



Optimizing Growth Towards
A BETTER FUTURE

Integrated Annual Report 2022



OPTIMIZING GROWTH TOWARDS A BETTER FUTURE

Our annual report cover represents Salcon's commitment to optimize growth towards a better future. We continuously strive to enhance our efficiency and productivity to provide exceptional products and services. Despite the challenging business environment, we remain dedicated to expanding our business, projects, and contracts to achieve our growth objectives. The line extending from each business symbolizes our unwavering determination to achieve sustainable operational excellence to maximise our company's growth and contribute to the betterment of our nation.

Please scan the QR code for further information on specific topics.



Our website:
www.salcon.com.my

20th Annual General Meeting

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

Wednesday, 21 June 2023
10:30 a.m.

What's Inside Integrated Annual Report 2022

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Vision

To be a respected and synergistic corporation transforming lives for the better.

Mission

To enrich lives by providing top quality products and services through operational excellence and sustainability.

Core Values



Commitment

We deliver consistent and high-quality products and services through the most efficient use of resources



Teamwork

We believe that unified efforts bring about greater synergy and productivity in our pursuit of excellence



Ownership

We take full responsibility and accountability for all our actions



Respect

We respect our employees regardless of gender, race or religion and inspire them to be their best



Results Oriented

We strive towards maximising stakeholders' values and returns

About This Report

Salcon Berhad (“Salcon” or “Company”) is pleased to present our third integrated annual report which aims to provide our stakeholders with a holistic overview of our performance and value creation, taking into consideration the effects and uses of the different forms of capital in the short, medium and the long-term.

As we embrace and consider sustainability issues such as health and environmental developments, employee relations, safety incidents, or scandals, we look to align our strategies and reporting of our performance, key developments, achievements and sustainability roadmap to our strategic goals to enable us to compete & operate effectively as well as to improve our bottom line.

This report serves as a call to action to maintain and accelerate our momentum towards creating value for our stakeholders.

SCOPE & BOUNDARY

This report covers our financial and non-financial performance during the period 1 January 2022 to 31 December 2022. All financial statements have been prepared in accordance with the requirements of the Companies Act 2016 (“CA 2016”) and Malaysian Financial Reporting Standards (“MFRS”).

REPORTING FRAMEWORK

This report is guided by local and international standards, including:

KEY FRAMEWORKS APPLIED	CD	SD	FD
<IR> Framework by International Integrated Reporting Council (“IIRC”)	✓		
Malaysian Code on Corporate Governance 2021 (“MCCG”)	✓		
Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”)	✓		✓
Companies Act 2016 (“CA 2016”)	✓		✓
The Malaysian Financial Reporting Standards (“MFRS”)			✓
Bursa Malaysia Sustainability Reporting Guide 3 rd Edition		✓	
Bursa Malaysia Corporate Governance Guide 4 th Edition	✓	✓	
FTSE4Good Bursa Malaysia Index Rating Guide		✓	
Global Reporting Initiatives (“GRI”) Standards		✓	
Sustainability Accounting Standards Board (“SASB”) Standards		✓	
Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendation		✓	

CD Corporate Disclosure

SD Sustainability Disclosure

FD Financial Disclosure

MATERIALITY

In determining the contents of this report, we are guided by the principle of materiality, focusing on information that is relevant or of significant interest to our stakeholders, in accordance with the listing requirements of Bursa Malaysia. These material issues are reviewed together with an external agency and an internal assessment. Collectively, they illustrate the prospective effects of material topics on the company’s strategies, risk factors, capitals, and future business priorities.

REPORT REVIEW

Strict efforts have been made to ensure that the information presented in this report is accurate, consistent, and comprehensive. As part of our governance practices, the Group Internal Audit and Risk Management Department has reviewed the sustainability reporting process and have assured that adequate controls and processes are in place to guide the end-to-end Environmental, Social & Governance (“ESG”) information flow and integrity of the data produced and reported. They have read all additional information and confirmed that it is consistent with the Audited Financial Statements or their audit knowledge.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements that discuss the Group’s goals, future plans, operations, and performance. These statements are contingent and subject to change because they are based on current assumptions and circumstances. Diverse factors could cause actual results to materially differ from those expressed or implied in these forward-looking statements.

APPROVAL BY THE BOARD

The Board acknowledges its responsibility to ensure the integrity of this Integrated Report which, in its opinion, addresses the Group’s key material issues and fairly presents the Group’s performance for 2022.

OUR REPORTING SUITE



Annual Report 2022

Corporate Section

This section provides our stakeholders with a comprehensive overview and balanced assessment of the Company’s financial and non-financial performance. Stakeholders will be informed on our strategy and growth drivers, business performance, our approach to governance and risks, as well as future goals.

ESG matters are elaborated under the “Creating Sustainable Value” section which highlights the Group’s commitment to creating long-term sustainable and responsible value to our stakeholders including shareholders, customers, employees and communities where we operate.

Financial Statement

The Financial Statement comprises the Directors’ Report, Audited Financial Statements, and Independent Auditors’ Report aimed at providing detailed financial disclosures to shareholders, investors, analysts, and interested parties.

About This Report

NAVIGATION ICONS

Our Capitals

- Financial Capital
- Human Capital
- Manufactured Capital
- Intellectual Capital
- Natural Capital
- Social & Relationship Capital

Our Focus Areas

- B BUSINESS MODEL & INNOVATION**
Delivering Innovative Products & Services through Operational Excellence
- G LEADERSHIP & GOVERNANCE**
Becoming a Trusted & Reliable Working Partner
- H HUMAN CAPITAL**
Building a Thriving Workplace for Employees
- E ENVIRONMENT**
Protecting the Environment
- S SOCIAL CAPITAL**
Engaging and Uplifting the Community

Key Material Issues

- MI1 Business Management & Delivery**
- MI2 Systematic Risk Management**
- MI3 Technology & Innovation**
- MI4 Supply Chain Management**
- MI5 Business Ethics & Corporate Governance**
- MI6 Occupational Health & Safety**
- MI7 Talent Attraction & Engagement**
- MI8 Environmental Impact Management**
- MI9 Climate Change**
- MI10 Labour Rights & Practices**
- MI11 Community Engagement**

Our Business

- Engineering & Construction
- Healthcare
- Technology Services
- Transportation
- Renewable Energy
- Property Development

The United Nations Sustainable Development Goals



Cross Reference

Indicates where additional information can be found within the report.

Indicates where additional information can be found online at www.salcon.com.my.

Who We Are



We are an investment holding company with diverse businesses in water and wastewater engineering & construction, healthcare, technology services, transportation, renewable energy and property development. Established in 1974, Salcon Berhad (“Salcon”) has a track record of excellence and experiences in Malaysia, Vietnam, Sri Lanka, India and The United Kingdom.

The diversity in the business operations enables Salcon to provide integrated infrastructure solutions and services to various stakeholders ranging from federal and state governments to local authorities, city councils, utility companies and the private sectors. The Group are committed to deliver long-term value to our stakeholders by putting in our best efforts in everything that we do.

We enrich people’s lives through our products and services whilst ensuring long-term, sustainable value creation for shareholders.

ENRICH

Our Purpose

Transforming lives for the better through sustainable business portfolios

SUSTAINABLE

We build sustainable businesses and seek to ensure that every company in our portfolio fulfils our requirements and makes a positive contribution to a more equitable and world.

OPPORTUNITIES

We identify growth opportunities for new products and markets to improve returns on capital through sustainable value chains and operations whilst managing regulatory, reputational and operational risks & opportunities.

Who We Are

**ENGINEERING & CONSTRUCTION**

We provide end-to-end water and wastewater solutions from raw water management, design, construction, commissioning, concession, operation & maintenance of water and wastewater treatment facilities including downstream activities ie non-revenue water reduction, customer service, billings and collection.

Creating value by:

- Providing communities with clean, safe and reliable water for healthy and sustainable living.

Where we operate: 

**HEALTHCARE**

We manufacture medical and industrial grade disposable latex, nitrile and polychloroprene gloves which cover various market segments such as dentistry, food, healthcare, industrial and laboratory.

Creating value by:

- Providing innovative & quality gloves with superior safety assurance in both healthcare and non-healthcare segment.

Where we operate: 

**TECHNOLOGY SERVICES**

We provide ultra-low latency mobile backhaul services as well as metro ethernet for carrier and enterprise markets through our fiber optic backbone in the Klang valley.

Creating value by:

- Providing smart city solutions that focus on sustainable outcomes for citizens, municipal authorities and delivery partners through efficient and fast telecommunication networks.

Where we operate: 

**TRANSPORTATION**

We are a premier transport solutions provider for multinational companies in the northern region of Malaysia, as well as provide inbound and outbound tour services including providing palm oil and soy oil product transporting services.

Creating value by:

- Enabling a safe & reliable travel experience while protecting and conserving our environment.
- Delivering goods/services safely while minimizing our carbon footprint.

Where we operate: 

**RENEWABLE ENERGY**

We provide green energy solutions to support & develop renewable energy technologies & initiatives as part of the global drive to create a sustainable future through the efficient use of renewable energy sources for various industries.

Creating value by:

- Reducing carbon footprint by providing clean renewable energy sources for various industries.

Where we operate: 

**PROPERTY DEVELOPMENT**

We offer niche property development which cater to market/community needs.

Creating value by:

- Delivering innovative, quality and sustainable living environment & warmth to customers.

Where we operate: 

At A Glance

BUSINESS OVERVIEW

Established in:

1974

438

no. of employees

40

subsidiary offices

Work force diversity:

278

 Male

160

 Female

SUSTAINABILITY PERFORMANCE



SAFETY

- ✓ Achieved **zero** work-related **injuries** or **fatalities** of employees in FY 2022



COMMUNITY

- ✓ Contributed **160 volunteer hours** in 19 community projects
- ✓ Invested **RM124,793** for community development



PEOPLE

- ✓ **Zero** non-compliance with Malaysia Employment Act & Labour Law

Read about our Sustainability Statement on pages 54 to 94

SEGMENTAL OVERVIEW



Water

SEB secured

RM210 million

contract from PAAB for **Langat 2 Package 3 project**

Successfully

maintained

ISO 9001:2015 certification



Technology

Delivered

33 cell sites

along LRT corridor



Transportation

Eco-Coach & Tours (M) Sdn. Bhd. entered into an **agreement with Appraisal Property Management Sdn. Bhd.** to provide **safe and punctual transportation services** to the employees of APM based clients



Healthcare

JREMT

passed

the audit by international independent third-party audit –

SEDEX Members Ethical Trade Audit (“SMETA”)

AWARDS & RECOGNITION



Asia Integrated Reporting Awards (AIRA):

- ✓ Asia's Best Integrated Report (First Time) 2021 – **GOLD**
- ✓ Asia's Best Integrated Report (SME) 2021 – **GOLD**



The Edge ESG Award Equity - **Utilities category** – **SILVER**

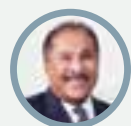


FTSE4Good

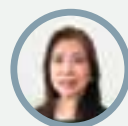
Inclusion in the **FTSE4Good Bursa Malaysia Index** from **2015 to 2022**

Corporate Information

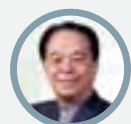
BOARD OF DIRECTORS



1. Tan Sri Abdul Rashid bin Abdul Manaf
Chairman, Independent
Non-Executive Director



4. Datin Goh Phaik Lynn
Non-Independent
Non-Executive Director



2. Tan Sri Dato' Tee Tiam Lee
Executive Deputy Chairman



5. Chan Seng Fatt
Senior Independent
Non-Executive Director



3. Dato' Leong Kok Wah
Executive Director



6. Dato' Rosli bin Mohamed Nor
Independent Non-Executive Director

AUDIT COMMITTEE

Chan Seng Fatt (Chairman)
Dato' Rosli bin Mohamed Nor
Datin Goh Phaik Lynn

NOMINATION COMMITTEE

Chan Seng Fatt (Chairman)
Datin Goh Phaik Lynn
Dato' Rosli bin Mohamed Nor

REMUNERATION COMMITTEE

Chan Seng Fatt (Chairman)
Datin Goh Phaik Lynn
Dato' Rosli bin Mohamed Nor

RISK MANAGEMENT COMMITTEE

Chan Seng Fatt (Chairman)
Dato' Leong Kok Wah
Leong Yi Shen
Jamiluddin Amini Bin Sulaiman

SUSTAINABILITY COMMITTEE

Dato' Rosli bin Mohamed Nor
(Chairman)
Dato' Leong Kok Wah
Leong Yi Shen
Jamiluddin Amini Bin Sulaiman
Chern Meng Gaik

COMPANY SECRETARIES

Wong Wai Foong
(SSM PC No.: 202008001472)
(MAICSA 7001358)
Joanne Toh Joo Ann
(SSM PC No.: 202008001119)
(LS 0008574)

REGISTERED OFFICE

15th Floor, Menara Summit
Persiaran Kewajipan, USJ 1
47600 UEP Subang Jaya
Selangor Darul Ehsan
Tel : 603-8024 8822
Fax : 603-8024 8811

HEAD OFFICE

15th Floor, Menara Summit
Persiaran Kewajipan, USJ 1
47600 UEP Subang Jaya
Selangor Darul Ehsan
Tel : 603-8024 8822
Fax : 603-8024 8811

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

PRINCIPLE BANKERS

Hong Leong Bank Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia
Berhad
United Overseas Bank (Malaysia) Berhad
HSBC Bank (Malaysia) Berhad
RHB Bank Berhad

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd. [197101000970
(11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9299
Fax : 603-2783 9222

