

**THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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## **PROGRESSIVE IMPACT CORPORATION BERHAD**

(Registration No. 199001011782 (203352-V))

(Incorporated in Malaysia)

### **PART A**

#### **CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

### **PART B**

#### **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**

The resolutions in respect of the above proposals will be tabled as Special Business at the 28<sup>th</sup> Annual General Meeting (“AGM”) of the Company. In view of the Covid-19 outbreak and as part of the safety measures undertaken by the Company, the 28<sup>th</sup> AGM 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 **Tuesday, 16 June 2020 at 10.00 a.m.** using 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>.

Shareholders **will not be allowed** to attend the AGM in person at the Broadcast Venue on the day of the meeting.

The Notice of AGM and Proxy Form are available for download at the Company’s website at <https://www.picorp.com.my/investor>. **Please read the Notes in the Notice of AGM carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

The completed Form of Proxy must be deposited at the office of the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time for holding the 28<sup>th</sup> AGM no later than **Sunday, 14 June 2020 at 10.00 a.m.** or at any adjournment thereof. You may also submit the proxy appointment electronically via Tricor’s TIIH Online website at <https://tiih.online> no later than the aforementioned time.

This Circular/Statement is dated 18 May 2020

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## DEFINITIONS

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Unless otherwise indicated, the following definitions apply throughout this Circular/Statement:-

<b>“AAS”</b>	: ASMA Advanced Solutions LLC, a 60% subsidiary of PICORP
<b>“Act”</b>	: The Companies Act 2016 as amended from time to time and any re-enactment thereof
<b>“AEC”</b>	: ASMA Environmental Consultancy Sdn Bhd, a wholly-owned subsidiary of PICORP
<b>“AGM”</b>	: Annual General Meeting of PICORP
<b>“AIS”</b>	: ASMA International Sdn Bhd, a wholly-owned subsidiary of PICORP
<b>“ALS”</b>	: ALS Technichem (M) Sdn Bhd, a 59% subsidiary of PICORP
<b>“ASET”</b>	: Alam Sekitar Eco-Technology Sdn Bhd, a 90% subsidiary of PICORP
<b>“ASMA”</b>	: Alam Sekitar Malaysia Sdn Bhd, a wholly-owned subsidiary of PICORP
<b>“Board”</b>	: Board of Directors of PICORP
<b>“Broadcast Venue”</b>	: 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
<b>“Bursa Securities”</b>	: Bursa Malaysia Securities Berhad
<b>“CMSA”</b>	: The Capital Markets and Services Act 2007
<b>“Code”</b>	: Malaysian Code on Take-over and Mergers 2016 read together with the Rules on Take-Overs, Mergers and Compulsory Acquisitions as amended from time to time
<b>“Dato’ Dr. Lukman”</b>	: Dato’ Dr. Lukman bin Ibrahim
<b>“Dato’ Hajjah Rosnani”</b>	: Dato’ Hajjah Rosnani binti Ibarahim
<b>“Datuk Abdul Hamid”</b>	: Datuk Abdul Hamid bin Sawal
<b>“Director”</b>	: A director as defined in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of PICORP, its subsidiary or holding company
<b>“EPS”</b>	: Earnings per share
<b>“Fatimah Zahrah”</b>	: Fatimah Zahrah binti Zaid
<b>“Foxboro”</b>	: Foxboro (M) Sdn Bhd
<b>“IAM-Wonderware”</b>	: IAM-Wonderware Sdn Bhd
<b>“Intelligent Aqua”</b>	: Intelligent Aqua Sdn Bhd
<b>“Johar”</b>	: Johar bin Yusof
<b>“Listing Requirements”</b>	: Main Market Listing Requirements of Bursa Securities
<b>“LPD”</b>	: 4 May 2020, being the latest practicable date prior to the issuance of this Circular/Statement

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**DEFINITIONS (Cont'd.)**

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<b>“Major Shareholder”</b>	: A person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a person who has an interest or interests in one or more voting shares in PICORP, its subsidiary company or holding company and the total number of voting shares is:- (a) 10% or more of the total number of voting shares in the corporation; or (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation
<b>“Market Day”</b>	: Any day from Mondays to Fridays (both inclusive) which Bursa Securities is open for the trading of securities
<b>“NA”</b>	: Net assets
<b>“PGE”</b>	: Perunding Good Earth Sdn Bhd, a wholly-owned subsidiary of PICORP
<b>“PICORP” or “the Company”</b>	: Progressive Impact Corporation Berhad
<b>“PICORP Group” or “the Group”</b>	: PICORP and its subsidiaries collectively
<b>“PICorr”</b>	: Progressive Impact Corrosion Sdn Bhd (formerly known as Cosasco Sdn Bhd)
<b>“PIET”</b>	: PI Enviro Technologies Sdn Bhd, a wholly-owned subsidiary of PICORP
<b>“PITECH”</b>	: Progressive Impact Technology Sdn Bhd
<b>“PL”</b>	: Premiere Leap Sdn Bhd, a wholly-owned subsidiary of PICORP
<b>“PT ALS”</b>	: PT ALS Indonesia, a 80% subsidiary of ALS
<b>“PUI”</b>	: Progressive Uni San International Sdn Bhd, a 50% subsidiary of PICORP
<b>“Purchased Shares”</b>	: Shares purchased pursuant to the SBB Mandate
<b>“QUR”</b>	: Quantum Up Returns Sdn Bhd, a wholly-owned subsidiary of PICORP
<b>“Recurrent Transactions” or “RRPT”</b>	: Transactions of a revenue or trading nature entered into by the PICORP Group which are recurrent, involve the interest, direct or indirect, of a Related Party(ies) and which are necessary for its day-to-day operations
<b>“Related Parties”</b>	: Directors, Major Shareholders or persons connected with such Directors or Major Shareholders
<b>“RM” and “sen”</b>	: Ringgit Malaysia and sen, the legal currency in Malaysia
<b>“RPV”</b>	: Remote Participation and Voting facilities
<b>“RRPT Mandate” or “Shareholders’ Mandate”</b>	: Proposed renewal of shareholders’ mandate for the PICORP Group to enter into Recurrent Transactions
<b>“SAES”</b>	: Saudi ASMA Environmental Solutions Limited Liability Company, a wholly-owned subsidiary of PICORP

