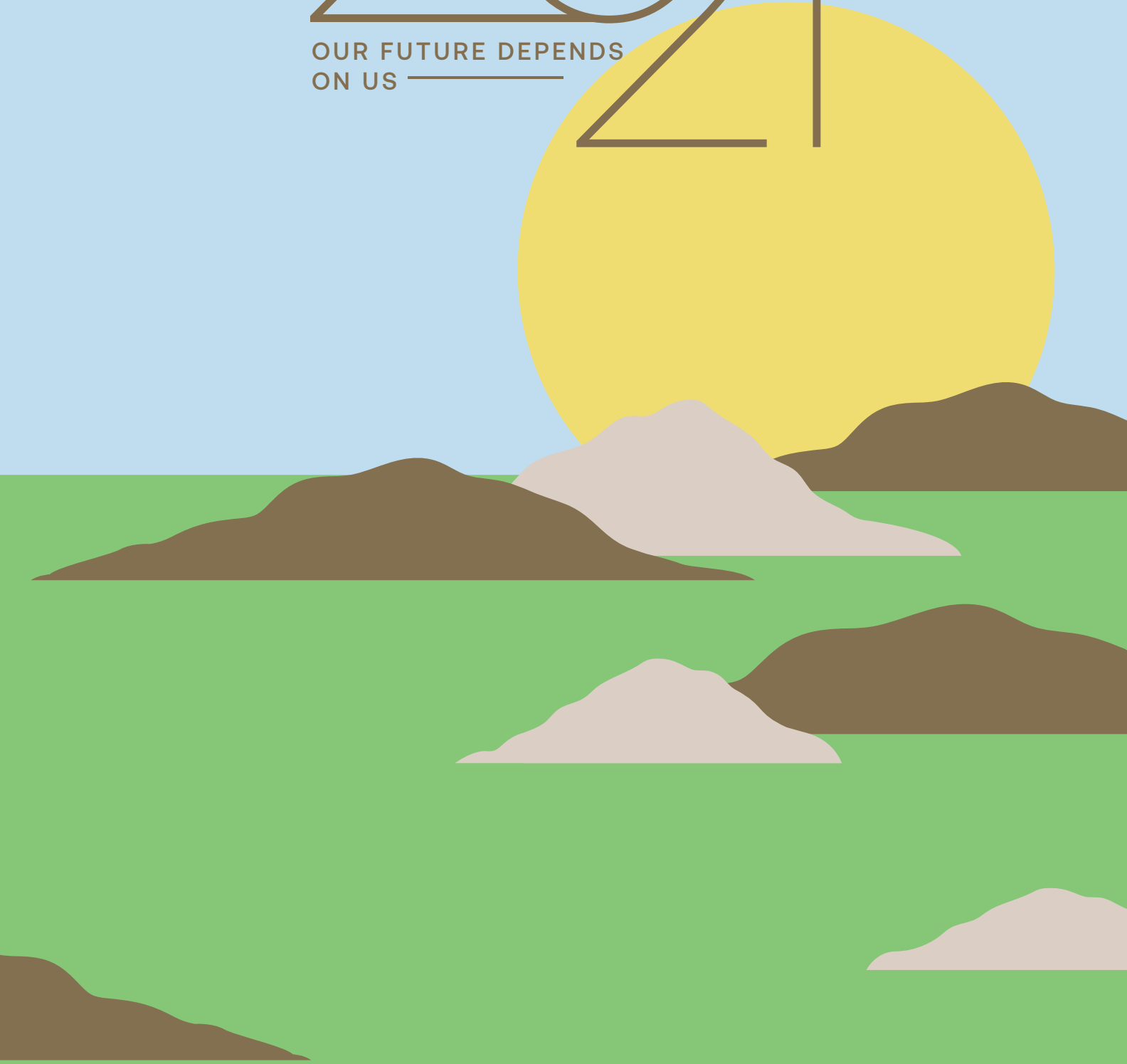
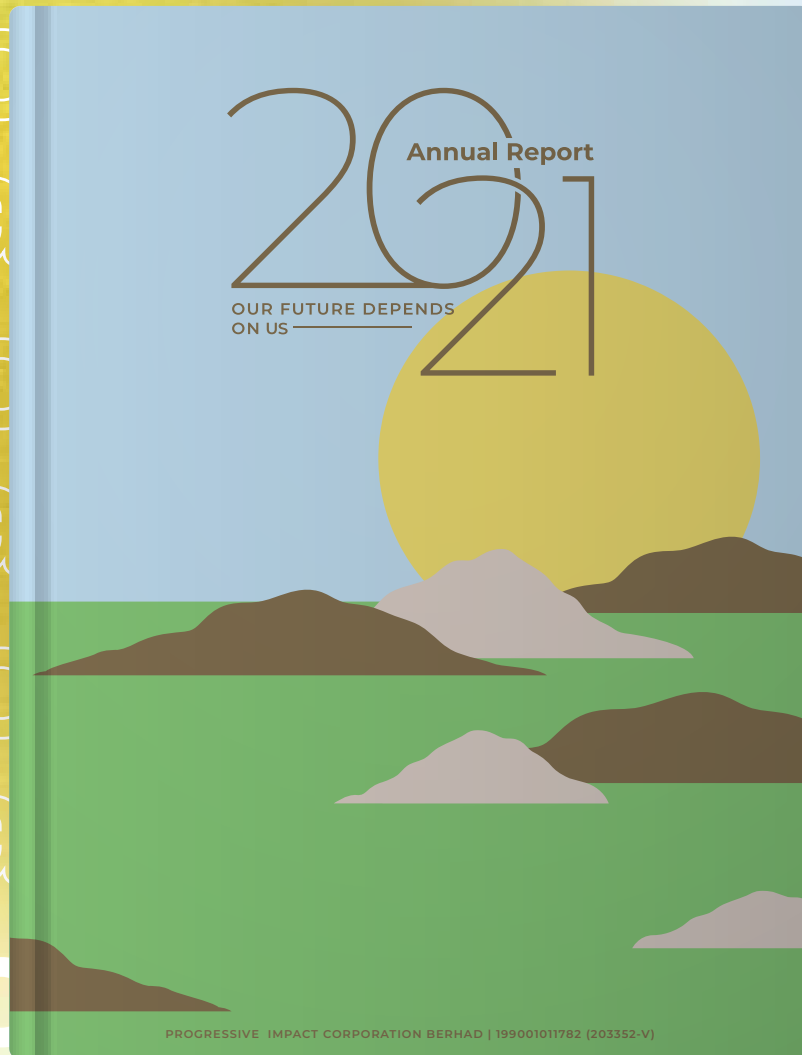


# 2021 Annual Report

OUR FUTURE DEPENDS  
ON US



# Cover Rationale



We all know 2020 was a year unlike any other and a year that most people will be glad to see the end of. Some would argue that 2021 hasn't been that great either. There have been appalling and beautiful moments in 2021 —even more reasons to focus on the inspiring, the good, the positive and the possibility of the next year ahead!

We see promising bright skies hoping to capture the optimism and desire for a fresh start; to feel revitalised and enjoy the freedom that are returning to us, to look out and bring in new ideas. Just like how the sun blooms behind the mountains, golden petals stretching ever outwards into the bright skies. It is the brilliant flower of the sky that warms our days.

We shall stand firm alongside the pillars of the Earth, the mountains, guided by our PICORP Core Values and 7 Paradigms. Because our future depends on us.



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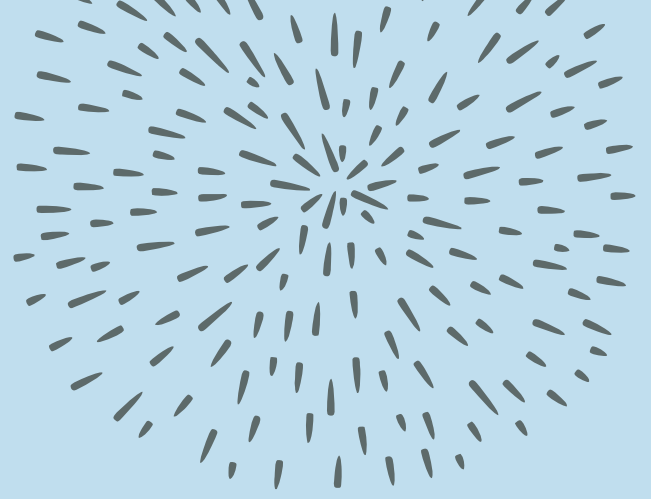
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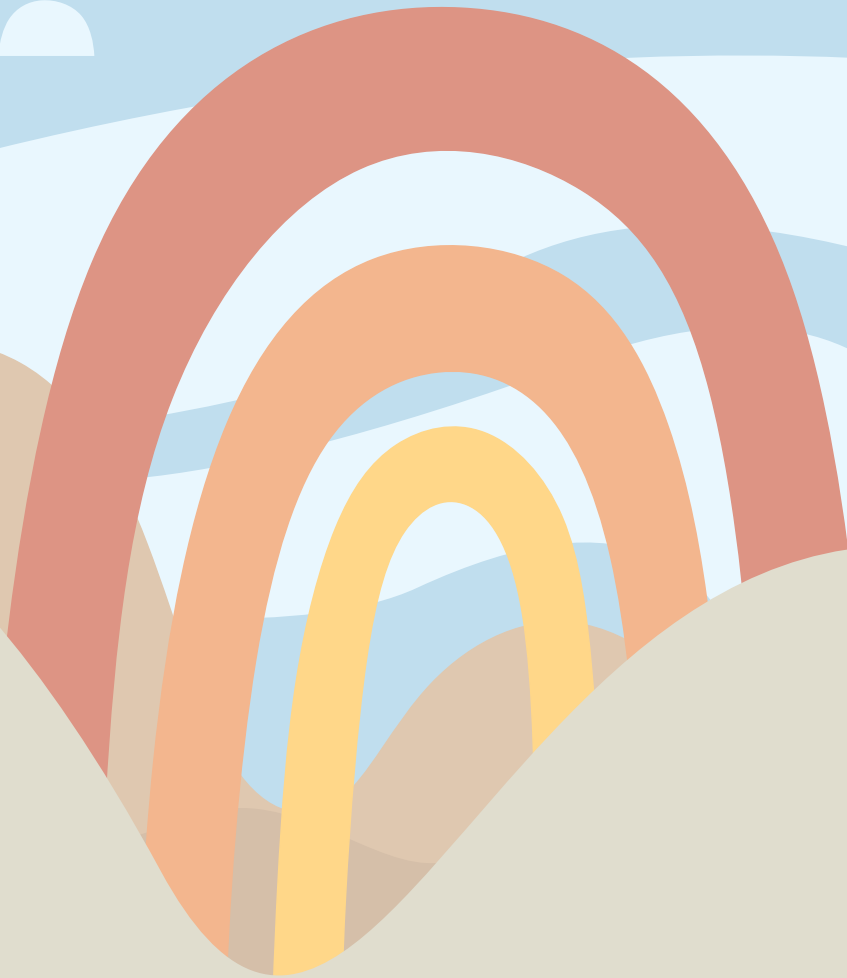
**Yesterday is heavy.  
Put it down.**




**You are exactly  
where you need  
to be.**



**Create your own  
rainbow everyday**



# Optimism Builds Resilience

While we are all undergoing this global pandemic together, we are coping with this challenging time differently, in our own way. 

