



# ANNUAL REPORT

# Cover Rationale

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The beginning of 2020 was full of advice on what to expect in the year ahead, but needless to say life is full of expectations. In fact, rather than looking ahead, we have all been forced to look within.

It is no understatement to say 2020 has been a transformative year. Nearly every aspect of our lives was distraught, filled with gnawing doubts, toppled and otherwise reimaged by the pandemic crisis. But this is no time to rest. It is time to plan for the next year by looking back honestly at the past several months.

The cover page of PICORP 2020 Annual Report reveals the Brave Ground shade- being named after Dulux's Colour of the Year 2021. Brave Ground is a bolstering shade that connects back to nature and the simple things. Its warm, earthy tone creates a feeling of stability, growth and potential; and provides a firm foundation for change and creativity. The Brave Ground complements the duotone effect with a slight greenish tinge for a more aesthetic statement.

As we continue to live through uncertain times, the earnest and subtle tone of Brave Ground allows us to find certainties in the strength from the very ground beneath our feet, inspiring us to move forward and begin to breathe again- giving us the flex to adapt to the ever changing circumstances we face. It builds the power of agility and fosters essence of resilience as we uphold the sense of connectivity.

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# Keep moving forward

from adversities with  
**agility** and **resilience**  
while  
**staying connected**



- 👍 **Be strong**
- 👍 **Stay positive**
- 👍 **Never give up**





# Building agility that outlasts the Pandemic

Even before the wake of COVID-19, businesses and technological forces already require organisations to manage change and make decisions more quickly than ever before. The pandemic has immeasurably intensified those needs. Never have companies of all sizes felt so much pressure to make their business models fit the changing requirements. And the needs for speed won't be temporary—digitisation, globalisation, automation, analytics, and the other forces of change will go on accelerating too. It has been said that “The pace of change has never been this fast, yet it will never be this slow again.”

Agility is a driving factor of our success during these times.

There is nothing like a crisis to ignite innovation. And if the pandemic has taught us anything, it is that we must remain agile and flexible through it all.

At the onset of the COVID-19 outbreak, Malaysia had initiated travel restrictions and quarantine; but with an incessant increase in new COVID-19 cases, the Movement Control Order was finally rolled out on 18 March 2020, requiring closure of all businesses except those providing essential services and items. Indisputably everyone was in shock. It was completely new to all of us, and surely to any organisation where ‘work from home’ has never been an option afore.

As COVID-19 is a fast-moving crisis and things may change quickly, having an agile mindset is crucial. This is especially vital during this crisis in which nothing seems predictable.

As we embark on new challenges during the COVID-19 pandemic, we must come to grips with the fact that we are in a pandemic and business must carry on regardless. Having an agile mindset is nothing new, but building that mindset with our teams during the pandemic is an opportunity to flex and grow adaptability.

**Business agility**, also known as **organizational agility**, is the capability of a business to be **adaptive, flexible** and creative through a changing environment. Agile businesses **respond quickly to opportunities or threats**, whether internal (e.g. failing business operations) or external (e.g. shifts in trends or competitive markets).

Cambridge Dictionary

- 👉 The ability to move your body quickly and easily;
- 👉 The ability to think quickly and clearly;
- 👉 **Ways of planning** and doing work in which it is understood that **making changes** as they are needed is an **important part of the job**.

It's natural to react to stressful situations by reverting to what we're used to, but thriving in a pandemic requires a different mindset- an agile mindset; it's one of flexibility, openness to change and adaptability.



# Fostering resilience through a tough time



Resilience, in this context, doesn't mean bouncing back to normal. It means being transformed toward a new normal.

- 👉 The ability to be happy, successful, etc. again after something difficult or bad has happened;
- 👉 The ability of a substance to return to its usual shape after being bent, stretched, or pressed;
- 👉 The quality of being able to return quickly to a previous good condition after problems.

Cambridge Dictionary

The COVID-19 pandemic has brought about changes in most areas of our lives, which may bring stress, anxiety and fear. Your foundation may feel unstable, and your grasp and sense of control may feel tenuous.



## Pushing to the limits »»

Let's acknowledge the truth. No phrenzy. No denial. COVID-19 is really taxing, challenging and it will be for a long, undetermined time.

The fact that we have no clearly visible finish line adds to the ambiguity and resultant tension. What has become clear is the fact that this is a marathon, not a sprint. We are going to need to intentionally exercise personal and organisational resilience strategies to effectively complete this "long haul." Yes, INTENTIONALLY. Because it will not happen unless we make it happen. Being resilient includes learning from past experiences and developing new coping strategies moving forward.

The pandemic has pushed us to our limits, but we've been using our resilience to push back and keep going. As we move forward to the end of this unimaginable year and look forward to a new year that we know will continue to present challenges, one thing we can do to help ourselves is to take some time to store up our resilience reserves.

# Keep moving forward

- 🕒 Be mentally prepared.
- 🕒 Take stock of all you've been through already.
- 🕒 Adversity offers valuable insights.
- 🕒 Make peace with the situation.
- 🕒 Embrace adversity as a chance for opportunity.
- 🕒 Refuse to give up.
- 🕒 Have a purpose.
- 🕒 Keep a positive mindset.
- 🕒 Believe in your capabilities.

Illness, fear, loss, grief, isolation, uncertainty, and unemployment are just a handful of the profound consequences of the pandemic — with many experiencing multiple issues simultaneously.



**Advancing  
despite  
adversity**

## Coping with change and moving forward with hope

To be at the center of a global crisis is to be part of an uncertain future. The change that is seen following a crisis is often a result of a collective will to evolve.

Every storm passes. And this too shall pass.

Let's look at crises as opportunities to rethink and reorganise our priorities. Crises bring opportunities for improvements that are not always possible in other conditions. Like the analogy of a diamond: the beauty of the diamond comes about from the extreme experience of pressure and heat. The same is true for us. We will emerge stronger from this situation and all the complex challenges we have faced and are still facing. Let's focus on the future that is filled with hope.

# Staying connected

Keeping our distance  
but staying connected

- Think realistically
- Think differently
- Think creatively
- Manage mental health
- Maintain work routines
- Keep up morale
- Value teamwork
- Find ways to connect collaboratively

While many of us don't miss having to commute to the office every day, we do miss laughing with our favourite co-worker at the pantry. Many of us miss the efficiency of collaborating in person and being able to walk over to a colleague's desk to ask a question. It will remain important — and arguably become more important — to find ways to connect to one another. Indeed, so many constraints and considerations have to be taken into account. Adapting to continued change while integrating the aspects we want to keep in a post-pandemic world will require an agile mindset.

We are all in this together – you are not alone. Now, more than ever, we need to find creative ways to stay connected.

Our connection to others enables us  
to survive and thrive





29<sup>th</sup>  
AGM

PROGRESSIVE IMPACT CORPORATION BERHAD

# Virtual Annual General Meeting

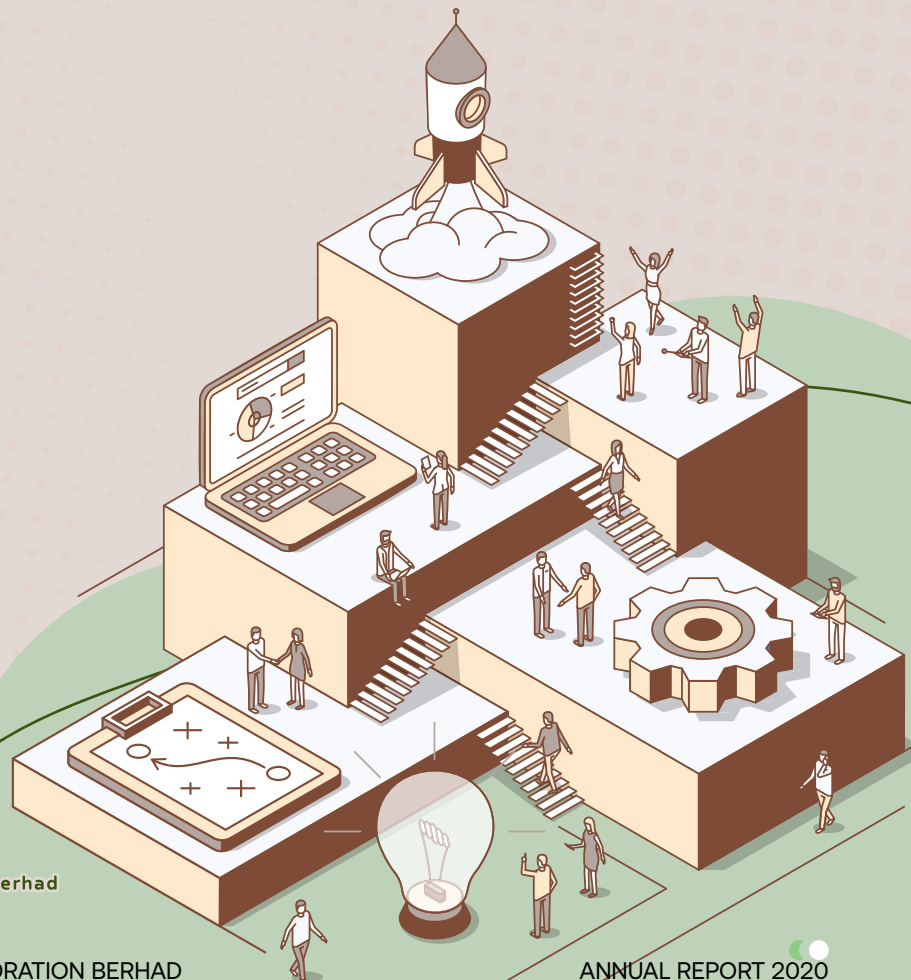


24 June 2021 | 10:00 am



1 July 2021

ENTITLEMENT TO 2020  
FINAL DIVIDEND



 [www.picorp.com.my](http://www.picorp.com.my)

 03-7845 6566

 Progressive Impact Corporation Berhad



2020  
ANNUAL  
REPORT

# RI

**CORPORATE**  
DISCLOSURE

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# Corporate Information

## BOARD OF DIRECTORS

**DATUK ABDUL HAMID BIN SAWAL**  
Chairman  
Senior Independent Non-Executive Director

**ZAID BIN ABDULLAH**  
Executive Deputy Chairman

**DATO' DR. LUKMAN BIN IBRAHIM**  
Group Executive Director

**ZAIDAH BINTI MOHD SALLEH**  
Non-Independent Non-Executive Director

**DATO' HAJJAH ROSNANI BINTI IBARAHIM**  
Independent Non-Executive Director

**LEE WENG CHONG**  
Independent Non-Executive Director

**USAMAH BIN ZAID**  
Alternate Director to Zaid bin Abdullah

**FATIMAH ZAHRAH BINTI ZAID**  
Alternate Director to Zaidah binti Mohd Salleh

### Audit Committee

**Lee Weng Chong**  
Chairman

- > Datuk Abdul Hamid bin Sawal
- > Zaidah binti Mohd Salleh
- > Dato' Hajjah Rosnani binti Ibarahim

### Remuneration Committee

**Datuk Abdul Hamid bin Sawal**  
Chairman

- > Dato' Hajjah Rosnani binti Ibarahim
- > Lee Weng Chong

### Nomination Committee

**Datuk Abdul Hamid bin Sawal**  
Chairman

- > Dato' Hajjah Rosnani binti Ibarahim

### Board Risk Management Committee

**Dato' Hajjah Rosnani binti Ibarahim**  
Chairman

- > Dato' Dr. Lukman bin Ibrahim

### Company Secretaries

**Zaidah binti Mohd Salleh**  
(MIA 3313)  
(SSM PC NO. 202008000882)

**Wong Wai Foong**  
(MAICSA 7001358)  
(SSM PC NO. 202008001472)

**Kuan Hui Fang**  
(MIA 16876)  
(SSM PC NO. 202008001235)

### Head Office & Registered Office

Suite 5.02, Mercu PICORP, Lot 10,  
Jalan Astaka U8/84, Bukit Jelutong,  
40150 Shah Alam, Selangor Darul  
Ehsan.

Telephone No. : 03-7845 6566  
Facsimile No. : 03-7845 7566

### Registrar

**Tricor Investor & Issuing House Services Sdn Bhd**

Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Telephone No. : 03-2783 9299  
Facsimile No. : 03-2783 9222

### Auditors

**Ernst & Young PLT**  
202006000003 (LLP0022760-LCA) &  
AF No. 0039

**Chartered Accountants**  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar  
Damansara, 50490 Kuala Lumpur  
Telephone No. : 03-7495 8000

### Principal Banker

**AmBank Islamic Berhad**

# Corporate Structure



## PROGRESSIVE IMPACT CORPORATION BERHAD

199001011782 (203352-V)



### ENVIRONMENT

#### MALAYSIA

- Alam Sekitar Malaysia Sdn Bhd — **100%**
- Asma Environmental Consultancy Sdn Bhd — **100%**
- Alam Sekitar Eco-Technology Sdn Bhd — **90%**

#### INTERNATIONAL

- Asma International Sdn Bhd — **100%**
- Saudi Asma Environmental Solutions LLC — **100%**
- Asma Advanced Solutions LLC — **60%**



### LABORATORY TESTING

#### MALAYSIA

- ALS Technichem (Malaysia) Sdn Bhd — **59%**

#### INTERNATIONAL

- PT ALS Indonesia — **80%**



### OTHERS

#### MALAYSIA

- Quantum Up Returns Sdn Bhd — **100%**  
Dormant
- Vertical Plus Sdn Bhd — **100%**  
Dormant
- Premiere Leap Sdn Bhd — **100%**  
Dormant
- PI Enviro Technologies Sdn Bhd — **100%**  
Dormant
- Perunding Good Earth Sdn Bhd — **100%**  
Dormant
- Progressive Uni San International Sdn Bhd — **50%**  
Dormant



# NURTURING GROWTH MINDSET

“Failure is an opportunity to grow”

“I can learn to do anything I want”

“I like to try new things”

“Challenge help me to grow”

“Feedback is constructive”

“I am inspired by the success of others”

“My effort and attitude determine my abilities”



“Failure is the limit of my abilities”

“I’m either good at it or I’m not”

“My abilities are unchanging”

“I can either do it, or I can’t”

“I don’t like to be challenged”

“My potential is predetermined”

“When I’m frustrated, I give up”

“Feedback and criticism are personal”

“I stick to what I know”

# FIXED MINDSET







# LEADERSHIP

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## ADDITIONAL INFORMATION

Save as disclosed, the Directors/Key Senior Management have:

- (i) no family relationship with any Director and/or major shareholder of Progressive Impact Corporation Berhad ("PICORP"), unless otherwise stated;
- (ii) no conflict of interest with PICORP;
- (iii) no directorship in other public companies and listed issuers;
- (iv) not been convicted of any offences within the past five years other than minor traffic offences ; and
- (v) not been imposed any penalty or public sanction by the relevant regulatory bodies during the financial year ended 31 December 2020.

Details of the Key Senior Management can be obtained in the Executive Leadership Team section.



**BOARD OF**



# ***DIRECTORS***

## **2020**





" SURELY WITH EVERY DIFFICULTY, THERE IS RELIEF "

# BOARD OF DIRECTORS 2020



## DATUK ABDUL HAMID BIN SAWAL

CHAIRMAN, SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE : 72 ▲ GENDER : MALE ▲

Date of Appointment : 23 May 2011  
Board Meeting Attendance in 2020 : 6/6

**Board Committees Membership(s) :**  
Chairman of Nomination Committee  
Chairman of Remuneration Committee  
Member of Audit Committee

### Academic/professional qualification/membership(s)

- Bachelor of Economics, University of Malaysia
- MBA in Agribusiness, University of Santa Clara, California, USA.
- Member of Institute of Corporate Directors Malaysia

### Experience:

- Director General, Malaysian Rubber Board (January 2000–2006)
- Deputy Secretary General, Ministry of Primary Industries (June 1999)
- Deputy Director General (Sectoral) in the Economic Planning Unit
- Head of Privatisation Task Force, Economic Planning Unit in the Prime Minister's Department (1989)
- Ministry of Primary Industries (1974)
- Malaysian Civil Service (1971 – 2006)
  - Ministry of Finance Division (Treasury)
  - Accountant General's Department



## ZAID BIN ABDULLAH

EXECUTIVE DEPUTY CHAIRMAN

AGE : 69 ▲ GENDER : MALE ▲

Date of Appointment : 1 November 1990  
Board Meeting Attendance in 2020 : 6/6

### Academic/professional qualification/membership(s)

- Bachelor of Economics (Accounting), University of Malaysia
- Advance Diploma in Accounting, University of Malaysia
- Member of Malaysian Institute of Accountants (MIA)
- Member of Institute of Corporate Directors Malaysia

### Experience:

- The founder of PICORP Group and holds directorships in all the subsidiary companies of the Company
- Group Executive Director of Shapadu Group of Companies (1982 – 1992)
- Director of Finance in Shapadu Corporation (1978 – 1982)

### Award and recognition

- Most Promising Entrepreneurship Award | APEA 2013

He is the spouse of Zaidah binti Mohd Salleh, father of Usamah bin Zaid and Fatimah Zahrah binti Zaid and a major shareholder of PICORP.



## DATO' DR. LUKMAN BIN IBRAHIM

GROUP EXECUTIVE DIRECTOR

AGE : 55 ▲ GENDER : MALE ▲

Date of Appointment : 9 January 2015  
Board Meeting Attendance in 2020 : 6/6

**Board Committees Membership(s) :**  
Member of Board Risk Management Committee

### Academic/professional qualification/membership(s)

- PhD in Accountancy, MARA University of Technology (2014)
- Association of Certified Chartered Accountants ACCA, UK (2001)
- Master of Business Administration, Temple University, Philadelphia, USA (1990)
- Bachelor of Business Administration (BBA) Magna Cum Laude (majoring in Accounting and Finance), Temple University, Philadelphia, USA (1989)
- Immediate Past President of ACCA Malaysia Advisory Committee
- Fellow Member of Association of Chartered Certified Accountants (ACCA), UK
- Member of Malaysian Institute of Certified Public Accountant (CPA)
- Council member of Malaysian Institute of Accountants (MIA)
- Member of Institute of Corporate Directors Malaysia

[read more >](#)

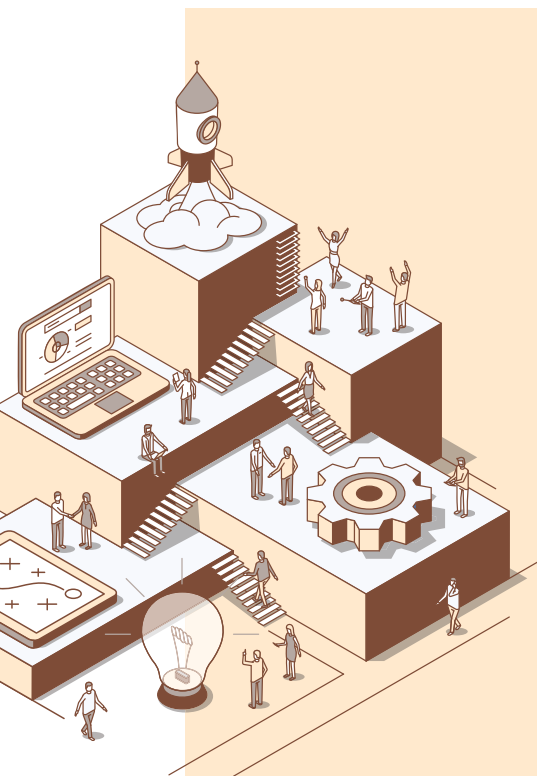


#### Experience:

- Deputy Chief Executive Officer of Proton Holdings Berhad (2012 - 2014)
- Group Chief Operating Officer (2011 - 2012)
- Group Chief Financial Officer, DRB-HICOM Berhad (2008 - 2011)
- Proton Berhad (1991 - 2008: 17 years)
- Proton Part Centre Sdn Bhd
- PHN Industry Sdn Bhd (with his last position as the Managing Director)
- Automotive Corporation (Malaysia) Sdn. Bhd. (1990 - 1991)
- Sun Refining and Marketing, Philadelphia, U.S.A. (1989 - 1990)

#### Award and recognition

- Best National Award for Management Accounting
- DRB-HICOM's Best CEO of 2007
- Best Vendor Awards from TOYOTA, Honda, Proton and Perodua



The agile way is more adapt to changes but shall not lose the sight of big picture

-Pearl Zhu



### ZAIDAH BINTI MOHD SALLEH

NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR

AGE : 66 ▲ GENDER : FEMALE ▲ 

Date of Appointment : 1 November 1990  
Board Meeting Attendance in 2020 : 6/6

**Board Committees Membership(s) :**  
Member of Audit Committee

#### Academic/professional qualification/membership(s)

- University of Malaya with Bachelor of Economics (Accounting) (1977)
- Advance Diploma in Accounting (1978)
- Member of the Malaysian Institute of Accountants (MIA)
- Chartered Accountant, Malaysian Institute of Accountants (MIA)
- Member of Institute of Corporate Directors Malaysia

#### Experience:

- Co-founder of PICORP Group of Companies
- Company Secretary of PICORP Group of Companies
- Group Executive Director, PICORP Group of Companies (2003 - 2009)
- Group Financial Controller, PICORP Group of Companies (1993 - 2003)
- Senior Accountant (Operations), Telekom Malaysia (1989 - 1993)
- Regional Accountant, Regional Accounts Division, Telekom Malaysia (1984 - 1989)
- Financial Controller ("G") Jabatan Telekom (1981 - 1984)
- Accountant, Jabatan Telekom (1978 - 1981)

She is the spouse of Zaid bin Abdullah, mother of Usamah bin Zaid and Fatimah Zahrah binti Zaid and a major shareholder of PICORP.



### LEE WENG CHONG

INDEPENDENT  
NON-EXECUTIVE DIRECTOR

AGE : 63 ▲ GENDER : MALE ▲ 

Date of Appointment : 2 September 2016  
Board Meeting Attendance in 2020 : 6/6

**Board Committees Membership(s) :**  
Chairman of Audit Committee  
Member of Remuneration Committee

#### Academic/professional qualification/membership(s)

- Bachelor of Science Degree in Chemical Engineering, University of Aston, Birmingham, UK.
- Fellow of Institute of Chemical Engineers, UK.
- Member of Singapore Institute of Directors
- Member of Institute of Corporate Directors Malaysia

#### Academic/professional qualification/membership(s)

- President (Asia Pacific region), Trelleborg Sealing Solutions, Singapore (2004 - present)
- President, Asia Pacific (based in Singapore), Invensys plc (1996 - 2004)
- Divisional Manager (based in Singapore & UK), Alfa Laval Pte Ltd (1979 - 1993)

# BOARD OF DIRECTORS 2020



## DATO' HAJJAH ROSNANI BINTI IBARAHIM

INDEPENDENT  
NON-EXECUTIVE DIRECTOR

AGE : 67 ▲ GENDER : FEMALE ▲

Date of Appointment : 14 May 2012  
Board Meeting Attendance in 2020 : 6/6

### Board Committees Membership(s) :

Chairman of Board Risk Management Committee  
Member of Audit Committee  
Member of Nomination Committee  
Member of Remuneration Committee

### Academic/professional qualification/membership(s)

- Bachelor of Science Degree in Chemical Engineering, University of Leeds, United Kingdom
- Member of Institute of Corporate Directors Malaysia

### Experience:

- Director General of the Department of Environment Malaysia (1998 to 2011)

### Award and recognition:

- Asian Environmental Compliance and Enforcement Network (AECEN) Award for Excellence for Environmental Governance in Malaysia (2011)



## USAMAH BIN ZAID

ALTERNATE DIRECTOR TO  
ZAID BIN ABDULLAH

AGE : 37 ▲ GENDER : MALE ▲

Date of Appointment : 1 July 2020  
Board Meeting Attendance in 2020 : 4/4  
(up to his resignation as Director on 1 July 2020)

### Academic/professional qualification/membership(s)

- Master in Business Administration, Management & Science University (2015)
- General Islamic Studies, Darul Uloom Zakariya Islamic University, South Africa (2010)
- Member of Institute of Corporate Directors Malaysia

### Experience:

- Chief Executive Officer, Alam Sekitar Malaysia Sdn Bhd (2021 – present)
- Deputy Chief Executive Officer, Alam Sekitar Malaysia Sdn Bhd (2020)
- Senior General Manager, Zaiyadal Keluarga Sdn Bhd (2020)
- Chief Executive Officer, Intelligent Aqua Sdn Bhd (2018 – 2019)  
General Manager (Business Development),
- Alam Sekitar Malaysia Sdn Bhd (2016 – 2018)  
Business Development Executive, Alam
- Sekitar Eco-Technology Sdn Bhd (2013 – 2016)
- Business Development Executive, PJ Bumi Berhad (2010 – 2013)
- Syariah Advisor to the Group, Progressive Impact Corporation Berhad (July 2010 – October 2010)

Usamah is the son of Zaid bin Abdullah and Zaidah binti Mohd Salleh and brother of Fatimah Zahrah binti Zaid.



## FATIMAH ZAHRAH BINTI ZAID

ALTERNATE DIRECTOR TO  
ZAIDAH BINTI MOHD SALLEH

AGE : 36 ▲ GENDER : FEMALE ▲

Date of Appointment : 9 April 2015

### Academic/professional qualification/membership(s)

- Bachelor Degree in Engineering (Chemical), University of Malaya
- Master in Business Administration, Putra Business School, University of Putra Malaysia (UPM)
- Member of Institute of Corporate Directors Malaysia

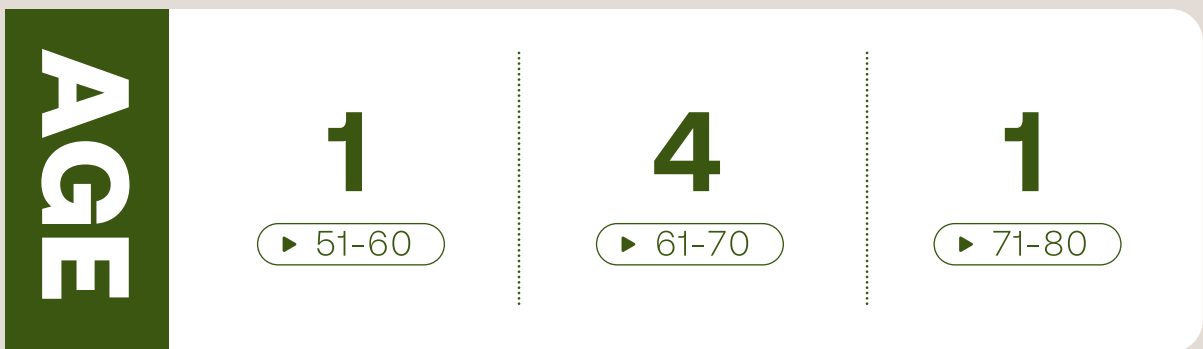
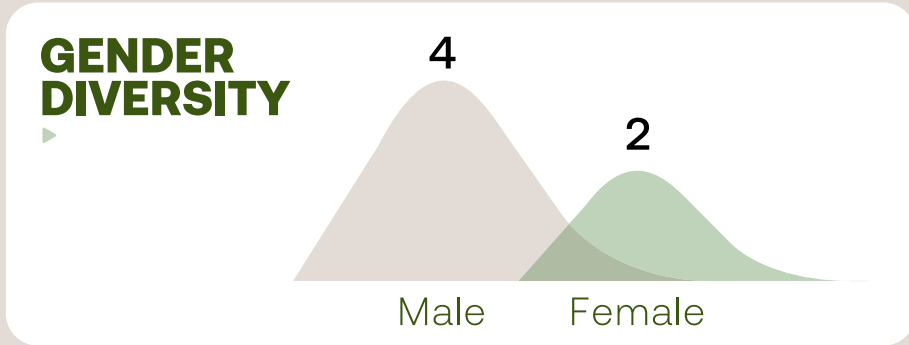
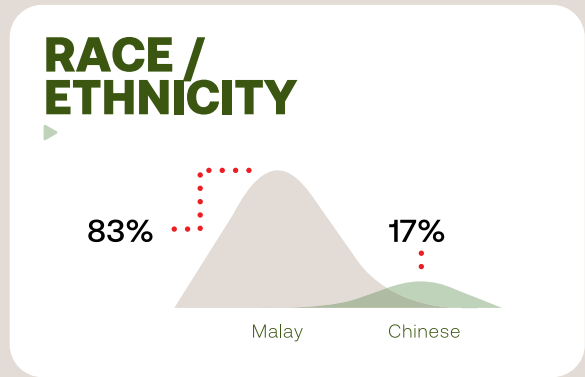
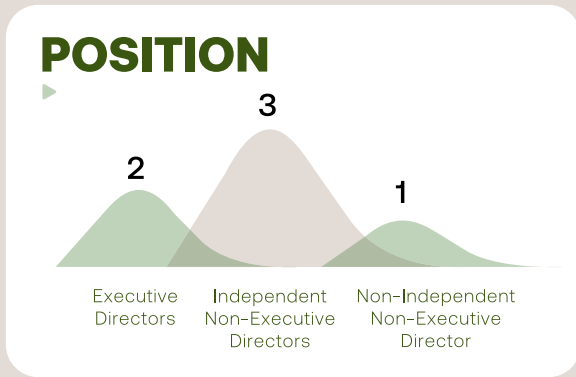
### Experience:

- General Manager, Zaiyadal Keluarga Sdn. Bhd (2017-present)
- Proposal Engineer, Foxboro (Malaysia) Sdn. Bhd (2010 – 2013)
- Project Engineer, Foxboro (Malaysia) Sdn. Bhd (2007 – 2010)

Fatimah Zahrah is the daughter of Zaid bin Abdullah and Zaidah binti Mohd Salleh and sister of Usamah bin Zaid.



# BOARD DIVERSITY








# KEEP MOVING FORWARD WITH AGILITY AND RESILIENCE



1

## DATO' DR. LUKMAN BIN IBRAHIM

Group Executive Director  
Progressive Impact Corporation Berhad

AGE : 55 | GENDER : MALE | 

Date of Appointment : 1 March 2018

Note: The full profile is available at the Leadership  
Section of the Annual Report 2020.

# EXECUTIVE LEADERSHIP TEAM



2

## JOHAR BIN YUSOF

Chief Executive Officer  
Asma International Sdn Bhd  
Saudi Asma Environmental Solutions LLC  
Asma Advanced Solutions LLC

AGE : 56 | GENDER : MALE |

Date of Appointment : 1 March 2018

### Academic/Professional Qualification(s)

- > Master in Business Administration (Finance), IIUM.
- Bachelor in Electrical Engineering, University of Miami, USA

### Experience:

- > Joined PICORP Group of Companies in 2003 and has held various positions within the Group, the last being the Group Chief Executive Officer.



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## USAMAH BIN ZAID

Chief Executive Officer  
Alam Sekitar Malaysia Sdn Bhd

AGE : 37 | GENDER : MALE |

Date of Appointment : 1 January 2021

Note: The full profile is available at the Leadership Section of the Annual Report 2020.



4

## DR. CHIN TEEN TEEN

Chief Executive Officer  
ALS Technichem (Malaysia) Sdn Bhd  
& PT ALS INDONESIA

AGE : 57 | GENDER : FEMALE |

Date of Appointment : 1 November 1998

### Academic/Professional Qualification(s)

- > PhD in Analytical and Inorganic Chemistry, University of Vermont, USA.
- > MSc (Chemistry), University of British Columbia, Canada
- > BSc, University of New Brunswick, Canada.

### Experience:

Joined ALS in March 1997 and has held the current position since November 1998.



5

## HAMSIAH BINTI KHALID

Group Chief Financial Officer

AGE : 49 | GENDER : FEMALE |

Date of Appointment : 16 June 2020

### Academic/Professional Qualification(s)

- > Bachelor of Accountancy, Universiti Pertanian Malaysia
- > Master in Business Administration, Management & Science University
- > Certified Chartered Accountant, Malaysian Institute of Accountants

### Experience:

Joined PICORP as an Internal Auditor in 2001 and later in 2008, she was appointed as the Group Financial Controller of PJBumi Berhad until PICORP's divestment in the company. Since 2014, she has served as the Group Financial Controller of Progressive Impact Technology Sdn Bhd, an associate company of PICORP.

# PICORP MANAGEMENT TEAM



**1 HAMSIAH BINTI KHALID**  
Group Chief Financial Officer

**2 AZLI BIN MOHD ZIN**  
Group Senior Manager  
Legal, Secretarial and Human Capital

**3 ABD. RAZAK BIN MASIRUN**  
Manager -Group IT Support

**4 AHMAD SHAHDAN BIN KASSIM**  
Senior General Manager  
Research & Development







**5 AHMAD FUAD BIN IBRAHIM**  
Manager - Research & Development

**6 NIK AZRAN IZHAR BIN NIK AHAMED**  
Manager - Facilities and Building Maintenance

**7 HAFIZAH BINTI ISMAIL**  
Manager - Group Risk and Compliance

**8 MARINA HAZLIN BINTI HARUN**  
Manager - Human Capital Development

**9 NURHAZIRAH BINTI MOHD SHARIPP**  
Finance Manager

**10 NUR SYUHADA FARHANA BINTI A ZAHARI**  
Manager - Corporate Communication  
and Digital Marketing





# ENVIRONMENTAL TEAM



**USAMAH BIN ZAID**

Chief Executive Officer  
Alam Sekitar Malaysia Sdn Bhd



**SHAMUDDIN  
BIN SULAIMAN**

Director - Special Projects  
Alam Sekitar Malaysia Sdn Bhd



**ARDI BIN BAKHTIAR**

General Manager, Sales



**NORAIHAH BINTI  
AB HAMID**

General Manager, Execution



**IZHAN ZANI  
MOHAMAD REDUAN**

Head of Department  
| Marketing & Liasion



**AZIZAH BINTI SALLEH**

Head of Department  
| Finance & Risk



**MUHAMMAD FAIRUZ  
BIN HASSIM**

Head of Department | Air



**ZAFINA BINTI  
ZAINOL ABIDIN**

Head of Department | Water

# ENVIRONMENTAL TEAM



**SUZANA BINTI  
SHAARI**

Head of Department  
| Environmental Monitoring  
Services



**MIMI SHUHAI DAH  
BINTI YUSOF**

Head of Department  
| Water & Wastewater



**AZMI BIN SUMAIRI**

Head of Department  
| Product & Technology Sourcing



**SAMSUL BIN KASPIN**

Head of Department  
| Digitalisation



**SITI JOHARA  
BINTI SULAIMAN**

Head of Department  
| Quality Assurance,  
Environment, Health & Safety



**AZIZAH MOHAMED**

Head of Department  
| Human Capital



**SITI MUHAYA  
BINTI SUNGIT**

Head of Department  
| Procurement



# INTERNATIONAL ENVIRONMENTAL TEAM



**JOHAR YUSOF**

Chief Executive Officer  
Asma International Sdn Bhd  
Saudi Asma Environmental  
Solutions LLC  
Asma Advanced Solutions LLC



**NADZRAH HASHIM**

Chief Operating Officer  
Saudi Asma Environmental  
Solutions LLC  
Asma Advanced Solutions LLC



**ADIB NOR AFIFI**

Financial Controller



**YOUSSEF ELSMANI**

Project Manager | Jeddah KPI



**DR. AYMAN IBRAHIM**

Project Manager  
| Makkah Health Monitoring



**MOHAMED IBRAHIM**

Shared Service Manager



**KHALED AL SAQR**

Human Capital Manager



**HUSSAM MOHAMMED  
ZAIN AHMED ALHAG**

Sales & Service Manager  
(Pest Control)



**DR. ESAM OMAR GHALIB**

Deputy Project Manager  
- Jeddah Lab



# LABORATORY TESTING SERVICES TEAM



**DR. CHIN TEEN TEEN**

Chief Executive Officer  
ALS Technichem (M) Sdn. Bhd  
& PT. ALS INDONESIA



**NOR HAFIZAH ALI**

Finance & Admin Manager



**JONES HUTAGAOL**

Finance & Admin Manager



**YAP CHEN LOON**

Technical Business Manager



**CHRIS LIM ENG HWA**

Sales Manager  
| Food



**ABDUL QAIYUM MUSA**

Senior Project Chemist  
| Environmental



**SUZANNA O.R. LUMME**

Business Manager



**DR. CH'NG AI YING**

Laboratory Manager | Food



**HANNAH YASMIN ANNE  
BINTI ABDULLAH LEE**

Laboratory Manager  
| Microbiology

 P.T. ALS INDONESIA





# LABORATORY TESTING SERVICES TEAM



**LEE YIU LAY**

Laboratory Manager  
| Environmental



**NAZIRAH BINTI ARIFFIN**

Lab Supervisor | Environmental



**DR. HERNIWANTI**

Operations Manager



**ASYIK AULADI**

Project Manager



**DANNY YEO  
SIEW YAK**

Quality Manager



**SUZILAWATI  
BINTI SUTRISNO**

Team Leader (Sample Login)



**DANIEL AGUNG  
PRIMANTO**

Research and Development

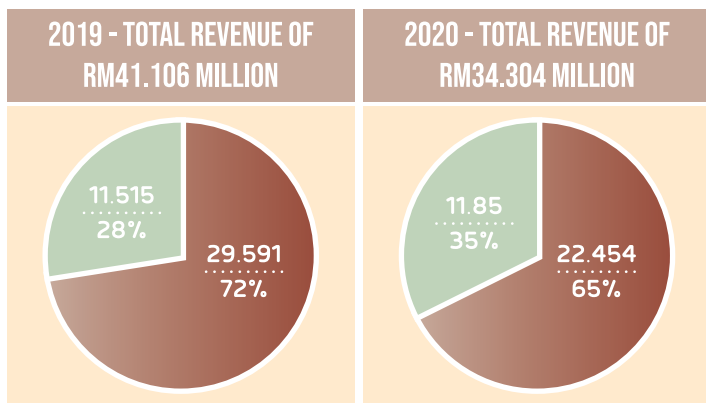


2020  
ANNUAL  
REPORT

# NRB

**MANAGEMENT  
DISCUSSION  
AND ANALYSIS  
STATEMENT**

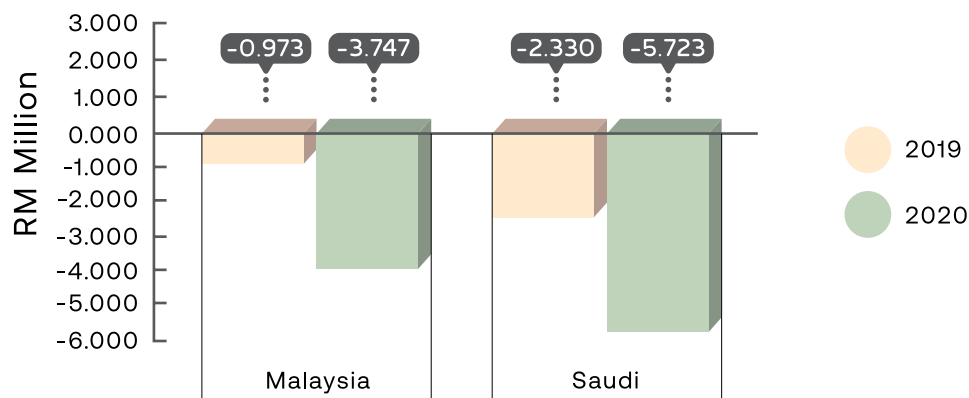
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For FY2020, environmental monitoring, consultancy and services generated lower revenue of RM34.3 million (FY2019: RM41.1 million) mainly due to a 24% drop in contribution from the Malaysian operations due to postponement of contract execution arising from movement control order (“MCO”) and delay in securing orders. The revenue from the Saudi operations, on the other hand slightly increased by 3% to RM11.8 million in FY2020 as compared to RM11.5 million in FY2019.

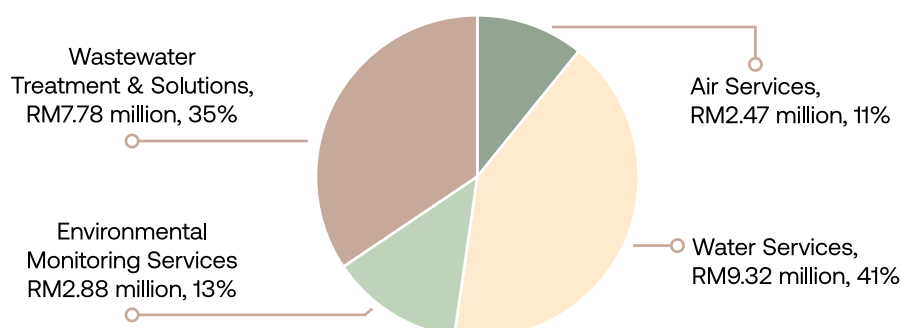


### PBT Contribution by Geographical Breakdown



The Malaysian operations reported a Loss before Tax (“LBT”) of RM3.7 million (FY2019: PBT of RM1.0 million) while the Saudi operations reported higher losses of RM5.7 million (FY2019: LBT of RM2.3 million).

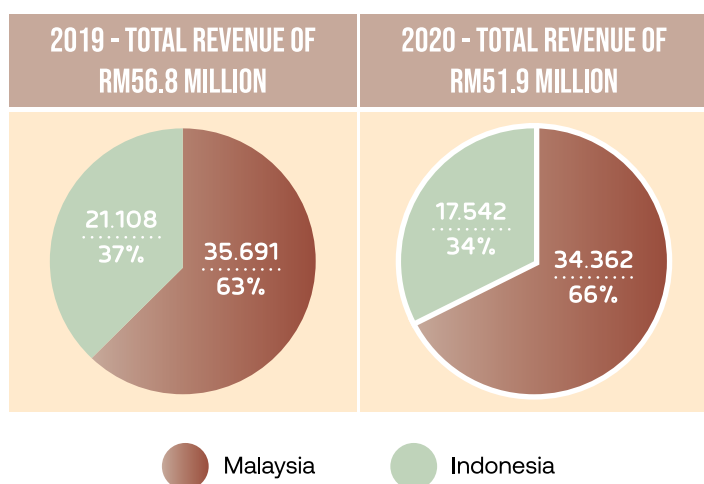
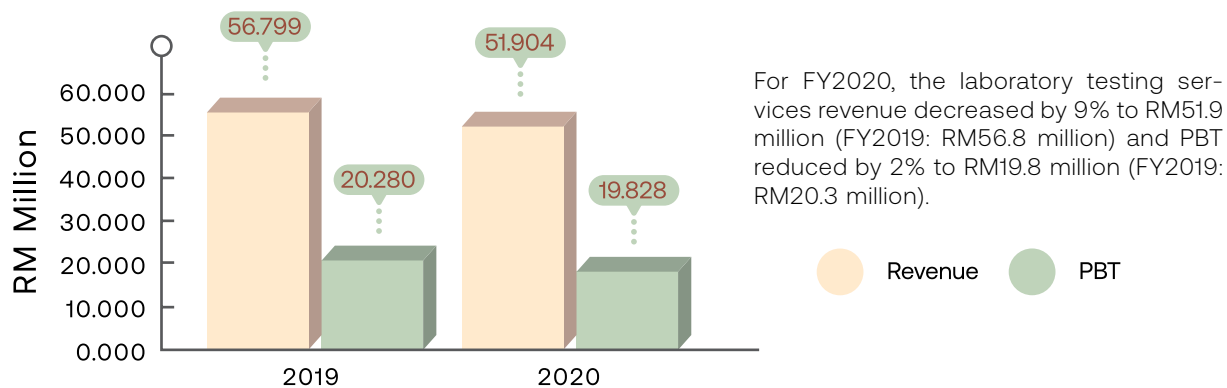
### 2020 REVENUE CONTRIBUTION FROM MALAYSIAN OPERATIONS BY DEPARTMENT



Major revenue contributors for environmental monitoring, consultancy and services in Malaysia for FY2020 were predominantly water services and wastewater services division both contributing RM9.3 million (FY2019: RM13.9 million) and RM7.8 million (FY2019: RM2.4 million) representing 41% and 35% of total revenue from this segment respectively. Apart from that, air services also presented significant drop in revenue for FY2020 to RM2.5 million (FY2019: RM9.5 million).

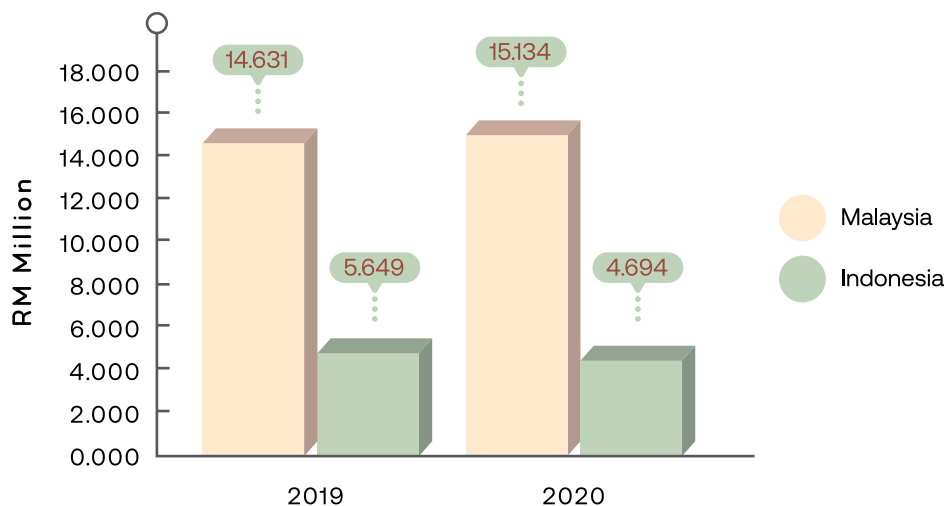
The drop in water services revenue by 33% was mainly due to postponement of contract execution arising from the MCO whilst the increase in wastewater services revenue was due to the recent fast track contract awarded by Pelabuhan Tanjung Pelepas Sdn Bhd (“PTP”) to ASMA on 12 May 2020 for the Construction of STP Module 2 at Tanjung Pelepas, Gelang Patah, Johor amounting to RM8.5 million. The conclusion of the Clean Air Regulation 2014 project has contributed to the major drop in revenue for air services.