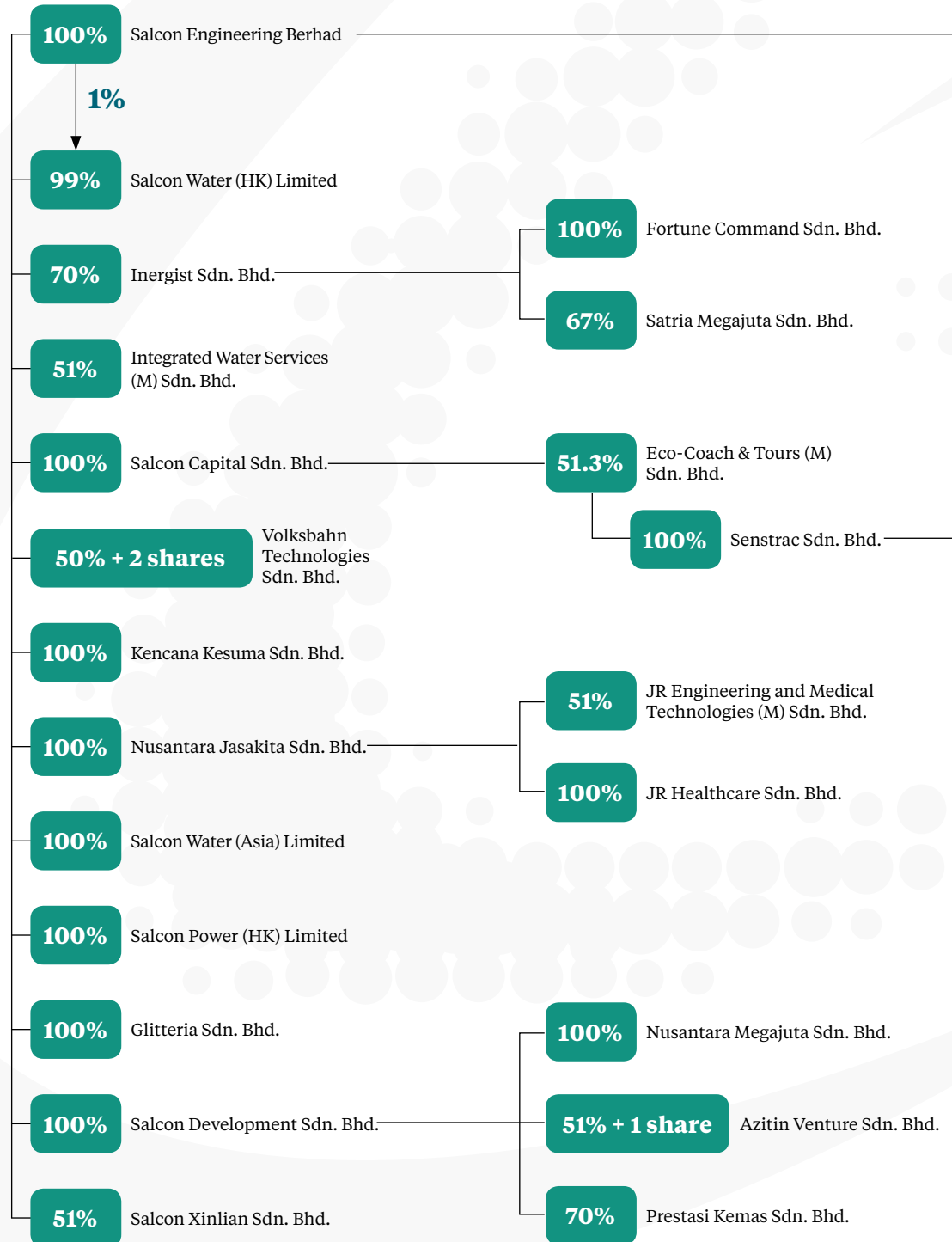
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
(Listed since 3 September 2003)
Sector : Utilities
Stock Name : SALCON
Stock Code : 8567

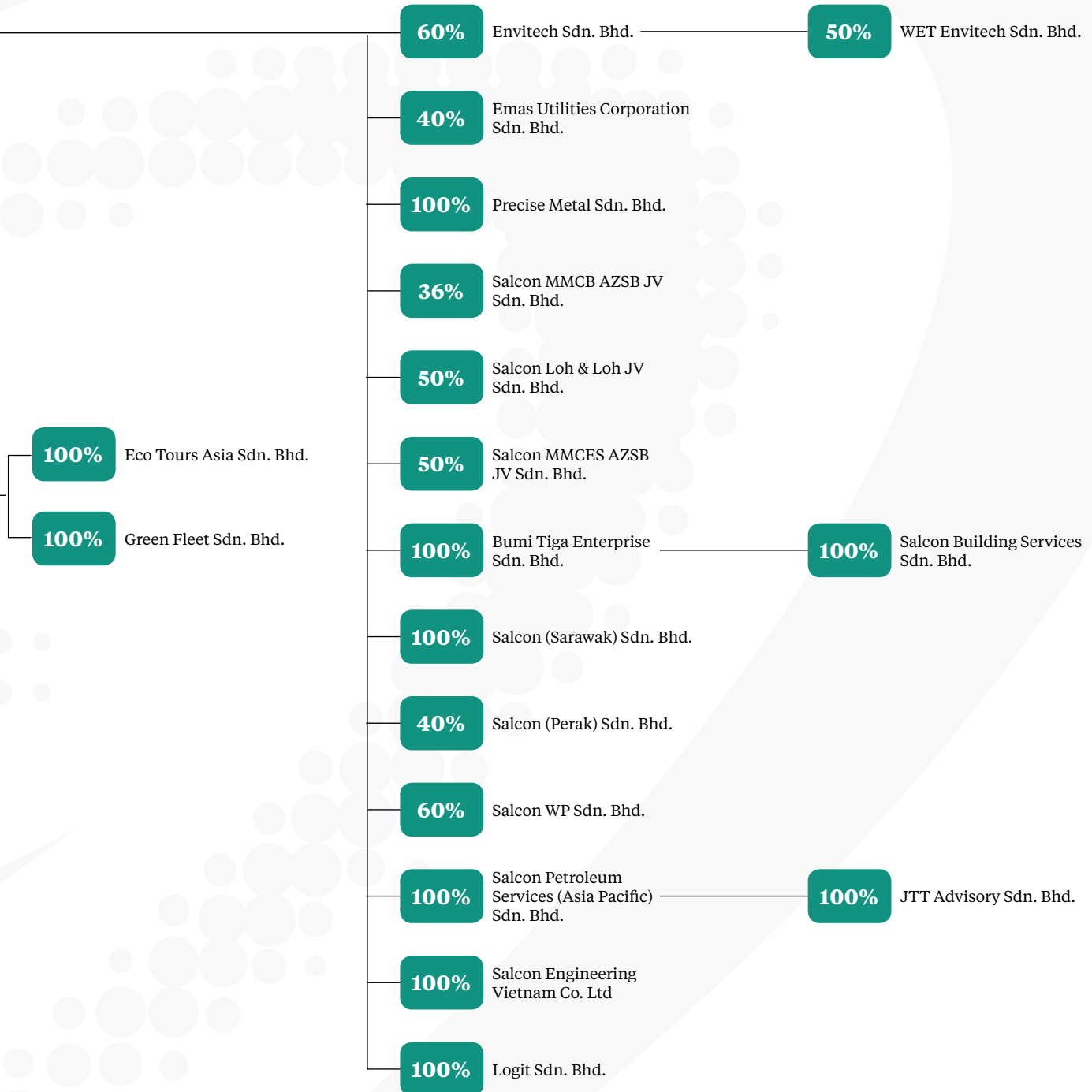
WEBSITE

www.salcon.com.my

Corporate Structure (as at 31 March 2023)



Corporate Structure (as at 31 March 2023)



Strategic Review

Chairman's Statement



DEAR SHAREHOLDERS,


On behalf of the Board of Directors' of Salcon Berhad ("Company"), I am pleased to present the 2022 Integrated Annual Report & Audited Financial Statements of the Company and its subsidiaries ("Group").



**TAN SRI
ABDUL RASHID
BIN ABDUL MANAF**
*Chairman, Independent
Non-Executive Director*

The financial year 2022 ("FY 2022") has proven to be a challenging year for us. As we transitioned toward the endemic phase and economic activities continue to normalize, the lower demand for gloves, average selling prices and stiff competition has resulted in losses by the Healthcare Division. Nevertheless, despite facing an ongoing volatile and uncertain business landscape, we managed to overcome these hurdles by tapping into our robust fundamentals and sturdy balance sheet.

The Group remains resilient in delivering value to shareholders, in spite of the challenging and competitive business environment and maintain healthy cash and cash equivalents which stood at RM140 million during the year under review.

 *Read more on our financial performance in the Group Chief Financial Officer's ("CFO") Statement on page 36*

Rewarding Shareholders

The Board has declared 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 Salcon in respect of the FY 2022 instead of a final dividend as per previous year practice.


Strategic Review

Chairman's Statement

Moving Forward

The management will continue to replenish the order book, exercise financial prudence and tighten operating costs to maximize shareholder value through our four (4) strategic growth drivers i.e. strategic diversification, driving technology & innovation, cost and organizational effectiveness and looking into sustainability as a new growth area.

Moving forward, we will continue to seek opportunities to drive our business forward with our diversified range of products and services by leveraging on our strong track record and capabilities that we have built over the years to ensure the viability of the business. We will continue to pursue value creation, business sustainability, and growth strategies on all business segments of the Group.

 Read more on our Strategic Growth Drivers & Priorities on page 35

Creating Value through Sustainability


The Board believes that a strong Environmental, Social & Governance (“ESG”) performance will enhance shareholder value and investor confidence. During the year under review, the Board has approved to link ESG targets to remuneration as part of Group KPI on a 80:20 basis to drive better financial performance through improved risk management, innovation and value creation.

The Group continued to win awards for its leadership in sustainability reporting and commitment to creating long-term value for stakeholders. We were recognized at The Edge ESG Awards 2022 where we won Silver under the Equity - Utilities category whilst also bagging two gold awards in Asia's Best

Integrated Report (SME) 2021 and Asia's Best Integrated Report (First Time) 2021 in Asia Integrated Reporting Awards (“AIRA”). Besides this, the Group has been a constituent of the FTSE4Good Bursa Malaysia index since 2015.

The awards are a reflection of our commitment to increase corporate value by actively engaging with our investors and stakeholders through our transparent and comprehensive integrated report while ESG remains a key driver and enabler for the business model, strategies and processes.

Apart from that, our Healthcare Division was audited by international independent third-party audit – SEDEX Members Ethical Trade Audit (“SMETA”) and became a member of SEDEX since February 2022 upon fulfilling all audit requirements which consists of 4 key pillars – Labour Standards, Health & Safety, Environment and Business Ethics.


 Read more on our Sustainability Commitment and Initiatives on pages 54 to 94

Governance

The Group holds ourselves to the highest standards of corporate governance and business ethics across our businesses and subsidiaries in order to safeguard the interests of our stakeholders and to ensure long-term shareholders' value creation.

In this regard, the Group has enhanced its Board Diversity Policy and Remuneration Policy for directors and senior management to attract and retain the right talent to manage and drive the Company's long-term objectives successfully. The Board will continually articulate, implement and review the adequacy and effectiveness of the Group's risk management and internal

control system in line with Malaysian Code on Corporate Governance (“MCCG”) to manage our risks and opportunities and promote meaningful engagement with our stakeholders.

 Details of how we have applied the principles that form the MCCG are provided in our Corporate Governance Report on page 104

Acknowledgement

On behalf of the Board, I wish to express my sincere appreciation to all our valued shareholders, customers, business associates, bankers, suppliers, and contractors for their continued support, mutual trust and utmost confidence in the Group.

My deepest appreciation to the management and staff at all levels for their contributions, dedications, loyalty, and hard work, in working together for the Group business sustainability as well as in building their career path with the Group. I am very confident that with their continuing commitment, perseverance, right attitude and teamwork, the Group will be able to realize its Vision, Mission, and Core Values.

The Board and I wish to express our deepest appreciation to Dato' Choong Moh Kheng who resigned from the Board after 11 years of dedicated and outstanding commitment and services. Finally, I wish to place on record my deepest gratitude to my fellow members of the Board for their immense contributions, wise counsel and confidence in the direction of the Group.

Thank you,

Tan Sri Abdul Rashid bin Abdul Manaf

Chairman, Independent Non-Executive Director

Strategic Review

Our Business Environment & Way Forward

Operating environment

Description



Engineering & Construction

Water resources management & sustainability



The Water Sector Transformation 2040 (“WST 2040”), a two-decade agenda outlined in the 12th Malaysia Plan, aims to enable the water sector to significantly contribute to national growth and wealth creation by becoming a regional water industry hub.

The Government to focus its efforts to increase water supply access, especially in rural areas and islands, to 98 per cent by the end of the 12th Malaysia Plan, increase coverage of sewerage services to 90 per cent and reducing non-revenue water rate to 25 per cent by 2025.

Overseas expansion Post Covid



With the opening of borders and easing of travel restrictions, SEB looks to re-engage with clients in its traditional overseas markets such as Vietnam, Sri Lanka and Indonesia.

Rising costs of construction materials



Supply chain disruptions due to the pandemic and Russia-Ukraine conflict has resulted in the rising cost of materials such as steel bars, aluminum, and cement.

Political uncertainties



Changes in the Malaysian political landscape in recent years has caused continued political uncertainties.

Competition



Quality compliance expectations vs budget constraints and unpredictable competitors.



Healthcare

Glove demand



An influx of new players and aggressive capacity expansion by incumbents has led to a demand-supply imbalance and further declines in average selling prices (“ASPs”).

The demand-supply situation is expected to approach equilibrium in 2Q2023 when there is no more new capacity coming on-stream and global demand continues to rise. Global demand for rubber gloves is expected to return to growth in 2023.

Growth drivers such as rising hygiene awareness, ageing population and recovery in non-COVID-19 related demand are expected to fuel further demand.

Several importing countries like USA and middle east countries have introduced “On-Shoring” policies when production of gloves is to be done within their countries. This too adds to the competition.

Strategic Review

Our Business Environment & Way Forward



























Impact

Our response

<ul style="list-style-type: none"> • Demand for technology and innovation in the form of smart water management, water reclamation plants, water re-use with focus on environmental sustainability. • Opportunities remain as water/wastewater infrastructure is essential to ensure sustainability and security. 	<ul style="list-style-type: none"> • Provide digital solutions to develop secure, sustainable and resilient water resources in collaboration with strategic technology partners. • Workforce upskilling/reskilling. • Leverage on proven track record and technical expertise to secure major infrastructure projects. • Identify specific client needs to provide tailored solutions and intensify business development efforts in target areas.
<ul style="list-style-type: none"> • Opportunities remain as demand for water and wastewater services continue to grow in tandem with population growth, agricultural, and industrial development. 	<ul style="list-style-type: none"> • Leverage on track record and technical expertise whilst enhancing networking and strategic connections to secure new contracts. • Actively tender overseas in Vietnam, Sri Lanka and Indonesia.
<ul style="list-style-type: none"> • This has resulted in margin compression as the cost of building materials such as electrical wiring, water & sewerage pipes, fittings increase. 	<ul style="list-style-type: none"> • Adopt a more conservative approach in pricing tender bids. • Negotiate for variation of prices on major construction materials in new contracts. • Effective procurement to source for cost efficient raw materials & less dependence on sole-supplier especially critical materials.
<ul style="list-style-type: none"> • Delays in project awards and impacts the government's decision on fund allocations for water and wastewater infrastructure. 	<ul style="list-style-type: none"> • Continue engagement with government authorities and regulatory bodies to manage, align expectations and recommend potential changes to the regulatory framework/policies that can positively impact the industry.
<ul style="list-style-type: none"> • Require accurate and reliable market intelligence to source out opportunities. 	<ul style="list-style-type: none"> • Enhance business development and market intelligence & adopt innovative approaches such as PFI, identify niche market for expansion.
<ul style="list-style-type: none"> • Low plant utilisation rate averaging 50% is likely to persist over the short term amid low demand and intense competition. This has led to lower production output and higher cost per carton. • Opportunity to expand to new markets on the back of growth drivers. • Less opportunities to sustain and build new business relationship in some countries. 	<ul style="list-style-type: none"> • Defer expansion plans and immediate term capacity expenditure to align with market conditions. • Focus on higher-margin specialty gloves manufacturing such as in the surgical, electronic, pharmaceutical and car manufacturing sectors, which has higher demand post pandemic. • Intensify marketing activities and participate in medical and healthcare conferences & exhibitions to penetrate new markets. • Long term strategy to build up branding and market products to expand reach and access to customers through online and social engagement.