It is undeniably difficult to stay driven and motivated in these tough times but that doesn't mean we should stop thinking about the future ahead.

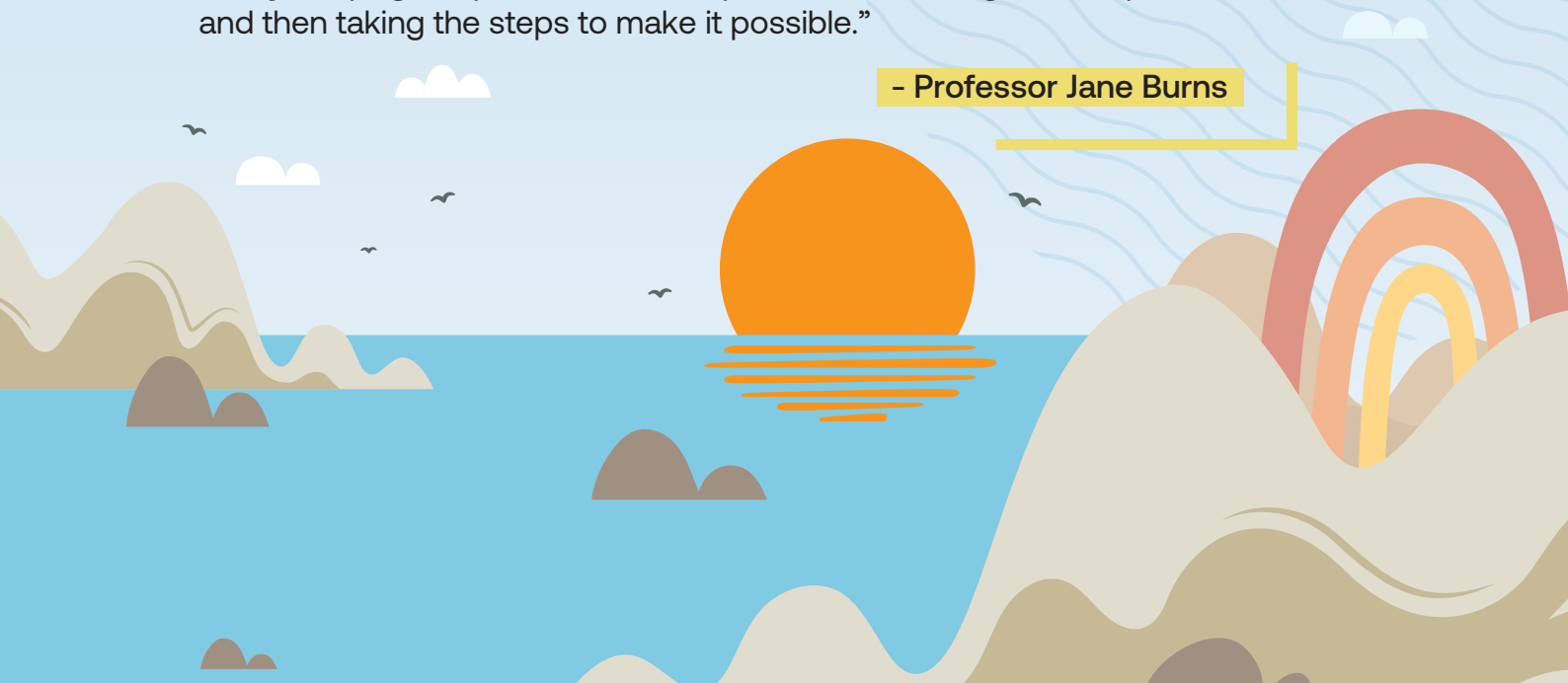
We all encounter various struggles in life, and we can't control everything that comes our way. But we can always choose how we perceive these events and it's far more galvanising and inspiring to find the silver linings in the difficulties we encounter.

Right now, more than ever, it's important to embrace a positive mindset and capture the optimism as much as you can, for a brighter future.

**Being optimistic creates hope and promotes resilience, especially in the most difficult of times.**

“People talk about tenacity and resilience and strength of character but it is optimism that drives behaviour when on some days it would be easier to say “stop I give up, it’s too hard”. Optimism is believing in the impossible and then taking the steps to make it possible.”

- Professor Jane Burns



# Resetting

## your life after the pandemic

If there was ever a perfect time to make a life change, this is it.

Now is the perfect time to leverage the 'fresh-start effect' to reexamine our values and our lives. Studies show that moments of disruption offer a unique opportunity to set and achieve new goals. The times of disruption and transition have indeed created new opportunities for growth and change. As disruption can come in many forms, it often happens when life knocks us out of our normal routines. It can be anything but for many of us, there's never been a bigger life disruption than the pandemic, which has changed how we work, eat, shop and travel, and even how we connect with colleagues, customers, friends and family.

As the pandemic recedes, it's an opportunity to rethink and probably a more opportune time for meaningful change than ever.

## A fresh start : reflections on new beginnings

“Everyone faces adversity but it’s how you deal with it that defines the person. Your levels of optimism underpin your resilience and successful response to that adversity!”

- Emily Jaksch







**PICORP**  
PROGRESSIVE IMPACT CORPORATION BERHAD

# Core Values

Obedient to Allah

Process Excellence

Innovative

Competitive

Result Oriented

Peak Performance





PICORP  
PROGRESSIVE IMPACT CORPORATION BERHAD

# 7 Paradigms

Growth

Margin

Customer Management

Risk Management

Technology

Cash

Velocity





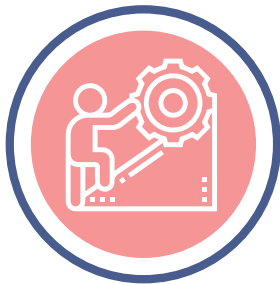
# **GROWTH MINDSET**



**WAYS TO  
FOSTER A  
GROWTH  
MINDSET  
ENVIRONMENT  
AT WORK :**



Learn from mistakes and embrace challenges, setbacks and obstacles with creativity and imagination.



Receive and invite constructive feedback.



Encourage innovation and invite endless and infinite possibilities.



Master new skills, acquire new information and commit to a lifetime of learning and doing.

A **fixed mindset** is when a person believes that their talent or intelligence will stay the same, no matter how much they study or develop themselves. They tend to avoid risks and opportunities because they firmly believe they will fail. On the contrary, an individual with a **growth mindset** believes that skills can be improved with work, practice, and perseverance, and talent can grow. The person believes that results come from the amount of effort, and they see challenges as an opportunity to grow.

- Carol Dweck

**30<sup>th</sup>**  
AGM

PROGRESSIVE IMPACT CORPORATION BERHAD


# Virtual Annual General Meeting




**23 June 2022**  
THURSDAY | 10:00 AM



**1 July 2022**  
ENTITLEMENT TO 2021  
FINAL DIVIDEND

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

 03-7845 6566

 Progressive Impact Corporation Berhad



Surely with every difficulty, there is relief.



**CORPORATE**  
DISCLOSURE

---

01

# 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

### KAMARUL BAHARIN BIN ALBAKRI

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

- > Dato' Hajjah Rosnani binti Ibarahim
- > Zaidah binti Mohd Salleh
- > Kamarul Baharin bin Albakri

## Remuneration Committee

Lee Weng Chong  
Chairman

- > Dato' Hajjah Rosnani binti Ibarahim

## Nomination Committee

Dato' Hajjah Rosnani  
binti Ibarahim  
Chairman

- > Lee Weng Chong

## Board Risk Management Committee

Dato' Hajjah Rosnani  
binti Ibarahim  
Chairman

- > Dato' Dr. Lukman bin Ibrahim
- > Kamarul Baharin bin Albakri

## 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



**PICORP**  
PROGRESSIVE IMPACT CORPORATION BERHAD

## 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

- Vertical Plus Sdn Bhd Dormant — **100%**
- Progressive Uni San International Sdn Bhd Dormant — **50%**



A stylized landscape illustration. The top left features a large yellow sun partially cut off by the edge, with a black wavy line extending from it. The sky is light blue with a white dotted pattern, containing several white birds in flight and soft white clouds. In the center, a yellow text box with a black border contains the title. Below the text box are four small grey dots. The bottom of the image shows a green ground plane with three brown and tan mountains. A large yellow sun is positioned behind the mountains on the right side.

# Sharing Sustainable Solutions for a Better Future





# LEADERSHIP

---

## 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 2021.

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



Board of  
**Directors**





# BOARD OF DIRECTORS



## DATUK ABDUL HAMID BIN SAWAL

CHAIRMAN, SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE : 73 ▲ GENDER : MALE ▲

Date of Appointment : 23 May 2011  
Board Meeting Attendance in 2021 : 8/8

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

- Bachelor of Economics, University of Malaya
- 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 - Dec 1999)
- Deputy Director General (Sectoral) in the Economic Planning Unit, Prime Minister's Department (1997 - June 1999)
- Head of Privatisation Task Force, Economic Planning Unit (1989 - 1997)
- Ministry of Primary Industries (1974)
- Joined the Ministry of Finance (Treasury-Finance Division) in 1971 and Accountant General's Department.



## ZAID BIN ABDULLAH

EXECUTIVE DEPUTY CHAIRMAN

AGE : 70 ▲ GENDER : MALE ▲

Date of Appointment : 1 November 1990  
Board Meeting Attendance in 2021 : 8/8

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

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

### Experience:

- The founder of PICORP Group of Companies
- 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 : 56 ▲ GENDER : MALE ▲

Date of Appointment : 9 January 2015  
Board Meeting Attendance in 2021 : 8/8

### Board Committees Membership(s) :

Member of Board Risk Management Committee.