## LABORATORY TESTING SERVICES



The contribution from the Indonesian operations for FY2020 dropped by 17% to RM17.5 million (FY2019: RM21.1 million). Revenue contribution was mainly derived from contracts secured in 2019 from PT. Chevron Pacific Indonesia (“Chevron”) for the provision of environmental sampling and laboratory analysis for its Sumatera Operations as well as rapid total petroleum hydrocarbon (“TPH”) field measurement services worth RM31.3 million and RM12.2 million, respectively. The MCO enforced by the Indonesian government had prevented ALS Indonesia from executing its services resulting in lower revenue generated in FY2020.

## PBT Contribution by Geographical Breakdown





Even though revenue from the Malaysian operation decreased by 3% to RM34.4 million in FY2020 (FY2019: RM35.7 million), PBT slightly increased by 3% to RM15.1 million for FY2020 (FY2019: RM14.6 million) due to the one-off current year's reversal of management fees and reduction of other operating expenses.

PBT from the Indonesian operation declined by 17% to RM4.7 million for FY2020 (FY2019: RM5.6 million) in line with similar drop in revenue by 17% to RM17.5 million (FY2019: RM21.1 million).

## BUSINESS OUTLOOK

Even though the global growth has slowly improved, driven by the recovery in global demand as reflected by the International Monetary Fund ("IMF") upwards revision into their 2021 global growth forecast by 0.3 percentage points to 5.5%, the economic growth for many countries remained negative.

Overall, for 2020, Malaysia's economy contracted by 5.6%. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity during the fourth quarter. Nevertheless, the continued improvement in external demand has provided support to growth.

While the near-term growth in 2021 will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards, as reflected by the Malaysia Economic Forecast for 2021 between 6.5% - 7.5%, supported by a turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing as well as new facilities in the manufacturing and mining sectors. The vaccine roll-out, with herd immunity targeted by early 2022, is also expected to uplift the negative sentiments

### **Environmental Monitoring, Consultancy and Services**

Major parts of the environmental monitoring, consultancy and services are related directly and indirectly to the provision of essential services such as environmental impact assessment, environmental management plan such as wastewater treatment & solutions and monitoring services for air, water and noise.

As the global economy is experiencing slowdown due to the COVID-19 pandemic, our environmental services were also impacted by this economic downturn as well as our presence in Saudi which forecast moderate economic growth of 3.2%.

The recent Malaysia Budget 2021 tabled on 6 November 2020, under Strategy 4: Ensuring Resource Sustainability presents various possibilities that we hope to capture in the near future. Amongst environmental related initiatives that will be implemented are as follows:

- RM50 million provided to address waste and solid waste trapped in rivers;
- RM40 million provided over a period of five years to strengthen environmental quality monitoring enforcement activities including the establishment of 30 monitoring stations nationwide;
- RM10 million provided to implement the Integrated Island Waste Management project around the islands in Johor and Terengganu to reduce the effects of coral reef destruction and marine life. This program involves the collaboration between UNDP, State Government and the private sector;
- Increase the allocation under the Economic, Infrastructure and Welfare Development-Based Grants (TAHAP) to all State Governments from RM350 million to RM400 million. Of this amount, a total of RM70 million is also allocated for the purpose of Ecological Fiscal Transfer activities as an additional incentive to the State Government to ensure the sustainability of the country's biodiversity; and
- Implement mangrove tree planting programs to preserve mangrove swamp areas and other tree species along the coast including Tanjung Piai, Johor and Kuala Sepetang, Perak.

The numerous water disruption in Klang Valley has prompted the Ministry of Environmental and Water ("MOEW") to consider a big scale implementation of "Takungan Air Pesisir" ("TAPS") which involve the setting up of natural water reserves near rivers. Apart from that, MOEW proposes to set up 5 monitoring stations at 20 main rivers to monitor and prevent pollution from affecting the water supply.

Recent statement by the Environment and Water Minister, Datuk Seri Tuan Ibrahim Tuan Man in respect of nine water treatment plant (LRA) to overcome water supply problems in Kelantan may also present us with opportunities to promote our expertise.

Apart from that, the impending revision of Water Service Industrial Act ("WASIA") as well as the Environmental Quality Act (EQA 1974) on the effluent standard for Palm Oil Mill Effluent ("POME") may present further opportunities for us to grow our wastewater treatment business and to further promote our aims to be the one-stop solution centre for the wastewater treatment industry offering both solutions for the domestic and industrial wastewater segments as well as the industrial segments.

In respect of our presence in Saudi, PICORP, through its subsidiary, Saudi Asma will continue

to focus in providing public health surveillance services for the government agencies namely the municipalities in the area of public health management through the operation and maintenance of the pest laboratory and monitoring of key performance indicators (KPIs) of the pest control operations. Apart from our focus on the government sector, the pandemic has also resulted in us providing an integrated pest management services for private sectors whilst Asma Advanced will focus on providing water and wastewater treatment solutions.

We are also expanding our presence in Brunei through a business collaboration with an associate company, Progressive Impact Technology (B) Sdn Bhd (“PITECH (B)”) to offer our services in respect of environmental services. To date, we have signed a Memorandum of Agreement with PITECH (B) to supply the environmental segment in the area of technical support, supply of manpower and equipment including the provision of site engineering services.

We believe the environmental segment that we operate in will remain resilient. In the long term, the economy will grow and demand for these essential services will be higher. Utilising our network, experience, know-how and technical capabilities, we are confident in securing more projects in these segments locally and abroad in the future.

### Laboratory Testing Service

Laboratory testing services particularly in the food and pharmaceutical segment have been listed as support services for the essentials during the MCO. We foresee that the pandemic will further enhance the regulatory and public emphasis towards increased health and hygiene conscious consumers which shall provide opportunities for sustainable business in this segment.

Development in the regulatory landscape particularly in the Food Safety Act 1983, HALAL certification under Jabatan Kemajuan Islam Malaysia (JAKIM) and their Foreign Certification Bodies (CB), Department of Environment’s Environmental Quality Act (EQA) 1974, Department of Environment’s Guided Self-Regulation (GSR) 2017 and many others, continue to be the key driver in the laboratory testing services business. The Malaysian operations remain focused in its existing businesses with continuous enhancement of its operational efficiency through effective cost management and turnaround time. In this regard, environment, food, pharmaceutical industrial and tribology services shall continue to be the main focus for ALS Malaysia in leveraging on its strong brand reputation.

The Indonesian operations aim towards expanding its Food Safety Analysis business, particularly the microbiology facility and setting up of the food chemistry laboratory at its headquarters in Sentul. Recovery of the Oil and Gas and Mining sector lead to increased spending for environmental compliance.

The new requirement for Relative Accuracy Test Audit emission testing effective 2019 has created new environmental testing business opportunities. However, the nationalisation policy of Indonesia’s oil and gas industry may lead us to embark on different approach to grow our business. Nevertheless, we believe that we can strive and secure new projects in this changing time.



## BUSINESS RISKS

PICORP's financial condition and results of operations have been and are expected to be affected by a number of factors namely pandemics, such as the COVID-19 outbreak, weak global demand, supply chain disruption, political instability as well as other operational issues. All these factors can affect parts of our businesses and can lead to lower profitability or even losses hence weakening our liquidity position. While the impact of the pandemic and the resulted global recession have yet to be determined, we have identified a few key risks and come up with mitigating measures to operate on a going concern assumption during this tribulation while cushioning the impact to our business.

Key Group Risks	Description	Key Risk Mitigation Plans
Business Continuity Risks	Our ability to protect our business, work as usual, secure sustainable source of business and expanding through business diversification	<p>To conduct a deep dive on how to protect our business.</p> <p>To come up with activities to rebuild people, intergrate processes and accelerate digital transformation to facilitate social distancing and work from home post-COVID-19.</p> <p>To look for opportunities with strategic clients and partners which are least impacted by the crisis and pursue business with those clients and partners.</p> <p>To reinvent new approach of doing business by maximising e-marketing strategies through virtual platforms and electronic channels to enable seamless, quicker and wider reach-out to potential clients.</p> <p>To promote to existing key customers the integrated solution and create new installed base for the business long run.</p> <p>To leverage on subsidiaries in promoting the products and technology to a new market.</p>
Liquidity Risks	Our ability to build up liquidity reserves	<p>To prepare and update rolling cashflow forecast on a regular basis.</p> <p>To come up with action plans to intensify collection efforts and to monetize balance sheet items.</p> <p>To embark on cost containment measures for both capital and operating expenditures by allowing only spending on essential and critical expenditure.</p> <p>To utilise the stimulus packages offered by the Malaysian government.</p>
People and Work Place Safety	Ability to protect our people from exposing to the virus while maintaining their productivity	<p>To provide a safe workplace to protect employees against the virus.</p> <p>To put in place mandatory temperature screening checks.</p> <p>To come up with comprehensive working procedures to allow social distancing and</p>

Key Group Risks	Description	Key Risk Mitigation Plans
		<p>working from home.</p> <p>To frequently perform the cleaning and sanitising of workplace to mitigate the spread of the virus amongst employees.</p>
Human Capital Management	The ability to empower employees to take part in the new normal post-COVID-19 business environment	<p>To identify competency gaps and establish a training plan based on the training needs analysis and training needs identification.</p> <p>To provide training and reskilling activities using webinar and other virtual training.</p> <p>To accelerate succession planning programme for key functions and the high potential candidates for key functions and positions.</p>
Business delivery	Ability to deliver the project in accordance to the set timeline, approval and specification under the new normal post-COVID-19	<p>To work closely with clients to get early warnings on any development which may impact project delivery and to reschedule the work accordingly.</p> <p>To work closely with vendors to ensure timely delivery of equipment and consumables and to ensure that their business is not affected by the supply chain disruption due to the pandemic.</p> <p>To conduct regular project reviews to ensure timely project delivery to minimise penalties and deductions.</p>

## DIVIDEND

PICORP has a dividend policy to pay a total net dividend pay-out of not less than 40% of its net profit after tax and minority interest.

The Board of Directors has recommended a final single tier dividend of 0.30 sen per share for FY2020, subject to the shareholders' approval at the forthcoming Annual General Meeting. The proposed final dividend shall be equivalent to RM1,966,893 (net).

The challenging times faced by PICORP due to the COVID-19 pandemic and the adverse impact to economies worldwide has no precedent to compare with. Over a short period, the pandemic has plunged the world into a global recession we have not seen in our lifetimes. Countries around the world are experiencing different stages of the pandemic. Governments and businesses worldwide adapt at different paces to the evolving responses to contain the COVID-19 pandemic coupled with the policy interventions and stimulus packages to lessen the rippling impact of the pandemic.

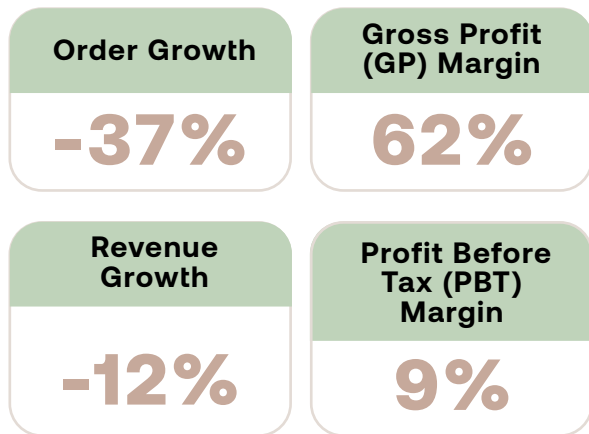
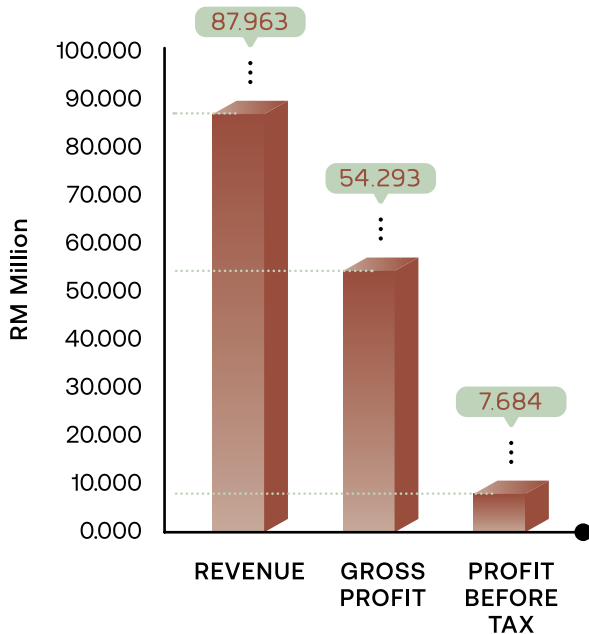
Given the uncertainties, the fast-changing and highly fluid environment that we are facing, the Management wishes to emphasise that the preparation of the Business Outlook, Business Risks and corresponding mitigation plans are based on information and outlook prevailing at the time of writing and therefore should be read with due care in judgement and interpretation.





# MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

## FINANCIAL HIGHLIGHTS



## FINANCIAL PERFORMANCE

Progressive Impact Corporation Berhad (“PICORP”) is pleased to present its review of the Group performance for the Financial Year Ended 2020 alongside an overview of its financial performance for the preceding 5-Financial Year ended 2016 – 2020.

Amidst the global economic downturn arising from the impact of COVID-19 pandemic and global oil and gas crisis, PICORP registered an overall decline in its financial performance for the financial year ended 31 December 2020 (“FY2020”). PICORP’s book

order decreased by 37% as compared to the financial year ended 31 December 2019 (“FY2019”), while revenue dropped by 12% as GP margin reduced to 62% (FY2019: 66%) and PBT margin dropped to 9% (FY2019: 15%).

## FIVE-YEAR PERFORMANCE REVIEW

The momentum of the previous growth strategic initiatives undertaken by PICORP to grow its business in the environmental monitoring, consultancy and services segment, particularly after the loss of concession, has been impeded by the global economic slowdown arising from the COVID-19 pandemic and the global oil and gas crisis.

In response to these, PICORP has implemented extensive prudent and cost cutting measures to mitigate the above impacts such as:-

- I. Freeze on new hiring and optimising existing manpower;
- II. Reduction of capital expenditure by optimising existing assets;
- III. Leveraging on the Government’s stimulus packages and grants such as SOCSO Wage Subsidy, taxation deferment, and special tax rebate and deduction for office rental for tenants;
- IV. Expedite critical essential services to customer in order to ensure uninterrupted flow of operations;
- V. Optimise the usage of virtual platform to ensure ongoing services provided to customers such as customer engagement, webinar and remote access for trouble shooting; and
- VI. Effective cash management by performing rolling cash flow for 6 months and ensuring sufficient banking facilities to support ongoing projects.

For FY2020, even though PICORP’s 5-year Cumulative Annual Growth Rate (“CAGR”) for book order has dropped to 0.75% (FY2019: 9%) and 5-year CAGR for revenue has declined to 0.16% (FY2019: 5%), the laboratory testing services segment had contributed to reducing the impact on other segments.

The recent fast track contract awarded by Pelabuhan Tanjung Pelepas Sdn Bhd (“PTP”) to a wholly-owned subsidiary of PICORP, Alam Sekitar Malaysia Sdn Bhd (“ASMA”) on 12 May 2020 for the Construction of Sewerage Treatment Plant (“STP”) Module 2 at Tanjung Pelepas, Gelang Patah, Johor amounting to RM8,462,000 has contributed positively to reducing the overall decline in financial performance of PICORP.

## PICORP GROUP AT A GLANCE

# Market Capitalisation

# RM73 Million

As at 31 December 2020

### Key Business Activities



Environmental Monitoring, Consultancy and Services



Laboratory Testing Services

### Market Presence



Malaysia



Indonesia



Saudi Arabia

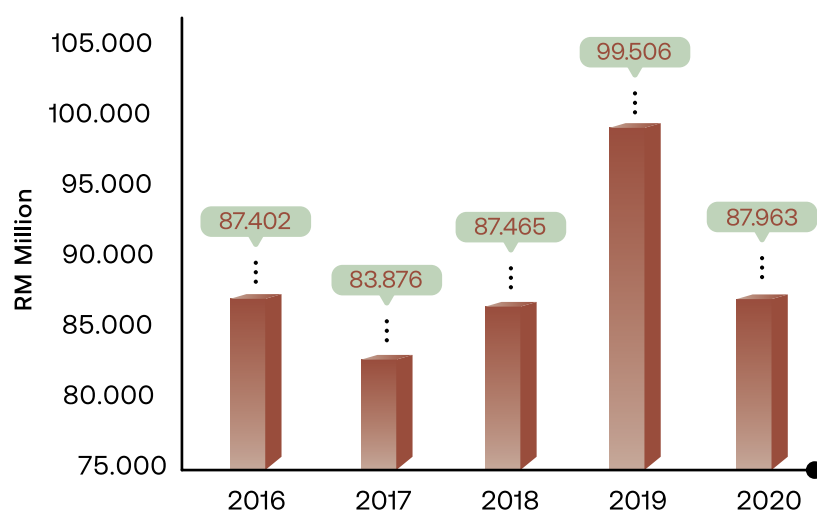
## 5-YEAR GROUP FINANCIAL SUMMARY

FINANCIAL YEAR ENDED 31 DECEMBER 2020	2016	2017	2018	2019	2020
<b>Key operating results (RM thousand)</b>					
Order	88,000	84,500	96,689	144,921	90,657
Revenue	87,402	83,876	87,465	99,506	87,963
Cost of sales	(17,762)	(22,198)	(27,818)	(34,079)	(33,670)
Gross profit	69,640	61,678	59,647	65,427	54,293
<b>Other income</b>					
Administrative and other operating expenses	(66,041)	(49,251)	(44,812)	(49,787)	(44,916)
Zakat	(803)	(971)	(773)	(782)	(533)
<b>Profit from operations</b>	7,264	14,106	15,089	16,831	10,640
Finance costs	(977)	(1,282)	(2,274)	(2,134)	(2,956)
<b>Profit before tax (PBT)</b>	6,287	12,824	12,815	14,697	7,684
Tax expense	(8,461)	(5,315)	(5,655)	(7,048)	(4,611)
Profit / (Loss) after tax	(2,174)	7,509	7,160	7,649	3,073
<b>Profit / (Loss) attributable to:</b>					
- Owners of the company	(7,407)	1,006	448	1,934	(2,813)
- Non-controlling interests	5,233	6,503	6,712	5,715	5,886
<b>Profit / (Loss) after tax</b>	<b>(2,174)</b>	<b>7,509</b>	<b>7,160</b>	<b>7,649</b>	<b>3,073</b>
<b>Other key data (RM thousand)</b>					
Total assets	165,752	154,743	156,848	163,281	178,114
- Cash and bank balances	30,446	29,830	22,799	22,207	27,788
Total liabilities	51,242	43,358	48,081	53,022	74,071
- Bank borrowings	21,218	21,754	26,031	27,629	48,400
Shareholders' equity	88,241	84,581	80,386	80,227	73,532
Gross profit margin	80%	74%	68%	66%	62%
PBT margin	7%	15%	15%	15%	9%

FINANCIAL YEAR ENDED 31 DECEMBER 2020	2016	2017	2018	2019	2020
<b>Financial ratios</b>					
Order growth	-15%	-4%	14%	50%	-37%
Revenue growth	9%	-4%	4%	14%	-12%
Current ratio	1.71	1.99	1.88	1.79	1.44
Debt / equity ratio	0.19	0.20	0.24	0.25	0.47
<b>Share statistics</b>					
Net dividend per share (sen)	0.61	0.61	0.50	0.55	0.30
Dividend yield	3.25%	4.36%	3.85%	4.58%	2.73%

## 2020 FINANCIAL PERFORMANCE REVIEW

### Revenue



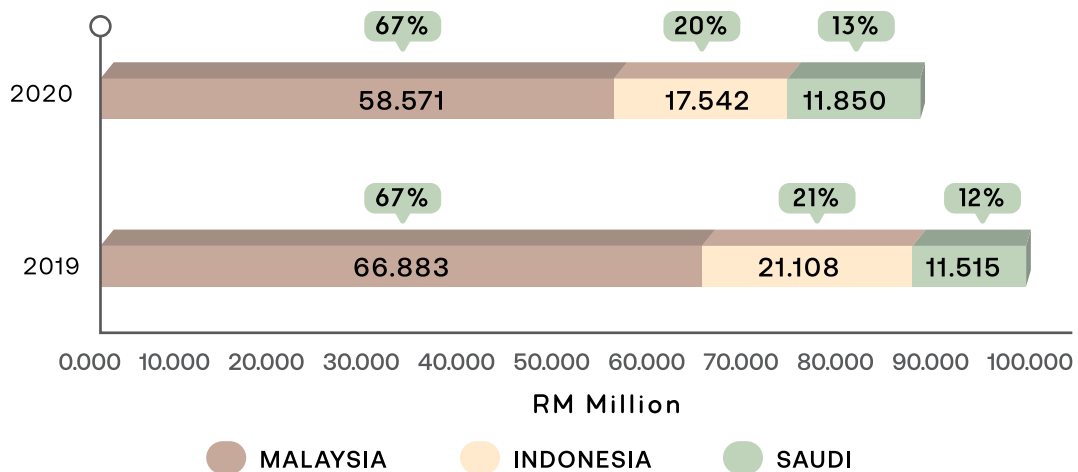
The significant decrease in PICORP's revenue in FY2020 to RM88.0 million, from RM99.5 million in FY2019 was mainly due to the economic slowdown arising from the COVID-19 pandemic. As government enforced stringent measures to prevent the virus outbreak such as movement control order, PICORP was affected in several ways:

- Clients postponed the award of contracts and execution of awarded contracts; and
- Access to site was halted and impeded PICORP from delivering its services.

Apart from that, the global oil and gas crisis also contributed to the overall decline in contracts secured in FY2020.

As a result, the postponement of environmental monitoring, consultancy and services projects in Malaysia as well as laboratory testing services in Indonesia had attributed to the lower revenue generation for FY2020.

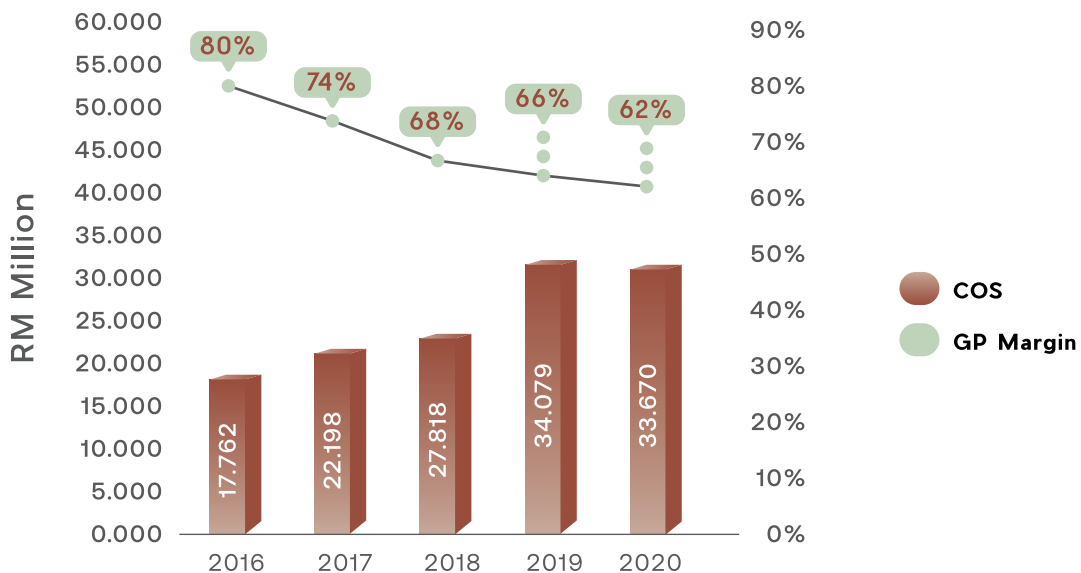
### Revenue Contribution by Geographical Breakdown



In terms of geographical breakdown, the overall drop in revenue by 12% has not significantly been affected by the geographical contribution as reflected by the minimal changes in geographical percentage whereby 67% (FY2019: 67%) of PICORP's revenue for FY2020 was generated from the Malaysian operations, 20% (FY2019: 21%) from the Indonesian operations while the remaining 13% (FY2019: 12%) from the Saudi Arabia ("Saudi") operations.

The revenue from the Malaysian operation for FY2020 declined by 12% to RM58.6 million as compared to RM66.9 million in FY2019 whilst revenue from the Indonesian operation decreased by 17% to RM17.5 million in FY2020 as compared to RM21.1 million in FY2019. The revenue from the Saudi operation slightly increased by 3% to RM11.8 million in FY2020 as compared to RM11.5 million in FY2019.

### Cost of Sales ("COS") / Gross Profit ("GP") Margin



PICORP's COS remained unchanged at RM34 million although the drop in revenue by 12% resulted in GP margin being reduced to 62% as compared to 66% in FY2019. The higher COS was due to higher environmental equipment costs as well as higher mobilisation costs. PICORP's COS mainly comprised environmental equipment costs, consumables, personnel costs and subcontract costs.

- Equipment costs refers to the environmental equipment (analysers, sensors, etc).

- Manpower costs refers to wages, benefits and compensations paid to lab and execution staff who perform the services provided to our clients.
- Lab consumable costs consists of chemicals, field supplies as well as lab expendables.
- Subcontract costs includes the subcontract costs for the technical consultancy, laboratory analysis and testing services as well as for the installation of the environmental monitoring equipment.
- Other expenses include royalties, travelling, rental costs, repairs and maintenance, etc.



Equipment costs is the major component of PICORP's COS structure and accounts for 20% (FY 2019 : 33%) of the total COS for the year followed by manpower costs which accounts for 19% (FY 2019 : 18%) of the total COS. Subcontract costs is the third party component of PICORP COS structure and accounts for 16%

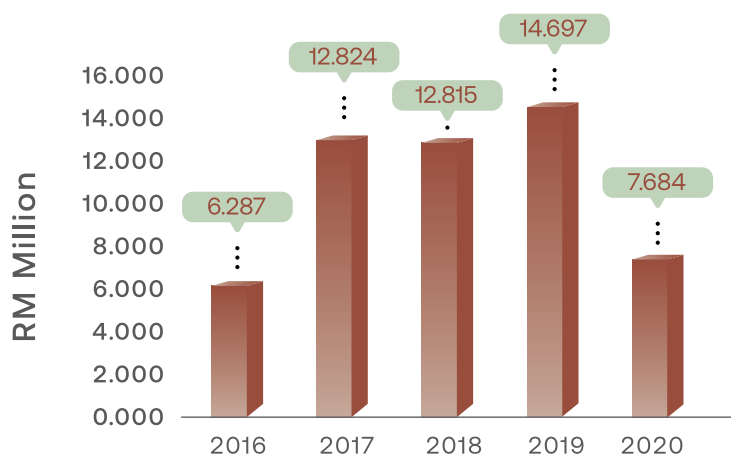
(FY 2019 : 8%) of the COS. Lab costs is made up of 17% (FY 2019 : 21%) of the total COS for the year. Consumables costs made up 6% (FY 2019 : 2%) of the total COS for the year while the remaining others account for 22% (FY 2019 : 18%) of the total COS for the year.

### Gross Profit Margin

PICORP's GP deteriorated to RM54.3 million (FY2019 : RM65.4 million), a drop of 17% which was in line with the drop in revenue by 12% during the year. As a result, GP margin declined to 62% as compared to 66% in the previous year. The GP deteriorated by 6.03% from FY2016 to FY2020 on a CAGR basis. The thinning in

margin was mainly contributed by the margin pressure from the environmental monitoring, consultancy and services segment due to higher losses incurred by its business in Saudi. Going forward, PICORP will focus its business in the private sector in order to obtain better margins.

### Profit Before Tax ("PBT")



PBT declined by 48% or RM7.0 million to RM7.7 million as compared to RM14.7 million in FY2019 resulting in overall drop of PBT margin for FY2020 to 9% (FY2019 : 15%).

Similarly, Profit after tax ("PAT") for FY2020 decreased to RM3.1 million as compared to RM7.6 million in FY2019, representing a 60% drop in PAT margin for FY2020 to 3% (FY2019 : 8%).

### Other Income

Other income mainly consists of profits from the placement of deposit with financial institutions, gain from the revaluation of other financial assets, gain from disposal of fixed assets and income from the provision of IT support services to related companies. In FY2020, other income decreased by 9% to RM1.8 million (FY2019 : RM2.0 million). Higher other income in FY2019 was mainly due to higher net gain on disposal of fixed assets which were no longer required upon the expiry of contracts and higher bad debt recovered.

### Finance Cost

Finance costs increased by 38% to RM3.0 million in FY2020 (FY2019 : RM2.1 million), reflecting the additional cost of new borrowings amounting to RM20.8 million.

## Administrative and Other Operating Expenses

Administrative and other operating expenses for FY2020 decreased by 10% to RM44.9 million (FY2019 : RM49.8 million). The implementation of prudent measures resulted in a drop of personnel cost by 14% to RM25.7 million in FY2020 or 57% of total administrative and other operating expenses as compared to RM29.9 million in FY2019 or 60%. These expenses include wages and other compensations paid to employees including statutory contributions to retirement and social security funds.

Depreciation of buildings, fixtures and fittings and motor vehicles during FY2020 amounted to RM6.8 million or 15% of the total administrative and other operating expenses incurred in FY2020. The remaining 28% comprises professional fees such as audit, company secretarial and legal fees, marketing and promotional fees, etc.

## Zakat

Zakat for FY2020 recorded at RM0.5 million, 32% lower than FY2019 at RM0.8 million due to lower net assets attributable for the Group.

## Tax Expenses

Tax expenses incurred during the year amounted to RM4.6 million as compared to RM7 million recorded in FY2019 in line with the drop in PBT to RM7.7 million in FY2020 as compared to RM14.7 million in FY2019.

## WORKING CAPITAL MANAGEMENT

PICORP Group's business has been financed via a combination of internal and external sources of funds. The internal source comprises cash generated from the business operations while external sources are from various credit facilities extended to PICORP Group by the financial institutions. PICORP Group's principal utilisation of funds has been for its business growth and operations.

PICORP's financing structure is largely made up of short-term borrowings which are used to finance the growth in foreign operations. The total borrowings as of FY2020 has significantly increased by 75% to RM48.4 million as compared to RM27.6 million in FY2019. As a result, PICORP's finance costs incurred on borrowings for FY2020 increased by 38% to RM3.0 million as compared to RM2.1 million for FY2019.

In FY2020, PICORP's cash and bank balances grew to RM27.8 million, an increase of 25% from RM22.2 million in FY2019. With this cash and bank balances alongside other current assets, PICORP's liquidity position remained positive at 1.44 times in FY2020 as compared to 1.79 times in FY2019 with higher debt gearing ratio of 0.47 times (FY2019 : 0.25 times) arising from the new borrowings.

The Board of Directors of PICORP is of the opinion that, after taking into consideration the cash and cash equivalents, trade receivables, expected funds to be generated from operating activities and amount unutilised under the existing banking facilities, PICORP Group will have adequate working capital to meet its present and foreseeable requirements for a period of 12 months from the date of this Annual Report.

## PICORP Core Businesses



**ENVIRONMENTAL MONITORING, CONSULTANCY AND SERVICES**



**LABORATORY TESTING SERVICES**

PICORP major businesses are the provision of environmental monitoring, consultancy and services and laboratory testing services. PICORP's presence in the environmental segment is represented by the operations in Malaysia namely ASMA and the operations in Saudi namely Saudi Asma Environmental Solutions LLC ("Saudi Asma") and Asma Advanced Solutions LLC ("Asma Advanced") while the laboratory testing segment is represented by ALS Technichem (Malaysia) Sdn Bhd ("ALS Malaysia") in Malaysia and PT ALS Indonesia ("ALS Indonesia") in Indonesia.

PICORP provides services to various sectors such as oil and gas, power, utility, food and pharmaceutical. These clients are mainly private sectors, state governments and municipalities in Malaysia, Indonesia as well as Saudi.

The environmental monitoring, consultancy and services include consultancy services (i.e. environmental impact assessment, environmental management plan, etc), monitoring services (i.e. air, water, noise, vibration, etc), monitoring equipment & system integration (i.e. continuous air/water quality monitoring system), environmental data management and environmental training. The scopes of supply and services under the water, wastewater treatment & solutions segment include system design, technology and construction of sewage treatment plants, operation & maintenance of sewage treatment plants and public health management.

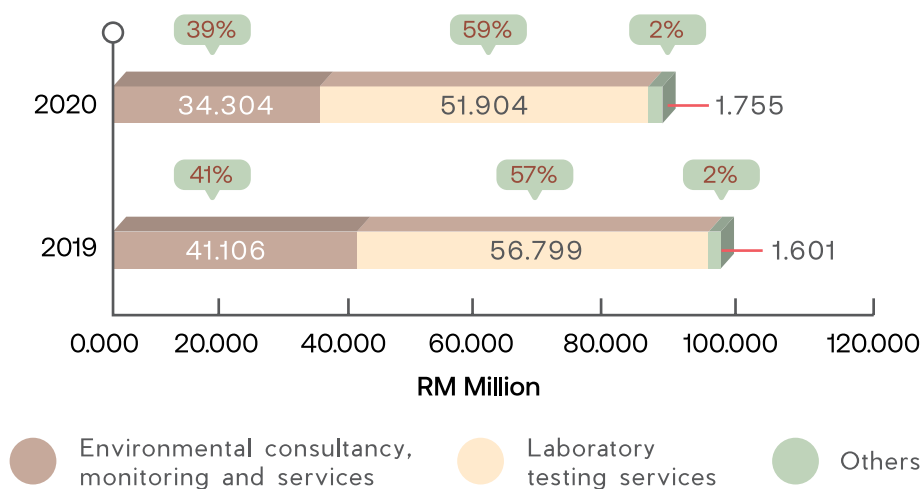
Laboratory testing services include provision of environmental sampling & testing, food safety testing, halal toyyiban assurance testing and pharmaceutical & medical devices testing, mainly in the food and pharmaceutical industry as well as the environmental industry. In the food and pharmaceutical industry, the segments are further broken down into Nutrition and Contaminants. Similarly, in the environmental industry, the segments comprise Air Industrial Hygiene, Environmental Health, Organics and Inorganics.

In the environmental segment, ASMA maintained its position as Department of Environment (“DOE”)’s Strategic Partner for Environmental Sustainability in 2020. ASMA has been the DOE’s Strategic Partner for Environmental Sustainability since 2016.

The laboratory testing segment continues to operate as one of Malaysia’s largest analytical and testing services businesses and our partnerships span

across major sectors including environmental, food, pharmaceutical industrial and tribology services. Its presence in the strategic locations in Malaysia comprising 1 hub and 3 spokes makes it accessible to customers. Backed by strong brand presence and outstanding quality services, ALS Malaysia alongside its subsidiary company, ALS Indonesia, are among the top laboratory testing providers in the environmental, food, pharmaceutical as well tribology sectors in Malaysia and Indonesia. ALS Malaysia is also recognised as Makmal Panel Halal Malaysia by the Department of Islamic Development Malaysia (“JAKIM”) and received other recognitions from Kementerian Kesihatan Malaysia (Bahagian Keselamatan Makanan, Air), National Institute of Occupational Safety and Health (NIOSH), BioNexus Partners (BNP) Status Laboratory by Bioeconomy Development Corporation, Ministry of Environment and Water, National Pharmaceutical Regulatory Agency (NPRA) and GMP Plus Registered Laboratory (GMP+) for mycotoxin, heavy metals and pesticides.

## REVENUE CONTRIBUTION FROM CORE BUSINESSES

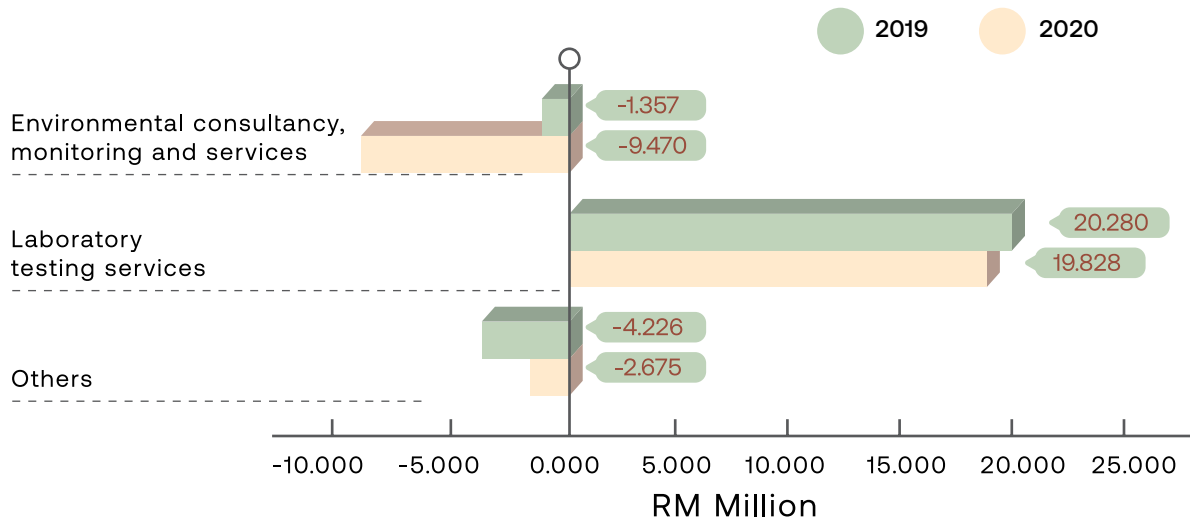


Generally, PICORP’s segmental revenue composition for FY2020 remained similar to FY2019 with the laboratory testing services being the main contributor for revenue for two consecutive years. The overall drop in revenue by 12% in FY2020 has slightly changed the contribution composition. On the contrary, contribution from the laboratory testing services increased marginally to 59% (FY2019: 57%) of the total PICORP Group revenue. Nevertheless, revenue from laboratory testing services dropped by 9% to RM51.9 million in FY2020 as compared to RM56.8 million in FY2019.

The revenue contribution from the environmental monitoring, consultancy and services slightly decreased from 41% in FY2019 to 39% in FY2020. Similarly, revenue derived from the environmental monitoring, consultancy and services decreased to RM34.3 million in FY2020 as compared to RM41.1 million in FY2019.

Other supporting products and services accounted for 2% of the total revenue for both FY2020 and FY2019.

**PROFIT BEFORE TAX (“PBT”) CONTRIBUTION FROM CORE BUSINESSES**

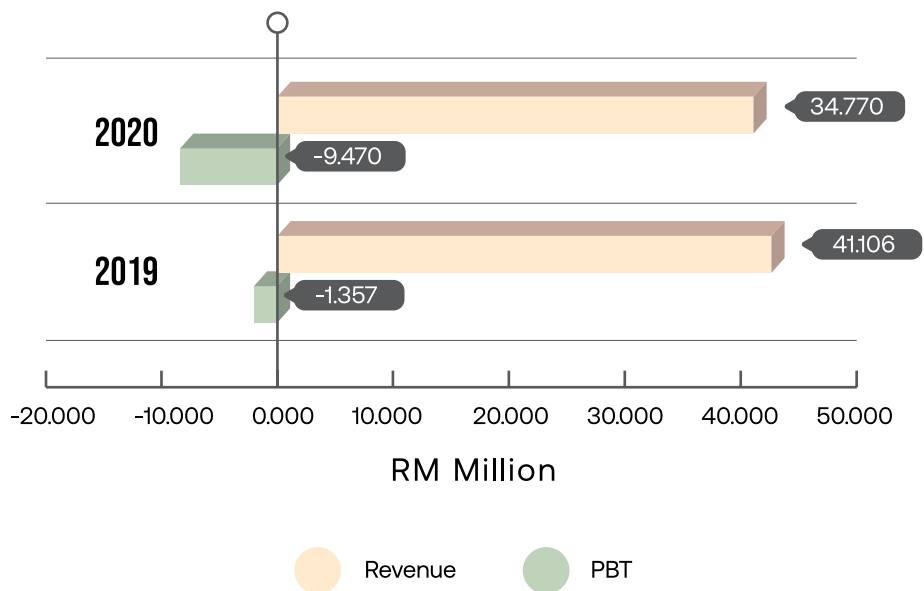


In terms of profitability, similar to revenue, the laboratory testing services remained the major contributor for PICORP’s PBT despite a slight decline. In FY2020, the segment contributed RM19.8 million of PICORP’s total PBT as compared to RM20.3 million in FY2019.

The environmental monitoring, consultancy and services incurred higher losses in FY2020 as compared to FY2019 mainly due to losses from the Saudi and Malaysian operations totalling RM9.5 million (FY2019: RM1.4 million).

The PBT from Others included the net of results from office rental, investment activities and corporate elimination

**ENVIRONMENTAL MONITORING, CONSULTANCY AND SERVICES**







2020  
ANNUAL  
REPORT



# 01

**SUSTAINABILITY** \_\_\_\_\_



<b>Description of Problem :</b>	
The calibration certificate number USA/MS HT/200101143 & USA/MS HT/190101143, the serial number were incorrect. The serial number RNC 4 and RNC 9 are actually AIS Equipment ID. All the information regarding the equipment (including equipment ID, model, serial number...) had been email to client even during request for quotation stage.	
<b>Root Cause:</b>	
Technical staff overlook this requirement stated in the PO prior to start the work at site calibration.	
<b>Corrective Action:</b>	
1. Staff (AI), customer service and technical team will be re-educated. 2. For every site and in-lab calibration for AIS, the PO must be attached prior to start the job and, 3. Both Serial no. and ID no. must be indicated in the calibration raw data sheet to avoid re-occurrence	
Regulated By	Implementation Date
Mr. Marivanan	06.03.2020
<b>Preventive Action:</b>	
1. Continue to monitor the effectiveness of the corrective action 2. Any additional information before and after going site calibration at AIS will be reported to the technical manager.	
Regulated By	Implementation Date
Mr. Marivanan	06.03.2020

Sample of SCAR

### Elevated Commitment

Creating a more diversified customer experience

Customers have always been at the core of our interests. We seek to constantly improve ourselves to provide the best possible solutions to our customers.

### Valuing customers' feedback

Customers' feedback is important as it will be used to enhance value of the company's products and services, towards fostering customer loyalty based on excellent service level. Hence, Customer Satisfaction Survey ("CSS"), conducted annually, is reviewed and analysed to identify any shortfalls in which any remedial action shall be taken, where necessary.

For environmental monitoring, consultancy and services segment, 2020 CSS was conducted by Alam Sekitar Malaysia Sdn Bhd ("ASMA") to gauge its performance in project delivery with the objective target of 85% in rating. The Quality Assurance department oversees this particular area and carried out a series of programmes in 2021 to meet the set KPIs. Among the tasks conducted were as follows:

1. Plan and schedule CSS for active projects;
2. Monitor monthly project due for CSS;
3. Diligently follow up on the management action for all client's comment(s);

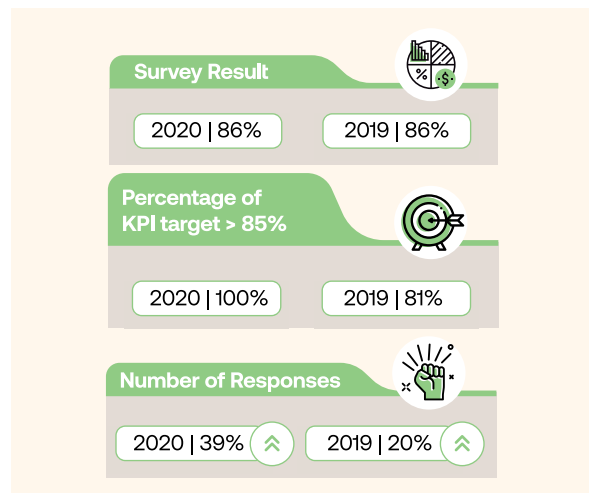
During the exercise, Environmental Monitoring Services (EMS) department & Air department obtained a significant increase from the on-going projects with more than 20% increase.