Strategic Review

Our Business Environment & Way Forward

Operating environment	Description
 Healthcare	
Volatile raw material prices     	<p>Global inflation and logistics disruption, coupled with the Russia Ukraine conflict has led to crude oil price fluctuation, resulting in volatile raw material prices.</p> <p>Nitrile cost is expected to trend upwards in line with higher crude oil prices whilst natural rubber price is expected to be normalised after the wintering seasons.</p> <p>The industry is advancing in the areas of the recycling economy with new raw materials, additives and substances that are environmentally friendly and biodegradable. Alternative synthetics and natural rubber gloves will also see wider consumer acceptance.</p>
Higher production cost    	<p>Challenges arising from the sudden hike in natural gas and increase in electricity tariffs, as well as minimum wage implementation which came into effect 1 May 2022.</p>
Workforce challenges    	<p>Although a COVID-19 freeze on recruiting foreign workers was lifted in February 2022, there has not been significant return of migrant workers due to slow government approvals and protracted negotiations with Indonesia and Bangladesh over worker protections.</p>
Higher social compliance standards    	<p>Glove makers and other exporters are required to demonstrate higher social compliance standards such as the 11 forced labour International Labour Organisation indicators.</p> <p>On 21 March 2022, Malaysia ratified the Protocol of 2014 to the Forced Labour Convention. Malaysia is the 58th country in the world, and the second ASEAN member State to ratify that Protocol. With this ratification, Malaysia has renewed its commitment to fight against forced labour in all its forms, including human trafficking.</p>
 Transportation	
Northern Corridor Economic Region (“NCER”) growth area   	<p>The Northern Corridor Economic Region (“NCER”) has successfully attracted approved investments of RM17.25 billion between January and July 2022, supported by continued growth in the electrical and electronics, mechanical and electrical and medical devices sectors.</p>
Transportation technology  	<p>Intelligent transportation systems (“ITS”) are making driving and traffic management better and safer for everyone. Cloud-Based Systems Adoption i.e. Software-as-a-service (“SaaS”) & Mobility-as-a-service (“MaaS”) systems provide real time data insights which help to improve operating and cost efficiencies.</p>
Fluctuating fuel price  	<p>Oil price is affected by external factors such as the protracted Russia-Ukraine conflict.</p>

Strategic Review

Our Business Environment & Way Forward

Impact

Our response














<ul style="list-style-type: none"> Profit margins are adversely affected as JREMT unable to fully pass cost through amidst lower ASPs and oversupply situation. Higher awareness on product innovation and material sustainability has further encouraged green technology advancement. 	<ul style="list-style-type: none"> Produce other types of gloves with higher margins to expand income stream. Reduce raw material consumption via R&D, which led to lighter weight glove manufacturing. Explore new green technology in manufacturing such as material recycling or upcycling to improve cost efficiency. Effective procurement to source for cost efficient raw materials & less dependence on sole-supplier especially critical materials.
<ul style="list-style-type: none"> Higher production cost put further pressure on margins. 	<ul style="list-style-type: none"> Conversion from NGV to biomass technology in our boilers to generate steam energy instead of using fossil fuel. Focus on improving production efficiency and integrated sustainable operations such as water recycling and reuse, rainwater harvesting, etc.
<ul style="list-style-type: none"> Labour disruption has revealed the gaps in skills and preparedness in workforce. 	<ul style="list-style-type: none"> Invest in digitalisation & automation ie auto palleting and auto pouching machine reduce labour dependency. Reduce headcount by an estimated 15-20 workers and speed up the packing process. Recruit 46 workers from India.
<ul style="list-style-type: none"> Increase in labour costs with investment to enhance social compliance as per international best practices. Failure to demonstrate the required labour practices could led to divestment from investors, reputation damage and import ban. 	<ul style="list-style-type: none"> Conduct due diligence on recruitment agents to ensure we only work with ethical recruitment agents. Conducted external audit based on international standard SMETA (Sedex Members Ethical Trade Audit) on labour practices, health & safety, environment and business ethics. Enhance worker engagement by having independent whistleblowing and grievance channels, frequent worker-management dialogue sessions and awareness training on workers' rights.
<ul style="list-style-type: none"> Direct advantages in terms of job creation, investment in targeted economic sectors, and positive economic spillovers to ECT. 	<ul style="list-style-type: none"> Opportunities to expand services to other potential MNCs through strategic partnerships.
<ul style="list-style-type: none"> Increase ECT's competitive edge via Senstrac Passenger Transport and Tracking System ("Senstrac PTTS") which enable tracking mobility, digital route planning and automated attendance systems. 	<ul style="list-style-type: none"> Continue focusing on the development of Senstrac PTTS by leveraging on digital technologies and strengthening internal capabilities. Leverage on Senstrac PTTS to expand business relationships with other possible MNC clients.
<ul style="list-style-type: none"> Increase in operating costs due to the fluctuating fuel prices. 	<ul style="list-style-type: none"> To negotiate for pass through costs on fuel prices in contract agreement to allow for reimbursement.

Strategic Review

Our Business Environment & Way Forward

Operating environment

Description

Operating environment	Description
 Transportation	
Regulatory policy 	<p>The National Automotive Policy 2020 (“NAP 2020”) has shifted the focus to energy efficient vehicles (“EEV”) and autonomous vehicles of the next generation, including electric vehicles (“EVs”).</p>
Competition 	<p>Competition from other transportation and logistics service providers.</p>
 Property Development	
Soft property market 	<p>Malaysia property market saw a modest growth of 2%-4% in 2022.</p>
Increasing interest rates 	<p>Bank Negara Malaysia (“BNM”) has continued to raise the overnight policy rate (“OPR”) from a low of 1.75% to 2.75% to tackle inflation, in line with the country’s economic recovery.</p>
Rising costs of construction 	<p>The property sector has experienced higher construction costs due to disruptions to global supply chains and an industry-wide labour shortage.</p>
Post Covid recovery 	<p>The reopening of international borders and the transition of the COVID-19 crisis to the endemic stage, are positives that will aid the ongoing market recovery.</p>
 Technology Services	
Adoption of 5G network 	<p>Under Budget 2023, Digital Nasional Bhd (“DNB”), as the single Wholesale 5G Network Provider will expand 5G network nationwide to cover 70% of highly populated areas with infrastructure expenditure allocation worth RM1.3 billion.</p>
JENDELA initiative 	<p>Jalinan Digital Negara (“JENDELA”) initiative aims to facilitate and provide better quality of experience and 100% connectivity to all Malaysians. The government has allocated RM700 million in Budget 2023 to implement digital connectivity in 47 industrial areas and nearly 3,700 schools.</p>
Regulatory 5G cost & compliance 	<p>Digital Nasional Berhad’s (“DNB”) 5G wholesale fees will be regulated under the MCMC’s Mandatory Standard on Access Pricing, which will be reviewed every three years.</p>
Competition 	<p>VBT is granted the right-of-way (“RoW”) by Prasarana Malaysia Berhad to lay and operate fibre-optic cables along the LRT, BRT and Monorail corridor in the Klang valley.</p>

Strategic Review

Our Business Environment & Way Forward






Impact

Our response

<ul style="list-style-type: none"> • Additional investment costs into EVs. • Dependent on client requirements and demand. 	<ul style="list-style-type: none"> • Transitioning to green vehicle is a long term strategy of the Company. • Engage with potential clients to manage and align expectations.
<ul style="list-style-type: none"> • Increasing necessities to distinguish ECT from other competitors and compete with other modes of transportation. 	<ul style="list-style-type: none"> • Accelerate strategies for technology and innovation to compete with direct rivals.
<ul style="list-style-type: none"> • Limited market for opportunities for new developments and high holding costs. 	<ul style="list-style-type: none"> • Re-assess property development plan with a view for divestment.
<ul style="list-style-type: none"> • Weak consumer sentiment and purchasing power may dampen demand. 	<ul style="list-style-type: none"> • Review property development plan to align to market expectations.
<ul style="list-style-type: none"> • Margin compression and delays in delivery. 	<ul style="list-style-type: none"> • Review property development plan to align to market expectations.
<ul style="list-style-type: none"> • Foreign purchasers are expected to help the sector recover to pre-pandemic levels by the end of 2023. 	<ul style="list-style-type: none"> • Review property development plan to align to market demands. • On look-out for suitable land to expand property portfolio.
<ul style="list-style-type: none"> • Opportunities to secure additional sites as 5G roll-out and implementation fuel demand for more data bandwidth. 	<ul style="list-style-type: none"> • Leverage on VBT's 108km fibre optic infrastructure along the LRT, BRT and monorail in Klang valley. • Enhance commercial and technical relationships with DNB and major telcos to provide fast to market services. • Create appealing service value propositions to enhance business growth.
<ul style="list-style-type: none"> • Opportunities to support the government's aspiration to provide seamless and inclusive digital connectivity to drive the digital economy. 	<ul style="list-style-type: none"> • Work closely with state and local government authorities to boost connectivity to focus areas such as education, business, government, service-based industries, community and society.
<ul style="list-style-type: none"> • 5G wholesale fee will affect the competitiveness of the new sites and bandwidth capacity expansion contracts. 	<ul style="list-style-type: none"> • Efficient cost management plan in place to preserve profit margins. • Work closely with the authorities to ensure compliance.
<ul style="list-style-type: none"> • Exclusivity to manage and operate mobile sites within the Prasarana corridor. • Opportunities to build, manage & operate mobile broadband, fixes service and other digital services to Transit-Oriented-Developments ("TOD"). 	<ul style="list-style-type: none"> • Enhance technical expertise and leverage on advancement of technologies to deliver value-added services. • Prudent cost management to ensure profitability. • Expand network presence beyond Prasarana RoW.

Strategic Review

Our Business Environment & Way Forward

Operating environment	Description
 Renewable Energy	
Supportive Government Policies for RE  MI3	<p>Policies such as Net Energy Metering (“NEM”) 3.0, Smart Automation Grants (“SAG”), and Green Investment Tax (“GITA”) have enabled the clean energy industry in Malaysia to thrive.</p> <p>Under the Malaysia Renewable Energy Roadmap (“MyRER”), Malaysia targets to reach 31% renewable energy (“RE”) capacity by 2025 and 40% by 2035 with focus on four technology based pillars, namely solar, bioenergy, hydro and new sources.</p>
Growing emphasis on ESG practices in the business sector  MI2	<p>Increasing focus on ESG commitments by corporates in form of net zero emissions to combat climate change.</p>
Affordability and efficiencies  MI1 MI4	<p>In spite of the recent solar PV manufacturing cost spike due to the pandemic, looking back at the past decade, photovoltaic systems have actually seen an 85% cost decline. There has been a considerable increase in efficiency from 2% in 1955 to over 20% today.</p>
Competitive landscape  MI1	<p>Over the years, the competition in the solar industry has intensified as numerous new players have entered the market.</p>

Strategic Review

Our Business Environment & Way Forward

Impact

Our response

<ul style="list-style-type: none"> Growth in RE market segments and expansion of investment and competitive opportunities in RE. 	<ul style="list-style-type: none"> Develop and implement new business models to deliver sustainable energy and energy efficiency technologies to new markets and communities.
<ul style="list-style-type: none"> Increasing demand for clean and renewable energy from multinational and local corporations. 	<ul style="list-style-type: none"> Strengthen division business model and expand the solar PV system portfolio through joint ventures and partnerships.
<ul style="list-style-type: none"> Solar photovoltaic (“PV”) has by far the highest technical potential in Malaysia, and is supported by mechanisms to promote affordability. Malaysia allows installation of solar for self-consumption. Its Net Energy Metering Programme (“NEM”) provides a pathway to self-generation with excess energy sold back into the grid. The nation’s LSS projects offer a successful pathway to utility-scale solar adoption. 	<ul style="list-style-type: none"> Expand portfolio in solar PV systems through joint ventures and partnerships.
<ul style="list-style-type: none"> Reduction in tariff rates and reduced return on investments. 	<ul style="list-style-type: none"> Remained committed to advancing technical capacities and enhancing operating maximizing efficiencies and ensuring superior customer service, work quality, and project delivery.

Strategic Review

Value Creation Business Model

KEY INPUTS

DRIVERS/ENABLERS

FINANCIAL

- Total equity: RM447 million
- Total cash flow: RM140 million
- Total borrowings: RM25.5 million
- Total capital expenditure: RM7 million

HUMAN

- 438 employees, with 36.52% are female employees
- Investment in training & development: RM187,000
- 1 female director on the Board

MANUFACTURED

- Outstanding order book of RM291.51 million of water and waste water projects
- 4 glove production lines in one factory
- 139 vans, 45 coaches, 9 MPVs and 7 limo vehicles
- 108 km of fibre optic cables in Klang Valley
- 18.07 acres of landbank

INTELLECTUAL

- Dissolved Air Floatation ("DAF") and Lamella technology in water segment
- 4-star band grading (top 25 percentile) for Bursa Malaysia FTSE4Good rating
- ISO 9001 (quality management system), ISO 14001 (environmental management system) and ISO 45001 (occupational health & safety management system) certified


NATURAL

- 3,307,180.82 kWh of energy consumption
- 94,530 m³ of water consumption
- 1.93 GW of renewable energy generated from renewable energy segment


Social & Relationship

- RM149 million supplier & sub-contractor spending
- 160 hours of employee volunteering

ASSESSING OPERATING ENVIRONMENT

 Please refer to pages 12 to 19 on operating environment of each business segment

ENGAGING STAKEHOLDERS

 Please refer to pages 22 to 27 on stakeholder engagement updates


MANAGING RISK

 For more information on Key Risks & Mitigations, refer to pages 32 to 34

KEY MATERIAL MATTERS


Top 3 material matters:

- Business management & delivery
- Systematic risk management
- Technology & innovation

 For more information on the Group's full list of material matters, refer to page 28

STRATEGIC FOCUS AREAS

- Business model & innovation
- Leadership & governance
- Human capital
- Environment
- Social capital

 Please refer to pages 54 to 94 for details of each of our focus areas

Vision

To be a respected and synergistic corporation **transforming lives for the better.**

Mission

To **enrich lives** by providing top quality products and services through operational excellence and sustainability.