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

- PhD in Accountancy, MARA University of Technology (2014)
- 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)
- Fellow Member of Association Chartered Certified Accountants (ACCA), UK
- Member of Institute of Corporate Directors Malaysia
- Member of Malaysian Institute of Certified Public Accountants
- Member of Malaysian Institute of Accountant

[read more >](#)

#### Experience:

- Director Aspire Flagship Sdn Bhd (2021 - present)
- Adjunct Professor at Corporate Strategy Centre, Universiti Malaya (2021 - present)
- Group Executive Director, Zaiyadal Group of Companies (2018 - present)
- Director of UKM Holdings (2021 - Feb 2022)
- Adjunct Fellow at Kulliyah of Economics and Management Sciences, International Islamic University Malaysia (2019 - 2020)
- President of ACCA Malaysia Advisory Committee (2014 - 2016)
- Deputy Chief Executive Officer, Proton Holdings Berhad (2012 - 2014)
- Group Chief Operating Officer, DRB-HICOM Berhad (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 (his last position as Managing Director)
- Automotive Corporation (Malaysia) Sdn Bhd (1990 - 1991)
- Sun Refining and Marketing, Philadelphia, USA (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 : 67 ▲ GENDER : FEMALE ▲

Date of Appointment : 1 November 1990  
Board Meeting Attendance in 2021 : 8/8

**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
- Chartered Accountant, Malaysian Institute of Accountants
- 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 : 64 ▲ GENDER : MALE ▲

Date of Appointment : 2 September 2016  
Board Meeting Attendance in 2021 : 8/8

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

#### Experience:

- Principal Consultant of Growth4Asia Consultancy (2021 - present)
- President (Asia Pacific region), Trelleborg Sealing Solutions, Singapore (2004 - 2021)
- 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



## DATO' HAJJAH ROSNANI BINTI IBARAHIM

INDEPENDENT  
NON-EXECUTIVE DIRECTOR

AGE : 68 ▲ GENDER : FEMALE ▲

Date of Appointment : 14 May 2012  
Board Meeting Attendance in 2021 : 8/8

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



## KAMARUL BAHARIN BIN ALBAKRI

INDEPENDENT  
NON-EXECUTIVE DIRECTOR

AGE : 59 ▲ GENDER : MALE ▲

Date of Appointment: 1 January 2022  
Board Meeting Attendance in 2021 : N/A

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

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

- Bachelor of Commerce (Accounting) with Honours, the University of Birmingham, England
- Fellow of The Chartered Association of Certified Accountant
- Chartered Accountant of Malaysian Institute of Accountants
- Member of Institute of Corporate Directors Malaysia

### Experience:

- Executive Director, TRX City Sdn Bhd (2016 – 2019)
- Executive Director and Chief Financial Officer, CLIQ Energy Berhad (2012 – 2016)
- Executive Director and Chief Executive Officer, Petra Energy Berhad (2010 – 2011)
- Chief Executive Officer, TH Technologies Sdn Bhd (1996 – 2009)
- Investment Banking and Corporate Finance, Arab-Malaysian Merchant Bank Berhad (now known as AmlInvestment Bank Berhad) (1994 – 1996)
- Audit and Business Advisory, Arthur Andersen & Co. (1988 – 1994)



## USAMAH BIN ZAID

ALTERNATE DIRECTOR TO  
ZAID BIN ABDULLAH

AGE : 38 ▲ GENDER : MALE ▲

Date of Appointment : 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 (Formerly known as 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 : 37 ▲ GENDER : FEMALE ▲

Date of Appointment : 9 April 2015

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

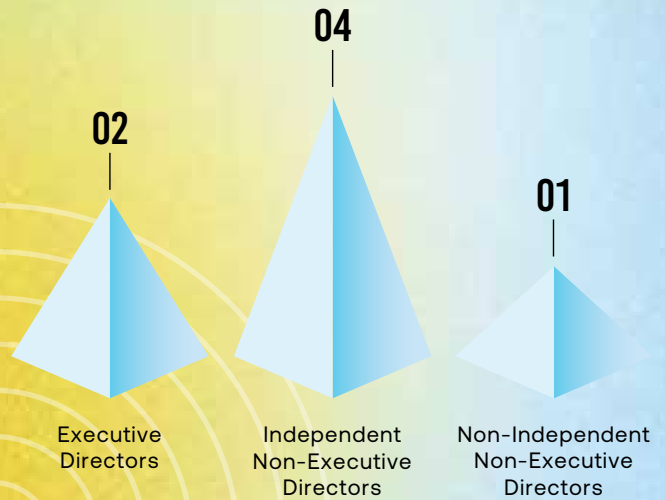
- Bachelor Degree in Engineering (Chemical), University of Malaya
- Master in Business Administration, Putra Business School, University of Putra Malaysia (UPM)
- Member of Institute of Corporate Directors Malaysia

**Experience:**

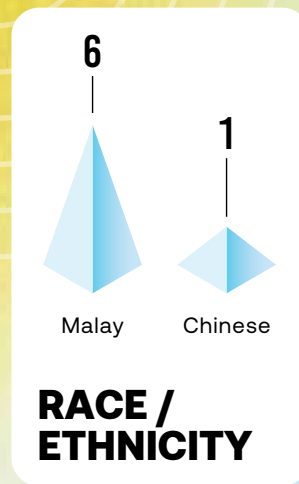
- General Manager, Zaiyadal Sdn. Bhd. (Formerly known as Zaiyadal Keluarga Sdn Bhd) (2017 - present)
- Proposal Engineer, Foxboro (Malaysia) Sdn Bhd (2010 - 2013)
- Project Engineer, Foxboro (Malaysia) Sdn Bhd (2007 - 2010)

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

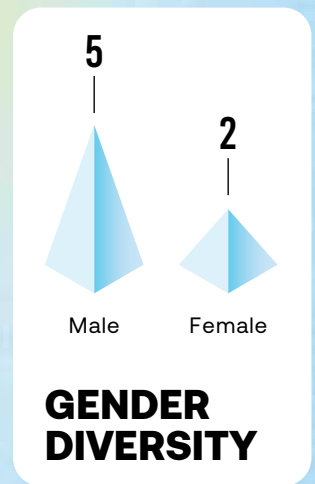
# BOARD DIVERSITY



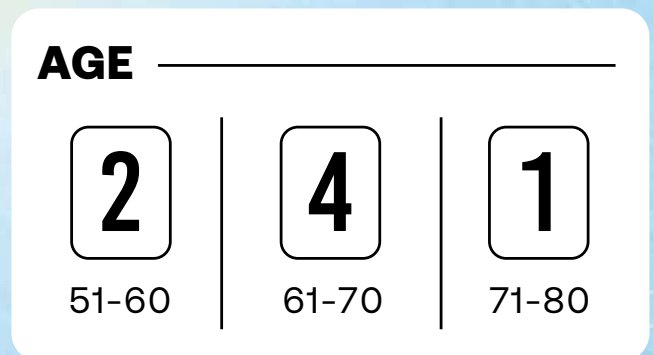
## POSITION



## RACE / ETHNICITY



## GENDER DIVERSITY



## AGE



## NATIONALITY



# Sharing sustainable solutions for a better future



## **DATO' DR. LUKMAN BIN IBRAHIM**

Group Executive Director  
Progressive Impact Corporation Berhad

AGE : 56 + GENDER : MALE + 

Date of Appointment : 1 March 2018

Note: The full profile is available at the Leadership Section of the Annual Report 2021.

# EXECUTIVE LEADERSHIP TEAM



**NADZRAH HASHIM**

Chief Executive Officer  
Saudi Asma Environmental Solutions LLC

AGE : 53 | GENDER : FEMALE | 

Date of Appointment : 1 January 2022

#### Academic/Professional Qualification(s)

- › Master in Business Administration, UiTM
- B.A (Hons.) in Accounting and Finance, South Bank University, UK.

#### Experience:

- › Joined PICORP in 1998 and has held various positions in PICORP, the last being the Group Chief Financial Officer before she was assigned to assist Saudi Asma Environmental Solutions LLC as the Chief Operating Officer.



**USAMAH BIN ZAID**

Chief Executive Officer  
Alam Sekitar Malaysia Sdn Bhd

AGE : 38 | GENDER : MALE | 

Date of Appointment : 1 January 2021

Note: The full profile is available at the Leadership Section of the Annual Report 2021.



**DR. CHIN TEEN TEEN**

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

AGE : 58 | 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.



**HAMSIAH BINTI KHALID**

Group Chief Financial Officer

AGE : 50 | 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** **MARINA HAZLIN BINTI HARUN**  
Manager - Human Capital

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

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

**8** **MALIZA MOHARI**  
Manager - Secretarial

**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



**NORAI DAH BINTI  
AB HAMID**

General Manager, Execution



**IZHAN ZANI  
MOHAMAD REDUAN**

Head of Department  
| Marketing & Liaison



**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



**NADZRAH HASHIM**

Chief Executive Officer  
Saudi Asma Environmental  
Solutions LLC



**ABDULLAH OMAR**

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



**ADIB NOR AFIFI**

Financial Controller



**EHAB IBRAHIM  
HASAN BAITALMAL**

Human Resource Manager



**YOUSSEF ELSMANI**

Project Manager  
| Jeddah KPI



**MOHAMED IBRAHIM**

Shared Service Manager



**SAIF ALMAJALI**

Technical & Operation  
Manager - Integrated Pest  
Management



**DR. MUNEEB TAJ ALSIR**

Project Manager  
- Makkah KPI





# LABORATORY TESTING SERVICES TEAM



**DR. CHIN TEEN TEEN**

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



**NOR HAFIZAH**

Finance & Admin Manager



**JONES HUTAGAOL**

Finance & Admin Manager



**YAP CHEN LOON**

Technical Business Manager



**CHRIS LIM ENG HWA**

Sales Manager | Food



**ABDUL QAIYUM BIN MUSA**

Technical Sale Manager  
- Environment



**SUZANNA O.R. LUMME**

Business Manager



**DR. CH'NG AI YING**

Laboratory Manager | Food



**HANNAH YASMIN ANNE  
BINTI ABDULLAH LEE**

Laboratory Manager  
| Microbiology







# LABORATORY TESTING SERVICES TEAM



**LEE YIU LAY**

Laboratory Manager  
| Environment



**NAZIRAH BINTI ARIFFIN**

Laboratory Supervisor  
| Environment



**DR. HERNIWANTI**

Operations Manager



**ASYIK AULADI**

Project Manager



**DANNY YOE  
SIOW YAK**

Quality Manager



**SUZILAWATI  
BINTI SUTRISNO**

Team Leader (Sample Login)



**DANIEL AGUNG  
PRIMANTO**

Research and Development



**SISCA NURHAFIFA**

Laboratory Manager  
- Sentul



**DR. LEE BAI QIN**

Research & Development



**ENDANG AYU  
SULISTYANINGSIH**

Senior Quality Coordinator



**GEORGIANA  
PAULUS MOLIMBO**

Laboratory Manager  
- Pekanbaru





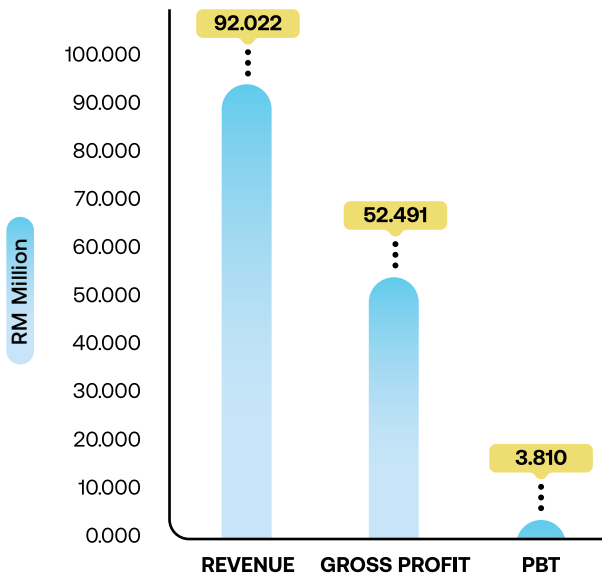
**MANAGEMENT  
DISCUSSION  
AND ANALYSIS  
STATEMENT**

03



# MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

## FINANCIAL HIGHLIGHTS



<b>Order Growth</b>	<b>Gross Profit ("GP") Margin</b>	<b>Revenue Growth</b>
<b>-11%</b>	<b>57%</b>	<b>5%</b>
<b>Profit Before Tax ("PBT") Margin</b>	<b>4%</b>	

## FINANCIAL PERFORMANCE

Progressive Impact Corporation Berhad ("PICORP") is pleased to present its review of the Group performance for the Financial Year Ended 2021 alongside an overview of its financial performance for the preceding 5-Financial Year ended 2017 – 2021.