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**DEFINITIONS (Cont'd.)**

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<b>“SBB Mandate” or “Proposed Share Buy- Back”</b>	:	Proposed renewal of shareholders’ mandate for the authority to the Company to purchase up to ten per cent (10%) of the total number of issued shares in the Company
<b>“SC”</b>	:	Securities Commission
<b>“Shareholders”</b>	:	Shareholders of PICORP
<b>“Share(s)”</b>	:	Ordinary share(s) in the Company
<b>“Substantial shareholder”</b>	:	A person who has an interest or interests in one or more voting shares in a company and the total number of voting shares, is not less than 5% of the total number of voting shares in the company. For the purpose of this definition, “interests in shares” shall have the meaning given in Section 8 of the Act.
<b>“Tricor”</b>	:	Tricor Investor & Issuing House Services Sdn. Bhd.
<b>“Untung Aqua”</b>	:	Untung Aquaculture Sdn Bhd
<b>“UJSB”</b>	:	Urusharta Jamaah Sdn Bhd
<b>“Usamah”</b>	:	Usamah bin Zaid
<b>“Vertical Plus”</b>	:	Vertical Plus Sdn Bhd, a wholly-owned subsidiary of PICORP
<b>“Zaid”</b>	:	Zaid bin Abdullah
<b>“Zaidah”</b>	:	Zaidah binti Mohd Salleh
<b>“ZKSB”</b>	:	Zaiyadal Keluarga Sdn Bhd

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**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE**



# PROGRESSIVE IMPACT CORPORATION BERHAD

(Registration No. 199001011782 (203352-V))  
(Incorporated in Malaysia)

## Registered Office:

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

18 May 2020

## 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*)  
Usamah bin Zaid (*Non-Independent Non-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*)  
Fatimah Zahrah binti Zaid (*Alternate Director to Zaidah binti Mohd Salleh*)

## To the Shareholders of PICORP,

Dear Sir/ Madam,

## RRPT MANDATE

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### 1. INTRODUCTION

The Company had on 19 June 2019 obtained a mandate from its shareholders for the PICORP Group to enter into Recurrent Transactions, which are necessary for the day-to-day operations of the Group. The existing shareholders' mandate shall lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the forthcoming AGM.

On 12 May 2020, the Company announced its intention to seek its Shareholders' approval for the RRPT Mandate.

The purpose of this Circular is to set out the relevant details of the RRPT Mandate and to seek your approval for the resolution pertaining to the RRPT Mandate to be tabled at the forthcoming AGM.

## 2. RRPT MANDATE

Pursuant to Paragraph 10.09, Chapter 10 of the Listing Requirements, a listed company may seek shareholders' mandate in respect of related party transactions which involve Recurrent Transactions subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed in Paragraph 10.09 (1) of the Listing Requirements;
- (c) the circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that person(s) connected with him abstain from voting on the resolution approving the transactions; and
- (e) The listed company immediately announces to Bursa Securities when the actual value of a Recurrent Transaction entered into by the listed company, exceeds the estimated value of the Recurrent Transaction by 10% or more with the information as may be prescribed by Bursa Securities.

The Board herein seeks the approval of the Shareholders for the RRPT Mandate. The Recurrent Transactions are entered into in the ordinary course of business between the Group and companies/parties in which certain Directors, Major Shareholders and/or persons connected to them have an interest in.

### 2.1 Nature of the Recurrent Transactions contemplated under the RRPT Mandate and Related Parties

The principal activity of PICORP is investment holding. The particulars of its subsidiaries and their principal activities as at LPD are as follows:-

<b>Subsidiaries</b>	<b>% effective equity interest</b>	<b>Principal activities</b>
AAS	60	Work and maintenance of desalination plants and sewage
AEC	100	Environmental training and consulting services
AIS	100	Investment holding company
ASET	90	Provision of waste management and consultancy services
ALS	59	Chemical testing consultancy services and other services in similar nature
ASMA	100	Provision of environmental consultancy and monitoring services and wastewater management

<b>Subsidiaries</b>	<b>% effective equity interest</b>	<b>Principal activities</b>
QUR	100	Investment holding company
PGE	100	Dormant
PIET	100	Dormant
PT ALS	47.2	Laboratory analysis and reports and consulting services
SAES	100	Provision of environmental consultancy and monitoring services
PL	100	Dormant
PUI	50	Dormant
Vertical Plus	100	Dormant

It is anticipated that the PICORP Group would, in the ordinary course of business, enter into transactions with various Related Parties.

## 2.2 Classes of Related Parties and Nature of Transactions

The RRPT Mandate will apply to the Recurrent Transactions by the PICORP Group with the following classes of Related Parties, details of which are as follows:-

<b>Company involved</b>	<b>Transacting Parties</b>	<b>Categories of Recurrent Transactions</b>	<b>Previous estimated value^ (RM)</b>	<b>Actual value transacted^ (RM)</b>	<b>Estimated value* (RM)</b>	<b>Interested Directors / Major Shareholders and persons connected to them</b>
ASMA	PITECH <sup>(1)</sup>	Reselling of predictive emission monitoring system by PITECH as a non-exclusive distributor for ASMA	2,000,000	-	2,000,000	PITECH is a company in which Zaid and Zaidah are directors with shareholdings of 72% in PITECH held through ZKSB.  Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
ASMA	PITECH <sup>(1)</sup>	Provision of engineering services by PITECH to ASMA	2,000,000	-	2,000,000	
ASMA	PITECH <sup>(1)</sup>	Provision of environment consulting services by ASMA to PITECH	5,000,000	-	5,000,000	
PICORP	PITECH <sup>(1)</sup>	Provision of corporate services and support services by PICORP to PITECH	2,000,000	811,461	2,000,000	