The 2020 survey was conducted via email and other online platform upon 50% achieved project milestone for ongoing project and/or upon project completion. The survey, with 100% feedback from customers, addresses customers' perceptions on their experience and satisfaction with ASMA's employees, services/products, safety, general (website and communication) and overall category. During the exercise, Environmental Monitoring Services (EMS) department & Air department obtained a significant increase from the on-going projects with more than 20% increase.

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## 2020 CUSTOMER SATISFACTION SURVEY



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On the other hand, for our laboratory testing services division, since 2018, both ALS Technichem (Malaysia) Sdn Bhd (ALS Malaysia) and P.T. ALS Indonesia (ALS Indonesia) have started to adopt ALS Global standard questionnaire in getting feedbacks from customers. Nonetheless due to the COVID-19 pandemic and its requirements, ALS global revised the survey question in 2020 to address the current situation and asked the customers to rate the service that they have received from the local ALS team during the past 6 months of the COVID-19 pandemic in 2020 by looking at categories as follows:

1. Location to my work;
2. Scope of service;
3. Experience and brand;
4. Reporting and client portal
5. Technical support
6. Quality of service
7. Under Contract
8. Relationship
9. Client service
10. Turnaround service
11. Price
12. Ease of use

In the 2020 CSS by ALS Malaysia and ALS Indonesia (“ALS Group”), 56.34% of the survey participants rated that ALS Group consistently provided high level of services while about 32% rated ALS Group as average consistency level. Most clients praised on ALS Group continued support for collection, testing and on time report issuance especially during MCO period and satisfied that ALS Group was flexible to meet client’s need. From the survey, most clients rated ALS for its quality of service, client service and scope of services which are similar to 2019 regardless of the revision of survey format and questions.



## 2020 CUSTOMER SATISFACTION SURVEY

2019

**TOP 3**

Attributes

Quality

Client Service Interaction

Scope of Service

2020

**TOP 3**

Attributes

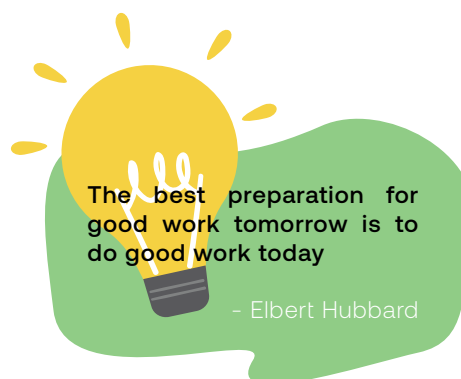
Quality of Service

Client Service

Scope of Service

### Conforming to outstanding quality of products & services amidst pandemic

ASMA expands its services to the associate companies of PICORP as a consultant and advisor in various areas in the realm of quality. In relation to conformance with the Standards, ASMA endeavours to enhance their internal processes by integrating the various internal processes within the organisation and providing a process approach for project execution.



SERVICES & ACTIVITIES	DURATION	DETAILS
A consultant on ISO 9001:2015 Quality Management System	Jul - Sep 2020	<ul style="list-style-type: none"> <li>• Conducted a workshop on ISO 9001:2015</li> <li>• Assisted in identifying Internal Auditor team</li> <li>• Planned the internal audit</li> <li>• Carried out an internal auditor meeting and training on the Quality Management System (QMS) requirements</li> </ul>
Advisor on the renewal of the TNBRSGP audit re-certification	Oct 2020	<ul style="list-style-type: none"> <li>• Active engagement as ISO Representative</li> <li>• Assisted in reviewing the ISO management system requirements and documentations prior to the TNBRSGP re-certification</li> </ul>
SOP migration	Dec 2020	ASMA's standard operating procedures ("SOP") for Purchasing (ASMA08) has successfully been migrated to SOP for Procurement (ASMA24) with added procedures to strengthen the department services in managing the external providers.
Quality Assurance (QA) Mapping	Jan - Dec 2020	Adopting QA Mapping for an in-depth approach to determine and revise processes for all activities.

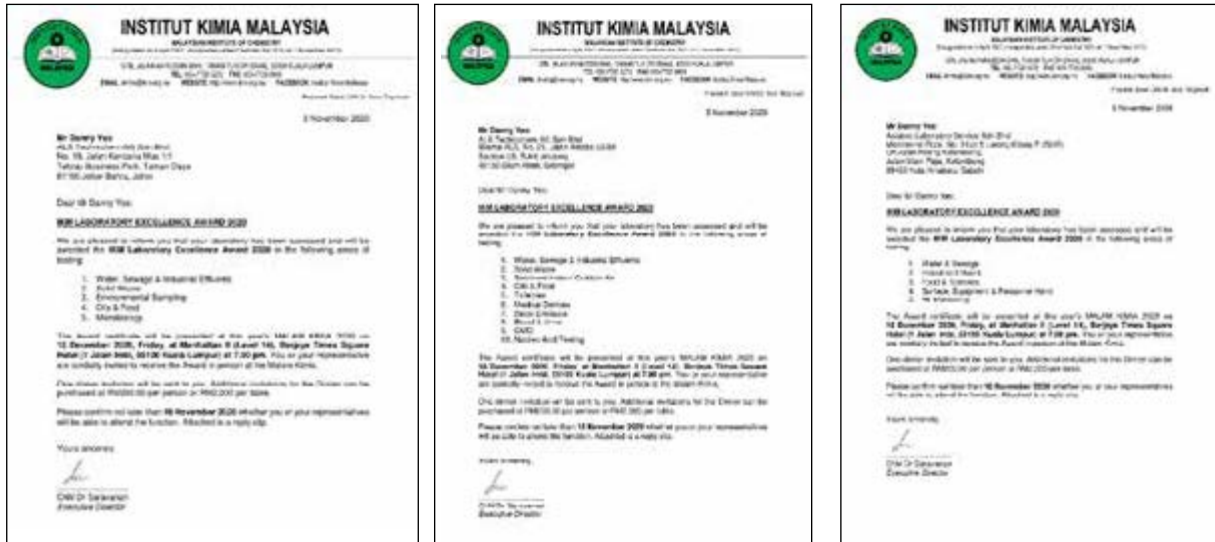
In regard to laboratory testing services, quality is part and parcel of ALS Group. ALS Group operates as one of the world's largest analytical and testing services businesses and our partnerships span across major sectors including mining, natural resources, environmental, food, pharmaceutical, industrial and inspection services. ALS Group focuses on driving growth by successfully operating their existing businesses unceasingly while pursuing new opportunities. ALS Group's management team is highly experienced in managing the companies through all economic cycles and has swiftly moved to strategically align operations to different client demands in each market. Given the uncertainties caused by the COVID-19 pandemic, ALS has tightened the criteria on its business strategy until economic conditions stabilise. ALS Group shall continue to focus on the food and pharmaceutical sectors for growth in the Life Sciences division. Despite this challenging economic environment, the key elements of their long-term strategy remain on track, with a continued focus on organic growth opportunities and developing new capabilities and markets. For example, during the onset of COVID-19, ALS Malaysia launched its environmental COVID-19

testing. This initiative which demonstrates our ability to adapt and innovate in all economic environments and to leverage our global network of operations, positioning us well to achieve our future strategic objectives.

ALS Malaysia's branch in Shah Alam, Johor Bahru and Kota Kinabalu once again successfully maintained the recognition of IKM Laboratory Excellence Award from Institute Kimia Malaysia ("IKM") in 2020. The award is conferred to recognise laboratory's commitment to achieve excellence in providing quality and competent testing services in the field of health, safety and the environment. Although the award ceremony has been postponed due to MCO restrictions, ALS Malaysia is honoured to maintain these recognitions by the esteemed organisation, Institut Kimia Malaysia (IKM).

- IKM Laboratory Excellence Award for ALS Shah Alam, ALS Johor Bahru & Asiatest at Kota Kinabalu
- IKM President Laboratory Award for ALS Shah Alam (2017 to 2020)





On the other hand, as an ISO/IEC 17025 accredited laboratory under the Laboratory Accreditation Scheme of Malaysia (SAMM) by Standards Malaysia, all laboratories under ALS Malaysia (ALS Shah Alam, ALS Johor Bahru, ALS Penang and ALS Kota Kinabalu) have been appointed as MOH authorised commercial laboratory in food analysis for the issuance of health certificate (*Sijil Kesihatan*).

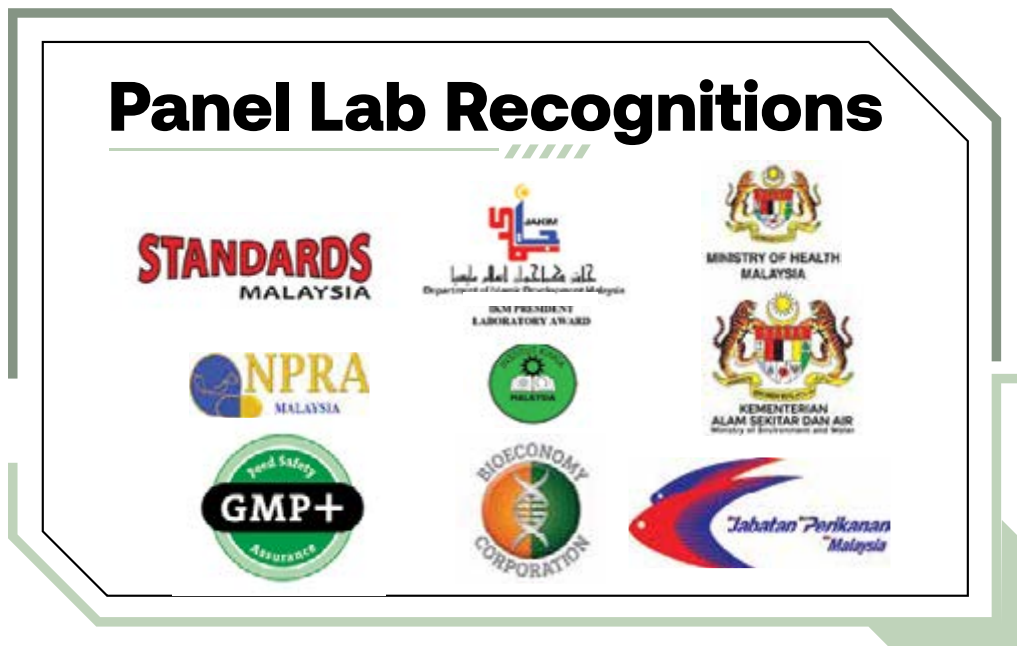
### Laboratory accreditation

- ISO accredited laboratory | Jabatan Standards Malaysia (MS ISO/IEC 17025 no. 147)

With this accreditation, ALS Malaysia has been selected as one of the four (4) private laboratories in Malaysia being appointed by the Department of Fishery for viral diagnosis of fishery products for issuance of fishery health for export purposes.

### Laboratory panels

- Kementerian Kesihatan Malaysia (Bahagian Keselamatan Makanan, Air)
- National Institute of Occupational Safety and Health (NIOSH)
- Makmal Panel Halal | Department of Islamic Development Malaysia (JAKIM)
- BioNexus Partners (BNP) Status Laboratory by Bioeconomy Development Corporation
- Ministry of Environment and Water
- National Pharmaceutical Regulatory Agency (NPRA)
- GMP Plus Registered Laboratory (GMP+) | for mycotoxin, heavy metals and pesticides



## Internationally recognised standard test methods

The global trade is expanding rapidly and significantly due to the increase in consumer demands. However, the COVID-19 pandemic continues to threaten food security due to its impact on global food supply chains. Whilst the pandemic does not create new problems, it can exacerbate existing challenges as a result of changes to food supply. The importance of the global food trade and its contribution to food security puts an obligation on all countries to put in place systems and requirements. This is particularly important in the current environment of self-isolation and quarantine, where the reliance on safe and efficient food supply chains becomes more evident and necessary.

ALS Malaysia has been conducting food safety testing for food exporters and continuously supporting the exporters regardless the COVID-19 pandemic with its internationally recognised standard test methods. ALS Malaysia's methods to suit are comprehensive and reliable for COVID-19 food testing requirement and compliance depending on the export country.



## Delivering our best to our customers

Physical distancing has forced us all to rethink the way we engage with customers. At every customer touchpoint—from marketing to sales, service and support to finance and distribution channels—companies should use the opportunity to reinvigorate relationships by delivering personal and empathetic communications. COVID-19 has put pressure on companies to start taking advantage of technology to decrease complications. The silver lining of our current challenges is that leveraging insights from the newly-optimised digital customer experiences can lead to significantly improved customer service over the long-term. In this pandemic era, every organisation needs to adapt and adjust its operations to the current business landscape.

As part of our commitment to customers through this tumultuous time, ASMA, through Marketing & Liaison Department as well as ALS Malaysia have organised a series of technical webinar throughout 2020 to the existing customers, potential clients, students and staff. The details of the programmes are available at the 'Our Environment' section within this Sustainability Statement.

## Strengthening our relationship with the investors and shareholders

Investors and shareholders play a major and vital role in the success and growth of PICORP. Hence, it is of the utmost importance for PICORP to maintain strong, transparent relationships with investors. PICORP is committed to engage, communicate and build professional relationship with its investors, shareholders, the financial community and other stakeholders. Nonetheless, the year 2020 has changed the way we do things beyond normal. Our annual programme, Investor Relations was cancelled in 2020 due to the pandemic outbreak which prohibited any event or gathering in the early commencement of the MCO. Hence, we have to abide to the guidelines but still proceed with the Annual General Meeting held virtually. It was indeed a new normal and our very first experience of a virtual event involving our Board of Directors and shareholders.

# PICORP 28<sup>th</sup> Virtual Annual General Meeting

Date : Tuesday, 16 June 2020  
Venue : PICORP Corporate R&D Gallery,  
Mercu PICORP







# Our People

Fostering relationship with our employees



'Obedient to ALLAH' and respectful culture



Safe and Healthy Workplace



Workplace Diversity and Inclusion



Talent Management Programmes



Employee Engagement

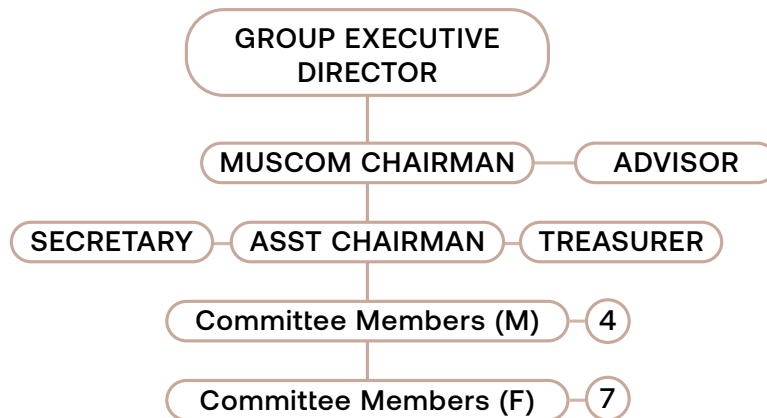
## Fostering relationship with our employees

A successful company ultimately depends on its people as they are the most valuable asset to the company. At PICORP, we want to nurture the skills, passion and innovative minds of our employees. We firmly believe that engaged employees are more dedicated, productive and motivated to perform. We do so by nurturing 'Obedient to ALLAH' and respectful culture, embracing workplace diversity and inclusion, providing a safe and healthy workplace, crafting talent management programmes and encouraging employee engagement in achieving a healthy work-life balance and creating conducive work environment.

## Obedient to ALLAH' and respectful culture

### Enriching spiritual performance

Our Founder has always reminded all of us on the importance of the core value of 'Obedient to ALLAH' which has always been instilled in all PICORP employees right from the very beginning. The 'O' in PICORP abbreviation refers to 'Obedient to ALLAH' which is the pillar of PICORP in conducting its business activities and taken precedence over any other matters. Hence, it is of great concern of PICORP that the core value is promulgated within the companies.



The Musolla Committee or better known as MUSCOM in short, with the oversight of PICORP Group Executive Director, actively coordinates various religious programmes in PICORP tailored towards the spiritual needs of the employees. For instance, Laman Hidayah (luncheon religious session) is conducted four (4) days a week i.e., from Monday to Thursday for a duration of one (1) hour during the lunch hour delivered by Ustaz and Ustazah at rotational basis. Since 2019, Laman Hidayah session have been conducted at rotational basis where 2 out of 4 sessions per week are designated for female employees by Ustazah with topics related to Muslimat using specific books and topics namely:

1. *Tarbiyatul Aulad Fil Islam*
2. *Kitab Fiqh Wanita*
3. *Perempuan - Perempuan Yang Baik Dalam Al-Quran*
4. *Wanita & Kerjaya*



The other 2 sessions are conducted for both Muslimin and Muslimat which encompass various topics including al-Quran and tajwid, fiqh, aqidah, hadith, Islamic history and many other diverse topics deem relevant towards the spiritual well-being and betterment of the employees. Other books that were unravelled during the sessions are:

1. *Persediaan Bagi Yang Sakit Hingga Mati* - Baba Ismail Banasta
2. *Al-Mandili Al-Mazhab atau tidak haram bermazhab* - Syeikh Abdul Qadir
3. *Kitab Faraid*

During work days, prayers in congregation are highly encouraged among employees. In the congregation, all employees regardless of positions, stand shoulder to shoulder in worshipping Allah, portraying the sense of togetherness, unity and equality. These congregational prayers are organised at PICORP workplaces namely Mercu PICORP, Jeddah office and Sentul office for the compulsory prayers during work days.

On Fridays, MUSCOM will organise Solat Sunat and Solat Hajat where sometimes there will be special Solat Hajat for special occasion for example seeking Allah’s blessing and supplication for employee who is critically ill or employees’ children who will be sitting for important examination, juts to name a few.

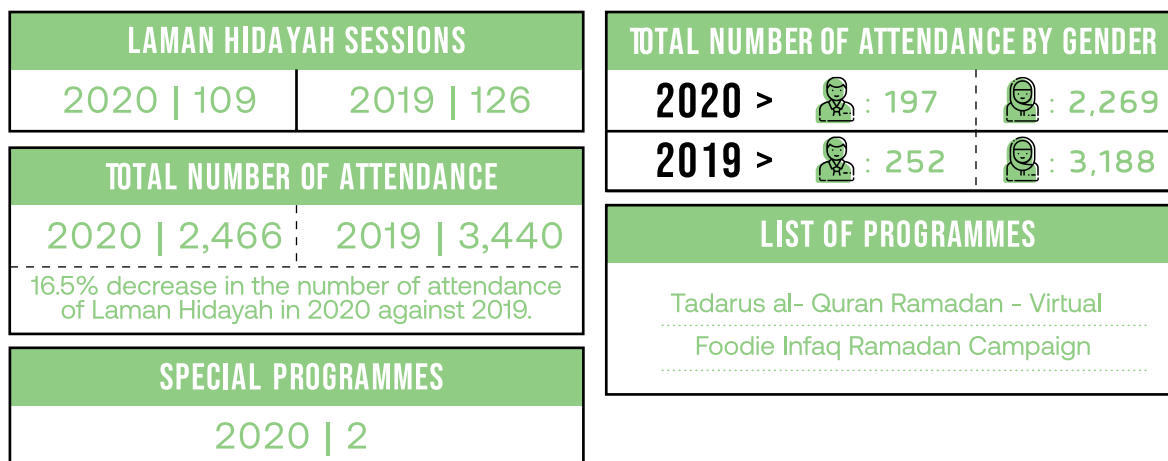
Those are all the religious activities conducted in PICORP for years however, in a blink of an eye, the usual normal religious activities and gathering are changed with staying apart, working from home, to prevent the spread of COVID-19. This pandemic has seriously caused drastic disruptions to our daily lives, businesses and the economy.

### 2020 Spiritual performance: at a glance

It is a huge challenge for everyone to embrace the new normal. Long gone the days where mass gatherings are allowed, a group of people meeting together, and huge attendees in office function. Hence, MUSCOM has taken great initiatives to ensure the religious programmes can still be conducted regardless of the MCO or working from home (“WFH”) mode by organising virtual Laman Hidayah sessions via Microsoft Teams. The appointed speakers were still retained and invited virtually to deliver their sermons. This has enabled all employees to attend the session wherever they are, with the help of technology.



## 2020 SPIRITUAL PERFORMANCE



Even when the nationwide MCO was lifted and replaced with Restricted Movement Control Order (“RMCO”) and later Recovery Movement Control Order (“RMCO”) took place, Laman Hidayah sessions continue to be conducted online to curb the spread of COVID-19. Surau ad-Din has also banned congregations at the peak of the pandemic and progressively allowed it provided that COVID-19 SOPs are properly observed from time to time. This has been painful but necessary in our effort to flatten the curve. Owing to those limitation, it is reflected in the decrease on the number of religious programmes conducted in 2020 as well as the sudden drop in the number of attendances during Laman Hidayah sessions. Since the sessions are conducted online, the attendance form which used to be taken manually has shifted to online form however based on observations there were attendees who do not fill in the online form to capture their attendance. Therefore, one of the main factors of the sudden drop in terms of the number of attendees is due to this reason.

# Workplace Diversity and Inclusion

## Promoting diversity and equal opportunity

PICORP is committed to providing a workplace that is fair, flexible, safe, supportive and free from discrimination, employment disadvantage, where all employees are valued and treated with respect despite having varying age group, experiences and expectations, in Malaysia, Indonesia and Saudi. PICORP adopts fair treatment to everyone, regardless of gender, ethnicity, age group, sexual orientation, disabilities, religion, political inclinations and nationality to create stronger, better relationships with our employees based on trust and respect.

At PICORP, we know that people of all backgrounds and experiences have unique and valuable contributions to make for the growth of our company. We ensure that the business is driven by highly reliable and competent workforce through robust hiring process while promoting diversity and inclusivity. Successful organisations embrace diversity and strive for inclusion among their employees. PICORP values, appreciates, respects and adapts to each other and cultural and generational differences as we understand the mosaic of people who bring a variety of backgrounds, styles and perspectives are assets to the organisation with which they interact. It is sometimes difficult, but the intent is to make the most of everyone’s potential contribution. We recognise the importance of human rights in our workplace as we believe that a respectful workplace creates a happy employee and ultimately conveys productive results. We comply with the local Employment Act in the country we operate and do not tolerate human rights abuse among our employees and we ensure equal opportunities in the workplace.



### Workplace Diversity

#### Workforce Breakdown by Gender

	2020	2019
	317	346
	278	196

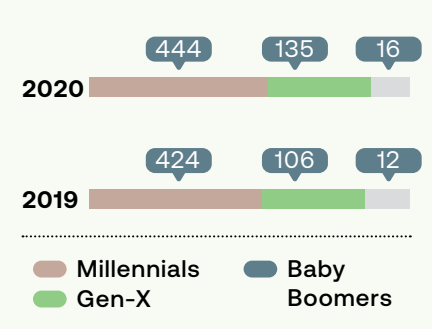
#### TOTAL WORKFORCE

	2020	2019
	595	542

#### Workforce Breakdown by Country

	292
Malaysian	
	176
Indonesian	
	62
Sudanese	
	40
Saudi Arabian	
Others	25

#### Workforce Breakdown by Age Group



### Women Empowerment

#### Female representation at PICORP

<b>28.57%</b>	<b>50%</b>	<b>45%</b>
at Board level	in Top Management	in Management



No company, small or large, can win over the long run without energised employees who believe in the mission and understand how to achieve it.

- Jack Welch

## Safe and Healthy Workplace

### Ensuring the health and safety of employees

Safety is a shared responsibility. Health, Safety and Environment (“HSE”) is the fundamental concern in all aspects of works in PICORP. In an industry like ours, the safety and well-being of employees is the number one priority. Our extensive safety programmes help us achieve our goal of zero accidents. At PICORP, our employees and sub-contractors work in complex and fast-moving environment with regular exposure to heavy equipment and hazardous testing materials either at sites or laboratories. In spite of these challenging conditions, we take pride in maintaining a safe and productive workplace.

The year 2020 has been a very challenging year indeed. Our Health, Safety and Environment (“HSE”) Department in each company are responsible in taking measures to prevent the spread of COVID-19 and preparing for the possibility of a COVID-19 outbreak in Mercu PICORP building. Together with the Mercu PICORP Facility & Building Maintenance (“FM”) Department, HSE Department works hand in hand in with FM Department in ensuring a solid policy, leadership and safety culture are in place through a series of HSE programmes like COVID-19 prevention programme and guidelines, awareness trainings, assistance, consulting, and regulatory compliance support in a variety of fields. These programmes are held for employees to emphasise on the importance of workplace health and safety. HSE team members at both offices and project sites are actively involved in conducting activities to ensure each employee is well-educated on safety and health issues while helping the Group to prevent the development of unsafe working conditions, including potential exposure to COVID-19.



January 2020 HSE poster on COVID-19 prevention at Mercu PICORP

The employees have been given frequent reminder on the compliance of SOPs through various platform like email and SharePoint site in making sure that everyone is well aware and be accountable of any action taken. Everyone has a role to play in getting ready and staying healthy.

Health, Safety and Environment (“HSE”) Committee was established in 2020 to oversee the COVID-19 Prevention Programmes in Mercu PICORP.

Objectives:

1. To prevent spread of COVID-19 among employees;
2. To educate employees and tenant on COVID-19 programmes;
3. To roll out on the Guidelines of controlling COVID-19;
4. To promote the new norm at workplace; and
5. To implement the sanitisation works at Mercu PICORP.



# SUSTAINABILITY STATEMENT

## OUR APPROACH TO SUSTAINABILITY

As a responsible organisation, we understand that we have a profound commitment to our stakeholders in ensuring that we operate in a safe and healthy environment, take care of our employees, customers, vendor and suppliers as well as other stakeholders. At the same time, we strive to operate with responsibility and utmost integrity.

PICORP has been at the forefront of environment services in Malaysia, leading the environmental monitoring, consultancy and services as well as laboratory testing services; and will continue to do so. Throughout PICORP's long history, we have contributed to nation-building and socio-economic growth. In recent years, access to advanced technologies has accelerated our contributions, moving the nation towards a better society. PICORP remains committed to continuing to expand its boundaries as we move beyond environmental services into new value-added services.

Today, we are poised to propel. Notwithstanding the unprecedented pandemic COVID-19, our current and future situations are giving us an opportunity to rethink the way we are working with the goal of being agile and resilient to move forward successfully. The trickledown impact of the pandemic has yet to be seen in full and we need to prepare for further economic and social shocks as the devastation continues to ravage countries across the globe. As the country gradually emerges from their respective COVID-19 lockdowns, businesses across the region have begun resuming their operations. Managing the pandemic will have to remain a priority for the next year or so. Companies need to be mindful of the responsibilities to other internal and external stakeholders. We have to ensure that our customer-focused approach includes the wider community and local authorities as well.

At PICORP, we take our responsibilities earnestly, to our people, the environment and to society. We strive to continue our efforts and pursuits in embedding sustainable practices and creating sustainable stakeholders' values by integrating economic, environmental and social sustainability concerns into all we do, infusing every thought and guiding every action, so we shall continue to keep the best interests at heart, for now and the future.

For this purpose, we aim to illustrate our strategic approaches to address sustainability challenges and opportunities in contributing towards the betterment of the economy, environment and society.

### Coverage

This statement covers the business operations of PICORP and all its subsidiaries. Unless otherwise stated, the information presented in this report covers our businesses in Malaysia, Indonesia and Saudi Arabia where there is readily available data in place. We also include sustainability initiatives from other business units and some associated companies in greater detail to reflect the Economic, Environmental and Social ("EES") performance where available and relevant, historical data of the preceding year has been included for comparison.

### Reference and Guidelines

This Sustainability Statement ("this statement") has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") through its Sustainability Reporting Guide (2018) to address material issues or those that reflect economic, environmental and social impacts and issues that significantly influence our stakeholders.

### Reporting Period

This report covers PICORP Group's performance from 1 January 2020 to 31 December 2020 (FY2020), unless otherwise stated.

## SUSTAINABILITY GOVERNANCE

Creating a sustainable future takes more than just good intentions. Having recognised sustainability as a key business differentiator and a driver of our business, the spirit of sustainability is embedded in our business strategy for a successful and effective sustainability management in the organisation. Hence, the Board and Management have important roles to play in maintaining and improving corporate sustainability, with a particular focus on the environmental, social and governance aspects of the business.

Sustainability at PICORP is governed by a Sustainability Working Group ("SWG") with oversight from our Board of Directors. The SWG, comprising Group Risk and Compliance ("GRC"), Group Human Resource ("GHR"), Environmental, Health and Safety ("EHS") Committee and Musolla Committee ("MUSCOM"), is led by the Group Executive Director ("GED") to drive the improvement and execution of the PICORP's overall sustainability programmes.

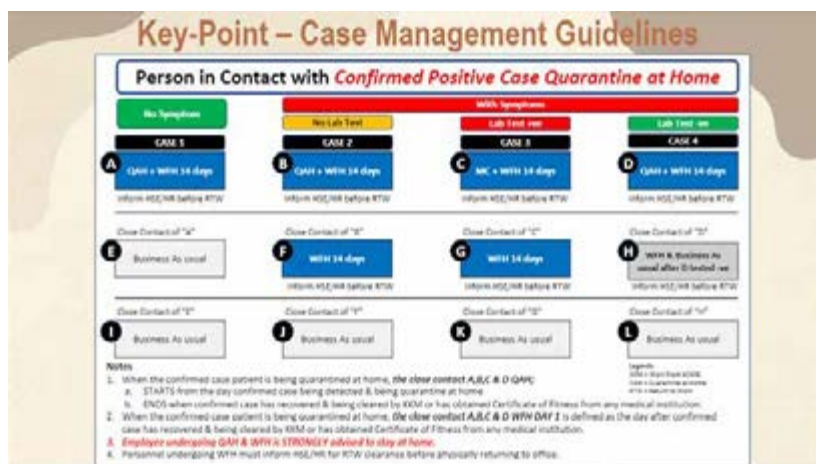
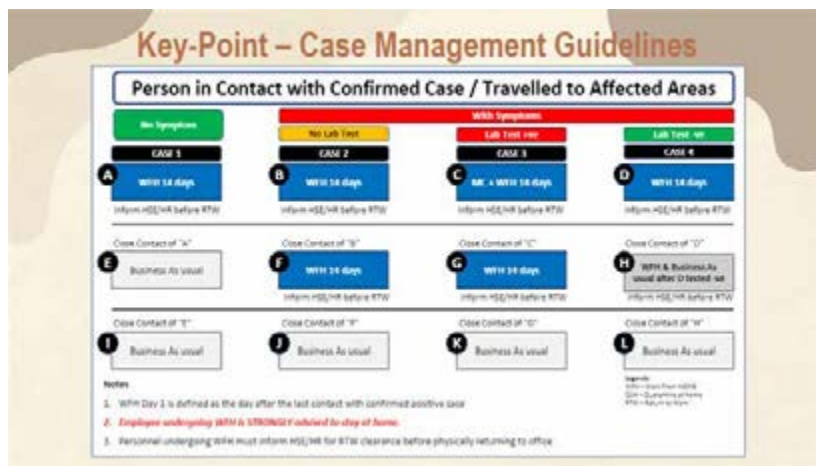




Activities:

1. Rolling out of COVID-19 guidelines to all employees and tenants;
2. Sanitisation by BOMBA and in-house cleaner;
3. Communication through poster, SharePoint site and email;
4. Health Screening – Temperature check prior to entrance to Mercu PICORP;
5. Physical distancing - 1 meter;
6. Hand sanitiser station at every common area;
7. Wearing face mask – reminder and observation; and
8. Weekly workplace inspection for COVID-19 adherence by HSE committee

COVID-19 Case Management Guidelines, prepared by Group Human Capital in March 2020 and later refined by HSE Committee in February 2021, has been defined in order to minimise the exposure of this disease especially from employees who had travelled to the affected areas or countries or contact with confirmed case as illustrated below:



Aside from COVID-19 Prevention Programme which was an additional task in HSE realm, other HSE programmes still took place and were coordinated in 2020. Various HSE related programmes were conducted in 2020 across all companies within PICORP.

## Safety Briefing

Contractor Safety Briefing for Lift Cargo Installation at Mercu PICORP



13th and 15th  
July 2020



Involvement: All contractors and subcontractor were involved in the project.

Objectives:

1. To ensure the contractors' compliance with the legal requirements - OSHA 1994 and FMA 1967
2. To ensure the contractors understand in-house safety rules while doing work at Mercu PICORP e.g., Permit to Work procedure (PTW)



## 5S & HOUSEKEEPING PROGRAMME

PICORP & ASMA 5S and Housekeeping Programme



10 September  
2020



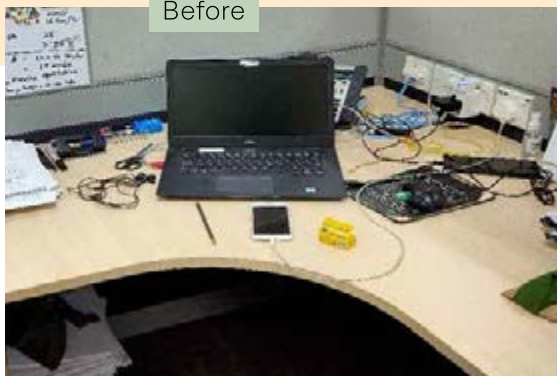
Involvement: ASMA and PICORP staff workstations

Objectives:

1. Cleaner work areas - More available space
2. More organised workstations
3. Safer working conditions
4. Less wasted time - identify, reduce and eliminate waste
5. Enhance teamwork
6. Enhance operation effectiveness in a better working environment

Activities: 5S workstation audit at ASMA and PICORP

Before



After



## 5S & HOUSEKEEPING PROGRAMME

Launch of Housekeeping programme at Pelabuhan Tanjung Pelepas (PTP) site, Johor Bahru



Involvement : Site staff, consultant, contractor and client



17 September 2020



## AUDIT & INSPECTION

Audit & Inspection for: Putrajaya Lake Precinct 2



Activity - Sampling



31 January 2020

Objectives:

1. Examine and evaluate the status of OSH management;
2. Examine and evaluate the status of health and safety management performance based on sampling of actual practices and / or equipment in an operation;
3. Provide feedback that can be verified by inspection and evaluation of the work;
4. Confirm the extent of compliance with legislative requirements, standards, procedures and guidelines;
5. Recommend any necessary changes and monitoring;
6. Improve health and safety standards in line with the policies and objectives.





## AUDIT & INSPECTION

Audit & Inspection for:  
Pengkalan Batu, Klang



7 September  
2020



Audit & Inspection for:  
Sungai Semanggar,  
Sungai Johor and Sungai  
Sayong Kulai, Johor



18 September  
2020



Audit & Inspection for:  
STP Project at Pelabuhan  
Tanjung Pelepas (PTP),  
Johor Bahru –



17 September  
2020



Safety Walkabout at  
Mercu PICORP in conjunction  
with Quarterly ASMA EHS  
Committee meeting

Inspection area:  
basement, staircase,  
lift lobby, external area,  
first aid boxes, staging  
area



Fire Audit at Mercu PICORP  
by HSE Committee



21 November  
2020

Activities:

1. Fire bell testing
2. Fire pump testing
3. Emergency light check
4. Fire hydrant check
5. Sprinkler check
6. Evacuation route
7. Assembly area



## EHS / HSE INITIATIVES AND PROGRAMMES

### Online Training

- |  |   |
|--|---|
| a) 5S<br>Date: 14 April 2020<br>Participants: PICORP & ASMA                        | c) ASMA Vehicle Sanitisation procedure<br>Date: 9 July 2020<br>Participants: Site Staff |
| b) Safety and health rules at site<br>Date: 8 May 2020<br>Participants: Site Staff | d) Safety in Construction<br>Date: 30 September 2020                                    |

### Toilet Talk

EHS / HSE Information and promotion at toilet door and updated monthly



### EHS/ HSE Communication



- a) Notice board      b) SharePoint      c) WhatsApp group

For P.T. ALS Indonesia, their HSE initiatives and programmes are more on compliance for Safe Driving on site. All HSE related training were conducted online in 2020.



No.	HSE programme	Month/ Year
1.	ALS Safe Driving Guide	Feb 2020
2.	Hazardous Waste Induction	Mar 2020
3.	Incident & Near Miss Reporting & Management	Apr 2020
4.	Lost Time Injury	May 2020
5.	Control of Lead in Fire Assay	June 2020
6.	Task 5 & JSEA	July 2020
7.	Basics of Manual Handling	Oct 2020
8.	Driver Safety Program	Nov 2020
9.	Provision of First Aid	Jan 2021



These programmes and initiatives have resulted in improved outcomes in Fatality Rate and Lost Time Injury Frequency Rate (“LITFR”) in PICORP. Despite these improved results, PICORP will continue to strive to improve on our safety commitment and discipline and must remain vigilant across all of our operations to ensure everyone goes home without injury.

**COVID-19 cases in Mercu PICORP and across the Group**

There were several cases reported in Mercu PICORP on the confirmed positive cases however the compliance of SOPs and wearing facemask during the incident has indeed prevented the outbreak into the workplace. A total of three (3) cases were reported involving employees and tenants at Mercu PICORP since the outbreak of COVID-19 and at the time writing. Upon the confirmed case, due to the unforeseen circumstance and in line with the Group policy to ensure safety and health of our workers, office closure or level closure, whichever deemed necessary was initiated for sanitisation works (“Sanitisation Period”). During the Sanitisation Period, all employees of PICORP were required to be working from home in accordance with the Work From Home (“WFH”) Guidelines (“WFH Guidelines”) issued by the Group Human Capital.

All employees have always been reminded to maintain and observe the Standard Operating Procedure (SOP) of COVID-19 Management Guidelines as follows:

1. Maintain physical distancing of at least 1-meter from one another.
2. Use an appropriate face mask during face-to-face communication.
3. Wash your hands regularly or use hand sanitizer after touching any exposed surface.
4. Avoid crowded space at any workplace or public area.



The HSE Committee has done a great job with fast response to the incidents to ensure the safety of others at Mercu PICORP. Building sanitisation exercises were conducted at least three (3) times coupled with surface swab test administered by ALS Malaysia on the affected area to ensure 100% COVID-19 free.

**LESSONS LEARNT**

1. Good compliance on physical distancing;
2. Good compliance on wearing facemask;
3. Good communication across the Group has the tasks executed during the crisis.

**Disinfectant Activities in Mercu PICORP**

Training conducted by Elite Hygiene Sdn Bhd  
22 April 2020  
Chemical Handling for COVID-19

Attendance for Disinfection Briefing by Elite Hygiene

Location : Main Lobby Office, Mercu

Date : April 22, 2020

No.	Name	Company	Signature
1	YEE AINNA	Hygiene	[Signature]
2	CHAIKIN	Hygiene	[Signature]
3	JOHANN	Hygiene	[Signature]
4	TALI	Hygiene	[Signature]
5	Ali	Hygiene	[Signature]
6	Ali	Hygiene	[Signature]
7	Siti	Hygiene	[Signature]
8	Musa	Hygiene	[Signature]
9	Juanli	Hygiene	[Signature]
10	Khanli	Hygiene	[Signature]
11	Sahani	Elite Hygiene	[Signature]
12	Sahani	Elite Hygiene	[Signature]


Disinfectant approved by Elite Hygiene  
From Elite Hygiene on 22/4/2020

 **25 April 2020 - All Mercu PICORP area including Tenants Space; fully handled by BOMBA**



On the other hand, in Saudi Arabia, there were also COVID-19 cases reported in Saudi Asma Environmental Solutions LLC (“Saudi Asma”). The first case was reported on 2 June 2020 at Saudi Asma’s main office with 1 positive case and followed by the second case reported in July- August 2020 with 9 positive cases at Jeddah Pest Laboratory. Thorough sanitisation works at both areas were carried out to curb the spread of COVID-19.




 **Disinfectant Activities Progress 10 October 2020**  
PICORP common areas -Surau, Lift, Lift Lobby, Toilet & Staircase handled by FM



Unfortunately, we are deeply saddened by the heart-breaking news of the death of one of our employees, Dr. Shabaan Said Elhossary. He was a 65-year old Egyptian with a history of diabetes. He was positive COVID-19 on 12 July 2020 and admitted into the hospital. He was later admitted into the ICU on 17 July 2020 and passed away on 20 July 2020.



Dr. Shaaban was a Project Manager attached to the project of Public Health Pest Lab in Jeddah Municipality. He worked with Saudi Asma for 2 years with a total of 40-year working experience.

 **Disinfectant Activities Progress 11 October 2020**  
All Mercu PICORP areas including tenants' space; fully handled by Jabatan Bomba dan Penyelamat



We were also informed on the passing of Dr Fadil Fouad Basyoni, former shareholder of Saudi Asma on 5 April 2020 (Indonesia) due to COVID-19.

Our most heartfelt condolences and may our prayers hasten the journey of their souls to Heaven.



### Talent Management Programmes



### Maintaining an engaged workforce



### Talent Management at PICORP

Since 2019, PICORP has given greater focus on the enhancement of the Talent Management Framework which shields all level of employees within PICORP. Attracting, developing and retaining talent has always been our talent management strategies in ensuring PICORP has the right talent to support its future state.

#### Talent Acquisition

PICORP continuously reviews companies’ organisational structure to ensure the achievement of yearly business plan. Throughout 2020, we have filled up vacant positions by promoting internal talent as well as identifying qualified candidate externally. This is part of our growth strategies to create diversified and dynamic workforce to uphold organisational effectiveness.

Moving forward, PICORP will tighten up pre-employment assessment and leverage on social media or technology to reach out to potential candidates at the same time ensure pipeline and areas with high attrition are monitored accordingly.

#### Talent Development

PICORP is committed to shaping our talents to be future-ready and dynamic leader. We develop, up-skill, manage and lead people, to bring out the best in them to enhance organisational performance.

In addition, PICORP continuously enriches employees’ competencies through various series of development approach. Our learning and development are underscored by the 70:20:10 development philosophy which respectively denotes the on-the-job training, coaching and classroom training.

In 2020, we introduced our in-house Leadership Development Programme (LDP) to enhance managers’ leadership and managerial competencies which can contribute to superior work performance. PICORP Group Executive Director (“GED”) conducted a series of programmes on Practices of Self – Esteem attended by managers across PICORP with an average attendance rate of more than 85%.

In providing employees with the real work exposure, PICORP has accorded employees with job rotation and international assignment platform as their career enhancement opportunities. In addition, our leaders spent time coaching the team to enhance their learning experiences and work performance through continuous series of face to face and online discussions.

TOTAL TRAINING HOURS **14,157 hours**

TOTAL NUMBER OF TRAINING HELD IN 2020 **211**

TOTAL TRAINING EXPENSES IN 2020 **RM66,256**



No.	Date	Venue	Training
1.	28/02/2020	ALS Shah Alam (attended by ALS Client Service, Sales, Lab Managers & Credit Controller)	Full Day Inhouse Sales Training <ul style="list-style-type: none"> <li>• To build lasting and rewarding relationship with your clients/customers</li> <li>• Very practical influencing methods</li> <li>• To create a wonderful experience of the sales journey for the customer</li> <li>• How to close a deal</li> <li>• How to dramatically improve the performance of your sales team</li> <li>• How to vastly increase job satisfaction as a salesperson</li> <li>• How to convert leads into appointments and appointments into sales</li> <li>• How to upsell</li> </ul>
2.	28/02/2020	Site Training School Pengerang Integrated Complex	PTW MOCA Training Permit to work (PTW) competency training for PETRONAS
3.	11-12/03/2020	Indah Water Training Centre	Training of Trainers (ToT) on Environmental Compliance Obligations for Sewage Treatment Plant Operations and Introduction to Climate Change
4.	10/07/2020 & 01/09/2020	NIOSH, Bangi	NIOSH & Oil and gas training for field staff as required by clients

### Talent Retention

The 2020 Employee Satisfaction Survey (“ESS”) was organised to measure employees’ satisfaction level. 82% employees responded to the survey and the findings suggested 78% of the employees were satisfied with the engagement and enablement drivers within PICORP.

In general, employees agree with good teamwork and co-operation across the organization. Their immediate supervisor was generally competent in performing the job and available when needed. The ESS results also stated that the information was being shared openly among employees within the companies and they were given sufficient avenue to share their opinion and thoughts.

PICORP will continue to identify areas of improvement to increase employees’ satisfaction level by designing and executing a series of employee engagement and enablement activities as part of our retention strategies.



## Our Community

Enhancing community livelihoods

We have a strong ethos of caring for the community, which is an extension of our belief in democratising privileges. Everyone is important to us, and we demonstrate this by contributing of our profit and knowledge to the community to serve the underserved, and bring people of the world closer together. PICORP aims to set an example as a good corporate citizen, by working together with the community for its growth towards the improvement of life quality.





## Community Contributions

At PICORP, we seek to create a better future not only for our industry and our environment, but also for the communities. We aim to contribute by giving back one-third of our income to the community, to serve the underserved. The total amount of zakat collected, instead of the normal practice where it benefitted schools and madrasah, this time around our Founder has requested for the zakat to be prioritised to employees within the Group and family members who are in need.

Understanding how the unprecedented pandemic affected everyone globally, it is our responsibility to help those closest to us, i.e., our own employees and family members who were deeply impacted by the pandemic.