Core Values

 **Commitment**

 **Teamwork**


 **Ownership**

 **Respect**

 **Results Oriented**

Strategic Growth Drivers

- Strategic diversification
- Technology & innovation
- Cost & organizational effectiveness
- Sustainability as new growth area

 For more information on Strategic Growth Drivers, refer to page 35

Strategic Review

Value Creation Business Model

THROUGH OUR BUSINESS



WATER & WASTEWATER ENGINEERING

- Raw water management
- Design & build of water & wastewater treatment plant
- Non-revenue water solutions
- Pipelying & reservoirs
- Consumer billing & collection
- Wastewater collection & treatment



HEALTHCARE

- Glove manufacturing



TECHNOLOGY SERVICES

- Fiber optic cables laying and operation



TRANSPORTATION

- Transport solution for worker commuting
- Palm oil & soy oil product transporting services



RENEWABLE ENERGY

- Solar photovoltaic system installation



PROPERTY DEVELOPMENT

- Residential property construction and development

For more information on divisional operational performance, refer to pages 42 to 53

VALUE FOR STAKEHOLDERS

OUTPUT

OUTCOME

FINANCIAL CAPITAL

- Healthy gearing ratio at 0.06 times
- Dividend payment of RM5.6 million
- Interest paid to financial institutions: RM2.7 million

INVESTORS, SHAREHOLDERS, REGULATORS

- Financial growth & stability
- Better attraction and retention of shareholders

HUMAN CAPITAL

- RM24.3 million paid in salaries and rewards
- 36.52% female employees, with 31.4% of managers and above are female
- 9,647,216 manhours without loss time injuries ("LTI")
- 68 internal and external trainings provided

EMPLOYEES

- Safe working environment
- Employee engagement & retention
- Improved employee competency
- Career path enhancement

MANUFACTURED CAPITAL

- 5 new glove products, with total production capacity of 420 million pieces annually
- Delivered 33 cells sites along the LRT corridor

BUSINESS PARTNERS, EMPLOYEES

- Long term relationship with business partners
- Better quality of products and services
- Strategic alliance to strengthen Company's position

INTELLECTUAL CAPITAL

- Dissolved Air Floatation ("DAF") and Lamella technology in water segment

CLIENTS, INVESTORS, EMPLOYEES

- Innovative product portfolio
- Better brand value

NATURAL CAPITAL

- Avoidance of CO₂: 1,236 tonnes
- 2,838 kg of total waste recycled

ENVIRONMENT

- Mitigation of negative environmental impact
- Efficient resources consumption
- Ethical waste management

SOCIAL & RELATIONSHIP CAPITAL

- 5 Salcon Smart Water Programmes held, benefitting 185 students
- RM124,793 invested in community engagement activities
- 1,527 beneficiaries from philanthropic and river programme activities
- 100% local procurement for all business division except water engineering (99.5%)
- RM6.0 million tax contributed

COMMUNITY, SUPPLIERS, SUB-CONTRACTORS, REGULATORS, EMPLOYEES

- Provision of job opportunities
- Long term relationship with suppliers & sub-contractors
- Suppliers & sub-contractors share the same sustainability value
- Adherence to compliance




Strategic Review

Engaging Our Stakeholders

Stakeholders are integral to our value creation process. With the objective of building trust-based relationships, addressing operational issues and improving operational management strategy, we engage our key internal and external stakeholders to gather their insights on priorities and identify potential environmental or social impacts.

Our stakeholder engagement is based on the principles of inclusivity, materiality and responsiveness throughout the organisation and all business activities. Stakeholders are clear about the issues that matter and are involved in decision making in matters that impact them. The Company acts responsively on the material issues and updates stakeholders in a transparent manner.




Our stakeholder engagement details:



EMPLOYEES



Employees are the backbone of the Company's and are key to driving positive changes and value creation. We ensure an inclusive and safe working environment for our workforce and prioritise their career development and wellbeing.

Linkage to: H MI2 MI5 MI6 MI7 MI10

Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Safe & healthy workplace  page 64	Safety, Health & Environment (“SHE”) Committee meeting	Quarterly	• Regular meetings and discussion on safety and health issues	• Efficient reduction on the risks of potential unsafe working environment/condition to protect safety of all stakeholders • Better awareness among employees to cultivate a healthy and safe working environment
	Toolbox training	Weekly	• Emphasizing importance of workplace safety, especially our construction site	
	Safety & Health Campaign	Annually	• Holding events, activities and talks to create awareness on latest safety and health issue internally and via external collaboration	
Capacity building & skill enhancement  page 67	Training & workshop opportunities	As needed	• Offering on-job training, leadership training and personal development workshop to improve work quality and efficiency	• Better skill and improved knowledge
Fair remuneration & well-being  page 67	Employee performance review	Annually	• Job performance review and a channel of open communication between superior - subordinate on performance, rewards and areas for improvement	• Positive relationship amongst the workforce • Respectful, diverse and inclusive workplace • Better job satisfaction
	Employee well-being benefits	Throughout the year	• Providing entitlements and well-being benefits to retain and attract talents	
	Employee satisfaction survey & exit interviews	Bi-annually	• Conducting survey & interview to obtain employees' opinion on various policies such as well-being, career development, engagement, leadership and work-life balance	

Strategic Review

Engaging Our Stakeholders


Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Fair remuneration & well-being  page 67	Employee satisfaction survey & exit interviews	Bi-annually	<ul style="list-style-type: none"> Conducting survey & interview to obtain employees' opinion on various policies such as well-being, career development, engagement, leadership and work-life balance 	<ul style="list-style-type: none"> Positive relationship amongst the workforce Respectful, diverse and inclusive workplace Better job satisfaction
	Multiple online communications platforms include social media (Facebook, LinkedIn, Instagram), corporate website, intranet & newsletter	Throughout the year	<ul style="list-style-type: none"> Providing up-to-date company development and activities 	
	Festive celebration	As needed	<ul style="list-style-type: none"> Organising festive celebrations to promote inclusivity and diversity 	
	Recreational & sport activities via Salcon Recreational Club ("SRC")	Throughout the year	<ul style="list-style-type: none"> Engaging employees and family members, improving work-life balance through sports and recreational activities 	
Fair labour practices  page 71	Compliance with laws and regulations	Throughout the year	<ul style="list-style-type: none"> Conducting briefing to new joiners on ethics & conducts Introducing Anti-Sexual Harrassment Policy Managing grievance cases Upholding zero tolerance for discrimination against race, religion, gender, age, disabilities, nationality, political view, marital status etc. 	<ul style="list-style-type: none"> Harmonious, non-discrimination & inclusive workplace Positive working relationship among workforce



BUSINESS PARTNERS/ASSOCIATE PARTNERS

We work hand-in-hand with our business partners/associate partners to achieve business sustainability.

Linkage to: **B**  **M11** **M12**

Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Long term business strategy  page 58	Strategic business planning meetings	As needed	<ul style="list-style-type: none"> Annual strategic business plan and budget planning session Quarterly meetings to review financial progress & non-financial (ESG) progress 	<ul style="list-style-type: none"> Sustainable business Positive relationship

Strategic Review

Engaging Our Stakeholders



CLIENTS/CUSTOMERS

We are committed to provide top quality products and services to our clients/customers through operational excellence & sustainability. Customers are a central factor as they drive revenues and influence our product and service innovation.

Linkage to: **B** M11 M12 M13 M15

Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Superior quality products/services Cost efficient & timely delivery page 58	Regular & efficient project meetings	As needed	<ul style="list-style-type: none"> Having meetings and discussion to meet customers/clients' expectation 	<ul style="list-style-type: none"> Partnering for growth Superior quality of products/services Positive relationship
	Client satisfaction survey	Annually	<ul style="list-style-type: none"> Getting customers/clients' feedback on our quality of our people, products and services, pricing Taking actions on areas for improvement from customers' inputs 	
	Customer engagement activities	Throughout the year	<ul style="list-style-type: none"> Holding events and semi-formal sessions with customers to build positive relationship 	
Innovative solutions page 60	Research & development	Throughout the year	<ul style="list-style-type: none"> Developing new product for glove segment via our R&D arm 	<ul style="list-style-type: none"> Differentiated products and services
	Partnership on technology innovation	Throughout the year	<ul style="list-style-type: none"> Identifying new partners to improve technology or engineering support 	
Ethical business practices page 62	Compliance with laws and regulations	Throughout the year	<ul style="list-style-type: none"> Upholding the Group's Anti-Bribery & Anti-Corruption Policy 	<ul style="list-style-type: none"> Ethical business dealing



MEDIA

We engage with media friends to share the Company's strategies and developments. Besides mainstream media, Company is also engaging with stakeholders via various social media platform.

Linkage to: **S** M11 M12

Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Financial performance & company strategies ESG contributions pages 36 and 58	Press releases	As needed	<ul style="list-style-type: none"> Sharing Company's ESG initiatives and financial performances 	<ul style="list-style-type: none"> Positive branding

Strategic Review

Engaging Our Stakeholders



REGULATORS/GOVERNMENT

We work closely with regulators to comply with legal and statutory requirements and drive our sustainability agenda.

Linkage to:

Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Full compliance with all regulators including Bursa Securities, Securities Commissions, & etc. page 62	Meetings and engagement through forums, webinars and conferences Implementation of policies required by regulators	As needed Throughout the year	<ul style="list-style-type: none"> Getting latest updates from meetings and networking sessions Supporting government's climate ambition and transitioning into low-carbon economy by committing to reduce energy consumption and emissions 	<ul style="list-style-type: none"> Advocacy towards shaping policies for the future Active contribution to the development of the nation
Timely compliance with laws and regulations page 62	Compliance report and audit	As needed	<ul style="list-style-type: none"> Submitting compliance report to the regulatory bodies and attend to relevant audit Upholding good corporate governance through policies such as ISO standards, Code of Conduct and Anti-Bribery & Anti-Corruption Policy 	



NON-GOVERNMENTAL ORGANISATIONS (NGOS)

We collaborate with NGOs to create values for the communities and reduce environmental impacts.

Linkage to:

Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Salcon's environmental impacts ESG contributions Community living standards page 90	Collaboration/partnership to implement social/environmental initiatives	As needed	<ul style="list-style-type: none"> Collaborating with various NGOs and schools to drive ESG initiatives to raise environmental awareness, these include Salcon Smart Water Programme & special children centre visit etc. 	<ul style="list-style-type: none"> Higher awareness on environmental conservation and social inclusion Positive & long term partnership

Strategic Review

Engaging Our Stakeholders



INDUSTRY AFFILIATES

We engage with industry bodies to cultivate good relationships with industry peers.

Linkage to: **B** M11 M12

Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Sharing of best practices for industry progress Private partnership to drive national agenda <i>page 59</i>	Industry conferences, exhibitions, workshops, webinars or dialogues	Throughout the year	<ul style="list-style-type: none"> Participating in industry events to exchange knowledge and views on industry issues 	<ul style="list-style-type: none"> Positive relationship/partnership to drive innovation Capacity building and improved knowledge on industry trend



SUPPLIERS/SUB-CONTRACTORS

We work with suppliers/sub-contractors who share the same value with us to deliver sustainable solutions.

Linkage to: **B** M12 M14 M15 M18 M110

Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Long term partnership Timely response and payments Fair margins Human rights & social inclusion Environmental compliance <i>pages 60, 62, 71 and 74</i>	Engagements/ meetings during the tender & bidding process Procurement policies & system	As needed Throughout the year	<ul style="list-style-type: none"> Engaging with our suppliers throughout our procurement and vendor application process Committing to our statement of policies and business ethics before registering as our suppliers/sub-contractors 	<ul style="list-style-type: none"> Positive relationship Fair & timely payment Capacity building

Strategic Review


Engaging Our Stakeholders



SHAREHOLDERS/INVESTORS

We remain prudent in risk management and are committed to deliver highest values to our shareholders/investors.

Linkage to: **B**   **MI1**


Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Long term business growth strategies Market outlook & growth prospect Sustainable financial performance  page 58	Annual General Meeting (“AGM”)	Annually	<ul style="list-style-type: none"> Sharing Company's performance and business direction with shareholders Rewarding shareholders through dividend payment 	<ul style="list-style-type: none"> Appreciation in long term return on investment Positive growth prospect
	Company/stock exchange announcements through Bursa's website	As needed	<ul style="list-style-type: none"> Updating stakeholders on Company's latest key developments 	
	Press releases/announcement through company's website	As needed	<ul style="list-style-type: none"> Sharing Company's message & major developments 	
	Analysts/bankers/fund managers meeting	As needed	<ul style="list-style-type: none"> Building network connection with analysts and updating them on Company's strategies 	



LOCAL COMMUNITIES

We engage and uplift the lives of local communities in the areas we operate.

Linkage to: **S**   **MI1**

Priorities & concerns	Our engagement approach	Frequency	Our response	Value created
Salcon's environmental impacts Employment opportunities Socioeconomic development  page 91	Internship opportunities & local employment	As needed	<ul style="list-style-type: none"> Offering internship & job opportunities within the local community 	<ul style="list-style-type: none"> Positive relationship Better living standards
	Community outreach programmes	As needed	<ul style="list-style-type: none"> Engaging with NGOs to respond to their needs through 3 pillars: environment, education & philanthropic giving Engaging with local residents to understand their feedback on impacts from the projects 	

Strategic Review

Establishing Materiality

The Group conducts a yearly review of its key material issues in order to identify, prioritize and develop new strategies to address our stakeholder's concerns and any risks and opportunities arising. In FY 2022, we conducted a review of the Group's materiality issues and matrix internally with our Board of Directors and senior management team as well as with an external agency.