<b>Company involved</b>	<b>Transacting Parties</b>	<b>Categories of Recurrent Transactions</b>	<b>Previous estimated value^ (RM)</b>	<b>Actual value transacted^ (RM)</b>	<b>Estimated value* (RM)</b>	<b>Interested Directors / Major Shareholders and persons connected to them</b>
PICORP	IAM-Wonderware <sup>(2)</sup>	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 <sup>#</sup>	180,000	131,906	180,000	<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 <sup>(3)</sup>	Provision of engineering services by Foxboro to ASMA	5,000,000	-	5,000,000	<p>Foxboro is a company in which Zaid and Zaidah are directors with shareholdings of 37% held through PITECH.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
PICORP	Foxboro <sup>(3)</sup>	Provision of corporate services and support services by PICORP to Foxboro	1,000,000	13,089	1,000,000	<p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
PICORP	Untung Aqua <sup>(4)</sup>	Rental of 22.5 acres of leasehold land located at Lot No. PT 7605, Mukim of Lumut, Manjung, Perak to Untung Aqua <sup>#</sup>	25,000	18,430	25,000	<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 is 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	Previous estimated value^ (RM)	Actual value transacted^ (RM)	Estimated value* (RM)	Interested Directors / Major Shareholders and persons connected to them
PICORP	PICorr <sup>(5)</sup>	Provision of corporate services and support services by PICORP to PICorr	1,000,000	10,903	1,000,000	<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>
AAS	Intelligent Aqua <sup>(6)</sup>	Reselling of water treatment technology by AAS as a non-exclusive distributor for Intelligent Aqua	50,000,000	-	50,000,000	<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> <p>Johar is a 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>
AIS	Intelligent Aqua <sup>(6)</sup>	Supply of water treatment technology by Intelligent Aqua to AIS	5,000,000	-	5,000,000	
PICORP	ZKSB <sup>(7)</sup>	Provision of corporate services and support services by PICORP to ZKSB	500,000	202,986	1,000,000	<p>ZKSB is wholly owned by Zaid, Zaidah, Usamah and Fatimah Zahrah who are also directors.</p>
PICORP	ZKSB <sup>(7)</sup>	Rental of 2,294 sq. ft of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to ZKSB #	100,000	55,691	100,000	

Company involved	Transacting Parties	Categories of Recurrent Transactions	Previous estimated value <sup>^</sup> (RM)	Actual value transacted <sup>^</sup> (RM)	Estimated value* (RM)	Interested Directors / Major Shareholders and persons connected to them
PICORP	PITECH <sup>(1)</sup>	Rental of 34,682 sq. ft. of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to PITECH #	300,000	As aggregated below	1,000,000	PITECH is a company in which Zaid and Zaidah are directors with shareholdings of 72% in PITECH held through ZKSB.
PICORP	Foxboro <sup>(3)</sup>	Rental of 7,500 sq. ft. of office space in MERCU PICORP, Lot 10 Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to Foxboro #	600,000	As aggregated below	250,000	Foxboro is a company in which Zaid and Zaidah are directors with shareholdings of 37% held through PITECH.
PICORP	PICorr <sup>(5)</sup>	Rental of 2,151 sq. ft. of office space in MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam to PICorr #	100,000	As aggregated below	- 0	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.  Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
PICORP	PITECH group of companies	Aggregate of rental to PITECH group of companies (including Foxboro and PICorr)	1,000,000 ~	677,924 ~		

*Notes :*

- (1) *PITECH is principally involved in the provision of plant information systems, laboratory information systems, security management systems and intelligent supervisory control and data acquisition systems / remote terminal unit.*
  - (2) *IAM-Wonderware is principally involved in trading of computer hardware and software.*
  - (3) *Foxboro is principally involved in the marketing and servicing instruments and systems for process management and control.*
  - (4) *Untung Aqua is principally involved in prawn rearing and prawn marketing activities.*
  - (5) *PICorr is principally involved in one stop integrated corrosion monitoring solution business.*
  - (6) *Intelligent Aqua is principally involved in the provision of water treatment technology.*
  - (7) *ZKSB is principally an investment holding company.*
- <sup>^</sup> *In respect of the preceding year's circular to shareholders. The actual value pertains to the amounts from the last AGM up to LPD*
- <sup>\*</sup> *It should be noted that the values are estimated, i.e. may vary and are subject to changes. The validity period of the mandate is based on the timeframe from the forthcoming AGM to the next AGM.*
- Ø *No renewal is sought for this transaction at the forthcoming AGM.*

Notes (cont'd) :

- # *Rental monies are estimated based on the existing and anticipated rental agreements and are due and receivable on a monthly basis. The tenancies are for a period of 3 years/ not exceeding 3 years.*
- ~ *Aggregated value based on the previous estimated values of office rental provided by PICORP to PITECH, Foxboro and PICorr of RM300,000, RM600,000 and RM100,000 respectively which involve the same interested related parties i.e. Zaid, Zaidah, Usamah and Fatimah Zahrah pursuant to an internal arrangement/restructuring within PITECH group of companies (including Foxboro and PICorr).*

There is no amount owing from the Transacting Parties as at 31 December 2019 which exceeds the credit terms.

### **2.3 Procedures engaged to determine transaction prices**

The transaction prices, terms and conditions of the transactions are determined by market forces, under similar commercial terms for transactions with third parties which depend on the demand and supply of the products in the market and with no special treatment accorded to the Related Parties. Transactions entered into will be at prevailing market prices and/or taking into consideration the prevailing market conditions as well as inter-alia, pricing, quality of the products and/or services and the timing to delivery. Tenders or bids for contracts granted by Related Parties will undergo the usual process of summation costs and adding in a commercial profit margin in arriving at the tender sum.