Amidst global economic downturn arising from the impact of COVID-19 whilst pandemic, PICORP has registered an overall decline in its financial performance for the FY2021. PICORP's book order has decreased by 11% as compared to FY2020. Even though PICORP's revenue has slightly increased by 5%, GP margin has declined to 57% (FY2020: 60%) whilst PBT has dropped to 4% (FY2020: 9%).

## FIVE-YEAR PERFORMANCE REVIEW

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

In response to these, PICORP has implemented prudent measures to mitigate the above factors such as: -

- I. Minimal hiring and optimising the existing manpower;
- II. Reducing capital expenditure by optimising the existing assets;
- III. Leveraging the Government's stimulus packages and grants such as SOCSO Wage Subsidy and Corporate Tax Subsidy;
- IV. Expediting critical essential services to customers in order to ensure uninterrupted flow of operations.
- V. Optimising 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 FY2021, even though PICORP's five (5)-year Cumulative Annual Growth Rate ("CAGR") for book order had registered a negative growth of 1.04% (FY2020: 0.75%), the 5-year CAGR for revenue had improved to 2.34% (FY2020: 0.16%) as the laboratory testing services segment has consistently contributed to reduce the negative impact of the other segments.





## PICORP GROUP AT A GLANCE

### MARKET CAPITALISATION

**RM72** Million  
As at 31 December 2021

### 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 2021

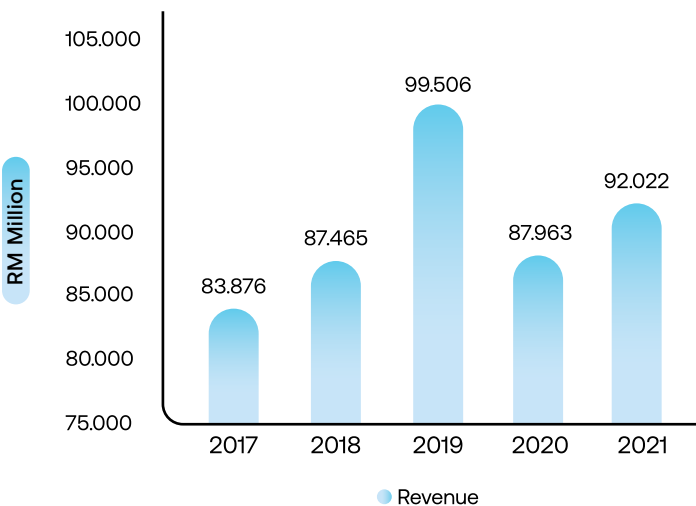
	2017	2018	2019	2020	2021
<b>Key operating results (RM thousand)</b>					
Order	84,500	96,689	144,921	90,657	81,039
Revenue	83,876	87,465	99,506	87,963	92,022
Cost of sales	(22,198)	(27,818)	(34,079)	(35,616)	(39,531)
Gross profit	61,678	59,647	65,427	52,347	52,491
<b>Other income</b>					
Administrative and other operating expenses	(49,251)	(44,812)	(49,787)	(42,271)	(46,672)
Zakat	(971)	(773)	(782)	(533)	(403)
<b>Profit from operations</b>	14,106	15,089	16,831	10,640	7,772
Finance costs	(1,282)	(2,274)	(2,134)	(2,956)	(3,962)
<b>Profit before tax (PBT)</b>	<b>12,824</b>	<b>12,815</b>	<b>14,697</b>	<b>7,684</b>	<b>3,810</b>
Tax expense	(5,315)	(5,655)	(7,048)	(4,611)	(4,053)
Profit / (Loss) after tax	7,509	7,160	7,649	3,073	(243)
<b>Profit / (Loss) attributable to:</b>					
- Owners of the company	1,006	448	1,934	(2,813)	(6,129)
- Non-controlling interests	6,503	6,712	5,715	5,886	5,886
<b>Profit / (Loss) after tax</b>	<b>7,509</b>	<b>7,160</b>	<b>7,649</b>	<b>3,073</b>	<b>(243)</b>
<b>Other key data (RM thousand)</b>					
Total assets	154,743	156,848	163,363	178,114	183,360
- Cash and bank balances	29,830	22,799	22,207	27,788	30,572
Total liabilities	43,358	48,081	53,105	74,130	86,861
- Bank borrowings	21,754	26,031	27,629	48,399	56,915
Shareholders' equity	84,581	80,386	80,227	73,532	65,289
Gross profit margin	74%	68%	66%	60%	57%
PBT margin	15%	15%	15%	9%	4%



FINANCIAL YEAR ENDED 31 DECEMBER 2021	2017	2018	2019	2020	2021
<b>Financial ratios</b>					
Order growth	-4%	14%	50%	-37%	-11%
Revenue growth	-4%	4%	14%	-12%	5%
Current ratio	1.99	1.88	1.79	1.44	1.23
Debt / equity ratio	0.20	0.24	0.25	0.47	0.59
<b>Share statistics</b>					
Net dividend per share (sen)	0.61	0.5	0.55	0.3	0.3
Dividend yield	4.36%	3.85%	4.58%	2.73%	2.73%

## 2021 FINANCIAL PERFORMANCE REVIEW

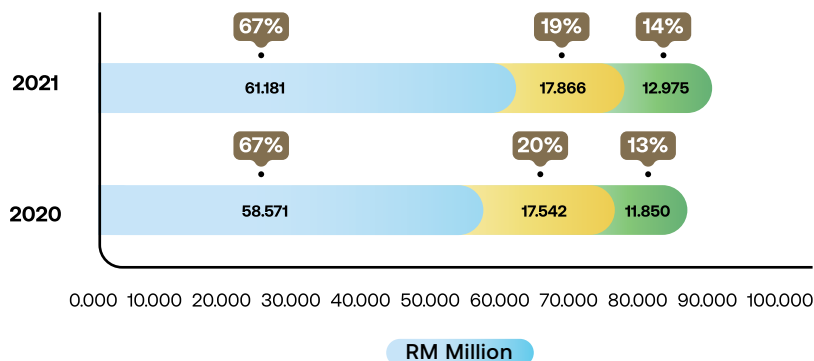
### 1. Revenue



The increase in PICORP’s revenue for FY2021 to RM92.0 million from RM88.0 million for FY2020 was due to exceptional performance displayed by the lab testing segments for which, higher market penetration was achieved arising from the COVID-19 and food pharma lab testing in FY2021.

Apart from that, the three years’ contract awarded by Makkah Municipality to a wholly owned subsidiary of PICORP, Saudi ASMA Environmental Solutions LLC (“Saudi Asma”) on 3 June 2021 for the provision of pest control monitoring services in Makkah amounting to RM27.9 million has resulted in additional revenue contribution to the environmental segment generation for FY2020.

### 2. Revenue Contribution by Geographical Breakdown

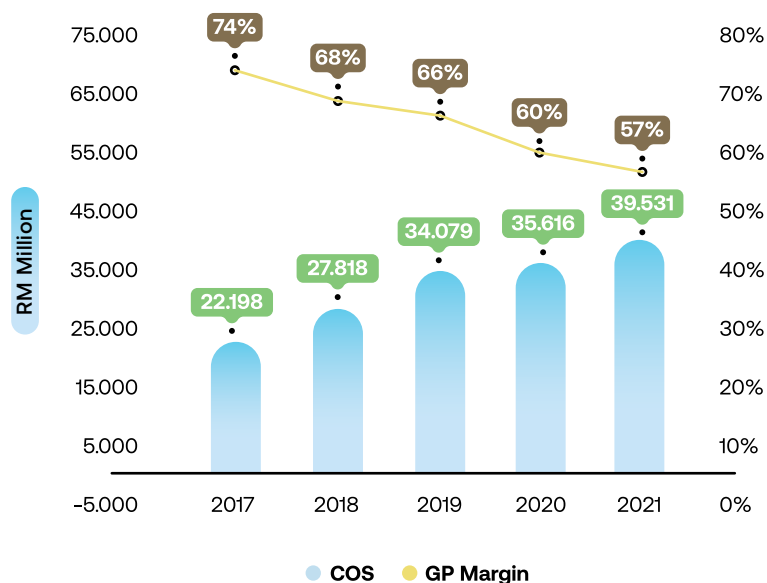




In terms of geographical breakdown, the overall increase of revenue by 5% or RM4.1 million was attributed to the increase in revenue from Malaysian operations by RM2.6 million and revenue from Saudi operations by RM1.1 million.

On the other hand, minimal changes were noted in terms on the geographical percentage composition whereby 67% (FY2020: 67%) of PICORP's revenue for FY2021 was generated from the Malaysian operations, 19% (FY2020: 20%) from Indonesian operations while the remaining 14% (FY2020: 13%) from Saudi operations.

### 3. Cost of Sales ("COS") / GP Margin



PICORP's COS had increased by 11% to RM39.5 million from RM35.6 million higher than the increase in revenue by 5%. The higher COS was due to higher subcontractor and manpower costs incurred in FY2021.

- Lab consumable costs consist of chemicals, field supplies and lab expendables.
- Other expenses include royalties, travelling rental costs and repairs & maintenance.

PICORP's COS mainly comprised subcontractor costs, manpower costs, equipment cost, lab consumables cost and consumables.

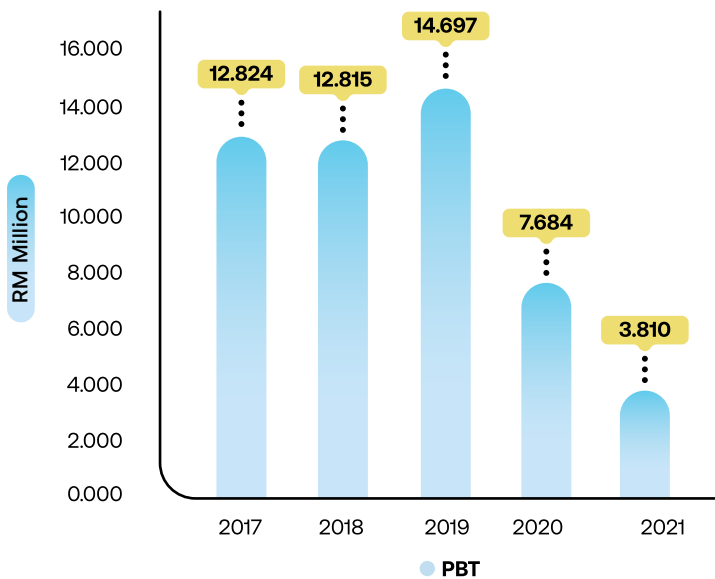
Subcontractor costs are the major component of PICORP's COS structure and accounted for 31% (FY2020: 15%) of the total COS for the year followed by manpower costs which accounted for 27% (FY2020: 23%) of the total COS. Equipment costs is the third highest component of PICORP's COS structure and accounted for 13% (FY2020: 19%) of the COS. Lab costs made up 11% (FY2020: 16%) of the total COS for the year. Consumables costs made up 5% (FY2020: 6%) of the total COS for the year while the remaining others accounted for 13% (FY2020: 21%).