The following factors were taken into consideration during the review process:

Impact on business sustainability, production and efficiency

Stakeholder expectation on enterprise & ESG risks

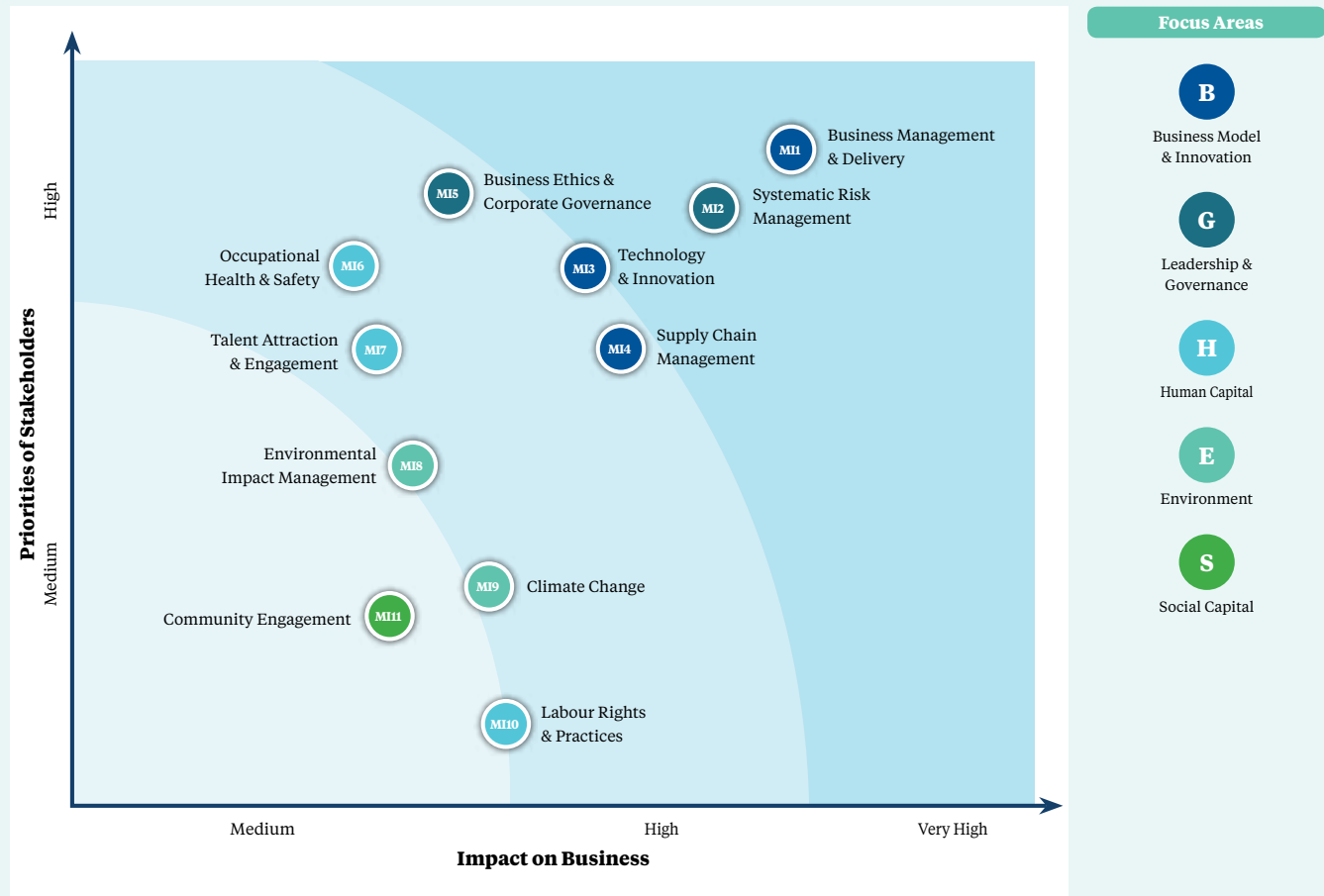
Value creation for stakeholders

The Company's materiality matters are based on 5 key focus areas: Business Model & Innovation, Leadership & Governance, Human Capital, Environment, Social Capital. Subsequent to the review, the number of key material issues were reduced to 11 key material issues ("MIs"), instead of 14 in the previous year. The reduction in the number of material issues are due to consolidation of relevant MIs for more focussed and ease of reporting. An analysis of the changes and rationale are reviewed in the table below.

 For detailed materiality review process and global standards and frameworks used, please refer to our website at <https://www.salcon.com.my/sustainability/shaping-a-sustainable-future>















Materiality Matrix & Analysis

Our materiality matrix and descriptions of each material issues as below:

















Strategic Review

Establishing Materiality









Material issues	Change analysis	Stakeholder concerns & priorities	How we address the issues	Measurement indicators
BUSINESS MODEL & INNOVATION				
In alignment with: UNGC Principle 9      				
Business Management & Delivery 	<i>Business Model & Financial Management</i> was renamed <i>Business Management & Delivery</i> in order to focus on the aspect of business management & deliverables to our clients whilst the financial management part is omitted as this will be reported in the Financial section of this report. <i>Project Management</i> in previous material matrix was consolidated into this MI due to its relevance of focus.	<ul style="list-style-type: none"> Projects completed on time and within budget Deliverables meet customers' expectation 	Efficient project management to ensure deliverables within budget & timeline.  <i>pages 58 to 59</i>	<ul style="list-style-type: none"> Client satisfaction score
Technology & Innovation 	Ranking was moved up, driven by rapidly changing business environment and to increase the Company's competitive edge to stay ahead of its competitors.	<ul style="list-style-type: none"> New technologies & innovation to develop new products & services to fulfil need and trends in the market 	Identifying opportunities to innovate especially via collaboration with potential technology service providers.  <i>page 60</i>	<ul style="list-style-type: none"> Number of collaboration to improve technology/innovation
Supply Chain Management 	Moved down one rank from previous year. This remains a significant materiality issue with high stakeholder interest.	<ul style="list-style-type: none"> Cost and efficiency of supply chain Sustainable & responsible procurement 	Working closely with suppliers and sub-contractors to manage ESG risks and expand opportunities.  <i>pages 60 to 61</i>	<ul style="list-style-type: none"> Suppliers & sub-contractors performance score
LEADERSHIP & GOVERNANCE				
In alignment with: UNGC Principle 10 				
Systematic Risk Management 	<i>Critical Incident Risk Management</i> (MI8 as per previous matrix) was merged together with <i>Systematic Risk Management</i> . <i>Systematic Risk Management</i> has also been elevated to ensure that it is given the attention and resources needed for the long-term sustainability and success of the Company. The ranking has been moved up in view of increasing importance of effective systematic risk management for sustainable growth.	<ul style="list-style-type: none"> Effectiveness of the Company's systematic risk management, mitigation strategies & plans 	Group Enterprise Risk Management Framework in place and regularly reassessed to ensure process and procedures are up to date.  <i>page 62</i>	<ul style="list-style-type: none"> Annual performance review on enterprise risks

Strategic Review

Establishing Materiality

Material issues	Change analysis	Stakeholder concerns & priorities	How we address the issues	Measurement indicators
LEADERSHIP & GOVERNANCE				
In alignment with: UNGC Principle 10 				
Business Ethics & Corporate Governance 	Moved down one rank from previous year. <i>Corporate Governance</i> was added into this material issue to demonstrate good board leadership.	<ul style="list-style-type: none"> Transparency & accountability in doing business Adherence to the highest standards of corporate governance, from the Boardroom to the employees 	Clear policies and practices to promote integrity, accountability and transparency in place.  pages 62 to 63	<ul style="list-style-type: none"> Fines or non-monetary sanctions for material non-compliance with laws or regulations
HUMAN CAPITAL				
In alignment with: UNGC Principle 1, 2, 3, 4, 5, 6     				
Occupational Health & Safety 	Ranking was moved up to reflect the Company's commitment for the safety of all stakeholders.	<ul style="list-style-type: none"> Safe & healthy workplace Reduced accident rate and good awareness on workplace health & safety 	Proactive measures to prevent incidents, minimise risks and raise awareness has been implemented Group-wide.  pages 64 to 66	<ul style="list-style-type: none"> Loss Time Injury ("LTI") Completion of safety training
Talent Attraction & Engagement 	<i>Talent Attraction, Growth & Retention and Employee Engagement, Diversity & Inclusion</i> , have been merged and renamed as <i>Talent Attraction & Engagement</i> .	<ul style="list-style-type: none"> Attract and retain talents to support the Company's business growth strategy Diverse & inclusive workforce 	Personal development and technical trainings geared towards retaining intellectual capital and good cultural fit. Equal opportunity and non-discriminatory recruitment and rewards.  pages 67 to 70	<ul style="list-style-type: none"> Employee training hours Turnover rate Percentage of employee participation in company activities Percentage of female employee with managerial positions
Labour Rights & Practices 	<i>Labour Practices</i> has been renamed <i>Labour Rights & Practices</i> as we reframe the way we approach the issues to better reflect our goals and values in this area.	<ul style="list-style-type: none"> Compliance to national labour laws & regulations 	Clear policies as guidance and support to maintain fair labour practices.  pages 71 to 73	<ul style="list-style-type: none"> Non-compliance with M'sia Employment Act & Labour Law

Strategic Review Establishing Materiality

Material issues	Change analysis	Stakeholder concerns & priorities	How we address the issues	Measurement indicators
ENVIRONMENT In alignment with: UNGC Principle 7, 8 				
Environmental Impact Management 	<i>Water & Wastewater Management, Pollution & Resources, Energy Management and Ecology Impacts</i> have been merged and renamed <i>Environmental Impact Management</i> for better data tracking and reporting purpose. Materiality increased compared with previous year due to increasing commitment by the Company in this area.	<ul style="list-style-type: none"> Compliance to environmental laws & regulations Minimizing & mitigating environmental impacts 	Monitor, manage and track water & energy consumption, pollution control and management. Conservation programmes are carried out to avoid excessive wastage and additional negative impacts to the environment.  <i>pages 74 to 81</i>	<ul style="list-style-type: none"> Water consumption intensity reduction percentage Energy consumption intensity reduction percentage Scheduled waste management compliance
Climate Change 	Ranking was moved up from previous year. Company continues to address climate change in an aggressive manner.	<ul style="list-style-type: none"> Transition into low carbon business activities 	Monitoring of business activities' carbon footprint and implementation of various initiatives to reduce emissions.  <i>pages 82 to 90</i>	<ul style="list-style-type: none"> Emission intensity reduction percentage
SOCIAL CAPITAL In alignment with: UNGC Principle 1 				
Community Engagement 	<i>Community Relations</i> has been renamed <i>Community Engagement</i> with the objective to focus on more meaningful engagement to achieve our objectives.	<ul style="list-style-type: none"> Engagement/ activities to support the community in achieving milestones in education, environment and community focus areas 	Meaningful engagement with target group (young generation and less fortunate) through 3 pillars: Education, Environment and Community.  <i>pages 91 to 94</i>	<ul style="list-style-type: none"> Number of local employment provided Number of community events organised

Strategic Review

Key Risks & Mitigations

Salcon key business risks and controls for internal and external operating environment, especially inherent risks were identified, assessed and managed. The performances of Risk Management processes are in accordance to ISO 31000 Risk Management's Framework, and enabled Salcon to achieve the stakeholders' objectivity without exceeding the risk tolerance limits and sits within risk appetities.

Salcon's key risks are identified, evaluated and weighed by owners, Internal Audit & Risk Management Department ("IARM") and Senior Management via Risk Management Work Group ("RMWG") meetings, to produce Salcon's top risks profile and reported by IARM to the Risk Management Committee ("RMC"), at least once a year. The RMC will discuss on the potential risk issues in the Group, review mitigation measures' effectiveness according to current business operating environment and report them to the Board for governance oversight and further strategic directives for the Group.

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 114 of this Annual Report.

The identified common key risks to the Company and mitigation measures are as follows:

Description	Mitigation Measures	Related Material Matters
Financial Risk		Likelihood: 2 Impact: 2 Target Risk rating: 4
<ul style="list-style-type: none"> Credit risk exposure to external counter-parties, cash flow liquidity. Fluctuations in foreign exchange rates, interest rates, and etc. 	<ul style="list-style-type: none"> Corporate Finance constantly monitor and report the Group's gearing positions and fluctuations of foreign exchange to the Board's Committee to ensure that debts and foreign exchange fluctuations are within the Group's threshold levels. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are explained in the financial statements on pages 122 to 231. 	
Competition Risk		Likelihood: 1 Impact: 2 Target Risk rating: 3
<ul style="list-style-type: none"> Intense competition from local players/global players. 	<ul style="list-style-type: none"> Keep informed through market intelligence/surveillance, news media and trade journals. Initiatives to increase service capabilities and reliability in line with economic conditions and market demand. Yearly customer satisfaction surveys and feedbacks. 	
Geopolitical Risk		Likelihood: 1 Impact: 2 Target Risk rating: 3
<ul style="list-style-type: none"> Every country in which we operate has its own set of geopolitical risks, based on the political environment and government stance on foreign direct investments. 	<ul style="list-style-type: none"> Build good rapport with local authorities and regular visits to ensure smooth operations. Closely monitor the political environment through news media and regular discussions with Management on local geopolitical climate. 	

Strategic Review

Key Risks & Mitigations

Description	Mitigation Measures	Related Material Matters
Regulatory and Litigation Risk Likelihood: 3 ■ Impact: 3 ■ Target Risk rating: 6 ■		
<ul style="list-style-type: none"> Amendments, revisions or introduction of new business regulations may disrupt business processes, delay approvals or necessitate changes to operations. Failure to meet contractual obligations with clients, vendors and other parties. 	<ul style="list-style-type: none"> Build rapport and work closely with government regulators and authorities to stay abreast with current developments in legislation and comply with applicable laws and regulations. Continuous review and management of contractual terms and conditions by the business units to ensure compliance at all times. 	<div style="display: flex; gap: 10px;"> <div style="border: 1px solid black; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; text-align: center;">MI1</div> <div style="border: 1px solid black; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; text-align: center;">MI2</div> </div>
Project Management and Construction Risk Likelihood: 3 ■ Impact: 2 ■ Target Risk rating: 4 ■		
<ul style="list-style-type: none"> Project delays, projects are not within the expected quality, cost overruns, inaccurate method of technology deployment and contractual disputes. 	<ul style="list-style-type: none"> Proper selection of sub-contractors, suppliers, consultants etc. Form Project Management Team to oversee and closely monitor on the project progress. Conduct periodic operation reviews to ensure the compliance of procedures on process control, inspection and testing, project implementation, and others. Strengthened in-house training measures to improve Project Management Team capabilities. Innovate & develop strategies that enhance operational efficiency and cost optimisation. 	<div style="display: flex; gap: 10px;"> <div style="border: 1px solid black; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; text-align: center;">MI1</div> <div style="border: 1px solid black; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; text-align: center;">MI2</div> </div>
Supply Chain Risk Likelihood: 3 ■ Impact: 2 ■ Target Risk rating: 5 ■		
<ul style="list-style-type: none"> Risk of unethical business practices/compliances through the supply chain management and processes. Risk of supply chain disruption arising from material shortages/global shipment congestion. 	<ul style="list-style-type: none"> Active sourcing for alternative materials or suppliers to ensure smooth supply of materials and reduce dependencies. New supplier to undergo a pre-qualification process prior to being included in the panel of approved suppliers. Yearly evaluation is conducted on existing suppliers and sub-contractors to assess their performance in areas including service delivery, quality of products and price competitiveness. 	<div style="display: flex; gap: 10px;"> <div style="border: 1px solid black; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; text-align: center;">MI1</div> <div style="border: 1px solid black; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; text-align: center;">MI3</div> <div style="border: 1px solid black; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; text-align: center;">MI4</div> </div>
Workplace Health and Safety Risk Likelihood: 1 ■ Impact: 2 ■ Target Risk rating: 3 ■		
<ul style="list-style-type: none"> Safety hazards that lead to worker accidents and injuries. Risk of non-compliance with the government's COVID-19 Standard Operating Procedures ("SOP"). Risk of infection of COVID-19 to the Group's employees or contractors disrupt business operations. 	<ul style="list-style-type: none"> Well-defined health and safety policies and procedures are in place. Constantly raise awareness of health and safety via training. Audits and inspections are conducted periodically to ensure effective implementation and compliance. Pro-actively monitor and update relevant SOPs to be in line with the government's policies, frequent communication to employees on the development and precautions needed and improved work environment conditions. Distribution of Personal Protective Equipment ("PPE") including face masks, hand sanitisers and self test kits to all employees. Implement work-from-home or split team arrangements for non-essential employees where applicable, to limit overall movement. 	<div style="display: flex; gap: 10px;"> <div style="border: 1px solid black; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; text-align: center;">MI5</div> <div style="border: 1px solid black; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; text-align: center;">MI9</div> </div>

Strategic Review

Key Risks & Mitigations

Description	Mitigation Measures	Related Material Matters
People Risk Likelihood: 2 Impact: 2 Target Risk rating: 4		
<ul style="list-style-type: none"> Inability to effectively manage succession planning, attract new talents, retain top talents in competitive market and adequately promote diversity and inclusion. 	<ul style="list-style-type: none"> Competitive salary packages, attractive performance-based rewards and positive working environment. Proactive succession and workforce planning to identify skill gaps and talent development needs. 	
Integrity Risk Likelihood: 2 Impact: 2 Target Risk rating: 4		
<ul style="list-style-type: none"> Inability to manage actions that could facilitate integrity breaches such as conflict of interests, corruptions/briberies, etc; which carries serious consequences for business and employees such as fines, civil penalties, criminal charges, etc. 	<ul style="list-style-type: none"> Formulate, disseminate, implement and enforce applicable policies/guidelines such as Code of Ethics and Conduct (“COEC”), Anti-Bribery & Anti-Corruption Policy (“ABAC”), Whistleblowing Policy, etc. Instill employees’ education/participation/understanding of integrity via acknowledgements of COEC, ABAC declarations, etc. Periodic campaigns to promote, raise and sustain integrity awareness and culture within the Group. 	
Sustainability Risk Likelihood: 2 Impact: 2 Target Risk rating: 4		
<ul style="list-style-type: none"> Inability to account for and manage uncertain or changing social or environmental events or conditions whereby during its occurrence, may or can cause significant negative impact and conversely, opportunities; on or for the company. 	<ul style="list-style-type: none"> Periodic campaigns to promote, raise and sustain ESG awareness and culture within the Group, such as recycling campaigns, tree planting exercises, etc. The Group’s Sustainability Committee holds yearly meetings to discuss on sustainability and advise the Group on matters relating to ESG policies and practices. 	