The PICORP Group has implemented procedures to ensure proper identification and reporting of Recurrent Transactions, and to ensure that the Recurrent Transactions are conducted on arms-length basis, on prices and terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of the Group. The procedures are as follows:-

- (a) A list of Related Parties has been circulated to the directors and management of the Company and its subsidiaries to notify that all Recurrent Transactions are required to be undertaken at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public;
- (b) Where applicable, the terms of the pricing of the Recurrent Transactions will be consistent with the Group's usual business practices and policies and will take into consideration the terms and conditions, level of service and expertise required, quality, reliability and consistency of products and services as compared with the prevailing market rate of prices and general practices by other service providers of similar capacity and capability;
- (c) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by related third parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction prices will be determined by usual business practices and policies of the Group and reviewed by the Audit Committee to ensure that the Recurrent Transactions are not detrimental to PICORP. The Audit Committee may, in its review of the Recurrent Transactions, request for additional information from unrelated third parties or independent advisers as it deems fit;
- (d) All Recurrent Transactions entered into pursuant to the shareholders' mandate have been / will be recorded in a register to be maintained by the Company. Records pertaining to the Recurrent Transactions will be analysed and monitored by the management. The status of

these Recurrent Transactions (including debt settlement / collection, interest charges / late payment charges, if any) will be reviewed by the Audit Committee annually;

- (e) All Recurrent Transactions will be reviewed by the Audit Committee of the Company on a quarterly basis. Any member of the Audit Committee may as he deems fit, request for additional information pertaining to the Recurrent Transactions from independent sources or advisers. Where the Recurrent Transactions are estimated to exceed the percentage ratio of 1% or RM1 million in value whichever is higher, the Recurrent Transactions will be reviewed and approved by the Audit Committee. Where the Recurrent Transactions is below the above threshold, the Recurrent Transactions can be reviewed and approved by any two non-interested authorized personnel (comprising Directors or chief executives) and thereafter, perused by the Audit Committee quarterly;
- (f) The Audit Committee will report its findings to the Board for further action if during the quarterly review, the Audit Committee is of the view that the guidelines and procedures are not sufficient to ensure that the Recurrent Transactions are carried on normal commercial terms and/or the Recurrent Transactions are deemed detrimental to the minority shareholders of PICORP;
- (g) The Audit Committee shall review procedures, and shall continue to review the procedures, as and when required;
- (h) The annual internal audit plan shall incorporate a review of all Recurrent Transactions entered into pursuant to the RRPT Mandate to ensure that all relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Any divergence will be reported to the Audit Committee; and
- (i) If a member of the Board or the Audit Committee has an interest in the transaction, he will abstain from any decision making by the Board or the Audit Committee in respect of the transaction.

#### **2.4 Statement by the Audit Committee**

The Audit Committee of the Company has seen and reviewed the procedures mentioned in Section 2.3 above and is of the view that:-

- (a) the terms of the procedures established are sufficient to ensure that the Recurrent Transactions are:-
  - (i) on terms not more favourable to the Related Parties than those generally available to the public, and
  - (ii) are not to the detriment of the minority shareholders, and
- (b) the Group has in place adequate procedures and processes to monitor, track and identify Recurrent Transactions in a timely and orderly manner, and such procedures and processes are reviewed on a quarterly basis or whenever the need arises.

#### **2.5 Validity Tenure of the RRPT Mandate**

The RRPT Mandate, if approved by the shareholders of PICORP at the forthcoming AGM, will take effect from the date of the passing of the resolution proposed at the AGM and is subject to annual renewal. In this respect, the mandate arising therefrom will continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

## **2.6 Disclosure in Annual Report**

Disclosures will be made in the annual report of the Company of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and in the Annual Report for the subsequent financial year during which the shareholders' mandate remain in force containing the following information:-

- (a) the type of Recurrent Transactions made; and
- (b) the names of the Related Parties involved in each type of the Recurrent Transactions made and their relationship with PICORP.

## **3. RATIONALE FOR THE RRPT MANDATE**

The Recurrent Transactions entered or to be entered into by the PICORP Group with the Related Parties are in the ordinary course of business on normal commercial terms for the Group's day-to-day operations. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. The above Recurrent Transactions are either recurring transactions of a revenue or trading nature which will generate income and profitability to the Group and the Related Parties or the receipt of support services which are necessary to facilitate the functions of the Company. Hence, they are of benefit to the PICORP Group.

The rental of office space and leasehold land and provision of services to the various Related Parties respectively generates rental revenue/profit for PICORP. The receipt of support services from PITECH is necessary to facilitate the functions of the PICORP Group and widens the business scope of the PICORP Group.

The Recurrent Transactions are intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can enjoy synergistic benefits from conducting the Recurrent Transactions.

By obtaining the shareholders' approval for the RRPT Mandate on an annual basis, the PICORP Group can pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to make announcements and/or convene separate general meetings from time to time to seek shareholders' approval, as and when potential Recurrent Transactions arise, thereby reducing the administrative time, effort and expenses associated with the convening of such meetings. This will allow the human resources and time to be channeled towards attaining the corporate objectives of the PICORP Group.

The RRPT Mandate is sought to obtain shareholders' approval for the mandate to be valid from the forthcoming AGM to the next AGM of the Company.

Thereafter, approval from shareholders for a renewal of shareholders' mandate for the RRPT Mandate will be sought at each subsequent AGM of PICORP, if required.

#### 4. CONDITIONS OF THE RRPT MANDATE

The RRPT Mandate is conditional upon the approval being obtained from the shareholders of the Company at the forthcoming AGM. The RRPT Mandate is not conditional upon any other proposal.

#### 5. FINANCIAL EFFECTS OF THE RRPT MANDATE

The RRPT Mandate will not have any effect on the share capital or the shareholdings of PICORP. The RRPT Mandate will also not have any material effect on the NA, earnings, gearing and dividend policy of the PICORP Group save for cost efficiencies arising from the general mandate received.

#### 6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The direct and indirect/ deemed interests of the Directors and/or Major Shareholders who are interested in the RRPT Mandate in the Company as at LPD are as follows:-

	Direct Interest		Indirect and Deemed Interest	
	No. of Shares	%	No. of Shares	%
<b>Interested Directors and Major Shareholders of PICORP</b>				
Zaid	47,925,100	7.31	310,451,622*	47.35
Zaidah	8,769,400	1.34	310,451,622*	47.35
<b>Interested Directors of PICORP</b>				
Usamah	112,000	0.02	-	-
Fatimah Zahrah	110,300	0.02	-	-
<b>Interested Director of subsidiary of PICORP</b>				
Johar	1,523,000	0.23	-	-
<b>Interested Major Shareholder of PICORP</b>				
ZKSB	309,943,622	47.27	-	-

Note:-

\* Deemed interested by virtue of his/her substantial shareholdings in ZKSB pursuant to Section 8 of the Act and indirect interest by virtue of his/her children's shareholdings pursuant to Section 59(11)(c) of the Act.

