7,511	7,006	-	-
- customer relationship	2,254	-	-	-
- profit guarantee	11,100	20,800	-	-
- intellectual property	-	1,486	-	-
- trade receivables	(111)	11,467	-	-
- amount due from subsidiaries	-	-	37,073	-
- prepayment	-	22,363	-	-
Loss on disposal of other investments	1,398	-	1,398	-
Fair value loss on investment property	51	-	-	-
(Gain)/Loss on disposal of assets held for sale	(65)	131	-	-
Gain on disposal of property, plant and equipment	(227)	(121)	-	-
Gain on lease termination	-	(15)	-	-
(Gain)/loss on deregistration of subsidiaries	(7,233)	-	11,021	-
Property, plant and equipment written off	170	-	-	-
Reversal of impairment loss of property, plant and equipment	-	(17)	-	-
Share of profit of equity-accounted associates/joint ventures, net of tax	(7,624)	(4,133)	-	-



## Statements of Cash Flows for the year ended 31 December 2023 (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities (continued)</b>				
Unrealised foreign exchange differences	(5,253)	(1,327)	(7,861)	(1,295)
Waiver of amount due to subsidiaries	-	-	(25,160)	-
<b>Operating loss before changes in working capital</b>	<b>(12,720)</b>	<b>(1,608)</b>	<b>(9,313)</b>	<b>(8,133)</b>
Changes in trade and other receivables and prepayments	20,475	49,629	2,105	15,415
Changes in contract assets	(7,996)	(6,876)	-	-
Changes in contract costs	(986)	4,784	-	-
Changes in inventories	7,752	1,038	-	-
Changes in trade and other payables	(3,218)	3,615	3,568	(372)
Changes in contract liabilities	597	(3,962)	-	-
<b>Cash generated from/(used in) operations</b>	<b>3,904</b>	<b>46,620</b>	<b>(3,640)</b>	<b>6,910</b>
Interest paid	(1,771)	(1,300)	-	-
Tax paid	(111)	(6,224)	(2)	(53)
<b>Net cash from/(used in) operating activities</b>	<b>2,022</b>	<b>39,096</b>	<b>(3,642)</b>	<b>6,857</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment (i)	(3,984)	(9,698)	-	-
Acquisition of other investments	(30,630)	(9,338)	(30,630)	(9,338)
Redemption of investment from fund investments	-	17,129	-	-
Placement of investment in other investment	(4,000)	-	-	-
Redemption of preference shares	10,024	-	-	-
Distribution income from fund investments	(1,169)	(125)	-	-
Dividend received from:				
- Joint ventures	9,500	-	2,500	1,800
- Associate companies	5,760	-	-	-
- Other investments	599	83	599	83
Subscription of shares by non-controlling interest	300	-	-	-
Acquisition of preference shares in a subsidiary	-	-	(350)	-
Allotment of shares in a subsidiary	-	-	(933)	-
Interest received	3,952	1,477	6,027	5,272
Proceed from dilution of interest in a subsidiary	490	-	-	-
Proceeds from disposal of property, plant and equipment	257	139	-	-
Proceeds from disposal of asset held for sale	1,662	2,712	-	-
Proceeds from disposal of investment properties	-	631	-	-
Proceeds from disposal of other investments	6,584	1	6,158	-

## Statements of Cash Flows for the year ended 31 December 2023 (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from investing activities (continued)</b>				
<b>Net cash (used in)/ from investing activities</b>	(655)	3,010	(16,629)	(2,183)
<b>Cash flows from financing activities</b>				
Drawdown from borrowings	37,029	205	26,500	-
Interest paid	(1,512)	(1,373)	(268)	(269)
Repayment of finance lease liabilities	(2,169)	(2,497)	-	-
Repayment of lease liabilities	(1,528)	(2,022)	-	-
Repayment of borrowings	(12,284)	(13,133)	-	-
Repurchase of treasury shares	(4,085)	(2,676)	(4,085)	(2,676)
<b>Net cash from/(used in) financing activities</b>	15,451	(21,496)	22,147	(2,945)
<b>Net increase in cash and cash equivalents</b>	16,818	20,599	1,876	1,729
<b>Cash and cash equivalents at beginning of the year</b>	140,020	120,495	84,883	81,859
Effect of exchange rate fluctuations on cash held	(1,075)	(1,074)	7,861	1,295
<b>Cash and cash equivalents at end of the year</b>	155,763	140,020	94,620	84,883

### Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits placed with licensed banks	15	135,515	116,508	93,127	83,077
Cash and bank balances	15	20,278	23,564	1,493	1,806
		155,793	140,072	94,620	84,883
Bank overdrafts	18	-	(22)	-	-
Pledged deposits	15	(30)	(30)	-	-
		155,763	140,020	94,620	84,883

### (i) Acquisition of property, plant and equipment

The Group acquired property, plant and equipment with an aggregate cost of RM14,227,000 (2022: RM9,698,000) of which RM10,243,000 (2022: Nil) were acquired by means of finance lease.

## Statements of Cash Flows for the year ended 31 December 2023 (continued)

### Cash outflows for leases as a lessee

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Included in net cash from operating activities</b>					
Payment relating to short-term leases	24	46	34	-	-
Payment relating to leases of low value assets	24	25	24	-	-
Interest paid in relation to lease liabilities	22	1,771	1,300	-	-
<b>Included in net cash from financing activities</b>					
Payment of lease liabilities		1,528	2,022	-	-
<b>Total cash outflows for leases</b>		<b>3,370</b>	<b>3,380</b>	<b>-</b>	<b>-</b>

### Reconciliation of movements of lease liabilities to cashflows arising from financing activities

Group	Lease liabilities RM'000	Total liabilities from financing activities RM'000
<b>At 1 January 2022</b>	2,644	2,644
Net changes from financing cash flows	(2,022)	(2,022)
Acquisition of new lease	(225)	(225)
Acquisition through business combination	1,412	1,412
<b>At 31 December 2022/1 January 2023</b>	<b>1,809</b>	<b>1,809</b>
Net changes from financing cash flows	(1,656)	(1,656)
Acquisition of new lease	5,423	5,423
<b>At 31 December 2023</b>	<b>5,576</b>	<b>5,576</b>

The notes on pages 134 to 204 are an integral part of these financial statements.

# Notes to the Financial Statements

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Salcon Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

15<sup>th</sup> Floor, Menara Summit  
Persiaran Kewajipan USJ 1  
47600 UEP Subang Jaya  
Selangor Darul Ehsan  
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2023 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 26 April 2024.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024**

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025**

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed**

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 April 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned amendments is not expected to have any material financial impact to the current period and prior year financial statements of the Group and the Company.

## Notes to the Financial Statements

### 1. BASIS OF PREPARATION (CONTINUED)

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Non-derivative financial instruments at FVTPL	Fair value
Investment properties	Fair value

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 – extension options and incremental borrowing rate in relation to leases
- Note 5 – measurement of the recoverable amounts of cash generating units
- Note 6 – valuation of investment properties
- Note 11 – recognition of deferred tax assets on unutilised tax losses
- Note 20 – revenue from construction contracts

### 2. CHANGES IN MATERIAL ACCOUNTING POLICIES

#### 2.1 Global minimum top-up tax

The Group has adopted the Amendments to MFRS 112 International Tax Reform – Pillar Two Model Rules upon the release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax which is applied retrospectively. Since the new enacted tax legislation in Malaysia will only come into effect in year 2025, there is no current tax impact for the current year ended 31 December 2023. The adoption and application of these amendments did not have any material impact to the financial statements of the Group.

## Notes to the Financial Statements

### 2. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 2.2 Material accounting policy information

The Group also adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 – Disclosures of Accounting Policies from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold Land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2022		733	4,265	51,964	29,365	5,542	4,461	96,330
Additions	16.2	-	6,357	2,334	543	464	-	9,698
Transfer to assets held for sales		-	-	-	(445)	-	-	(445)
Disposals		-	-	(32)	(242)	-	-	(274)
Effect of movements in exchange rates		-	-	(39)	2	1	-	(36)
At 31 December 2022/ 1 January 2023		733	10,622	54,227	29,223	6,007	4,461	105,273
Additions		-	25	2,709	11,213	280	-	14,227
Transfer between categories		-	-	4	4,461	(4)	(4,461)	-
Derecognition through disposal of subsidiaries		-	-	-	(84)	(15)	-	(99)
Disposals		-	-	-	-	(430)	-	(430)
Write-off		-	-	(34)	-	(165)	-	(199)
Effect of movements in exchange rates		-	-	1,232	1	2	-	1,235
At 31 December 2023		733	10,647	58,138	44,814	5,675	-	120,007



## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Freehold Land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Depreciation and impairment loss</b>								
At 31 December 2021/ 1 January 2022								
Accumulated depreciation		-	675	10,129	26,115	4,746	-	41,665
Accumulated impairment loss		-	-	625	69	-	-	694
		-	675	10,754	26,184	4,746	-	42,359
Depreciation for the year		-	920	5,075	1,376	416	-	7,787
Disposals		-	-	(14)	(242)	-	-	(256)
Effect of movements in exchange rates		-	-	344	3	2	-	349
Reversal of impairment loss		-	-	(17)	-	-	-	(17)
At 31 December 2022								
Accumulated depreciation		-	1,595	15,534	27,252	5,164	-	49,545
Accumulated impairment loss		-	-	608	69	-	-	677
		-	1,595	16,142	27,321	5,164	-	50,222

## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Freehold Land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Depreciation and impairment loss (continued)</b>								
At 31 December 2022/ 1 January 2023								
Accumulated depreciation		-	1,595	15,534	27,252	5,164	-	49,545
Accumulated impairment loss		-	-	608	69	-	-	677
		-	1,595	16,142	27,321	5,164	-	50,222
Depreciation for the year		-	672	5,542	4,303	230	-	10,747
Impairment loss for the year		-	-	15,167	-	-	-	15,167
Derecognition through disposal of subsidiaries		-	-	-	(84)	(15)	-	(99)
Disposals		-	-	-	-	(400)	-	(400)
Write-off		-	-	(15)	-	(14)	-	(29)
Effect of movements in exchange rates		-	-	543	-	(47)	-	496
At 31 December 2023								
Accumulated depreciation		-	2,267	21,604	31,471	4,918	-	60,260
Accumulated impairment loss		-	-	15,775	69	-	-	15,844
		-	2,267	37,379	31,540	4,918	-	76,104
<b>Carrying amounts</b>								
At 1 January 2022		733	3,590	41,210	3,181	796	4,461	53,971
At 31 December 2022/ 1 January 2023		733	9,027	38,085	1,902	843	4,461	55,051
At 31 December 2023		733	8,380	20,759	13,274	757	-	43,903

## Notes to the Financial Statements

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 3.1 Pledged assets

Included in the net book value of buildings are amounts of Nil (2022: RM1,322,000) charged to a licensed bank for facility granted to the Group (Note 18.1).

#### 3.2 Material accounting policy information

##### (a) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

##### (b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	10 - 50 years
• plant and machinery	5 - 50 years
• motor vehicles	5 - 10 years
• furniture and fittings	5 - 12 years
• office equipment	5 - 12 years

##### (c) Impairment loss

During the financial year, the Group assessed the recoverable amount of the property, plant and equipment of its glove manufacturing segment and recognised an impairment loss of RM15,167,000. See Note 5 for further details of the key assumptions used in determining the recoverable amount.

## Notes to the Financial Statements

### 4. RIGHT-OF-USE ASSETS

	Note	Land RM'000	Buildings RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>						
At 1 January 2022		47	1,922	-	9,764	11,733
Additions		-	2,011	415	505	2,931
Depreciation	4.1	(26)	(1,154)	(82)	(647)	(1,909)
Derecognition		-	(210)	-	-	(210)
At 31 December 2022/ 1 January 2023		21	2,569	333	9,622	12,545
Additions		-	4,919	-	504	5,423
Depreciation	4.1	(21)	(1,307)	(83)	(597)	(2,008)
Derecognition		-	(53)	-	(75)	(128)
Impairment loss for the year		-	(1,142)	-	-	(1,142)
At 31 December 2023		-	4,986	250	9,454	14,690

The Group leases a few parcels of land, office spaces and warehouse facilities that run between one year and five years, with an option to renew the lease after that date. Lease payments are normally increased every three years to reflect current market rentals.

#### 4.1 Depreciation capitalised in carrying amount of another asset

	2023		2022	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Recognised in profit or loss	1,954	-	1,793	-
Capitalised into work-in-progress	54	-	116	-
	2,008	-	1,909	-

#### 4.2 Extension options

Some lease contracts contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

## Notes to the Financial Statements

### 4. RIGHT-OF-USE ASSETS (CONTINUED)

#### 4.3 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

#### 4.4 Impairment loss

During the financial year, the Group assessed the recoverable amount of the right-of-use assets of its glove manufacturing segment and recognised an impairment loss of RM1,142,000. See Note 5 for further details of the key assumptions used in determining the recoverable amount.

#### 4.5 Material accounting policy information

##### (a) Recognition and measurement

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

##### (b) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

##### (c) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

## Notes to the Financial Statements

### 5. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer relationship RM'000	Land use rights RM'000	Software and trademarks RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2022/31 December 2022/ 1 January 2023	19,361	6,900	18,148	3,302	47,711
Deregistration of subsidiary	(5)	-	-	-	(5)
At 31 December 2023	19,356	6,900	18,148	3,302	47,706
<b>Amortisation and impairment loss</b>					
At 1 January 2022					
Accumulated amortisation	-	(658)	(852)	(1,238)	(2,748)
Accumulated impairment loss	(1,160)	-	-	-	(1,160)
	(1,160)	(658)	(852)	(1,238)	(3,908)
Amortisation for the year	-	(690)	(284)	(413)	(1,387)
Impairment for the year	(7,006)	-	-	(1,486)	(8,492)
At 31 December 2022/1 January 2023					
Accumulated amortisation	-	(1,348)	(1,136)	(1,651)	(4,135)
Accumulated impairment loss	(8,166)	-	-	(1,486)	(9,652)
	(8,166)	(1,348)	(1,136)	(3,137)	(13,787)
Amortisation for the year	-	(690)	(284)	(165)	(1,139)
Impairment for the year	(7,511)	(2,254)	-	-	(9,765)
31 December 2023					
Accumulated amortisation	-	(2,038)	(1,420)	(1,816)	(5,274)
Accumulated impairment loss	(15,677)	(2,254)	-	(1,486)	(19,417)
	(15,677)	(4,292)	(1,420)	(3,302)	(24,691)
<b>Carrying amounts</b>					
At 1 January 2022	18,201	6,242	17,296	2,064	43,803
At 31 December 2022/1 January 2023	11,195	5,552	17,012	165	33,924
At 31 December 2023	3,679	2,608	16,728	-	23,015



## Notes to the Financial Statements

## 5. INTANGIBLE ASSETS (CONTINUED)

## Goodwill

## Impairment testing for cash-generating units containing goodwill

Impairment testing for goodwill is performed annually. For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions of which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Group	Note	2023 RM'000	2022 RM'000
Wastewater projects		3,679	3,679
Glove manufacturing		-	7,511
Others		-	5
At 31 December		3,679	11,195

## Wastewater projects unit

The recoverable amount has been determined based on its value-in-use. Key assumptions used in preparing the financial budgets represents management's assessment of future trends with certain reference made to both external sources and internal sources (historical data) are as follows.

- Cash flows were projected based on past experience, actual operating results attained in the past years and five years cash flow projections. Cash flows for 6<sup>th</sup> year onwards were assumed using a terminal growth rate of 1% (2022: 1%).
- Revenue was projected based on the average of past years for the first year of the forecast. No growth rate was assumed for the subsequent years (2022: 3% growth rate).
- The gross profit margin is assumed at average of 17% (2022: average of 16.2%).
- A discount rate of 12.2% (2022: 10.0%) was applied in determining the recoverable amount of the unit.

Based on the impairment assessment, there was no impairment on goodwill of wastewater projects unit during the financial year. In addition, there were also assessment on the key assumptions used and sensitivity of such assumptions to impairment loss. Sensitivity to changes in assumptions are as follows:

- An increase of 1 percentage point in the discount rate used would not result in impairment loss.
- A 1 % decrease in gross profit margin would not result in impairment loss.

## Notes to the Financial Statements

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### 5. INTANGIBLE ASSETS (CONTINUED)

#### Goodwill (continued)

#### Impairment testing for cash-generating units containing goodwill (continued)

#### Glove manufacturing unit

The recoverable amount of the unit was based on its value in use, determined by discounting future cash flows to be generated by the unit. The carrying amount of the unit amounting to RM47,425,000 (2022: RM58,650,000) was determined to be higher than its recoverable amount and an impairment loss of RM26,074,000 (2022: RM7,006,000) was recognised. The impairment loss is included in other expenses in the statement of profit or loss and other comprehensive income. The impairment loss was mainly due to general adverse market conditions subsequent to exceptional higher glove demand during COVID-19 period.

- Cash flows were projected based on past-experience, actual operating results attained in the past three years and five years cash flow projections. Cash flows for 6<sup>th</sup> year onwards were assumed using a terminal growth rate of 2% (2022: 1%).
- The anticipated annual revenue growth was assumed to be at 10% annually (2022: a range of 10% to 16%).
- The gross profit margin is assumed at an average of 8% (2022: 12%) depending on type of product in the projection. The estimated margin was based on past operating result for the unit.
- A discount rate of 15.5% (2022: 13.0%) was applied in determining the recoverable amount of the unit.

Following an impairment in the unit, the recoverable amount is equal to the carry amount. Therefore, any adverse change in a key assumption may result in a further impairment loss.

The above estimate is particularly sensitive in the following areas:

- An increase of 1 percentage point in the discount rate used would have increased the impairment loss by RM2,752,000 (2022: RM1,848,000).
- A 1% decrease in future anticipated revenues growth would have increased the impairment loss by RM904,000 (2022: RM1,820,000).
- A 1% decrease in gross profit margin would have increased the impairment loss by RM5,026,000 (2022: RM2,254,000).
- A 1% decrease in terminal growth rate would have increased the impairment loss by RM2,805,000 (2022: RM953,000).

#### Customer relationships

Customer relationship with estimated economic definite useful life is amortised over a period of 10 years, with remaining amortisation period of 9 years. The customers relationship relates to glove manufacturing unit is impaired by RM2,254,000 during the financial year.

#### Land use rights

Land use rights represent the rights acquired by a group entity over a parcel of land for a duration until year 2082.

## Notes to the Financial Statements

## 5. INTANGIBLE ASSETS (CONTINUED)

## 5.1 Material accounting policy information

## (a) Recognition and measurement

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

## (b) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

- Land use rights 64 years
- Software and trademarks 8 years
- Customer relationship 10 years

## 6. INVESTMENT PROPERTIES

	Note	Group	
		2023 RM'000	2022 RM'000
At beginning of year		9,078	10,547
Disposal		(967)	(708)
Change in fair value		(51)	(131)
Transfer to assets held for sale	16.2	-	(630)
At end of year		8,060	9,078

Included in the above are:

	Group	
	2023 RM'000	2022 RM'000
<b>At fair value</b>		
Freehold land	89	89
Freehold land and buildings	1,134	1,185
Leasehold land and buildings with unexpired lease period of more than 50 years	6,837	7,804
	8,060	9,078

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2023 RM'000	2022 RM'000
Direct operating expenses:		
- non-income generating investment properties	6	6

## Notes to the Financial Statements

### 6. INVESTMENT PROPERTIES (CONTINUED)

#### 6.1 Fair value information

Fair value of investment properties are categorised as follows:

	2023		2022	
	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
Land	89	89	89	89
Buildings	7,971	7,971	8,989	8,989
	8,060	8,060	9,078	9,078

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Price per square foot: RM206 to RM354 (2022: RM212 to RM847).	The estimated fair value would increase/ (decrease) if the price per square foot is higher/(lower).