- Subcontractor costs include the costs for the technical consultancy, laboratory analysis and testing services as well as the installation of the environmental monitoring equipment.
- Manpower costs refer to wages, benefits and compensations paid to lab and execution staff who provided the services to our clients.
- Equipment costs refer to the environmental equipment (analysers and sensors).

### 4. GP Margin

The additional increase in the subcontractor and manpower costs had resulted in a decrease in GP margin to 57% from 60% in FY2020.

## 5. Profit Before Tax (“PBT”)



PBT had declined by RM3.9 million i.e., 50% to RM3.8 million as compared to RM7.7 million in FY2020 resulting in overall drop of PBT margin to 4% (FY2020: 9%). Accordingly, the Group has recorded Loss After Tax of RM0.2 million as compared to Profit After Tax (“PAT”) of RM3.1 million in the previous year, representing a 108% drop in PAT margin to -0.3% (FY2020: 3.5%).

## 6. Other Income

Other income mainly consists of unrealised forex exchange gain, profits from placement of deposit with financial institutions, gain from the revaluation of other financial assets, disposal of fixed assets and income from the provision of IT support services to related companies. In FY2021, other income increased to RM2.4 million (FY2020: RM1.1 million) due to unrealised forex exchange gain of RM0.8 million recognised and higher reversal of trade receivables impairment of RM0.4 million in FY2021. The increase of the unrealised forex was attributed to the weakening of MYR against SAR in FY2021.

## 7. Finance cost

Finance cost has increased by 34% to RM4.0 million in FY2021 (FY2020: RM3.0 million), reflecting additional borrowings amounting to RM8.5 million mainly for the purpose of project financing in Saudi.

## 8. Administrative and Other Operating Expenses

Administrative and other operating expenses were higher by 10% to RM46.7 million (FY2020: RM42.3 million) as a result of higher staff costs and depreciation by RM2.4 million and RM1.1 million respectively during the year.

Higher staff costs by RM2.4 million was resulted from salary adjustment, increment and bonus made during the year amounting to RM1.4 million, reversal of FY2019 bonus made in FY2020 amounting to RM0.7 million and lesser wage subsidy enjoyed by the group by RM0.4 million.

On the other hand, higher depreciation by RM1.1 million was resulted from the purchase of motor vehicles for Saudi operations and lab equipment for Malaysian operations specifically for lab testing segment.

## 9. Zakat

Zakat for FY2021 recorded at RM0.4 million, 25% lower than FY2020 at RM0.5 million due to lower net assets attributable for the Group.

## 10. Tax Expenses

Tax expenses incurred during the year amounted to RM4.1 million as compared to RM4.6 million recorded in FY2020. The decrease was due to tax subsidy enjoyed by Indonesia lab testing operation during the year and under provision of tax recognised in FY2020 for Saudi operations.

A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.

-Winston S. Churchill





## WORKING CAPITAL MANAGEMENT



PICORP Group's business has been financed via a combination of internal and external sources of funds. The internal sources comprise shareholders' equity and 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 is used to finance the growth in foreign operations. The total borrowings as of FY2021 had increased by 18% to RM56.9 million as compared to RM48.4 million in FY2020. As a result, PICORP finance costs incurred on the borrowings for FY2021 had increased by 34% to RM4.0 million as compared to RM3.0 million for FY2020.

In FY2021, PICORP's cash and bank balances grew to RM30.6 million, an increase of 10% from RM27.8 million in FY2020. With this cash and bank balances alongside other current assets, PICORP's liquidity position remained positive at 1.23 times in FY2021 as compared to 1.44 times in FY2020 with higher debt gearing ratios of 0.59 times (FY2020: 0.47 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 their present and foreseeable requirements for a period of 12 months from the date of this Annual Report.

### 1. PICORP Core Business



**Environmental Monitoring, Consultancy, and Services**



**Laboratory Testing Services**

PICORP's major businesses are the provision of environmental monitoring, consultancy, and services and laboratory testing services. PICORP presence in the environmental segment is represented by the operations in Malaysia namely Alam Sekitar Malaysia Sdn Bhd ("ASMA") and the operations in Saudi Arabia namely 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 environmental, oil and gas, power, utility, food and pharmaceutical. These clients are mainly private sectors, state governments and municipalities in Malaysia, Indonesia and Saudi Arabia.

The environmental monitoring, consultancy and services include monitoring services (air, water, noise, and vibration), monitoring equipment and system integration (continuous air/water quality monitoring system), consultancy services (environmental impact assessment and environmental management plan), and environmental data management and environmental training.

The scope of supply and services under environmental monitoring, consultancy and services within Malaysian operations comprises air monitoring, water monitoring, domestic wastewater treatment, and water & industrial wastewater treatment, while Saudi operations focuses more on the supply of public health management and integrated pest management services.

In the environmental segment, ASMA maintained its position as Department of Environment ("DOE")'s Strategic Partner for Environmental Sustainability in 2021. ASMA has been the DOE's Strategic Partner for Environmental Sustainability since 2016.

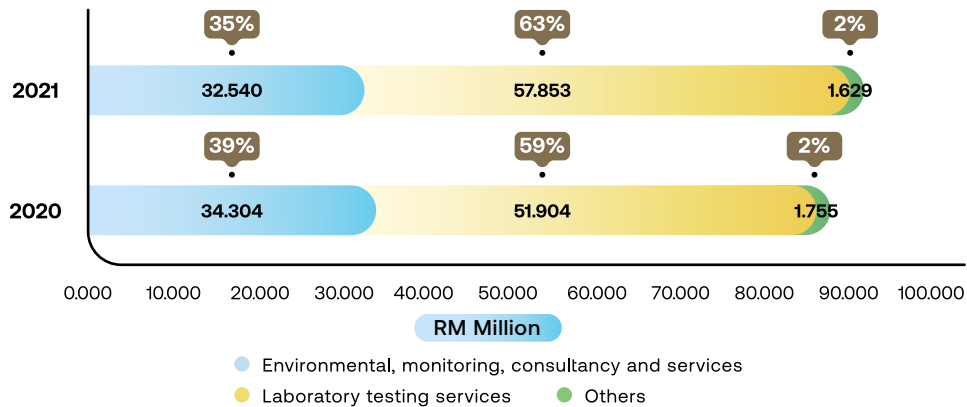
Laboratory testing services include provision of environmental sampling & testing, food safety testing including halalan toyyiban assurance testing and pharmaceutical & medical devices testing. In the food and pharmaceutical industry, the segments are further broken down into Nutrition and Contaminants. Similarly, in the environmental industry, the segments comprise Air Industrial Hygiene, Environmental Health, Organics and Inorganics, and COVID-19 testing which was newly introduced in FY2021. The COVID-19 testing services comprise human and environmental testing, whereby the business diversifications is contributed by the business agility to respond to the current market need and demand.

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.





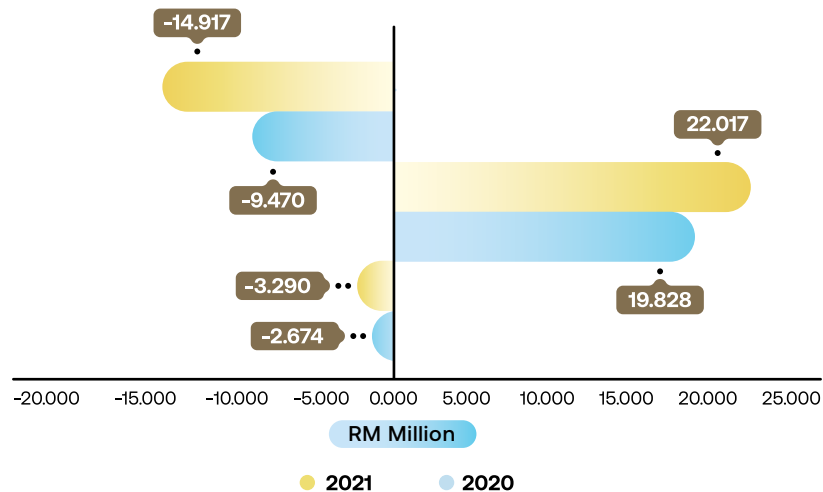
## 2. Revenue Contribution from Core Businesses



Generally, PICORP's segmental revenue composition for FY2021 remained similar to FY2020 with the laboratory testing services being the main contributor for revenue for both years. The overall increase of revenue by 5% in FY2021 has slightly changed the contribution composition whereas the contribution from laboratory testing services segment has marginally increased to 63% (FY2020: 59%) of the total PICORP Group revenue. The revenue contribution from the environmental monitoring, consultancy and services has slightly decreased from 39% in FY2020 to 35% in FY2021. Other supporting products and services accounted for 2% of the total revenue in both financial years.

The revenue from laboratory testing services segment has increased to RM57.9 million from RM51.9 million in FY2020 whilst the revenue from environmental monitoring, consultancy, and services has decreased to RM32.5 million from RM34.3 million in FY2020.

## 3. PBT Contribution from Core Businesses

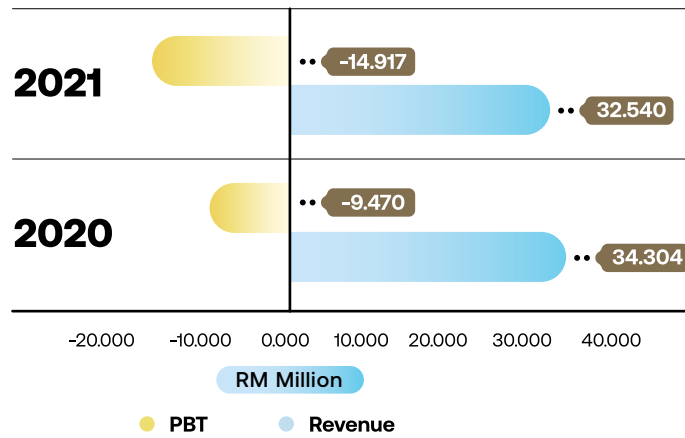


In terms of profitability, similar to revenue, the laboratory testing services remained the major contributor for PICORP's PBT whereby in FY2021, the segment contributed RM22.0 million of PICORP's total PBT as compared to RM19.8 million in FY2020.