As based on existing TricorRadar heat map system:

2-3 4-5 6-7 8-10

Strategic Review

Strategic Growth Drivers & Priorities

Salcon is progressing on a clearly defined strategic roadmap to accelerate and build resilience. These four (4) strategic growth drivers have enabled the Company to diversify its offerings and capitalize on growth opportunities whilst delivering quality products and services effectively and efficiently.

Growth Driver	FY 2022 Developments	FY 2023 Key Priorities
<p>Strategic diversification</p> <p><i>Expanding into new markets and offering new products to diversify the Company's revenue streams and mitigate risk.</i></p>	<ul style="list-style-type: none">  Expanded into 4 markets in FY 2022: Russia, Philippines, Myanmar & Kenya. 	<ul style="list-style-type: none"> Focus on research & development (“R&D”) for better product innovation and to penetrate into new markets. Continue to identify new opportunities to mitigate risks and enhance profitability.
<p>Technology & innovation</p> <p><i>Utilizing technology and innovation to improve and differentiate the Company's products or services.</i></p>	<ul style="list-style-type: none">  Implement sludge pipe conveyor system for Langat 2 Package 3 project.  Identified Suez and Mitsubishi as our MBR (membrane) Strategic Partner.  Implemented 100% geotagging of critical active equipment. 	<ul style="list-style-type: none"> Identify technical experts for strategic collaboration to deliver improved products and services. Latest technology to enhance competitive edge and gain more market share.
<p>Cost & Organizational effectiveness</p> <p><i>Reducing costs and improving organizational effectiveness to drive success and increase efficiency.</i></p>	<ul style="list-style-type: none"> Performance management workshop for senior management on systematic and comprehensive Key Performance Indicators (“KPIs”) setting. Improved employee welfare, including medical/dental coverage and staggered working hours. 	<ul style="list-style-type: none"> Improve talent management, attraction & retention through a performance driven culture. Strengthen supply chain management to optimize cost savings.
<p>Sustainability as new growth area</p> <p><i>Focusing on environmentally and socially responsible practices to drive business growth and differentiate the Company in the marketplace.</i></p>	<ul style="list-style-type: none"> Workshop on Integrated Reporting with Special Focus areas for Board of Directors and senior management. Reviewed and set various key environmental targets, including net zero target. Launched of Anti-Sexual Harassment Policy to address inclusive labour practices. ESG-linked remuneration, with 20% of bonus pool linked to ESG performances. 	<ul style="list-style-type: none"> Transitioning into low carbon economy to meet Company's net zero goal. Embed culture of sustainability into our business planning & operations and enhance corporate governance. Engage with supply chain to address sustainability issues. Keep abreast with industry development to ensure sustainability practices & approaches are well aligned with international standards.

Financial Performance Review

Group CFO's Statement

Dear valued stakeholders,

I present before you the financials for FY 2022.

DIVISIONAL FINANCIAL REVIEW

Group Financial Performance

RM'000	2022	2021	Var
REVENUE	204,109	286,893	-29%
(LOSS)/PROFIT BEFORE TAX	(51,640)	27,478	-288%
NET (LOSS)/PROFIT	(41,326)	16,776	-346%

The Group achieved a total revenue of RM204.1 million in FY 2022, compared to RM286.9 million in the preceding financial year, representing a decrease of 29% attributed mainly due to lower demand in the glove industries.

The Group recorded loss before tax of RM51.6 million compared to profit before tax of RM27.5 million in the previous year mainly due to impairment loss on trade and other receivables.

The Group has reported a net loss of RM41.3 million in the current financial year, compared to the net profit of RM16.8 million reported in the previous year mainly due to losses in the Healthcare Division which recorded net loss of RM31.1 million in FY 2022.

Consolidated Cash Flow Analysis for FY 2022

RM'000	2022	2021
Net cash generated from operating activities	39,096	39,079
Net cash generated from/(used in) investing activities	3,010	(45,568)
Net cash used in financing activities	(21,496)	(13,058)
Effects of exchange rate changes	(1,074)	(2,034)
Net increase/(decrease) in cash at year end	20,599	(19,547)
Cash & bank balances	140,072	120,536

The net cash generated from operating activities has increased slightly as compared to FY 2021. The net cash from investing activities amounts to RM3 million for FY 2022 is higher compared to cash flow used in FY 2021, mainly due to the acquisition of the Healthcare Division in FY 2021. Net cash used in financing activities amounts to RM21.5 million in FY 2022 compared to RM13.1 million in FY 2021 mainly due to more repayment of borrowings in FY 2022. The cash & bank balance as at FY 2022 is 16.21% higher at RM140 million compared to FY 2021 at RM120.5 million.

Total Borrowings

RM'000	Borrowing due for repayment in		Total
	<1 year	>1 year	
Total borrowings	18,800	6,737	25,537

The Group has recorded borrowings of RM25.5 million as compared to RM39.4 million for corresponding period in the immediate preceding year. The movement in the borrowings was substantially attributed mainly due to repayment of borrowings in FY 2022.

There were no bank borrowings denominated in foreign currencies as at the reporting date.

Financial Performance Review

Group CFO's Statement

Capital Management

RM'000	2022	2021
Total borrowings	25,537	39,432
Lease liabilities	1,809	2,644
Less: Total cash & bank balances	(140,072)	(120,536)
Net borrowings	(112,726)	(78,460)
Owners' equity and non-controlling interests	447,630	494,429
Net gearing ratio (times)	0.06	0.08

In line with the Group's emphasis in prudent cashflow management, our Group is committed to maintain a healthy balance sheet with low gearing. Being in a net cash position, we are able to repay any short term and long term borrowings. Owner's Equity and Non-Controlling Interest decreased 9.3% from RM494.4 million in FY 2021 to RM447.6 million in FY 2022.

Consolidated Financial Position Analysis for FY 2022

RM'000	2022	2021	Var
Non-current assets	200,934	303,508	-33.8%
Current assets	393,250	357,752	9.92%
Total assets	594,184	661,260	-10.1%
Non-current liabilities	23,728	33,596	-29.37%
Current liabilities	122,826	133,235	-7.81%
Total liability	146,554	166,831	-12.15%
Owners' equity	425,031	454,834	-6.6%
Current ratio (times)	3.20	2.69	19%
Net assets per share attributable to equity holders (RM)	0.42	0.45	-6.7%

Total assets

The Group's total assets recorded RM594.2 million, decreased by 10.1% compared to RM661.3 million in FY 2021 mainly due to impairment loss on trade and other receivables.

Total liabilities

Total liabilities of the Group recorded at RM146.6 million in FY 2022, decreased by 12.15% compared to RM166.8 million in FY 2021 mainly attributed to the decrease in borrowings.

Owner's equity

Owner's equity decreased by 6.6% to RM425 million mainly due to losses in FY 2022.

Current ratio

The Group's current ratio, a balance sheet performance measure of the Group's financial liquidity recorded at 3.20 times in FY 2022, increased by 19% compared to 2.69 times in FY 2021. The current ratio indicates that the Group has adequate liquidity to cover short-term obligations.

Dividend Payout

FY 2022 The Company paid a final 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 Salcon in respect of the financial year ended 31 December 2021.

FY 2021 The Company paid a first and final dividend via distribution of treasury shares as share dividends on the basis of one (1) treasury share for every forty-five (45) existing ordinary shares held in Salcon in respect of the financial year ended 31 December 2020.

Financial Performance Review

Group CFO's Statement

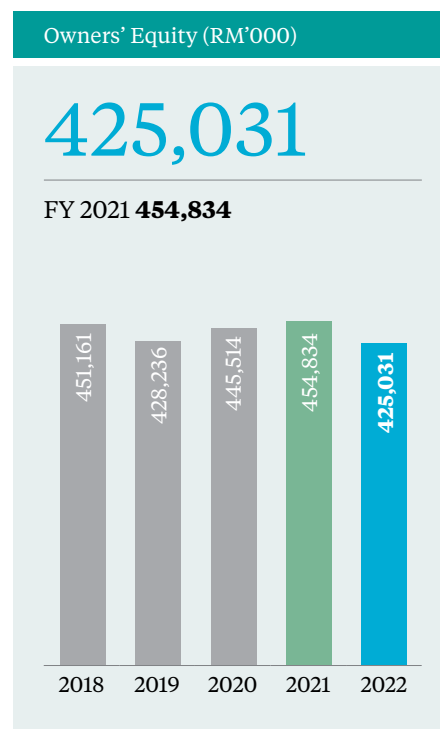
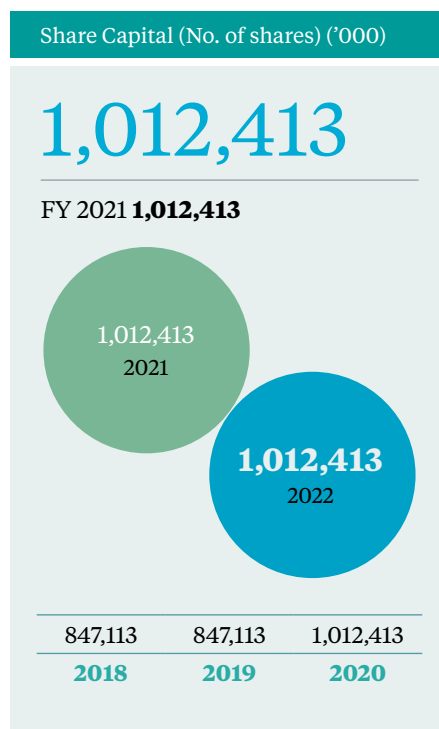
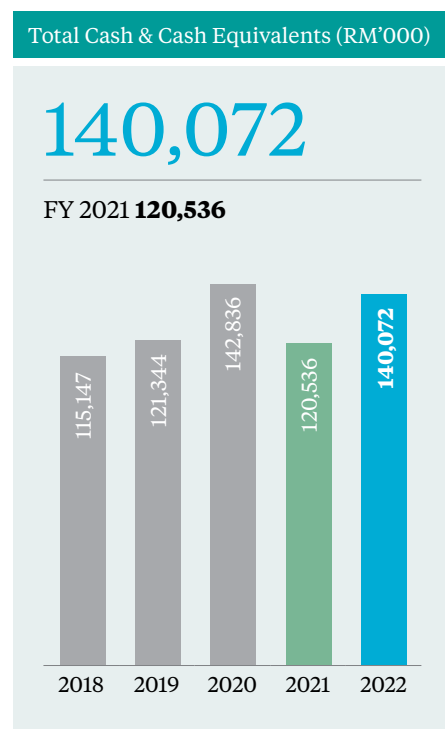
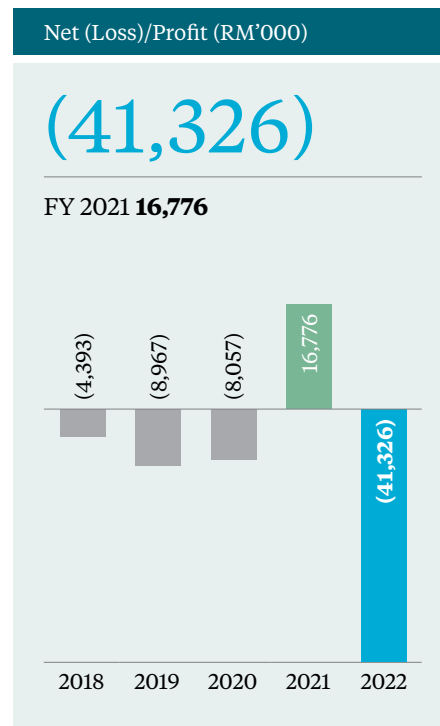
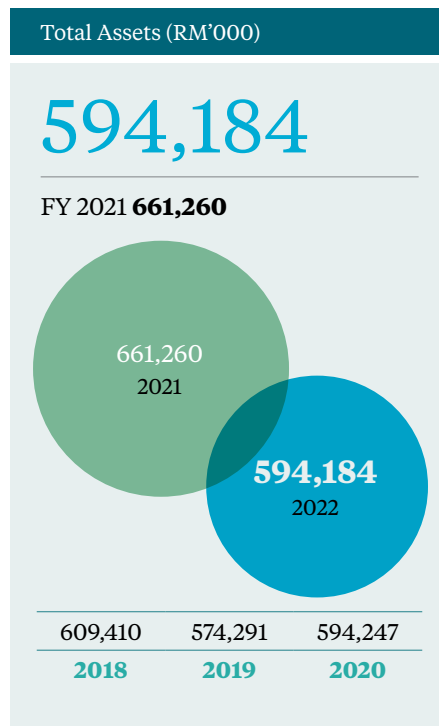
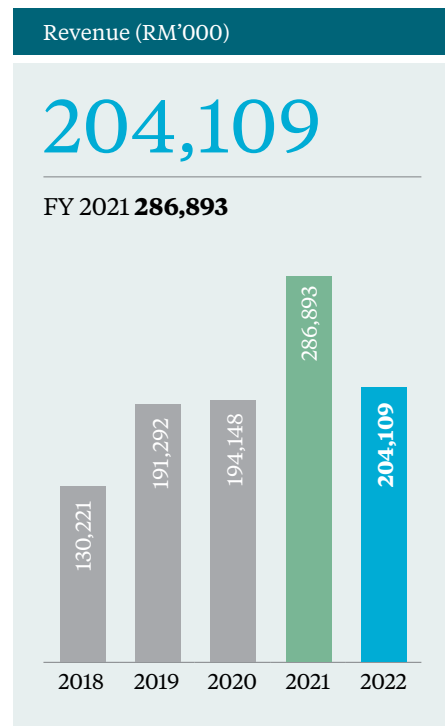
Financial Performance