#### 6.2 Material accounting policy information

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

### 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Cost of investment	88,178	100,318
Less: Impairment losses	(10,827)	(9,438)
	77,351	90,880

## Notes to the Financial Statements

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
Salcon Engineering Berhad	Malaysia	- Design, construction, operation and maintenance of municipal potable water, sewage and wastewater facilities; - Provision of mechanical and electrical engineering services for general industries; and - Investment holding	100	100
Salcon Water (Asia) Limited *	Hong Kong	Investment holding	-	100
Integrated Water Services (M) Sdn. Bhd.	Malaysia	Dormant	51	51
Salcon Capital Sdn. Bhd. ^	Malaysia	Investment holding	100	100
Salcon Power (HK) Limited *	Hong Kong	Sales of solar power products and solar energy	100	100
Salcon Water (HK) Limited *	Hong Kong	Dormant	-	100
Salcon Development Sdn. Bhd.	Malaysia	Investment holding	100	100
Kencana Kesuma Sdn. Bhd. ^	Malaysia	Provision of financial assistance	100	100
Salcon Petroleum Services (Labuan) Limited	Malaysia	Dormant	-	100
Salcon Xinlian Sdn. Bhd. ^	Malaysia	Dormant	-	51
Inergist Sdn. Bhd. ^	Malaysia	Investment holding	70	70
Nusantara Jasakita Sdn. Bhd.	Malaysia	Investment holding	100	100
Glitteria Sdn. Bhd. ^	Malaysia	Dormant	100	100
Kunci Sempurna Sdn. Bhd. ^	Malaysia	Dormant	-	100
Energy Valley Sdn. Bhd. (formerly known as JTT Advisory Sdn Bhd) ^	Malaysia	Operation of generation facilities that produce electric energy	100	-
Salcon Smile Sdn. Bhd. (formerly known as JR Healthcare Sdn. Bhd. ^	Malaysia	Import and export of varieties of goods	100	-
Fortune Ambience Sdn. Bhd.	Malaysia	Dormant	100	-
<b>Subsidiaries of Salcon Engineering Berhad:</b>				
Precise Metal Sdn. Bhd. ^	Malaysia	Dormant	100	100
Salcon Petroleum Services (Asia Pacific) Sdn. Bhd. ^	Malaysia	Dormant	100	100
Envitech Sdn. Bhd.	Malaysia	Design, building, operation and maintenance of wastewater and sewage treatment plants	60	60
Bumi Tiga Enterprise Sdn. Bhd. ^	Malaysia	Investment holding	100	100
Salcon (Perak) Sdn. Bhd. @ ^	Malaysia	Dormant	40	40
Logit Sdn. Bhd. ^	Malaysia	Development and marketing of a web-based system	100	100
Salcon (Sarawak) Sdn. Bhd. ^	Malaysia	Dormant	100	100

## Notes to the Financial Statements

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
<b>Subsidiaries of Salcon Engineering Berhad: (continued)</b>				
Salcon Engineering Vietnam Company Limited ^	Vietnam	Dormant	100	100
Salcon WP Sdn Bhd ^	Malaysia	Dormant	60	60
<b>Subsidiaries of Bumi Tiga Enterprise Sdn. Bhd.:</b>				
Salcon Building Services Sdn. Bhd. ^	Malaysia	Dormant	100	100
<b>Subsidiary of Salcon Capital Sdn. Bhd.:</b>				
Eco-Coach & Tours (M) Sdn. Bhd. ^	Malaysia	Transportation services	51	51
<b>Subsidiary of Salcon Petroleum Services (Asia Pacific) Sdn. Bhd.:</b>				
Energy Valley Sdn. Bhd. (formerly known as JTT Advisory Sdn Bhd) ^	Malaysia	Operation of generation facilities that produce electric energy	-	100
<b>Subsidiaries of Salcon Development Sdn. Bhd.:</b>				
Azitin Venture Sdn. Bhd. ^ @	Malaysia	Property development	50	50
Prestasi Kemas Sdn. Bhd.	Malaysia	Property development	70	70
Nusantara Megajuta Sdn. Bhd.	Malaysia	Property development	100	100
<b>Subsidiary of Eco-Coach &amp; Tours (M) Sdn. Bhd.:</b>				
Senstrac Sdn. Bhd. ^	Malaysia	Provision of information technology services	51	51
<b>Subsidiary of Senstrac Sdn. Bhd.</b>				
Eco Tours Asia Sdn. Bhd. ^	Malaysia	Transportation services	51	51
Green Fleet Sdn. Bhd. ^	Malaysia	Transportation services	51	51
<b>Subsidiary of Inergist Sdn. Bhd.:</b>				
Satria Megajuta Sdn. Bhd. ^ #	Malaysia	Sales of solar energy	47	47
Fortune Command Sdn. Bhd. ^ #	Malaysia	Operation of generation facilities that produce electric energy	36	70
<b>Subsidiary of Nusantara Jasakita Sdn. Bhd.</b>				
JR Engineering and Medical Technologies (M) Sdn. Bhd.	Malaysia	Gloves manufacturing, Import and export of varieties of goods	51	51
Salcon Smile Sdn. Bhd. (formerly known as JR Healthcare Sdn. Bhd.) ^	Malaysia	Import and export of varieties of goods	-	100



## Notes to the Financial Statements

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
<b>Subsidiary of Energy Valley Sdn. Bhd.</b>				
Mentari Kamuning Sdn. Bhd.	Malaysia	Intended to engage in operation of generation facilities that produce electric energy	70	-
<b>Subsidiary of Salcon Smile Sdn. Bhd.</b>				
Fortress Paradigm Sdn. Bhd.	Malaysia	Dormant	100	-

\* Audited by other member firms of KPMG International.

^ Audited by other firms of accountants.

@ Although the Group owns 50% or less than 50% of the voting power of the Group Entities, the Group regards them as subsidiaries as it is able to govern the financial and operating policies of the companies by virtue of shareholders agreements entered into with the other investors of these group entities. Consequently, the Group consolidates its investments in these companies.

# Although the effective ownership interest and voting interest is less than 50%, the Group controls the entity by virtue of its majority ownership through its subsidiaries.

## 7.1 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Envitech Sdn. Bhd. RM'000	JR Engineering & Medical Technologies (M) Sdn. Bhd. RM'000
<b>2023</b>		
NCI percentage of ownership interest and voting interest	40%	49%
Carrying amount of NCI	21,500	(8,246)
Loss allocated to NCI	(828)	(12,708)
<b>Summarised financial information before intra-group elimination</b>		
<b>As at 31 December</b>		
Non-current assets	19,851	27,948
Current assets	45,740	15,758
Non-current liabilities	(1,501)	(22,284)
Current liabilities	(10,339)	(38,251)
Net assets/(liabilities)	53,751	(16,829)

## Notes to the Financial Statements

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

#### 7.1 Non-controlling interest in subsidiaries (continued)

	Envitech Sdn. Bhd. RM'000	JR Engineering & Medical Technologies (M) Sdn. Bhd. RM'000
<b>2023</b>		
<b>Summarised financial information before intra-group elimination</b>		
<b>Year ended 31 December</b>		
Revenue	28,810	38,535
Loss for the year	(2,070)	(33,436)
Total comprehensive expense	(2,070)	(33,436)
Cash flows used in operating activities	(750)	1,314
Cash flows generated from/(used in) investing activities	698	(2,196)
Cash flows (used in)/generated from financing activities	(68)	923
Net (decrease)/increase in cash and cash equivalents	(120)	41
Dividends paid to NCI	-	-
<b>2022</b>		
NCI percentage of ownership interest and voting interest	40%	49%
Carrying amount of NCI	22,328	(4,457)
Loss allocated to NCI	(408)	(16,740)
<b>Summarised financial information before intra-group elimination</b>		
<b>As at 31 December</b>		
Non-current assets	15,922	62,139
Current assets	50,598	20,179
Non-current liabilities	(101)	(27,710)
Current liabilities	(10,598)	(38,001)
Net assets/(liabilities)	55,821	16,607

## Notes to the Financial Statements

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

## 7.1 Non-controlling interest in subsidiaries (continued)

	Envitech Sdn. Bhd. RM'000	JR Engineering & Medical Technologies (M) Sdn. Bhd. RM'000
<b>2022</b>		
<b>Summarised financial information before intra-group elimination</b>		
<b>Year ended 31 December</b>		
Revenue	38,275	52,267
Loss for the year	(1,021)	(41,168)
Total comprehensive expense	(1,021)	(41,168)
Cash flows used in operating activities	(4,207)	(5,694)
Cash flows generated from/(used in) investing activities	5,838	(10,639)
Cash flows (used in)/generated from financing activities	(5,068)	14,974
Net decrease in cash and cash equivalents	(3,437)	(1,359)
Dividends paid to NCI	-	-

## 7.2 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

## 8. INVESTMENTS IN ASSOCIATES

	Group	
	2023 RM'000	2022 RM'000
Investment in shares	11,800	21,824
Share of post-acquisition reserves	(2,355)	1,612
Less: Impairment loss	(9,445)	(6,192)
	-	17,244

## Notes to the Financial Statements

### 8. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest	
			2023 %	2022 %
<b>Associates of Salcon Engineering Berhad:</b>				
Emas Utilities Corporation Sdn. Bhd. ("EUC")	Malaysia	Investment holding company with 90% equity interest in Binh An Water Corporation Ltd., who engaged in production and supply of treated water in Vietnam	40	40

The following table summarises the financial information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

Group	EUC	
	2023 RM'000	2022 RM'000
<b>Summarised financial information as at 31 December</b>		
Current assets	2,147	43,129
Current liabilities	(19)	(19)
Net assets	2,128	43,110
<b>Year ended 31 December</b>		
Profit attributable to:		
Owners of the associate company	4,484	703
Non-controlling interests	25	80
	4,509	783
Other comprehensive income	247	957
Total comprehensive income	4,756	1,740

## Notes to the Financial Statements

## 8. INVESTMENTS IN ASSOCIATES (CONTINUED)

Group	EUC RM'000
<b>2023</b>	
<b>Reconciliation of net assets to carrying amount as at 31 December</b>	
Group's share of net assets	-
Carrying amount in the statement of financial position	-
<b>Group's share of results for the year ended 31 December</b>	
Group's share of profit or loss from continuing operations	1,794
<b>Other information</b>	
Dividends received by the Group	5,760
<b>2022</b>	
<b>Reconciliation of net assets to carrying amount as at 31 December</b>	
Group's share of net assets	17,244
Carrying amount in the statement of financial position	17,244
<b>Group's share of results for the year ended 31 December</b>	
Group's share of profit or loss from continuing operations	281
<b>Other information</b>	
Dividends received by the Group	-

## 8.1 Material accounting policy information

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses.

## 8.2 Impairment loss

During the financial year 2023, an impairment loss of RM3,253,000 was recognised and charged to other expenses. The impairment amount was based on fair value less costs of disposal estimated using adjusted balance sheet approach. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation techniques used.

## 9. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Investment in shares	29,063	29,063	23,500	23,500
Share of post-acquisition reserves	5,210	8,879	-	-
Less: Impairment loss	(4,609)	(322)	-	-
	29,664	37,620	23,500	23,500

## Notes to the Financial Statements

### 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows:

Name of joint venture	Principal activities	Note	Proportion of ownership interest	
			2023 %	2022 %
Volksbahn Technologies Sdn. Bhd.	Provision of management, technology and service consulting	9.1	50 plus 2 shares	50 plus 2 shares
<b>Joint ventures of Salcon Engineering Berhad:</b>				
Salcon MMCB AZSB JV Sdn. Bhd.	Engineering and construction	9.2	36	36
Salcon MMCES AZSB JV Sdn. Bhd.	Engineering and construction	9.3	50	50
Salcon Loh & Loh JV Sdn. Bhd.	Engineering and construction	9.4	50	50
<b>Joint venture of Envitech Sdn. Bhd.:</b>				
WET Envitech Sdn. Bhd.	Engineering and construction	9.5	30	30

9.1 On 7 May 2014, the Group has acquired 50% plus one ordinary share, representing 200,001 ordinary shares each in Volksbahn Technologies Sdn. Bhd. ("VTSB") for a total cash consideration of RM23.5 million. VTSB had, on 22 June 2014, allotted 400,001 bonus shares to its shareholders. As a result, the Group was entitled to 200,001 shares in VTSB of which in total, the Group has had 400,002 shares representing 50% plus 2 ordinary shares in VTSB. Pursuant to the terms and nature of the shareholders agreement, the Group's investment in VTSB constitutes a joint arrangement as the entity is jointly controlled by the Group and the other shareholder.

9.2 On 8 April 2014, the Group entered into a joint arrangement with MMC Corporation Berhad ("MMCB") and Ahmad Zaki Sdn. Bhd. ("AZSB"), and together, they have incorporated Salcon MMCB AZSB JV Sdn. Bhd. ("L1") on 29 September 2014.

9.3 On 23 December 2014, the Group entered into another joint arrangement with MMC Engineering Services Sdn. Bhd. ("MMCES") and AZSB to form Salcon MMCES AZSB JV Sdn. Bhd. ("L2"). On 30 September 2016, this joint venture has come to a novation agreement whereby the Group further acquire 14% shares in L2 resulting the Group has effective interest of 50% in L2 thereon.

Both Salcon MMCB AZSB JV Sdn. Bhd. and Salcon MMCES AZSB JV Sdn. Bhd. are set up to undertake the Langat 2 water treatment plant project.

9.4 On 30 December 2014, the Group entered into another joint arrangement with Loh & Loh Construction Sdn. Bhd. to form Salcon Loh & Loh JV Sdn. Bhd. ("SLL").

9.5 On 23 January 2015, the Group entered into a joint arrangement with Water Engineering Technology Sdn. Bhd. to form WET Envitech Sdn. Bhd. ("WESB"). The paid-up capital of the joint arrangement is RM2, divided equally to the shareholders. On 23 May 2017, the paid-up capital has been increased by RM999,998 to RM1,000,000, divided equally to the shareholders.

The following table summarises the financial information of the Group's material joint ventures, adjusted for any differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interests in joint ventures, which are accounted for using the equity method.



## Notes to the Financial Statements

## 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

	WESB		L2		VTSB	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Summarised financial information</b>						
<b>As at 31 December</b>						
Non-current assets	4	11,104	-	-	13,806	15,270
Current assets	15,296	8,689	1,165	34,392	17,162	13,623
Non-current liabilities	-	-	-	-	(1,464)	-
Current liabilities	(314)	(2,038)	(1,048)	(25,630)	(15,316)	(15,212)
Cash and cash equivalents	7,211	1,095	1,165	3,101	13,818	7,846
<b>Year ended 31 December</b>						
Profit from continuing operations	1,229	163	1,355	151	5,507	5,011
Total comprehensive income	1,229	163	1,355	151	5,507	5,011
<b>Included in the total comprehensive income/(expense) are:</b>						
Revenue	1,267	10,630	-	23	23,098	21,565
Interest income	129	55	-	225	11	11
Interest expense	-	(3)	-	(812)	(3)	(26)
Tax expense	(423)	(86)	-	-	(2,095)	(2,522)

## Notes to the Financial Statements

## 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

	WESB RM'000	L2 RM'000	VTSB RM'000	Other immaterial joint ventures RM'000	Total RM'000
<b>2023</b>					
<b>Reconciliation of net assets to carrying amount as at 31 December</b>					
Goodwill	-	434	14,150	-	14,584
Group's share of net assets	3,696	58	7,094	4,232	15,080
Carrying amount in the statement of financial position	3,696	492	21,244	4,232	29,664
<b>Group's share of results for the year ended 31 December</b>					
Group's share of profit from continuing operations	368	678	2,754	2,031	5,831
Group's share of total comprehensive income	368	678	2,754	2,031	5,831
<b>Other information</b>					
Dividends received by the Group	2,000	5,000	2,500	-	9,500
<b>2022</b>					
<b>Reconciliation of net assets to carrying amount as at 31 December</b>					
Goodwill	-	4,653	14,150	-	18,803
Group's share of net assets	5,327	4,381	6,840	2,269	18,817
Carrying amount in the statement of financial position	5,327	9,034	20,990	2,269	37,620
<b>Group's share of results for the year ended 31 December</b>					
Group's share of profit from continuing operations	104	75	3,227	446	3,852
Group's share of total comprehensive income	104	75	3,227	446	3,852
<b>Other information</b>					
Dividends received by the Group	600	5,000	1,800	-	7,400

**9.1 Material accounting policy information**

Investment in joint venture is measured in the Company's statement of financial position at cost less any impairment losses.

**9.2 Impairment loss**

During the financial year 2023, an impairment loss of RM4,287,000 was recognised and charged to other expenses. The impairment amount was based on fair value less costs of disposal estimated using adjusted balance sheet approach. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation techniques used.

## Notes to the Financial Statements

## 10. OTHER INVESTMENTS

Group	Shares RM'000	Others RM'000	Total RM'000
<b>2023</b>			
<b>Non-current</b>			
Fair value through profit or loss			
- Quoted shares	37,783	-	37,783
<b>Current</b>			
Fair value through profit or loss			
- Fund investment	-	6,239	6,239
- Other investment	-	5,000	5,000
	-	11,239	11,239
<b>2022</b>			
<b>Non-current</b>			
Fair value through profit or loss			
- Quoted shares	13,520	-	13,520
<b>Current</b>			
Fair value through profit or loss			
- Fund investment	-	5,070	5,070
- Other investment	-	1,000	1,000
	-	6,070	6,070
<b>Company</b>			
<b>2023</b>			
<b>Non-current</b>			
Fair value through profit or loss			
- Quoted shares	37,783	-	37,783
<b>2022</b>			
<b>Non-current</b>			
Fair value through profit or loss			
- Quoted shares	13,520	-	13,520

## Notes to the Financial Statements

### 10. OTHER INVESTMENTS (CONTINUED)

#### 10.1 Material accounting policy information

##### (a) Equity investments held for trading

At initial recognition, the Group irrevocably elect to present subsequent changes in the fair value of the investments in profit or loss. This election is made on an investment-by-investment basis.

##### (b) Deposits with licensed banks

The Group classifies deposits with licensed banks not held for working capital purposes that has a maturity of more than three months as other investments.

### 11. DEFERRED TAX ASSETS AND LIABILITIES

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Land use rights	-	-	(4,537)	(4,537)	(4,537)	(4,537)
Property, plant and equipment	-	-	(6,015)	(8,385)	(6,015)	(8,385)
Other items	3,493	9,347	-	-	3,493	9,347
Tax losses carry-forward	5,716	1,549	-	-	5,716	1,549
Unabsorbed capital allowances	2,460	1,464	-	-	2,460	1,464
Tax assets/(liabilities)	11,669	12,360	(10,552)	(12,922)	1,117	(562)
Set off of tax	1,051	(812)	(1,051)	812	-	-
Net tax assets/(liabilities)	12,720	11,548	(11,603)	(12,110)	1,117	(562)

Movement in temporary differences during the financial year are as follows:

Group	Recognised		At		At
	At 1.1.2022 RM'000	in profit or loss (Note 23) RM'000	31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss (Note 23) RM'000	
Land use rights	(4,537)	-	(4,537)	-	(4,537)
Property, plant and equipment	(6,945)	(1,440)	(8,385)	2,370	(6,015)
Other items	(852)	10,199	9,347	(5,854)	3,493
Tax losses carry forward	1,389	160	1,549	4,167	5,716
Unabsorbed capital allowances	33	1,431	1,464	996	2,460
	(10,912)	10,350	(562)	1,679	1,117

## Notes to the Financial Statements

## 11. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2023 RM'000	2022 RM'000
Other deductible temporary differences	9,710	9,710
Unabsorbed capital allowances	843	843
Unutilised tax losses		
- Malaysia	45,143	24,681
- Outside Malaysia	8,252	8,252
	63,948	43,486

The deferred tax assets arising from other deductible temporary differences, unabsorbed capital allowances and unutilised tax losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. The other deductible temporary differences, unabsorbed capital allowances and unutilised tax losses outside Malaysia do not expire under the current tax legislation. The unutilised tax losses in Malaysia can only be carried forward up to 10 consecutive years of assessment. The table below shows the unutilised tax losses expires in respective year of assessment.