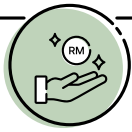
### Community Contributions



#### School Adoption Programme

**RM24,000/ year**

RM2,000/ month for tahfiz school



#### Zakat Contributions

**2020 | RM420,393**

**2019 | RM410,070**

1.24% increase in zakat contribution in 2020 against 2019

- 1/3 to asnaf fakir miskin
- 2/3 to ansaf gharimin and fisabilillah
- Priority was given to close family members and employees who were eligible to receive zakat.



### Community Engagement

## ASMA



#### INFAQ programme

In conjunction with the holy month of Ramadan, ASMA has given Infaq to 31 staff who were identified based on their eligibility.



#### Contribution to the Flood Victim

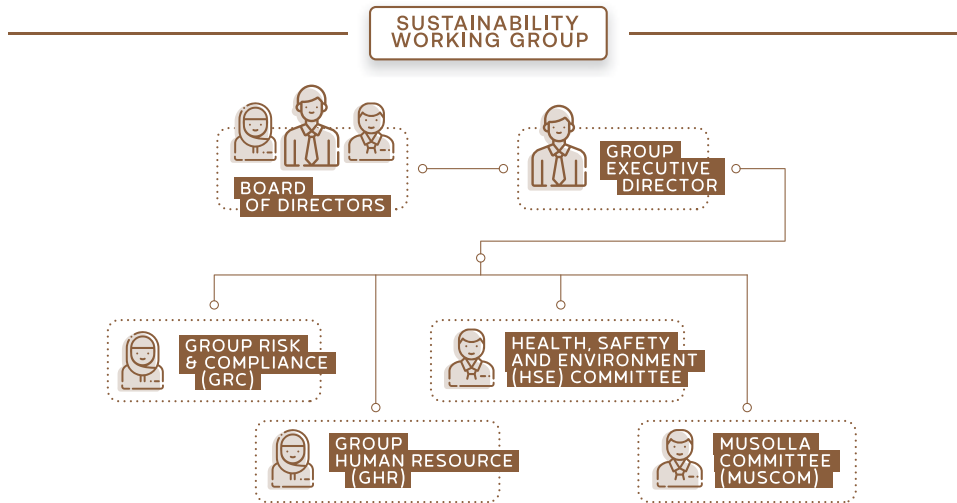
During an unexpected flood occurred on 5th November 2020 at Kampung Mambau, Negeri Sembilan, one of the affected houses was one of ASMA staff's parents which was badly damaged. A collection was held among the staff to help the affected family to ease their burden.



When we help ourselves, we found moments of happiness. When we help others, we find lasting fulfilment.

- Simon Sinek





## STAKEHOLDER ENGAGEMENT

We define our key stakeholders as those who are impacted by and/or who impact our business and performance. Our stakeholders are an essential part of our business, hence understanding and addressing their expectations and concerns are keys towards ensuring continuity in PICORP sustainability journey whilst helping us identify areas of improvement within our operations. We are grateful by the involvement of our stakeholders in this journey, particularly in identifying areas for improvements and defining the expectations on our sustainability areas. In order to provide effective contribution to the society, PICORP continuously reviews and adapts to changing stakeholder expectations. With high emphasis on two-way communication with all stakeholders who are impacted by or have the ability to influence the business, the engagement has been conducted through a range of formal and informal communication channels to address their needs and concerns on issues related to the business operations.

We also believe in maintaining transparent communication with our stakeholders to ensure that they are aware of our performance, and support our growth as we progress.

Nevertheless, since the beginning of 2020, the way we engage our stakeholders has been transformed beyond normal.

At the onset of the COVID-19 outbreak, Malaysia had initiated travel restrictions and quarantine; but with an incessant increase in new COVID-19 cases, the Movement Control Order (“MCO”) was finally rolled out on 18 March 2020, requiring closure of all businesses except those providing essential services and items. Indisputably everyone was in shock.

It was completely new to all of us, and surely to certain organisation where ‘work from home’ or ‘virtual meeting’ has never been an option afore.

Due to the pandemic COVID-19 and the MCO, albeit some states in Malaysia and other countries have been lifted off, engagement with our stakeholders has been taking place with the new normal. Physical distancing, the use face mask, and maintaining hygiene, avoiding crowded area- or in other word, maintaining COVID-19’s Standard Operating Procedures (“SOPs”) has left us no choice but to connect with the stakeholders, digitally. Providentially, PICORP has embarked into IT infrastructure since 2018 with the implementation of Microsoft 365 across the Group that enables all employees to connect digitally using web-based email platform and Microsoft Teams. This digital solution has also enabled us to connect with our existing customers, potential clients, shareholders and investors as well as our Board of Directors, regardless wherever they are.

Notwithstanding the pandemic and MCO or casually known as lockdown, PICORP strives to foster our relationship with our **employees**, who are the pillar of our business; the **customers**, to whom we endeavour to deliver excellent products and services; **vendors and suppliers**, that provide products and services to us; **local communities**, to whom we are responsible for; and our valued **shareholders/ investors**, to whom we are indebted for as well as our esteemed **regulators/ government authorities**, to whom we strive to do our utmost. These are key stakeholders who have the greatest impact on PICORP, and with whom we engage regularly.



When we strive to become better than we are, everything around us becomes better too.

- Paulo Coelho

## ALS Malaysia

### **Helping small medium enterprise (“SME”) companies during pandemic**

Small businesses are badly affected due to pandemic COVID-19 especially at the onset of MCO hence ALS Malaysia supported the SME food operator within the vicinity and provided lunch to all staff with the allocation of RM5 per headcount. Among the SME businesses were SUEDY Catering, Kak Rock Catering and Fadzly Catering.



### **Promoting new norm safe culture among staff and internship students**

ALS Malaysia allocated RM18 per headcount for all staff for the COVID-19 prevention kit, 'ALS Kasih Kit' in their fight to curb the spread of COVID-19.



**Tough times never last, tough people do.  
It might be stormy now, but rain doesn't last forever.**

#strongertogether #KitaJagaKita  
#StaySafeStayHealthy

## Saudi Asma

### **Iftar contribution to the Jeddah KPI Staff**

Saudi Asma hosted an iftar contribution to the Jeddah KPI Staff at Jeddah KPI Camp held on 20 May 2020.

### **Food Distribution to the needy in Makkah**

As part of Saudi Asma's commitment to the community and a corporate social responsibility ("CSR") initiative, food distribution in the form of packed food was held and distributed to the needy in Makkah on 10 July 2020.

### **Donation for Dr. Shabaan's family**

Saudi Asma hold a donation for the deceased, Dr. Shabaan who passed away due to COVID-19 and managed to collect SAR 11,250 to be given to his family members.



## Our Environment

Providing total environmental solutions

Our commitment to the environment is at the heart of our business. It governs how we work and the decisions we make. Excellence in environmental management is at the core of our continued leadership in integrated environmental solutions. In line with our vision to be a world class business organisation focusing on cost effective environmental solutions which shall benefit mankind, it is our accountability to show exemplary environmental responsibilities by conducting our businesses in a manner consistent with sound environmental practices.

COVID-19's sudden emergence across the world presented unparalleled challenges to companies everywhere, sending economies into freefall and forcing businesses to change, literally, everything. Priorities, purchasing, schedules and marketing tactics all had to be immediately addressed. The business climate had turned upside down, it seemed, at the snap of the fingers.

As companies struggle to make sense of the post COVID-19 business environment, we must be able to stay agile and resilient despite unprecedented circumstances as it is important that businesses maintain or even increase their share of the market right now. While some saw these as challenges, we have seized this moment as an opportunity for us to grow and innovate better.



**Environmental Initiatives**



**Environmental Engagement**

## Environmental Initiatives

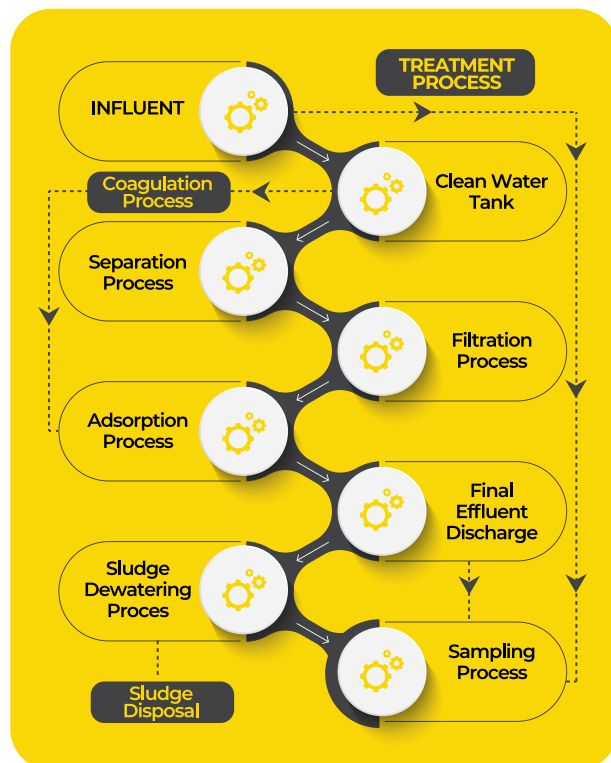
### ASMA MyHERO™ For Palm Oil Mill Effluent Tertiary Treatment System

Alam Sekitar Malaysia Sdn Bhd offers comprehensive solutions and services in water and industrial wastewater treatment comprising consultation, designing, planning, project management, operations and maintenance for plants that have been contaminated by anthropogenic industrial or commercial activities prior to its release into the environment or its recycle and reuse.

ASMA is specialised in the tertiary treatment system that includes the palm oil mill industry. The palm oil milling industry produces strong effluent loads which require an intensive treatment. Alum based coagulant is commonly used for palm oil mill effluent (“POME”) treatment. However, this will produce a scheduled waste sludge which requires additional costs to dispose. Since the Department of Environment, Malaysia or DOE has been progressively imposing stringent discharge requirements under the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations 1977, ASMA develops an innovative solution to address this concern using 5 processes.

- Process 1: The Coagulation Process
- Process 2: The Separation Process
- Process 3: The Sludge Dewatering Process
- Process 4: The Filtration Process
- Process 5: The Adsorption Process

PARAMETERS						
	Temperature (°C)	pH	Color	Suspend Solids (mg/l)	BOD <sub>5</sub> (mg/l)	Oil & Grease (mg/l)
Minimum	29.3	7.69	<10	2	14	<1
Maximum	32.5	8.46	28	26	20	<1
Average	30.6	8.25	14	18	16	<1
DoE New Limit for POME	45	5to9	100	200	20	10



#### MyHERO™

- Consistent Compliance
  - > Excellent performance
  - > Guaranteed Effluent Quality
- Highly Excited Radical Oxidation (HERO)
  - > Solutions developed for POME treatment at all three stages of POME treatment are namely primary, secondary and tertiary treatment.
- Retro Fitting
  - > Easy to upgrade or refurbish the existing treatment systems
  - > Increasing capacity and efficiency
  - > Low power consumption
- Modular Systems
  - > Optimising treatment processes
  - > Dual Processes
  - > Smaller Footprint
  - > Total area 120m<sup>2</sup>

With consistent compliance to the effluent quality standards, constructed in a modular system, and easy for retro-fitting, our MyHERO is the best tertiary treatment solution for palm oil mill effluent treatment.



**Saudi Asma Pest Control Services**

Saudi Asma Environmental Solutions LLC (“Saudi Asma”) has been providing pest control services in Saudi Arabia since 2008 to the government sector. Driven with the global competition, increasing demands and the needs to stay agile in this difficult time, Saudi Asma manoeuvres the business by redefining its role, strengthening its customer focus and building integrated services to deliver the pest control solutions to both government and private sector while improving the quality of life and protect the environment where we live, work and play. Saudi Asma strives to work closely with customers to become the partner of choice in providing solutions that best satisfy the customers’ needs.

## OUR APPROACH

### INTERGRATED PEST MANAGEMENT

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**P**revention - eliminate pests  
basic needs

**E**xclusion - limit pest access

**S**anitation - maintain good  
housekeeping and clean  
environment


**T**reatment - Professional pest control  
treatment








### OUR BEST SERVICES




**SAUDI ASMA**  
PEST CONTROL


Quality is Our Priority




**FLIES CONTROL**




**RODENT CONTROL**




**TERMITE CONTROL**



**ANTS CONTROL**



**COCKROACH CONTROL**



**BED BUG CONTROL**

**ALS Surface Swab Sampling for COVID19**

A volatile economy can create just as many opportunities as it destroys. Depending on the industry we are in, some losses are unavoidable, but for many businesses, it is about minimising losses and finding ways to capitalise on opportunities. At ALS we are fortunate that our line of field enables us to optimise our business's growth potential it was during the pandemic that ALS introduced surface swab sampling for COVID-19. They demonstrated this new service at Malaysian Society for Occupational Safety and Health (MSOSH) building at U12 Shah Alam and IDCC Ideal Convention Centre Shah Alam, for MSOSH AGM held on 11 July 2020. As a corporate member of MSOSH, ALS also offered free testing to raise awareness on testing to check efficiency of sanitation and hygiene and workplace. The COVID-19 test, which can be done on surface, air and sewage water has helped the Group tremendously in controlling the spread of the virus at workplace when there were positive COVID-19 cases reported at the workplace. The test results have aided employers to better manage the safety of the employees and strategies on the prevention programmes.



Research & Development (“R&D”) plays a very important role in the success of a business. R&D contributes to sustainability of business. Many companies do not understand the importance of R&D until it is too late. It is the R&D function that provides a platform for creativity and innovation to flourish in an organisation.

.....  
**i/o Scout Product Release**

PICORP Corporate Research & Development (R&D) unveiled its new in-house product, Smart IoT Controller known as i/o Scout during its soft launch held at PICORP Corporate R&D Gallery, Mercu PICORP on 29 September 2020.



i/o Scout, a low-cost, IoT support- smart data logger with small form factor focuses on providing four (4) main values compared to any competitor in the market:

- Competitive Price (Suitable even for small scale applications)
- Small Footprint (Space saving, easy handling & easy installation)
- Latest Technology Offering (Easy to integrate and provide high value-for-price)
- Simple Control Algorithm & Remote Control (Discreet control output)

Data logger has been used to obtain data from field devices and store the reading with timestamp. The device is widely used in process monitoring where historical data can provide information for further improvement. This reinforces R&D Division’s ability to provide high levels data accuracy and convenience for users throughout a wide range of environments. The internet of things (IoT) has already conquered the earth, with billions of devices everywhere—from cars, to factories, to entire cities. In recent years, IoT solution has been rapidly expanding throughout the world including smart farming, home automation and many more hence, i/o Scout’s applications are endless.

i/o Scout aims to provide most affordable data logger for consumers by offering wide range of applications and easy to be used in various industries and market areas. The same product can be customised to different application by connecting to different types of sensor.

The product has been developed since February 2019 and going through a series of product design & development, testing, validation and production prior to its release. The R&D team anticipates more project collaboration and is looking forward to cooperating with the companies within Zaiyadal Keluarga Sdn Bhd (“ZKSB”) Group using i/o Scout. On the same day with its soft launch, two breakout sessions were held to officially introduce to the staff on the product and demonstrate its capability.



PICORP Corporate R&D, a newly setup division under PICORP which was officially established on 25 March 2019 to serve ZKSB Group of Companies is an integral part of the Group innovation ecosystem. R&D plays a very important role in the success of a business as it contributes to the sustainability of business, when well-planned and used, enables a business to produce increased wealth over a period of time.



8 Oct 2020	PICORP Corporate R&D Lab	<p><b>Remote Control Box Prototype Completed</b></p> <p>We were able to complete the prototype and test the functionality with the end-user despite restricted movement during RMCO. Upon releasing this product, this will mark another milestone for product diversification.</p>
30 Oct 2020	PICORP Corporate R&D Lab	<p><b>Panel Max Product Release</b></p> <p>PICORP Corporate R&amp;D has developed PanelMAX, a product that optimised from the needs of using of 2 electrical enclosure panels into 1 single panel. This has greatly reduced the footprint, product cost and manpower during installation.</p>
24 Dec 2020	Field Trial Site	<p><b>Field Terminal Unit Prototype Completed</b></p> <p>Completed Beta Test for our Field Terminal Unit (FTU) at end-user site. This marks an important milestone for product diversification.</p>
December 2020	palm oil mill site	<p><b>MyHERO™ Palm Oil Mill Effluent (POME) Tertiary Treatment System Product Development Completion</b></p> <p>PICORP Corporate Research &amp; Development (R&amp;D) has completed the development of Commercial MyHERO Palm Oil Mill Effluent (POME) Tertiary Treatment System that treats POME discharge to comply with the DOE stringent requirements under the Environment Quality (Prescribed Premises) (Crude Palm Oil Mill) Regulations.</p>

## Environmental Engagement

### Environmental engagement programmes



In tackling our most pressing environmental challenges and demonstrating our support to environmental sustainability, PICORP continuously engages with the government bodies and agencies through various programmes like seminar, exhibition, talk and conferences.

No.	Webinar	Details
1.	Introduction to CEMS Quality Assurance Webinar	<p>Topic: Introduction to CEMS Quality Assurance QAL2 CVT            Date/Time: 14<sup>th</sup> April 2020 (Tuesday) 2pm-3pm            Presenter/Department: Mr Tengku Afiq Rabbani, Business Development Executive of Air Department            Participants: Preselected clients; existing and potential clients subscribing to the services            Attendance: 26 registration (12 participants) from existing clients but also potential new clients            Platform: Microsoft Teams Live Meeting            Organiser: Marketing &amp; Liaison Department, ASMA            Details: the session was held in view of the new CEMS guidelines published by the Department of Environment in June 2019 which has brought significant changes in the quality assurance programme.</p>
2.	SMART Water Monitoring Webinar with BAKAJ	<p>Topic: SMART Water Monitoring            Date: 21<sup>st</sup> July 2020   2:30pm-3:30pm (1 hour)            Presenter/Department: Mr. Iznul Muazzim, Water Department            Platform: Microsoft Teams Live Meeting            Attendees: 19 clients            Details: SMART Water monitoring and the way forward in Malaysia.            Organiser: Marketing &amp; Liaison Department, ASMA</p>
3.	Wastewater technology Webinar	<p>Topic: Wastewater Technology: Bi-Act Super Dissolved Oxygen (SDO)            Date/Time: 19<sup>th</sup> May 2020 (Tuesday) 2pm-3pm            Presenter/Department: Business Development Executive from Wastewater Department            • Mr Fahad Amirul            • Mr Wan Mohd Norazam            Platform: Microsoft Teams Live Meeting</p> <p>The webinar was attended by three (3) new clients and ten (10) ASMA and PICORP's staff. During the presentation, the presenter explained about the technical aspect of SDO and past projects</p>
4.	Boundary Noise Monitoring Webinar	<p>Topic: Boundary Noise Monitoring Webinar            Date: 20<sup>th</sup> August 2020            Presenter/Department: Ms Farahaa'in, EMS Department            Platform: Microsoft Teams Live Meeting            Attendees: 53 participants registered for the webinar, consists of clients and students.            Details: basic of boundary noise monitoring and its application in several ASMA projects            Organiser: Marketing &amp; Liaison Department, ASMA</p>
5.	Safety in Construction Webinar	<p>Topic: Safety in Construction Webinar            Date: 30<sup>th</sup> September 2020            Presenter/Department: Mr Fazlin, QSHE Department            Platform: Microsoft Teams Live Meeting            Details: the importance of safety in construction activities            Organiser: Marketing &amp; Liaison Department, ASMA</p>



Exhibiting at a trade show or industry event is an opportunity to meet and engage existing and potential customers. ASMA also participated in several seminar and exhibitions in the year 2020 in our commitment to the customers. Prior to the onset of MCO there were events that we managed to participate physically. However, most of the programmes were held virtually due to the situation in 2020 thanks to the evolution of technology, customers can experience an almost-real yet virtual exhibition experience right from the comfort of their homes.

No.	Seminar/ Exhibition	Date / Venue	Organiser	Details
1.	Seminar Udara Bersih (Clean Air Seminar)	7 <sup>th</sup> October 2020	Department of Environment (DOE) Selangor	ASMA participated in Seminar Udara Bersih - Melestarikan Alam Sekitar organised by DOE Negeri Selangor and officiated by Puan Nor Aziah Jaafar, Director of DOE Negeri Selangor. The one-day event talks about Clean Air Regulation 2014 and its enforcement to environmental practitioners all over the country. ASMA had the opportunity to showcase our monitoring products related to ambient air and emission monitoring. We also showcased our own portable mobile continuous emission monitoring system (CEMS) unit at the seminar.
2.	MyAPEC 2020	Concorde Hotel, Shah Alam 1 <sup>st</sup> October 2020 until 31 <sup>st</sup> December 2020  (Virtual)	Ministry of International Trade and Industry (MITI)	Government of Malaysia, through the Ministry of International Trade and Industry (MITI) hosted the Asia-Pacific Economic Corporation (APEC) 2020. The theme of the event was "Optimizing Human Potential towards a Future of Shared Prosperity". In view of the pandemic, MATRADE has decided to conduct the exhibition virtually via APEC Portal and MATRADE website. The virtual exhibition was held for 3 months. The main objectives of this virtual exhibition are to showcase the various range of products and services of APEC member economies, to be a platform for networking and business collaboration for participating companies and to promote greater business linkages among APEC business entities. The exhibition covered 9 targeted sectors i.e. Artificial Intelligence & Industrial Revolution 4.0, modern agriculture & food processing, education, green tech and energy including chemical, healthcare, professional and business services, transportation, lifestyle and building materials. ASMA participated under Green Tech sector.

No.	Seminar/ Exhibition	Date / Venue	Organiser	Details
3.	ASIAWATER Virtual Event 2020	30 November 2020 -2nd December 2020	ASIAWATER	ASMA participated again for the 3rd time in ASIAWATER 2020, however, due to the pandemic, it was then decided to be hold virtually. ASIAWATER Virtual Event 2020 aims to keep the Water & Wastewater Industry in Malaysia and across Southeast Asia connected, bringing leading industry players and manufacturers together to collaborate, share best practices, and adopt a cost-effective method in improving water supply within the region, as well as preparing Southeast Asia towards sustainability. During the show period, the platform has attracted over 2444 registered trade visitors across 61 countries, with 5583 unique booth visits. A total number of 491 business cards were exchanged throughout the event between exhibitors and visitors. The virtual event was officiated by our Minister of Environment and Water Malaysia (KASA), YB. Dato' Sri Tuan Ibrahim Bin Tuan Man. ASMA's virtual booth was visited by 300 visitors and 20 business meetings were set up.
4.	Environmental Awareness talk	27th February 2020 Solaris Dutamas	Malaysia Rail Link Sdn Bhd	ASMA, in collaboration with Malaysia Rail Link Sdn Bhd, has organised an Environmental Awareness talk for MyRail Link's staff. The objective of this programme is to create awareness on the importance of environmental conservation within the construction industry and also to demonstrate ASMA's capability as total solutions environmental provider, especially for ECRL project. The half day event was attended by 32 staff from various department presented by Puan Suzana, ASMA's head of Environmental Monitoring Services (EMS). Among the topics discussed during the talk was the challenges for ECRL as a mega project, to avoid disturbance to the surrounding community and environment. Among the initiative created by ECRL was collaboration with Wildlife Department to construct "wildlife crossing" for the purpose of conservation. Overall, the event was a success and invited many engaging discussions.

ALS Malaysia conducted 83 seminar and webinars for our clients in year 2020. ALS seminar/webinars cover the topic for environmental, food and pharmaceuticals, biotechnology (COVID-19 and other DNA testing), microbiology, industrial hygiene and medical devices.

List of seminars and specific topics conducted by ALS Malaysia are as follows:

- Application of biotechnology in food industry
- Human Genetic Wellness Screening
- Food Allergen Testing Services
- Genetic Wellness
- NGS for Food Industry - Decoding the DNA Sequence
- Food Product Shelf-Life Studies
- Blood and Urine Analysis
- Next-Generation Sequencing - Applications for Environmental Services
- GMO – Testing for Genetically Modified Foods
- Environmental Hygiene Monitoring
- Halal Assurance Testing
- Food Shelf-Life Study (Repeated)
- Disinfectant and Sanitizer Efficacy Testing
- Total Chloride Analysis in Palm Oil Products
- NDMA Screening in Pharmaceutical Products
- Sewage Water Monitoring for COVID-19
- Ultra-Trace Chromium Hexavalent Analysis in Fresh Water and Marine Water
- Allergen Testing in Food Products
- Testing for Genetically Modified Foods
- Environmental Microbiological Testing for the Food Industry
- Stability Testing for Pharmaceutical Products
- Genetic Wellness Screening
- Volatile Flavour and Fragrance Profiling in Food
- Heavy Metals Analysis in Blood & Urine
- Rapid Pathogen Testing
- Understanding Mercury Testing in Blood and Urine
- Isokinetic Sampling for Particulate Matter (MS1596)
- Allergen Testing in Food Products
- Halalan Toyibban Assurance from Microbiology Perspective
- GMO Food Testing
- Food Allergen Detection Methods
- Determination of Porcine Contamination in Food
- Sugar Analysis for Beverages
- VOCs in Ambient Air
- Food Allergen Detection Methods
- Laboratory Data Integrity in Microbiology
- Presentation of Genetic Wellness Testing

Most of the session were conducted online to the clients due to the MCO restrictions that took place in 2020. Regardless of the outbreak, ALS Malaysia delivers their best to the customers and ensure business as usual. ALS Malaysia also managed to attend external conferences and seminars, both virtually and physically in 2020.

### Talk: Oil Spill Analysis and Identification Capabilities.

ALS Malaysia was invited by Water & Marine Division, Department of Environment (DOE) to provide input to DOE on testing capabilities in identifying oil spillage pollution and get the test result in short period time for decision making.



Date: Friday, 27<sup>th</sup> November 2020 | Duration: 2 hours

Venue: Online | Organiser: Water & Marine Division, Department of Environment (DOE)



### Conference: National Environmental Health Action Plan (NEHAP) 2020 - Water and Health: Collaborative Efforts on Health and Environment

Title: Detection of new emerging water pollutants



Date: Thursday, 24<sup>th</sup> September 2020 hours

Presenter: Dr. Chin Teen Teen | Organiser: National Environmental Health Action Plan (NEHAP) 2020

Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Customers 	Website Social media platforms Customer Satisfaction Survey Appointment of a key account manager for each customer Roadshow and Exhibition Technical Training/ Knowledge Sharing Session Regular (online) meetings/ engagements with customers to obtain feedback Top Management engagement	Continuous Continuous Continuous As needed As needed As needed As needed As needed	<ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• Quality of products and services</li> <li>• Credibility and trust of PICORP brand</li> <li>• Project delivery</li> </ul>
Employees 	SharePoint site Town Hall meeting Family Day/ Annual Dinner PICORP Talent Management Programme Training programmes 360 Employee Assessment Employee Satisfaction Survey Code of Ethics and Business Practice (“COEBP”) Anti-Bribery and Corruption Policy Whistleblower Policy Musolla Committee (“MUSCOM”) Programmes	Weekly/Monthly/ As needed Annually/ As needed Annually/ As needed Annually/ As needed Annually Annually As needed As needed As needed Continuous/ As needed	<ul style="list-style-type: none"> <li>• Employee benefits and rights</li> <li>• Culture, diversity and inclusion</li> <li>• Employee grievances</li> <li>• Health, safety and well-being</li> <li>• Talent acquisition &amp; retention</li> <li>• Career development</li> <li>• Work-life balance</li> <li>• Equal workplace opportunity</li> </ul>



## Exhibition: Malaysian Society for Occupational Safety and Health (MSOSH) in conjunction with MSOSH Annual General Meeting 2020

Aim: to promote work-related safety programmes



Date: Monday, 13<sup>th</sup> July 2020 | Duration: 2 hours

Venue: Ideal Convention Centre Shah Alam (IDCC)

Organiser: Malaysian Society for Occupational Safety and Health (MSOSH)

## A special MWA/MIWC Webinar Series

Title: Track COVID-19 Through Sewage Monitoring

**Description:** With the current testing capacity, testing on clinical samples alone is clearly insufficient to determine the actual scale of the COVID-19 pandemic in the country and we need a different strategy. ALS Malaysia offers COVID-19 testing services for surfaces, water and air. Various studies have shown that testing for COVID-19 in sewage samples not only has the potential of being an early warning system of the disease, it could also help identifying the area for targeted screening, as well as assessing the effectiveness of the mitigation plans. This online talk covers the concept of wastewater-based epidemiology and how it could be applied to complement the current clinical testing.



Date: Tuesday, 30<sup>th</sup> June 2020

Presenter:  
Dr. Tan Niu Jin

Organiser: Malaysia Water  
Association

## Exhibition: Seminar Pengurusan Buangan Terjadual Pemangkin Ekonomi Sirkular Negara

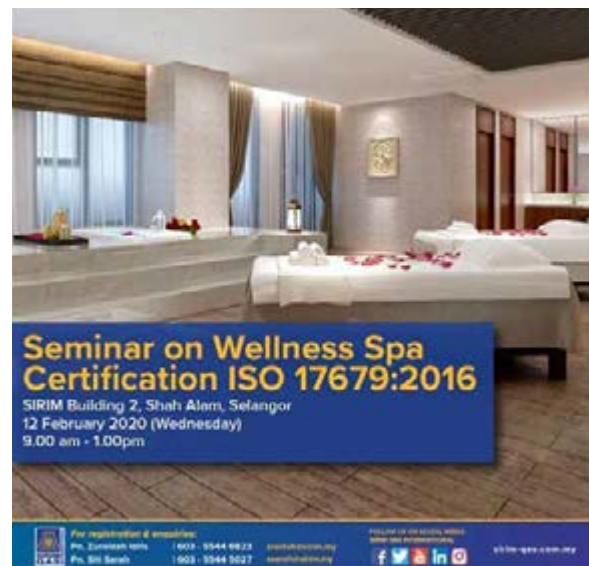


Date: Tuesday, 6<sup>th</sup> October 2020

Presenter:  
Dr. Tan Niu Jin

Organiser: Department of  
Environment (DOE)

## Seminar: ISO 17679:2016 Wellness Spa Certification



**Description:** The ISO 17679, Tourism and related services – Wellness Spa – Service Requirements establishes the service requirements of a wellness spa, the main supporting processes and the quality of service to be provided to the clients. It can

be used by all types and sizes of wellness spas regardless of whether it is part of another activity – for example, accommodation facilities, fitness centres and hospitals.

Internationally recognised ISO 17679 provides a systematic guideline to Wellness Spas on how to operate in order to deliver a quality service standard and quality services to the customers, which result in a high-level satisfactory. However, it does not apply to medical spas and thalassotherapy centres.

## Memorandum of Agreement (“MOA”) with Universiti Malaysia Terengganu

ALS Malaysia, in its support to enhance the sustainability of ocean has signed a Memorandum of Agreement (MOA) with Universiti Malaysia Terengganu (UMT). This collaboration is a joint venture between Fakulti Sains dan Sekitaran Marin (FSSM) and Pusat Pemindahan Ilmu dan Jaringan Industri (PPIJI). The collaboration between UMT and ALS Malaysia aims to enhance the innovation in the detection and identification of the microplastics polymer which is a threat in the marine ecosystems.

Microplastics pollution in the marine environment is now a growing concern and research have discovered microplastics in greater quantities than ever before on the seabed. Microplastics are likely to accumulate most densely on the ocean floor in areas that are also biodiversity hotspots, intensifying the damage they may do not only to marine ecosystems but also human.

This initiative is in line with the university’s main focus on Marine Science and Aquatic Resources, microplastics issue is one of the main research focus in UMT. This is part of our contribution for the Sustainable Development Goals (SDG)- Goal 14: Life Below Water. The research collaboration between ALS Malaysia and UMT is imperative to understand the spread and source of microplastics as well as to conduct in depth research on its factors and effects to the ecosystem. This shall help the government to curb the problem at national and global level as it also supports the government efforts in SDG. The MOA has provided a platform and opportunities to the UMT lecturers to embark in the research on microplastics in the ocean.

ALS Malaysia has been partnering with UMT in the academic activities i.e. Industrial Training since 2012. For the last 2 years, UMT has introduced “Industry in Classroom” programme where the experts from industry are invited to share their knowledge and experience to UMT students.

As highlighted by ALS Malaysia Chief Executive Officer Dr. Chin Teen Teen, microplastics pollution is becoming more serious owing to the COVID-19 pandemic where approximately more than 12,000

tonnes of plastic-based waste like face mask, face shield and gloves are dumped daily. Most of the COVID-19 waste take more than 400 years to degrade hence this research collaboration will be focusing on this issue.





The MOA ceremony held at Pusat Komunikasi Strategik, UMT Putrajaya, was signed by Vice Chancellor Professor Dato’ Dr. Nor Aieni on behalf of UMT and Chief Executive Officer Dr. Chin Teen Teen on behalf of ALS Malaysia on 17 September 2020.



### MOVING FORWARD

As PICORP continues to champion the environmental cause, business sustainability needs to be ingrained as part of important PICORP working culture as well as embedding our values into business planning and operations to mitigate potential losses in the event of uncertainties.

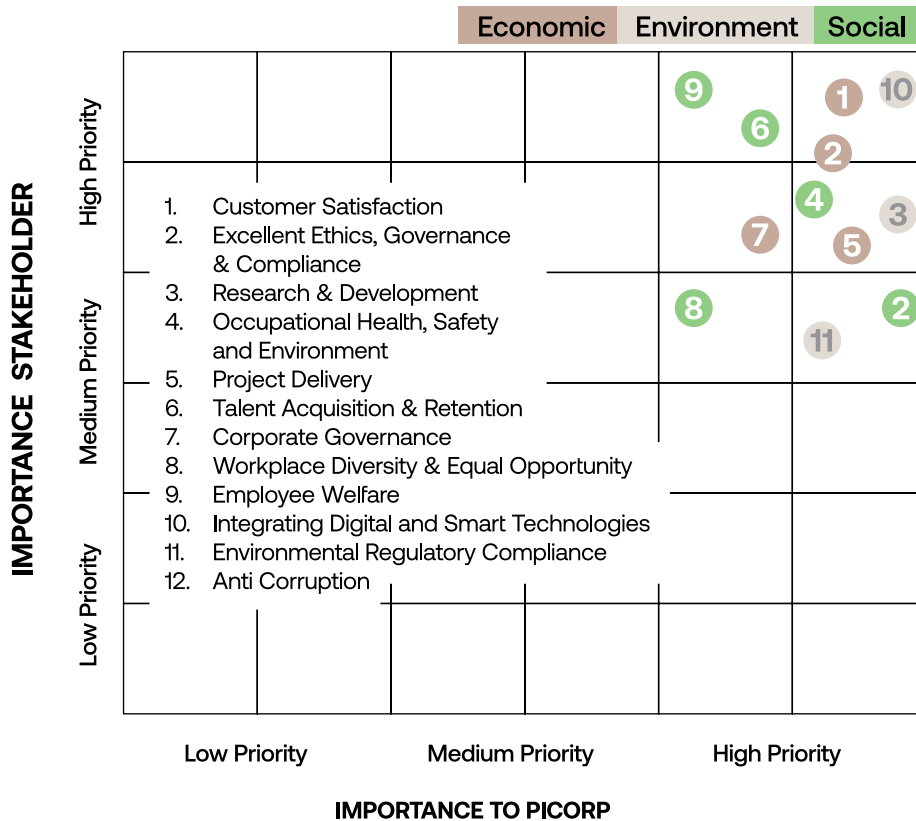
Moving into a more challenging environment requires the agility and resilience as we strive to enhance and maintain the integrity, accountability and quality of service that our customers know and expect while finding new opportunities to create value for our stakeholders as our commitment to serving Allah, respect for the people and environment.

Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Suppliers and subcontractors 	Business Negotiation  Suppliers & subcontractors' assessment  Vendor database through prequalification	As needed  Continuous  As needed	<ul style="list-style-type: none"> <li>Occupational Health, Safety and Environment</li> <li>Sustainable Value Chain Management</li> <li>Anti-corruption and bribery</li> </ul>
Local community 	Charity giving and donations  Participation in and sponsorship of community service events / NGO  Internship Opportunities  Public event e.g. Hari Raya Open House  Trainings on environmental compliance and best practices  Health, Safety and Environment campaigns and programmes	Annually / As needed  As needed  As needed  Annually / As needed  As needed  As needed	<ul style="list-style-type: none"> <li>Community Engagement</li> <li>Environmental Awareness</li> <li>Management of environmental issues</li> <li>Management of complaints and feedback</li> <li>Environmental Regulatory Compliance</li> </ul>
Shareholders/ Investors 	Annual General Meeting ("AGM")  Investor Relations Programme  Website (Investor Relations page)	Annually  As needed  Continuous/ As needed	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Ethics &amp; compliance</li> <li>Economic performance</li> <li>Business strategy</li> <li>Financial performance</li> </ul>
Regulators / Government Authorities 	Corporate governance compliance  Regular meetings, workshops and seminars with regulatory agencies to stay abreast of any regulatory requirements  Environmental compliance at project sites	As needed  As needed  Continuous/ As needed	<ul style="list-style-type: none"> <li>Environmental Regulatory Compliance</li> <li>Ethics and corporate governance</li> <li>Anti-corruption and bribery</li> <li>Training and education</li> </ul>

## **MATERIAL SUSTAINABILITY MATTERS**

To identify issues that are most material to the business, a materiality assessment was performed guided by Bursa Malaysia’s Sustainability Reporting Guide. The findings from the review of past materiality assessments were further refined with analysis of internal policies, documents as well as comments from various departments. PICORP’s commitment to sustainability focuses on significant areas based on the importance to PICORP and to stakeholders. Key sustainable issues are identified based on the degree of impact each sustainability matter has on PICORP to produce a materiality matrix. The matrix identifies sustainability matters according to their importance to both PICORP and its key stakeholder groups.

The outcome of the materiality assessment is as shown below:



Details of our initiatives in managing PICORP’s material sustainability matters are discussed across four (4) sections: Managing Our Business, People, Community and Environment. In these sections, we convey our commitments and principles, policies, key performance indicators (“KPIs”), targets, processes and programmes towards management of these matters.







# Our Business

Delivering excellent products and services

PICORP is committed to achieving highest standard of corporate governance and transparency throughout our business operations. We embrace it as a shared responsibility at all levels of stakeholders, supported by relevant framework and management policies and we shall continue to conduct ourselves in an ethical, transparent and accountable manner.

We believe that expanding our product and service offerings, enriching the development of our technology, ensuring robust management of our value chain, whilst maintaining integrity in our business conduct will ultimately support our vision and mission in generating profits, accelerating growth and be recognised as a leading company in our industry.

PICORP continuously explores new business opportunities and promote innovation to improve our technology in order to further meet our customers' needs. This will in return create a better customer experience that would lead to a higher satisfaction level of our services. In addition to that, we strive to maintain an effective value chain management system as it is key to creating positive impact on the economic conditions of our suppliers and subcontractors. We also endeavour to manage business with integrity as we are mindful that any forms of bribery and corruption would vitiate the trust of our stakeholders in us and ultimately affect our competitive edge in the market.



Responsible Business



Healthy Economic Growth



Effective Value Chain Management



Elevated Commitment

## Responsible Business

Embedding integrity & ethics in business practices

## Obedient to ALLAH

Guided by PICORP Core Value of Obedient to ALLAH, all employees of PICORP possess the highest standards of self-regulation as well as corporate governance and integrity.

## Risk Management Framework

Our risk management practices are generally aligned with the principles of ISO 31000:2010 and COSO 2004 Enterprise Risk Management Integrated Framework (2017 update). The Group adopts a risk management framework that is integrated into and where appropriate embedded into the day-to-day business activities and management decision framework of the Group.

PICORP safeguards its shareholders' investments by identifying and mitigating potential risks through its Enterprise Risk Management ("ERM") Framework. Risk Management function in PICORP is championed by the Group Risk and Compliance team alongside the Corporate Risk Management Committee where both directly report to the Board Risks Management Committee, guided by our PICORP ERM Policy.

## Anti-Bribery and Corruption Policy & No Gift Policy

We exercise a zero-tolerance policy towards all forms of bribery and corruption as spelled out in its Anti-Bribery and Corruption Policy and our No Gift Policy. Conforming to our commitment in conducting a corruption-free business that adheres to the Malaysian Anti-Corruption Commission Act ("MACC") 2009, we have adopted the "No Gift Policy" and the "Anti-Bribery and Corruption Policy" which prohibit our employees from soliciting or receiving any form of gratification from vendors, customers and other external parties.

It is PICORP's policy to conduct all its business activities with honesty, integrity and the highest possible ethical standards and vigorously enforce its good business practices. Employees, vendors, suppliers, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of PICORP shall not offer, solicit, or accept bribes in order to gain business or personal advantages, or engage in any activity that can be construed as having contravened the anti-corruption laws of Malaysia and applicable foreign laws.

## Ethics and Conduct

All employees are guided by the PICORP's Code of Conduct which is communicated to all new recruits upon joining PICORP. Each employee is briefed clearly about do's and don'ts as well as PICORP's expectations on the integrity in all areas of our business operations.

## Whistleblowing

PICORP has set up a Whistleblowing Policy as an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal. Whistleblowing reports can be addressed directly to the Chairman of the Board or Chairman of the Audit Committee via their mobile numbers and email addresses.

Staff have been notified via email that any information received including the identity of the individual who discloses such information shall be provided with the legal protection accorded under the Whistleblower Protection Act 2010 (ACT 711). All reports and information received shall be investigated and acted upon accordingly.

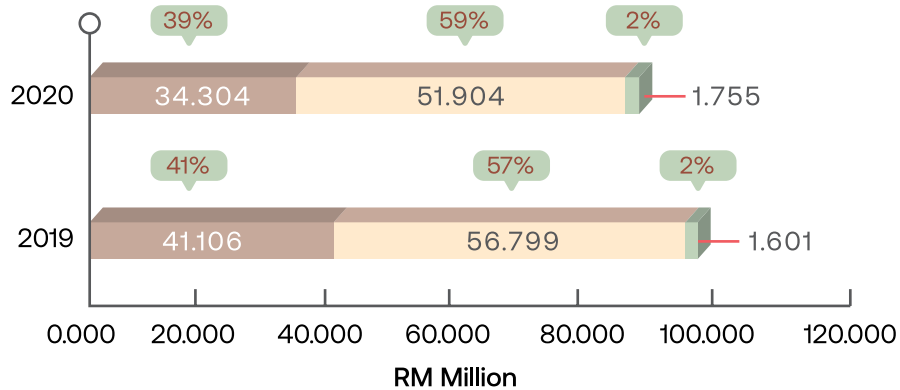
## Healthy Economic Growth

Delivering healthy and sustainable returns

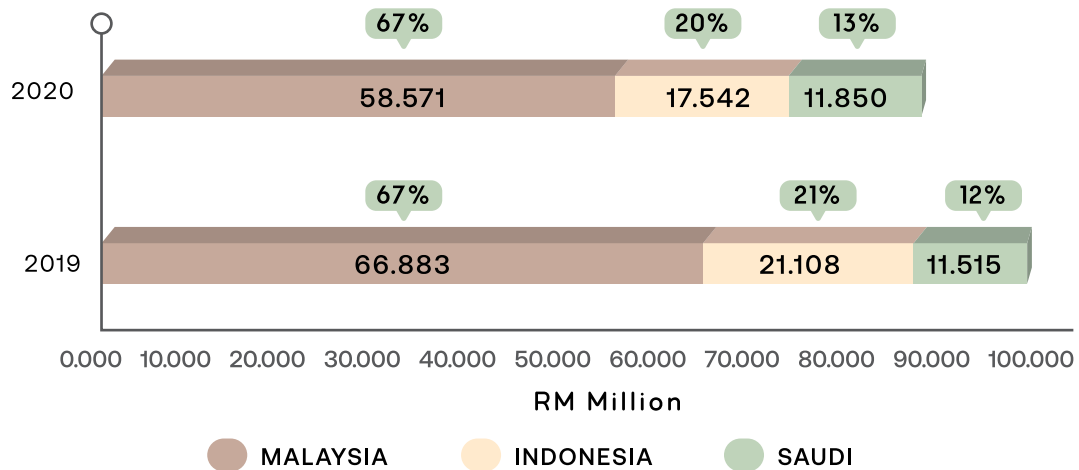
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Economic Data (Group Level) RM Thousand			
	2018	2019	2020
Revenue	87,465	99,506	87,963
Profit Before Tax (PBT)	12,815	14,697	7,684

## Revenue Contribution from Core Business



### Revenue Contribution by Geographical Breakdown



### Effective Value Chain Management

#### Ensuring sustainable solutions and efficient deliverability

PICORP is committed to ensuring a fair and sustainable value chain throughout its operation to ensure the most cost-effective solutions and efficient deliverability. We have built a strong relationship with our customers over the years, all of whom have been instrumental in the success of our business.

In addition, PICORP continues to work with vendors and suppliers whom, at a minimum, uphold the relevant environmental laws, regulations and policies of the countries in which they do business. We set high standards in Health, Safety and Environment (“HSE”) management when selecting vendors and suppliers as well as managing our procurement practices in order to anticipate and prevent HSE risks. In this regard, we are committed to maintaining a green and clean environment guided by our Integrated Management System Policy and ISO 14001:2015 Environmental Management as well as ISO17025 for our laboratory analysis and consultancy where applicable. The ISO certification is reviewed annually by the relevant accreditation agencies.