RM'000	FINANCIAL YEAR ENDED DECEMBER				
	2022	2021	2020	2019	2018
FINANCIAL RESULTS					
Revenue	204,109	286,893	194,148	191,292	130,221
(Loss)/Profit Before Tax	(51,640)	27,478	(8,750)	(7,331)	(1,562)
Net (Loss)/Profit	(41,326)	16,776	(8,057)	(8,967)	(4,393)
KEY INFORMATION OF FINANCIAL POSITION					
Total Cash and Cash Equivalents	140,072	120,536	142,836	121,344	115,147
Total Assets	594,184	661,260	594,247	574,291	609,410
Total Liabilities	146,554	166,831	126,484	125,066	136,399
Total Borrowings	25,537	39,432	32,065	24,102	48,381
Share Capital (No. of shares)	1,012,413	1,012,413	1,012,413	847,113	847,113
Owners' Equity	425,031	454,834	445,514	428,236	451,161
Total Equity	447,630	494,429	467,763	449,225	473,011
FINANCIAL RATIOS					
Basic Earnings Per Share (sen)	(2.40)	1.19	(0.70)	(1.03)	0.25
Share Price at Year End (RM)	0.230	0.250	0.260	0.245	0.235
Price Earnings Ratio (times)	(0.10)	0.21	(0.37)	(0.24)	0.94
Return on Owners' Equity (%)	-5.72%	2.63%	-1.36%	-2.02%	0.47%
Return on Total Assets (%)	-4.09%	1.81%	-1.02%	-1.51%	0.35%
Dividend Payout to Earning Ratio (%)	-23.00%	31.26%	-106.08%	-88.06%	31.44%
Net Gearing Ratio (times)	0.06	0.08	0.07	0.06	0.11

Financial Performance Review

Group CFO's Statement

Group Financial Highlights



Financial Performance Review

Group CFO's Statement

Group Segmental Performance

RM'000	FINANCIAL YEAR ENDED DECEMBER				
	2022	2021	2020	2019	2018
GROUP REVENUE					
Engineering and Construction	134,762	136,298	153,593	163,456	103,125
Property Development	-	2,177	23,763	7,773	5,607
Trading & Services	17,080	15,574	16,792	19,181	20,008
Healthcare	52,267	132,844	-	-	-
Concessions	-	-	-	882	1,481
Revenue	204,109	286,893	194,148	191,292	130,221
GROUP (LOSS)/PROFIT BEFORE TAX					
Engineering and Construction	(2,436)	10,056	(3,778)	1,648	141
Property Development	(2,433)	(2,438)	(4,861)	(3,598)	(8,963)
Trading & Services	3,668	963	(478)	(7,719)	1,480
Healthcare	(50,708)	18,680	-	-	-
Concessions	269	217	367	2,338	5,780
(Loss)/Profit Before Tax	(51,640)	27,478	(8,750)	(7,331)	(1,562)
GROUP NET (LOSS)/PROFIT					
Engineering and Construction	(1,832)	7,620	(4,741)	(3)	(1,119)
Property Development	(2,675)	(2,606)	(4,486)	(3,857)	(8,970)
Trading & Services	3,027	426	(885)	(8,230)	523
Healthcare	(40,109)	13,244	-	-	-
Concessions	269	217	367	2,341	5,780
Discontinued Operations	(6)	(2,125)	1,688	782	(607)
Net (Loss)/Profit	(41,326)	16,776	(8,057)	(8,967)	(4,393)

Segmental Analysis

Engineering & Construction Division

During the financial year, the Division recorded loss before tax of RM2.4 million as compared to profit before tax of RM10.1 million in the preceding year mainly due to lower contributions from share of profit from joint ventures in the current financial year.

Healthcare Division

The Division recorded loss before tax of RM50.7 million as compared to profit before tax of RM18.7 million in the preceding year mainly due to impairment loss on trade and other receivables in the current financial year.

Property Development Division

The Division recorded loss before tax of RM2.43 million in the current year cumulative quarter as compared to loss before tax of RM2.44 million in the preceding year mainly due to finance costs incurred in the current financial year.

Financial Performance Review

Group CFO's Statement

Trading and Services Division

Under the Trading and Services Division, revenue recorded RM17.1 million as compared to RM15.6 million in the preceding year. The Division recorded a profit before tax of RM3.7 million as compared to a profit before tax of RM1.0 million in the preceding year mainly due to higher contributions from share of profit from joint ventures in the current financial year.

Statement of Value Added and Distribution

The statement of value added shows the total wealth created by the Group and its distribution to stakeholders, with the balance retained in the Group for reinvestment and future growth.

RM'000	2022	2021
VALUE ADDED:		
Revenue	204,109	286,893
Purchases of goods & services	(219,680)	(230,644)
Value added by the Group	(15,571)	56,249
Share of profit of associated companies and joint ventures	4,133	12,311
Total value added for distribution	(11,438)	68,560
DISTRIBUTION:		
To employees		
- Salaries & other staff costs	26,515	28,309
To Governments		
- Taxation	(10,320)	8,577
To Rakyat		
- Community Investment	53	235
To providers of capital		
- Dividends	5,594	3,742
- Finance cost	2,673	3,864
- Non-controlling interest	(16,996)	4,807
Retained for future reinvestment & growth		
- Depreciation and amortization	10,967	10,799
- Retained loss	(29,924)	8,227
Total Distributed	(11,438)	68,560
RECONCILIATION :		
Net Loss for the year attributable equity holders	(24,330)	11,969
Add: Depreciation and amortization	10,967	10,799
Finance cost	2,673	3,864
Staff costs	26,515	28,309
Community Investment	53	235
Taxation	(10,320)	8,577
Non-controlling interest	(16,996)	4,807
Total Value Added	(11,438)	68,560

Divisional Operations Review

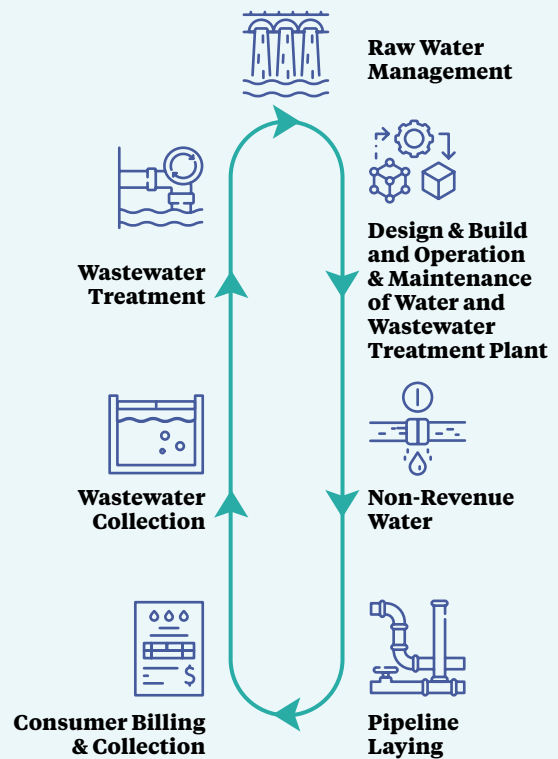


ENGINEERING & CONSTRUCTION DIVISION

Stakeholders
Involved



Value Chain



About the Division

- The Engineering & Construction Division provides integrated, end-to-end water and wastewater solutions, encompassing the design, finance, construction, operation & maintenance of water and wastewater treatment plants, operation & maintenance of water distribution system, non-revenue water (“NRW”) reduction, customer service, meter readings, billings and collection in Malaysia & overseas.
- Driven by subsidiaries namely Salcon Engineering Berhad (“SEB”) and Envitech Sdn. Bhd. (“Envitech”), in which SEB manages water engineering and Envitech manages wastewater engineering.

Divisional Operations Review

Engineering & Construction Division

Key Stakeholder Value Creation in FY 2022



Employees

- RM13.53 million payment to employee wages
- 246 workforce, with 57% are technical workforce
- Achieved 8.06 million manhours without loss time injury (“LTI”)



Suppliers/ Sub-contractors

- RM81.53 million payment to suppliers & sub-contractors



Clients/Customers

- Commissioned 120 million litres per day (“MLD”) water treatment plant and Completion of O&M of major sewage treatment plant project, which treats 207 MLD of sewage



Shareholders/ Investors

- Outstanding orderbook of RM291.51 million
- Tender value of RM1.2 billion



Local Communities

- Managed 7,106 number of calls at the Sandakan billing centre for Sandakan community

Operation Review

During the year under review, the Engineering & Construction division secured a total of RM230 million worth of new contracts in Malaysia ie Package 3 – Cadangan Reka dan Bina Sistem Pelupusan Enapcemar Untuk Loji Rawatan Air Langat 2 from Pengurusan Aset Air Berhad (“PAAB”) valued at RM210.0 million as well as several sewage treatment plants and sewerage reticulation pipelines projects.

The scope of Package 3 project from PAAB is to design and build a residual conveyance and disposal system for Langat 2 Water Treatment Plant, which includes a pipe conveyor of approximately 2,000 meters from the plant to the residual storage shelter near Bukit Enggang Balancing Reservoir.

The award of these projects is a measure of confidence that our clients have in the division which has more than 48 years strong track record and expertise in the water & wastewater industry.

Meanwhile, the division has also successfully completed several major projects in FY 2022, as follows:



Aerial view of Telibong water treatment plant

1. Design & build 120 MLD water treatment plant, 140 MLD raw water intake, raw water pipeline, TW pipelines and service water tanks for Kuala Terengganu Utara (“KTU”) Water Supply Scheme, Terengganu
 - The plant has been tested, commissioned and handed over since October 2022 and presently under Operation & Maintenance by SATU
 - Completion of balance minor works and defect liability period
2. Rehabilitation works of Vacuum Sewerage System at Bandar Ambang Botanic
 - Design, submission, construction, testing, commissioning the Rehabbed Vacuum Sewerage System

Laying of Vacuum Sewer & Telemetry Cable with total length of 4,090m for rehabilitation works of vacuum sewerage system at Bandar and Ambang Botanic.

Divisional Operations Review

Engineering & Construction Division



Laying of Vacuum Sewer & Telemetry Cable with total length of 4090m for rehabilitation works of vacuum sewerage system at Bandar Ambang Botanic

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

Water engineering:

1. Langat Centralised Sewage Treatment Plant – Package 1 & 2
 - Upgrading 10 existing sewage treatment plant to 6 network pump station and 4 single pump station as well as laying 10 km force main
 - Status of completion as at Feb 2023: 99%
2. Upgrading of Telibong II from 80 MLD to 160 MLD
 - Construction of raw water intake, raw water pipeline and water treatment plant of 80 MLD
 - Status of completion as at Feb 2023: 82%
3. Langat 2 – Package 15(4), Pipeworks
 - Laying DN1,600 @ 1.36 km and DN1,400 @ 3.7 km MSCL pipes to the existing distribution system
 - Status of completion as at Feb 2023: 63%
4. Customer Call Center, 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 2023: 76%

5. Package 3: Design & Build Dewatered Residual Disposal System for Langat 2 WTP

- Design & build dewatered sludge conveyance system and landfill and 6 months O&M
- Status of completion as at Feb 2023: 5%

Wastewater engineering:

1. External Common Gravity Sewer Mains at Jalan Segambut
 - Construction, inspection, testing & commissioning and handing over of sewerage reticulation
 - Status of completion as at Feb 2023: 40%
2. Sewage Treatment Plant STP2A (Module 3 - 50,000 PE with Ultimate Capacity 200,000 PE) at Mukim Kapar
 - Design and build, installation, completion, testing & commissioning of sewage treatment plant
 - Status of completion as at Feb 2023: 99%
3. External Sewerage and Drainage Works, Mukim Kuala Lumpur
 - Construction, inspection, testing & commissioning sewerage reticulation
 - Status of completion as at Feb 2023: 0% (under drainage system application approval stage)

The division is actively tendering for NRW projects and looks to expand its footprint in Malaysia, including other districts of Sabah.

The Road Ahead

Prospects for the division remains resilient with the government's continuous initiative and investments to improve the water quality and services, manage flood mitigation & reduce NRW rate in Malaysia.

The Water Sector Transformation 2040 ("WST 2040"), a two-decade agenda outlined in the 12th MP, aims to enable the water sector to significantly contribute to national growth and wealth creation by becoming a regional water industry hub. The goals include achieving water supply accessibility by 98% especially in rural areas and islands, sewerage services coverage to 90% and NRW reduction rate at 25% by 2025. During the re-tabling of the revised National Budget 2023/24, the government expects to re-tender six flood mitigation projects latest by June 2023, including projects in Sungai Johor in Kota Tinggi, Johor; Sungai Rasau and Sungai Klang, Selangor; and Sungai Golok, Kelantan.

We are confident of securing more water and wastewater projects in the new financial year. Our current total tendered/pre-qualified projects are valued at RM1.2 billion as at 31 December 2022, for both local and overseas projects whilst the outstanding orderbook stands at RM291.51 million, with 85% from water unit, 14% and 2% from wastewater and NRW unit respectively. The division continues to prioritise cost and operational efficiency as well as technology and innovation as the key strategic growth drivers to create long term sustainable values for our stakeholders.

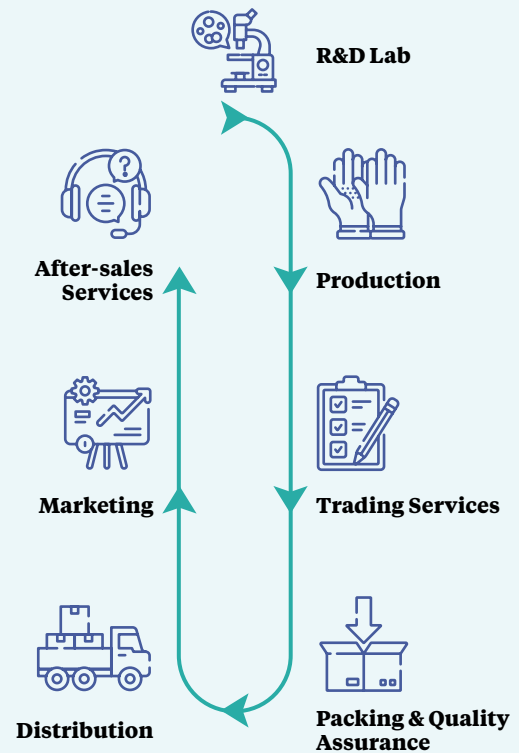
Divisional Operations Review

HEALTHCARE DIVISION

Stakeholders
Involved



Value Chain



About the Division

- The Healthcare Division is led by JR Engineering and Medical Technologies (M) Sdn. Bhd. ("JREMT").
- JREMT is in the business of manufacturing and trading of medical and industrial grade disposable latex, nitrile and polychloroprene gloves, covering various market segments such as dental, food, healthcare, industrial, laboratory, spa & beauty.
- JREMT also provides turnkey and consultation services globally since 2001, including Thailand, USA, African Continents, Bangladesh etc. Services consists of plant set up, machinery sourcing, testing and commissioning of production lines.
- 1 manufacturing plant with 4 production lines.