	Group	
	2023 RM'000	2022 RM'000
<b>Utilisation years</b>		
Expiring in Year Assessment 2028	15,076	12,304
Expiring in Year Assessment 2029	8,803	8,867
Expiring in Year Assessment 2030	3,259	3,259
Expiring in Year Assessment 2031	251	251
Expiring in Year Assessment 2032	17,754	-
	45,143	24,681

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

## 11.1 Material accounting policy information

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

## Notes to the Financial Statements

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Trade and other receivables</b>					
<b>Non-current</b>					
<b>Trade</b>					
Trade receivables	12.1	17,816	10,404	-	-
		17,816	10,404	-	-
<b>Non-trade</b>					
Amounts due from subsidiaries	12.3	-	-	239,834	279,557
		-	-	239,834	279,557
		17,816	10,404	239,834	279,557
<b>Current</b>					
<b>Trade</b>					
Trade receivables	12.1	25,966	42,966	-	-
		25,966	42,966	-	-
<b>Non-trade</b>					
Amounts due from joint ventures	12.2	440	6,035	-	-
Amounts due from subsidiaries	12.3	-	-	4,998	5,553
Other receivables	12.4	6,409	9,908	2,936	1,845
Deposits		5,847	5,951	-	-
		12,696	21,894	7,934	7,398
		38,662	64,860	7,934	7,398
		56,478	75,264	247,768	286,955
<b>Prepayments</b>					
Prepayments	12.5	3,590	4,291	20	12



## Notes to the Financial Statements

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (CONTINUED)

## 12.1 Trade receivables

**Non-current**

Included in trade receivables of the Group are retention sums relating to construction work-in-progress. Retentions are unsecured, interest-free and are expected to be due for collection as follows:

	Group	
	2023 RM'000	2022 RM'000
1 – 2 years	7,886	3,899
2 – 3 years	9,533	1,643
3 – 4 years	397	2,510
4 – 5 years	-	667
More than 5 years	-	1,685
	17,816	10,404

**Current**

Included in trade receivables of the Group are retention sums amounting to RM5,719,000 (2022: RM13,587,000) relating to construction work-in-progress. Retentions are unsecured, interest-free and are expected to be due for collection within 1 year.

**12.2** The amounts due from joint ventures of the Group and of the Company are unsecured, interest free and repayable on demand.

**12.3** The amounts due from subsidiaries are unsecured, interest free and repayable upon demand except for amounts of RM102,595,000 (2022: RM213,939,000) which bear interest of 2% to 6% (2022: 2% to 6%) per annum.

Included in the amount due from subsidiaries, there are RM239,834,000 (2022: RM279,557,000) classified as non-current asset as the Company and its subsidiaries do not expect that funds are available for repayment within twelve months after reporting date.

**12.4** Included in other receivables of the Group are allowance for impairment losses made against doubtful receivables of RM3,887,000 (2022: RM3,878,000).

**12.5** Included in prepayment of the Group is advances paid to suppliers to purchase inventory of RM22,363,000 (2022: RM22,363,000). An allowance for impairment losses RM22,363,000 (2022: RM22,363,000) has been made.

## Notes to the Financial Statements

### 13. CONTRACT WITH CUSTOMERS

#### 13.1 Contract assets/(liabilities)

Group	2023 RM'000	2022 RM'000
Contract assets	59,189	51,139
Contract liabilities	(1,117)	(520)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 60 days and payment is expected within 60 to 120 days.

The contract liabilities primarily relate to the advance consideration received from customers for construction contract, which revenue is recognised over time during the construction contracts. The contract liabilities are expected to be recognised as revenue over a period of 60 days.

#### 13.2 Contract cost

Group	2023 RM'000	2022 RM'000
Cost to fulfil a contract	1,992	1,006

Construction cost that are attributable to the construction contracts are capitalised as contract costs during the current financial year. These costs are expected to be recoverable and are recognised to profit or loss when the related revenue is recognised.

### 14. INVENTORIES

Current	Note	Group	
		2023 RM'000	2022 RM'000
At cost:			
Spares		172	288
Consumables		-	44
Raw materials		556	928
Finished goods		4,793	10,015
Packaging materials		479	648
Properties under development	14.1	107,002	108,831
		113,002	120,754
Recognised in profit or loss:			
Inventories recognised as cost of sales		42,656	53,306

## Notes to the Financial Statements

## 14. INVENTORIES (CONTINUED)

## 14.1 Properties under development comprises:

	2023 RM'000	2022 RM'000
Land held for property development	106,786	108,615
Development costs	216	216
	107,002	108,831

The land held for property development with carrying amount of RM106,786,000 (2022: RM108,615,000) is charged to the financial institution for the facilities granted to Group entities (Note 18.1).

## 14.2 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the first in, first out method.

## 15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with licensed banks				
- Malaysia	42,545	33,573	157	142
- Outside Malaysia	92,970	82,935	92,970	82,935
	135,515	116,508	93,127	83,077
Cash and bank balances				
- Malaysia	12,182	15,929	1,493	1,806
- Outside Malaysia	8,096	7,635	-	-
	20,278	23,564	1,493	1,806
	155,793	140,072	94,620	84,883

Included in the deposits with licensed banks of the Group is amount of RM30,000 (2022: RM30,000) pledged for facilities (Note 18.3) granted to the Group.

## Notes to the Financial Statements

### 16. ASSETS CLASSIFIED AS HELD FOR SALE

	Note	Group	
		2023 RM'000	2022 RM'000
<b>Assets classified as held for sale</b>			
Investment property	16.1	-	630
Motor vehicles	16.2	445	445
		445	1,075

**16.1** In the prior financial year, the Group had entered into a sales and purchase agreement to dispose of one piece of leasehold land. The sales has been completed at financial year end.

**16.2** In the prior financial year, the Group had entered into a sales and purchase agreement to dispose of fourteen units of motor vehicle (see Note 3). The sale has not been completed at financial year end.

### 17. CAPITAL AND RESERVES

#### 17.1 Share capital

	Group and Company			
	Amount	Number	Amount	Number
	2023 RM'000	of shares 2023 RM'000	2022 RM'000	of shares 2022 RM'000
<b>Issued and fully paid shares with no par value classified as equity instruments:</b>				
Ordinary shares				
1 January/31 December	458,276	1,012,413	458,276	1,012,413

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

#### 17.2 Treasury shares

The Company repurchased 20,200,000 (2022: 12,440,800) ordinary shares of its issued share capital from the open market, at an average cost of RM0.20 (2022: RM0.22) per share. The total consideration paid for the share buy-back including transaction costs during the current financial period to date amounted to RM4.08 million (2022: RM2.68 million) and were financed by internally generated funds. The shares bought back are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

During the financial year, the Company distributed 24,677,276 (2022: 24,677,605) treasury shares to entitled shareholders as share dividend. At the end of the year, the number of treasury shares held was 322,768 (2022: 4,800,044) shares.

## Notes to the Financial Statements

## 17. CAPITAL AND RESERVES (CONTINUED)

## 17.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than Ringgit Malaysia.

## 17.4 Warrants

The main features of the Warrant are as follows:

- i) Each Warrant will entitle its Warrant Holders an option to subscribe for one (1) new ordinary share at the exercise price of RM0.30 per share at any time on or after 20 July 2018 to 19 July 2025, subject to adjustments in accordance with the provisions of the Deed Poll dated 29 June 2018 constituting the Warrant;
- ii) Any Warrant not exercised during the exercise period shall thereafter lapse and cease to be valid; and
- iii) The new ordinary shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank equally in all respects with the existing ordinary shares of the Company, save and except that the new ordinary shares will not be entitled to any dividends, rights, allotments, and/or other distribution that may be declared, made or paid for which the entitlement date of which precedes the date of allotment of the new ordinary shares arising from the exercise of the Warrants.

The outstanding warrants remain unexercised at the end of the financial year amounting to 336,566,643 (2022: 336,566,643).

## 18. LOANS AND BORROWINGS

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>					
Term loans (secured)	18.1	139	445	-	-
Term loans (unsecured)		2,453	3,022	-	-
Finance lease liabilities	18.2	12,768	3,270	-	-
		15,360	6,737	-	-
<b>Current</b>					
Bank overdrafts (unsecured)		-	22	-	-
Bankers' acceptances (secured)	18.3	6,163	6,606	-	-
Other bank facilities		220	158	-	-
Revolving credits (secured)	18.4	31,500	5,000	31,500	5,000
Term loans (secured)	18.1	241	259	-	-
Term loans (unsecured)		570	620	-	-
Trust receipts (secured)		3,520	3,951	-	-
Finance lease liabilities	18.2	760	2,184	-	-
		42,974	18,800	31,500	5,000
		58,334	25,537	31,500	5,000

## Notes to the Financial Statements

### 18. LOANS AND BORROWINGS (CONTINUED)

#### 18.1 Term loans

Secured term loans are secured via the following:

- Credit Guarantee Corporation Malaysia, Syarikat Jaminan Pembiayaan Perniagaan Berhad
- Guarantee executed by a director of the subsidiary

All other facilities (except finance lease liabilities) granted to the subsidiaries are guaranteed by the Company.

The repayment term of the term loans are as follows:

Group	2023			2022		
	Under 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Under 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000
Term loan						
- secured	241	139	-	259	445	-

#### 18.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	2023			2022		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	812	(52)	760	2,610	(426)	2,184
Between one and five years	12,838	(70)	12,768	3,394	(168)	3,226
More than five years	-	-	-	45	(1)	44
	13,650	(122)	13,528	6,049	(595)	5,454

**18.3** The bankers' acceptance are secured via fixed deposits with licensed bank (see Note 15).

**18.4** The revolving credit of the Group and of the Company is secured by land owned by a Group entity with carrying amount of RM106,786,000 (2022: RM108,615,000) (Note 14.1).



## Notes to the Financial Statements

## 18. LOANS AND BORROWINGS (CONTINUED)

## 18.5 Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	Finance lease liabilities RM'000	Term loan RM'000	Others RM'000	Total RM'000
<b>At 1 January 2022</b>	6,432	7,627	25,362	39,421
Drawdown of borrowings	-	-	205	205
Repayment of borrowings	-	(3,281)	(9,852)	(13,133)
Acquisition of right-of-use assets through finance lease liabilities	1,519	-	-	1,519
Repayment of finance lease liabilities	(2,497)	-	-	(2,497)
<b>At 31 December 2022/1 January 2023</b>	5,454	4,346	15,715	25,515
Drawdown of borrowings	-	-	37,029	37,029
Repayment of borrowings	-	(943)	(11,341)	(12,284)
Acquisition of right-of-use assets through finance lease liabilities	10,243	-	-	10,243
Repayment of finance lease liabilities	(2,169)	-	-	(2,169)
<b>At 31 December 2023</b>	13,528	3,403	41,403	58,334

Company	Revolving credit RM'000	Total RM'000
<b>At 1 January 2022/31 December 2022/1 January 2023</b>	5,000	5,000
Drawdown of borrowing	26,500	26,500
<b>At 31 December 2023</b>	31,500	31,500

## Notes to the Financial Statements

### 19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current Trade</b>					
Trade payables	19.1	5,199	4,210	-	-
		5,199	4,210	-	-
<b>Current Trade</b>					
Trade payables	19.1	22,187	28,891	-	-
Accrued expenses		36,173	34,217	-	-
		58,360	63,108	-	-
<b>Non-trade</b>					
Amounts due to subsidiaries	19.2	-	-	2,027	23,989
Other payables		35,380	37,467	187	183
Accrued expenses		3,122	1,679	1,054	688
		38,502	39,146	3,268	24,860
		102,061	102,254	3,268	24,860

#### 19.1 Trade payables

##### Non-current

Included in trade payables of the Group are retention sums relating to construction work-in-progress. Retentions are unsecured, interest-free and are expected to be due for payment as follows:

	Group	
	2023 RM'000	2022 RM'000
1 – 2 years	3,065	2,749
2 – 3 years	2,068	379
3 – 4 years	66	1,082
	5,199	4,210

##### Current

Included in trade payables of the Group are retention sums amounting to RM8,663,000 (2022: RM9,502,000) relating to construction work-in-progress. Retentions are unsecured, interest-free and are expected to be due for payment within 1 year.

**19.2** The amounts due to subsidiaries are unsecured, interest free and repayable upon demand. Amounts due to subsidiaries amounted to RM25,160,000 were waived by the subsidiaries during the year.

## Notes to the Financial Statements

## 20. REVENUE

Group	Total	
	2023 RM'000	2022 RM'000
<b>Revenue from contract with customers</b>		
Construction		
- Water projects	64,792	89,374
- Wastewater projects	28,755	37,777
- Water system repairs	4,817	7,502
- Hydro projects	4,064	-
- Others	55	108
Glove manufacturing	38,535	52,267
Trading and services		
- Transportation	11,688	14,972
- Solar power services	1,888	1,830
- Others	16	279
<b>Total revenue</b>	<b>154,610</b>	<b>204,109</b>
<b>Company</b>		
Dividends	2,500	1,883

## Notes to the Financial Statements

## 20. REVENUE (CONTINUED)

## 20.1 Disaggregation of revenue

Group	Construction		Glove manufacturing		Trading and services		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Primary geographical markets</b>								
Malaysia	102,484	129,187	4,646	5,038	11,775	15,924	118,905	150,149
Unites States	-	-	13,537	10,192	-	-	13,537	10,192
Sri Lanka	-	5,575	-	-	-	-	-	5,575
India	-	-	11,039	19,635	-	-	11,039	19,635
The United Kingdom	-	-	-	-	1,111	1,156	1,111	1,156
Other countries	-	-	9,313	17,402	705	-	10,018	17,402
	102,484	134,762	38,535	52,267	13,591	17,080	154,610	204,109
<b>Major products and services lines</b>								
Water projects	64,792	89,374	-	-	-	-	64,792	89,374
Wastewater projects	28,755	37,778	-	-	-	-	28,755	37,778
Water system repairs	4,817	7,502	-	-	-	-	4,817	7,502
Hydro projects	4,064	-	-	-	-	-	4,064	-
Glove manufacturing	-	-	38,535	52,267	-	-	38,535	52,267
Transportation	-	-	-	-	11,688	14,972	11,688	14,972
Solar power services	-	-	-	-	1,888	1,829	1,888	1,829
Others	56	108	-	-	15	279	71	387
	102,484	134,762	38,535	52,267	13,591	17,080	154,610	204,109
<b>Timing of recognition</b>								
Over time	102,484	134,762	-	-	13,576	16,801	116,059	151,563
At a point in time	-	-	38,535	52,267	15	279	38,551	52,546
<b>Total revenue</b>	102,484	134,762	38,535	52,267	13,591	17,080	154,610	204,109

## Notes to the Financial Statements

## 20. REVENUE (CONTINUED)

## 20.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Water projects	Revenue is recognised over time using the physical completion method.	Based on agreed milestones, certified by surveyor.	There would be penalty charges when the projects are late in completion.	Not applicable.	Defect liability period of 2 years is given to customers.
Wastewater projects	Revenue is recognised over time using the cost incurred method.	Based on agreed milestones, certified by surveyor.	There would be penalty charges when the projects are late in completion.	Not applicable.	Defect liability period of 2 years is given to customers.
Water system repairs	Revenue is recognised over time using the physical completion method.	Based on agreed milestones, certified by surveyor.	There would be penalty charges when the projects are late in completion.	Not applicable.	Defect liability period of 2 years is given to customers.
Glove manufacturing	Revenue is recognised at a point in time when goods are delivered and accepted by the customers.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Transportation	Revenue from services rendered is recognised in profit or loss during the period the obligations to provide transportation and tour services are satisfied.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Solar power services	Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period.	Credit period of 60 to 120 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Hydro projects	Revenue is recognised over time using the physical completion method.	Based on agreed milestones, certified by surveyor.	There would be penalty charges when the projects are late in completion.	Not applicable.	Defect liability period of 3 years is given to customers.

## Notes to the Financial Statements

### 20. REVENUE (CONTINUED)

#### 20.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	More than 1 year	
	2023 RM'000	2022 RM'000
Water projects	189,953	249,448
Wastewater projects	54,013	36,326
Water system repairs	3,386	5,731
Hydro projects	60,929	-
	308,281	291,505

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

#### 20.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For construction contracts, the Group measured the performance of construction work done with reference to the stage of completion. Significant judgements are required to estimate the progress towards the satisfaction of the performance obligation. In making these estimates, management relied on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

### 21. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors:				
- Fees	310	380	310	380
- Remuneration	5,132	5,086	2,192	2,510
- Other short-term employee benefits (including estimated monetary value of benefit-in-kind)	446	403	229	221
	5,888	5,869	2,731	3,111



## Notes to the Financial Statements

## 22. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	1,512	1,373	268	269
Interest expense on lease liabilities	1,771	1,300	-	-
	3,283	2,673	268	269

## 23. TAX EXPENSE

## Recognised in profit or loss

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tax expense on continuing operations	(1,422)	(10,320)	182	55
Share of tax of equity-accounted associates/joint ventures	1,836	697	-	-
Total tax expense	414	(9,623)	182	55
Major components of income tax expense include:				
<b>Income tax expense</b>				
Malaysian - current year	807	1,112	182	55
- prior year	(550)	(1,082)	-	-
Total income tax recognised in profit or loss	257	30	182	55
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(3,551)	(10,986)	-	-
Under provision in prior year	1,872	636	-	-
Total deferred tax recognised in profit or loss	(1,679)	(10,350)	-	-
Share of tax of equity-accounted associates/joint ventures	1,836	697	-	-
Total tax expense	414	(9,623)	182	55

## Notes to the Financial Statements

## 23. TAX EXPENSE (CONTINUED)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Reconciliation of tax expense</b>				
Loss for the year	(36,975)	(41,326)	(19,711)	(726)
Total tax expense	414	(9,623)	182	55
(Loss)/Profit excluding tax	(36,561)	(50,949)	19,529	(671)
Income tax calculated using Malaysian tax rate of 24%	(8,775)	(12,228)	(4,687)	(161)
Effect of tax rates in foreign jurisdictions	-	(421)	-	-
Non-deductible expenses	14,025	5,808	15,279	3,265
Tax exempt income	(65)	(645)	(573)	(446)
Non-taxable income	(9,768)	(190)	(9,837)	(2,603)
Recognition of previously unrecognised tax losses	(642)	(2,740)	-	-
Current year losses for which no deferred tax asset was recognised	4,261	1,239	-	-
	(964)	(9,177)	182	55
Overprovision in prior years	1,378	(446)	-	-
	414	(9,623)	182	55