Zaid, Zaidah, Usamah and Fatimah Zahrah are deemed interested in the RRPT Mandate by virtue of their interests and/or relationships with the Related Parties as disclosed in Section 2.2 above. In this respect, they have accordingly abstained and/or will continue to abstain from all Board deliberations and voting in respect of the RRPT Mandate and, together with Johar and ZKSB, the aforementioned interested Directors will abstain from voting in respect of their direct and indirect shareholdings in the Company on the resolution pertaining to the RRPT Mandate to be tabled at the forthcoming AGM.

In addition, the aforesaid interested Directors and/or Major Shareholders have undertaken to ensure that the persons connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the RRPT Mandate at the forthcoming AGM, if any.

Save as disclosed above, none of the other Directors, Major Shareholders and/or persons connected with them as defined in the Listing Requirements has any interest, direct or indirect, in the RRPT Mandate.

## 7. DIRECTORS' RECOMMENDATION

The Board (save for the interested Directors, namely Zaid, Zaidah, Usamah and Fatimah Zahrah who abstain from giving an opinion and make no recommendation on the RRPT Mandate), having taken into consideration all aspects (including the rationale and financial effects) of the RRPT Mandate, is of the opinion that the RRPT Mandate is in the best interest of the Company and its shareholders. Accordingly, the Board (save for the interested Directors, namely Zaid, Zaidah, Usamah and Fatimah Zahrah) recommends that you vote in favour of the resolution pertaining to the RRPT Mandate to be tabled at the forthcoming AGM.

## 8. AGM

The 28<sup>th</sup> AGM of the Company will be conducted entirely through live streaming from the Broadcast Venue on Tuesday, 16 June 2020 at 10.00 a.m. using the RPV provided by Tricor via its TIIH Online website at <https://tiih.online> for the purpose of considering and if thought fit, inter-alia, to pass the resolution pertaining to the RRPT Mandate as Special Business.

Shareholders **will not be allowed** to attend the AGM in person at the Broadcast Venue on the day of the meeting.

The Notice of AGM and Proxy Form are available for download at the Company's website at <https://www.picorp.com.my/investor>. **Please read the Notes in the Notice of AGM carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

If you are unable to attend, participate, speak and vote at the AGM, you may appoint a proxy(ies) to do so on your behalf by completing, signing and depositing the Proxy Form in accordance with the instructions contained therein. Alternatively, you may appoint the Chairman of the meeting as your proxy and indicate your voting instructions in the Proxy Form.

The completed Proxy Form must be deposited at the office of the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time for holding the 28<sup>th</sup> AGM no later than **Sunday, 14 June 2020 at 10.00 a.m.** or any adjournment thereof. You may also submit the proxy appointment electronically via Tricor's TIIH Online website at <https://tiih.online> no later than the aforementioned time.

## 9. FURTHER INFORMATION

Shareholders are requested to refer to the Appendices for further information.

Yours faithfully,  
for and on behalf of the Board of Directors of  
**PROGRESSIVE IMPACT CORPORATION BERHAD**

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

**PART B**

**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**



# PROGRESSIVE IMPACT CORPORATION BERHAD

(Registration No. 199001011782 (203352-V))  
(Incorporated in Malaysia)

## **SBB MANDATE**

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### **1. INTRODUCTION**

The Company had on 19 June 2019 obtained a mandate from its shareholders for the Company to purchase its own shares of up to ten per cent (10%) of the total number of issued shares. The existing shareholders' mandate shall lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the forthcoming AGM.

On 12 May 2020, the Company announced its intention to seek its Shareholders' approval for the SBB Mandate.

The purpose of this Statement is to set out the relevant details of the SBB Mandate and to seek your approval for the resolution pertaining to the SBB Mandate to be tabled at the forthcoming AGM.

### **2. SBB MANDATE**

#### **2.1 Details of the SBB Mandate**

The Board is seeking the approval of the Shareholders to purchase up to ten per cent (10%) of the total number of issued shares of PICORP listed on Bursa Securities through stockbrokers to be appointed by the Company, subject to the Act, Listing Requirements and any prevailing laws, rules, regulations and guidelines issued by the relevant authorities at the time of purchase.

The approval from the shareholders for the SBB Mandate would be effective immediately upon the passing of the ordinary resolution for the SBB Mandate at the forthcoming AGM and shall be valid until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first.

## **2.2 Quantum**

Based on the issued share capital of PICORP comprising 658,000,000 PICORP Shares as at LPD, a maximum of 65,800,000 PICORP Shares, representing 10% of the total number of issued shares of PICORP, may be repurchased by the Company pursuant to the SBB Mandate.

Nevertheless, the actual number of Shares in PICORP to be purchased by the Company pursuant to the SBB Mandate, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on inter-alia, the market conditions and sentiments of the stock market as well as the availability of financial resources of the Company and the availability of the retained profits of the Company.

## **2.3 Maximum Amount of Funds to be Allocated and the Source of Funds**

The shareholders' approval for the SBB Mandate does not impose an obligation on the Company to purchase its own shares on Bursa Securities. Rather, the SBB Mandate will allow the Board to exercise the power of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internally generated funds and/or external borrowings.

The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of internally generated funds and bank borrowings at the time of the purchase(s), actual number of PICORP Shares to be purchased, the economic and market conditions and other cost factors. Should the SBB Mandate be financed through bank borrowings, the Company will ensure that it will have sufficient funds to repay such borrowings as and when they are due. The SBB Mandate is expected to reduce the cash flow of the PICORP Group. The Board will ensure that PICORP satisfies the solvency test as stated in Section 112(2) of the Act before implementation of the Proposed Share Buy-Back.

The maximum funds to be utilised for the SBB Mandate shall not exceed the aggregate of retained profits of the Company. Based on the latest audited financial statements for the financial year ended 31 December 2019, the retained profits of PICORP was RM4,519,406. As at the date of this Statement, the results for the first quarter ended 31 March 2020 has yet to be released.

## **2.4 Treatment of Purchased Shares**

In accordance with Section 127(4) of the Act, the Directors may, at their discretion, deal with any PICORP Shares pursuant to the SBB Mandate in the following manner:

- (a) to cancel all or part of the Purchased Shares; and/or
- (b) to retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act.