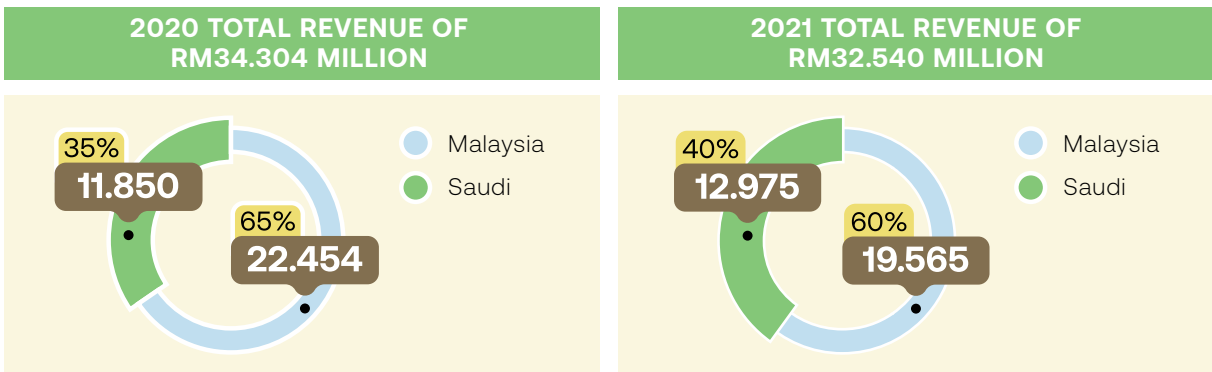
The environmental monitoring, consultancy, and services continued to incur higher losses in FY2021 as compared to losses in FY2020 mainly due to the losses from the Saudi and Malaysian operations totalling RM14.9 million (FY2020: RM9.5 million).

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

## ENVIRONMENTAL MONITORING, CONSULTANCY AND SERVICES

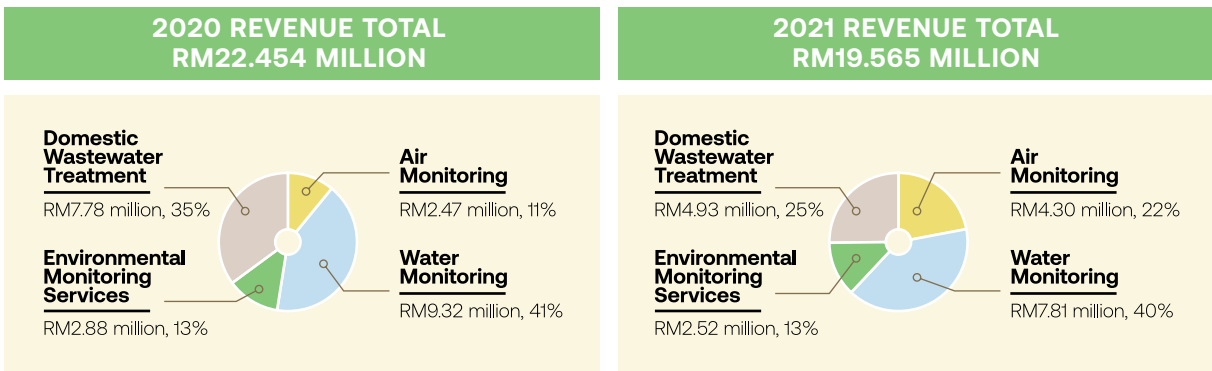


### 1. Revenue Contribution by Geographical Breakdown



For FY2021, environmental monitoring, consultancy and services generated lower revenue of RM32.5 million (FY2020: RM34.3 million) which was mainly due to a 13% drop in contribution from Malaysian operations. The COVID-19 pandemic impact has resulted in the postponement of contract execution and delay in securing order. Revenue from Saudi operations, on the other hand, increased by 9% to RM13.0 million in FY2021 as compared to RM 11.85 million in FY2020.

### 2. Revenue Contribution from Malaysia Operations by sub-segment



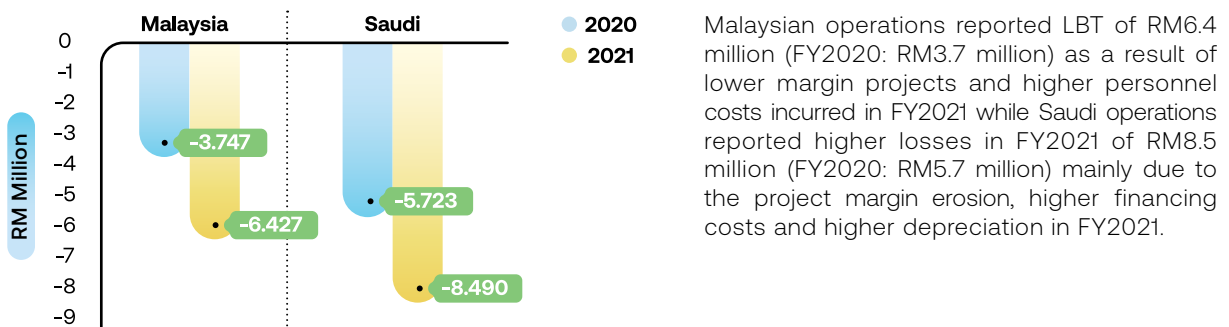


Major revenue contributors for environmental monitoring, consultancy & services in Malaysia for FY2021 were predominantly water services and domestic wastewater services segment with both contributing RM7.8 million (FY2020: RM9.3 million) and RM4.8 million (FY2020: RM7.8 million) representing 40% and 25% of total revenue from this segment respectively.

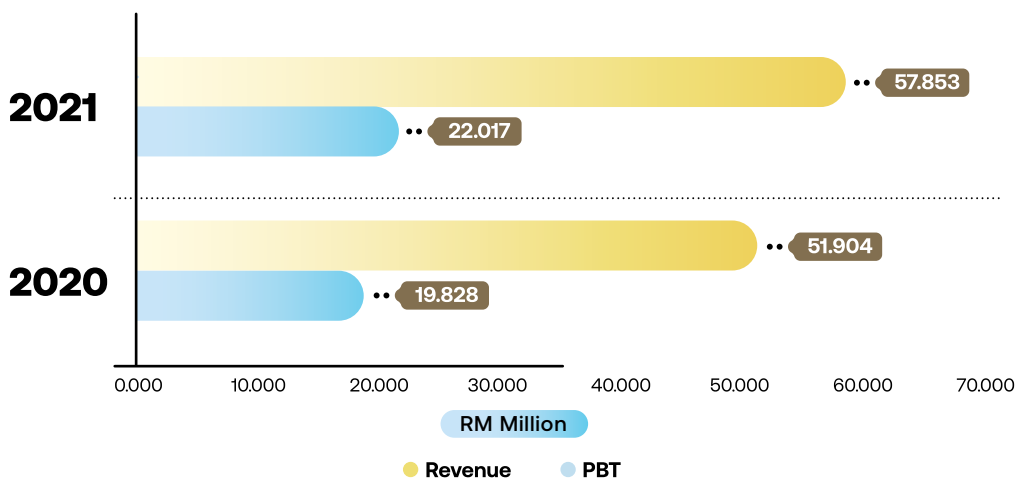
The lower Revenue registered in FY2021 by RM3.0 million was due to completion of Pelabuhan Tanjung Pelepas project for the construction of Sewerage Treatment Plant in Quarter 1, 2021 and delay in securing orders. This project had contributed RM5.76 million or 26% of the total FY2020 revenue and RM2.56 million or 13% of the total FY2021 revenue in the domestic wastewater treatment segment.

During the year, ASMA, a wholly owned PICORP subsidiary has successfully secured one out contract in so far, in respect of water treatment plant (LRA) to overcome water supply issues in Kelantan.

### 3. Loss Before Tax (“LBT”) Contribution by Geographical Breakdown

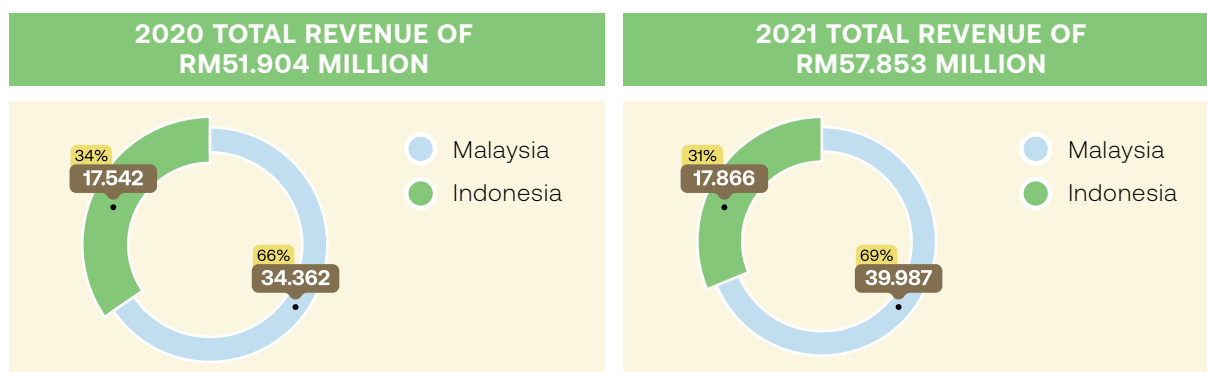


### LABORATORY TESTING SERVICES



For FY2021, the laboratory testing services recorded a higher revenue by 11% to RM57.9 million (FY2020: RM51.9 million) in line with the increase in PBT by 11% to RM22.0 million (FY2020: RM19.8 million).

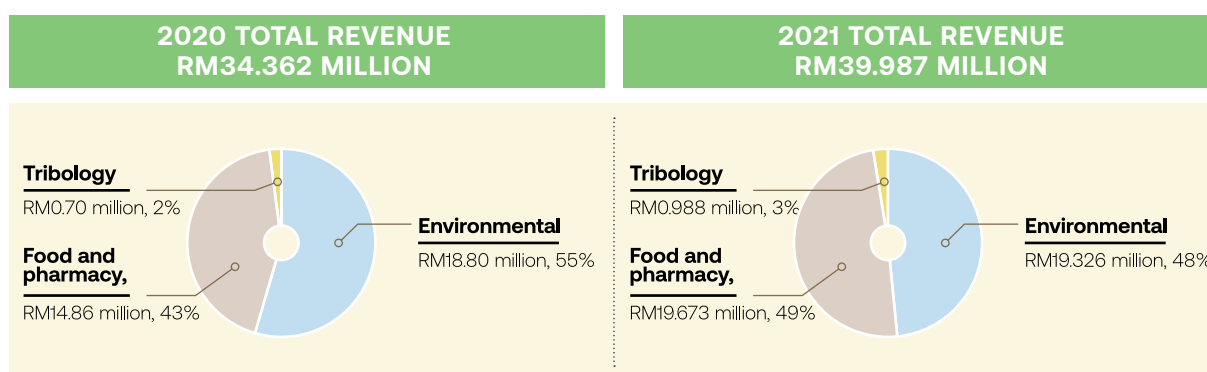
## 1. Revenue Contribution by Geographical Breakdown



The contribution from the Indonesian operations was mainly derived from contracts secured in 2019 in respect of 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 field measurement services worth RM31.3 million and RM12.2 million, respectively. The contract has expired in August 2021. However, the project has been transferred from Chevron to PT Pertamina, at a reduced scope for the mirroring contract for a period of one year ending August 2022 enabling ALS Indonesia to continue its services until August 2022.

On the other hand, higher revenue contribution was due to new source of revenue generated from COVID-19 testing which was introduced in FY2021. The COVID-19 testing services comprise human and environmental testing which is in response to the current market need and demand. Additionally, higher revenue was also generated from food and pharmaceutical testing in FY2021 as compared to FY2020.