## Notes to the Financial Statements

## 24. LOSS FOR THE YEAR

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Loss for the year is arrived at after charging/ (crediting)</b>					
<b>Auditors' remunerations</b>					
- Audit fees					
- Current year					
KPMG PLT		399	409	193	193
Overseas affiliates of KPMG PLT		46	75	-	-
Other auditors		103	93	-	-
- Non-audit fees					
- KPMG PLT		35	35	35	35
<b>Material expenses/(income)</b>					
Amortisation of intangible asset		1,139	1,387	-	-
Depreciation of property, plant and equipment		10,747	7,787	-	-
Depreciation of right-of-use assets		2,009	1,793	-	-
Dividend income from:					
- Other investment		(599)	(83)	(599)	(83)
- Joint ventures		-	-	(2,500)	(1,800)
Net fair value (gain)/loss on other investments		(1,615)	719	(1,187)	719
Finance income:					
- Subsidiaries		-	-	(2,710)	(4,509)
- Others		(3,952)	(1,477)	(3,317)	(763)
(Gain)/Loss on disposal of equity interest in subsidiaries		(7,233)	6	-	1
Loss on disposal of other investments		1,398	-	1,398	-
Fair value loss on investment property		51	-	-	-
Gain on disposal of property, plant and equipment		(227)	(121)	-	-
Gain on lease termination		-	(15)	-	-
Impairment losses:					
- Investments in joint ventures		4,287	322	-	-
- Investments in associate company		3,253	-	-	-
- Property, plant and equipment		15,167	-	-	-
- Prepayment		-	22,363	-	-
- Goodwill		7,511	7,006	-	-
- Customer relationship		2,254	-	-	-
- Right-of-use assets		1,142	-	-	-
- Intellectual property		-	1,486	-	-
- Assets held for sale		-	77	-	-

## Notes to the Financial Statements

## 24. LOSS FOR THE YEAR (CONTINUED)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Material expenses/(income) (continued)</b>					
Net realised foreign exchange (gain)/loss		(142)	144	441	127
Net unrealised foreign exchange gain		(5,253)	(1,327)	(7,861)	(1,295)
Other receivables written off		593	-	-	-
Personnel expenses (including key management personnel):					
- Contributions to Employees Provident Fund		2,508	2,513	644	613
- Wages, salaries and others		22,853	24,002	5,961	5,752
Property, plant and equipment written off		170	-	-	-
Profit guarantee		(11,100)	(20,800)	-	-
Waiver of amount due to subsidiaries		-	-	(25,160)	(20)
<b>Expenses/(income) arising from leases</b>					
Expenses relating to short term leases	25.1	46	34	-	-
Expenses relating to leases of low value assets	25.1	25	24	-	-
Rental income on premises		(106)	(134)	-	-
<b>Net loss on/(reversal of) impairment of financial instruments</b>					
Financial assets at amortised cost					
Impairment loss					
- Trade receivables		804	11,507	-	-
- Other receivables		10	-	-	-
- Profit guarantee		11,100	20,800	-	-
Reversal of impairment loss					
- Trade receivables		(916)	(40)	-	-
- Amounts due from subsidiaries		-	-	-	(526)
		10,998	32,267	-	(526)

**24.1** The Group leases office equipment and office spaces with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

## Notes to the Financial Statements

## 25. OTHER COMPREHENSIVE INCOME/(EXPENSE)

Group	Before tax RM'000	Tax RM'000	Net of tax RM'000
<b>2023</b>			
Foreign currency translation differences for foreign operations	(10,683)	-	(10,683)
<b>2022</b>			
Foreign currency translation differences for foreign operations	(2,797)	-	(2,797)

## 26. (LOSS)/EARNINGS PER ORDINARY SHARE

## Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 31 December 2023 was based on the (loss)/earnings attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(Loss)/Profit attributable to ordinary shareholders

Group	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
<b>2023</b>			
Loss attributable to ordinary shareholders	(21,193)	-	(21,193)
<b>2022</b>			
Loss attributable to ordinary shareholders	(24,324)	(6)	(24,330)

	Group	
	2023 '000	2022 '000
Weighted average number of ordinary shares		
1 January	1,012,413	1,012,413
Effect of treasury shares held	(6,211)	(721)
31 December	1,006,202	1,011,692

	Group	
	2023 Sen	2022 Sen
From continuing operations	(2.11)	(2.40)
From discontinued operations	-	-
Basic (loss)/earnings per ordinary share	(2.11)	(2.40)

## Notes to the Financial Statements

### 26. (LOSS)/EARNINGS PER ORDINARY SHARE (CONTINUED)

#### Diluted (loss)/earnings per ordinary share

The potential ordinary shares, warrants on issue, are anti-dilutive in nature as their respective exercise price exceeds the average market price of the ordinary shares. Accordingly, the diluted (loss)/earnings per ordinary share for the current and previous years are equal to the basic earnings/(loss) per ordinary share.

### 27. DIVIDENDS

Dividends recognised by the Company:

	Total amount RM'000	Date of payment
<b>2023</b>		
Interim share dividend of one (1) treasury share for every forty (40) existing ordinary shares held for financial year ended 31 December 2022	4,840	22 May 2023
<b>2022</b>		
Final share dividend of one (1) treasury share for every forty (40) existing ordinary shares held for financial year ended 31 December 2021	5,594	12 July 2022

## Notes to the Financial Statements

### 28. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Operating Officer) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Segment 1: Comprises constructions.
- Segment 2: Comprises glove manufacturing.
- Segment 3: Comprises trading and services.
- Segment 4: Comprises property development.

The sales and services are aggregated to form a reportable segment as trading and services due to similar nature and economic characteristics. The nature, processes and accounting treatment of the trading and services industry are similar.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return of assets of each segment.

#### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

#### Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire assets other than goodwill.



## Notes to the Financial Statements

## 28. OPERATING SEGMENTS (CONTINUED)

Group 2023	Constructions RM'000	Glove Manufacturing RM'000	Trading and Services RM'000	Property Development RM'000	Total Continuing Operations RM'000	Discontinued Operation RM'000	Total RM'000
<b>Segment (loss)/profit</b>	(8,408)	(26,841)	14,382	(875)	(21,742)	-	(21,742)
Included in the measure of segment (loss)/profit are:							
Revenue from external customers	102,484	38,535	13,591	-	154,610	-	154,610
Share of profit of associates	-	-	1,793	-	1,793	-	1,793
Share of profit of joint ventures	3,077	-	2,754	-	5,831	-	5,831
Not included in the measure of segment (loss)/profit but provided to CODM :							
Depreciation and amortisation	(1,162)	(6,864)	(5,585)	(284)	(13,895)	-	(13,895)
Finance costs	(775)	(643)	(650)	(1,215)	(3,283)	-	(3,283)
Finance income	3,914	5	8	25	3,952	-	3,952
Tax expense	573	1,700	(460)	(391)	1,422	-	1,422

## Notes to the Financial Statements

## 28. OPERATING SEGMENTS (CONTINUED)

Group 2023	Constructions RM'000	Glove Manufacturing RM'000	Trading and Services RM'000	Property Development RM'000	Total Continuing Operations RM'000	Discontinued Operation RM'000	Total RM'000
<b>Segment assets</b>	346,839	33,315	88,002	107,424	575,580	-	575,580
Included in the measure of segment assets are:							
Investment in associates	-	-	-	-	-	-	-
Investment in joint ventures	8,403	-	21,261	-	29,664	-	29,664
Additions to non-current assets other than financial instruments and deferred tax assets	4,602	2,657	12,391	-	19,650	-	19,650
<b>2022</b>							
<b>Segment profit/(loss)</b>	3,299	(43,383)	8,405	(965)	(32,644)	(6)	(32,650)
Included in the measure of segment profit/(loss) are:							
Revenue from external customers	134,762	52,267	17,080	-	204,109	-	204,109
Share of profit of associates	-	-	281	-	281	-	281
Share of profit of joint ventures	625	-	3,227	-	3,852	-	3,852
Not included in the measure of segment profit/(loss) but provided to CODM:							
Depreciation and amortisation	(1,632)	(6,315)	(2,736)	(284)	(10,967)	-	(10,967)
Finance costs	(557)	(665)	(250)	(1,201)	(2,673)	-	(2,673)
Finance income	1,432	25	2	18	1,477	-	1,477
Tax expense	605	10,599	(641)	(243)	10,320	-	10,320

## Notes to the Financial Statements

## 28. OPERATING SEGMENTS (CONTINUED)

Group 2022	Constructions RM'000	Glove Manufacturing RM'000	Trading and Services RM'000	Property Development RM'000	Total Continuing Operations RM'000	Discontinued Operation RM'000	Total RM'000
<b>Segment assets</b>	300,265	88,636	96,181	109,102	594,184	-	594,184
Included in the measure of segment assets are:							
Investment in associates	-	-	17,244	-	17,244	-	17,244
Investment in joint ventures	16,612	-	21,008	-	37,620	-	37,620
Additions to non-current assets other than financial instruments and deferred tax assets	1,252	10,804	573	-	12,629	-	12,629

## Notes to the Financial Statements

## 28. OPERATING SEGMENTS (CONTINUED)

## Reconciliations of reportable segment revenue, profit or loss, assets and other material items

	Group	
	2023 RM'000	2022 RM'000
<b>Profit or loss</b>		
Total loss for reportable segments	(21,742)	(32,644)
Depreciation and amortisation	(13,895)	(10,967)
Finance costs	(3,283)	(2,673)
Finance income	3,952	1,477
Unrealised and realised foreign exchange differences	4,959	1,183
Unallocated expenses:		
Corporate expenses	(8,388)	(8,016)
Consolidated Loss before tax from continuing operations	(38,397)	(51,640)
Loss from discontinued operation	-	(6)
Consolidated Loss before tax	(38,397)	(51,646)

## Geographical segments

The constructions, healthcare, trading and services and property development are managed on a worldwide basis, but operations are in Malaysia, Sri Lanka, the United Kingdom, Vietnam and other countries.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates and joint ventures) and deferred tax assets.

Group	Geographical information			
	Revenue	Non-current	Revenue	Non-current
	2023 RM'000	assets 2023 RM'000	2022 RM'000	assets 2022 RM'000
Malaysia	118,905	83,200	150,149	104,115
Unites States	13,538	-	10,192	-
Sri Lanka	-	75	5,575	181
India	11,038	24	19,635	24
The United Kingdom	1,111	6,369	1,156	6,263
Vietnam	-	-	-	15
Other countries	10,018	-	17,402	-
	154,610	89,668	204,109	110,598

## Notes to the Financial Statements

### 28. OPERATING SEGMENTS (CONTINUED)

#### Major customers

The Group did not specifically rely on concentrated customers as majority of the revenue of the Group are contract based. The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segment
	2023 RM'000	2022 RM'000	
- Customer A	19,172	50,679	Construction
- Customer B	43,685	20,806	Construction

### 29. FINANCIAL INSTRUMENTS

#### 29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL")

2023	Carrying amount RM'000	AC RM'000	FVTPL RM'000
<b>Financial assets</b>			
<b>Group</b>			
Other investments	49,022	-	49,022
Trade and other receivables	56,478	56,478	-
Cash and cash equivalents	155,793	155,793	-
	261,293	212,271	49,022
<b>Company</b>			
Other investments	37,783	-	37,783
Trade and other receivables	247,768	247,768	-
Cash and cash equivalents	94,620	94,620	-
	380,171	342,388	37,783

## Notes to the Financial Statements

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## 29.1 Categories of financial instruments (continued)

2022	Carrying amount RM'000	AC RM'000	FVTPL RM'000
<b>Financial assets</b>			
<b>Group</b>			
Other investments	19,590	-	19,590
Trade and other receivables	75,264	75,264	-
Cash and cash equivalents	140,072	140,072	-
	234,926	215,336	19,590
<b>Company</b>			
Other investments	13,520	-	13,520
Trade and other receivables	286,955	286,955	-
Cash and cash equivalents	84,883	84,883	-
	385,358	371,788	13,520
<b>2023</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings		(58,334)	(58,334)
Trade and other payables		(102,061)	(102,061)
		(160,395)	(160,395)
<b>Company</b>			
Loans and borrowings		(31,500)	(31,500)
Trade and other payables		(3,268)	(3,268)
		(34,768)	(34,768)
<b>2022</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings		(25,537)	(25,537)
Trade and other payables		(106,464)	(106,464)
		(132,001)	(132,001)
<b>Company</b>			
Loans and borrowings		(5,000)	(5,000)
Trade and other payables		(24,860)	(24,860)
		(29,860)	(29,860)

## Notes to the Financial Statements

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.2 Net losses and gain arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net (losses)/gain on:				
Financial assets at fair value through profit or loss	1,615	(719)	1,187	(719)
Financial assets at amortised cost	(1,283)	(29,648)	13,448	6,440
Financial liabilities measured at amortised cost	(3,283)	(2,673)	(268)	(269)
	(2,951)	(33,040)	14,367	5,452

#### 29.3 Financial risk management

The Group and the Company have exposure to the following risks from their financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 29.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to the subsidiaries.

##### Trade receivables and contract assets

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.



## Notes to the Financial Statements

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## 29.4 Credit risk (continued)

**Trade receivables and contract assets (continued)***Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

*Concentration of credit risk*

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic region was:

	Group	
	2023 RM'000	2022 RM'000
Domestic	98,227	98,547
Sri Lanka	-	-
United States	2,230	4,463
Vietnam	-	373
China	190	276
India	924	520
United Kingdom	171	220
Philippine	-	110
Thailand	1,059	-
Myanmar	34	-
Uzbekistan	136	-
	102,971	104,509

*Recognition and measurement of impairment losses*

For construction contracts, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

## Notes to the Financial Statements

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.4 Credit risk (continued)

##### Trade receivables and contract assets (continued)

*Recognition and measurement of impairment losses (continued)*

The following table provides information about the exposure to credit risk and Expected Credit Losses for trade receivables and contract assets as at the end of the reporting period.

Group	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
<b>2023</b>			
Not past due	95,381	-	95,381
Past due 1 - 30 days	4,475	-	4,475
Past due 31 - 60 days	1,186	-	1,186
Past due 61 - 90 days	97	-	97
	101,139	-	101,139
<b>Credit impaired</b>			
More than 90 days past due	7,880	(6,048)	1,832
Individually impaired	10,591	(10,591)	-
	119,610	(16,639)	102,971
Trade receivables	60,421	(16,639)	43,782
Contract assets	59,189	-	59,189
	119,610	(16,639)	102,971
<b>2022</b>			
Not past due	92,092	-	92,092
Past due 1 - 30 days	1,652	-	1,652
Past due 31 - 60 days	839	-	839
Past due 61 - 90 days	4,268	-	4,268
	98,851	-	98,851
<b>Credit impaired</b>			
More than 90 days past due	11,804	(6,146)	5,658
Individually impaired	11,507	(11,507)	-
	122,162	(17,653)	104,509
Trade receivables	71,023	(17,653)	53,370
Contract assets	51,139	-	51,139
	122,162	(17,653)	104,509

## Notes to the Financial Statements

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## 29.4 Credit risk (continued)

**Trade receivables and contract assets (continued)***Recognition and measurement of impairment losses (continued)*

Although certain trade receivables have become overdue, the Directors are reasonably confident that all debts can be recovered within the next 12 months.

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

Group	Credit impaired RM'000	Total RM'000
At 1 January 2022	(6,189)	(6,189)
Net remeasurement of loss allowance	(11,467)	(11,467)
At 31 December 2022/1 January 2023	(17,653)	(17,653)
Net remeasurement of loss allowance	1,014	1,014
At 31 December 2023	(16,639)	(16,639)

During previous financial year ended 31 December 2022, the Group's credit impaired balance in the Glove Manufacturing division of RM11,507,000 contributed the significant in loss allowance.

**Cash and cash equivalents***Risk management objectives, policies and processes for managing the risk*

The Group and the Company manage their balances and deposits with banks and financial institutions by monitoring their credit ratings on an ongoing basis.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

*Exposure to credit risk, credit quality and collateral*

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

## Notes to the Financial Statements

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### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.4 Credit risk (continued)

##### Financial guarantees

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and joint ventures. The Company monitors on an ongoing basis the results of both subsidiaries and joint ventures as well as repayments made by both subsidiaries and joint ventures.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM39,728,000 (2022: RM42,644,000) representing the outstanding banking facilities of the subsidiaries and joint ventures that was supported by the financial guarantee issued by the Company as at end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' and joint ventures' secured loans.

As at the end of the reporting period, there was no indication that the subsidiaries and joint ventures would default on repayment. There was no financial guarantee recognised at financial year end.

##### Other receivables

*Risk management objectives, policies and processes for managing the risk*

Credit risks on other receivables are mainly arising from deposits paid for office buildings, fixtures rented and utilities. These deposits will be received at the end of each lease term. The Group manages the credit risk together with the leasing arrangement.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

*Recognition and measurement of impairment loss*

As at the end of the reporting period, the Company did not recognised any allowance for impairment losses.

## Notes to the Financial Statements

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## 29.4 Credit risk (continued)

**Other receivables (continued)***Recognition and measurement of impairment loss (continued)*

The Group determines the probability of default for these debts individually. The movement in the allowance for impairment in respect of other receivables during the year is as follow:

Group	Credit impaired RM'000	Total RM'000
At 1 January 2022	(3,878)	(3,878)
Net remeasurement of loss allowance	-	-
At 31 December 2022/1 January 2023	(3,878)	(3,878)
Net remeasurement of loss allowance	(9)	(9)
At 31 December 2023	(3,887)	(3,887)

**Inter-company loans and advances***Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to subsidiaries, associates and joint ventures. The Company monitors the results of the subsidiaries, associates and joint ventures regularly.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their respective carrying amounts in the statements of financial position.

*Recognition and measurement of impairment loss*

Generally, the Company considers loans and advances to subsidiaries, associates and joint ventures have low credit risk. The Company considers a subsidiary, associate and joint venture's loan or advance to be credit impaired when:

- The subsidiary, associate or joint venture is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary, associate or joint venture is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

## Notes to the Financial Statements

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.4 Credit risk (continued)

##### Inter-company loans and advances (continued)

*Recognition and measurement of impairment loss (continued)*

The movement in the allowance for impairment in respect of subsidiaries' advances during the year is as follows:

Company	Credit impaired RM'000	Total RM'000
At 1 January 2022/31 December 2022/1 January 2023	(10,172)	(10,172)
Net remeasurement of loss allowance	2,046	2,046
At 31 December 2023	(8,126)	(8,126)

#### 29.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arise principally from their various payables, lease liabilities, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

## Notes to the Financial Statements

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## 29.5 Liquidity risk (continued)

*Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2023	Carrying amount RM'000	Contractual interest rate/ Discount rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
Non-derivative financial liabilities							
Term loans (secured)	380	4.51 – 10.06%	380	320	60	-	-
Term loans (unsecured)	3,023	3.85 – 13.50%	3,023	570	2,453	-	-
Bank overdraft (unsecured)	-	-	-	-	-	-	-
Finance lease liabilities	13,528	1.13 – 8.03%	14,361	3,934	9,218	1,206	3
Bankers' acceptance (unsecured)	6,163	3.76 – 4.94%	6,163	6,163	-	-	-
Revolving credits	31,500	6.12%	33,428	33,428	-	-	-
Lease liabilities	5,576	5.32 – 7.00%	5,576	1,868	866	2,842	-
Trust receipts (unsecured)	3,520	8.20%	3,520	3,520	-	-	-
Trade and other payables	102,061	-	102,061	96,862	3,065	2,134	-
	165,751		168,512	146,665	15,662	6,182	3
<b>Company</b>							
Non-derivative financial liabilities							
Financial guarantees	-	-	39,728	39,728	-	-	-
Revolving credit	31,500	6.12%	33,428	33,428	-	-	-
Trade and other payables	3,268	-	3,268	3,268	-	-	-
	34,768		76,424	76,424	-	-	-



## Notes to the Financial Statements

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## 29.5 Liquidity risk (continued)

Maturity analysis (continued)

2022	Carrying amount RM'000	Contractual interest rate/ Discount rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
Non-derivative financial liabilities							
Term loans (secured)	704	4.51 – 10.06%	703	259	305	139	-
Term loans (unsecured)	3,642	3.85 – 12.75%	3,642	620	3,022	-	-
Bank overdraft (unsecured)	22	8.15 – 8.40%	22	22	-	-	-
Finance lease liabilities	5,454	1.13 – 8.03%	5,829	2,258	1,844	1,682	45
Bankers' acceptance (unsecured)	6,606	3.09 – 4.85%	6,606	6,606	-	-	-
Revolving credits	5,000	4.58%	5,229	5,229	-	-	-
Lease liabilities	1,809	5.32 – 7.00%	1,854	1,380	288	186	-
Trust receipts (unsecured)	3,951	8.20%	3,951	3,951	-	-	-
Trade and other payables	106,464	-	106,464	102,254	2,749	1,461	-
	133,652		134,300	122,579	8,208	3,468	45
<b>Company</b>							
Non-derivative financial liabilities							
Financial guarantees	-	-	42,644	42,644	-	-	-
Revolving credit	5,000	4.58%	5,229	5,229	-	-	-
Trade and other payables	24,860	-	24,860	24,860	-	-	-
	29,860		72,733	72,733	-	-	-

## Notes to the Financial Statements

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## 29.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

## 29.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), United States Dollar ("USD"), Sri Lankan Rupee ("LKR"), Indian Rupee ("INR"), Great Britain Pound ("GBP"), Vietnamese Dong ("VND") and Australian Dollar ("AUD").