Where PICORP Shares so purchased are held as treasury shares, the Company may:

- (i) distribute all or part of the PICORP Shares as dividends to the shareholders of the Company, such dividends to be known as "share dividends";
- (ii) resell all or part of the PICORP Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer all or part of the PICORP Shares for the purposes of or under an employees' share scheme established by the Company and/or its subsidiaries;
- (iv) transfer all or part of the PICORP Shares as purchase consideration;

- (v) cancel all or part of the PICORP Shares;
- (vi) sell, transfer or otherwise use the PICORP Shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; or
- (vii) deal with the PICORP 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.

Upon each purchase of the Shares, an immediate announcement will be made to Bursa Securities in respect of the intention of the Board on the treatment of the Purchased Shares. An immediate announcement will also be made to Bursa Securities of any resale, transfer or cancellation of Shares. As at the date of the Statement, the Board has yet to make any decision with regards to the treatment of the Shares so purchased in future.

Pursuant to Section 127(13) and 127(14) of the Act, where the Directors resolve to cancel the Shares so purchased, the Company's issued capital shall be diminished by the Shares so cancelled and the costs of the shares shall be applied in the reduction of the profits otherwise available for distribution as dividends.

## **2.5 Ranking**

While the Shares so purchased are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distribution or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of Shares for any purpose including substantial shareholding, takeovers, notices, the requisition of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

## **2.6 Purchase Price**

In compliance with the Listing Requirements, PICORP may only purchase its own Shares at a price, which is not more than fifteen per cent (15%) above the weighted average market price for the five (5) market days immediately preceding the date(s) of the purchase(s).

## **2.7 Resale or Transfer Price**

In the case of a resale or transfer of treasury Shares pursuant to section 127(7) of the Act, the Company may only resell or transfer the Shares at a price which is:-

- (a) not less than the weighted average market price of PICORP Shares for the five (5) market days immediately prior to the resale or transfer; or
- (b) a discounted price of not more than five per cent (5%) to the weighted average market price of PICORP Shares for the five (5) market days immediately prior to the resale or transfer provided that:
  - (i) the resale or transfer takes place no earlier than 30 days from the date of purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of PICORP Shares being resold or transferred.

## **2.8 Other Regulatory Requirements**

Based on the Listing Requirements, the SBB Mandate is subject to, inter-alia, the following rules:

- (a) The SBB Mandate shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined according to the rules of Bursa Securities;
- (b) The Company shall appoint not more than two (2) stockbroking companies and ensure that all dealings in relation to the SBB Mandate are made through the appointed stockbroking companies only;
- (c) An immediate announcement will be made to Bursa Securities on any purchase of Shares as well as any resale, transfer or cancellation of Purchased Shares; and
- (d) As at LPD, the Record of Depositors of PICORP showed that 287,212,678 Shares representing approximately 43.81% of the issued share capital were held by public shareholders. Assuming that the SBB Mandate is carried out in full, the public shareholding spread of the Company would be potentially reduced to 37.79%. The Board undertakes that the SBB Mandate will be conducted in accordance with laws prevailing at the time of the purchase including compliance with the Listing Requirements that a public shareholding spread of 25% in the hands of public shareholders.

## **2.9 Advantages and Disadvantages of the SBB Mandate**

### **2.9.1 Advantages**

- (a) The SBB Mandate, if implemented, will enable the Company to stabilise the supply and demand of PICORP Shares on the Bursa Securities and thereby support the Company's fundamental value;
- (b) It provides flexibility for the Company in attaining its desired capital structure, in terms of the debt and equity composition and the size of equity;
- (c) It allows the Company to take preventive measures against excessive speculation, particularly when the Shares are undervalued which would in turn stabilize the market price of Shares to enhance investors' confidence;
- (d) The resultant reduction of share capital base (in respect of Shares so purchased are then cancelled) is expected to improve the EPS, and may improve the NA per Share as well as the probability of permitting the Company to declare a higher quantum of dividend in future;
- (e) The Board would have the opportunity to utilise its financial resources not immediately required for other use to purchase PICORP Shares. PICORP may have the opportunity for potential gains if the purchased PICORP Shares which are retained as treasury shares are resold at prices higher than their purchase price and consequently increase the working capital and NA of the Company;
- (f) The Company is able to exercise flexibility in dealing with the treasury shares, including but not limited to distribution to shareholders as share dividends, transfer the treasury shares as purchase consideration and transfer pursuant to an employees' share scheme by the Company; and
- (g) In the event the treasury shares are utilised for distribution to shareholders, the shareholders will have the opportunity to own more shares in the Company.

## **2.9.2 Disadvantages**

- (a) The purchases may result in a reduction of the quantum of reserves available for distribution as dividends and/or bonus issue(s) to the Shareholders if the Shares so purchased are cancelled;
- (b) The purchase of existing Shares will reduce the financial resources of the Company which may otherwise be retained in the business to generate further profits;
- (c) The funds allocated for the SBB Mandate may result in the PICORP Group foregoing other investment opportunities that may emerge in the future; and
- (d) The working capital of the Group may also be affected, as any purchase of PICORP Shares will reduce the Group's working capital depending on the actual number of shares purchased and their purchase price. However, the working capital of the PICORP Group may recover and increase upon the reselling of the purchased shares held as treasury shares.

The Board will be mindful of the interests of the Group and the shareholders in implementing the SBB Mandate.

## **3. RATIONALE FOR THE SBB MANDATE**

The SBB Mandate is to permit a stabilising factor on the supply and demand as well as the price of the Shares of PICORP on Bursa Securities. Consequently, the fundamental value of the Company may be preserved which may in turn have a favourable impact on the share price of the Company. It is to be carried out when the share price is transacted at levels which do not reflect the potential earnings capabilities and/or underlying asset value of the Group.

The SBB Mandate will also enable PICORP to utilise its surplus financial resources to purchase the PICORP Shares as and when the Board deems fit in the interest of its shareholders during the tenure the authority granted is in effect.