Divisional Operations Review

Healthcare Division

Key Stakeholder Value Creation in FY 2022



Employees

- RM2.99 million payment to employee wages
- Achieved zero fatality



Suppliers/ Sub-contractors

- RM51.8 million payment to suppliers

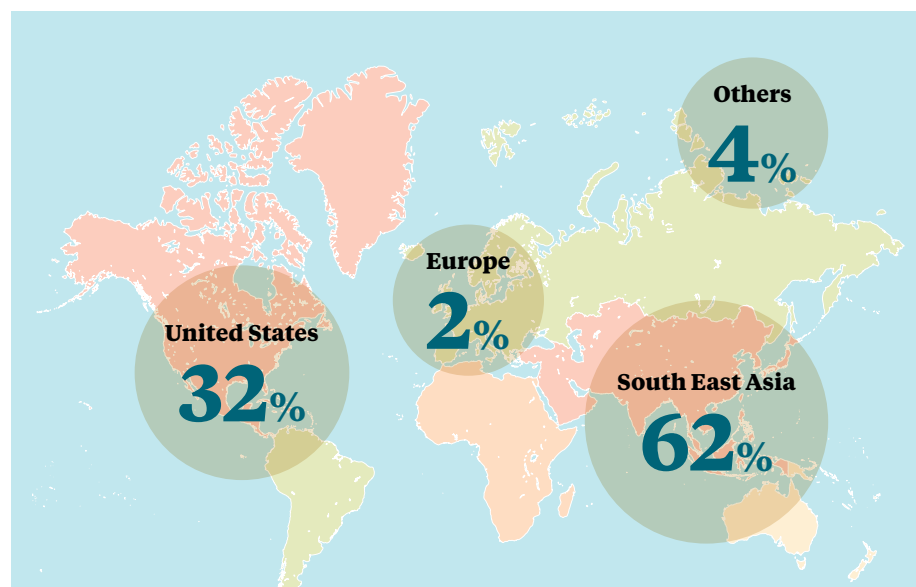


Clients/Customers

- Conducted Sedex Members Ethical Trade Audit (“SMETA”)
- Complied with 6 globally-recognised certifications/standards
- Delivered 125,059,556 pieces of gloves to 15 countries, for more than 160 customers
- Developed 5 new products in FY 2022

Operation Review

In FY 2022, the division launched 5 new products and penetrated into 4 new markets namely Myanmar, Philippines, Kenya and Russia. New products launched in FY 2022 are 300mm diamond grip examination gloves, neurosurgeons brown surgical gloves, orthopedic brown surgical gloves, gynecology 16” and 18” gloves and 240mm dual colored examination gloves. The Research & Development team continues innovating niche products to meet customers’ needs & expectations. In FY 2022, the division has footprint at various regions in 15 countries in total with diverse range of products to align with rapidly changing markets, as below:



JREMT continues to expand in existing markets via various marketing channels, such as social media, personal marketing representatives, digital marketing and exhibitions. In FY 2022, JREMT has participated in the following exhibitions to reach out to

potential customers and engage with existing customers:

- Vietnam Medipharm Expo 2022
- Medical Fair Asia 2022 Singapore
- Margma IREGCE 2022 Malaysia
- Selangor International Business Summit 2022
- Africa Expo 2022

To ensure consistent product quality and improve production efficiency, JREMT has invested in automation in its production process. Auto-pelleting & auto-pouching machine are used to seal pouches, which is 8 times faster than using manual labour. Affected by the travel restriction in earlier years due to the pandemic as well as regulations in importing foreign labour, the move to invest in automation has helped to solve the division’s labour issues. In FY 2022, 46 foreign labour from India were recruited.

JREMT’s products are certified with FDA certifications, CE Marking and various applicable ISO certifications. Besides this, the division has been a member of Supplier Ethical Data Exchange (“SEDEX”) since February 2022 and attended to customers’ requirement on Sedex Members Ethical Trade Audit

Divisional Operations Review

Healthcare Division



Auto-pelleting & auto-pouching machine improve production efficiency by 8 times

(“SMETA”). During the year under review, 1 SMETA audit have been conducted in February and JREMT has successfully complied with 99% of the audit which are based on 4 key areas: health and safety standard, labour standards, environment & business ethics.

Status of the material litigation between JREMT and Aspen Glove Sdn. Bhd. (“AGSB”) is on-going. Following JREMT’s counterclaim filed on 19 December 2022, AGBS has filed a write against JREMT on 25 January 2023. The suit is non-meritorious and JREMT will vigorously defend the suit.

The Road Ahead

The government’s revised 2023 Economic and Fiscal Outlook reports that growth in the manufacturing sector is expected to moderate this year to 3.9%, down from 8.1% in 2022 and 9.5% in 2021, amid moderate economic activities.

Demand for gloves are currently lower than pre-pandemic level due to several factors such as increase of raw material prices, supply chain disruption due to the Ukraine-Russia war, new competitors in the industry, coupled with customers holding off restocking activity because of excessive glove inventory. Nevertheless, given the rising hygiene awareness & health standards globally, the Company anticipates that the global glove demand will remain promising in long term. This is due to several factors such as increasing hygiene standards in both non-medical and medical sectors, growing aging population with the elderly being more susceptible to higher risk diseases, normalized customers inventory levels after the earlier overstocking, progressively stringent health regulations and emergence of new health threats.

The division’s current strategies are to focus in investing in R&D for better operation and product quality as well as enhance cost and operational efficiency.

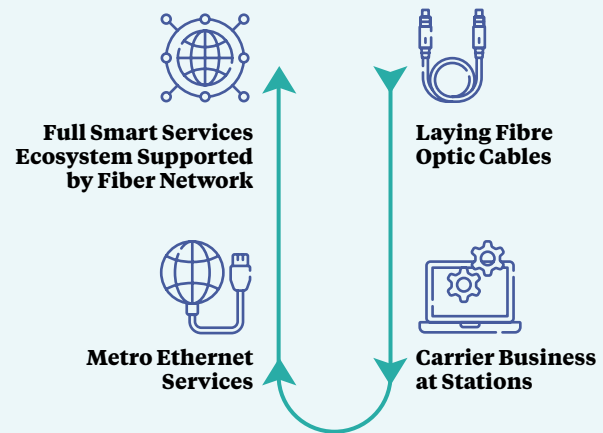
Divisional Operations Review

TECHNOLOGY SERVICES DIVISION

Stakeholders Involved



Value Chain



About the Division

- The Technology Services Division is led by Volksbahn Technologies Sdn. Bhd. (“VBT”).
- VBT’s network services are available in Klang Valley through out 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 mobile backhaul and broadband services within Prasarana’s LRT, Monorail and BRT corridors.
- 108 km distance of fiber optics infrastructure in Klang Valley.

Key Stakeholder Value Creation in FY 2022



Employees

- RM3.13 million payment to employee wages
- Achieved zero employee and contractor fatality rate



Suppliers/ Sub-contractors

- RM4.59 million payment to suppliers/sub-contractors



Clients/ Customers

- Delivered 33 cell sites along LRT corridor for its clients in FY 2022, with 29 of the sites secured in the same year

Divisional Operations Review

Technology Services Division



DNB site at University Station

Operation Review

During the year under review, VBT has successfully delivered 33 cell sites on-air along LRT corridor for its clients which include Celcom, Maxis, Digi and Digital Nasional Berhad (“DNB”) in FY 2022, whereby 24 out of the 33 sites are fifth-generation cellular network-based (5G) for DNB. This has also provided opportunities to build, manage & operate mobile broadband, fixes service and other digital services to Transit-Oriented-Developments (“TOD”).

Under its Enterprise Business services, in FY 2022, VBT has successfully clinched contracts from 3 new customers, ie: View Qwest Sdn. Bhd., XMT Technologies Sdn. Bhd. & YTL Communication Sdn. Bhd.. Together with 2 other existing customers – Allo Technology Sdn. Bhd. &

X86 Network Sdn. Bhd., VBT has secured 17 enterprise business sites and delivered 10 in FY 2022. The remaining 7 sites are expected to be delivered in FY 2023. In FY 2022, VBT has secured and delivered a total of 3 mobile backhaul services for U Mobile & Celcom.

The Road Ahead

Under Budget 2023, DNB, as the single Wholesale 5G Network Provider, will expand 5G network nationwide to achieve 80% of coverage of populated areas (“Copa”) areas with infrastructure expenditure allocation worth RM1.3 billion by end-2024.

VBT’s focus in near and medium term is on the 5G pillar structure deployment for DNB. Though the revised 5G wholesale fee will affect the competitiveness of the new

sites and bandwidth capacity expansion contracts, VBT will work closely with the authorities to ensure compliance, while enhancing its cost efficiency to increase competitive edge.

In terms of its enterprise business section, VBT continues to explore greenfield and brownfield areas and provide fixed broadband services through collaboration with service partners at commercial/residential buildings. With the Jalanan Digital Negara (“JENDELA”) initiative in which the government aims to implement digital connectivity to unserved locations with low mobile connectivity penetration, VBT are readily-available to provide the necessary solution within Prasarana’s Row Corridor.

Divisional Operations Review



TRANSPORTATION DIVISION

Stakeholders

Involved



Value Chain



Provide inbound and outbound logistics for transporting palm oil and soy oil product



Provide transportation services for multinational companies



Provide daily commute of targeted users including tourists

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., a wholly-owned subsidiary of ECT, provides transportation services for palm oil and soy oil products.

Key Stakeholder Value Creation in FY 2022



Employees

- RM5.4 million payment to employee wages
- Achieved zero fatality rate



Clients/Customers

- Provision of employees’ transportation services to 3 multinational companies
- Operates a total of 139 vans, 45 coaches, 9 MPVs, 1 lorry and 7 limo vehicles for worker transportation clients
- Operates 5 unit of stainless steel and mild steel bulk tankers
- Better technology with the installation of Senstrac on 196 vehicles

Divisional Operations Review

Transportation Division



The exterior view of the SCANIA coach under ECT's fleet

Operation Review

As at FY 2022, Eco-Coach & Tours (M) Sdn. Bhd. ("ECT") serves its multinational companies' clients, which include Intel, Paramit, and Analogue Device ("ADI") with total fleet size of 139 vans, 45 coaches, 9 MPVs, 1 lorry and 7 limousines. In order to provide safe, timely and tracking services to its clients and optimise cost efficiency, ECT invested on improvements to its Senstrac FOCAS Passenger Transport and Tracking System ("Senstrac") with an on-demand transport system to enable passengers to book their journey through its application system at a convenient time (during service operating hours), and to be picked at a designated convenient location. To date, a total of 196 vehicles has been installed with the Senstrac

system. The division seeks to diversify its commercial relationships and prioritize the marketing and promotion of the Senstrac to new potential clients in non-current industries.

Under its industrial product logistic unit, Green Fleet Sdn. Bhd. ("GF") operates 5 stainless steel and mild steel bulk tankers for clients in the palm oil and soy oil industries, including Soon Soon Oilmills Sdn. Bhd. and PGEO Edible Oils Sdn. Bhd. Due to the recovery of global economic activities after the COVID-19 pandemic, this segment has revived and continues in its development.

The Road Ahead

The increased interest among MNCs to set up their manufacturing base in Malaysia,

would generate significant multiplier effects on economic growth.

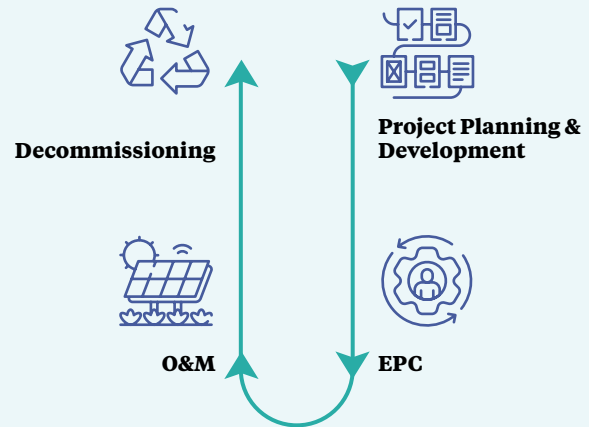
ECT intends to expand the business through the following strategies:

- Leveraging on digitalization in its transportation services, such as passenger transport and tracking, and a digital route planning system to offer more efficient services for vehicle and driver rostering for targeted users' daily commutes.
- Broadening the market presence by securing more contracts.
- Transitioning to low carbon emission vehicles.

Divisional Operations Review

RENEWABLE ENERGY DIVISION**Stakeholders
Involved****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 Malaysia market.

Value Chain**Key Stakeholder Value Creation in FY 2022****Employees**

- RM11,681 payment for employee wages

**Clients/Customers**

- Generation of 1.93 GWh of solar energy, which had reduced clients' electricity costs
- Offset 1,236 tonnes of CO₂ emission

**Local Communities**

- 1,600 homes in UK has been installed with rooftop PV panels as at FY 2022

**Regulators/Government
Authorities**

- Supports national renewable energy (“RE”) target in which 31% of RE share in the national installed capacity mix by 2025



The renewable energy division continues to generate 1.93 GWh of low carbon renewable energy from the rooftop solar photovoltaic system at HeveaPac in FY 2022

Operation Review

As at FY 2022, Inergist continues to generate 1.93 gigawatt-hours (“GWh”) of low carbon renewable energy from the rooftop solar photovoltaic system at HeveaPac Sdn. Bhd. (“HeveaPac”). This translates into an offset of 1,236 tonnes of CO₂ emission per annum.

In the UK, Salcon Power has successfully generated 1,234.74 kWh from 405 residential rooftop solar photovoltaic systems.

The Road Ahead

We see positive indicators that the market for renewable energy system, particularly solar photovoltaic system installation will remain resilient. In Budget 2023,

Bank Negara will provide RM2 billion in funding for sustainable technology start-ups and help small and medium enterprises implement low-carbon practices. This is part of the government’s measures to support and encourage green practices among local businesses and ultimately achieving the Net Zero Carbon country by 2050.

We will continue to work closely with our partners to support the development of the renewable energy segment.