PICORP provides fair and equal opportunities to all vendors and suppliers who are interested to provide their services by submitting PICORP Vendor’s Prequalification Questionnaire and to comply and pledge with our Environmental Pledge for the Vendors and Suppliers.

Value chain management is an indispensable part of ASMA’s business sustainability programme. Knowing the level of economic environmental and social impact and viability of the vendors and customers is becoming increasingly common as all industries move towards a more sustainable future. Hence, PICORP Group implements centralised procurement process so that all purchasing functions come under the purview of one centralised procurement department instead of having

various functions that are scattered across the company. From needs recognition, purchase requisition up to negotiation and contract and delivery of goods/services, these are all monitored by the procurement department based on the processes outlined in the Standard Operating Procedures (“SOPs”) to reflect the behaviours and conditions that the procurement personnel must adhere to. The SOPs in place are:

1. Purchasing
2. Vendor registration
3. Vendor evaluation
4. Material issue
5. Material rejection

PICORP strives to operate in a more sustainable manner. There is no denying that going green and being environmentally friendly is the way of the future and in order to meet the future heads on, we endeavour to deliver our services in a way that does not impact the environment, that does not deplete natural resources, that does not contribute to climate change, that does not contribute to social inequalities or injustice, and that in general, is done in “the right way”. Determining a way to find out, and creating a policy based on how sustainable we want to be, is the essence of sustainable supply chain management. Simply put, PICORP wants to do business with people and businesses that do things the right way, and avoid altogether those who don’t.

On the other hand, for our laboratory testing services, ALS Technichem (M) Sdn Bhd (“ALS Malaysia”) employs Supplier Corrective Action Request (“SCAR”) to all their suppliers when any problem or issue arises in order to delve into the root cause so both parties will be able to get the corrective and preventive actions. This process allows both the company and its supplier to work for a much better solution and foster relationship and trust with one another.



2020  
ANNUAL  
REPORT



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**ACCOUNTABILITY** \_\_\_\_\_





# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Progressive Impact Corporation Berhad (“PICORP or the Company”) presents this statement to provide the shareholders and investors with an overview of the Corporate Governance (“CG”) practices of the Company under the leadership of the Board during the financial year ended 31 December 2020 (“FY2020”). This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance (“MCCG”).

This statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) with guidance drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Securities.

This overview statement is to be read together with other statements in this Annual Report, namely the Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Report as well as the CG Report 2020 (“CG Report”) which is available at the Company’s website, [www.picorp.com.my](http://www.picorp.com.my).

The Board considers that the Company has complied with the Practices of MCCG in all material aspects except for the following Practice: -

- Practice 7.2 (The board discloses on a named basis the top five senior management’s remuneration component in bands of RM50,000).

The explanation for the departure is disclosed in the CG Report.



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### **1. Board Responsibilities**

The Board is responsible for the CG practices of the Group. Being at the helm of the Group, the Board governs the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group. The Board determines the strategic objectives and policies of the Group, and ensures effective leadership through oversight on management and robust monitoring of the activities and performance of the Group.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, it has established various Board Committees with delegation of specific responsibility areas, namely:-

- Audit Committee (“AC”);
- Nomination Committee (“NC”);
- Remuneration Committee (“RC”); and
- Board Risk Management Committee (“BRMC”).

The Board retains collective oversight over the above Board Committees. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence to good CG practices.

In fostering a strong CG culture within the Group, the Board has always strived for the highest standard of CG practice and adopted the same as a “way of life” in every aspect of the organization. The Chairman leads the Board by setting the tone at the top and managing the Board effectiveness by focusing on strategy, governance and compliance.

The Board and Board Committees have a Board Charter and respective Terms of References (“TORs”), which are available on the Company’s website. The Board Charter sets out the principles of the Group, structure and authority of the Board. It is a comprehensive reference document for Directors on matters relating to the Board and its processes.

During FY2020, the Group adopted Anti-Bribery & Corruption Policy and No Gift Policy in line with the Board's commitment to promote ethical business conduct. The policies are available at the Company's website, [www.picorp.com.my](http://www.picorp.com.my)

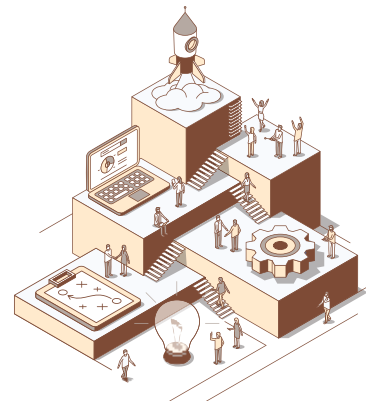
The Company has set up a Whistleblowing Policy as an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal. Whistleblowing reports can be addressed directly to the Chairman of the Board or Chairman of the AC via their mobile numbers and email addresses, which can be found in the Whistleblowing Policy. Staff have been notified via email that any information received including the identity of the individual who discloses such information shall be provided with the legal protection accorded under the Whistleblower Protection Act 2010 (ACT 711). All reports and information received shall be investigated and acted upon accordingly.

The Code of Conduct was established on 7 November 2018 to emphasize on ethical conduct in all aspects of the Group's activities including conflict of interests and privacy and confidentiality of information. The Code of Conduct applies to all employees in the Group. The employees are expected to safeguard the integrity, reputation and performance of the Group by behaving ethically and professionally at all times.

Further details pertaining to the Board Charter, TORs of various Board Committees, Whistleblowing Policy, Code of Conduct, Anti-Bribery & Corruption Policy and No Gift Policy can be found at the Company's website, [www.picorp.com.my](http://www.picorp.com.my).

The Directors allocate ample time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate on matters under their purview. Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget and financial results. The attendance of individual Directors at Board and Board Committees meetings during FY2020 are outlined below:-

BOARD MEETING	DATE
01/2020	3 February 2020
02/2020	28 February 2020
03/2020	12 May 2020
04/2020	16 June 2020
05/2020	26 August 2020
06/2020	23 November 2020



Directors	Number of Meetings Attended				
	Board	AC	NC	RC	BRMC
<b>Chairman / Senior Independent Non-Executive Director</b>					
Datuk Abdul Hamid bin Sawal	6/6	5/5	2/2	3/3	N/A
<b>Executive Directors</b>					
Zaid bin Abdullah	6/6	N/A	N/A	N/A	N/A
Dato' Dr Lukman bin Ibrahim	6/6	N/A	N/A	N/A	5/5
<b>Non-Independent Non-Executive Directors</b>					
Zaidah binti Mohd Salleh	6/6	5/5	N/A	N/A	N/A
Usamah bin Zaid*	4/4	N/A	N/A	N/A	N/A
<b>Independent Non-Executive Directors</b>					
Dato' Hajjah Rosnani binti Ibarahim	6/6	5/5	2/2	3/3	5/5
Lee Weng Chong	6/6	5/5	N/A	3/3	N/A

\* Resigned as Director on 1 July 2020

In performing their duties, the Board members have full access to the Company Secretaries, who are qualified to act under the Companies Act 2016 and provide advisory to the Board, particularly on CG issues and compliance with the relevant policies and procedures, laws and regulatory requirements in addition to the administrative matters.

## 2. Board Composition

The Board recognises that diversity brings a wide range of perspectives and diverse set of competencies, experience and knowledge that enable the Group to keep pace with the changing dynamics of the business environment and retain its competitive advantage.

At present, the Board is made up of six (6) members comprising one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, one (1) Group Executive Director, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Directors.

Appointments to the Board are made through the NC via a formal, thorough and transparent process, taking into account objective criteria such as qualifications, skills, experience, professionalism, integrity and diversity needed on the Board in the context of the Group's strategic direction.

The NC currently has the following members, both of whom are Independent Non-Executive Directors:

- (a) Datuk Abdul Hamid bin Sawal – Chairman
- (b) Dato' Hajjah Rosnani binti Ibarahim

Both NC members had full attendance of the NC meetings held during FY2020.

In accordance with the Constitution of the Company, all Directors who are appointed by the Board may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The Constitution provides that at least one-third of the Board shall retire from office at least once in every three years.

Pursuant to the Board Charter, an Independent Director whose tenure has exceeded a cumulative term of nine years may continue to serve on the Board subject to re-designation as a Non-Independent Director. The Board shall justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine years. If the Board continues to retain the Independent Director after the twelfth year, the Board shall seek annual shareholders' approval through a two-tier voting process – Tier 1: large shareholders and Tier 2: other shareholders.

The Board, through the NC, conducts an annual review of its size and composition to determine if the Board has the right size and composition to support the Company's objectives and core values. Based on the assessment conducted on 11 March 2021, the Board was of the view that the Company has a well-balanced Board with good representation of female directors and members having diverse skill sets and core competencies. The Board was also satisfied that there was a mutual respect amongst Directors which contributed to effective and robust decision-making process.

The Board, through the NC, also assesses the independence of the Independent Directors annually. Based on the annual assessment carried out on 11 March 2021, the Board was satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during deliberations at the Board and Board Committee meetings. In view thereof, the Board will be tabling the resolutions to retain Mr Lee Weng Chong, Datuk Abdul Hamid Bin Sawal and Dato' Hajjah Rosnani binti Ibarahim who have served for a cumulative term exceeding nine (9) years as Independent Directors for shareholders' approval at the upcoming AGM of the Company.

The justifications of the Board in proposing the continuation in office as Independent Directors are as below:

- (a) the Independent Directors have continued to demonstrate integrity, genuine interest in the conduct of the Group's businesses, sound judgement, leadership skills, critical thinking and independent mind set, all of which are essential indicators of independence;
- (b) each of the Independent Director has continued to fulfill the definition and criteria of independence as set out in the Main Market Listing Requirements as well as meeting all other criteria set for evaluation of independence;

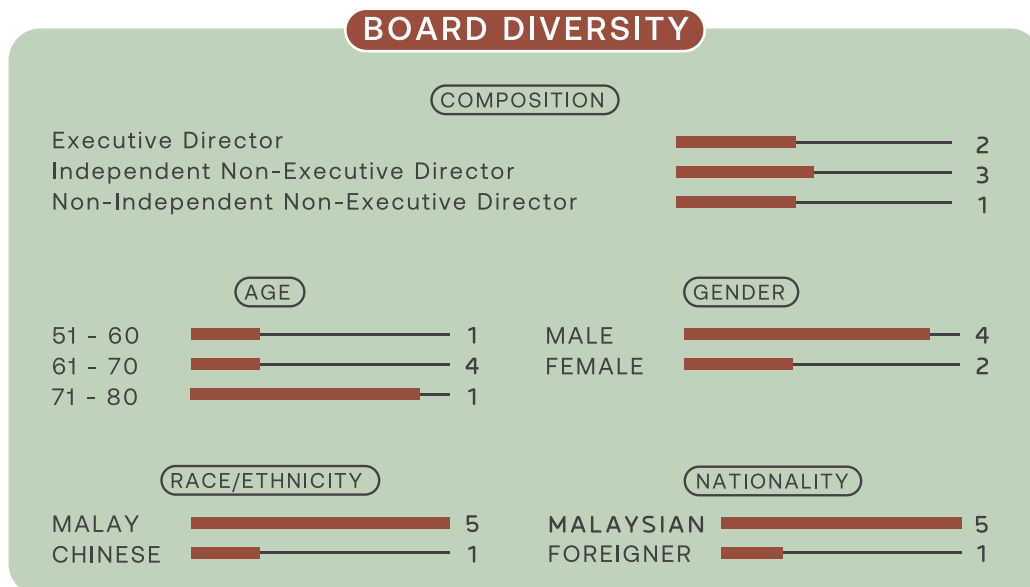
- (c) the ability of an Independent Director to remain independent in carrying out his/her roles and responsibilities effectively is very much a function of his/her calibre, experience and personal qualities, and should not be measured solely by the tenure of service as an Independent Director;
- (d) the Group has greatly benefited from the services of Independent Directors who have an acute understanding of the Group's corporate history and business;
- (e) the Independent Directors have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors;
- (f) the Independent Directors have consistently challenged Management on strategies by asking questions and participating actively in deliberations and decision-making and they provided advice to Management by sharing diverse perspectives; and
- (g) the Board has assessed the Independent Directors and was of the view that they were independent in character and judgment, independent of management and free from any relationships or circumstances which were likely to affect or could appear to affect their judgment.

The resolution to retain Mr Lee Weng Chong as an Independent Director will be put to a vote using the two-tier voting process.

Some activities carried out by the NC in FY2020 in discharge of its duties are as below:

- carried out the annual assessment on the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director and reported to the Board. The assessment considered the contribution and performance of Directors on their competency, time commitment, integrity and experience in meeting the needs of the Group. The evaluation process involved a peer and self-review assessment;
- assessed the independence of the Independent Non-Executive Directors and reported the same to the Board;
- reviewed and made recommendations to the Board on the re-election of Directors based on the assessments conducted;
- assessed the character, experience, integrity and competence of the Group Financial Controller and her time in discharging her roles;
- recommended the Board to seek shareholders' approval at the 28th AGM to allow Mr Lee Weng Chong and Datuk Abdul Hamid Sawal to continue to serve as Independent Directors; and
- reviewed and recommended the appointment of the Group Financial Controller to the Board for approval.

The Company is committed to the positive promotion of equality, diversity and inclusion in its workforce throughout the Group. The Company is an equal opportunity employer and does not practise discrimination of any form, regardless age, gender, race and religion, throughout the organization. The Board has also established the Boardroom Diversity Policy which can be viewed on the Company's website. The Board currently has two (2) female Directors and a female alternate Director.





The Board, together with the management, attended applicable trainings to keep abreast with general economic, statutory requirements, industry and technical developments. During the year, all members of the Board have attended various training programmes as summarized below:-

Name	Name of Course/ Seminar/Talk	Details
Datuk Abdul Hamid bin Sawal	Vision 2020 – The Pandemic Digital Tipping Point and What to Expect in 2021	Date: 11 December 2020 Organizer: Institute of Corporate Directors Malaysia (“ICDM”) Speaker: Mr Pharid Jaffer
	On Board: The Insider’s Guide to Surviving Life in the Boardroom	Date: 10 December 2020 Organizer: ICDM Speaker: Sir John Tusa
	The Modern Board Architecture	Date: 9 December 2020 Organizer: ICDM Speaker: Mr Mark A. Pfister
	Digital Leadership and Communication During Turbulent Times	Date: 8 December 2020 Organizer: ICDM Speaker: Mr Bant Breen
	The Regenerative Business of the Future	Date: 7 December 2020 Organizer: ICDM Speaker: Mr Ed Gillespie
	Fraud Risk Management Workshop for Directors of Listed Companies	Date: 25 November 2020 Organizer: Bursa Malaysia and Speaker: Alex Tan, Michael Sprake & Tanvinder Singh – PwC Malaysia
	Bounce Back Together II: Reimagine and Rebuild	Date: 19 November 2020 Organizer: ICDM Speaker: Hari Das (SpacedIN Integrated), Dato’ Agil Natt, Syed Nazim Syed Faisal & Wan Daniah.
Zaid bin Abdullah	The Modern Board Architecture	Date: 9 December 2020 Organizer: ICDM Speaker: Mr Mark A. Pfister
Zaidah binti Mohd Salleh	Webinar Series: Company Secretary as Governance Professional	Date: 21 December 2020 Organizer: MAICSA Speaker: Prof Dr Zubaidah Zainal Abidin
	Webinar Series: Corporate Liabilities Under the MACC Act Effective from 1 June 2020 and Its Mitigations	Date: 18 December 2020 Organizer: MAICSA Speaker: Tan Kok Tee
	Webinar Series: Complying with the Guideline for the Reporting Framework for Beneficial Ownership of Legal Persons	Date: 8 December 2020 Organizer: MAICSA Speaker: Mr Kenneth Foo Poh Khean
	Webinar Series: Listing Requirements – Updated or Outdated	Date: 26 October 2020 Organizer: MAICSA Speaker: Ms Leong Oi Wah

	Webinar Series: Current Secretarial Practice Issues	Date: 23 October 2020 Organizer: MAICSA Speaker: Mr Kenneth Foo Poh Khean
	Tricor Webinar Series: Positioning & Preparing SMEs for IPO – Both Pre & Post Perspectives	Date: 9 October 2020 Organizer: Tricor Malaysia Speaker: Salihudin Mohd Razali (VP, IPO Marketing – Bursa Malaysia)
Dato' Hajjah Rosnani binti Ibrahlim	Vision 2020 – The Pandemic Digital Tipping Point and What to Expect in 2021	Date: 11 December 2020 Organizer: ICDM Speaker: Mr Pharid Jaffer
	The Regenerative Business of the Future	Date: 7 December 2020 Organizer: ICDM Speaker: Mr Ed Gillespie
Lee Weng Chong	Vision 2020 – The Pandemic Digital Tipping Point and What to Expect in 2021	Date: 11 December 2020 Organizer: ICDM Speaker: Mr Pharid Jaffer
	The Regenerative Business of the Future	Date: 7 December 2020 Organizer: ICDM Speaker: Mr Ed Gillespie
	Bounce Back Together II: Reimagine and Rebuild	Date: 19 November 2020 Organizer: ICDM Speaker: Hari Das (SpacedIN Integrated), Dato' Agil Natt, Syed Nazim Syed Faisal & Wan Daniah.
Dato' Dr Lukman bin Ibrahlim	Vision 2020 – The Pandemic Digital Tipping Point and What to Expect in 2021	Date: 11 December 2020 Organizer: ICDM Speaker: Mr Pharid Jaffer
Usamah bin Zaid (Alternate Director)	Vision 2020 – The Pandemic Digital Tipping Point and What to Expect in 2021	Date: 11 December 2020 Organizer: ICDM Speaker: Mr Pharid Jaffer
	The Regenerative Business of the Future	Date: 7 December 2020 Organizer: ICDM Speaker: Mr Ed Gillespie
	Minister's Dialogue with Waste Water Industry	Date: 29 September 2020 Organizer: The Malaysian Water Association Speaker: YB Dato' Sri Tuan Ibrahim bin Tuan Man Minister of Environment and Water (KASA) Datuk Ir. Abdul Kadir Mohd Din, FASc President, The Malaysian Water Association (MWA)
	Persidangan National Environmental Health Action	Date: 24 September 2020 Organizer: Malaysian Association of Public Health Speaker: Ir Dr Salmah Zakaria (Academy of Sciences Malaysia) En Zairi Zainuddin (Pengurusan Air Selangor Sdn Bhd) Dr Chin Teen Teen (ALS Technichem M Sdn Bhd) Prof Madya Dr Nik Rosmawati Nik Husai (USM)

	Marketing Management Program	Date: 20 - 21 July 2020 Organizer: In-house training (IPTB Sdn Bhd) Speaker: Hj Rali bin Mohd Nor
Fatimah Zahrah binti Zaid (Alternate Director)	Vision 2020 – The Pandemic Digital Tipping Point and What to Expect in 2021	Date: 11 December 2020 Organizer: ICDM Speaker: Mr Pharid Jaffer

### 3. Remuneration

The Company aims to set remuneration at levels which are sufficient to attract and retain high caliber Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors particularly with the vast expansion of international business in Saudi Arabia.

As for oversight on remuneration matters, the Board has established the RC which comprises the following members, all of whom are Independent Non-Executive Directors:

- (a) Datuk Abdul Hamid bin Sawal – Chairman
- (b) Dato' Hajjah Rosnani binti Ibarahim
- (c) Mr Lee Weng Chong

All RC members had full attendance of the RC meetings held in FY2020.

On 28 February 2020, the Board approved the revisions made to the Remuneration Policy which can be viewed on the Company's website.

The RC implements policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Board and Senior Management.

Detailed disclosures on the remuneration of individual Directors for FY2020 are as below:-

#### Company Level

Director	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Benefits -in-kind (RM'000)	Directors' Fee (RM'000)	Others (RM'000)	TOTAL (RM'000)
<b>Chairman / Senior Independent Non-Executive Director</b>							
Datuk Abdul Hamid bin Sawal	N/A	N/A	N/A	N/A	42	54	96
<b>Executive Directors</b>							
Zaid bin Abdullah	950	79	195	83	N/A	157	1,464
Dato' Dr Lukman bin Ibrahimi*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Non-Independent Non-Executive Directors</b>							
Zaidah binti Mohd Salleh	N/A	N/A	N/A	N/A	30	50	80
Usamah bin Zaid (Resigned as Director on 1 July 2020)	N/A	N/A	N/A	N/A	15	16	31
<b>Independent Non-Executive Directors</b>							
Dato' Hajjah Rosnani binti Ibarahim	N/A	N/A	N/A	N/A	30	64	94
Lee Weng Chong	N/A	N/A	N/A	N/A	30	50	80

## Group Level

Director	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Benefits -in-kind (RM'000)	Directors' Fee (RM'000)	Others (RM'000)	TOTAL (RM'000)
<b>Chairman / Senior Independent Non-Executive Director</b>							
Datuk Abdul Hamid bin Sawal	N/A	N/A	N/A	N/A	42	54	96
<b>Executive Directors</b>							
Zaid bin Abdullah	950	79	195	83	N/A	157	1,464
Dato' Dr Lukman bin Ibrahim*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Non-Independent Non-Executive Directors</b>							
Zaidah binti Mohd Salleh	N/A	N/A	N/A	N/A	44.4	68	112.4
Usamah bin Zaid (Resigned as Director on 1 July 2020)	N/A	N/A	N/A	N/A	15	16	31
<b>Independent Non-Executive Directors</b>							
Dato' Hajjah Rosnani binti Ibarahim	N/A	N/A	N/A	N/A	37.2	64	101.2
Lee Weng Chong	N/A	N/A	N/A	N/A	30	50	80

\* The Group Executive Director, Dato' Dr Lukman bin Ibrahim is not remunerated by way of salary. For his role and responsibilities, the Company pays a consultancy and management fee to a private company owned by Dato' Dr Lukman bin Ibrahim. For FY2020, the Company paid RM592,010.00 to the private company. The Company regards this as a recurrent related party transaction.

To avoid any potential controversy within the Company while maintaining harmony amongst management and employees, and respecting the Senior Management's privacy and confidentiality, the Board had decided not to disclose the detailed remuneration packages of the senior management on named basis as required under Practice 7.2. The Board will take steps to ensure that the remuneration of senior management commensurate with their individual performance, taking into consideration the Company's performance and that the remuneration is in line with the industry in order to retain and motivate the personnel.

## **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

### **1. Audit Committee (“AC”)**

The AC comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. One of the AC members is a member of the Malaysian Institute of Accountants. The composition of AC is reviewed annually by the NC. With the view of maintaining an independent and effective AC, members of AC shall be financially literate, possess the appropriate level of expertise and experience and have a strong understanding of the Group’s business.

The AC undertakes an annual assessment of the suitability and independence of the External Auditors. On 11 March 2021, the AC carried out the annual exercise and having given consideration to the following criteria, the AC had recommended the Board to table the External Auditors’ re-appointment at the 29th AGM for shareholders’ approval:-

- (a) experience, level of service, the adequacy of their resources and the level of knowledge and competency of the audit team;
- (b) the quality and scope of the planning of the audit in assessing risks and how External Auditors maintained or updated the audit plan in response to changing risks and circumstances;
- (c) ability to provide constructive observation and recommendations on areas requiring improvements;
- (d) communication to the AC about new and applicable accounting practices and auditing standards and the impact on the Company’s financial statements; and
- (e) level of engagement with the AC.

The details of the AC and its activities are set out in the AC Report of this Annual Report.

### **2. Risk Management and Internal Control Framework**

The Board is cognizant that a robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group’s strategies and decision making.

The Board fulfils its responsibilities in the risk governance and oversight functions through its BRMC in order to manage the overall risk exposure to the Group. Whilst BRMC assessed and monitored the efficacy of the risk management activities and controls, the adequacy and effectiveness of the internal controls were reviewed by the AC in relation to the internal audit function for the Group.

The Group has established policies and framework for the oversight and management of material business risks. The BRMC, through the Corporate Risk Management Committee (“CRMC”, a management-level committee), maintains detailed risk registers which are reviewed and updated on quarterly basis. Meetings of BRMC are scheduled ahead of Board meetings to ensure that the key focus areas of risks are promptly reported and deliberated at the Board meetings.

The Board is of the view that the system of internal control and risk management in place during the year under review, is sound and sufficient to safeguard the Group’s assets, as well as shareholders’ investments, and the interests of customers, regulators, employees and other stakeholders. Further information on the Group’s risk management and internal control framework is made available on the Statement on Risk Management and Internal Control of this Annual Report.

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

### **1. Communication with Stakeholders**

The Group ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure.

The Group has also engaged an external consultant to manage the Investor Relation section in the Group’s website to ensure immediate broadcast on the Group’s material information which include Annual Report, unaudited quarterly results, announcement to Bursa Securities, stock information, policies and statements, etc.



The following digital marketing fanpage were created to share information on activities of the Group, product knowledge, etc. and serve as alternative channels to reach out to a broader range of the public, shareholders and interested parties:-



Progressive Impact Corporation Berhad



www.picorp.com.my

## 2. Conduct of General Meetings

The Group is of the view that AGM is the principal forum of dialogue with the shareholders and also an avenue for the Chairman and Board members to respond personally to all queries and provide sufficient clarification on issues and concerns raised by the shareholders. Shareholders are encouraged to attend, speak and vote (“participate”) at the Company’s general meetings. In compliance with the MMLR, the Company will hold a poll voting at all general meetings.

The COVID-19 pandemic and Movement Control Order and strict Standard Operating Procedures enforced by the Government and relevant authorities have changed the ordinary course of life and business. As a responsible corporate citizen, PICORP is committed to safeguarding the wellbeing of its shareholders, employees and Directors. On 16 June 2020, PICORP conducted its first fully virtual Annual General Meeting i.e. the 28th AGM. All Directors were present at the 28th AGM to engage directly with the shareholders and be accountable for their stewardship of the Company.

The 28th AGM was carried out in accordance with the Companies Act 2016, the Company’s Constitution and the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia. Shareholders and proxies participated at the 28th AGM remotely using the Remote Participation and Electronic Voting services without the need to be physically present at the meeting venue.

Shareholders were invited to submit questions for the Board in advance of the meeting. Shareholders also had the option of voting in absentia by appointing the Chairman of the meeting as their proxy to attend and vote on their behalf.

Due to the uncertainty of the COVID-19 pandemic, the Company will again be leveraging on technology to convene its 29th AGM on a fully virtually basis and in accordance with the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.

This CG Overview Statement was approved by the Board on 8 April 2021.



# AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) was established by the Board of Directors with the primary objective to assist the Board of Directors in fulfilling its fiduciary responsibilities to corporate governance, system of internal controls and financial reporting practices of the Group, in accordance with the AC’s Terms of Reference (“TOR”).

The TOR of the AC is available on the Company’s website, [www.picorp.com.my](http://www.picorp.com.my).

## Composition of AC

Lee Weng Chong	Chairman, Independent Non-Executive Director
Datuk Abdul Hamid bin Sawal	Member, Senior Independent Non-Executive Director
Dato’ Hajjah Rosnani binti Ibarahim	Member, Independent Non-Executive Director
Zaidah binti Mohd Salleh *	Member, Non-Independent Non-Executive Director

\* Member of Malaysian Institute of Accountants

The composition of the AC meets the requirements as stated in Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”)

## Meetings

The AC held a total of five (5) meetings during the financial year ended 31 December 2020 (“FY2020”) and the details of attendance of the AC members are as follows:

Name of Director	1st AC Meeting 28/02/2020	2nd AC Meeting 12/05/2020	3rd AC Meeting 16/06/2020	4th AC Meeting 26/08/2020	5th AC Meeting 23/11/2020	Total Attendance in FY2020
Lee Weng Chong	√	√	√	√	√	5/5
Datuk Abdul Hamid bin Sawal	√	√	√	√	√	5/5
Zaidah binti Mohd Salleh	√	√	√	√	√	5/5
Dato’ Hajjah Rosnani binti Ibarahim	√	√	√	√	√	5/5

## Summary of Work of AC

The AC’s activities during the FY2020 comprised the following:-

### 1. Financial Reporting

- Reviewed the audited financial statements of the Group prior to recommending the same for the Board’s approval;
- Reviewed the quarterly financial statements and consolidated results of the Group prior to recommending the same for the Board’s approval; and
- Received the relevant business, financial and tax-related updates from management, including their plans and strategies.

## 2. External Audit

- a. Reviewed and discussed with the external auditors, the results of their audit on the financial statements for the financial year ended 31 December 2019 (“FY2019”) and their memorandum of suggestions;
- b. Reviewed and discussed with the external auditors, their audit plan for FY2020, covering the areas of audit emphasis, audit timetable, scoping of the group audit, digital audit amongst others;
- c. Reviewed the suitability, objectivity and independence of the external auditors in order to recommend their re-appointment to the Board for recommendation to the shareholders for approval during the 28th Annual General Meeting of the Company;
- d. Reviewed the audit fees, including non-audit fees, prior to recommending the same for the Board’s approval; and
- e. Met the external auditors without the presence of the executive directors and management to enquire on significant findings, fraud consideration, management capabilities and/or management co-operation level.

## 3. Internal Audit

- a. Reviewed and approved the internal audit plan for FY2020;
- b. Reviewed the adequacy of the scope, functions, competency and resources and overall performance of the internal auditors;
- c. Reviewed the internal audit reports and assessed the findings highlighted and appraised the adequacy and effectiveness of management’s response in resolving the audit issues reported;
- d. Reviewed on the follow-up review reports issued by the internal auditors and assessed the status of corrective actions taken by management in implementing the agreed action plan within the agreed timeline; and
- e. Met the internal auditors without the presence of the executive directors and management to enquire on areas of concern, fraud consideration and management’s co-operation level and capability.

## 4. Related Party Transactions

- a. Reviewed the recurrent related party transactions of a revenue or trading nature of the Group; and
- b. Reviewed the Circular to Shareholders in Relation to the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

## 5. Other Activities

- a. Reviewed the Anti-Bribery & Corruption Policy and No Gift Policy prior to recommending the same for the Board’s approval;
- b. Reviewed the following reports for inclusion in the Annual Report prior to recommending the same for the Board’s approval:
  - Audit Committee Report
  - Statement on Risk Management and Internal Control
  - Corporate Governance Overview Statement
  - Corporate Governance Report
  - Management Discussion and Analysis
  - Sustainability Statement
- c. Reviewed the Statement to Shareholders in Relation to the Proposed Renewal of the Authority to the Company to Purchase up to 10% of the Total Number of Issued Shares in the Company;
- d. Reviewed and confirmed the minutes of AC meetings; and
- e. Reported to the Board on the proceedings of each AC meeting, through the AC Chairman.

The objective of engaging professional Internal Auditors is to enhance and protect organizational value of the Group by providing risk-based and objective assurance, advice and insight. Baker Tilly Monteiro Heng Governance Sdn Bhd, which reports directly to the AC, helps the Group with independent assessment to accomplish its objectives with systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

The total cost incurred for the internal audit function in FY2020 amounted to RM86,860.00 (2019: RM94,205.00).

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

- a. Presented the internal audit findings and action plans to be taken by management to the AC;
- b. Conducted follow-ups on previous audits to ensure corrective actions had been taken and reported the same to the AC;
- c. Conducted audit review on the following activities as per the 2020 Audit Plan which was approved by the AC on 25 November 2019:-

Company	Key Audit Areas
ALS Technichem (M) Sdn Bhd ("ALSM")	<ul style="list-style-type: none"> <li>- IT General Controls (covering access administration &amp; control, system security &amp; support controls including back-up and recovery management)</li> <li>- Sales, Service, Reporting &amp; Customer Satisfaction</li> <li>- Revenue &amp; Receivables</li> <li>- Vendor &amp; Contractor Assessment and Evaluation</li> <li>- Procurement &amp; Receiving Control</li> <li>- Accounts Payable Management &amp; Payment Controls</li> </ul>
PT ALS Indonesia ("ALS")	<ul style="list-style-type: none"> <li>- IT General Controls (covering access administration &amp; control, system security &amp; support controls including back-up and recovery management)</li> <li>- Preventive Maintenance &amp; Calibration of Instruments and Equipment</li> <li>- Fixed Assets Management</li> <li>- Vendor &amp; Contractor Assessment and Evaluation</li> <li>- Procurement &amp; Receiving Control</li> <li>- Accounts Payable Management &amp; Payment Controls</li> </ul>
Alam Sekitar Malaysia Sdn Bhd ("ASMA")	<ul style="list-style-type: none"> <li>- IT General Controls for both ASMA &amp; PICORP (covering access administration &amp; control, system security &amp; support controls including back-up and recovery management)</li> <li>- Procurement &amp; Receiving Control</li> <li>- Customer Satisfaction</li> <li>- Fixed Assets Management</li> </ul>

- d. Presented the 2021 Audit Plan which was approved by the AC on 23 November 2020.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

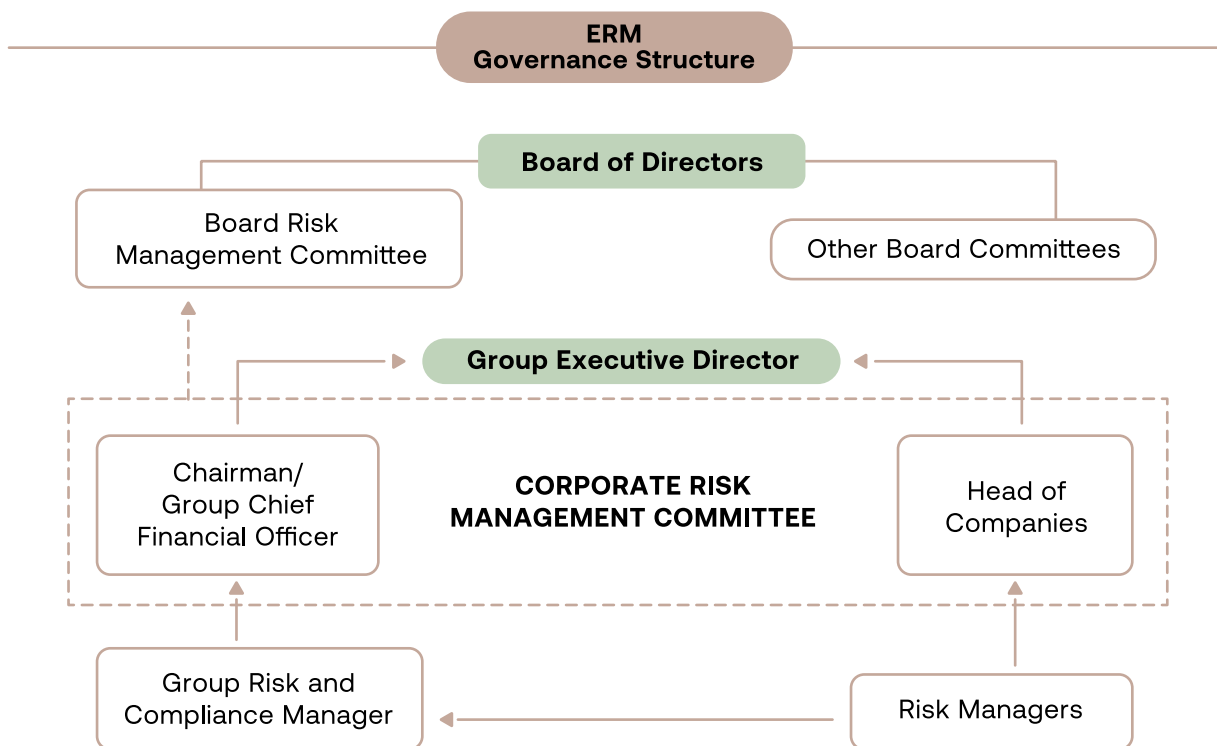
Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Boards of listed companies are required to include in their annual report, a “statement about the state of internal control of the listed issuer as a group”. Accordingly, PICORP’s Board of Directors (the Board) is pleased to provide the following statement that has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities which outlines the nature and scope of the risk management and internal control within PICORP Group of Companies (PICORP) during the financial year under review.

## INTRODUCTION

Risk management and internal controls are integrated into management processes and are embedded in all day-to-day business activities of PICORP. It is the Board’s priority to ensure that uncertainties and investment risks in new business ventures are managed in order to safeguard the interest of the shareholders. Collectively, the Board oversees and reviews the conduct of the Group’s business while the Group Executive Director and Management measure and control to ensure that the risks are effectively managed.

## ENTERPRISE RISK MANAGEMENT (ERM) GOVERNANCE STRUCTURE

The ERM governance structure provides clear accountabilities and responsibilities in managing risk within PICORP. This ensures that the ERM activities remain appropriate and prudent, and that significant risks are managed and monitored continuously. PICORP ERM governance structure is set out in the diagram below:





## **THE BOARD**

The Board is responsible for the establishment as well as oversight of PICORP's risk management framework and internal control systems that are designed to manage PICORP's risk appetite within acceptable levels of tolerance as set by the Board, rather than to totally eliminate the risk of failure to achieve PICORP's goals and objectives. The Board periodically reviews the effectiveness and adequacy of the framework and systems by identifying, assessing, monitoring and communicating key business risks to safeguard shareholders' investment and PICORP's assets.

The Board has delegated the Risk and Governance responsibility to the Board Risk Management Committee (BRMC) which ensures independent oversight of internal control and risk management. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of PICORP's risk management framework and internal control systems of PICORP.

The Board is cognizant of the fact that its role in providing risk oversight sets the tone and culture towards managing the key risks that may impede the achievement of PICORP's business objectives within acceptable risk profile. The Board also acknowledges that the internal control systems are designed as a tool to manage and minimise rather than eliminate occurrences of risks or material misstatement or unforeseeable circumstances, fraud or losses.

## **BOARD RISK MANAGEMENT COMMITTEE (BRMC)**

The BRMC which consists of two (2) Board members, assists the Board to discharge its overall responsibility for risk oversight within PICORP. Specifically, the BRMC oversees the overall risk management processes, reviews and identifies key risks, and ensures that infrastructure, resources, processes and systems for risk management are in order. Clearly defined and documented internal policies and procedures for certain key operational areas have been established and are subject to periodic review. The BRMC is governed by clearly defined Terms of Reference which can be referred on PICORP's website, revised and approved by the Board on 28 February 2019.

## **AUDIT COMMITTEE (AC)**

The main responsibility of the AC is to assist the Board in assessing the effectiveness of PICORP's internal control systems and overseeing the financial reporting. AC also reviews the adequacy and integrity of the internal control systems and management information systems, including compliance with applicable laws, rules, directives and guidelines through the internal audit function. The AC regularly convenes meetings with the Internal Auditors to deliberate on the findings and recommendations for improvement to the system of the internal control of PICORP. The AC reviews the action plans taken by the Management to rectify the findings in a timely manner and evaluate the effectiveness and adequacy of PICORP's system of internal control. The AC's Terms of Reference is stipulated in the Board Charter which is accessible in PICORP's website.

## **CORPORATE RISK MANAGEMENT COMMITTEE (CRMC)**

In discharging its responsibilities, the BRMC is assisted by the CRMC in which the Group Chief Financial Officer (GCFO) acts as the Chairman. The members of CRMC comprise the Heads of Companies as well as the Heads of Functions namely the Group Legal, Secretarial and Human Capital Development, Corporate Research & Development, Group IT and Facility Management. The responsibilities of CRMC include implementing the risk management processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and providing assurance to the Board that the processes have been carried out. The CRMC is governed by clearly defined Terms of Reference which can be referred on PICORP's SharePoint Site.

## **GROUP RISK AND COMPLIANCE (GRC) UNIT**

The GRC unit is responsible for developing, coordinating and facilitating the risk management processes as well as the outsourced Internal Audit activities within PICORP. Series of annual Risk Reassessment workshops were conducted with the risk managers of the respective companies, and the risk and process owners to carry out risk assessment on the existing and new risks. Where necessary, one-on-one session with the respective risk and process owners is conducted to further improve the level of risk awareness among the members of the organization. GRC unit consistently organises risk management activities such as sharing risk bulletin for added knowledge, risk management quizzes, risk contest, etc. in order to elevate a greater risk culture throughout PICORP.

## **HEAD OF COMPANY**

The Head of Company is responsible to ensure effective implementation of this Policy and that all personnel adhere to its mandates. The detailed line accountability for risk management is fully aligned with PICORP's management structure. Accordingly, the approvals, responsibilities and accountabilities applicable to the identification, evaluation, management and reporting of the Group's risks are attributed to the Head of Company. Ultimately, the Head of Company is responsible for all risk information tabled to the CRMC and thereafter the BRMC.

## **RISK MANAGER**

Risk Manager is appointed by each company to further support the risk management processes within PICORP. The role of the Risk Manager is to assist the Head of the Company in the risk management function where he or she is tasked to facilitate and coordinate all the risk management activities at the company level under the guidance of the Group Risk and Compliance Manager.

## **INTERNAL AUDIT FUNCTION**

The Group's internal audit function is outsourced to a professional services firm to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of PICORP's internal control system. The coordination of the internal audit plan, activities, field audit as well as the acceptance of the internal audit report is being carried out by the Group Risk and Compliance Unit. During the financial year ended 31 December 2020, internal audit reviews were carried out in accordance with the approved risk based internal audit plan. Findings from the internal audit reviews, including the recommended corrective actions, were presented to the AC in their quarterly scheduled meetings. In addition, follow-up reviews were also conducted on a regular basis to ensure that corrective actions have been implemented in a timely manner. The yearly audit plan is approved by the AC and the audit reports are presented to the AC on a quarterly basis.

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

## **ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK**

A proactive Enterprise Risk Management (ERM) Framework is important to create and protect stakeholders' value with full integration of risk management in the organisation's governance structure as well as the decision-making process. In line with the statement above, PICORP has adopted an ERM Framework to govern its businesses and operations. This ERM Framework is generally aligned with the principles of ISO 31000:2010 and COSO 2004 Enterprise Risk Management – Integrated Framework (2017 update).

The framework enables PICORP to carry out organised and practical management of the organisational risk exposure on an ongoing basis which includes credit risk, market risk, operational risk, compliance risk, strategic risk and reputational risk. The ERM Framework outlines the risk management governance and structure, processes, accountabilities, as well as responsibilities throughout PICORP. It also provides the Board and Management with a tool to anticipate and manage both existing and potential risks, taking into consideration changes in PICORP's internal and external operating environment. ERM at PICORP enables the Management to effectively deal with uncertainties and the associated risks and opportunities, enhance the capacity to build or enhance value for stakeholders.

## ERM PROCESS

PICORP has adopted the MS ISO 31000:2010 Risk Management Standard which serves as a guideline for identifying, evaluating, managing and monitoring significant risks by PICORP in order to align its risk management process with industry best practices. Figure 1 of MS ISO 31000:2010 illustrates PICORP Risk Management Process.

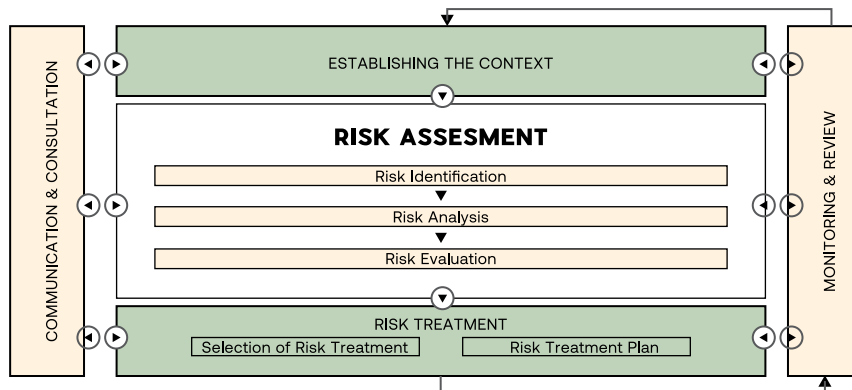


Figure 1 of MS ISO 31000:2010

An ongoing process to identify, analyse, evaluate and treat the risks that may affect the achievement of PICORP's business objectives is in place. Departments and companies are responsible for managing risks within their respective areas of responsibilities and required to conduct risk reviews on an annual basis. The risk register and the risk action plans are tabled and discussed during CRMC meeting on regular basis. In furtherance to the above, key risks are highlighted and deliberated by BRMC on a quarterly basis.

## RISK MANAGEMENT PORTAL

The PICORP risk portal continues to be the platform for risk management process in PICORP which captures the database of risks, existing controls as well as the risk information. Online access to the portal helps to improve risk management processes whereby users can access to the risk management dashboard online and real-time. To further improve the effectiveness of the portal, enhancements were incorporated which include e-mail notifications to all the risk owners and the risk action plan owners to ensure that the status of the Risk Action Plans ("RAPs") gets updated on a timely basis.

Key risks of key business units are identified, assessed and categorised based on the established risks parameters, to highlight the source of risk, their severity of impacts, and the magnitude of likelihood of occurrence. All the risk profiles are presented to the CRMC before being tabled to the BRMC for deliberation and approval.

The Management continuously strives to improve the related processes to ensure that the risk management processes are embedded and regarded as an effective management tool.