*Risk management objectives, policies and processes for managing the risk*

The Group ensures that the net exposure is kept to an acceptable level by monitoring the fluctuation of the foreign currencies.

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

2023	Denominated in						
	SGD RM'000	USD RM'000	LKR RM'000	INR RM'000	GBP RM'000	VND RM'000	AUD RM'000
<b>Group</b>							
Trade receivables	-	2,230	-	924	171	-	-
Cash and cash equivalents	51,655	3,910	3,616	235	27,211	705	14,900
Trade payables	-	-	(18)	-	-	-	-
<b>Net exposure</b>	<b>51,655</b>	<b>6,140</b>	<b>3,598</b>	<b>1,159</b>	<b>27,382</b>	<b>705</b>	<b>14,900</b>
<b>2022</b>							
<b>Group</b>							
Trade receivables	-	4,462	-	520	220	373	-
Cash and cash equivalents	46,990	6,740	3,649	251	23,684	674	13,714
Trade payables	-	-	(16)	-	-	(220)	-
<b>Net exposure</b>	<b>46,990</b>	<b>11,202</b>	<b>3,633</b>	<b>771</b>	<b>23,904</b>	<b>827</b>	<b>13,714</b>

## Notes to the Financial Statements

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.6 Market risk (continued)

##### 29.6.1 Currency risk (continued)

###### *Currency risk sensitivity analysis*

Foreign currency risk arises from Group entities which have Ringgit Malaysia as functional currency. The exposure to currency risk of Group entities which do not have a Ringgit Malaysia functional currency is not material and hence, sensitivity analysis is not performed.

A 10 percent strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remained constant.

	Profit or loss	
	2023 RM'000	2022 RM'000
SGD	(3,926)	(3,571)
USD	(467)	(851)
LKR	(273)	(276)
INR	(88)	(59)
GBP	(2,081)	(1,817)
VND	(54)	(63)
AUD	(1,132)	(1,042)
	(8,021)	(7,679)

A 10 percent weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect to the amounts shown on the above currencies, on the basis that all other variables remain constant.

##### 29.6.2 Interest rate risk

The Group's and the Company's investments in fixed rate debt securities, lease liabilities and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

###### *Risk management objectives, policies and processes for managing the risk*

The Group and the Company borrowed for operations at variable rates using its overdrafts, revolving credit, bankers' acceptance and term loan facilities, and use fixed rate lease liabilities and finance lease agreements to finance capital expenditure. Deposits are placed with established banks or financial institutions at the prevailing market rate.

## Notes to the Financial Statements

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## 29.6 Market risk (continued)

## 29.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Fixed rate instruments</b>				
Financial assets	135,515	116,508	244,371	297,016
Financial liabilities	(19,104)	(7,263)	-	-
	116,411	109,245	244,371	297,016
<b>Floating rate instruments</b>				
Financial assets	20,364	20,364	-	-
Financial liabilities	(44,806)	(20,083)	(31,500)	(5,000)
	(24,442)	281	(31,500)	(5,000)

*Interest rate risk sensitivity analysis*

*Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group Profit or loss		Company Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
<b>2023</b>				
Floating rate instruments	(186)	186	(239)	239
<b>2022</b>				
Floating rate instruments	2	(2)	(38)	38

## Notes to the Financial Statements

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## 29.6 Market risk (continued)

## 29.6.3 Price risk

Equity price risk arises from the Group's and Company's investment in quoted shares.

*Risk management objectives, policies and processes for managing the risk*

Management of the Group monitors the investment on portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the authorised person.

*Equity price risk sensitivity analysis*

The price of the Group's and Company's investment move in correlation with the quoted price at Bursa Malaysia.

A 10% strengthening on the share price at the end of the reporting period would have increased post-tax profit or loss by RM2,872,000 for investments classified as fair value through profit or loss. A 10% weakening on the share price would have had equal but opposite effect on profit or loss.

## 29.7 Fair value information

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

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>2023</b>										
<b>Group</b>										
<b>Financial assets</b>										
Other investments	37,783	6,239	5,000	49,022	-	-	-	-	49,022	49,022
<b>Financial liabilities</b>										
Term loans (secured)	-	-	-	-	-	-	(354)	(354)	(354)	(380)
Term loans (unsecured)	-	-	-	-	-	-	(2,794)	(2,794)	(2,794)	(3,023)
Finance lease liabilities	-	-	-	-	-	-	(13,106)	(13,106)	(13,106)	(13,528)
	-	-	-	-	-	-	(16,254)	(16,254)	(16,254)	(16,931)
<b>Company</b>										
<b>Financial assets</b>										
Other investments	37,783	-	-	37,783	-	-	-	-	37,783	37,783

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## 29.7 Fair value information (continued)

2022	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>Group</b>								
<b>Financial assets</b>								
Other investments	13,520	5,070	1,000	-	-	-	19,590	19,590
<b>Financial liabilities</b>								
Term loans (secured)	-	-	-	-	-	(679)	(679)	(704)
Term loans (unsecured)	-	-	-	-	-	(3,374)	(3,374)	(3,642)
Finance lease liabilities	-	-	-	-	-	(5,338)	(5,338)	(5,454)
	-	-	-	-	-	(9,391)	(9,391)	(9,800)
<b>Company</b>								
<b>Financial assets</b>								
Other investments	13,520	-	-	-	-	-	13,520	13,520

## Notes to the Financial Statements

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### 29.7 Fair value of information (continued)

##### Level 1 fair value

##### Investment in equity securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

##### Level 2 fair value

The fair value is calculated based on the net assets value of cash management fund as advised by financial institutions.

##### Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable used in the valuation models.

Type	Description of valuation technique and input used
Other investment	Discounted cash flows using a rate based on the current market rate at the reporting date

##### *Non-derivative financial asset and liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the interest rate determined at the end of the reporting period.

For finance leases, the market rate of interest is determined by reference to similar lease agreements. For secured and unsecured term loans, the carrying amounts approximate the fair value as they bear variable rates of interest determined based on a margin over the lender bank's base lending rate.

##### *Interest rates used to determine fair value*

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2023	2022
<b>Group</b>		
Finance lease liabilities	2.95%	2.79%



## Notes to the Financial Statements

**30. CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants.

The debt-to-equity ratios at 31 December 2023 and at 31 December 2022 were as follows:

	Group	
	2023 RM'000	2022 RM'000
Total loans and borrowings (Note 18)	58,334	25,537
Lease liabilities	5,576	1,809
Less: Cash and cash equivalents (Note 15)	(155,793)	(140,072)
Net debt	(91,883)	(112,726)
Total equity	396,595	447,630
Debt-to-equity ratio	-	-

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

Under the requirements of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement.

The Group is also required to maintain a debt-to-equity ratio at no more than 1.25 to comply with a bank covenant, failing which, the bank may call an event of default. The Group has complied with this requirement.

**31. RELATED PARTIES****Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationships with its subsidiaries (see Note 7), associates (see Note 8), joint ventures (see Note 9) and key management personnel (see Note 21).

## Notes to the Financial Statements

### 31. RELATED PARTIES (CONTINUED)

#### Transactions with key management personnel

#### Key management personnel compensation

Key management personnel compensation is disclosed in Note 21.

#### Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 12 and 19.

	Transaction value for year ended 31 December	
	2023 RM'000	2022 RM'000
<b>Group</b>		
Director		
- profit guarantee	11,100	20,800
<b>Company</b>		
Subsidiaries		
- interest income	2,710	4,509
- waiver of debts	25,160	20

### 32. CAPITAL AND OTHER COMMITMENTS

	Group	
	2023 RM'000	2022 RM'000
<b>Capital expenditure commitments</b>		
<b>Property, plant and equipment</b>		
Contracted but not provided for	-	990

## Notes to the Financial Statements

## 33. MATERIAL LITIGATIONS

The material litigations of the Group and the Company at the end of the reporting period are summarised as below:

	Note	Group	
		2023 RM'000	2022 RM'000
<b>Litigation</b>			
<b>Group</b>			
- Claims related to breach of contract	33.1	173,980	173,980
- Counterclaims from defendants	33.2	32,468	31,206
- Claims related to outstanding payment, variation works carried out, and retention sum payable	33.3	5,300	5,300
- Claims related to profit guarantee shortfall	33.4	10,626	-
<b>Company</b>			
- Claims related to profit guarantee shortfall	33.4	10,626	-

**33.1** A subsidiary is defending a legal suit filed by a supplier. The supplier claimed for losses on the purported basis that the subsidiary is in breach of an agreement. The legal suit is currently pending case management hearing.

Based on the legal advice, the Directors do not expect the outcome of the action to have a material effect on the Group's financial position.

In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Group.

**33.2** A subsidiary is also defending an action brought by its customers. The customers counterclaim for monies paid to the subsidiary, demurrage charges, bonded warehouse charges and freight forwarding charges. The lawyer is of the view that the subsidiary has a fair chance to defend the counterclaim. The legal suit is currently pending case management hearing fixed on 10.07.2024.

Based on the legal advice, the Directors do not expect the outcome of the action to have a material effect on the Group's financial position.

In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Group.

**33.3** A subsidiary is defending a legal suit filed by a sub-contractor. While liability is not admitted, if defence against the suit is unsuccessful, the estimated losses to be incurred by the subsidiary could amount to RM5,299,764.

Based on legal advice, the subsidiary has a good arguable defence to the claim and the Directors do not expect the outcome of the suit to have material effect on the Group's financial performance.

**33.4** A director of a subsidiary ("plaintiff") claims the Company, the subsidiary and certain directors of the Company that profit for the subsidiary during a certain period belong to the plaintiff and other damages.

The lawyer is in view the claim will not be successful. Based on the legal advice, the Company and the subsidiary do not expect the outcome of the action to have a material effect on the Group's financial performance.

## Notes to the Financial Statements

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### 34. SIGNIFICANT EVENTS

Significant events during the year are as follows:

#### 34.1 Dissolution of Salcon Petroleum Services (Labuan) Limited

On 1 January 2023, Salcon Petroleum Services (Labuan) Limited, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Petroleum Services (Labuan) Limited has been struck off the register of companies.

#### 34.2 Dissolution of Kunci Sempurna Sdn Bhd

On 6 January 2023, Kunci Sempurna Sdn Bhd, a wholly-owned subsidiary of the Company, has been dissolved and the name of Kunci Sempurna Sdn Bhd has been struck off the register of companies.

#### 34.3 Dissolution of Salcon Xinlian Sdn Bhd

On 30 May 2023, Salcon Xinlian Sdn Bhd, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Xinlian Sdn Bhd has been struck off the register of companies.

#### 34.4 Dissolution of Salcon Water (Asia) Limited

On 15 September 2023, Salcon Water (Asia) Limited, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Water (Asia) Limited has been struck off the register of companies.

#### 34.5 Dissolution of Salcon Water (HK) Limited

On 20 October 2023, Salcon Water (HK) Limited, a wholly-owned subsidiary of the Company, has been dissolved and the name of Salcon Water (HK) Limited has been struck off the register of companies.

### 35. SUBSEQUENT EVENT

#### Awarded Project for Design, Construction and Upgrading of Sewer Pipelines Works

During February 2024, a subsidiary of the Company accepted the Letter of Award issued by Penang Development Corporation (“PDC”) for the design, construction and upgrading of sewer pipelines and related works in Batu Kawan Industrial Park, Penang. The project is expected to be completed on 4 February 2026, and the contract sum is amounting to RM19,680,000.

# Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 123 to 204 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 2023 and of their financial performance and cash flows for the financial year then ended.

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

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**Tan Sri Dato' Tee Tiam Lee**  
Director

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**Dato' Leong Kok Wah**  
Director

Kuala Lumpur

Date: 26 April 2024

# Statutory Declaration pursuant to Section 251(1)(b) of the Companies Act 2016

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I, **Leong Yi Shen**, the officer primarily responsible for the financial management of Salcon Berhad, do solemnly and sincerely declare that the financial statements set out on pages 123 to 204 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 abovenamed Leong Yi Shen, NRIC: 900705-14-6055, MIA CA 42328 at Kuala Lumpur in the Federal Territory on 26 April 2024.

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**Leong Yi Shen**

Before me:

**Balwant Singh**  
(W857)  
Commissioner for Oaths  
Kuala Lumpur

# Independent Auditors' Report

to the members of Salcon Berhad (Company No. 200201026133 (593796-T)) (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Salcon Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 123 to 204.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. 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.

Revenue from construction contracts	
Refer to Note 20 - Revenue	
The key audit matter	How the matter was addressed in our audit
<p>The Group had a revenue of RM102 million from construction contracts for the year ended 31 December 2023.</p> <p>We have identified the revenue from construction contracts as a key audit matter as it requires management to exercise significant judgement with respect to estimated total costs of the contracts at completion and stage of completion of the constructions.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• Challenged senior operational, commercial and financial management's judgement by obtaining and assessing information to support the budget which includes suppliers' quotations and awarded sub-contracts;</li> <li>• Read board of directors' meetings on the progress of the projects and compared the status of the projects to the financial records;</li> <li>• Obtained and agreed the contract sums, variation orders and extension of time to supporting documentations; and</li> <li>• Discussed with management and compared the stage of completion to supporting documents and acceptance of billings by customers.</li> </ul>



# Independent Auditors' Report

to the members of Salcon Berhad  
(Company No. 200201026133 (593796-T)) (Incorporated in Malaysia)

<b>Impairment assessment for goodwill of cash-generating unit ("CGU")</b>	
Refer to Note 3 – Property, plant and equipment, Note 4 – Right-of-use assets and Note 5 – Intangible assets	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group performs an annual impairment assessment for goodwill. During the year, the Group has recorded a total impairment loss for glove manufacturing CGU amounting to RM26.1 million. The impairment loss has been allocated to goodwill amounting to RM7.5 million and the remaining to customer relationship, property, plant and equipment and right-of-use assets amounting to RM2.3 million, RM15.2 million and RM1.1 million, respectively.</p> <p>The Group has performed impairment assessment by comparing the carry amount against the recoverable amount based on estimated future cash flows of the CGU to which goodwill was allocated.</p> <p>The estimation of future cash flows involved prospective financial information based on assumptions made by the Directors.</p> <p>The determination of recoverable amount is inherently uncertain and it requires the exercise of significant judgement in applying key assumptions particularly the revenue growth, gross profit margin, terminal growth rate and discount rate.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• Evaluated the management's impairment assessment model against the requirements of the relevant accounting standards;</li> <li>• Evaluated the key assumptions used to determine recoverable amounts, in particular, those relating to revenue growth, gross profit margin, discount rate and terminal growth rate, by comparing them with historical performance, and internal and external sources of information;</li> <li>• Assessed the sensitivity of key assumptions to fluctuations to understand the impact of their reasonable changes to the recoverable amounts; and</li> <li>• Considered the adequacy of the disclosures in the financial statements.</li> </ul>

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our 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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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, IFRS Accounting 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.

# Independent Auditors' Report

to the members of Salcon Berhad  
(Company No. 200201026133 (593796-T)) (Incorporated in Malaysia)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company 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 gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

# Independent Auditors' Report

to the members of Salcon Berhad  
(Company No. 200201026133 (593796-T)) (Incorporated in Malaysia)

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

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

## Other Matter

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.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya, Selangor

Date: 26 April 2024

**Chua See Guan**  
Approval Number: 03169/02/2025 J  
Chartered Accountant

# Particulars of Group Properties

The properties of the Group as at 31 December 2023 and their net book values ("NBV") are indicated below:

## FREEHOLD BUILDINGS AND LAND

Company	Location/Address	Size & Usage	Approximate Age of Building	Date of Acquisition/Revaluation	NBV RM'000
Envitech Sdn. Bhd.	HS(D) 102104, PT No. 15914, Pekan Damansara, Daerah Petaling/No. 64, Jalan Penyair U1/44, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan	149 sq. metres of intermediate unit 1½ storey terraced factory	27 years	14/03/2002	220
Envitech Sdn. Bhd.	HS(D) 3422, Lot No. 3988, Mukim Damansara, Daerah Petaling, Selangor/No. 67, Jalan SS15/5A, 47500 Subang Jaya, Selangor Darul Ehsan	164 sq. metres of intermediate unit 3 storey terraced shop-office	44 years	15/03/2002	728
Eco-Coach & Tours (M) Sdn. Bhd.	No. 25, Jalan Seri Waja 2, Taman Industri Waja, 09000 Kulim, Kedah	1201 sq. metres of 1½ storey semi-detached factory	18 years	23/01/2013	880
Eco-Coach & Tours (M) Sdn. Bhd.	No. 26, Jalan Seri Waja 2, Taman Industri Waja, 09000 Kulim, Kedah	836 sq. metres of 1½ storey semi-detached factory	18 years	23/01/2013	880
					2,708

## LEASEHOLD BUILDING AND LAND

Company	Location/Address	Size & Usage	Approximate Age of Building	Date of Acquisition/Revaluation	NBV RM'000
JR Engineering and Medical Technologies (M) Sdn. Bhd.	Lot No. 8 & 10, Jalan Zurah 3 and Lot No. 1 & 3, Jalan Zurah 3A/1, Pusat Perindustrian 2, Mukim Rasa, Daerah Hulu Selangor, Selangor Darul Ehsan	89,071 sq. ft. of factory building	99 years leasehold expiring on 29/12/2115	28/02/2021	6,405
					6,405