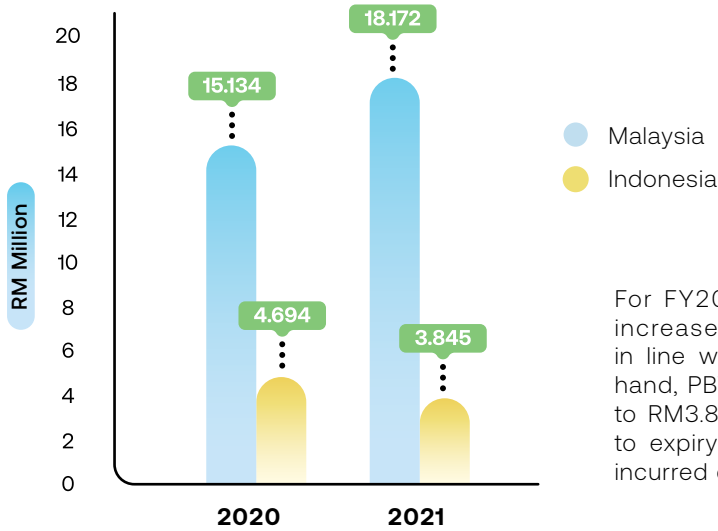
## 2. Revenue Contribution from Malaysian Operations by Sub-Segment



Major revenue contributors for laboratory testing in Malaysia for FY2021 were food and pharmacy division and environmental segment with both contributing RM19.7 million (FY2020: RM14.5 million) and RM19.3 million (FY2020: RM18.8 million) representing 49% and 48% of total revenue from this segment respectively.

Revenue from food and pharmacy segment had increased by 32% to RM19.7 million in FY2021 from RM14.9 million from FY2020 which was mainly due to the increase in production in food manufacturing industries including snacks, dairies and beverages manufacturers. ALS Malaysia has also strategised to retain the major food clients by improving communications and deliverables. On the other hand, environmental division had increased by 3% to RM19.3 million in FY2021 as compared to RM18.8 million in FY2020.

### 3. Revenue Contribution by Geographical Breakdown



For FY2021, PBT from Malaysian operations had increased to RM18.2 million (FY2020: RM15.1 million) in line with the increase in revenue. On the other hand, PBT from Indonesian operations had dropped to RM3.8 million from RM4.7 million in FY2020 due to expiry of project with Chevron and higher cost incurred during the year.

### BUSINESS OUTLOOK

Overall, Malaysia's Gross Domestic Product ("GDP") performance shows signs of improvement, with a growth of 3.1% in FY2021 as compared to a contraction of 5.6% in 2020, mainly supported by a turnaround in private sector spending. The recovery momentum, however, was affected by the imposition of containment measures during the year. These include the Second Movement Control Order in January 2021 and the National Recovery Plan ("NRP") in June 2021. Nevertheless, less restrictive restrictions compared to 2020 as well as better adjustments to the new norm, improved compliance to the standard operating procedures and rapid vaccination progress had minimised the adverse impact on households and businesses.

Despite the emergence of the Omicron variant of the COVID-19 virus and the occurrence of a severe flooding in the Klang Valley and several states in December 2021, Malaysia's GDP grew by 3.6% in the fourth quarter of 2021 as compared to a 3.4% contraction during the same period in Q4 2020.

This reflects an improvement in the nation's economic recovery momentum, which will be bolstered further by the roll out of booster doses under the National COVID-19 Immunisation Programme, and the transition of the entire country to Phase 4 of the NRP.

The Malaysian economy is expected to improve further, with growth projected for 2022 between 5.3% to 6.3%, supported by the continued expansion in external demand, full upliftment of containment

measures, reopening of international borders, and further improvement in labour market conditions.

Global growth is expected to moderate at 4.4% in 2022 from 5.9% in 2021 largely reflecting the forecast markdowns in two largest economies, namely the United States and China. The emergence of new COVID-19 variants coupled with current war in Ukraine and increased geopolitical conflicts could prolong the economic disruptions.

In contrary to the declining Global GDP, the Malaysian GDP expected to improve in 2022, driven primarily by an expansionary Budget 2022, normalisation in economic and social activities premised on high vaccination rates, resumption of projects with high multiplier effects, and strong external demand, especially from major trading partners.

Thus, the Company will be continuously implementing necessary measures to align its operations with the requirements of the new norms in an effort to cushion the impact of the crisis to the business. These actions include the implementation of cost containment measures, upholding social distancing, ensuring staff to receive vaccination and observe good sanitation procedures at the workplace as well as adhering to stringent health and safety protocols. However, the economic recovery is anticipated to take longer time to happen considering the current war in Ukraine and increased geopolitical conflicts.



## ENVIRONMENTAL MONITORING CONSULTANCY & SERVICES

Major parts of the environmental monitoring consultancy and services are related directly and indirectly to the provision of essential services such as domestic wastewater treatment, water and industrial wastewater treatment, 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 have also been impacted by this economic downturn as well as our presence in Saudi Arabia which forecast moderate economic growth of 4.6%.

Saudi Arabia's economy expanded 6.8% in the fourth quarter of 2021, maintaining the fastest pace of annual growth in almost a decade as high oil prices boost the Kingdom's income and drive its recovery from the shock of the pandemic.

Apart from that, the impending revision of Water Service Industrial Act as well as the Environmental Quality Act 1974 ("EQA 1974") on the effluent standard for Palm Oil Mill Effluent 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 waste water treatment industry offering both solutions for the domestic as well as the industrial segments.

In respect of our presence in Saudi Arabia, PICORP, through its subsidiary, Saudi ASMA will continue to provide the public health management i.e., surveillance services for the government agencies namely the municipalities in the area of integrated pest control through the operation and maintenance of the pest laboratory and monitoring of the key performance indicators ("KPIs") of the pest control operations, providing an integrated pest management services for private sectors.

Saudi ASMA aims to work towards increasing the volume through the development of new products or services such as pursuing pest control consulting and providing chemical free or new technology of pest control solutions to private customers.

In addition, the recent collaboration between UEM Edgenta Berhad, South East Asia's leading Asset Management and Infrastructure Solutions company and a subsidiary of PICORP in April 2021, had marked the increasing opportunities to the Group in penetrating new markets as well as expanding the pest control services to other municipalities and private companies within Saudi Arabia.

We will also continue to expand our presence in Brunei through a business collaboration with

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 provide the environmental services in the realm of technical support, supply of manpower and equipment including the provision of site engineering services.

We believe the environmental industry that we operate in will remain challenging. In the long term, the economy will grow as such demand for these essential services will remain strong. 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 SERVICES

The laboratory services have expanded their services by introducing COVID-19 testing in response to the current market need and demand. The COVID-19 testing services comprise human and environmental testing. The services were well received by the customers and our laboratory testing services managed to support the Ministry of Health to process huge volume of samples during public mass screening exercise in FY2021.

In addition, the laboratory testing services particularly in the food and pharmaceutical segment have also continued to be listed as one of the support services for the essentials during the COVID-19 pandemic. We foresee that the pandemic will further shift 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 JAKIM and their Foreign Certification Bodies, DOE's Environmental Quality Act (EQA) 1974, DOE's Guided Self-Regulation 2017 and many others continue to be the key driver in the laboratory testing services business.

The Malaysian operations remain focused in the existing businesses with continuous enhancement of its operational efficiency through effective cost management, enhance market penetration by improving engagement with clients, price competitiveness 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 its strong brand reputation.



Apart from that the Malaysian laboratory testing services also aim to expand its environmental hygiene monitoring services by process and method optimisation through usage of ALS Compass, RAPID methods and onsite kits for faster result. Moreover, the laboratory testing services aims to improve process digitisation as a competitive edge over other local labs to enable better transparency and traceability.

Indonesia operations aim towards expanding its Food Safety Analysis business, particularly the microbiology facility and a setup of the food chemistry laboratory in its headquarters in Sentul. Recovery of the Oil and Gas and Mining sector leads to increased spending for environmental compliance. The new requirement for RATA emission testing effective from 2019 creates 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 volatile industry.

## BUSINESS RISK

PICORP's financial condition and results of operations have been and are expected to be affected by a number of factors. We see a still-complex global economic environment. Major issues such as high COVID-19 infection rates, above-target inflation and supply chain risks will carry over into 2022 where new challenges will also arise. The global economy will be moving into a later stage of its cycle, and there will be significant uncertainty around the outlook for interest rates, global political risk and the path of COVID-19. The pandemic related concerns will continue to linger in the near terms. Cyber-crime and business interruption will be the biggest business risks in 2022. Additionally, natural catastrophes and the effects of climate change have also gained importance as factors influencing global business dealings.

All these factors can affect parts of our businesses and can lead to lower profitability or even losses hence weakening our liquidity position. Nevertheless, 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	The ability to protect our business, work as usual, secure sustainable source of business and expanding through business diversification.	<p>Diversification strategies are in place to alleviate over-concentration on any one single brand or product.</p> <p>Close monitoring of competitors' strategies to sharpen understanding of industry and market trends. Then work with strategic clients &amp; partners in pursuing business with those clients &amp; partners.</p> <p>Continue to work with key principals to enhance price competitiveness. Then, promote to existing key customers the Integrated solution and create new installed base for the business long run.</p> <p>Step up digitalisation to leverage on innovative solutions that streamline operations and optimise costs.</p> <p>Maximising e-marketing strategies through virtual platforms and electronic channels to enable seamless, quicker and wider reach-out to potential clients.</p> <p>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>
Liquidity Risks	The 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>
People and Workplace Safety	The ability to protect our people from exposing to the virus while maintaining their productivity.	<p>Standardised processes and procedures have been developed for reporting, classification and investigation. Health and safety audits were undertaken across all companies, with proper corrective action plans implemented as required.</p> <p>Established safety and precautionary measures across all our operations to mitigate the risk of COVID-19 infection amongst staff. These measures include:</p> <ul style="list-style-type: none"> <li>• Provision of face masks and hand sanitisers to staff, where required;</li> <li>• Promoting the practice of social distancing;</li> <li>• Regular sanitising of workplaces and displayed vehicles;</li> </ul>