## INTERNAL CONTROL SYSTEM

Supporting the ERM Framework and processes is an internal control system that facilitates the internal control design and operating effectiveness to manage the key risks.

INTERNAL CONTROL SYSTEM	DESCRIPTION
<p><b>Organisational Structure &amp; Authorisation Procedures</b></p>	<p>PICORP maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures within the internal control system of PICORP's various business units.</p>

INTERNAL CONTROL SYSTEM	DESCRIPTION
<p><b>Annual Business Plan</b></p>	<p>An annual budget is prepared by the Management and tabled to the Board for approval. Periodic monitoring is carried out to measure the actual performance against budget in order to identify any significant variances arising and facilitate the formulation and implementation of remedial action plans. Brainstorming sessions at both departmental and company levels are carried out to ensure a robust and solid business planning process. The Board also plays an active role in deliberating and approving the business objectives and strategies proposed by the Management.</p>
<p><b>Group Policies and Procedures</b></p>	<p>Documented policies and procedures are in place, and regularly reviewed and updated so as to ensure that it maintains its effectiveness and continues to support PICORP's business activities as PICORP continues to grow. During the financial year under review, PICORP established PICORP Group Limit of Authority to further improve the state of governance in PICORP. Included in the Group Policy is the Whistleblowing Policy and Guidelines which was developed to enable any individuals to raise concerns regarding PICORP. The policy was developed to achieve two (2) primary objectives as follows: -</p> <ul style="list-style-type: none"> <li>• to provide a safe and acceptable for staff or any other stakeholders to raise concerns so that it can be addressed in an independent and unbiased manner; and</li> <li>• to provide an internal mechanism for the organisation to be notified about concerns at the workplace and further if required, take any action deemed appropriate.</li> </ul> <p>In addition, PICORP also has in place, a comprehensive Human Resource Manual which consists of policy, procedures and forms with the aims to define policies and procedures that support basic management philosophies, outline company rules and requirements, clarify the company's expectations of its employees, and describe lines of authority and levels of responsibility.</p> <p>The No Gift Policy and the Anti-Bribery and Corruption Policy were approved by the Board and introduced to further strengthen the corporate governance policies and practices in PICORP. PICORP embraces a Zero Tolerance Policy against all forms of bribery and corruption. PICORP's No Gift Policy further elaborates upon those principles, providing guidance to employee concerning how to deal with situations relating to the receiving and/or providing gifts that may arise in the course of business. The Anti-Bribery and Corruption Policy ("ABC Policy") has been developed as part of the PICORP's Anti-Bribery Programme which is pivotal in ensuring its corporate defence against Section 17A of the Malaysian Anti-Corruption Act 2009 being enforced in June 2020. Having a clear and unambiguous policy statement on PICORP's position regarding bribery and corruption forms the cornerstone of an effective integrity management system.</p>

INTERNAL CONTROL SYSTEM	DESCRIPTION
<b>Monitoring and Review</b>	Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performance of PICORP. Monthly and quarterly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the Management team for monitoring and review. During FY2020, a mid-year review process was introduced to track the performance of the companies against the budget. The process entails further analysis into the root causes for any shortfall against target which then facilitates the management of companies in coming up with recovery measures to close the gaps. The quarterly financial statements are presented to the Board for their review and approval.
<b>Balanced Score Card (BSC)</b>	PICORP has also put in place a Balanced Score Card (BSC) which links to and is guided by annual targets, accountability and date of accomplishment. BSC helps in defining and measuring progress towards attaining organisation goals. BSCs are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization. A series of goal-setting and brainstorming sessions have been introduced since 2018 to help the Management to enhance organisational performance.

## **● ASSURANCE BY THE GROUP EXECUTIVE DIRECTOR AND THE GROUP CHIEF FINANCIAL OFFICER**

In relation to the risk management and internal control process, the Management (through CRMC), to the best of their ability and knowledge confirm that PICORP's risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review and up to date of this Statement.

## **● REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS**

The Statement has been reviewed by the External Auditors for the inclusion in the annual report of the PICORP Group for the financial year ended 31 December 2020. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of the internal controls.

## **● CONCLUSION BY THE BOARD OF DIRECTORS**

The Board considers the system of risk management and internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of PICORP's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the health of the risk management and internal controls framework.

For the financial year under review, the Board is satisfied that the system of risk management and internal controls is satisfactory and has not resulted in any material losses, contingencies or uncertainties. The Board believes that the development of the system of risk and internal controls is an on-going process and has taken steps throughout the year to improve its risk management and internal control system and will continue to do so. This Statement was approved by the Board on 11 March 2021.








## DIRECTORS' RESPONSIBILITY STATEMENT IN PREPARING THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which have been drawn up in accordance with the Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act 2016 in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial years, the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:-

-  adopted appropriate accounting policies and applied them consistently;
-  made judgments and estimates that are reasonable and prudent; and
-  prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company shall keep proper accounting records which disclose the financial position of the Group and the Company with reasonable accuracy and to enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and, to detect and prevent fraud and other irregularities.

This statement was approved by the Board of Directors on 8 April 2021.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2020.

## 2. Options, Warrant or Convertible Securities

There were no options, warrants or convertible securities issued by the Company during the financial year. The Company did not have an Employee Share Scheme in existence during the financial year.

## 3. Recurrent Related Party Transactions (“RRPT”)

The breakdown of aggregate value of transactions conducted during the financial year is as follows:-

Company Involved	Transacting Parties	Categories of Recurrent Transactions	Actual Value Transacted During the Financial Year (RM)	Interested Directors / Major Shareholders and Persons Connected to Them
Alam Sekitar Malaysia Sdn Bhd (“ASMA”)	Progressive Impact Technology Sdn Bhd (“PITECH”)	Reselling of predictive emission monitoring system by PITECH as a non-exclusive distributor for ASMA	-	PITECH is a company in which Zaid bin Abdullah (“Zaid”) and Zaidah binti Mohd Salleh (“Zaidah”) are directors with shareholdings of 72% in PITECH held through Zaiyadal Keluarga Sdn Bhd (“ZKSB”).  Usamah bin Zaid (“Usamah”) and Fatimah Zahrah binti Zaid (“Fatimah Zahrah”) are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
ASMA	PITECH	Provision of engineering services by PITECH to ASMA	-	
ASMA	PITECH	Provision of environment consulting services by ASMA to PITECH	-	
PICORP	PITECH	Provision of corporate services and support services by PICORP to PITECH	948,233	

Company Involved	Transacting Parties	Categories of Recurrent Transactions	Actual Value Transacted During the Financial Year (RM)	Interested Directors / Major Shareholders and Persons Connected to Them
PICORP	IAM-Wonderware Sdn Bhd ("IAM-Wonderware")	Rental of office space of 7,934 sq. ft. in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor to IAM-Wonderware	140,234	<p>IAM-Wonderware is a company in which Zaid is a director and Zaidah is a shareholder with shareholdings of 22% held through PITECH.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
ASMA	Foxboro (M) Sdn Bhd ("Foxboro")	Provision of engineering services by Foxboro to ASMA	-	<p>Foxboro is a company in which Zaid and Zaidah are directors with shareholdings of 37% held through PITECH.</p>
PICORP	Foxboro	Provision of corporate services and support services by PICORP to Foxboro	-	<p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
PICORP	Untung Aquaculture Sdn Bhd ("Untung Aqua")	Rental of 22.5 acres of leasehold land located at Lot No. PT 7605, Mukim of Lumut, Manjung, Perak to Untung Aqua	22,800	<p>Untung Aqua is a company in which Zaid and Zaidah are shareholders with 100% interest in Untung Aqua held through ZKSB.</p> <p>Fatimah Zahrah is a director of Untung Aqua and deemed interested by virtue of her family relationship to Zaid and Zaidah</p> <p>Usamah is also deemed interested by virtue of his family relationship to Zaid and Zaidah.</p>

Company Involved	Transacting Parties	Categories of Recurrent Transactions	Actual Value Transacted During the Financial Year (RM)	Interested Directors / Major Shareholders and Persons Connected to Them
PICORP	Progressive Impact Corrosion Sdn Bhd ("PICORR")	Provision of corporate services and support services by PICORP to PICORR	-	<p>PICORR is a company in which Zaid and Zaidah are directors. PICORR is a wholly-owned subsidiary of Progressive Impact Engineering Sdn Bhd which in turn is wholly owned by PITECH.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
ASMA Advanced Solutions LLC ("AAS")	Intelligent Aqua Sdn Bhd ("Intelligent Aqua")	Reselling of water treatment technology by AAS as a non-exclusive distributor for Intelligent Aqua	-	<p>Intelligent Aqua is a company in which Zaid and Zaidah are directors with shareholdings of 60% and Johar is a director with shareholding of 17% in Intelligent Aqua held through PITECH and Intelligent Water Group Sdn Bhd.</p>
ASMA International Sdn Bhd ("AIS")	Intelligent Aqua	Supply of water treatment technology by Intelligent Aqua to AIS	-	<p>Johar is the Chief Executive Officer of AIS.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
PICORP	ZKSB	Provision of corporate services and support services by PICORP to ZKSB	324,286	<p>ZKSB is wholly owned by Zaid, Zaidah, Usamah and Fatimah Zahrah who are also directors.</p>
PICORP	ZKSB	Rental of 2,294 sq. ft. of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor to ZKSB	65,009	

Company Involved	Transacting Parties	Categories of Recurrent Transactions	Actual Value Transacted During the Financial Year (RM)	Interested Directors / Major Shareholders and Persons Connected to Them
PICORP	PI TECH	Rental of 34,682 sq. ft. of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor to PITECH	808,166	PITECH is a company in which Zaid and Zaidah are directors with shareholdings of 72% in PITECH held through ZKSB.  Foxboro is a company in which Zaid and Zaidah are directors with shareholdings of 37% held through PITECH.
PICORP	FOXBORO	Rental of 7,500 sq. ft. of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor to Foxboro		Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.

#### 4. Material Contracts

There were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interest during the financial year during ended 31 December 2020.

#### 5. Non-Audit Fees

The fees paid/payable to the external auditor, Messrs. Ernst & Young PLT, for the financial year ended 31 December 2020 are as follows: -

	Group (RM)	Company (RM)
<b>Audit</b>	352,500	80,000
<b>Non-Audit</b>	7,000	7,000
<b>Total</b>	359,500	87,000

Information on the list of properties is available at the Company's website [www.picorp.com.my](http://www.picorp.com.my).





2020  
ANNUAL  
REPORT



# AFB

**FINANCIAL**  
STATEMENTS



199001011782 (203352-V)

Progressive Impact Corporation Berhad

(Incorporated in Malaysia)

## **DIRECTORS'** **REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

### Ultimate holding company

The ultimate holding company of the Company is Zaiyadal Keluarga Sdn. Bhd. ("ZKSB"), a company incorporated and domiciled in Malaysia.

### Principal activities

The principal activities of the Company are that of investment holding, property investment and the provision of management and administrative services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 16 to the financial statements.

### Results

	Group RM	Company RM
Profit net of tax	3,072,851	3,372,106
(Loss)/profit attributable to:		
Owners of the parent	(2,813,140)	3,372,106
Non-controlling interest	5,885,991	-
	3,072,851	3,372,106

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

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

199001011782 (203352-V)

**Progressive Impact Corporation Berhad**  
**(Incorporated in Malaysia)**

**Dividends**

The amount of dividends paid by the Company since 31 December 2019 were as follows:

	<b>RM</b>
In respect of the financial year ended 31 December 2019:	
Final dividend of 0.55 sen per share on 655,631,100 ordinary shares approved on 16 June 2020 and paid on 13 July 2020	3,605,971

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2020 of 0.30 sen per share on 655,631,100 ordinary shares amounting to dividend payable of RM1,966,893 will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 31 December 2021.

**Directors**

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Zaid bin Abdullah\*\*

Zaidah binti Mohd Salleh\*\*

Datuk Abdul Hamid bin Sawal

Dato' Hajjah Rosnani binti Ibarahim\*\*

Dato' Dr. Lukman bin Ibrahim\*\*

Usamah bin Zaid\*\*

(Resigned on 1 July 2020 but appointed as alternate director to Zaid bin Abdullah)

Fatimah Zahrah binti Zaid

(Alternate director to Zaidah bt Mohd Salleh)

Lee Weng Chong

\*\*These directors are also directors of the Company's subsidiaries.

199001011782 (203352-V)

**Progressive Impact Corporation Berhad**

**(Incorporated in Malaysia)**

**Directors (cont'd.)**

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Nadzrah binti Hashim  
Johar bin Yusof  
Gregory Francis Kilmister  
Timothy James Kilmister  
Zainah binti Zaid  
Rajesh M Naran  
Uthai Yaibuathes  
Apichai Yaibuathes  
Abdul Wahab bin Nasser Al - Akeel  
Mansoor Abdul Wahab bin Nasser Al - Akeel  
Chin Teen Teen  
Herizal  
Salman Abdul Wahab bin Nasser Al - Akeel

**Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no directors have received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Directors' remunerations are as follows:

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Directors of the Company		
Executive	1,932,069	1,899,669
Non Executive	420,600	381,000
	<b>2,352,669</b>	<b>2,280,669</b>

**Indemnities to directors or officers**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director or officer of the Company.

199001011782 (203352-V)

**Progressive Impact Corporation Berhad**  
**(Incorporated in Malaysia)**

**Directors' interests**

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

	Number of ordinary shares			31.12.2020
	1.1.2020	Acquired	Sold	
<b>The Company</b>				
<b>Direct interest:</b>				
Zaid bin Abdullah*	47,925,100	450,000	-	48,375,100
Zaidah binti Mohd Salleh*	8,769,400	-	-	8,769,400
Lee Weng Chong	1,050,000	-	-	1,050,000
Usamah bin Zaid **	112,000	-	-	112,000
Fatimah Zahrah binti Zaid **	110,300	-	-	110,300
<b>Indirect interest:</b>				
Zaid bin Abdullah* and Zaidah binti Mohd Salleh*	310,419,922	500	-	310,420,422
<b>Subsidiary</b> <b>- ALS Technichem (M) Sdn. Bhd.</b>				
<b>Direct:</b>				
Zaid bin Abdullah*	10,000	-	-	10,000

\* These Directors are in a spousal relationship

\*\* These Directors are the children of Zaid bin Abdullah and Zaidah bt Mohd Salleh

The directors, by virtue of their interest in the shares of the Company, are deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.



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### Treasury shares

As at 31 December 2020, the Company held as treasury shares a total of 2,368,900 issued ordinary shares. Such treasury shares are held at a carrying amount of RM329,543 and the relevant details are disclosed in Note 27 to the financial statements. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

During the financial year, the Company do not acquire any of its own ordinary shares in the treasury shares of the Company.

### Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
  
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
  
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
  
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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**Other statutory information (cont'd.)**

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**Auditors**

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young PLT	352,500	80,000
Other auditors	86,860	-
	439,360	80,000

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2020.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 April 2021.

Dato' Dr. Lukman bin Ibrahim

Datuk Abdul Hamid bin Sawal

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## **STATEMENT BY DIRECTORS**

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Dr. Lukman bin Ibrahim and Datuk Abdul Hamid bin Sawal, being two of the directors of Progressive Impact Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 119 to 231 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2021.

Dato' Dr. Lukman bin Ibrahim

Datuk Abdul Hamid bin Sawal

## **STATUTORY DECLARATION**

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Hamsiah binti Khalid, being the officer primarily responsible for the financial management of Progressive Impact Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 119 to 231 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Hamsiah binti Khalid  
at Kuala Lumpur on 8 April 2021

Hamsiah binti Khalid  
MIA Membership No: 13604

Before me,

**Independent auditors' report to the members of  
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**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Progressive Impact Corporation Berhad, which comprise statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 119 to 231.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

*Basis for opinion*

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

*Independence and other ethical responsibilities*

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

*Key audit matters*

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

**Independent auditors' report to the members of**

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*Key audit matters (cont'd.)*

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Recognition of revenue and cost of environmental construction projects

(Refer to Note 2.3(c), Note 3(a), Note 4 and Note 21 to financial statements)

Within the environmental monitoring, consultancy and services segment, the Group recognised revenue and cost amounting to RM14.6 million and RM11.9 million respectively, which were computed based on stage of completion method. Stage of completion is determined by the proportion of environmental construction project cost incurred for work performed to date, to the budgeted total environmental construction project cost.

We focused on this area because management made significant judgement in determining the stage of completion, the extent of the environmental construction project cost incurred and the budgeted total environmental construction project cost.

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- i) assessed and understand the design and operating effectiveness of the management's budgeting process;
- ii) read key contracts to obtain an understanding of the specific terms and conditions and agreed the contract revenue to the original signed customer contracts and/or approved variation orders;
- iii) reviewed management's budgeted project costs to ensure adequacy of costs to complete;
- iv) performed test of details on the project costs recognised up to 31 December 2020; and
- v) reperformed the calculations of the revenue based on the percentage of completion method and where applicable, considered the implications of any changes in estimates.



**Independent auditors' report to the members of**

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*Key audit matters (cont'd.)*

Impairment assessment of investment in a subsidiary

*(Refer to Note 2.3(h), Note 3(b) and Note 16 to financial statements)*

MFRS 136 Impairment of Assets ("MFRS 136") requires an entity to assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, management should estimate the recoverable amount of the assets. The losses reported by the Company's subsidiary, Saudi ASMA Environmental Solutions LLC ("SAES"), indicated that the carrying amount of the investment in this subsidiary may be impaired.

Accordingly, the Company estimated the recoverable amount of its cash generating units ("CGUs") based on value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the investment in SAES, and discounting them at an appropriate rate. Given the significance judgement and estimates involved in the assessment of the recoverable amount, we have identified the impairment of investment in subsidiaries as an important area of our audit.

Our audit procedures included, among others obtaining an understanding of the methodology adopted by the management in estimating the VIU, assess whether such methodology is consistently applied with those used in the industry and evaluating the assumptions to which the recoverable amount of the CGU is most sensitive such as future revenue, profit margin, timing of the future cash flows, revenue growth rate and discount rate by performing the following:

- i) enquired the project teams to obtain an understanding of the status of negotiations and the likelihood of securing the significant revenue contracts;
- ii) evaluated the estimated profits to be derived from those significant revenue contracts by comparing the estimated profits with the actual profits derived from similar completed contracts in previous years;
- iii) together with EY valuation specialists, evaluated the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset; and
- iv) assessed the sensitivity of the cash flows to changes in the discount rate and revenue growth rate.

In addition, we have evaluated the Company's disclosures of each key assumption to which the CGU's recoverable amount is most sensitive, on which the Company has based its cash flow projection. The disclosures on key assumptions are in Note 16 to the financial statements.

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**Independent auditors' report to the members of**

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**Information other than the financial statements and auditors' report thereon**

The directors of the Company are responsible for the other information. The other information comprises the Group's 2020 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon which we obtained prior to the date of this auditors' report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the Group's 2020 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

**Independent auditors' report to the members of**

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*Responsibilities of the directors for the financial statements*

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

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

**Independent auditors' report to the members of  
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*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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**Independent auditors' report to the members of  
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*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

**Other matters**

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

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
8 April 2021

Najihah Binti Khalid  
No. 03249/10/2022 J  
Chartered Accountant



**Progressive Impact Corporation Berhad**  
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**Statements of Comprehensive Income**  
For the year ended 31 December 2020

	Note	Group		Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
Revenue	4	87,963,158	99,505,558	10,068,584	9,801,570
Cost of sales	5	(33,669,542)	(34,079,367)	(1,372,476)	(1,540,900)
Other income	6	1,796,395	1,972,752	632,901	857,681
Staff costs	7	(25,671,367)	(29,929,110)	(2,356,646)	(3,087,535)
Depreciation and amortisation		(6,823,439)	(6,021,742)	(1,063,048)	(1,079,065)
Other operating expenses		(12,955,104)	(14,616,952)	(927,450)	(769,458)
Profit from operations		10,640,101	16,831,139	4,981,865	4,182,293
Finance costs	9	(2,956,342)	(2,134,538)	(1,423,893)	(1,616,194)
Profit before tax	10	7,683,759	14,696,601	3,557,972	2,566,099
Taxation	11	(4,610,908)	(7,047,942)	(185,866)	(143,180)
<b>Profit net of tax</b>		<b>3,072,851</b>	<b>7,648,659</b>	<b>3,372,106</b>	<b>2,422,919</b>
Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent period:					
Foreign currency translation		(304,065)	592,245	-	-
Actuarial gain/(loss) on retirement benefit		23,057	(50,942)	-	-
<b>Other comprehensive (loss)/ income for the year, net of tax</b>		<b>(281,008)</b>	<b>541,303</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>2,791,843</b>	<b>8,189,962</b>	<b>3,372,106</b>	<b>2,422,919</b>

Progressive Impact Corporation Berhad  
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Statements of Comprehensive Income  
For the year ended 31 December 2020 (cont'd.)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>(Loss)/profit attributable to:</b>					
Owners of the parent		(2,813,140)	1,933,576	3,372,106	2,422,919
Non-controlling interest		5,885,991	5,715,083	-	-
		3,072,851	7,648,659	3,372,106	2,422,919
<b>Total comprehensive (loss)/ income attributable to:</b>					
Owners of the parent		(3,088,520)	2,234,015	3,372,106	2,422,919
Non-controlling interest		5,880,363	5,955,947	-	-
		2,791,843	8,189,962	3,372,106	2,422,919
Earnings per share (sen) attributable to owners of the parent					
Basic	12	(0.43)	0.29		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Progressive Impact Corporation Berhad**  
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**Statements of Financial Position**  
**As at 31 December 2020**

	Note	Group		Company	
		2020 RM	2019 RM Restated	2020 RM	2019 RM Restated
<b>Assets</b>					
<b>Non current assets</b>					
Property, plant and equipment	13	43,308,848	40,806,534	1,295,660	1,551,226
Investment properties	14	37,340,492	38,055,163	41,334,390	42,049,061
Investment in subsidiaries	16	-	-	32,726,339	32,726,339
Goodwill on consolidation	18	860,972	860,972	-	-
Deferred tax assets	30	1,275,861	152,219	-	-
		82,786,173	79,874,888	75,356,389	76,326,626
<b>Current assets</b>					
Inventories	19	191,450	54,197	-	-
Trade and other receivables	20	42,933,181	41,021,941	20,586,236	15,259,640
Contract assets	21	9,679,984	6,368,432	-	-
Tax recoverable		350,386	175,429	-	-
Other current financial assets	22	14,385,093	13,578,249	12,163	11,865
Cash and bank balances	23	27,787,551	22,207,389	7,901,165	7,685,715
		95,327,645	83,405,637	28,499,564	22,957,220
<b>Total assets</b>		<b>178,113,818</b>	<b>163,280,525</b>	<b>103,855,953</b>	<b>99,283,846</b>

**Progressive Impact Corporation Berhad**  
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**Statements of Financial Position**  
As at 31 December 2020 (cont'd.)

	Note	Group		Company	
		2020 RM	2019 RM Restated	2020 RM	2019 RM Restated
<b>Equity and liabilities</b>					
<b>Non current liabilities</b>					
Other payable	24	-	1,193,504	-	1,193,504
Retirement benefit obligation	26	1,860,466	1,493,037	-	-
Deferred tax liabilities	30	3,797,095	3,306,452	-	-
Lease obligations	15	30,754	80,501	-	-
Borrowings	25	2,345,149	341,607	157,470	237,264
		8,033,464	6,415,101	157,470	1,430,768
<b>Current liabilities</b>					
Trade and other payables	24	17,936,025	17,891,439	13,893,771	12,100,590
Lease obligations	15	72,059	67,445	-	-
Borrowings	25	46,054,570	27,287,046	19,857,398	15,591,040
Income tax payable		1,975,285	1,360,700	21,026	1,295
		66,037,939	46,606,630	33,772,195	27,692,925
<b>Total liabilities</b>		<b>74,071,403</b>	<b>53,021,731</b>	<b>33,929,665</b>	<b>29,123,693</b>
<b>Equity attributable to owners of the parent</b>					
Share capital	27	65,970,290	65,970,290	65,970,290	65,970,290
Treasury shares	27	(329,543)	(329,543)	(329,543)	(329,543)
Other reserves	28	(649,962)	(374,582)	-	-
Retained earnings	29	8,541,288	14,960,399	4,285,541	4,519,406
		73,532,073	80,226,564	69,926,288	70,160,153
Non-controlling interest		30,510,342	30,032,230	-	-
<b>Total equity</b>		<b>104,042,415</b>	<b>110,258,794</b>	<b>69,926,288</b>	<b>70,160,153</b>
<b>Total equity and liabilities</b>		<b>178,113,818</b>	<b>163,280,525</b>	<b>103,855,953</b>	<b>99,283,846</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Consolidated Statement of Changes in Equity  
For the year ended 31 December 2020**

Group	Note	Attributable to equity holders of the Company							Total equity RM
		Share capital RM (Note 27)	Non-distributable Treasury shares RM (Note 27)	Other reserves RM (Note 28)	Distributable Retained earnings RM (Note 29)	Total RM	Non-controlling interest RM		
<b>At 1 January 2020</b>		65,970,290	(329,543)	(374,582)	14,960,399	80,226,564	30,032,230	110,258,794	
<b>Total comprehensive income</b>		-	-	(275,380)	(2,813,140)	(3,088,520)	5,880,363	2,791,843	
<b>Transactions with owners</b>									
Dividends paid to non-controlling interest		-	-	-	-	-	(5,402,251)	(5,402,251)	
Dividends paid	31	-	-	-	(3,605,971)	(3,605,971)	-	(3,605,971)	
<b>At 31 December 2020</b>		65,970,290	(329,543)	(649,962)	8,541,288	73,532,073	30,510,342	104,042,415	



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Consolidated Statement of Changes in Equity  
For the year ended 31 December 2020 (cont'd.)

Group	Note	Attributable to equity holders of the Company						Total equity RM
		Share capital RM (Note 27)	Non-distributable Treasury shares RM (Note 27)	Other reserves RM (Note 28)	Distributable Retained earnings RM (Note 29)	Non-controlling interest RM	Total RM	
<b>At 1 January 2019</b>		65,970,290	(231,497)	(675,021)	15,322,109	28,381,283	80,385,881	108,767,164
<b>Total comprehensive income</b>		-	-	300,439	1,933,576	5,955,947	2,234,015	8,189,962
<b>Transactions with owners</b>								
Purchase of treasury shares		-	(98,046)	-	-	-	(98,046)	(98,046)
Dividends paid to non-controlling interest		-	-	-	-	(4,305,000)	-	(4,305,000)
Dividends paid	31	-	-	-	(2,295,286)	-	(2,295,286)	(2,295,286)
<b>At 31 December 2019</b>		65,970,290	(329,543)	(374,582)	14,960,399	30,032,230	80,226,564	110,258,794

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Statement of Changes in Equity  
For the year ended 31 December 2020**

Company	Note	<-----Non-Distributable----->			Distributable		Total
		Share capital	Treasury shares	Retained earnings	equity		
		RM	RM	RM	RM	RM	RM
		(Note 27)	(Note 27)	(Note 29)			
<b>At 1 January 2020</b>		65,970,290	(329,543)	4,519,406	70,160,153		
<b>Total comprehensive income</b>		-	-	3,372,106	3,372,106		
<b>Transaction with owners</b>							
Dividends paid	31	-	-	(3,605,971)	(3,605,971)		
<b>At 31 December 2020</b>		65,970,290	(329,543)	4,285,541	69,926,288		

199001011782 (203352-V)

Progressive Impact Corporation Berhad  
(Incorporated in Malaysia)

**Statement of Changes in Equity  
For the year ended 31 December 2020 (cont'd.)**

Company	Note	Non-Distributable			Distributable		Total equity
		Share capital	Treasury shares	Retained earnings	Total equity		
		RM	RM	RM	RM	RM	
<b>At 1 January 2019</b>		65,970,290	(231,497)	4,391,773	70,130,566		
<b>Total comprehensive income</b>		-	-	2,422,919	2,422,919		
<b>Transaction with owners</b>							
Purchase of treasury shares	31	-	(98,046)	-	(98,046)		
Dividends paid		-	-	(2,295,286)	(2,295,286)		
<b>At 31 December 2019</b>		65,970,290	(329,543)	4,519,406	70,160,153		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Progressive Impact Corporation Berhad**  
(Incorporated in Malaysia)

**Statements of Cash Flows**  
For the financial year ended 31 December 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
		Restated		Restated
<b>Cash flows from operating activities</b>				
Profit before tax	7,683,759	14,696,601	3,557,972	2,566,099
Adjustments for:				
Depreciation of property, plant and equipment	6,108,768	5,255,828	348,377	313,151
Amortisation of investment properties	714,671	765,914	714,671	765,914
Provision for retirement benefit obligations	542,694	411,598	-	-
Gain on disposal of property, plant and equipment, net	(6,875)	(307,853)	-	(32,000)
Write off of property, plant and equipment	-	433	-	433
Impairment of:				
- trade receivables	757,346	732,597	-	-
- other receivables	1,322	-	169,907	16,694
Reversal of impairment of:				
- trade receivables	(760,925)	(374,655)	-	-
- other receivables	(23,454)	-	(2,226)	-
Cash generated from operations (carried forward)	15,017,306	21,180,463	4,788,701	3,630,291

**Progressive Impact Corporation Berhad**  
(Incorporated in Malaysia)

**Statements of Cash Flows**  
For the financial year ended 31 December 2020 (cont'd.)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
		Restated		Restated
<b>Cash flows from operating activities (cont'd.)</b>				
Cash generated from operations (brought forward)	15,017,306	21,180,463	4,788,701	3,630,291
Fair value gain on other current financial assets	(202,846)	(267,353)	(298)	(403)
Net unrealised foreign exchange loss/(gain)	846,073	133,022	3	(87,638)
Finance cost	2,956,342	2,134,538	1,423,893	1,616,194
Dividends income	-	-	(6,885,000)	(6,545,000)
Profit income from deposits	(424,050)	(326,294)	(193,817)	(204,931)
Profit income from intercompany loans	-	-	(436,560)	(532,237)
Operating profit/(loss) before working capital changes	18,192,825	22,854,376	(1,303,078)	(2,123,724)
Working capital changes: (Increase)/decrease				
in inventories	(137,253)	33,531	-	-
Increase in receivables	(5,730,022)	(2,712,266)	(5,112,195)	(4,632,406)
(Decrease)/increase in payables	(1,256,126)	4,065,775	(400,323)	174,477
Cash generated from/ (used in) operations	11,069,424	24,241,416	(6,815,596)	(6,581,653)
Retirement benefit obligation paid	(198,322)	(307,369)	-	-
Taxation paid	(4,899,522)	(4,201,098)	(166,135)	(91,599)
Net cash generated from/ (used in) operating activities	5,971,580	19,732,949	(6,981,731)	(6,673,252)



**Progressive Impact Corporation Berhad**  
(Incorporated in Malaysia)

**Statements of Cash Flows**  
For the financial year ended 31 December 2020 (cont'd.)

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
		Restated		Restated
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	37,143	485,478	-	32,000
Placement of unit trust	(603,999)	(6,116,023)	-	-
Purchase of property, plant and equipment	(8,975,919)	(6,264,502)	(92,811)	(618,397)
Land conversion premium	-	(1,440,910)	-	(1,440,910)
Net dividend received	-	-	6,940,000	8,900,803
Profits received from deposits	424,050	326,294	193,292	204,931
Withdrawal/(placement) of deposits pledged	125,287	1,900,981	(193,292)	1,919,560
Net cash (used in)/generated from investing activities	(8,993,438)	(11,108,682)	6,847,189	8,997,987
<b>Cash flows from financing activities</b>				
Net drawdown/(repayment) of borrowings	19,007,685	(1,533,081)	3,409,990	(90,009)
Net drawdown/(repayment) of advance from a subsidiary	-	-	1,000,000	(1,054,326)
Purchase of treasury shares	-	(98,046)	-	(98,046)
Dividend paid	(3,605,971)	(2,295,286)	(3,605,971)	(2,295,286)
Dividend to non-controlling interest	(5,402,251)	(4,305,000)	-	-
Financing cost paid	(1,958,368)	(1,831,543)	(1,421,131)	(1,616,194)
Lease payment	(87,600)	(89,101)	-	-
Net generated from/(used in) financing activities	7,953,495	(10,152,057)	(617,112)	(5,153,861)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,931,637</b>	<b>(1,527,790)</b>	<b>(751,654)</b>	<b>(2,829,126)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>(1,028,390)</b>	<b>499,400</b>	<b>(15,231,485)</b>	<b>(12,402,359)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>3,903,247</b>	<b>(1,028,390)</b>	<b>(15,983,139)</b>	<b>(15,231,485)</b>

**Progressive Impact Corporation Berhad**  
(Incorporated in Malaysia)

**Statements of Cash Flows**  
For the financial year ended 31 December 2020 (cont'd.)

	Note	Group		Company	
		2020 RM	2019 RM Restated	2020 RM	2019 RM Restated
<b>Cash and cash equivalents:</b>					
Cash and bank balances	23	27,787,551	22,207,389	7,901,165	7,685,715
Overdraft	25	(16,264,628)	(15,490,816)	(16,264,628)	(15,490,816)
		11,522,923	6,716,573	(8,363,463)	(7,805,101)
Less: Restricted deposits	23	(7,619,676)	(7,744,963)	(7,619,676)	(7,426,384)
		3,903,247	(1,028,390)	(15,983,139)	(15,231,485)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Notes to the financial statements - 31 December 2020**

**1. Corporate information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 5.02, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

The principal activities of the Company are that of investment holding, property investment and the provision of management and administrative services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 16.

The Company's ultimate holding company of the Company is Zaiyadal Keluarga Sdn. Bhd. ("ZKSB"), a company incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 8 April 2021.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on a historical cost basis unless otherwise disclosed in the accounting policies.

The financial statements are presented in Ringgit Malaysia (RM).

As of 1 January 2020, the Group and the Company had adopted new, amendments and revised MFRS (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described fully in Note 2.4.

**2.2 Basis of consolidation**

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

**Notes to the financial statements - 31 December 2020**

**2. Significant accounting policies (cont'd.)**

**2.2 Basis of consolidation (cont'd.)**

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee by way of existing rights that give it the current ability to direct the relevant activities of the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interest at the reporting period, being the portion of the net assets of the subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

**2. Significant accounting policies (cont'd.)**

**2.2 Basis of consolidation (cont'd.)**

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. Acquisition costs incurred are expensed off and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. The accounting policy for goodwill is set out in Note 2.3(g). Discount on acquisition which represents negative goodwill is recognised immediately as income in profit or loss.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

If the Group loses control over a subsidiary, at the date the Group loses control, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their respective carrying amounts.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration or distribution received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment charges. Dividends received from subsidiaries are recorded as a component of revenue in the Company's separate profit or loss.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies

(a) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.



## Notes to the financial statements - 31 December 2020

## 2. Significant accounting policies (cont'd.)

## 2.3 Summary of significant accounting policies (cont'd.)

## (a) Foreign currencies (cont'd.)

## (ii) Foreign currency transactions (cont'd.)

The principal exchange rates used for each respective unit of foreign currency ruling at the reporting date are as follows

	2020	2019
	RM	RM
United States Dollar	4.03	4.10
Saudi Riyal	1.07	1.09
Australian Dollar	3.10	2.87
Singapore Dollar	3.05	3.04
European Euro	4.96	4.59
Indonesia Rupiah	0.0003	0.0003

## (iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

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

## (b) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Fair value measurement (cont'd.)

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same; and
- discounted cash flow analysis or other valuation models.

Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

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

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(c) Revenue

Revenue from contracts with customers is recognised when or as a performance obligation in the contract with a customer is satisfied, i.e. when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise in a contract with a customer to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Revenue from contracts with customers is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The amount of variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group gives guarantee period on projects and undertakes to repair or replace items that fail to perform satisfactorily. The obligation to repair or replace such items is not considered a separate performance obligation as the customer does not have the option to purchase a warranty separately, and the warranty does not provide the customer with a service in addition to the assurance that the product complies with agreed-upon specifications.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;

**2. Significant accounting policies (cont'd.)**

**2.3 Summary of significant accounting policies (cont'd.)**

**(c) Revenue (cont'd.)**

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

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The Group recognises revenue from contracts with customers over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the contract costs incurred to-date as a percentage of the estimated total costs of construction of the contract).

Revenue from rendering of services is recognised upon the performance of services, net of service taxes and discounts.

Other revenue or income earned by the Group and the Company are recognised on the following basis:

**(i) Profit income from deposits and intercompany loans**

Profit income from deposits and intercompany loans is recognised on an accrual basis using the effective interest method.

**(ii) Management fees**

Management fees are recognised on an accrual basis using the effective interest method.

**(iii) Dividend income**

Dividend income is recognised when the Group's and Company's right to receive payment is established.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(c) Revenue (cont'd.)

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) Taxation

(i) Current tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using the statutory tax rate at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Taxation (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.



Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Taxation (cont'd.)

(ii) Deferred tax (cont'd.)

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(e) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful life and depreciation, respectively. Likewise, when a property inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

## Notes to the financial statements - 31 December 2020

## 2. Significant accounting policies (cont'd.)

## 2.3 Summary of significant accounting policies (cont'd.)

## (e) Property, plant and equipment (cont'd.)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Leasehold land	4%
Buildings	2% - 10%
Renovation	10% - 20%
Plant and machinery	10% - 20%
Motor vehicles	10% - 20%
Office equipment	10% - 25%
Furniture and fittings	10% - 25%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

## (f) Investment properties

Investment properties are measured at cost, including transaction costs, less accumulated depreciation and accumulated impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 2.3(e).

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(g) Goodwill on consolidation

Goodwill on consolidation is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.3(a)(iii).

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(h) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculation are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumption used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, Such reversal is recognised in profit or loss.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(h) Impairment of non-financial assets (cont'd.)

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with banks with an original maturity of 3 months or less, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and the Company's cash management, less restricted deposits.

(j) Inventories

Inventories consist of consumables and are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. Cost includes all incidentals incurred in bringing the inventories in store.

(k) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(k) Financial assets (cont'd.)

(i) Initial recognition and measurement (cont'd.)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.



Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(k) Financial assets (cont'd.)

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- a) Financial assets at amortised cost (debt instruments)
- b) Financial assets at fair value through OCI (debt instruments)
- c) Financial assets at fair value through profit or loss

**Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets include trade and other receivables and cash and bank balances.

**Fair value through other comprehensive income**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have not designated any financial assets as at fair value through other comprehensive income.

**Fair value through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(k) Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

**Fair value through profit or loss (cont'd.)**

On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss. The methods used to measure fair value are stated in Note 2.3(b).

The Group and the Company designate its other current financial assets as financial assets at fair value through profit or loss.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial assets or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidate statement of financial position) when:

- a) The rights to receive cash flows from the asset have expired; or
- b) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (i) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (ii) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(k) Financial assets (cont'd.)

(iii) Derecognition (cont'd.)

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company would be required to repay.

(l) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(l) Impairment of financial assets (cont'd.)

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment (if any).

The Group and the Company consider a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(m) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or amortised cost as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

The Group and the Company's financial liabilities includes trade and other payables and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(m) Financial liabilities (cont'd.)

(ii) Subsequent measurement (cont'd.)

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that is not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

**Financial liabilities at amortised cost (Loan and borrowings)**

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(m) Financial liabilities (cont'd.)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(iv) Offsetting of financial instrument

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(n) Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to the customer for which the Group has received the consideration or has billed the customer. In the case of construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include the downpayments received from customers and other deferred income, if any, where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.



Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

(q) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(r) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

**2. Significant accounting policies (cont'd.)**

**2.3 Summary of significant accounting policies (cont'd.)**

**(s) Employee benefits**

**(i) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme.

The Group has established an unfunded fixed contribution plan for its eligible key management personnel. The fixed contribution is recognised as an expense in the period which the related services is performed by the key management personnel. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**(ii) Defined benefit plan**

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(t) Leases

The Group and the Company assess at contract inception whether a contract is, or contract contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**The Group and the Company as lessee**

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Properties 1 to 5 years
- Equipment 1 to 3 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as disclosed in note 2.3(h).

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(t) Leases (cont'd.)

The Group and the Company as lessee (cont'd.)

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities which are measured at the present value of lease payments over the lease term.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company; and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's and the Company's lease liabilities are disclosed in Note 15.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(t) Leases (cont'd.)

**The Group and the Company as lessee (cont'd.)**

**(iii) Short-term leases and leases of low-value assets**

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**The Group and the Company as lessor**

Leases in which the Group and the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(u) Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the financial statements - 31 December 2020

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.4 Changes in accounting policies

On 1 January 2020, the Group and the Company have adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020 as listed below:

**Descriptions**

Amendments to MFRS 3: Business Combination

Amendments to MFRS 4: Insurance Contract

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101: Definition of Material

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 108: Definition of Material

The adoption of the above pronouncements is not expected to have material impact on the financial statements of the Group and the Company in the period of initial application.

The Group and the Company have also early adopted the Amendment to MFRS 16 Leases (Covid-19 Related Rent Concessions) issued by MASB in June 2020, in response to the Covid-19 pandemic. The amendment is effective for annual periods beginning on or after 1 June 2020.



## Notes to the financial statements - 31 December 2020

## 2. Significant accounting policies (cont'd.)

## 2.4 Changes in accounting policies (cont'd.)

**Lessee**

Under MFRS 16, rent concessions often meet the definition of a lease modification, unless they were envisaged in the original lease agreement. In response to the Covid-19 pandemic, MASB has issued Amendment to MFRS 16 Leases (Covid-19 Related Rent Concessions) that introduces an optional practical expedient to simplify how lessees account for rent concessions as a direct consequence of the Covid-19 pandemic.

The Group and the Company have applied the optional practical expedient by electing not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. As a result, the Group and the Company have treated the rent concessions as variable lease payments and the impact is not material to the financial statements.

## 2.5 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Descriptions	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3: Business Combination	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets-Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above pronouncements is not expected to have material impact on the financial statements of the Group and the Company in the period of initial application.

Notes to the financial statements - 31 December 2020

**3. Significant accounting judgements and estimates**

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying Group's and the Company's accounting policies, management does make any significant judgements which may have significant effect on the amount recognised in the financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(a) Recognition of revenue and cost of environmental construction projects**

The Group recognises construction revenue and cost in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement and estimate are required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement and estimate, the Group evaluates based on past experience and by relying on the work of specialists.

Further details of the revenue and cost of environmental construction projects are disclosed in Note 4 and Note 5 respectively.

**(b) Impairment assessment of investment in subsidiaries**

The Company assessed whether there is any indication that an investment in subsidiary may be impaired at each reporting date.

If indicators are present, these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amounts and estimated recoverable amounts of the investments.

Notes to the financial statements - 31 December 2020

3. Significant accounting judgements and estimates (cont'd.)

(b) Impairment assessment of investment in subsidiaries (cont'd.)

Judgments made by the management in the process of applying the Company's accounting policies in respect of investment in subsidiaries includes determination whether its investments are impaired following certain indications or impairment such as, amongst others, shortfall between net assets of the subsidiary than the cost of investment and significant changes with adverse effects on the investment.

During the financial year, management has assessed that investment in a subsidiary has indicators of impairment. Management has applied the discounted cash flow method of valuation to estimate the recoverable value of the specific individual investment. This method requires management to make certain assumptions concerning the future. These assumptions and other key sources of estimation uncertainty at reporting date, may have a significant risk of causing material adjustment of the carrying amounts of the investment within the next financial year.

Assumptions by the management may include, amongst others, assumption on expected future revenue, profit margin, the timing of the future cash flows, revenue growth rate and discount rate used for purposes of discounting future cash flows which incorporates the relevant risk and expected future outcome based on certain past trends.

Further details of the carrying value, the key assumptions applied in the impairment assessment of investment in subsidiaries and sensitivity analysis to changes in the assumptions are given in Note 16.

**Progressive Impact Corporation Berhad**  
(Incorporated in Malaysia)

**4. Revenue**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>Revenue from contract with customers</b>				
Environmental monitoring, consultancy and services	34,059,710	40,880,146	-	-
Laboratory testing services	51,065,710	55,725,923	-	-
	85,125,420	96,606,069	-	-
<b>Other revenue</b>				
Rental income	2,837,738	2,899,489	3,183,584	3,256,570
Dividend income from subsidiaries	-	-	6,885,000	6,545,000
	2,837,738	2,899,489	10,068,584	9,801,570
<b>Total revenue</b>	<b>87,963,158</b>	<b>99,505,558</b>	<b>10,068,584</b>	<b>9,801,570</b>
<b>Revenue by geographical</b>				
- Malaysia	58,571,091	66,882,376	10,068,584	9,801,570
- Indonesia	17,542,062	21,108,474	-	-
- Saudi	11,850,005	11,514,708	-	-
	87,963,158	99,505,558	10,068,584	9,801,570
<b>Timing of recognition</b>				
Services transferred at a point in time	70,540,162	78,896,780	-	-
Services transferred over time	14,585,258	17,709,289	-	-
<b>Total revenue from contract with customers</b>	<b>85,125,420</b>	<b>96,606,069</b>	<b>-</b>	<b>-</b>

**Contract balances**

The following table provides information about receivables, contracts assets and contracts liabilities from contracts with customers.