## Particulars of Group Properties

### INVESTMENT PROPERTIES

Company	Location/Address	Size & Usage	Approximate Age of Building	Date of Acquisition/ Revaluation	NBV RM'000
Envitech Sdn. Bhd.	Bungalow Lot No. BB-034 Bandar Mahkota Banting, measuring an area approximately 465 square metres bearing postal address at No. 42, Jalan Angkasa 1A/5 Bandar Mahkota Banting, 42700 Banting, Selangor held under master title Geran 100210 Lot 19601 Mukim Tanjong Duabelas, District of Kuala Langat, State of Selangor	465 sq. metres of bungalow plot	15 years	22/10/2009	89
Envitech Sdn. Bhd.	Unit No. 2, Corner Ground Floor, Block E Shop & Office At Pulau Melaka	3,358 sq. ft. of corner ground shop & office	14 years	1/11/2011	781
Envitech Sdn. Bhd.	Unit No. 7, Intermediate Ground Floor, Block .K Shop & Office At Pulau Melaka	1,540 sq. ft. of intermediate ground shop & office	14 years	1/11/2011	367
Envitech Sdn. Bhd.	Ukay Perdana Shoplot as Lot No. SB-SG16	920 sq. ft. of intermediate shop	14 years	10/11/2011	284
Envitech Sdn. Bhd.	Ukay Perdana Shoplot as Lot No. SB-SG18	920 sq. ft. of intermediate shop	14 years	10/11/2011	298
Envitech Sdn. Bhd.	Ukay Perdana Shoplot as Lot No. SB-SG20	920 sq. ft. of intermediate shop	14 years	10/11/2011	298
Envitech Sdn. Bhd.	Ukay Perdana Shoplot as Lot No. SB-SG21	920 sq. ft. of intermediate shop	14 years	10/11/2011	284
Envitech Sdn. Bhd.	Ukay Perdana Shoplot as Lot No. SB-SG23	920 sq. ft. of intermediate shop	14 years	10/11/2011	473
Envitech Sdn. Bhd.	Ukay Perdana Shoplot as Lot No. SA-0106	920 sq. ft. of intermediate shop	14 years	10/11/2011	306
Envitech Sdn. Bhd.	Ukay Perdana Shoplot as Lot No. SB-0111	920 sq. ft. of intermediate shop	14 years	10/11/2011	406
Envitech Sdn. Bhd.	Unit No. Parcel 12A, 150 Ground Floor, Block D Shop & Office At Pulau Melaka	1,300 sq. ft. of end lot shop	12 years	22/11/2012	367
Envitech Sdn. Bhd.	Unit No. Parcel 12, Lot 151 Ground Floor, Block E Shop & Office At Pulau Melaka	1,300 sq. ft. of end lot shop	12 years	22/11/2012	372
Envitech Sdn. Bhd.	Unit No. Parcel 10, Lot 152 Ground Floor, Block E Shop & Office At Pulau Melaka	1,300 sq. ft. of intermediate shop	12 years	22/11/2012	338

## Particulars of Group Properties

## INVESTMENT PROPERTIES (CONTINUED)

Company	Location/Address	Size & Usage	Approximate Age of Building	Date of Acquisition/Revaluation	NBV RM'000
Envitech Sdn. Bhd.	Unit No. Parcel 8, Lot 153 Ground Floor, Block E Shop & Office At Pulau Melaka	1,300 sq. ft. of intermediate shop	12 years	22/11/2012	338
Envitech Sdn. Bhd.	Unit No. Parcel 6, 154 Ground Floor, Block E Shop & Office At Pulau Melaka	1,300 sq. ft. of intermediate shop	12 years	22/11/2012	338
Envitech Sdn. Bhd.	Unit No. Parcel 2A, Lot 155 Ground Floor, Block E Shop & Office At Pulau Melaka	1,300 sq. ft. of intermediate shop	12 years	22/11/2012	338
Envitech Sdn. Bhd.	Unit No. Parcel 27-1, Lot 329 (55-1), 1 <sup>st</sup> Floor, Block U Shop & Office At Pulau Melaka	3,007 sq. ft. of corner shop	12 years	22/11/2012	301
Envitech Sdn. Bhd.	Unit No. Parcel 28-1, Lot 315 (41-1), 1 <sup>st</sup> Floor, Block S Shop & Office At Pulau Melaka	2,626 sq. ft. of corner shop	12 years	22/11/2012	323
Envitech Sdn. Bhd.	Unit No. Parcel 21-1, Lot 338 (84-1), 1 <sup>st</sup> Floor, Block W Shop & Office At Pulau Melaka	2,885 sq. ft. of corner shop	12 years	22/11/2012	289
Envitech Sdn. Bhd.	Unit No. Parcel 61-2A, Lot 207 (191-2A), 2 <sup>nd</sup> Floor, Block J Shop & Office At Pulau Melaka	1,531 sq. ft. of corner shop	12 years	22/11/2012	201
Envitech Sdn. Bhd.	Unit No. Parcel 61-2B, Lot 207 (191-2B), 2 <sup>nd</sup> Floor, Block J Shop & Office At Pulau Melaka	1,418 sq. ft. of corner shop	12 years	22/11/2012	136
Salcon Engineering Berhad	B-PH-07, Casa Subang, Service Apartment Subang USJ 1	1,555 sq. ft. of service apartment	16 years	31/12/2015	550
JR Engineering and Medical Technologies (M) Sdn. Bhd.	No. 27, Jalan SL 2/2, Bandar Sungai Long, 43000 Kajang, Selangor	1,650 sq. ft. of intermediate double storey house	19 years	28/02/2021	583
					8,060

## Particulars of Group Properties

### LAND HELD FOR PROPERTY DEVELOPMENT

<b>Company</b>	<b>Location/Address</b>	<b>Size &amp; Usage</b>	<b>Approximate Age of Building</b>	<b>Date of Acquisition/ Revaluation</b>	<b>NBV RM'000</b>
Nusantara Megajuta Sdn. Bhd.	H.S.(D) 482930, No P.T.B. 22841, Bandar Johor Bahru, Daerah Johor Bahru, Johor Darul Ta'zim	10,077 sq. metres	99 years leasehold expiring on 7/6/2109	14/10/2014	20,947
Nusantara Megajuta Sdn. Bhd.	H.S.(D) 482931, No P.T.B. 22842, Bandar Johor Bahru, Daerah Johor Bahru, Johor Darul Ta'zim	41,399 sq. metres	99 years leasehold expiring on 7/6/2109	14/10/2014	86,055
					107,002



# Analysis of Shareholdings and Warrantholdings as at 29 March 2024

## I. Analysis of Shareholdings

Number of issued shares	: 1,012,413,655 ordinary shares (including 322,768 treasury shares held)
Class of shares	: Ordinary share
Voting rights	: One (1) vote per ordinary share

### Distribution of Shareholdings

Size of Shareholdings	Number of Shareholders	Number of Shares	Percentage of Issued Shares (%)
Less than 100	3,920	184,287	0.018
100 – 1,000	1,533	453,239	0.044
1,001 – 10,000	2,877	14,076,820	1.390
10,001 – 100,000	4,521	141,599,707	13.990
100,001 – less than 5% of issued shares	810	579,269,205	57.234
5% and above of issued shares	3	276,507,629	27.320
<b>Total</b>	<b>13,664</b>	<b>1,012,090,887</b>	<b>100.00</b>

### List of Substantial Shareholders

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	Percentage of Issued Shares (%) <sup>@</sup>	No. of Shares	Percentage of Issued Shares (%) <sup>@</sup>
Naga Muhibah Sdn. Bhd.	101,162,369	9.995	-	-
Tan Sri Dato' Tee Tiam Lee	58,545,017	5.784	68,430,260 <sup>(1)</sup>	6.761
Datin Goh Phaik Lynn	-	-	454,929 <sup>(2)</sup>	0.045
	-	-	5,459,250 <sup>(4)</sup>	0.539
	-	-	101,162,369 <sup>(5)</sup>	9.995
Dato' Leong Kok Wah	5,459,250	0.539	454,929 <sup>(2)</sup>	0.045
	-	-	101,162,369 <sup>(3)</sup>	9.995
Tee Xun Hao	236,563	0.023	-	-
Infra Tropika Sdn. Bhd.	68,430,260	6.761	-	-
Berjaya Corporation Berhad	-	-	150,445,000 <sup>(6)</sup>	14.865
Berjaya Group Berhad	-	-	150,445,000 <sup>(7)</sup>	14.865
Bizurai Bijak (M) Sdn Bhd	-	-	106,915,000 <sup>(8)</sup>	10.564
Juara Sejati Sdn Bhd	29,400,000	2.905	121,045,000 <sup>(9)</sup>	11.960
Berjaya Capital Berhad	-	-	106,915,000 <sup>(10)</sup>	10.564
Inter-Pacific Capital Sdn Bhd	106,915,000	10.564	-	-

#### Notes:

- @ Computation of percentage of shareholdings is based on the total issued shares of Salcon excludes 322,768 Shares held by Salcon as Treasury Shares.
- (1) Deemed interested through the shares held in Infra Tropika Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (2) Deemed interested through the shares held by children (Leong Yi Ping and Leong Yi Ming) pursuant to Section 8 of the Companies Act, 2016.
- (3) Deemed interested through the shares held by spouse (Datin Goh Phaik Lynn) in Naga Muhibah Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

## Analysis of Shareholdings and Warrantholdings as at 29 March 2024

- (4) Deemed interested through the shares held by spouse (Dato' Leong Kok Wah) pursuant to Section 8 of the Companies Act, 2016.
- (5) Deemed interested through shareholding in Naga Muhibah Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (6) Deemed interested by virtue of their 100% interest in Berjaya Group Berhad.
- (7) Deemed interested by virtue of their interest in Berjaya Capital Berhad, the holding company of Inter-Pacific Capital Sdn Bhd, REDtone Digital Berhad and their 100% interest in Juara Sejati Sdn Bhd.
- (8) Deemed interested by virtue of their interest in Berjaya Capital Berhad, the holding company of Inter-Pacific Capital Sdn Bhd.
- (9) Deemed interested by virtue of their interest in Berjaya Capital Berhad, the holding company of Inter-Pacific Capital Sdn Bhd. and their interest in REDtone Digital Berhad.
- (10) Deemed interested by virtue of their 100% equity interest in Inter-Pacific Capital Sdn Bhd.

### List of 30 Largest Shareholders

No.	Name of Shareholders	No. of Shares	Percentage of Issued Shares (%) <sup>®</sup>
1	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN.BHD. INTER-PACIFIC CAPITAL SDN BHD (A/C 83)	106,915,000	10.563
2	NAGA MUHIBAH SDN BHD	101,162,369	9.995
3	INFRA TROPIKA SDN BHD	68,430,260	6.761
4	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN.BHD. INTER-PACIFIC ASSET MANAGEMENT SDN BHD FOR AMANAH RAYA BERHAD FOR COMMON FUND	49,000,000	4.841
5	LEE THIAM LAI	43,531,323	4.301
6	TAN HENG TA	38,873,582	3.840
7	TAN SRI DATO' TEE TIAM LEE	38,815,090	3.835
8	KONG HON KONG	35,321,972	3.490
9	JUARA SEJATI SDN BHD	29,400,000	2.904
10	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' TEE TIAM LEE	19,729,927	1.949
11	REDTONE DIGITAL BERHAD	14,130,000	1.396
12	TENG LI LING	11,203,575	1.106
13	CHIN CHIN SEONG	9,774,837	0.965
14	PEMBINAAN PUNCA CERGAS SDN. BHD.	9,558,351	0.944
15	LOW KHEK HENG @ LOW CHOON HUAT	6,375,841	0.629
16	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LEONG KOK WAH	5,459,250	0.539
17	CHIN CHIN SEONG	4,843,331	0.478
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	3,843,181	0.379
19	DATO' SERI (DR.) GOH ENG TOON	3,487,852	0.344
20	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	3,271,239	0.323
21	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUARA SETARA SDN BHD (MGN-MSS0010M)	3,075,000	0.303
22	OOI CHENG SWEE @ WEE KWEE SWEE	2,995,003	0.295

## Analysis of Shareholdings and Warrantholdings as at 29 March 2024

No.	Name of Shareholders	No. of Shares	Percentage of Issued Shares (%) <sup>@</sup>
23	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TOW FOCK	2,900,000	0.286
24	JFCB HOLDINGS SDN BHD	2,818,120	0.278
25	CHOONG MOH KHENG	2,801,645	0.276
26	YEAT SIAW PING	2,617,294	0.258
27	PNG CHIEW CHUAN	2,597,803	0.256
28	NG CHOI	2,533,590	0.250
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SUI YUING (E-BTL)	2,480,013	0.245
30	GOH TAI SIANG	2,346,565	0.231
<b>Total</b>		<b>630,292,013</b>	<b>62.276</b>

Notes:

<sup>@</sup> Computation of percentage of issued shares is based on the total issued shares of Salcon excludes 322,768 shares held by Salcon as Treasury Shares.

### Directors' Shareholdings

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	Percentage of Issued Shares (%) <sup>@</sup>	No. of Shares	Percentage of Issued Shares (%) <sup>@</sup>
Tan Sri Abdul Rashid bin Abdul Manaf	-	-	-	-
Tan Sri Dato' Tee Tiam Lee	58,545,017	5.784	68,666,823 <sup>(1)</sup>	6.785
Dato' Leong Kok Wah	5,459,250	0.539	454,929 <sup>(2)</sup>	0.045
	-	-	101,162,369 <sup>(3)</sup>	9.995
Datin Goh Phaik Lynn	-	-	454,929 <sup>(2)</sup>	0.045
	-	-	5,459,250 <sup>(4)</sup>	0.539
	-	-	101,162,369 <sup>(5)</sup>	9.995
Chan Seng Fatt	-	-	-	-
Dato' Rosli bin Mohamed Nor	-	-	-	-

Notes:

<sup>@</sup> Computation of percentage of shareholdings is based on the total issued shares of Salcon excludes 322,768 Shares held by Salcon as Treasury Shares.

- (1) (i) Deemed interested through the shares held in Infra Tropika Sdn Bhd pursuant to Section 8 of the Companies Act, 2016  
(ii) Deemed interested pursuant to Section 59(11)(c) of the Companies Act, 2016 through shares held by child (Tee Xun Hao)
- (2) Deemed interested through the shares held by children (Leong Yi Ping and Leong Yi Ming) pursuant to Section 8 of the Companies Act, 2016.
- (3) Deemed interested through the shares held by spouse (Datin Goh Phaik Lynn) in Naga Muhibah Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (4) Deemed interested through the shares held by spouse (Dato' Leong Kok Wah) pursuant to Section 8 of the Companies Act, 2016.
- (5) Deemed interested through the shareholding in Naga Muhibah Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

## Analysis of Shareholdings and Warrantholdings as at 29 March 2024

### II. Analysis of Warrantholdings

Number of outstanding Warrant B	: 336,566,643
Exercise price	: RM0.30
Exercise period	: 20 July 2018 to 19 July 2025
Exercise rights	: Each warrant entitles the holder to subscribe for one new ordinary share in the Company
Voting rights	: Not entitled to voting rights*

\* Warrantholders are not entitled to any voting rights except for the events of winding-up, compromise or arrangement of the Company as set out in the Deed Poll dated 29 June 2018.

### Distribution of Warrantholdings

Size of Warrantholdings	Number of Warrantholders	Number of Warrants	Percentage of Outstanding Warrants (%)
Less than 100	2,765	101,164	0.030
100 – 1,000	733	312,977	0.092
1,001 – 10,000	2,749	11,436,814	3.398
10,001 – 100,000	1,621	53,432,123	15.875
100,001 – less than 5% of outstanding warrants	385	194,884,131	57.903
5% and above of outstanding warrants	3	76,399,434	22.699
<b>Total</b>	<b>8,256</b>	<b>336,566,643</b>	<b>100.00</b>

### List of 30 Largest Warrantholders

No.	Name of Warrantholders	No. of Warrants	Percentage of Outstanding Warrants (%)
1	NAGA MUHIBAH SDN BHD	35,207,844	10.460
2	INFRA TROPIKA SDN BHD	23,815,990	7.076
3	TAN SRI DATO' TEE TIAM LEE	17,375,600	5.162
4	GOH CHUAN YONG	14,699,500	4.367
5	RAJA MUHAMMAD BIN RAJA OMAR	8,091,400	2.404
6	WAN AHMAD SHAIPUDDIN BIN WAN IBRAHIM	5,175,400	1.537
7	M.ELANGKUMARAN A/L MASLAMANY	3,297,700	0.979
8	LEE CHI MEI	3,000,000	0.891
9	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' TEE TIAM LEE	3,000,000	0.891
10	GAN CHING HAN @ PAUL NGAN CHING HAN	2,915,000	0.866
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANB RESOURCES SDN BHD (E-SPG/SSA)	2,634,200	0.782

## Analysis of Shareholdings and Warrantholdings as at 29 March 2024

No.	Name of Warrantholders	No. of Warrants	Percentage of Outstanding Warrants (%)
12	LEE KUAN WOON	2,529,000	0.751
13	PEMBINAAN PUNCA CERGAS SDN. BHD.	2,500,000	0.742
14	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO CHEE YAN (030)	2,300,011	0.683
15	TEOH SENG LEE	2,200,000	0.653
16	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TOW FOCK	2,000,000	0.594
17	LAM SEONG VOON	1,930,000	0.573
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	1,928,550	0.573
19	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LEONG KOK WAH	1,900,000	0.564
20	LEE POH HUAT	1,684,800	0.500
21	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	1,638,500	0.486
22	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR MUHAMMAD U-ZAIR BIN MD SUHUD	1,604,000	0.476
23	NURAIMAN BIN JAAFAR	1,522,700	0.452
24	CHONG YEW MUN	1,500,000	0.445
25	AW YONG REN YONG	1,490,000	0.442
26	LEE BEE GEOK	1,474,300	0.438
27	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS )	1,466,832	0.435
28	MOHD SYAZUWAN BIN ABD JALIL	1,411,600	0.419
29	TAN GIN LEE @ TAN JIN LEE	1,400,000	0.415
30	PANG GO SONG	1,344,000	0.399
<b>Total</b>		<b>153,036,927</b>	<b>45.470</b>

## Analysis of Shareholdings and Warrantholdings as at 29 March 2024

### Directors' Warrantholdings

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	Percentage of Outstanding Warrants (%)	No. of Warrants	Percentage of Outstanding Warrants (%)
Tan Sri Abdul Rashid bin Abdul Manaf	-	-	-	-
Tan Sri Dato' Tee Tiam Lee	20,375,600	6.054	23,898,323 <sup>(1)</sup>	7.101
Dato' Leong Kok Wah	1,900,000	0.565	158,332 <sup>(2)</sup>	0.047
	-	-	35,207,844 <sup>(3)</sup>	10.461
Datin Goh Phaik Lynn	-	-	158,332 <sup>(2)</sup>	0.047
	-	-	1,900,000 <sup>(4)</sup>	0.565
	-	-	35,207,844 <sup>(5)</sup>	10.461
Chan Seng Fatt	-	-	-	-
Dato' Rosli bin Mohamed Nor	-	-	-	-

#### Notes:

- (1) (i) Deemed interested through the shares held in Infra Tropika Sdn Bhd pursuant to Section 8 of the Companies Act, 2016  
(ii) Deemed interested pursuant to Section 59(11)(c) of the Companies Act, 2016 through warrants held by child (Tee Xun Hao)
- (2) Deemed interested through the warrants held by children (Leong Yi Ping and Leong Yi Ming) pursuant to Section 8 of the Companies Act, 2016.
- (3) Deemed interested through the shares held by spouse (Datin Goh Phaik Lynn) in Naga Muhibah Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (4) Deemed interested through the warrants held by spouse (Dato' Leong Kok Wah) pursuant to Section 8 of the Companies Act, 2016.
- (5) Deemed interested through the shareholding in Naga Muhibah Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

# Notice of the Twenty-First Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-First Annual General Meeting (“**21<sup>st</sup> AGM**”) of Salcon Berhad (“**Company**”) will be conducted on a virtual basis through live streaming from the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (“**Broadcast Venue**”) on Thursday, 13 June 2024 at 10:30 a.m., to transact the following businesses:

## AGENDA

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees of up to RM310,000 for the period immediately after the 21<sup>st</sup> AGM until the next AGM of the Company to be held in 2025.
3. To approve the payment of Directors’ benefits of up to RM200,000 for the period immediately after the 21<sup>st</sup> AGM until the next AGM of the Company to be held in 2025.
4. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Company’s Constitution:
  - (i) Dato’ Leong Kok Wah
  - (ii) Mr Chan Seng Fatt
5. To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

*[Please refer to Explanatory Note 1 on Ordinary Business]*

[Ordinary Resolution 1]

*[Please refer to Explanatory Note 2 on Ordinary Business]*

[Ordinary Resolution 2]

*[Please refer to Explanatory Note 2 on Ordinary Business]*

*[Please refer to Explanatory Note 3 on Ordinary Business]*

[Ordinary Resolution 3]

[Ordinary Resolution 4]

[Ordinary Resolution 5]

*[Please refer to Explanatory Note 4 on Ordinary Business]*

### SPECIAL BUSINESS

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

#### 6. APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR

“THAT subject to the passing of Ordinary Resolution 4 above, approval be and is hereby given for Mr Chan Seng Fatt who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.”