In addition, the Purchased Shares may be held as treasury shares and resold on Bursa Securities with the intention of realising a potential gain without affecting the total issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

## **4. CONDITIONS OF THE SBB MANDATE**

The SBB Mandate is conditional upon the approval being obtained from the shareholders of the Company at the forthcoming AGM. The SBB Mandate is not conditional upon any other proposal.

## **5. FINANCIAL EFFECTS OF THE SBB MANDATE**

The effects of the SBB Mandate on the share capital, Substantial Shareholders' and Directors' shareholdings, NA, working capital, earnings and dividends are set out below:-

### **5.1 Share Capital**

The effects of the SBB Mandate on PICORP's share capital will result in a reduction in the number of issued shares if the Shares bought back are cancelled, as set out in the following:-

	No. of Shares
Number of issued shares as at LPD	658,000,000
Less: Maximum number of Shares that may be purchased pursuant to the SBB Mandate (assuming all purchased PICORP Shares are cancelled)	(65,800,000)
Total number of issued shares after SBB Mandate is fully implemented	592,200,000

The SBB Mandate will have no effect on the share capital and the number of issued shares of the Company if all the purchased PICORP Shares are not cancelled are retained as treasury shares, resold, transferred or distributed to the shareholders. However, the rights attached to the treasury shares as to voting, dividends and participation in other distribution or otherwise, are suspended and the treasury shares shall not be taken into account in calculating the number of percentage of the Company's Shares or of a class of the Company's Shares for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

## 5.2 Substantial Shareholders' and Directors' Shareholdings

Assuming the SBB Mandate is carried out in full by the Company, the effects on the shareholdings of Substantial Shareholders and Directors based on the Record of Depositors of PICORP as at LPD are as follows:-

	As at LPD <sup>α</sup>				After the SBB Mandate <sup>β</sup>			
	Direct		Indirect and Deemed		Direct		Indirect and Deemed	
	No. of shares	% of share capital	No. of shares	% of share capital	No. of shares	% of share capital	No. of shares	% of share capital
<b>Substantial Shareholders</b>								
ZKSB	309,943,622	47.27	-	-	309,943,622	52.34	-	-
UJSB	47,683,200	7.27	-	-	47,683,200	8.05	-	-
<b>Directors and Substantial Shareholders</b>								
Zaid	47,925,100	7.31	310,451,622*	47.35	47,925,100	8.09	310,451,622*	52.42
Zaidah	8,769,400	1.34	310,451,622*	47.35	8,769,400	1.48	310,451,622*	52.42
<b>Directors</b>								
Lee Weng Chong	1,050,000	0.16	-	-	1,050,000	0.18	-	-
Usamah	112,000	0.02	-	-	112,000	0.02	-	-
Fatimah Zahrah	110,300	0.02	-	-	110,300	0.02	-	-
Datuk Abdul Hamid	-	-	-	-	-	-	-	-
Dato' Hajjah Rosnani	-	-	-	-	-	-	-	-
Dato' Dr. Lukman	-	-	-	-	-	-	-	-

### Notes:

<sup>α</sup> Excluding treasury shares held

<sup>β</sup> On the assumption that the Company purchases the maximum 65,800,000 Shares, representing ten per cent (10%) of the total number of issued shares of PICORP

\* Deemed interested by virtue of his/her substantial shareholdings in ZKSB pursuant to Section 8 of the Act and indirect interest by virtue of his/her children's shareholdings pursuant to Section 59(11)(c) of the Act.

### **5.3 NA**

The effect of the SBB Mandate on the NA of the PICORP Group is dependent on the number of PICORP Shares which the Company will buy-back, the purchase price of the PICORP Shares at the time of buy-back, the treatment of the shares so purchased and the funding cost, if any.

The SBB Mandate would reduce the NA per share of the PICORP Group if the purchase price exceeds the NA per share at the relevant point in time. Conversely, the NA per share of the PICORP Group would increase if the purchase price is less than the NA per share at the relevant point in time.

If the shares so purchased are retained as treasury shares due to the requirement for treasury shares to be carried at cost and be offset against equity, the NA of the PICORP Group will decrease by the cost of the treasury shares.

If the treasury shares are resold on Bursa Securities, the NA per share will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA per share will decrease by the cost of the treasury shares.

### **5.4 Working Capital and Cash Flow**

The SBB Mandate will result in an outflow of cash and thereby reduce the working capital of the PICORP Group. The quantum of the reduction in working capital is dependent on the purchase prices of the PICORP Shares and the number of Shares repurchased and the funding cost, if any.

However, for the PICORP Shares so purchased and kept as treasury shares, upon resale, the working capital and cash flow of the Company will increase. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

### **5.5 Earnings**

The effect of the SBB Mandate on the EPS of the PICORP Group is dependent on the purchase prices of PICORP Shares, the effective funding cost and/or loss in interest income to the Group thereof. Further, the purchase of the PICORP Shares will result in a lower number of shares being taken into account for purposes of EPS computation.

Assuming that any PICORP Shares purchased and retained as treasury shares are sold, the effects on the earnings of the PICORP Group will depend on the actual selling price, the number of treasury shares sold and the effective gain or interest savings arising from the exercise.

### **5.6 Dividends**

The Board has proposed, subject to shareholders' approval at the forthcoming AGM, a final dividend of 0.55 sen per share for the financial year ended 31 December 2019. Barring any unforeseen circumstances, any future dividends which may be declared would depend on, amongst others, the profitability and cashflow position of the PICORP Group. The SBB Mandate may impact the Company's dividend payouts as it would reduce the cash available which may otherwise be used for dividend payment. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

## **6. IMPLICATIONS RELATING TO THE CODE**

As it is not intended for the SBB Mandate to trigger the obligation to undertake a mandatory general offer under the Code for any of its substantial shareholders and/or parties acting in

concert with them, the Board will ensure that such number of Shares are purchased, retained as treasury shares, cancelled or distributed such that the Code will not be triggered.