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade receivables (Note 20)	31,393,193	28,455,409	3,628,518	3,744,193
Contract assets (Note 21)	9,739,042	6,451,267	-	-
Contract liabilities (Note 21)	(59,058)	(82,835)	-	-
	41,073,177	34,823,841	3,628,518	3,744,193

**Progressive Impact Corporation Berhad**  
(Incorporated in Malaysia)

**4. Revenue (cont'd.)**

**Contract balances (cont'd.)**

Amount due from customers on contracts primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date. Amount due from customers on contracts are transferred to receivables when rights become unconditional. Amount due to customers on contracts primarily relate to the advance consideration received from the customer, for which revenue is recognised over time when the Group progressively satisfies its performance obligation.

**Transaction price allocated to the remaining performance obligations**

The following table shows revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Environmental monitoring, consultancy and services		
Under 1 year	17,258,849	19,086,313
1 to 5 years	5,197,597	11,337,560
	<b>22,456,446</b>	<b>30,423,873</b>

**5. Cost of sales**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Provision of services	20,375,845	20,002,314	-	-
Construction contracts	11,925,986	12,489,313	-	-
Direct operating expenses arising from investment properties	1,367,711	1,587,740	1,372,476	1,540,900
	<b>33,669,542</b>	<b>34,079,367</b>	<b>1,372,476</b>	<b>1,540,900</b>

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**6. Other income**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit income from deposits	424,050	326,294	193,817	204,931
Profit income from intercompany loans	-	-	436,560	532,237
Net gain on disposal of property, plant and equipment	6,875	307,853	-	32,000
Unrealised foreign exchange gain	-	-	-	87,638
Fair value gain on other current financial assets	202,846	267,353	298	403
Reversal of impairment of:				
- trade receivables	760,925	374,655	-	-
- other receivables	23,454	-	2,226	-
Bad debt recovered	-	158,576	-	-
Information technology support services	314,665	311,499	-	-
Compensation for staff termination	-	118,697	-	-
Commission income	-	53,019	-	-
Others	63,580	54,806	-	472
	1,796,395	1,972,752	632,901	857,681

**7. Staff costs**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Salaries, bonus and other emoluments	20,357,339	24,757,671	1,225,849	1,962,826
Social security cost	578,109	585,850	21,761	18,944
Pension costs:				
- defined contribution plan	2,357,318	2,206,306	597,309	538,492
- defined benefit plan (Note 26)	542,694	411,598	-	-
Other staff related expenses	1,835,907	1,967,685	511,727	567,273
	25,671,367	29,929,110	2,356,646	3,087,535



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**7. Staff costs (cont'd)**

Included in staff costs of the Group and of the Company are Executive Directors' and Non-Executive Directors' remuneration amounting to RM2,352,669 (2019: RM2,352,499) and RM2,280,669 (2019: RM2,312,899) respectively as further disclosed in Note 8.

**8. Directors' remuneration**

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive:				
Salaries and other emoluments	950,592	930,592	950,592	930,592
Pension costs:				
- defined contribution plan	194,845	206,150	194,845	206,150
Fees	624,410	592,133	592,010	592,133
Bonus	79,500	155,000	79,500	155,000
Benefits-in-kind	82,722	73,024	82,722	73,024
	1,932,069	1,956,899	1,899,669	1,956,899
Non-executive:				
Fees	192,600	186,000	153,000	168,000
Other remuneration	228,000	209,600	228,000	188,000
	420,600	395,600	381,000	356,000
<b>Total</b>	<b>2,352,669</b>	<b>2,352,499</b>	<b>2,280,669</b>	<b>2,312,899</b>

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2020	2019
Executive Directors:		
RM500,001 - RM550,000	-	1
RM550,001 - RM600,000	1	-
RM1,400,001 - RM1,450,000	1	-
RM1,500,001 - RM1,550,000	-	1
Non-Executive Directors:		
RM1 - RM50,000	1	1
RM50,001 - RM100,000	4	4
<b>Total directors</b>	<b>7</b>	<b>7</b>

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**9. Finance costs**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit charges on:				
Overdraft	1,026,702	1,139,790	1,010,347	1,139,790
Revolving credit	423,795	459,476	2,762	-
Advance from subsidiaries	-	-	400,569	466,189
Hire purchase	405,914	60,817	10,215	10,215
Finance cost on lease obligations	8,405	10,267	-	-
Tawarooq	180,885	167,746	-	-
Trust receipt	51,572	-	-	-
Banking facilities related fees	614,912	120,050	-	-
Other finance charges	244,157	176,392	-	-
	2,956,342	2,134,538	1,423,893	1,616,194

**10. Profit before tax**

Profit before tax is stated after charging/(crediting):

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Auditors' remuneration:				
Statutory audits				
- Company's auditors	352,500	358,000	80,000	88,000
- Other auditors	86,860	94,205	-	-
Other services				
- Company's auditors	7,000	7,000	7,000	7,000
Depreciation of property, plant and equipment	6,108,768	5,255,828	348,377	313,151
Amortisation of investment properties	714,671	765,914	714,671	765,914
Write off of property, plant and equipment	-	433	-	433
Short-term leases (a)	721,634	773,032	-	-
Low value asset leases (b)	63,299	26,759	18,787	17,045

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**10. Profit before tax (cont'd.):**

Profit before tax is stated after charging/(crediting) (cont'd.):

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Net, foreign exchange loss/(gain):				
- realised	278,500	198,143	21,914	-
- unrealised	846,073	133,022	3	(87,638)
Impairment of:				
- trade receivables	757,346	732,597	-	-
- other receivables	1,322	-	169,907	16,694
Reversal of impairment of:				
- trade receivables	(760,925)	(374,655)	-	-
- other receivables	(23,454)	-	(2,226)	-
Zakat	533,187	782,364	-	-

- (a) The Group leases office space and motor vehicles with contract terms of 1 year. This leases are short-term. The Group have elected not to recognise rights of use asset and lease liabilities for this lease.
- (b) The Group and the Company lease photocopier machines with contract terms of 5 years. This leases are leases of low value asset. The Group and the Company have elected not to recognise rights of use asset and lease liabilities for this lease.

**11. Taxation**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Income tax:				
Malaysian income tax	3,561,832	3,922,705	140,025	140,296
Foreign income tax	1,539,081	1,500,379	-	-
Income tax (carried forward)	5,100,913	5,423,084	140,025	140,296

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**11. Taxation**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Income tax (brought forward)	5,100,913	5,423,084	140,025	140,296
Under provision in prior years:				
Malaysian income tax	111,675	325,827	45,841	29,486
Foreign income tax	31,319	854,372	-	-
	142,994	1,180,199	45,841	29,486
	5,243,907	6,603,283	185,866	169,782
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	(605,900)	151,686	-	(250,518)
(Over)/under provision in prior year	(27,099)	292,973	-	223,916
	(632,999)	444,659	-	(26,602)
Income tax expense recognised in profit or loss	4,610,908	7,047,942	185,866	143,180

Domestic current income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

Taxation for foreign subsidiaries are calculated at the current rates prevailing in each respective countries.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	7,683,759	14,696,601	3,557,972	2,566,099
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	1,844,102	3,527,184	853,913	615,864
Effect of taxation in other country	(177,850)	49,703	-	-
Effect of income not subject to tax	(636,729)	(877,947)	(1,749,030)	(1,685,173)
Effect of expenses not deductible for tax purposes	3,431,268	2,667,756	1,035,142	959,087
Under provision of income tax in prior years	142,994	1,180,199	45,841	29,486
Income tax (carried forward)	4,603,785	6,546,895	185,866	(80,736)

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**11. Taxation (cont'd.)**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Income tax (brought forward)	4,603,785	6,546,895	185,866	(80,736)
Deferred tax liabilities recognised on withholding tax on foreign dividend	89,170	283,180	-	-
(Over)/under provision of deferred taxation in prior year	(27,099)	292,973	-	223,916
Utilisation of previously unrecognised tax losses	(54,948)	(75,106)	-	-
Income tax expense recognised in profit or loss	4,610,908	7,047,942	185,866	143,180

**12. Earnings per share****a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue held by the Company as at the date of the financial statements.

	2020	2019
Profit attributable to ordinary equity holders of the Company (RM)	(2,813,140)	1,933,576
Number of ordinary shares for basic earnings per share computation* ('000)	655,631	655,631
Basic earnings per share (sen)	(0.43)	0.29

\* The number of shares takes into account the effect of changes in treasury shares transactions during the year.

**b) Diluted**

There are no instruments in issuance which will have a dilutive effect to the earnings per share of the Group.

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**13. Property, plant and equipment**

	Land and buildings RM (Note a)	Plant and machinery RM	Motor vehicles RM (Note b)	Office equipment, renovation, furniture and fittings* RM	Total RM
<b>Group</b>					
<b>2020</b>					
<b>Cost</b>					
At 1.1.2020	21,445,721	46,056,472	6,390,428	19,233,096	93,125,717
Additions	-	3,581,876	4,449,483	944,560	8,975,919
Disposals	-	-	(82,117)	(71,763)	(153,880)
Exchange differences	(185,597)	(301,094)	(78,585)	(53,503)	(618,779)
At 31.12.2020	21,260,124	49,337,254	10,679,209	20,052,390	101,328,977
<b>Accumulated depreciation</b>					
At 1.1.2020	3,629,578	30,195,906	3,797,311	14,460,403	52,083,198
Charge for the year	546,994	2,637,231	1,232,740	1,691,803	6,108,768
Disposals	-	-	(82,117)	(20,058)	(102,175)
Exchange differences	(46,299)	(147,976)	(62,156)	(49,216)	(305,647)
At 31.12.2020	4,130,273	32,685,161	4,885,778	16,082,932	57,784,144
<b>Accumulated impairment</b>					
At 1.1.2020 / 31.12.2020	-	235,985	-	-	235,985
<b>Net carrying amount</b>					
At 31.12.2020	17,129,851	16,416,108	5,793,431	3,969,458	43,308,848

\* Included the right-of-use assets which the details shown in Note 15.



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13. **Property, plant and equipment (cont'd.)**

	Land and buildings RM (Note a)	Plant and machinery RM	Motor vehicles RM (Note b)	Office equipment, renovation, furniture and fittings* RM	Total RM
<b>Group</b>					
<b>2019</b>					
<b>Cost</b>					
At 1.1.2019	18,843,752	43,022,315	8,841,305	17,599,882	88,307,254
Reclassification (Note 17)	891,063	-	-	-	891,063
Additions	1,502,109	2,790,027	241,032	1,958,114	6,491,282
Disposals	-	-	(2,757,177)	(389,055)	(3,146,232)
Write off	-	-	-	(34,145)	(34,145)
Exchange differences	208,797	244,130	65,268	98,300	616,495
At 31.12.2019	21,445,721	46,056,472	6,390,428	19,233,096	93,125,717
<b>Accumulated depreciation</b>					
At 1.1.2019	2,798,040	27,701,333	5,599,058	13,226,449	49,324,880
Reclassification (Note 17)	237,006	-	-	-	237,006
Charge for the year	551,688	2,427,330	793,885	1,482,925	5,255,828
Disposals	-	-	(2,618,812)	(308,349)	(2,927,161)
Write off	-	-	-	(33,712)	(33,712)
Exchange differences	42,844	67,243	23,180	93,090	226,357
At 31.12.2019	3,629,578	30,195,906	3,797,311	14,460,403	52,083,198
<b>Accumulated impairment</b>					
At 1.1.2019 / 31.12.2019	-	235,985	-	-	235,985
<b>Net carrying amount</b>					
At 31.12.2019	17,816,143	15,624,581	2,593,117	4,772,693	40,806,534

\* Included the right-of-use assets which the details shown in Note 15.

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## 13. Property, plant and equipment (cont'd.)

	Buildings RM	Motor vehicles RM (Note b)	Office equipment, renovation, furniture and fittings RM	Total RM
<b>Company 2020</b>				
<b>Cost</b>				
At 1.1.2020	399,117	489,085	2,671,966	3,560,168
Additions	-	-	92,811	92,811
Write off	-	-	(80,151)	(80,151)
At 31.12.2020	399,117	489,085	2,684,626	3,572,828
<b>Accumulated depreciation</b>				
At 1.1.2020	134,922	123,544	1,750,476	2,008,942
Charge for the year	7,984	97,817	242,576	348,377
Write off	-	-	(80,151)	(80,151)
At 31.12.2020	142,906	221,361	1,912,901	2,277,168
<b>Net carrying amount</b>				
At 31.12.2020	256,211	267,724	771,725	1,295,660
<b>2019</b>				
<b>Cost</b>				
At 1.1.2019	399,117	1,050,023	2,087,714	3,536,854
Additions	-	-	618,397	618,397
Disposals	-	(560,938)	-	(560,938)
Write off	-	-	(34,145)	(34,145)
At 31.12.2019	399,117	489,085	2,671,966	3,560,168

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**13. Property, plant and equipment (cont'd.)**

	Buildings RM	Motor vehicles RM (Note b)	Office equipment, renovation, furniture and fittings RM	Total RM
<b>Company</b>				
<b>Accumulated depreciation</b>				
At 1.1.2019	126,940	585,392	1,578,109	2,290,441
Charge for the year	7,982	99,090	206,079	313,151
Disposals	-	(560,938)	-	(560,938)
Write off	-	-	(33,712)	(33,712)
At 31.12.2019	134,922	123,544	1,750,476	2,008,942
<b>Net carrying amount</b>				
At 31.12.2019	264,195	365,541	921,490	1,551,226
<b>(a) Group - Land and buildings</b>				
	Freehold land RM	Building RM	Right-of-use assets RM	Total RM
<b>2020</b>				
<b>Cost</b>				
At 1.1.2020	9,229,231	11,297,387	919,103	21,445,721
Addition	-	-	-	-
Exchange differences	-	(160,672)	(24,925)	(185,597)
At 31.12.2020	9,229,231	11,136,715	894,178	21,260,124
<b>Accumulated depreciation</b>				
At 1.1.2020	-	3,355,807	273,771	3,629,578
Charge for the year	-	511,227	35,767	546,994
Exchange differences	-	(46,299)	-	(46,299)
At 31.12.2020	-	3,820,735	309,538	4,130,273
<b>Net carrying amount</b>				
At 31.12.2020	9,229,231	7,315,980	584,640	17,129,851

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**13. Property, plant and equipment (cont'd.)**

**(a) Group - Land and buildings (cont'd.)**

	Freehold land RM	Building RM	Right-of-use assets RM	Total RM
<b>2019</b>				
<b>Cost</b>				
At 1.1.2019	7,727,122	11,116,630	-	18,843,752
Reclassification (Note 17)	-	-	891,063	891,063
Addition	1,502,109	-	-	1,502,109
Exchange differences	-	180,757	28,040	208,797
At 31.12.2019	9,229,231	11,297,387	919,103	21,445,721
<b>Accumulated depreciation</b>				
At 1.1.2019	-	2,798,040	-	2,798,040
Reclassification (Note 17)	-	-	237,006	237,006
Charge for the year	-	514,923	36,765	551,688
Exchange differences	-	42,844	-	42,844
At 31.12.2019	-	3,355,807	273,771	3,629,578
<b>Net carrying amount</b>				
At 31.12.2019	9,229,231	7,941,580	645,332	17,816,143

As at 1 January 2019 the Group's prepaid lease payments balance of RM654,057 was reclassified as right-of-use assets of leasehold land under property, plant and equipment following the adoption of MFRS 16.

**(b) Motor vehicles**

Included in the property, plant and equipment of the Group and the Company are assets held under hire purchase agreements with net book values as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Motor vehicles	4,184,485	806,150	267,724	365,541

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**14. Investment properties**

The investment properties include properties that are owned by the Group and the Company and that are held as right-of-use assets.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Cost</b>				
At 1 January	43,803,446	41,876,691	46,128,361	44,201,606
Reclassification (Note 17)	-	500,000	-	500,000
Addition	-	1,440,910	-	1,440,910
Adjustment	-	(14,155)	-	(14,155)
At 31 December	43,803,446	43,803,446	46,128,361	46,128,361
<b>Accumulated depreciation</b>				
At 1 January	5,748,283	4,657,369	4,079,300	2,988,386
Reclassification (Note 17)	-	325,000	-	325,000
Charge for the year	714,671	765,914	714,671	765,914
At 31 December	6,462,954	5,748,283	4,793,971	4,079,300
<b>Net book value</b>	37,340,492	38,055,163	41,334,390	42,049,061

As at 1 January 2019 the Group and the Company's prepaid lease payments balances of RM175,000 are reclassified as right-of-use assets under investment properties following the adoption of MFRS 16.

Certain investment properties of the Group and the Company with carrying amount of RM36,967,543 (2019: RM37,646,842) and RM40,961,440 (2019: RM41,640,739) respectively are pledged to secure bank loans (Note 25).

The valuation of investment properties have been performed by Raine & Horne International Zaki & Partners Sdn Bhd, an independent professional valuer. The total market value of the investment properties is RM52,600,000 (2019: RM52,000,000) using cost and comparison approach.

During the year, the Company has changed its valuation method for office and warehouse from income to cost approach after consultation with the independent professional valuer which entails critical analysis of building cost to erect equivalent buildings.

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**14. Investment properties (cont'd.)**

Fair value disclosed in the financial statements is categorised within the Level 3 fair value hierarchy which is described as inputs for the asset or liability that are based on unobservable market data.

Investment property	Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant inputs and fair value measurement
			2020	2019	
			RM	RM	
Jalan Astaka U8/84 Bukit Jelutong, 40150 Shah Alam,	Cost approach	<u>Office &amp; Warehouse</u> Building cost (RM psf)	80 - 220	-	- - expected building cost rate were (higher)/lower
Selangor Darul Ehsan	Income approach	Market rental rate (RM psf/month)  Outgoings (RM psf/month)	-	2.00 - 2.50 0.40 - 0.45	- expected market rental growth were higher/(lower) - expected outgoings rate were lower/(higher)
		Term yield (%) Void rate (%) Reversionary yield (%)	-	6.5 10.0 7.0	- term yield were lower/(higher) - void rate were lower/(higher) - reversionary yield were lower/(higher)
	Comparison approach	<u>Freehold land</u> Transaction land price (RM psf)	306 - 385	282 - 399	- transacted price were higher/(lower)
No. 18 Jalan Liku 8/B, Section 8, 40000, Shah Alam, Selangor Darul Ehsan	Comparison approach	<u>Shop lot (leasehold)</u> Building costs (RM psf)	270 - 300	270 - 300	- transacted price were higher/ (lower)



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14. Investment properties

Investment property	Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant unobservable inputs and fair value measurement
			2020	2019	
			RM	RM	
H.S. (D) 9844, PT 7605	Comparison	<u>Agricultural land (leasehold)</u>			
Mukim of Lumut, District of Manjung, Perak	approach	Transaction land price (RM'000/acre)	250 - 300	250 - 300	- transacted price were higher/(lower)

(i) Cost approach

Entails the building cost to erect equivalent buildings. The building cost reflects current estimates of finishes, contractors' overheads, fees and profits and adjusted for factors of obsolescence and existing physical condition of the building.

(ii) Comparison approach

Entails analysing recent transactions of similar properties in and around the locality for comparison purposes to derive the market value with adjustments made for differences in time, shape, size and condition and location to arrive at the market value.

(iii) Income approach

Entails the capitalisation of the net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for void.

The investment property is at its highest and current best use.

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## 15. Leases

**The Group and the Company as a lessee:**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Right-of-use assets:		
Properties	60,236	116,017
Equipment	-	21,437
	<b>60,236</b>	<b>137,454</b>
Lease obligations (secured):		
Non-current	30,754	80,501
Current	72,059	67,445
	<b>102,813</b>	<b>147,946</b>

The leases of properties are typically made for period from 1 to 5 years. The lessors do not impose any covenants.

(i) The movement in right-of-use-assets are as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
At 1 January	137,454	-
Addition	55,782	226,780
Disposal	(21,437)	-
Depreciation	(111,563)	(89,326)
At 31 December	<b>60,236</b>	<b>137,454</b>

(ii) The movement in lease obligations (fixed lease payments) are as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
At 1 January	147,946	-
Addition	55,782	226,780
Disposal	(21,720)	-
Lease payment	(87,600)	(89,101)
Finance cost	8,405	10,267
At 31 December	<b>102,813</b>	<b>147,946</b>

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**15. Leases (cont'd.)**

**The Group and the Company as a lessee (cont'd.):**

The profit rate at the reporting date of the leases were as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Profit rate	5%	5%

The lease payments associated with short-term leases or leases of low value assets are expensed off on a straight-line basis over the lease term. No right-of-use assets and lease obligations are recognised for these leases.

**16. Investment in subsidiaries**

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 1 January / 31 December	64,210,930	64,210,930
<b>Accumulated impairment</b>		
At 1 January / 31 December	31,484,591	31,484,591
Carrying amount	32,726,339	32,726,339

**Impairment of investment in a subsidiary**

An impairment review of the carrying amounts of investment in subsidiaries at the reporting date was undertaken by comparing it to the respective recoverable amounts. The losses reported by the Company's subsidiary, Saudi ASMA Environmental Solution LLC ("SAES"), indicated that the carrying amount of the investment in this subsidiary may be impaired. The result of the impairment review of SAES indicated that no further impairment loss was required during the financial year.

The Company estimated the recoverable amount of its cash generating units ("CGUs") based on value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the investment in SAES, and discounting them at an appropriate rate.

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**16. Investment in subsidiaries (cont'd.)**

**Impairment of investment in a subsidiary (cont'd.)**

The following were the key assumptions used in the value-in-use calculations:

**(i) Revenue**

Revenue are estimated based on existing customer contract and anticipated future projects.

**(ii) Discount rate**

The discount rate used is 11.2% (2019: 9.5%) which is based on the risk specific to the CGU.

An increase of 0.5% point in the discount rate used would have increased the impairment loss by RM1,143,833 (2019: RM772,985).

**(ii) Terminal growth rate**

Cash flow beyond the five-year period are extrapolated using growth rate of 1.1% (2019: 1.4%) which is based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

A decrease of 0.5% point in the growth rate used would have increased the impairment loss by RM770,755 (2019: RM514,211).

The details of the subsidiaries are as follows :

Name of subsidiaries	Ownership interest and voting interest		Principal activities
	2020 %	2019 %	
<b>(i) Incorporated in Malaysia :</b>			
<b>Held by the Company :</b>			
Alam Sekitar Malaysia Sdn. Bhd. ("ASMA")	100	100	Provision of environmental, consultancy and monitoring services and wastewater management
ALS Technichem (M) Sdn. Bhd. ("ALS")	59	59	Chemical testing consultancy services and other services in similar nature

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**16. Investment in subsidiaries (cont'd.)**

The details of the subsidiaries are as follows (cont'd.):

Name of subsidiaries	Ownership interest and voting interest		Principal activities
	2020 %	2019 %	
<b>(i) Incorporated in Malaysia (cont'd.) :</b>			
Quantum Up Returns Sdn. Bhd.*	100	100	Investment holding company
ASMA International Sdn. Bhd.*	100	100	Investment holding company
PI Enviro Technologies Sdn. Bhd.*	100	100	Dormant
Perunding Good Earth Sdn. Bhd.*	100	100	Dormant
Premiere Leap Sdn. Bhd.*	100	100	Dormant
Vertical Plus Sdn. Bhd.*	100	100	Dormant
<b>Held through subsidiaries :</b>			
ASMA Environmental Consultancy Sdn. Bhd.*	100	100	Environmental training and consulting services
Alam Sekitar Eco-Technology Sdn. Bhd. ("ASET")*	90	90	Provision of waste management and consultancy services
Progressive Uni San International Sdn. Bhd.*	50	50	Dormant

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**16. Investment in subsidiaries (cont'd.)**

The details of the subsidiaries are as follows (cont'd.):

Name of subsidiaries	Ownership interest and voting interest		Principal activities
	2020 %	2019 %	
<b>(ii) Incorporated outside Malaysia</b>			
<b>Held by the Company (cont'd.) :</b>			
Incorporated in Indonesia:			
PT ALS Indonesia ("PT ALS")*	80	80	Laboratory analysis and reports and consulting services
Incorporated in the Kingdom of Saudi Arabia:			
Saudi ASMA Environmental Solution LLC ("SAES")*	100	100	Provision of environmental consultancy and monitoring services
ASMA Advanced Solutions Co Ltd. ("AAS")*	60	60	Work and maintenance of desalination plants and sewage

\* Audited by firms other than Ernst & Young PLT

**Non-controlling interests ("NCI")**

	AAS RM	ALS Group* RM	ASET RM	Total RM
<b>2020</b>				
<b>NCI percentage of ownership and voting interest</b>	40%	53%	10%	
Carrying amount of NCI	(2,154,939)	32,948,870	(283,589)	30,510,342
(Loss)/profit allocated to NCI	(584,126)	6,456,430	13,687	5,885,991



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## 16. Investment in subsidiaries (cont'd.)

## Non-controlling interests ("NCI") (cont'd.)

	AAS RM	ALS Group* RM	ASET RM	Total RM
<b>2019</b>				
<b>NCI percentage of ownership and voting interest</b>	40%	53%	10%	
Carrying amount of NCI	(1,570,813)	31,900,319	(297,276)	30,032,230
(Loss)/profit allocated to NCI	(800,856)	6,518,699	(2,760)	5,715,083

\* Included non-controlling interest percentage of ownership interest and voting interest of PT ALS Indonesia.

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

**Summarised statement of comprehensive (loss)/income:**

	AAS RM	ALS Group RM	ASET RM	Total RM
<b>31 December 2020</b>				
Revenue	-	51,903,525	460,591	52,364,116
(Loss)/profit for the year	(1,460,314)	14,639,430	136,868	13,315,984
Total comprehensive (loss)/income	(1,460,314)	14,051,050	136,868	12,727,604
<b>31 December 2019</b>				
Revenue	-	56,798,743	331,329	57,130,072
(Loss)/profit for the year	(2,002,141)	14,565,854	(27,606)	12,536,107
Total comprehensive (loss)/income	(2,002,141)	15,058,261	(27,606)	13,028,514

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## 16. Investment in subsidiaries (cont'd.)

## Non-controlling interests ("NCI") (cont'd.)

## Summarised statement of financial position:

	AAS RM	ALS Group RM	ASET RM	Total RM
<b>31 December 2020</b>				
Non-current assets	3,675	37,418,752	2,688	37,425,115
Current assets	154,736	49,030,676	1,322,540	50,507,952
Non-current liabilities	-	(4,053,341)	-	(4,053,341)
Current liabilities	(4,804,625)	(11,821,593)	(1,097,671)	(17,723,889)
Net (liabilities)/assets	(4,646,214)	70,574,494	227,557	66,155,837
<b>31 December 2019</b>				
Non-current assets	6,909	37,995,240	9,455	38,011,604
Current assets	165,771	45,251,845	1,326,003	46,743,619
Non-current liabilities	-	(3,459,132)	-	(3,459,132)
Current liabilities	(3,487,079)	(11,077,257)	(1,244,769)	(15,809,105)
Net (liabilities)/assets	(3,314,399)	68,710,696	90,689	65,486,986

## Summarised statement of cash flows:

	AAS RM	ALS Group RM	ASET RM	Total RM
<b>31 December 2020</b>				
Cash flows from operating activities	146,675	22,944,029	(271,054)	22,819,650
Cash flows from investing activities	-	(5,131,748)	318,579	(4,813,169)
Cash flows from financing activities	-	(11,758,183)	-	(11,758,183)
Net increase in cash and cash equivalents	146,675	6,054,098	47,525	6,248,298
Dividend paid to NCI	-	(5,402,251)	-	(5,402,251)

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## 16. Investment in subsidiaries (cont'd.)

## Non-controlling interests ("NCI") (cont'd.)

## Summarised statement of financial position (cont'd.):

	AAS RM	ALS Group RM	ASET RM	Total RM
<b>31 December 2019</b>				
Cash flows from				
operating activities	(125,107)	17,581,171	46,942	17,503,006
Cash flows from				
investing activities	(9,702)	(8,927,742)	-	(8,937,444)
Cash flows from				
financing activities	-	(10,573,244)	-	(10,573,244)
Net (decrease)/increase				
in cash and cash				
equivalents	(134,809)	(1,919,815)	46,942	(2,007,682)
Dividend paid to NCI	-	(4,305,000)	-	(4,305,000)

## 17. Prepaid land lease payment

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cost				
At 1 January	-	1,391,063	-	500,000
Reclassification (Note 13)	-	(891,063)	-	-
Reclassification (Note 14)	-	(500,000)	-	(500,000)
At 31 December	-	-	-	-
Amortisation				
At 1 January	-	562,006	-	325,000
Reclassification (Note 13)	-	(237,006)	-	-
Reclassification (Note 14)	-	(325,000)	-	(325,000)
At 31 December	-	-	-	-
Carrying amount	-	-	-	-

As at 1 January 2019 the Group and the Company's prepaid lease payments balances were reclassified as right-of-use assets under property, plant and equipment and investment properties following the adoption of MFRS 16.

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**18. Goodwill on consolidation**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
At 1 January	13,583,526	13,583,526
Less: Accumulated impairment	(12,722,554)	(12,722,554)
At 31 December	860,972	860,972

Goodwill has been allocated to the Group's Cash Generating Units ("CGU") identified by business segment and country as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Lab testing services - Indonesia	860,972	860,972

**(a) Impairment test for goodwill**

The Group performed a review on the recoverable amount of goodwill on consolidation during the year. Generally, the recoverable amount is based on the higher of fair value less cost of disposal or value-in-use for the CGU to which the goodwill is allocated.

The recoverable amount of the CGU is determined using value-in-use method based on cash flow projection derived from financial projections approved by management.

**Key assumptions used in value in use calculations**

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

**(i) Revenue**

Revenue are estimated based on existing customer contract and anticipated future projects.

**(ii) Discount rate**

The discount rate used is based on the risk specific to the CGU.

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**18. Goodwill on consolidation (cont'd.)**

**(a) Impairment test for goodwill (cont'd.)**

**Key assumptions used in value in use calculations (cont'd.)**

**(iii) Terminal growth rate**

Cash flow beyond the five-year period is extrapolated using a growth rate which is based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

**Sensitivity to changes in assumptions**

The value-in-use is most sensitive to the following key assumptions:

	Terminal growth rate		Discount rate	
	2020	2019	2020	2019
Lab testing services	3%	5%	14%	10%

With regard to the assessment of value-in-use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amounts.

**19. Inventories**

	Group	
	2020 RM	2019 RM
Consumables, at cost	191,450	54,197

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM137,253 (2019: RM33,531).

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**20. Trade and other receivables**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Trade receivables (Note (a)):</b>				
Third parties	32,386,220	30,440,751	42,908	36,286
Ultimate holding company	13,420	8,892	13,420	8,892
Subsidiaries	-	-	5,062	60,494
Related parties	144,352	307,609	27,128	43,521
Dividend receivable	-	-	3,540,000	3,595,000
	32,543,992	30,757,252	3,628,518	3,744,193
Less: Allowance for impairment	(1,150,799)	(2,301,843)	-	-
	31,393,193	28,455,409	3,628,518	3,744,193
<b>Other receivables (Note (b)):</b>				
Amounts due from related companies (Note (c)):				
- Ultimate holding company	273,808	77,000	270,871	77,000
- Subsidiaries	-	-	19,055,410	13,586,111
- Related parties	539,223	557,303	196,645	172,245
Deposits	6,094,227	5,369,081	187,960	187,960
Prepayments	3,932,683	5,811,354	31,069	107,892
Sundry receivables	701,369	775,248	13,977	14,772
	11,541,310	12,589,986	19,755,932	14,145,980
Less: Allowance for impairment				
- related companies	-	-	(2,796,892)	(2,630,533)
- sundry receivables	(1,322)	(23,454)	(1,322)	-
	(1,322)	(23,454)	(2,798,214)	(2,630,533)
	11,539,988	12,566,532	16,957,718	11,515,447
Total trade and other receivables	42,933,181	41,021,941	20,586,236	15,259,640
Add: Cash and bank balances (Note 23)	27,787,551	22,207,389	7,901,165	7,685,715
Less: Prepayments	(3,932,683)	(5,811,354)	(31,069)	(107,892)
Dividend receivable	-	-	(3,540,000)	(3,595,000)
Total financial assets carried at amortised cost	66,788,049	57,417,976	24,916,332	19,242,463

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**20. Trade and other receivables (cont'd.)**

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a Credit Control Department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

Ageing analysis of trade receivables (third parties)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Neither pass due nor impaired</b>	14,520,987	13,572,214	39,501	36,286
1 to 30 days past due not impaired	4,480,995	3,138,804	3,407	-
31 to 60 days past due not impaired	2,163,491	2,343,104	-	-
61 to 90 days past due not impaired	2,341,513	2,418,197	-	-
91 to 120 days past due not impaired	5,292,726	2,545,469	-	-
More than 121 days past due not impaired	2,435,709	4,121,120	-	-
	16,714,434	14,566,694	3,407	-
Impaired	1,150,799	2,301,843	-	-
	32,386,220	30,440,751	42,908	36,286

**(a) Trade receivables**

Movement in allowance accounts

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	2,301,843	2,010,072	-	-
Charge for the year	757,346	732,597	-	-
Reversal for the year	(760,925)	(374,655)	-	-
Write off	(1,147,465)	(66,171)	-	-
At 31 December	1,150,799	2,301,843	-	-



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**20. Trade and other receivables (cont'd.)**

**(a) Trade receivables (cont'd.)**

Movement in allowance accounts (cont'd.)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

**(b) Other receivables**

Movement in allowance accounts

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	23,454	23,454	2,630,533	2,613,839
Charge for the year	1,322	-	169,907	16,694
Reversal for the year	(23,454)	-	(2,226)	-
At 31 December	1,322	23,454	2,798,214	2,630,533

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

**(c) Amounts due from related parties**

Amounts due from all related parties are repayable on demand and are non-interest bearing except for amount due from subsidiaries which bears finance cost at 3.69% (2019: 4.61%) per annum. All related party receivables are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 34.

Other information on financial risks of other receivables are disclosed in Note 35.

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**21. Contract assets**

	Group	
	2020	2019
	RM	RM
Construction contract costs incurred and recognised profits to date	45,908,179	41,310,677
Less: Progress billings	(36,228,195)	(34,942,245)
	9,679,984	6,368,432
Presented as:		
Amounts due from customers for contract work (Note 4)	9,739,042	6,451,267
Amounts due to customers for contract work (Note 4)	(59,058)	(82,835)
	9,679,984	6,368,432

**22. Other current financial assets**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>Held for trading investments</b>				
Quoted investment in units, at fair value through profit or loss	14,385,093	13,578,249	12,163	11,865

**23. Cash and bank balances**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash on hand and at banks	20,167,875	14,462,426	281,489	259,331
Deposits with investment banks	7,619,676	7,744,963	7,619,676	7,426,384
	27,787,551	22,207,389	7,901,165	7,685,715

Deposits with investment bank of the Group amounting to RM7,619,676 (2019: RM7,744,963) and the Company amounting to RM7,619,676 (2019: RM7,426,384) is pledged as securities for trade facilities.

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**23. Cash and bank balances (cont'd.)**

a) The weighted average effective profit rates of the deposits at the reporting date were as follows:

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Investment banks	3.15	5.03	2.61	2.87

b) The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2020	2019	2020	2019
	Days	Days	Days	Days
Investment banks	30	30 - 365	30	30

**24. Trade and other payables**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>Current</b>				
<b>Trade payables</b>				
Third parties (Note (a))	7,428,704	8,364,803	113,366	119,389
<b>Other payables</b>				
Amounts due to related companies (Note (b)):				
- Ultimate holding company	1,254	65,058	664	4,965
- Related parties	1,088,867	730,209	26,068	44,011
Advance from a subsidiary (Note (c))	-	-	11,000,000	10,000,000
Accruals	2,750,241	3,633,399	269,286	910,087
Dividend payable	2,760,150	2,555,150	-	-
Sundry payables	2,556,088	2,542,820	1,133,666	1,022,138
Gratuity payable	1,350,721	-	1,350,721	-
	10,507,321	9,526,636	13,780,405	11,981,201
Total current trade and other payables (carried forward)	17,936,025	17,891,439	13,893,771	12,100,590

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**24. Trade and other payables (cont'd.)**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Total current trade and other payables (brought forward)	17,936,025	17,891,439	13,893,771	12,100,590
<b>Non current</b>				
<b>Other payable</b>				
Gratuity payable	-	1,193,504	-	1,193,504
Total trade and other payables	17,936,025	19,084,943	13,893,771	13,294,094
Add: Borrowings (Note 25)	48,399,719	27,628,653	20,014,868	15,828,304
Lease obligations (Note 15)	102,813	147,946	-	-
Less: Dividend payable	(2,760,150)	(2,555,150)	-	-
Total financial liabilities carried at amortised cost	63,678,407	44,306,392	33,908,639	29,122,398

**(a) Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 90 days (2019: 30 days to 90 days).

**(b) Amounts due to related parties**

Amounts due to all related parties are repayable on demand. These amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 34.

Other information on financial risks of other payables are disclosed in Note 35.

**(c) Amount due to a subsidiary**

Advance due to a subsidiary is non trade, unsecured and bears finance cost at 3.69% (2019: 4.61%) per annum.

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**25. Borrowings**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>Current</b>				
Secured:				
Hire purchase (Note (a))	1,225,025	340,426	90,009	100,224
Overdraft	16,264,628	15,490,816	16,264,628	15,490,816
Revolving credit	14,502,761	10,000,000	3,502,761	-
Term loan	6,205,860	1,418,242	-	-
	38,198,274	27,249,484	19,857,398	15,591,040
Unsecured:				
Revolving credit	4,097,253	37,562	-	-
Trust receipt	3,759,043	-	-	-
	7,856,296	37,562	-	-
	46,054,570	27,287,046	19,857,398	15,591,040
<b>Non current</b>				
Secured:				
Hire purchase (Note (a))	2,345,149	341,607	157,470	237,264
<b>Total borrowings</b>	48,399,719	27,628,653	20,014,868	15,828,304

**a) Hire purchase**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>Minimum lease payments</b>				
Not later than 1 year	1,238,535	350,641	100,224	110,439
Later than 1 year and not later than 2 years	2,255,320	369,653	175,301	190,233
Later than 2 years and not later than 5 years	116,557	-	-	75,077
	3,610,412	720,294	275,525	375,749
Less: Future finance charges	(40,238)	(38,261)	(28,046)	(38,261)
Present value of finance lease liabilities	3,570,174	682,033	247,479	337,488

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**25. Borrowings (cont'd.)**

**a) Hire purchase(cont'd.)**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>Present value of finance lease liabilities:</b>				
Not later than 1 year	1,225,025	340,426	90,009	100,224
Later than 1 year and not later than 2 years	2,232,452	341,607	157,470	169,803
Later than 2 years and not later than 5 years	112,697	-	-	67,461
	<b>3,570,174</b>	<b>682,033</b>	<b>247,479</b>	<b>337,488</b>
<b>Analysed as:</b>				
Due within 12 months	1,225,025	340,426	90,009	100,224
Due after 12 months	2,345,149	341,607	157,470	237,264
	<b>3,570,174</b>	<b>682,033</b>	<b>247,479</b>	<b>337,488</b>

The weighted average effective profit rate at the reporting date of the borrowings were as follows:

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Hire purchase	5.52	6.64	2.27	2.27
Overdraft	6.55	7.83	6.83	8.20
Revolving credit	4.33	4.46	3.19	-
Term loan	6.00	7.00	-	-
Trust receipt	6.84	-	-	-

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**25. Borrowings (cont'd.)**

The movement in liabilities arising from financing activities are as follows:

<b>Group</b>	<b>Hire purchase</b>	<b>Overdraft</b>	<b>Revolving credit</b>	<b>Term loan</b>	<b>Trust receipt</b>	<b>Total Borrowings</b>	<b>Dividend payable</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January 2019	1,020,681	12,653,318	10,041,276	2,316,233	-	26,031,508	2,555,150
Net (repayment)/drawdown	(338,648)	-	(3,714)	(1,190,719)	-	(1,533,081)	-
Change in bank overdraft	-	2,837,498	-	-	-	2,837,498	-
Profit charged	60,817	1,139,790	459,476	464,188	-	2,124,271	-
Profit charged paid	(60,817)	(1,139,790)	(459,476)	(171,460)	-	(1,831,543)	-
Dividend declared	-	-	-	-	-	-	4,305,000
Dividend paid	-	-	-	-	-	-	(4,305,000)
<b>At 31 December 2019/</b>							
1 January 2020	682,033	15,490,816	10,037,562	1,418,242	-	27,628,653	2,555,150
Net drawdown	2,888,141	-	8,539,613	3,863,261	3,716,670	19,007,685	-
Change in bank overdraft	-	773,812	-	-	-	773,812	-
Profit charged	405,914	1,026,702	423,795	1,039,954	51,572	2,947,937	-
Profit charged paid	(405,914)	(1,026,702)	(400,956)	(115,597)	(9,199)	(1,958,368)	-
Dividend declared	-	-	-	-	-	-	5,607,251
Dividend paid	-	-	-	-	-	-	(5,402,251)
<b>At 31 December 2020</b>	<b>3,570,174</b>	<b>16,264,628</b>	<b>18,600,014</b>	<b>6,205,860</b>	<b>3,759,043</b>	<b>48,399,719</b>	<b>2,760,150</b>



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**25. Borrowings (cont'd.)**

The movement in liabilities arising from financing activities are as follows:

<b>Company</b>	<b>Hire purchase RM</b>	<b>Overdraft RM</b>	<b>Revolving credit RM</b>	<b>Total Borrowings RM</b>	<b>Advance from a subsidiary RM</b>	<b>Total RM</b>
At 1 January 2019	427,497	12,653,318	-	13,080,815	11,054,326	24,135,141
Net (repayment)/drawdown	(90,009)	-	-	(90,009)	(1,054,326)	(1,144,335)
Change in bank overdraft	-	2,837,498	-	2,837,498	-	2,837,498
Profit charged	10,215	1,139,790	-	1,150,005	466,189	1,616,194
Profit charged paid	(10,215)	(1,139,790)	-	(1,150,005)	(466,189)	(1,616,194)
At 31 December 2019/1 January 2020	337,488	15,490,816	-	15,828,304	10,000,000	25,828,304
Net (repayment)/drawdown	(90,009)	-	3,499,999	3,409,990	1,000,000	4,409,990
Change in bank overdraft	-	773,812	-	773,812	-	773,812
Profit charged	10,215	1,010,347	2,762	1,023,324	400,569	1,423,893
Profit charged paid	(10,215)	(1,010,347)	-	(1,020,562)	(400,569)	(1,421,131)
At 31 December 2020	247,479	16,264,628	3,502,761	20,014,868	11,000,000	31,014,868

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**26. Retirement benefit obligation**

The amount recognised in the statement of financial position are determined as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
Present value of obligation/Net liability	1,860,466	1,493,037
Movement in net liability was as follows:		
At 1 January	1,493,037	1,439,750
Provision during the year (Note 7)	542,694	411,598
Payment made during the year	(198,322)	(307,369)
Actuarial gain/(loss) on retirement benefit	23,057	(50,942)
As at 31 December	1,860,466	1,493,037
The amount recognised in the statements of comprehensive income:		
Current service cost	542,694	411,598
Analysed as:		
Non-current	1,860,466	1,493,037

The following are the expected payments or contributions to the defined benefit plan in future years:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Between 2 and 5 years	1,179,815	905,195
Between 5 and 10 years	687,760	640,229
Total expected payments	1,867,575	1,545,424

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**26. Retirement benefit obligation (cont'd.)**

**Actuarial assumptions**

The principal assumptions used in determining pension and post retirement benefit obligation for the Group's plans are shown below:

	PT ALS		SAUDI ASMA	
	2020	2019	2020	2019
Discount rate	8%	8%	3%	3%
Future salary growth	6%	6%	3%	3%
Voluntary resignation rate	6%	6%	-	-

Assumptions regarding future mortality are based on published statistic and mortality tables.