*[Please refer to Explanatory Note 1 on Special Business]*

[Ordinary Resolution 6]

#### 7. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“**Act**”), Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Listing Requirements**”) and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to allot and issue shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“**New Shares**”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of

*[Please refer to Explanatory Note 2 on Special Business]*

[Ordinary Resolution 7]

## Notice of the Twenty-First Annual General Meeting

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any security, or to be allotted and issued under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being (“**Proposed General Mandate**”).

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

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

whichever is the earlier.

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

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

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

### 8. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

*[Please refer to Explanatory  
Note 3 on Special Business]*

[Ordinary Resolution 8]

“THAT subject always to the Companies Act 2016 (“**Act**”), the Constitution of the Company, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Listing Requirements**”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of issued shares in the Company (“**Shares**”) purchased (“**Purchased Shares**”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“**Proposed Share Buy-Back**”).



## Notice of the Twenty-First Annual General Meeting

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
- (viii) To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

9. To consider any other business of which due notice shall have been given.

## Notice of the Twenty-First Annual General Meeting

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### BY ORDER OF THE BOARD

**Law Mee Poo [SSM PC No.: 201908002275 (MAICSA 7033423)]**

**Joanne Toh Joo Ann [SSM PC No.:202008001119 (LS 0008574)]**

Company Secretaries

Kuala Lumpur

30 April 2024

### NOTES:-

#### 1. IMPORTANT NOTICE FOR VIRTUAL MEETING

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. Member(s), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 21<sup>st</sup> Annual General Meeting (“**AGM**”).

Members are to attend, speak (including posing questions to the Board of Directors (“**Board**”) via real time submission of typed texts) and vote (collectively, “**participate**”) remotely at the 21<sup>st</sup> AGM via the Remote Participation and Voting (“**RPV**”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tjih.online>.

**Please read these Notes carefully and follow the procedure in the Administrative Guide for the 21<sup>st</sup> AGM in order to participate remotely via RPV.**

#### 2. APPOINTMENT OF PROXY

- (a) For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 6 June 2024. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM or appoint a proxy or proxies to participate on his/her/its behalf via RPV.
- (b) A member who is entitled to participate at this 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 place. A proxy may but need not be a member of the Company.
- (c) A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
- (d) Where a member of the Company is an authorised nominee as defined in 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.
- (e) 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 Section 25A(1) of the Central Depositories Act.
- (f) 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.

## Notice of the Twenty-First Annual General Meeting

- (g) A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV must request **his/her proxy or attorney or authorised representatives 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 the AGM.
- (h) The appointment of a proxy may be made in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting 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 Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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.
  - (ii) By electronic form  
In the case of an appointment of a proxy made in electronic form, the proxy form must be deposited via the TIIH Online website at <https://tiih.online>. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of the proxy form.
- (i) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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 not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (j) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (k) Last date and time for lodging this proxy form is on **Tuesday, 11 June 2024 at 10:30 a.m.**
- (l) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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. 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.

## Notice of the Twenty-First Annual General Meeting

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### EXPLANATORY NOTES ON ORDINARY BUSINESS

1. **Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2023**

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this item on the Agenda is not being put forward for voting by shareholders of the Company.

2. **Ordinary Resolutions 1 and 2 – Payment of Directors’ Fees and Benefits**

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The proposed Resolution 1 is to facilitate the payment of Directors’ fees for the period from the 21<sup>st</sup> AGM up to the next AGM to be held in 2025, which are calculated based on the current Board size. In the event the proposed amount of the Directors’ fees is insufficient (due to the enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

The Directors’ benefits under proposed Resolution 2 comprise a fixed meeting allowance payable to Non-Executive Directors for attendance at the Board and/or Board Committee meetings and other benefits for Executive Directors. The proposed amount is calculated based on the current Board size and the number of scheduled and/or special Board and Board Committees meetings for the period from the 21<sup>st</sup> AGM up to the next AGM to be held in 2025.

In the event the proposed amount of Directors’ benefits is insufficient (eg. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the shortfall.

3. **Ordinary Resolutions 3 and 4 – Re-election of Directors pursuant to Clause 76(3) of the Company’s Constitution**

Dato’ Leong Kok Wah and Mr Chan Seng Fatt are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 21<sup>st</sup> AGM.

Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance (“MCCG”), the profiles of both Directors are set out in the Directors’ profile of the Annual Report 2023. The Board has through the Nomination Committee (“NC”), considered the assessment of the said Directors pursuant to the Fit and Proper Policy adopted by the Company and agreed that they meet the criteria as prescribed by Paragraph 2.20A of Bursa Securities Main Market Listing Requirements (“Listing Requirements”) of on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The justifications to support the Board’s recommendation to re-elect the aforementioned Directors are as follows:

- (a) Dato’ Leong Kok Wah, the Executive Director of the Company, has an extensive career and vast experience in stock broking, asset management and futures and options trading. He provides insight and advise on business management to improve the efficiency of the Group as and when required. He has exercised his due care and carried out his professional duty proficiently during his tenure as Executive Director of the Company.
- (b) Mr Chan Seng Fatt, the Senior Independent Non-Executive Director of the Company, has extensive experience and an illustrious career in external and management auditing, financial management, corporate finance, stockbroking and senior level operation and general management. He is able to provide valuable input to steer the Company forward.

Based on the above, the Board collectively agreed that both Directors had met the criteria as prescribed by Paragraph 2.20A of Bursa Securities Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors and recommended the said Directors be re-elected as Directors of the Company.

## Notice of the Twenty-First Annual General Meeting

### 4. **Ordinary Resolution 5 – Re-appointment of Auditors**

The Board has through the Audit and Risk Management Committee (“ARMC”), considered the re-appointment of Messrs. KPMG PLT as Auditors of the Company. The factors considered by the ARMC in making the recommendation to the Board to table the re-appointment of Messrs. KPMG PLT at the forthcoming AGM, included an assessment of the Auditors’ independence and objectivity, calibre and quality process/performance.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

### 1. **Ordinary Resolution 6 – Approval to Continue in Office as Independent Director**

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders to be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

Mr Chan Seng Fatt was appointed to the Board on 17 December 2014 as Independent Director. Hence, he has served for more than nine (9) years.

The NC and the Board had assessed the independence of Mr Chan Seng Fatt and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justification:

- (i) he fulfilled the criteria of an Independent Director pursuant to Bursa Securities Listing Requirements;
- (ii) he is familiar with the Company’s business operations as he has been with the Company for a period of more than nine (9) years;
- (iii) his long tenure with the Company has neither impaired nor compromised his independent judgement. He is free from any business or other relationships which could interfere with his exercise of independent judgement. He continues to remain objective and is able to exercise independent judgement in expressing his views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;
- (iv) he has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
- (v) he has exercised due care during his tenure as an Independent Director of the Company and carried out his duties in the interest of the Company and shareholders.

The proposed Resolution 6, if passed, will enable Mr Chan Seng Fatt to continue to act as an Independent Non-Executive Director of the Company.

## Notice of the Twenty-First Annual General Meeting

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2. **Ordinary Resolution 7 – Authority to allot and issue shares pursuant to Sections 75 and 76 of The Companies Act 2016**

The proposed Ordinary Resolution 7, if passed, would renew the mandate granted to the Directors at the 20<sup>th</sup> AGM held on 21 June 2023 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), business expansion, working capital and/or acquisition(s) 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 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 AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

As at the date of this Notice, the Company did not allot any shares pursuant to the shareholders' mandate granted to the Directors at the 20<sup>th</sup> AGM as there were no requirements for such fundraising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital, repayment of bank borrowings and/or acquisitions.

3. **Ordinary Resolution 8 – Proposed Renewal of Authority for the Company to purchase its own shares**

The proposed Resolution 8, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 30 April 2024 in relation to the Proposed Renewal of Authority for Share Buy-Back for further details.

# Key Performance Indicators

## Business Model & Innovation

Indicators	Unit of Measurement	2021	2022	2023
<b>Customer's Satisfaction Score</b>				
- Engineering & Construction (Water)	%	63%	81%	67.5%
- Engineering & Construction (Wastewater)	%	80%	83%	77.5%
- Transportation	%	n/a	85%	96.5%
<b>Supplier/Sub-con Evaluation Score</b>				
- Engineering & Construction (Water)	%	89%	90%	90%
- Engineering & Construction (Water) Subcontractors	%	65%	65%	64%
- Engineering & Construction (Wastewater)	%	90%	90%	90%
- Technology Services	%	100%	98%	90%
<b>Proportion of Spending on Local Suppliers (Bursa c7(a))</b>				
- Engineering & Construction (Water)	%	-	99.5%	100%
- Engineering & Construction (Wastewater)	%	-	100%	100%
- Technology Services	%	-	100%	97%
- Transportation	%	-	100%	100%
- Renewable Energy	%	-	100%	100%

## Leadership & Governance

Indicators*	Categories	Unit of Measurement	2021	2022	2023
Percentage of employees who have received training on anti-corruption by employee Category (Bursa C1(a))	Non-executive	%	-	-	21
	Executive	%	-	-	58
	Manager	%	-	-	56
	Senior Manager & above	%	-	-	70
Percentage of operations assessed for corruption-related risks (Bursa C1(b))		%	100%	100%	100%
Confirmed incidents of corruption and action taken (Bursa C1(c))		number	0	0	0
Number of Board Directors		number	7	6	6
Number of independent Directors on the board		number	4	3	3
Number of women on the board		number	1	1	1
Annual General Meeting: Number of days between the date of notice and date of meeting		number	57	55	54

### Notes:

- \*\*\* refers to Bursa Malaysia Common and/or Sector-specific Sustainability Matters
- indicates the data is not available.

## Human Capital

Indicators	2021		2022		2023	
	number	%	number	%	number	%
<b>i) Employee Count</b>						
Total Employees	383	-	438	-	410	-
<b>ii) Employee Diversity</b>						
<b>Employee gender</b>						
Male	206	53.8%	278	63.5%	205	50.0%
Female	177	46.2%	160	36.5%	205	50.0%

## Key Performance Indicators

Indicators		2021		2022		2023	
		number	%	number	%	number	%
<b>Employee nationality</b>							
Malaysia	Permanent	368	-	254	77.2%	242	72.9%
	Contract		-	68	20.7%	69	20.8%
	Intern/Protégé		-	7	2.1%	21	6.3%
Thailand	Permanent	1	-	0	0.0%	1	50.0%
	Contract		-	1	100.0%	1	50.0%
Sri Lanka	Permanent	8	-	0	0.0%	5	100.0%
	Contract		-	6	100.0%	0	0.0%
India	Permanent	0	-	0	0.0%	0	0.0%
	Contract		-	57	100.0%	47	100.0%
Vietnam	Permanent	6	-	5	83.3%	4	100.0%
	Contract		-	1	16.7%	0	0.0%
Others	Permanent	0	-	0	0.0%	1	2.4%
	Contract		-	46	100.0%	40	97.6%
<b>Total</b>				<b>445</b>		<b>431</b>	
<b>Ethnicity (Malaysia only)</b>							
Malay		171	46.5%	167	59.2%	112	35.8%
Chinese		82	22.3%	78	27.7%	75	24.0%
Indian		90	24.5%	30	10.6%	67	21.4%
Others		25	6.8%	7	2.5%	59	18.8%
<b>Total</b>		<b>368</b>	<b>100.0%</b>	<b>282</b>	<b>100.0%</b>	<b>313</b>	<b>100.0%</b>
<b>Age Group</b>							
<30 yo		99	25.8%	128	29.2%	124	30.2%
30-49 yo		199	52.0%	228	52.1%	206	50.2%
>50 yo		85	22.2%	82	18.7%	80	19.5%
<b>Total</b>		<b>383</b>	<b>100.0%</b>	<b>438</b>	<b>100.0%</b>	<b>410</b>	<b>100.0%</b>
<b>Age Group by employment level (Bursa C3(a))*</b>							
Executives	<30 yo	-	-	30	22.1%	36	26.1%
	30-49 yo	-	-	82	60.3%	76	55.1%
	>50 yo	-	-	24	17.6%	26	18.8%
Non-Executives	<30 yo	-	-	98	45.4%	88	46.8%
	30-49 yo	-	-	98	45.4%	85	45.2%
	>50 yo	-	-	20	9.3%	15	8.0%
Manager	<30 yo	-	-	0	0.0%	0	0.0%
	30-49 yo	-	-	36	69.2%	37	67.3%
	>50 yo	-	-	16	30.8%	18	32.7%
Senior Manager & above	<30 yo	-	-	0	0.0%	0	0.0%
	30-49 yo	-	-	12	35.3%	8	27.6%
	>50 yo	-	-	22	64.7%	21	72.4%



## Key Performance Indicators

Indicators		2021		2022		2023	
		number	%	number	%	number	%
<b>Age Group by employment function</b>							
Technical & Engineering	<30 yo	-	-	104	34.8%	100	34.8%
	30-49 yo	-	-	156	52.2%	139	48.4%
	>50 yo	-	-	39	13.0%	48	16.7%
Corporate & Admin	<30 yo	-	-	23	16.4%	23	18.7%
	30-49 yo	-	-	74	52.9%	68	55.3%
	>50 yo	-	-	43	30.7%	32	26.0%
<b>Gender by employment level (Bursa C3(b))*</b>							
Executives	Male	210	-	65	47.8%	65	47.1%
	Female		-	71	52.2%	73	52.9%
Non-Executives	Male	173	-	154	71.3%	126	67.0%
	Female		-	62	28.7%	62	33.0%
Manager	Male	-	-	35	67.3%	36	65.5%
	Female	-	-	17	32.7%	19	34.5%
Senior Manager & above	Male	-	-	24	70.6%	22	75.9%
	Female	-	-	10	29.4%	7	24.1%
<b>Total</b>		<b>383</b>		<b>438</b>		<b>410</b>	
<b>Gender by employment function</b>							
Technical & Engineering	Male	-	-	232	77.9%	198	69.0%
	Female	-	-	66	22.1%	89	31.0%
Corporate & Admin	Male	-	-	45	32.1%	51	41.5%
	Female	-	-	95	67.9%	72	58.5%
<b>Total</b>				<b>438</b>		<b>410</b>	
<b>Gender by Employment Type</b>							
Permanent	Male	-	-	128	49.4%	123	48.6%
	Female	-	-	131	50.6%	130	51.4%
Contract/Temporary	Male	-	-	150	84.3%	128	81.5%
	Female	-	-	28	15.7%	29	18.5%
Intern/Protégé	Male	-	-	1	14.3%	11	52.4%
	Female	-	-	6	85.7%	10	47.6%
<b>Total</b>				<b>444</b>		<b>431</b>	
<b>Employees that are contractors or temporary staff</b>							
Percentage of employees that are contractors or temporary staff (Bursa C6(b))*		-	-	179	40.9%	157	38.3%
<b>New employees recruited</b>							
New employees recruited by gender	Male	-	-	97	59.5%	30	22.9%
	Female	-	-	66	40.5%	101	77.1%
New employees recruited by employee type	Permanent	149	94.9%	83	50.9%	40	30.5%
	Non-permanent	8	5.1%	76	46.6%	70	53.4%
	Interns/Protégé	-	-	4	2.5%	21	16.0%
New employees recruited by age group	<30 yo	-	-	102	62.6%	96	73.3%
	30-49 yo	-	-	58	35.6%	32	24.4%
	>50 yo	-	-	3	1.8%	3	2.3%

## Key Performance Indicators

Indicators		2021		2022		2023	
		number	%	number	%	number	%
New employees recruited by country	Malaysia	-	-	117	71.8%	130	98.5%
	Thailand	-	-	0	0.0%	0	0.0%
	Sri Lanka	-	-	0	0.0%	0	0.0%
	Vietnam	-	-	0	0.0%	0	0.0%
	India	-	-	46	28.2%	1	0.8%
<b>Employee Turnover Rate</b>							
Total turnover		107	21.4%	113	25.8%	120	29.3%
<b>Employee Turnover*</b>							
Employee turnover by employment category ( <i>Bursa C6(c)</i> )	Non-executive	-	-	67	59.3%	82	68.3%
	Executive	-	-	32	28.3%	30	25.0%
	Manager	-	-	13	11.5%	8	6.7%
	Senior Manager & above	-	-	1	0.9%	0	0.0%
Employee turnover by employment function	Technical & Engineering	-	-	78	69.0%	85	70.8%
	Corporate & Admin	-	-	35	31.0%	35	29.2%
Employee turnover by gender	Male	-	-	52	46.0%	38	31.7%
	Female	-	-	61	54.0%	82	68.3%
Employee turnover by age group	<30 yo	-	-	60	56.6%	73	62.9%
	30-49 yo	-	-	46	43.4%	43	37.1%
	>50 yo	-	-	7	6.2%	4	3.3%
Employee turnover by country	Malaysia	-	-	112	99.1%	120	100.0%
	Thailand	-	-	0	0.0%	0	0.0%
	Sri Lanka	-	-	1	0.9%	0	0.0%
	Vietnam	-	-	0	0.0%	0	0.0%
	India	-	-	0	0.0%	0	0.0%
Senior management's locality	Malaysian	-	-	30	93.8%	27	77.1%
	Non-Malaysian	-	-	2	6.3%	8	22.9%
<b>iii) Employee Attrition</b>							
Total Attrition		82	21.4%	113	25.8%	120	29.3%
<b>iv) Employee Retention</b>							
Total Retention		301	78.6%	325	74.2%	290	70.7%
<b>v) Board Diversity*</b>							
<b>Gender (<i>Bursa C3(b)</i>)</b>							
Male		6	85.7%	5	83.3%	5	83.3%
Female		1	14.3%	1	16.7%	1	16.7%
<b>Total</b>		<b>7</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>
<b>Age Group (<i>Bursa C3(b)</i>)</b>							
40-50 yo		0	0.0%	0	0.0%	0	0.0%
>50 yo		7	100.0%	6	100.0%	6	100.0%
<b>Total</b>		<b>7</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>

## Key Performance Indicators

Indicators		2021		2022		2023	
		number	%	number	%	number	%
<b>Ethnicity</b>							
Malay		2	28.6%	2	33.3%	2	33.3%
Chinese		5	71.4%	4	66.7%	4	66.7%
Others		0	0.0%	0	0.0%	0	0.0%
<b>Total</b>		<b>7</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>
<b>vi) Training &amp; Development*</b>							
<b>Training hours &amp; participants<sup>5</sup></b>							
Total training hours		-	-	-	-	3,768	-
Total training hours by employee category (Bursa C6(a))	Executive	-	-	-	-	2,351	62.4%
	Non-Executive	-	-	-	-	477	12.7%
	Manager	-	-	-	-	684	18.2%
	Senior Manager & above	-	-	-	-	256	6.8%
Average training hours/employee		1.79	-	3.1	-	8.56	-
Average training hours/employee	Male	-	-	-	-	8.86	52.1%
	Female	-	-	-	-	8.15	47.9%
Average training hours by employee category	Executive	-	-	-	-	8.81	26.4%
	Non-Executive	-	-	-	-	10.15	30.5%
	Manager	-	-	-	-	7.95	23.9%
	Senior Manager & above	-	-	-	-	6.40	19.2%
Total participants by gender	Male	-	-	64	30.3%	259	58.9%
	Female	-	-	147	69.7%	181	41.1%
Total participants by employee category	Executive	-	-	162	46.4%	267	60.7%
	Non-Executive	-	-	5	1.4%	47	10.7%
	Manager	-	-	125	35.8%	86	19.5%
	Senior Manager & above	-	-	57	16.3%	40	9.1%
<b>Training categories</b>							
Softskills		-	-	2	3.4%	11	12.3%
Technical skills		-	-	23	39.0%	22	27.2%
Safety, health & environment		-	-	24	40.7%	48	59.3%
Leadership & management		-	-	10	16.9%	1	1.2%
<b>Total training investment</b>							
Total training investment amount	RM	102,184.63	-	187,000	-	170,994.30	-
<b>Performance review</b>							
Number of employees undergone review by gender	Male	-	-	95	57.2%	87	58.4%
	Female	-	-	71	42.8%	62	41.6%
Number of employees undergone review by job category	Executive	-	-	15	9.0%	69	46.3%
	Non-Executive	-	-	31	18.7%	35	23.5%
	Manager	-	-	81	48.8%	30	20.1%
	Senior Manager & above	-	-	39	23.5%	15	10.1%

## Key Performance Indicators

Indicators	2021		2022		2023		
	number	%	number	%	number	%	
<b>Health &amp; Safety Trainings</b>							
Total of safety & health training hours for employees	306	-	667	-	2,078	-	
Number of employees trained on health and safety standards (Bursa C5(c))	143	-	-	-	165	-	
Safety & Health Committee members have attended safety & health related trainings	32	-	94	-	66	-	
Total of licensed first aiders	-	-	34	-	24	-	
<b>vii) Employee Safety &amp; Health Data*</b>							
Number of work-related fatalities (Bursa C5(a))	0	0	0	0	0	0	
Lost time incident rate ("LTIR") (Bursa C5(b))	HQ & Water Engineering	0	0	0	0	0	
	Wastewater Engineering	0	0	0	0	0	
Percentage of sites with OHSAS 18001 certification <sup>6</sup>	-	100	-	100	-	100	
Number of work-related employee fatalities, over last 3 years	0	0	0	0	0	0	
<b>viii) Human Rights*</b>							
Number of substantiated complaints concerning human rights violation (Bursa C6 (d))	0	0	0	0	0	0	
Number of substantiated complaints concerning breaches of customer privacy & losses of customer data (Bursa C8 (a))	0	0	0	0	0	0	
Percentage of global staff with a disability	1	0.3%	1	0.2%	1	0.2%	
Percentage of women in the global workforce	177	46.2%	160	36.5%	205	50%	

## Notes:

1. \*\*\* refers to Bursa Malaysia Common and/or Sector-specific Sustainability Matters.
2. '-' indicates the data is not available.
3. Employee turnover as per GRI standards = employees who leave the company voluntarily/due to dismissal/retirement/death in service.
4. The Company commenced to track the above data from FY2022. We continue to disclose the data in the following years.
5. The training hours for FY2023 is based on new calculation method.
6. The OHSAS 18011 certification covered E&C and Glove Manufacturing Division only.