Nonetheless, if the obligation to undertake a mandatory general offer under the Code is expected to be triggered, the substantial shareholders and their respective parties acting in concert will apply for an exemption from the SC. Such exemption may be granted by the SC under Paragraph 4.15(1) of Rule 4 of the Rules on Take-Overs, Mergers and Compulsory Acquisition, subject to there being no disqualifying transaction, approval has been obtained from the independent shareholders of PICORP at a meeting to waive their rights to receive the mandatory offer from the substantial shareholders and their respective parties acting in concert; and the names of the parties that have abstained from voting at the meeting have been submitted to the SC.

## **7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Save for the proportionate increase in the percentage of shareholdings and/or voting rights in their capacities as shareholders of the Company pursuant to the SBB Mandate, none of the Directors or Major Shareholders and/or persons connected to them have any interest, direct or indirect, in the SBB Mandate and resale of treasury shares, if any.

## **8. DIRECTORS' RECOMMENDATION**

The Board of Directors of PICORP, having taken into consideration all aspects of the SBB Mandate, is of the opinion that the SBB Mandate is in the best interest of the PICORP Group and its shareholders. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the SBB Mandate to be tabled at the forthcoming AGM.

## **9. AGM**

The 28<sup>th</sup> AGM of the Company will be conducted entirely through live streaming from the Broadcast Venue on Tuesday, 16 June 2020 at 10.00 a.m. using the RPV provided by Tricor via its TIIH Online website at <https://tiih.online> for the purpose of considering and if thought fit, inter-alia, to pass the resolution pertaining to the SBB Mandate as Special Business.

Shareholders **will not be allowed** to attend the AGM in person at the Broadcast Venue on the day of the meeting.

The Notice of AGM and Proxy Form are available for download at the Company's website at <https://www.picorp.com.my/investor>. **Please read the Notes in the Notice of AGM carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

If you are unable to attend, participate, speak and vote at the AGM, you may appoint a proxy(ies) to do so on your behalf by completing, signing and depositing the Proxy Form in accordance with the instructions contained therein. Alternatively, you may appoint the Chairman of the meeting as your proxy and indicate your voting instructions in the Proxy Form.

The completed Proxy Form must be deposited at the office of the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time for holding the 28<sup>th</sup> AGM no later than **Sunday, 14 June 2020 at 10.00 a.m.** or any adjournment thereof. You may also submit the proxy appointment electronically via Tricor's TIIH Online website at <https://tiih.online> no later than the aforementioned time.

## **10. FURTHER INFORMATION**

Shareholders are requested to refer to the Appendices for further information.

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**APPENDIX I - FURTHER INFORMATION**


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**1. RESPONSIBILITY STATEMENT**

The Directors of PICORP have seen and approved the contents of this Circular and Statement and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

**2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

PICORP and its subsidiary companies are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, or any material claims against the Company or its subsidiary companies, or material arbitration proceedings, which have a material effect on the business or financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Company or its subsidiary companies.

**3. MATERIAL CONTRACTS**

PICORP and its subsidiary companies have not entered into any material contracts (not being contracted entered into in the ordinary course of business) within the two (2) years preceding the date of this Circular.

**4. PURCHASES, RESALE, TRANSFER AND CANCELLATION OF PICORP SHARES MADE IN THE PREVIOUS 12 MONTHS**

During the previous 12 months up to LPD, the Company bought back the following shares:-

<b>Date</b>	<b>No. of shares</b>	<b>Lowest Price RM</b>	<b>Highest Price RM</b>	<b>Average Price RM</b>	<b>Total Consideration RM</b>
18 Jun 2019	400,000	0.135	0.140	0.139	55,623.63
4 Dec 2019	164,900	0.110	0.115	0.116	19,092.20

The Company did not resell, transfer, dispose or cancel any treasury shares in the previous 12 months preceding the date of this Statement.

As at LPD, the Company holds 2,368,900 treasury shares.

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**APPENDIX I - FURTHER INFORMATION**


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**5. MARKET PRICE OF THE COMPANY'S SHARES**

The following table sets out the monthly highest and lowest market prices of PICORP's Shares traded on the Bursa Securities for the past twelve (12) months up to April 2020:

	<b>Highest (RM)</b>	<b>Lowest (RM)</b>
<b>2019:</b>		
May	0.140	0.115
June	0.140	0.125
July	0.135	0.120
August	0.135	0.115
September	0.130	0.110
October	0.125	0.110
November	0.120	0.110
December	0.125	0.105
<b>2020:</b>		
January	0.120	0.105
February	0.130	0.105
March	0.115	0.060
April	0.090	0.065

The last transacted market price of PICORP Shares on 12 May 2020 (being the date of the announcement of the SBB Mandate) was RM0.09.

The last transacted market price of PICORP Shares on LPD was RM0.085.

*(Source: wsj.com)*

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection by members of the Company at the registered office of the PICORP at Suite 5.02, MERCU PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan during business hours from Mondays to Fridays (except Public Holidays) from the date of this Circular and Statement up to and including the date of the AGM:-

- (i) the Constitution of PICORP; and
- (ii) the audited consolidated financial statements of PICORP for the past two (2) financial years ended 31 December 2018 and 31 December 2019.

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**APPENDIX II - EXTRACT OF NOTICE OF 28<sup>TH</sup> AGM**

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**ORDINARY RESOLUTION 8 - PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries (“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 18 May 2020 (“Related Parties”) provided that such transactions and/or arrangements are:

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business at arm’s length basis and are on normal commercial terms and transaction price 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,

(“Shareholders’ Mandate”);

AND THAT such approval, shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (b) 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
- (c) 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 Shareholders’ Mandate.”

*Explanatory Notes on Special Business:-*

*Ordinary Resolution 8*

*This proposed Resolution, if passed, will enable the Company and/or its subsidiaries to renew its existing mandate to 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.*

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**APPENDIX II - EXTRACT OF NOTICE OF 28<sup>TH</sup> AGM**

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**ORDINARY RESOLUTION 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**

“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”).

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (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.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) to cancel all or part of the Purchased Shares;
- (ii) to retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) to distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) to resell all or part of the treasury shares;
- (v) to transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) to transfer all or part of the treasury shares as purchase consideration;
- (vii) to sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or

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**APPENDIX II - EXTRACT OF NOTICE OF 28<sup>TH</sup> AGM**

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(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.”

*Explanatory Notes on Special Business:-*

*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.*