**Sensitivity analysis**

A quantitative sensitivity analysis for significant assumption is as shown below:

**As at 31 December 2020**

	Retirement benefit obligation			
	PT ALS		SAUDI ASMA	
	2020	2019	2020	2019
	RM	RM	RM	RM
Discount rate:				
1% increase	60,688	63,724	494,191	270,118
1% decrease	(70,259)	(73,476)	(637,084)	(355,397)
Future salary growth:				
1% increase	(70,252)	(73,972)	(636,252)	(354,890)
1% decrease	61,709	65,178	493,623	269,783
Voluntary resignation:				
10% increase	4,405	4,265	-	-
10% decrease	(4,534)	(4,385)	-	-

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**26. Retirement benefit obligation (cont'd.)**

The sensitivity analysis above have been determined based on a method that extrapolates the impact on the retirement benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the retirement benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

**27. Share capital and treasury shares**

	Group and Company			
	Number of ordinary shares		Amount	
	2020	2019	2020 RM	2019 RM
<b>Issued and fully paid:</b>				
At 1 January/ 31 December	658,170,290	658,170,290	65,970,290	65,970,290

**Treasury shares**

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

As at 31 December 2020, the Company held as treasury shares a total of 2,368,900 issued ordinary shares at a carrying amount of RM329,543 (2019: RM329,543). The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

During the financial year, the Company do not acquire any of its own ordinary shares.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

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**28. Other reserves**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
At 1 January	(374,582)	(675,021)
(Increase)/decrease during the year	(275,380)	300,439
<b>At 31 December</b>	<b>(649,962)</b>	<b>(374,582)</b>
Foreign exchange reserve	(828,576)	(553,196)
Statutory reserve	178,614	178,614
	<b>(649,962)</b>	<b>(374,582)</b>
<b>Foreign exchange reserve</b>		
At 1 January	(553,196)	(853,635)
Arising during the year	(275,380)	300,439
<b>At 31 December</b>	<b>(828,576)</b>	<b>(553,196)</b>
<b>Statutory reserve</b>		
At 1 January/31 December	178,614	178,614

The nature and purpose of each category of reserve are as follows:

**(a) Foreign exchange reserve**

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

**(b) Statutory reserve**

This relates to reserve required by state regulator of a subsidiary.

**29. Retained earnings**

The Company may distribute dividends out of its entire retained earnings as at 31 December 2020 under the single tier system.

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**30. Deferred taxation**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	3,154,233	2,709,574	-	26,602
Recognised in profit or loss (Note 11)	(632,999)	444,659	-	(26,602)
At 31 December	2,521,234	3,154,233	-	-
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	3,797,095	3,306,452	-	-
Deferred tax assets	(1,275,861)	(152,219)	-	-
	2,521,234	3,154,233	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Deferred tax assets:</b>				
<b>Provisions</b>				
At 1 January	(919,805)	(705,309)	(433,134)	(254,488)
Recognised in profit or loss	(206,540)	(214,496)	-	(178,646)
At 31 December	(1,126,345)	(919,805)	(433,134)	(433,134)
<b>Unutilised tax losses</b>				
At 1 January	-	-	-	-
Recognised in profit or loss	(835,761)	-	-	-
At 31 December	(835,761)	-	-	-
Total deferred tax assets	(1,962,106)	(919,805)	(433,134)	(433,134)
<b>Deferred tax liabilities:</b>				
<b>Property, plant and equipment</b>				
At 1 January	2,555,813	2,179,838	433,134	281,090
Recognised in profit or loss	320,131	375,975	-	152,044
At 31 December	2,875,944	2,555,813	433,134	433,134

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**30. Deferred taxation (cont'd.)**

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>Deferred tax liabilities (cont'd.):</b>				
<b>Provision for withholding tax</b>				
At 1 January	1,518,225	1,235,045	-	-
Recognised in profit or loss	89,171	283,180	-	-
At 31 December	1,607,396	1,518,225	-	-
Total deferred tax liabilities	4,483,340	4,074,038	433,134	433,134
<b>Deferred taxation, net</b>	<b>2,521,234</b>	<b>3,154,233</b>	<b>-</b>	<b>-</b>

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2020	2019
	RM	RM
Unutilised tax losses	5,564,718	5,793,668
Other deductible temporary differences	290,667	293,540
	5,855,385	6,087,208

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses can only be carried forward as follows;

	Group	
	2020	2019
	RM	RM
Year of assessment 2026	5,564,718	5,793,668

Deferred tax assets have not been recognised in respect of these items because it is not probable that they may be used to offset taxable profit of respective subsidiaries of the Group.



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**31. Dividends**

	Amount		Net dividends per share	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>In respect of the financial year ended 31.12.2018</b>				
Final dividend on 655,796,000 ordinary shares declared on 20 June 2019 and paid on 8 July 2019	-	2,295,286	-	0.35
<b>In respect of the financial year ended 31.12.2019</b>				
Final dividend on 655,631,100 ordinary shares declared on 16 June 2020 and paid on 13 July 2020	3,605,971	-	0.55	-
	<u>3,605,971</u>	<u>2,295,286</u>		

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2020 of 0.30 sen per share on 655,631,100 ordinary shares amounting to dividend payable of RM1,966,893 will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the next financial year ending 31 December 2021.

**32. Commitments**

	Group	
	2020 RM	2019 RM
<b>Capital commitments</b>		
Property, plant and equipment - Approved but contracted for	726,560	180,440

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**33. Financial guarantee**

	Company	
	2020	2019
	RM	RM
<b>Unsecured</b>		
Corporate guarantees given for banking facilities	31,883,742	17,008,426

No fair value adjustment required as no liability is expected to arise.

**34. Significant related party transactions**

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2020	2019
	RM	RM
<b>Group</b>		
Rental income from Zaiyadal Keluarga Sdn. Bhd. ("ZKSB"), ultimate holding company	(65,009)	(65,478)
Rental income from subsidiaries of ZKSB, ultimate holding company		
- Foxboro (Malaysia) Sdn. Bhd.	(189,000)	(358,187)
- Progressive Impact Technology Sdn. Bhd.	(619,166)	(318,923)
- Progressive Impact Corrosion Sdn. Bhd. (f.k.a. Cosasco Sdn. Bhd.)	-	(32,872)
- IAM- Wonderware Sdn. Bhd.	(140,234)	(160,937)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(22,800)
Provision of corporate service to ZKSB, ultimate holding company	(324,286)	(156,666)
Provision of corporate service to subsidiary of ZKSB, ultimate holding company		
- Progressive Impact Technology Sdn. Bhd.	(948,233)	(888,258)
Information technology support to ZKSB, ultimate holding company	29,700	36,390
Information technology support to subsidiary of ZKSB, corporate shareholder		
- Foxboro (Malaysia) Sdn. Bhd.	134,425	150,625
- Progressive Impact Technology Sdn. Bhd.	111,300	93,600
- Progressive Impact Corrosion Sdn. Bhd. (f.k.a. Cosasco Sdn. Bhd.)	19,800	21,900
Provision for consultancy and management services from ZKSB	8,012	169,600
Provision for consultancy and management services from LI Commerce Sdn Bhd	503,210	374,533

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**34. Significant related party transactions (cont'd.)**

	2020 RM	2019 RM
<b>Company</b>		
Rental income from Zaiyadal Keluarga Sdn. Bhd., ("ZKSB") ultimate holding company	(65,009)	(65,478)
Rental income from subsidiaries of ZKSB, ultimate holding company		
- Foxboro (Malaysia) Sdn. Bhd.	(189,000)	(358,187)
- Progressive Impact Technology Sdn. Bhd.	(619,166)	(318,923)
- Progressive Impact Corrosion Sdn. Bhd (f.k.a. Cosasco Sdn. Bhd.)	-	(32,872)
- IAM- Wonderware Sdn. Bhd.	(140,234)	(160,937)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(22,800)
Provision of corporate service to ZKSB, ultimate holding company	(324,286)	(156,666)
Provision of corporate service to subsidiary of ZKSB, ultimate holding company		
- Progressive Impact Technology Sdn. Bhd.	(948,233)	(888,258)
Provision for consultancy and management services from ZKSB, ultimate holding company	8,012	169,600
Provision for consultancy and management services from LI Commerce Sdn Bhd	503,210	374,533
Rental income from subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(270,022)	(272,738)

The Directors are of the opinion that the transactions have been entered into in the normal course of business and at terms mutually agreed between parties.

(b) Compensation to key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly, including any Director of the Group and the Company. The remuneration and compensation of Directors and other members of key management during the year was as follows:

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**34. Significant related party transactions (cont'd.)**

b) Compensation to key management personnel (cont'd.)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, bonus and other emoluments	3,693,230	4,467,856	1,790,219	1,618,524
Social security costs	2,978	3,267	1,131	1,515
Pension costs:				
- defined contribution plan	355,273	439,632	205,189	389,240
	4,051,481	4,910,755	1,996,539	2,009,279

Included in the total key management personnel are:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive directors' remuneration	1,932,069	1,956,899	1,899,669	1,956,899

**35. Financial instruments**

**(i) Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its profit rate, liquidity, credit and foreign currency risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transaction.

**(ii) Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's primary profit rate risk relates to profit-bearing debt, the Group had no substantial long term profit-bearing assets as at 31 December 2020. The investments in financial assets are mainly deposits held with licensed banks which are short term in nature and are not held for speculative purposes.

The information on maturity dates and effective profit rates of the financial assets and liabilities are disclosed in their respective notes.

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**35. Financial instruments (cont'd.)**

**(ii) Profit rate risk (cont'd.)**

With all other variables held constant, the following table demonstrates the sensitivity of the Group and the Company's profit net of tax to a reasonably possible change in the profit rates.

	Group		Company	
	Increase/ (decrease) in basis points RM	Effect on profit net of tax (Decrease)/ increase RM	Increase/ (decrease) in basis points RM	Effect on profit net of tax (Decrease)/ increase RM
<b>As at 31 December 2020</b>				
Ringgit Malaysia	+ 25	(3,585)	+ 25	(2,533)
Ringgit Malaysia	- 25	3,585	- 25	2,533
Saudi Riyal	+ 25	(194)	-	-
Saudi Riyal	- 25	194	-	-
<b>As at 31 December 2019</b>				
Ringgit Malaysia	+ 25	(5,172)	+ 25	(4,024)
Ringgit Malaysia	- 25	5,172	- 25	4,024
Saudi Riyal	+ 25	(1,287)	-	-
Saudi Riyal	- 25	1,287	-	-

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirements.

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## 35. Financial instruments (cont'd.)

## (iii) Liquidity risk (cont'd.)

The table below summaries the maturity profile of the Group and the Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

	On demand or within one year RM	One to five years RM	Total RM
<b>As at 31 December 2020</b>			
<b>Group</b>			
<b>Financial liabilities:</b>			
Trade and other payables	15,175,875	-	15,175,875
Borrowings	46,068,080	2,371,877	48,439,957
Lease obligations	76,628	32,349	108,977
<b>Total undiscounted financial liabilities</b>	<b>61,320,583</b>	<b>2,404,226</b>	<b>63,724,809</b>
<b>Company</b>			
<b>Financial liabilities:</b>			
Trade and other payables*	13,893,771	-	13,893,771
Borrowings	19,867,613	175,301	20,042,914
<b>Total undiscounted financial liabilities</b>	<b>33,761,384</b>	<b>175,301</b>	<b>33,936,685</b>
<b>As at 31 December 2019</b>			
<b>Group</b>			
<b>Financial liabilities:</b>			
Trade and other payables	16,529,793	-	16,529,793
Borrowings	27,297,261	369,653	27,666,914
Lease obligations	74,176	86,666	160,842
<b>Total undiscounted financial liabilities</b>	<b>43,901,230</b>	<b>456,319</b>	<b>44,357,549</b>
<b>Company</b>			
<b>Financial liabilities:</b>			
Trade and other payables*	13,294,094	-	13,294,094
Borrowings	15,601,255	265,310	15,866,565
<b>Total undiscounted financial liabilities</b>	<b>28,895,349</b>	<b>265,310</b>	<b>29,160,659</b>

\*At the reporting date, the counterparty to the financial guarantee does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantee is not included in the above maturity profile analysis.

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**35. Financial instruments (cont'd.)**

**(iv) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with reputable licensed banks.

Receivables and contract assets

The Group and the Company minimise credit risk by entering into contracts with highly credit rated counterparties and through credit approval, financial limits and on-going monitoring procedures. Counterparties credit evaluation is done systematically using quantitative and qualitative criteria on credit risks specified by individual operating units. Depending on the creditworthiness of the counterparty, the Group and the Company may require collateral or other credit enhancements.

The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset as reported in the statement of financial position.

The Group and the Company use ageing analysis and credit limit review to monitor the credit quality of the receivables. Any customers exceeding their credit limit are monitored closely. With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

With respect to the trade and other receivables which have no realistic prospect of recovery, the gross carrying amounts of the credit impaired receivables will be written off (either in partial or in full).

Recognition and measurement of impairment loss

The Group and the Company measure its impairment losses for financial assets using a forward-looking expected credit loss ("ECL") approach. In determining the ECL, the probability of default assigned to each customer is based on their individual both quantitative and qualitative information and analysis, Group's and Company's historical experience and informed credit assessment and including forward-looking information.

There are trade receivables where the Group and the Company have not recognised any loss allowance as the trade receivables are secured by collateral and/or other credit enhancements such as cash deposits, letter of credit and bank guarantees.

Information regarding trade receivables that are either past due or individually impaired is as disclosed in Note 20.



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**35. Financial instruments (cont'd.)**

**(iv) Credit risk (cont'd.)**

Financial guarantee

The Company provides unsecured financial guarantee to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis, the results of the certain subsidiaries and repayments made by the certain subsidiaries.

The maximum exposure to credit risk is amounting to RM20,342,145 (2019: RM11,763,002) which represents the outstanding banking facilities of the subsidiaries as at reporting date. As at reporting date, there was no indication that the subsidiaries would default on repayment.

**(v) Foreign currency risk**

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily, United States Dollar ("USD"), Australian Dollar ("AUD") and European Euro ("EURO"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional currency of Group entities	Ringgit Malaysia RM	Indonesian Rupiah RM	Total RM
<b>As at 31.12.2020:</b>			
United States Dollar	5,191,797	(423,769)	4,768,028
Australian Dollar	(127,597)	-	(127,597)
European Euro	(324,609)	(43,978)	(368,587)
Saudi Riyal	17,395,206	-	17,395,206
	<b>22,134,797</b>	<b>(467,747)</b>	<b>21,667,050</b>
<b>As at 31.12.2019:</b>			
United States Dollar	154,540	(2,979,504)	(2,824,964)
Australian Dollar	(55,327)	(118,694)	(174,021)
European Euro	(131,757)	(4,709)	(136,466)
Saudi Riyal	11,745,077	-	11,745,077
	<b>11,712,533</b>	<b>(3,102,907)</b>	<b>8,609,626</b>

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**35. Financial instruments (cont'd.)**

**(v) Foreign currency risk (cont'd.)**

With all other variables held constant, the following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in those exchange rates against the functional currency of the Group:

	<b>Group</b> <b>Effect on profit</b> <b>before tax / pre-tax equity</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
USD/RM - strengthen 3%	(155,754)	(4,636)
- weaken 3%	155,754	4,636
AUD/RM - strengthen 3%	3,828	1,660
- weaken 3%	(3,828)	(1,660)
EURO/RM - strengthen 3%	9,738	3,953
- weaken 3%	(9,738)	(3,953)
SAR/RM - strengthen 3%	(521,856)	(284,348)
- weaken 3%	521,856	284,348

**(vi) Fair value**

The fair value of financial assets and financial liabilities approximate their respective carrying values on the statements of financial position of the Group and the Company.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

**(i) Cash and bank balances, receivables and payables**

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

**(ii) Other current financial assets**

Other current financial assets that are quoted and determined by reference to fair value provided by the bank at the close of the business on the reporting date. The investments are classified as level 1 in the fair value hierarchy.

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**35. Financial instruments (cont'd.)**

**(vi) Fair value (cont'd.)**

**(iii) Borrowings**

The fair value of the financial instrument is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowings or leasing arrangements at the reporting date. The fair value of non-current borrowings of the Group and of the Company are classified as level 2 in the fair value hierarchy.

**Transfer between Level 1 and Level 2 fair values**

There has been no transfers between Level 1 and Level 2 fair values during the financial year.

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial assets and financial liabilities:

**Financial instruments carried at fair value**

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31 December 2020</b>				
<b>Group</b>				
<b>Financial assets:</b>				
Other current financial assets	14,385,093	-	-	14,385,093
<b>Company</b>				
<b>Financial assets:</b>				
Other current financial assets	12,163	-	-	12,163

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## 35. Financial instruments (cont'd.)

## (vi) Fair value (cont'd.)

## Financial instruments carried at fair value (cont'd.)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31 December 2019</b>				
<b>Group</b>				
<b>Financial assets:</b>				
Other current				
financial assets	13,578,249	-	-	13,578,249
<b>Company</b>				
<b>Financial assets:</b>				
Other current				
financial assets	11,865	-	-	11,865

## Fair value of financial instruments not carried at fair value

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
<b>31 December 2020</b>					
<b>Group</b>					
<b>Financial liabilities:</b>					
Borrowings					
- Fixed					
rate	-	7,021,649	-	7,021,649	7,329,217
- Floating					
rate	-	41,070,502	-	41,070,502	41,070,502
	-	48,092,151	-	48,092,151	48,399,719

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## 35. Financial instruments (cont'd.)

## (vi) Fair value (cont'd.)

## Financial instruments carried at fair value (cont'd.)

## Fair value of financial instruments not carried at fair value (cont'd.)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
<b>31 December 2020</b>					
<b>Company</b>					
<b>Financial liabilities:</b>					
Borrowings					
- Fixed rate	-	234,074	-	234,074	247,479
- Floating rate	-	19,767,389	-	19,767,389	19,767,389
		20,001,463		20,001,463	20,014,868
<b>31 December 2019</b>					
<b>Group</b>					
<b>Financial liabilities:</b>					
Borrowings					
- Fixed rate	-	615,378	-	-	682,033
- Floating rate	-	26,946,620	-	-	26,946,620
	-	27,561,998	-	-	27,628,653
<b>Company</b>					
<b>Financial liabilities:</b>					
Borrowings					
- Fixed rate	-	327,188	-	-	337,488
- Floating rate	-	15,490,816	-	15,490,816	15,490,816
		15,818,004		15,490,816	15,828,304

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**36. Segmental information**

**(a) Business segments**

The Group is organised into 3 major business segments:

- (i) Environmental monitoring, consultancy and services - providing environmental related services.
- (ii) Laboratory testing services - chemical testing, consultancy service and other services of similar nature.
- (iii) Wastewater treatment and solutions - provision of sewerage and solid waste management systems.

Other business segments include the results of the Company as an investment holding of its subsidiaries.

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36. Segmental information (cont'd.)

(a) Business segments (cont'd.)

	2020					Consolidated RM
	Environmental monitoring, consultancy and services RM	Laboratory testing services RM	Others RM	Elimination RM		
<b>Revenue</b>						
External sales	34,059,710	51,065,710	2,837,738	-	87,963,158	
Inter-segment sales	244,754	837,814	7,230,846	(8,313,414)	-	
Total revenue	34,304,464	51,903,524	10,068,584	(8,313,414)	87,963,158	
<b>Results</b>						
(Loss)/profit from operations	(6,927,056)	19,835,132	4,901,019	(7,168,994)	10,640,101	
Finance costs	(2,542,448)	(6,731)	(1,423,893)	1,016,730	(2,956,342)	
Taxation	763,940	(5,188,972)	(185,876)	-	(4,610,908)	
Profit after taxation					3,072,851	



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36. Segmental information (cont'd.)

(a) Business segments (cont'd.)

	Environmental monitoring, consultancy and services RM	Laboratory testing services RM	Others RM	Elimination RM	Consolidated RM
<b>2020 (cont'd.)</b>					
<b>Assets</b>					
Segment operating assets	59,379,263	86,449,428	103,864,909	(72,855,643)	176,837,957
Deferred tax assets	1,275,861	-	-	-	1,275,861
Total assets	60,655,124	86,449,428	103,864,909	(72,855,643)	178,113,818
<b>Liabilities</b>					
Segment operating liabilities	59,347,396	13,054,586	36,299,944	(38,427,618)	70,274,308
Deferred tax liabilities	-	2,820,348	-	976,747	3,797,095
Total liabilities	59,347,396	15,874,934	36,299,944	(37,450,871)	74,071,403
<b>Other Information</b>					
Capital expenditure	5,144,524	3,738,584	92,811	-	8,975,919
Depreciation and amortisation	(1,821,071)	(3,939,320)	(1,063,048)	-	(6,823,439)

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36. Segmental information (cont'd.)

(a) Business segments (cont'd.)

	Environmental monitoring, consultancy and services		Laboratory testing services		Others		Elimination		Consolidated	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>2019</b>										
<b>Revenue</b>										
External sales	40,880,146		55,725,923		2,899,489		-			99,505,558
Inter-segment sales	226,186		1,072,820		6,902,081		(8,201,087)			-
Total revenue	41,106,332		56,798,743		9,801,570		(8,201,087)			99,505,558
<b>Results</b>										
Profit/(loss) from operations	473,917		20,287,603		4,152,042		(8,082,423)			16,831,139
Finance costs	(1,830,999)		(7,543)		(16,211,846)		1,325,850			(2,134,538)
Taxation	(1,191,021)		(5,714,199)		(142,722)		-			(7,047,942)
Profit after taxation										7,648,659

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36. Business segments (cont'd.)

(a) Business segments (cont'd.)

	Environmental monitoring, consultancy and services RM	Laboratory testing services RM	Others RM	Elimination RM	Consolidated RM
<b>2019 (cont'd.)</b>					
<b>Assets</b>					
Segment operating assets	48,659,546	83,247,085	99,388,172	(68,166,497)	163,128,306
Deferred tax assets	152,219	-	-	-	152,219
Total assets	48,811,765	83,247,085	99,388,172	(68,166,497)	163,280,525
<b>Liabilities</b>					
Segment operating liabilities	39,005,835	12,206,682	31,508,487	(33,005,725)	49,715,279
Deferred tax liabilities	-	2,329,705	-	976,747	3,306,452
Total liabilities	39,005,835	14,536,387	31,508,487	(32,028,978)	53,021,731
Other Information					
Capital expenditure	1,358,618	4,514,267	2,059,307	-	7,932,192
Depreciation and amortisation	(1,545,480)	(3,601,885)	(1,079,067)	204,690	(6,021,742)

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**36. Segmental information (cont'd.)**

**(b) Geographical segments**

The Group's geographical segments are for its subsidiaries that are involved in laboratory testing services, environmental monitoring, consultancy and services which operates in three geographical areas:

- (i) Malaysia
- (ii) Indonesia
- (iii) Saudi Arabia

	Total revenue from external customers	Segment assets	Capital expenditure
	RM	RM	RM
<b>2020</b>			
Malaysia	58,571,091	132,820,733	4,177,468
Indonesia	17,542,062	26,596,714	210,861
Saudi Arabia	11,850,005	18,696,371	4,587,590
	<b>87,963,158</b>	<b>178,113,818</b>	<b>8,975,919</b>
<b>2019</b>			
Malaysia	66,882,376	124,496,547	7,041,953
Indonesia	21,108,474	28,302,236	552,692
Saudi Arabia	11,514,708	10,481,742	337,547
	<b>99,505,558</b>	<b>163,280,525</b>	<b>7,932,192</b>

**37. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

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**37. Capital management (cont'd.)**

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less cash and bank balances. Capital represents the total share capital.

The debt to equity ratio as at 31 December 2020 and 2019 are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Borrowings (Note 25)	48,399,719	27,628,653	20,014,868	15,828,304
Trade and other payables (Note 24)	17,936,025	19,084,943	13,893,771	13,294,094
Less: Cash and bank balances (Note 23)	(27,787,551)	(22,207,389)	(7,901,165)	(7,685,715)
Net debt	38,548,193	24,506,207	26,007,474	21,436,683
Total share capital	65,970,290	65,970,290	65,970,290	65,970,290
Capital and net debt	104,518,483	90,476,497	91,977,764	87,406,973
Gearing ratio	0.37	0.27	0.28	0.25

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one Group or Company to another.

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**38. Comparative figures**

In 2020, the Group and the Company performed review of its balances and corrected the error resulting to the restatements of the following:

	As previously stated RM	Re-classification RM	As restated RM
<b>Group</b>			
<b>Statements of Financial Position</b>			
<b>As at 31 December 2019</b>			
<b>Non current liabilities</b>			
Other payable	-	(1,193,504)	(1,193,504)
Retirement benefit obligation	(2,686,541)	1,193,504	(1,493,037)
<b>Statements of Cash Flows</b>			
<b>For the financial year ended</b>			
<b>31 December 2019</b>			
Net cash generated from operating activities	17,608,678	2,124,271	19,732,949
Net cash used in financing activities	(8,027,786)	(2,124,271)	(10,152,057)
<b>Company</b>			
<b>Statements of Financial Position</b>			
<b>As at 31 December 2019</b>			
<b>Non current liabilities</b>			
Other payable	-	(1,193,504)	(1,193,504)
Retirement benefit obligation	(1,193,504)	1,193,504	-
<b>Statements of Cash Flows</b>			
<b>For the financial year ended</b>			
<b>31 December 2019</b>			
Net cash used in operating activities	(9,343,772)	2,670,520	(6,673,252)
Net cash used in financing activities	(2,483,341)	(2,670,520)	(5,153,861)



2020  
ANNUAL  
REPORT



**SUPPLEMENTARY**  
INFORMATION

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# STATISTICS OF SHAREHOLDINGS

AS AT 5 APRIL 2021

## SHARE CAPITAL

Issued and paid-up share capital	: RM65,800,000.00 comprising 658,000,000 Ordinary shares
Class of shares	: Ordinary shares
Voting rights	: One (1) vote per ordinary share
Number of shareholders	: 2,948
Number of Treasury Shares	: 2,368,900 Ordinary shares

## ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of shareholders	%	Shareholdings	%*
Less than 100	4	0.136	191	0.000
100 to 1,000	560	18.996	362,634	0.055
1,001 to 10,000	839	28.460	5,631,800	0.859
10,001 to 100,000	1,202	40.773	49,808,667	7.597
100,001 to less than 5% of issued shares	340	11.533	190,169,186	29.006
5% and above of issued shares	3	0.102	409,658,622	62.483
<b>Total</b>	<b>2,948</b>	<b>100.00</b>	<b>655,631,100</b>	<b>100.00</b>

\* Based on the total number of issued shares in the Company excluding 2,368,900 ordinary shares bought back by the Company and retained as treasury shares as at 5 April 2021.

## SUBSTANTIAL SHAREHOLDERS

Name	Shareholdings			
	Direct Interest	% <sup>^</sup>	Deemed Interest	% <sup>^</sup>
Zaiyadal Keluarga Sdn Bhd	309,943,622	47.274	-	-
Zaid bin Abdullah	48,375,100	7.378	309,943,622*	47.274*
Zaidah binti Mohd Salleh	8,769,400	1.338	309,943,622*	47.274*

### Note:-

\* Deemed interest by virtue of his/her interest in Zaiyadal Keluarga Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

<sup>^</sup> Based on the total number of issued shares in the Company excluding 2,368,900 ordinary shares bought back by the Company and retained as treasury shares as at 5 April 2021.

## DIRECTORS' INTEREST IN SHARES

As per the Register of Directors' Shareholdings

Name	Direct Interest	% <sup>^</sup>	Deemed & indirect interest	% <sup>^</sup>
Zaid bin Abdullah	48,375,100	7.378	310,420,422*	47.347*
Zaidah binti Mohd Salleh	8,769,400	1.338	310,420,422*	47.347*
Lee Weng Chong	1,050,000	0.160	-	-
Datuk Abdul Hamid bin Sawal	-	-	-	-
Dato' Hajjah Rosnani binti Ibarahim	-	-	-	-
Dato' Dr. Lukman bin Ibrahim	-	-	-	-
Usamah bin Zaid (Alternate Director)	112,000	0.017	-	-
Fatimah Zahrah binti Zaid (Alternate Director)	110,300	0.017	-	-

**Note:-**

\* Deemed interest by virtue of his/her interest in Zaiyadal Keluarga Sdn Bhd pursuant to Section 8 of the Companies Act 2016 ("the Act") and indirect interest pursuant to Section 59(1)(c) of the Act in respect of his/her children's shareholdings.

<sup>^</sup> Based on the total number of issued shares in the Company excluding 2,368,900 ordinary shares bought back by the Company and retained as treasury shares as at 5 April 2021.

### THIRTY LARGEST SHAREHOLDERS

No	Name	Holdings	%*
1	Zaiyadal Keluarga Sdn Bhd	307,278,622	46.867
2	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Bank of Singapore Limited (Foreign)	54,004,900	8.237
3	Zaid Bin Abdullah	48,375,100	7.378
4	Kal-Yadain Sdn Bhd	28,813,078	4.394
5	Zaidah Binti Mohd Salleh	7,063,400	1.077
6	Yap Swee Sang	6,492,300	0.990
7	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ab Ghaus bin Ismail	6,079,600	0.927
8	Nik Abdul Aziz Bin Nik Sulaiman	4,323,235	0.659
9	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohammed Amin Bin Mahmud (MM1004)	3,335,900	0.508
10	Rasal Keluarga Sdn Bhd	3,250,000	0.495
11	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Seng Hong	2,972,000	0.453
12	Ahmad Ridzwan bin Mohd Salleh	2,838,875	0.432
13	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Wai Keong (T Cheras-CL)	2,700,000	0.411
14	Zaiyadal Keluarga Sdn Bhd	2,665,000	0.406
15	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Boon Chai	2,470,000	0.376
16	Ee Kim Cheng	2,230,000	0.340
17	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Siow Hu (Segamat-CL)	1,906,400	0.290
18	RHB Nominees (Tempatan) Sdn Bhd Exempt AN for Phillip Securities Pte. Ltd (A/C Clients)	1,757,200	0.268
19	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Tan Teck Ern	1,705,200	0.260
20	Zaidah Binti Mohd Salleh	1,696,000	0.258
21	Ahmad Rafa'i Bin Abdullah	1,689,520	0.257
22	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Aik Peng	1,600,000	0.244
23	Aluwie bin Rapa'ee	1,565,000	0.238
24	Public Invest Nominees (Asing) Sdn Bhd Exempt AN for Phillip Securities Pte Ltd (Clients)	1,535,300	0.234
25	Johar bin Yusof	1,523,000	0.232
26	Wong Kim Choong	1,435,000	0.218
27	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,415,000	0.215
28	Shireen Mardziah Hashim	1,387,800	0.211
29	Yeu Swee Hing	1,381,100	0.210
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Bee Ching (E-TJJ)	1,250,000	0.190

**Note:-**

\* Based on the total number of issued shares in the Company excluding 2,368,900 ordinary shares bought back by the Company and retained as treasury shares as at 5 April 2021.



# NOTICE OF ANNUAL GENERAL MEETING

**PROGRESSIVE IMPACT CORPORATION BERHAD**  
**REGISTRATION NO. 199001011782 (203352-V)**  
(Incorporated in Malaysia)

## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at PICORP Corporate R&D Gallery, 4th Floor, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Thursday, 24 June 2021 at 10.00 a.m. to transact the following businesses:-

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon. (Please refer to Note 1 of the Explanatory Notes)
2. To approve the payment of the Single Tier Final Dividend of 0.30 sen per share for the financial year ended 31 December 2020. Ordinary Resolution 1
3. To re-elect Zaidah Binti Mohd Salleh, who shall retire pursuant to Clause 76(3) of the Constitution of the Company, as Director. Ordinary Resolution 2
4. To re-elect Dato' Dr Lukman Bin Ibrahim, who shall retire pursuant to Clause 76(3) of the Constitution of the Company, as Director. Ordinary Resolution 3
5. To approve the Non-Executive Directors' fees of RM184,800 for the period commencing from the date immediately after the 29th Annual General Meeting up to the date of the next Annual General Meeting to be held in 2022. Ordinary Resolution 4
6. To approve the Directors' benefits of RM252,000 for the period commencing from the date immediately after the 29th Annual General Meeting up to the date of the next Annual General Meeting to be held in 2022. Ordinary Resolution 5
7. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration. Ordinary Resolution 6

### SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:

8. **ORDINARY RESOLUTION**  
**Proposed renewal of the existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2 of the Circular to Shareholders dated 27 April 2021 ("the Related Parties") provided that such transactions are:-

Ordinary Resolution 7

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and
- (c) not detrimental to the minority shareholders of the Company,

("Proposed Renewal of Shareholders' Mandate").

THAT such approval, shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

#### 9. **ORDINARY RESOLUTION**

##### **Proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2 of the Circular to Shareholders dated 27 April 2021 ("the Related Parties") provided that such transactions are:-

Ordinary  
Resolution 8

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and
- (c) not detrimental to the minority shareholders of the Company,

("Proposed New Shareholders' Mandate").

THAT such approval, shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed New Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate."

10. **ORDINARY RESOLUTION**

**Proposed renewal of shareholders' mandate to purchase its own ordinary shares of up to 10% of the total number of issued shares in the company**

Ordinary  
Resolution 9

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which this resolution is passed, at which time the authority shall lapse unless by ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) to cancel all or part of the Purchased Shares;
- (ii) to retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) to distribute all or part of the treasury shares as dividends to the shareholders of the Company;

- (iv) to resell all or part of the treasury shares;
- (v) to transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) to transfer all or part of the treasury shares as purchase consideration;
- (vii) to sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
- (viii) to deal with the treasury shares in any other manner as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

11. **ORDINARY RESOLUTION**  
**Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

Ordinary  
Resolution 10

12. **ORDINARY RESOLUTION**  
**Continuing in office as Independent Non-Executive Director**

"THAT approval be and is hereby given for Datuk Abdul Hamid Bin Sawal who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

Ordinary  
Resolution 11

13. **ORDINARY RESOLUTION**  
**Continuing in office as Independent Non-Executive Director**

"THAT approval be and is hereby given for Dato' Hajjah Rosnani Binti Ibarahim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

Ordinary  
Resolution 12



14. **ORDINARY RESOLUTION**  
**Continuing in office as Independent Non-Executive Director**

“THAT authority be and is hereby given to Lee Weng Chong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting.”

Ordinary  
Resolution 13

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

## **NOTICE OF DIVIDEND PAYMENT**

Notice is hereby given that a Single Tier Final Dividend of 0.30 sen per share for the financial year ended 31 December 2020, if approved, will be paid on 15 July 2021. The entitlement date for the dividend payment is 1 July 2021.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the depositor's Securities Account on or before 4.30 p.m. on 1 July 2021 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By order of the Board  
**ZAIDAH BINTI MOHD SALLEH (MIA 3313)**  
**SSM PC No. 202008000888**  
Company Secretary

Shah Alam  
27 April 2021

Notes:

### 1. **IMPORTANT NOTICE**

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

Shareholders will not be allowed to attend this Annual General Meeting (“AGM”) in person at the Broadcast Venue on the day of the meeting.

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

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the 29th AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 17 June 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to participate at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.

5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at the 29th AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>**. Procedures for RPV can be found in the Administrative Guide for the 29th AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the 29th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is **Tuesday, 22 June 2021 at 10.00 a.m.**
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

- (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
- (a) at least two (2) authorised officers, of whom one shall be a director; or
  - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. Shareholders are advised to check the Company's website at [www.picorp.com.my](http://www.picorp.com.my) and announcements from time to time for any changes to the administration of the 29th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

### **Explanatory Notes on Ordinary Business**

1. Agenda item no. 1 is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 do not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Ordinary Resolutions 2 and 3

Zaidah Binti Mohd Salleh and Dato' Dr Lukman Bin Ibrahim are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM. The Board has through the Nomination Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

3. Ordinary Resolution 4

Shareholders' approval is sought under this Resolution to allow the Company to pay Non-Executive Directors' fees on a monthly basis for the period commencing from the date immediately after this AGM up to the date of the next AGM to be held in 2022. The Directors' fees are based on the targeted Board size. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

4. Ordinary Resolution 5

The Directors' benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period commencing from the date immediately after this AGM up to the date of the next AGM. In the event the proposed amount is insufficient (due to enlarged Board size or more meetings), approval will be sought at the next AGM for the shortfall.

5. Ordinary Resolution 6

The Board has through the Audit Committee, considered the re-appointment of Messrs Ernst & Young PLT as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at this AGM are stated in the Corporate Governance Overview Statement of the Annual Report 2020.

### **Explanatory Notes on Special Business**

1. Ordinary Resolutions 7 and 8

The proposed Resolutions, if passed, will enable the Company and/or its subsidiaries enter into recurrent transactions involving the interest of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 27 April 2021.

## 2. Ordinary Resolution 9

The proposed Resolution is intended to allow the Company to renew its existing authorisation to purchase its own shares up to 10% of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Statement on Share Buy-Back in the Circular to Shareholders dated 27 April 2021 for further information.

## 3. Ordinary Resolution 10

This proposed Resolution, if passed, will empower the Directors to allot up to a maximum of 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 16 June 2020 and the mandate will lapse at the conclusion of the 29th AGM.

## 4. Ordinary Resolution 11

The Board has assessed the independence of Datuk Abdul Hamid Bin Sawal, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended that he continues to act as an Independent Non-Executive Director of the Company based on the justifications in the Corporate Governance Overview Statement of the Annual Report 2020.

## 5. Ordinary Resolution 12

The Board has assessed the independence of Dato' Hajjah Rosnani Binti Ibarahim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended that she continues to act as an Independent Non-Executive Director of the Company based on the justifications in the Corporate Governance Overview Statement of the Annual Report 2020.

## 6. Ordinary Resolution 13

The Board has assessed the independence of Mr Lee Weng Chong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended that he continues to act as an Independent Non-Executive Director of the Company based on the justifications in the Corporate Governance Overview Statement of the Annual Report 2020.

## **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

### Directors standing for election

As at date of this notice, there are no individuals who are standing for election as Directors at the 29th Annual General Meeting.

## PROGRESSIVE IMPACT CORPORATION BERHAD (“PICORP”)

### ADMINISTRATIVE GUIDE FOR THE 29th ANNUAL GENERAL MEETING (“AGM”)

Date	:	Thursday, 24 June 2021
Time	:	10.00 a.m.
Broadcast Venue	:	PICORP Corporate R&D Gallery 4th Floor, Mercu PICORP Lot 10, Jalan Astaka U8/84 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan, Malaysia

### MODE OF MEETING

In view of the COVID-19 pandemic and as part of our safety measures, the 29th AGM will be conducted entirely through live streaming from the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **will not be allowed** to attend the 29th AGM in person at the Broadcast Venue on the day of the meeting.

### REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 29th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>.

Shareholders who appoint proxies to participate via RPV in the 29th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Tuesday, 22 June 2021 at 10.00 a.m.**

Authorised representatives of corporate members must deposit their original certificate of appointment of authorised representative to Tricor not later than **Tuesday, 22 June 2021 at 10.00 a.m.** to participate via RPV in the 29th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Tuesday, 22 June 2021 at 10.00 a.m.** to participate via RPV in the AGM.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

As the 29th AGM is a fully virtual AGM, members who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

### PROCEDURES FOR RPV

Shareholders/proxies/authorised representatives/attorneys who wish to participate the 29th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

Procedure	Action
<b>BEFORE THE AGM DAY</b>	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b) Submit your request	<ul style="list-style-type: none"> <li>Registration is open from <b>Tuesday, 27 April 2021 at 10.00 a.m.</b> up to <b>Tuesday, 22 June 2021 at 10.00 a.m.</b></li> <li>Login with your user ID and password and select the corporate event: <b>“(REGISTRATION) PICORP 29th AGM”</b>.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>System will send an e-mail to notify that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at <b>17 June 2021</b>, the system will send you an e-mail to approve or reject your registration for remote participation.</li> </ul>
<b>ON THE DAY OF THE AGM</b>	
(c) Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the PICORP 29th AGM at any time from <b>9.30 a.m.</b> i.e. 30 minutes before the commencement of the AGM on <b>Thursday, 24 June 2021 at 10.00 a.m.</b></li> </ul>
(d) Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: <b>“(LIVE STREAMING MEETING) PICORP 29TH AGM”</b> to engage in the proceedings of the 29th AGM remotely.</li> <li>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 29th AGM.</li> </ul>

Procedure		Action
<b>ON THE DAY OF THE AGM</b>		
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>• Voting session commences <b>from 10.30 a.m. on Thursday, 24 June 2021</b> until a time when the Chairman announces the completion of the voting session of the 29th AGM.</li> <li>• Select the corporate event: “<b>(REMOTE VOTING) PICORP 29TH AGM</b>”.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select the CDS account that represents your shareholdings.</li> <li>• Indicate your votes for the resolutions that are tabled for voting.</li> <li>• Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>• Upon the announcement by the Chairman on the closure of the 29th AGM, the live streaming will end.</li> </ul>

#### Note to users of the RPV:

1. Should your application to join the meeting be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

#### ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor’s **TIIH Online** website are summarised below:

Procedure		Action
<b>STEPS FOR INDIVIDUAL SHAREHOLDERS</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Please do refer to the tutorial guide posted on the homepage for assistance.</li> <li>• If you are already a user with TIIH Online, you are not required to register again.</li> </ul>



Procedure	Action
<b>STEPS FOR INDIVIDUAL SHAREHOLDERS</b>	
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>• Select the corporate event: <b>“SUBMISSION OF PROXY FORM”</b>.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>• Review and confirm your proxy(s) appointment.</li> <li>• Print proxy form for your record.</li> </ul>
<b>STEPS FOR CORPORATION OR INSTITUTIONAL SHAREHOLDERS</b>	
(a) Register as a User with TIH Online	<ul style="list-style-type: none"> <li>• Access TIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects <b>“Create Account by Representative of Corporate Holder”</b>.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><b>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</b></p>

Procedure	Action
<b>STEPS FOR CORPORATION OR INSTITUTIONAL SHAREHOLDERS</b>	
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• Login to TIH Online at <a href="https://tih.online">https://tih.online</a></li> <li>• Select the corporate exercise name: “PICORP 29th AGM: Submission of Proxy Form”.</li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Login to TIH Online, select corporate exercise name: “PICORP 29th AGM: Submission of Proxy Form”.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select “Submit” to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

#### **PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS**

Shareholders may submit questions for the Board in advance of the 29th AGM via Tricor’s TIH Online website at <https://tih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than **Tuesday, 22 June 2021 at 10.00 a.m.** The Board will endeavor to answer the questions received at the AGM.

#### **NO RECORDING OR PHOTOGRAPHY**

Unauthorised recording and photography are strictly prohibited at the 29th AGM.

#### **ENQUIRY**

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

#### **Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line	:	+603-2783 9299
Fax Number	:	+603-2783 9222
Email	:	is.enquiry@my.tricorglobal.com
Contact persons	:	En. Muhammad Ashraff Bin. Mohd Khaizan +603- 27839276 (Muhammad.Ashraff@my.tricorglobal.com) Ms Esther Loo +603-27839293 (Esther.Loo@my.tricorglobal.com)

**PROGRESSIVE IMPACT CORPORATION BERHAD**  
**REGISTRATION NO. 199001011782 (203352-V)**  
**(Incorporated in Malaysia)**

**PROXY FORM**

No. of shares held	CDS Account No.																				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td> </tr> </table>																				

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
 [Full name in block and as per NRIC/passport, NRIC/Passport/Company No.]  
 of \_\_\_\_\_  
 [Full address]

being member(s) of **Progressive Impact Corporation Berhad**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

^ and/or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing ^him/her, the Chairman of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the 29<sup>th</sup> Annual General Meeting (“AGM”) of the Company which will be conducted entirely through live streaming from the broadcast venue at PICORP Corporate R&D Gallery, 4<sup>th</sup> Floor, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia (“Broadcast Venue”) on Thursday, 24 June 2021 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Ordinary Resolution	Description of Resolution	For	Against
1.	Single Tier Final Dividend		
2.	Re-election of Zaidah Binti Mohd Salleh as Director		
3.	Re-election of Dato’ Dr Lukman Bin Ibrahim as Director		
4.	Payment of Non-Executive Directors’ fees for the period commencing from the date immediately after the 29 <sup>th</sup> AGM up to the date of the next AGM to be held in 2022		
5.	Payment of Directors’ benefits for the period commencing from the date immediately after the 29 <sup>th</sup> AGM up to the date of the next AGM to be held in 2022		
6.	Re-appointment of Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration		
7.	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8.	Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9.	Proposed Renewal of Shareholders’ Mandate to purchase its own Ordinary Shares of up to 10% of the total number of issued shares in the Company		
10.	Authority to issue shares		
11.	Approval for Datuk Abdul Hamid Bin Sawal to continue in office as Independent Non-Executive Director		
12.	Approval for Dato’ Hajjah Rosnani Binti Ibarahim to continue in office as Independent Non-Executive Director		
13.	Approval for Lee Weng Chong to continue in office as Independent Non-Executive Director		

Please indicate with an “X” in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
 Signature\*  
 Member

^ Delete whichever is inapplicable

\* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - (i) at least two (2) authorised officers, of whom one shall be a director; or
  - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

#### 1. IMPORTANT NOTICE

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

Shareholders **will not be allowed** to attend this Annual General Meeting (“AGM”) in person at the Broadcast Venue on the day of the meeting.

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

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the 29th AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 17 June 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to participate at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at the 29<sup>th</sup> AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>**. Procedures for RPV can be found in the Administrative Guide for the 29<sup>th</sup> AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar

of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the 29<sup>th</sup> AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is Tuesday, 22 June 2021 at 10.00 a.m.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. Shareholders are advised to check the Company's website at [www.picorp.com.my](http://www.picorp.com.my) and announcements from time to time for any changes to the administration of the 29th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

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

*Fold here*

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**IN THE FACE  
OF ADVERSITY,  
WE HAVE A CHOICE.  
WE CAN BE BITTER,  
OR WE CAN BE  
BETTER.**

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“Surely with every difficulty, there is relief”



PROGRESSIVE IMPACT CORPORATION BERHAD | 199001011782 (203352-V)

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[www.picorp.com.my](http://www.picorp.com.my)