## Key Performance Indicators

## Environment

Indicators	Unit of Measurement	2016 <sup>4</sup> (base year)	2021 <sup>4</sup>	2022	2023
<b>i) Water</b>					
<b>Water Consumption Intensity</b>					
Engineering & Construction	m <sup>3</sup> per RM 1 mil revenue	15.51	31.53	13.84	15.65
Transportation <sup>5</sup>	m <sup>3</sup> per RM 1 mil revenue	1.23	54.81	62.92	69.97
Glove Manufacturing	m <sup>3</sup> per 1,000 gloves produced	-	0.27	0.73	0.9
<b>Water Consumption (Bursa C9(a))</b>					
Engineering & Construction	m <sup>3</sup>	549	4,297	1,865	1,604
Transportation	m <sup>3</sup>	17	766	942	739
Glove Manufacturing	m <sup>3</sup>	-	47,624	91,723	112,812
<b>ii) Energy</b>					
<b>Energy Consumption Intensity</b>					
Engineering & Construction	MJ per RM 1 mil revenue	9,817	8,023	8,297	9,621
Transportation	MJ per RM 1 mil revenue	15,018	13,931	12,142	17,506
Technology	MJ per full time employee	10,597	8,179	8,819	9,340
Glove Manufacturing	MJ per 1,000 gloves produced	-	61.13	83.66	92.45
<b>Energy Consumption (Bursa C4(a))</b>					
Engineering & Construction	MJ	815,789	1,093,457	1,118,052	985,975
Transportation	MJ	205,463	194,749	181,786	184,896
Technology	MJ	169,546	130,867	141,106	149,443
Glove Manufacturing	MJ	-	10,818,187	10,464,908	11,534,616
<b>iii) Scheduled Waste Data</b>					
Telibong WTP	tonnes	-	4.58	0.02	0.07
<b>iv) Total waste diverted from landfill (Bursa C10 (a) (i))</b>					
Telibong WTP	tonnes	-	-	6.94	-
<b>v) Recycled Waste Data</b>					
Paper	kg	-	5,164.8	2,537	3,866.6
Plastic	kg	-	9.1	3	3.5
Metal	kg	-	20.2	146	77
Glass	kg	-	0	0	0
Reusable Items	kg	-	301.1	152	178.8
Electronic Items	kg	-	27.6	0	156

## Key Performance Indicators

Indicators		Unit of Measurement	2019 <sup>6</sup> (base year)	2021 <sup>6</sup>	2022	2023
<b>vi) Emission (Bursa C11 (a) (b) (c))</b>						
Engineering & Construction	Total absolute emission (Scope 1-3)	tonne CO <sub>2</sub>	708.48	534.4	584.483	654.49
	Emission intensity based on equity shares	tonne CO <sub>2</sub> / RM mil	3.82	3.44	3.873	5.69
Transportation	Total absolute emission (Cat 15)	tonne CO <sub>2</sub>	3,718.85	2,295.50	2,767.19	2,290.33
	Emission intensity based on equity shares	tonne CO <sub>2</sub> / RM mil	106.77	84.23	94.82	111.24
Technology Services	Total absolute emission (Scope 3)	tonne CO <sub>2</sub>	26.6	21.27	22.93	24.28
	Emission intensity based on equity shares	tonne CO <sub>2</sub> / headcount	0.78	0.66	0.72	0.76
Glove Manufacturing	Total absolute emission (Scope 3)	tonne CO <sub>2</sub>	-	1,879.45	1,850.30	2,001.75
	Emission intensity based on equity shares	tonne CO <sub>2</sub> / 1,000 gloves produced	-	0.0054	0.0075	0.0082
<b>Scope 3 Categories</b>						
Category 6: Business Travel		tonnes	-	-	26.12	26.78
Category 7: Employee Commuting		tonnes	-	-	226.15	279.92
Total emission (tonnes CO <sub>2</sub> )		tonnes	-	-	252.27	306.7
<b>vii) Environmental management system<sup>7</sup></b>						
Percentage of sites covered by recognized environmental management systems i.e. ISO 14001		%	-	100	100	100

## Notes:

- <sup>1</sup> <sup>\*\*\*</sup> refers to Bursa Malaysia Common and/or Sector-specific Sustainability Matters.
- <sup>2</sup> <sup>-</sup> indicates the data is not available.
- <sup>3</sup> Group long-term target date was extended from 2026 to 2030 for Water & Energy Consumption to enable a more gradual transition to sustainable practices and to be in line with Group's emissions target date.
- <sup>4</sup> Base year for Engineering & Construction division for Water & Energy Consumption is 2016 whilst the base year for Glove Manufacturing is 2021 as the business was acquired during the year.
- <sup>5</sup> Base year for Transportation has been revised from 2016 to 2021 for Water Consumption to reflect operational changes due to in-house washing of vehicles instead of out-sourcing to third parties.
- <sup>6</sup> Base year for Engineering & Construction, Transportation and Technology divisions for Emission Release data is 2019 whilst the base year for Glove Manufacturing is 2021 as the business was acquired during the year.
- <sup>7</sup> The ISO 14001 certification covered E&C and Glove Manufacturing Division only.

## Social Capital

Indicators	Unit of Measurement	2021	2022	2023
Total amount of community investment (Bursa C2(a))	RM	255,905	124,793	77,155
Total no. of beneficiaries (Bursa C2(b))	number	593	1,527	945
Total no. of employee volunteering hours	hours	274	160	142

# GRI content index

GRI Standard	Disclosure	Section of Disclosure	Mapped to SDGs	Mapped to FTSE4Good	Page
<b>GRI 2: General Disclosures 2021</b>					
2-1	Organizational details	At A Glance	N/A	N/A	4
2-2	Entities included in the organization's sustainability reporting	Sustainability Statement	N/A	N/A	50-86
2-3	Reporting period, frequency and contact point	About This Report	N/A	N/A	2
2-4	Restatements of information	Sustainability Statement	N/A	N/A	50
2-6	Activities, value chain and other business relationships	Who We Are	N/A	N/A	4-5
2-7	Employees	Sustainability Statement	N/A	N/A	69, 225-230
2-9	Governance structure and composition	Corporate Information	16	GCG 02	6
2-10	Nomination and selection of the highest governance body	Corporate Governance Overview Statement	16	GCG 22	101
2-11	Chair of the highest governance body	Corporate Governance Overview Statement	16	GCG 02	100
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Overview Statement	16	N/A	98
2-13	Delegation of responsibility for managing impacts	Corporate Governance Overview Statement	16	N/A	97
2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Overview Statement	16	GRM 05	99
2-15	Conflicts of interest	Key Senior Management's Profile	16	GCG 07	93-96
2-16	Communication of critical concerns	Corporate Governance Overview Statement	16	N/A	99
2-17	Collective knowledge of the highest governance body	Board of Directors' Profile	16	N/A	90-92
2-18	Evaluation of the performance of the highest governance body	Audit & Risk Management Committee Report	16	GCG 08	104
2-19	Remuneration policies	Sustainability Statement	16	N/A	59
2-20	Process to determine remuneration	Corporate Governance Overview Statement	16	GCG 14	101
2-22	Statement on sustainable development strategy	Sustainability Statement	16	GCG 09	50-86
2-23	Policy commitments	Corporate Governance Overview Statement	16	GCG 09	101-102
2-24	Embedding policy commitments	Corporate Governance Overview Statement	16	GCG 09	101-102
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Statement	16	N/A	60, 69
2-27	Compliance with laws and regulations	Sustainability Statement	16	N/A	60
2-28	Membership associations	Sustainability Statement	17	SLS10	56
2-29	Approach to stakeholder engagement	Engaging Our Stakeholders	17	SHR 11, SHR 12, SHR 26	14-19

## GRI content index

GRI Standard	Disclosure	Section of Disclosure	Mapped to SDGs	Mapped to FTSE4Good	Page
<b>GRI 3: Material Topics 2021</b>					
3-1	Process to determine material topics	Materiality Assessment	16	N/A	20-25
3-2	List of material topics	Materiality Assessment	16	N/A	20-25
3-3	Management of material topics	Sustainability Statement	16	N/A	50-86
<b>GRI 201: Economic Performance 2016</b>					
201-1	Direct economic value generated and distributed	Group CFO's Statement	8	N/A	37
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability Statement	8	N/A	79
201-3	Defined benefit plan obligations and other retirement plans	Sustainability Statement	8	N/A	67
<b>GRI 202: Market Presence 2016</b>					
202-2	Proportion of senior management hired from the local community	Key Performance Indicators	8, 11	N/A	228
<b>GRI 203: Indirect Economic Impacts 2016</b>					
203-1	Infrastructure investments and services supported	Divisional Operations Review	9	N/A	38-49
203-2	Significant indirect economic impacts	Divisional Operations Review	9	N/A	38-49
<b>GRI 204: Procurement Practices 2016</b>					
204-1	Proportion of spending on local suppliers	Sustainability Statement	12	N/A	58
<b>GRI 205: Anti-corruption 2016</b>					
205-1	Operations assessed for risks related to corruption	Sustainability Statement	16	GAC 09	59-60
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Statement	16	GAC 07, 08	59-60
205-3	Confirmed incidents of corruption and actions taken	Sustainability Statement	16	GAC 13, 14	59-60
<b>GRI 206: Anti-competitive Behavior 2016</b>					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability Statement	16	N/A	56
<b>GRI 207: Tax 2019</b>					
207-1	Approach to tax	Sustainability Statement	16	N/A	60
207-2	Tax governance, control, and risk management	Sustainability Statement	16	N/A	60
<b>GRI 301: Materials 2016</b>					
301-1	Materials used by weight or volume	Sustainability Statement	12	EPR 11	75
<b>GRI 302: Energy 2016</b>					
302-1	Energy consumption within the organization	Sustainability Statement	7, 13	ECC 15	73
302-3	Energy intensity	Sustainability Statement	7, 13	N/A	73
302-4	Reduction of energy consumption	Sustainability Statement	7, 13	ECC 40	73



## GRI content index

GRI Standard	Disclosure	Section of Disclosure	Mapped to SDGs	Mapped to FTSE4Good	Page
<b>GRI 303: Water and Effluents 2018</b>					
303-2	Management of water discharge-related impacts	Sustainability Statement	6	EWT 24	72
303-3	Water withdrawal	Sustainability Statement	6	EWT 34	72
303-4	Water discharge	Sustainability Statement	6	EWT 30	72
<b>GRI 305: Emissions 2016</b>					
305-1	Direct (Scope 1) GHG emissions	Sustainability Statement	13	ECC 14, 38	81-82
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Statement	13	ECC 14, 38	81-82
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Statement	13	ECC 49	81-82
305-4	GHG emissions intensity	Sustainability Statement	13	ECC 14, 38	81-82
305-5	Reduction of GHG emissions	Sustainability Statement	13	ECC 14, 38	81-82
<b>GRI 306: Waste 2020</b>					
306-1	Waste generation and significant waste-related impacts	Sustainability Statement	12	EPR 13	74
306-2	Management of significant waste-related impacts	Sustainability Statement	12	EPR 02	74
306-3	Waste generated	Sustainability Statement	12	EPR 10	74
306-4	Waste diverted from disposal	Sustainability Statement	12	N/A	74
306-5	Waste directed to disposal	Sustainability Statement	12	N/A	74
<b>GRI 308: Supplier Environmental Assessment 2016</b>					
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability Statement	12	N/A	57
<b>GRI 401: Employment 2016</b>					
401-1	New employee hires and employee turnover	Sustainability Statement	8	SLS 24	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Statement	8	N/A	67
401-3	Parental leave	Sustainability Statement	8	N/A	67
<b>GRI 403: Occupational Health and Safety 2018</b>					
403-1	Occupational health and safety management system	Sustainability Statement	3	SHS 01, 39	62-64
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Statement	3	SHS 04	62-64
403-3	Occupational health services	Sustainability Statement	3	N/A	64
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Statement	3	SHS 05	64
403-5	Worker training on occupational health and safety	Sustainability Statement	3	SHS 13	64
403-6	Promotion of worker health	Sustainability Statement	3	N/A	62-64
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Statement	3	SHS 37	62
403-8	Workers covered by an occupational health and safety management system	Sustainability Statement	3	SHS 39	62
403-9	Work-related injuries	Sustainability Statement	3	SHS 38	64

## GRI content index

GRI Standard	Disclosure	Section of Disclosure	Mapped to SDGs	Mapped to FTSE4Good	Page
<b>GRI 404: Training and Education 2016</b>					
404-1	Average hours of training per year per employee	Sustainability Statement	8	SLS 26	66, 229
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Statement	8	SLS 26, 29	66
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Statement	8	SLS 29	65
<b>GRI 405: Diversity and Equal Opportunity 2016</b>					
405-1	Diversity of governance bodies and employees	Sustainability Statement	16	GCG 06, SLS 16, 32, 33	69
<b>GRI 406: Non-discrimination 2016</b>					
406-1	Incidents of discrimination and corrective actions taken	Sustainability Statement	10	SLS 05	69
<b>GRI 408: Child Labor 2016</b>					
408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainability Statement	8	SLS 01, 02, 03	69
<b>GRI 409: Forced or Compulsory Labor 2016</b>					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability Statement	10	SLS 14	69
<b>GRI 411: Rights of Indigenous Peoples 2016</b>					
411-1	Incidents of violations involving rights of indigenous peoples	Sustainability Statement	10	N/A	69
<b>GRI 413: Local Communities 2016</b>					
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Statement	10	SHR 15	83-86
413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability Statement	10	SHR 15	86
<b>GRI 416: Customer Health and Safety 2016</b>					
416-1	Assessment of the health and safety impacts of product and service categories	Sustainability Statement	3	N/A	62
<b>GRI 418: Customer Privacy 2016</b>					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Statement	16	N/A	56



# PROXY FORM

CDS Account No.

No. of shares held

I/We, ..... Tel.: .....

(Full name in block, NRIC/Passport/Company No.)

of ..... (Address)

being a member of Salcon Berhad, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Contact No.:	Email address:		

and/or\* (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Contact No.:	Email address:		

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Twenty-First Annual General Meeting ("21<sup>st</sup> AGM") of the Company which will be conducted on a virtual basis through live streaming from the Broadcast Venue, Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Thursday, 13 June 2024 at 10:30 a.m., or any adjournment thereof, and to vote as indicated below:-

AGENDA	RESOLUTION	#FOR	#AGAINST
<b>ORDINARY BUSINESS</b>			
To approve the payment of Directors' fees of up to RM310,000 for the period immediately after the 21 <sup>st</sup> AGM until the next AGM of the Company to be held in 2025.	Ordinary 1		
To approve the payment of Directors' benefits of up to RM200,000 for the period immediately after the 21 <sup>st</sup> AGM until the next AGM of the Company to be held in 2025.	Ordinary 2		
To re-elect Dato' Leong Kok Wah as Director.	Ordinary 3		
To re-elect Mr Chan Seng Fatt as Director.	Ordinary 4		
To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary 5		
<b>SPECIAL BUSINESS</b>			
To retain Mr Chan Seng Fatt as an Independent Director.	Ordinary 6		
To grant authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary 7		
To approve the Proposed Renewal of Authority for Share Buy-Back.	Ordinary 8		

# 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 thinks fit.

Signed this ..... day of .....

Signature^  
Member

^Manner of execution:-

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

**NOTES:-**

**1. IMPORTANT NOTICE FOR VIRTUAL MEETING**

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. Member(s), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 21<sup>st</sup> Annual General Meeting ("AGM").

Members are to attend, speak (including posing questions to the Board of Directors ("Board") via real time submission of typed texts) and vote (collectively, "participate") remotely at the 21<sup>st</sup> AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tjih.online>.

**Please read these Notes carefully and follow the procedure in the Administrative Guide for the 21<sup>st</sup> AGM in order to participate remotely via RPV.**

**2. APPOINTMENT OF PROXY**

- a) For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 6 June 2024. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM or appoint a proxy or proxies to participate on his/her/its behalf via RPV.
- b) A member who is entitled to participate at this 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 place. A proxy may but need not be a member of the Company.

- c) A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
- d) Where a member of the Company is an authorised nominee as defined in 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.
- e) 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 Section 25A(1) of the Central Depositories Act.
- f) 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.
- g) A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV must request **his/her proxy or attorney or authorised representatives to register himself/herself** for RPV via TIH Online website at <https://tjih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.

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**SALCON BERHAD**

**[200201026133 (593796-T)]**

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

2<sup>nd</sup> fold here

- h) The appointment of a proxy may be made in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting 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 Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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.
- (ii) By electronic form  
In the case of an appointment of a proxy made in electronic form, the proxy form must be deposited via the TIH Online website at <https://tjih.online>. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of the proxy form.
- i) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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 not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- j) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- k) Last date and time for lodging this proxy form is on **Tuesday, 11 June 2024 at 10:30 a.m.**
- l) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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. 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.





**Salcon Berhad**

[200201026133 (593796-T)]

15<sup>th</sup> Floor, Menara Summit, Persiaran Kewajipan, USJ 1  
47600 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia

**Postal Address**

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