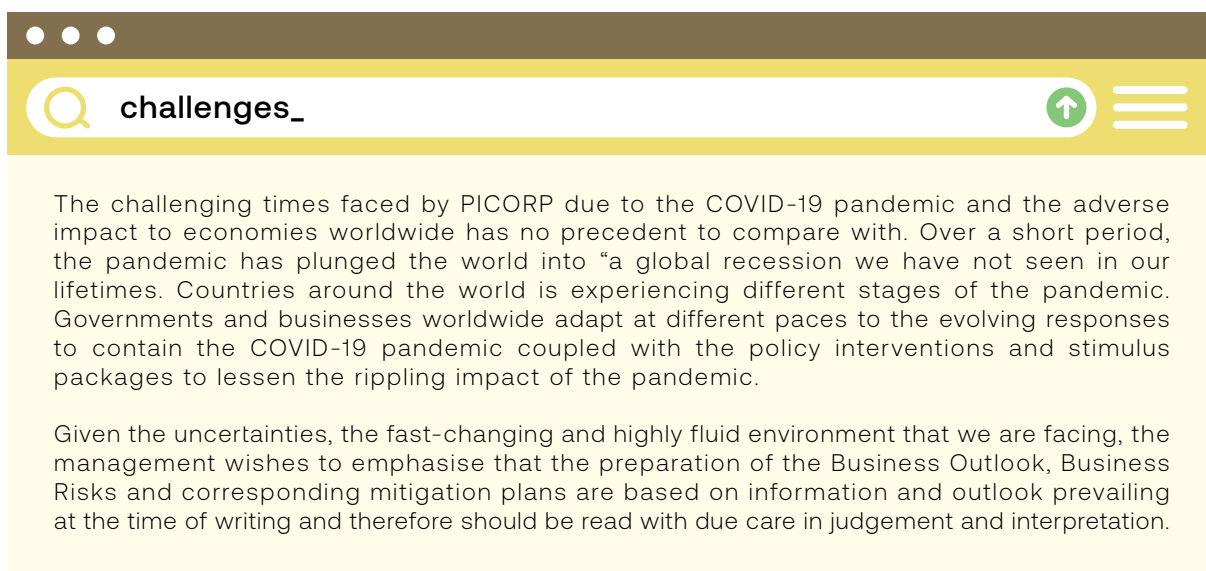
Key Group Risks	Description	Key Risk Mitigation Plans
People and Workplace Safety (cont'd)	The ability to protect our people from exposing to the virus while maintaining their productivity.	<ul style="list-style-type: none"> <li>Established regime of contact tracing and testing for affected staff.</li> <li>Put in place mandatory temperature screening checks.</li> <li>A comprehensive working procedure to allow social distancing and working from home.</li> </ul>
Human Capital Management	The ability to empower them to take part in the new normal post COVID-19 business environment.	<p>Succession planning now included as one of the KPIs for key personnel at all subsidiaries.</p> <p>Continuous training and development programmes to be conducted to enhance staff's skills, knowledge and reskilling activities using webinar and other virtual training.</p> <p>Accelerate the Competency Management initiative to other functions within the company/group in order to ensure staff able to perform at the expected performance standards and to reach its optimum. Hence, it is crucial for the employees to have full capabilities and competencies to perform the assigned jobs.</p>
Business delivery	The ability to deliver the project in accordance to the set timeline, approval and specification under the new normal post COVID-19.	<p>Work closely with vendors to ensure that timely delivery of equipment and consumables and to ensure that their business is not affected by the supply chain disruption due to the pandemic and to optimise inventory levels.</p> <p>Work closely with clients to get early warnings on any development which may impact the project delivery and to reschedule the work accordingly.</p> <p>Conduct regular project review to ensure timely project delivery to minimise penalties &amp; deductions.</p> <p>Additional care in inventory planning and management.</p>



## DIVIDEND

PICORP has a dividend policy to pay a total net dividend pay-out of not less than 40% of its net PAT and non-controlling interest.

The Board of Directors has recommended a final single tier dividend of 0.3 sen per share for the financial year ended 31 December 2021, subject to the shareholders' approval at the forthcoming Annual General Meeting. The proposed final dividend shall be equivalent to RM1,966,113 (net), which represent 77% of its net profit after tax and non-controlling interest.



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 is 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.



# SUSTAINABILITY STATEMENT



04



# SUSTAINABILITY STATEMENT

## SUSTAINABILITY AT PICORP

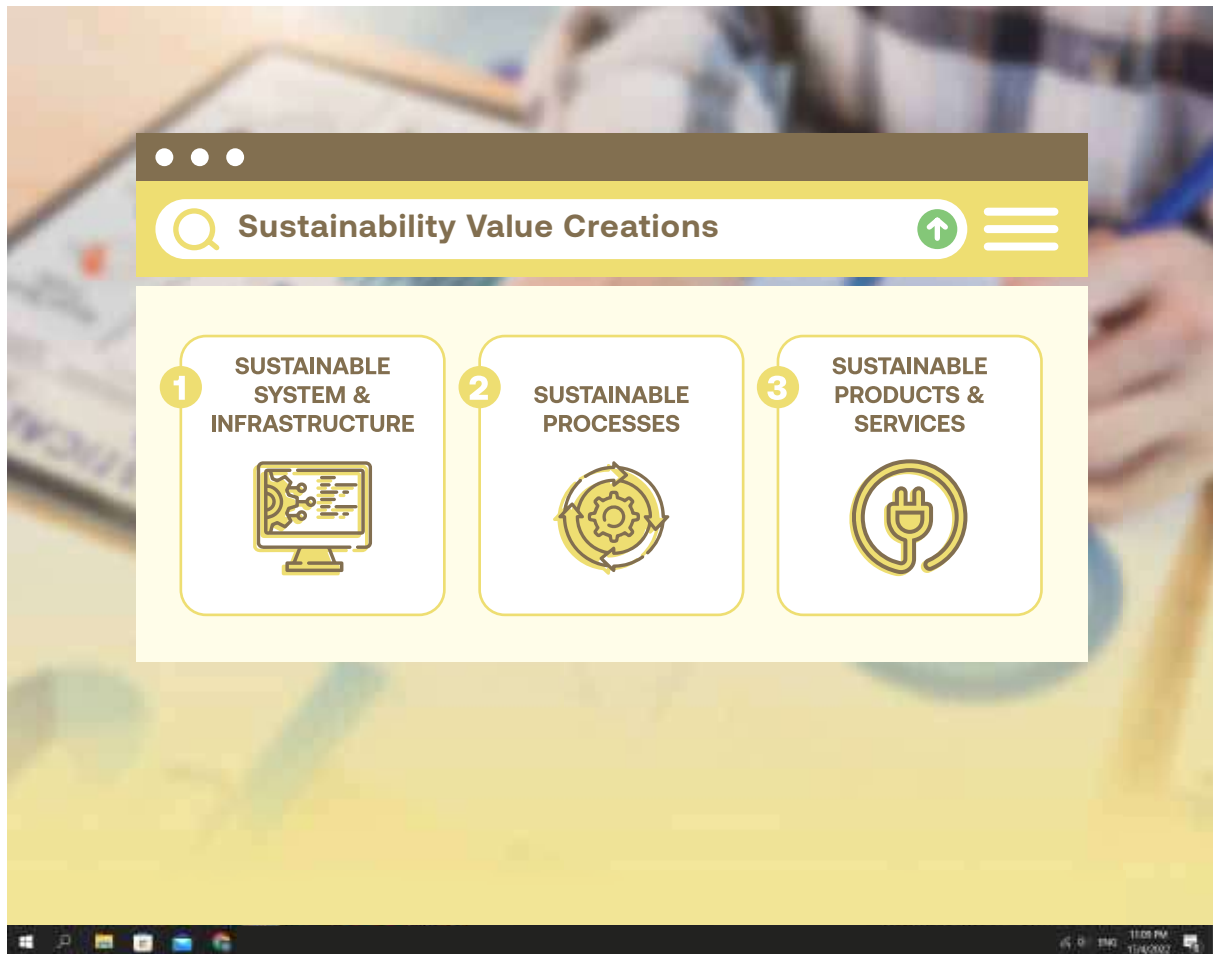
As a responsible organisation, we understand that we have a profound commitment to our stakeholders to ensure that we operate in a safe and healthy environment and take care of our employees, customers, vendor and suppliers, and other stakeholders. At the same time, we strive to operate with responsibility and utmost integrity. Progressive Impact Corporation Berhad (“PICORP”) is committed to our purpose of delivering sustainable solutions for a better future in tandem with Malaysia’s commitment to becoming a carbon-neutral nation by as early as 2050 as tabled in the 12<sup>th</sup> Malaysia Plan.

Malaysia is at a tipping point in the fight against the climate and biodiversity crises, as it steps up efforts and commitments to transition to a low-carbon, climate-resilient economy. This aspiration will ensure that Malaysia is at par with the efforts of other countries to achieve global goals in tackling climate change. Although Malaysia contributes less than 0.7% of the greenhouse

gas emissions, the country has adopted the Paris Agreement and committed to a 45 % reduction in the emissions intensity of gross domestic product by 2030, based on the intensity of emissions as of 2005, in response to the threats of global warming.

In line with the aspiration to become a low-carbon country, PICORP strives to support and emulate this initiative through our concerted efforts and pursuits in establishing sustainable systems and infrastructure, executing sustainable processes and offering sustainable products and services, by integrating economic, environmental, social and governance 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.

Our sustainability statement considers the economic, environmental, social and governance aspects in creating values to further demonstrate our overall sustainability progress. At PICORP, our sustainability efforts are based on how we can best contribute to a better Malaysia, as demonstrated in our three (3) value creations:





## SUSTAINABILITY DISCLOSURES

### 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 subsidiary companies in greater detail to reflect the Economic, Environmental, Social and Governance 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 Bursa Malaysia’s Sustainability Reporting Guide <sup>1</sup>(2018) guided by the Malaysian Code on Corporate Governance <sup>2</sup>(“MCCG”) to address material issues or those that reflect economic, environmental, social and governance impacts and issues that significantly influence our stakeholders.

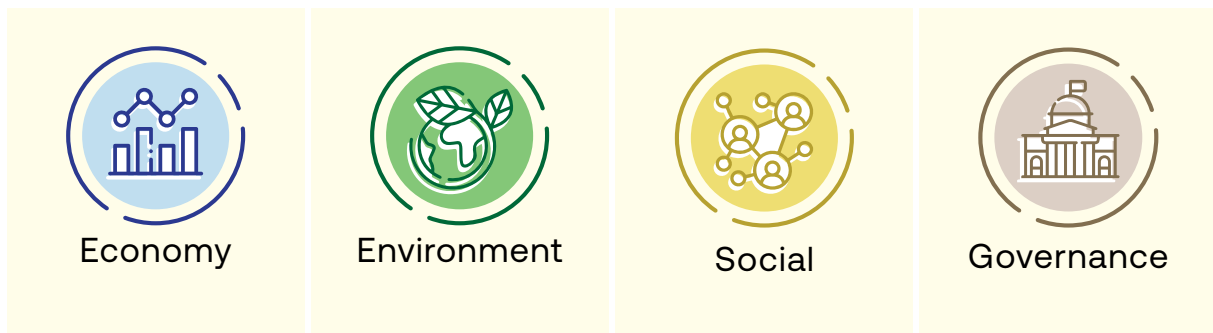
### Reporting Period

This report covers PICORP Group’s performance from 1 January 2021 to 31 December 2021 (“FY2021”), unless otherwise stated.

### Sustainable Impact

The PICORP Sustainability Statement 2021 outlines various steps we have taken to create sustainable values: aligning sustainability considerations to our business strategies; focusing on the material matters affecting stakeholders and business values, and creating a positive impact in a challenging business environment.

Our sustainability statement considers the Economic, Environmental and Social (“EES”) impacts on value creation while incorporating the governance element of Environment, Social and Governance (“ESG”) as it is a crucial tool in sustainability to address our financial and business resilience. Each organisation is deeply intertwined with EES and ESG concerns hence, it makes sense, therefore, that a strong Economic, Environmental, Social and Governance (“EESG”) proposition can create value. Throughout the report, the impacts of our sustainability initiatives and value creations are derived from EESG and indicated with the following icons:



<sup>1</sup> Bursa Malaysia. (2018). *Sustainability Reporting Guide* (2nd ed.).

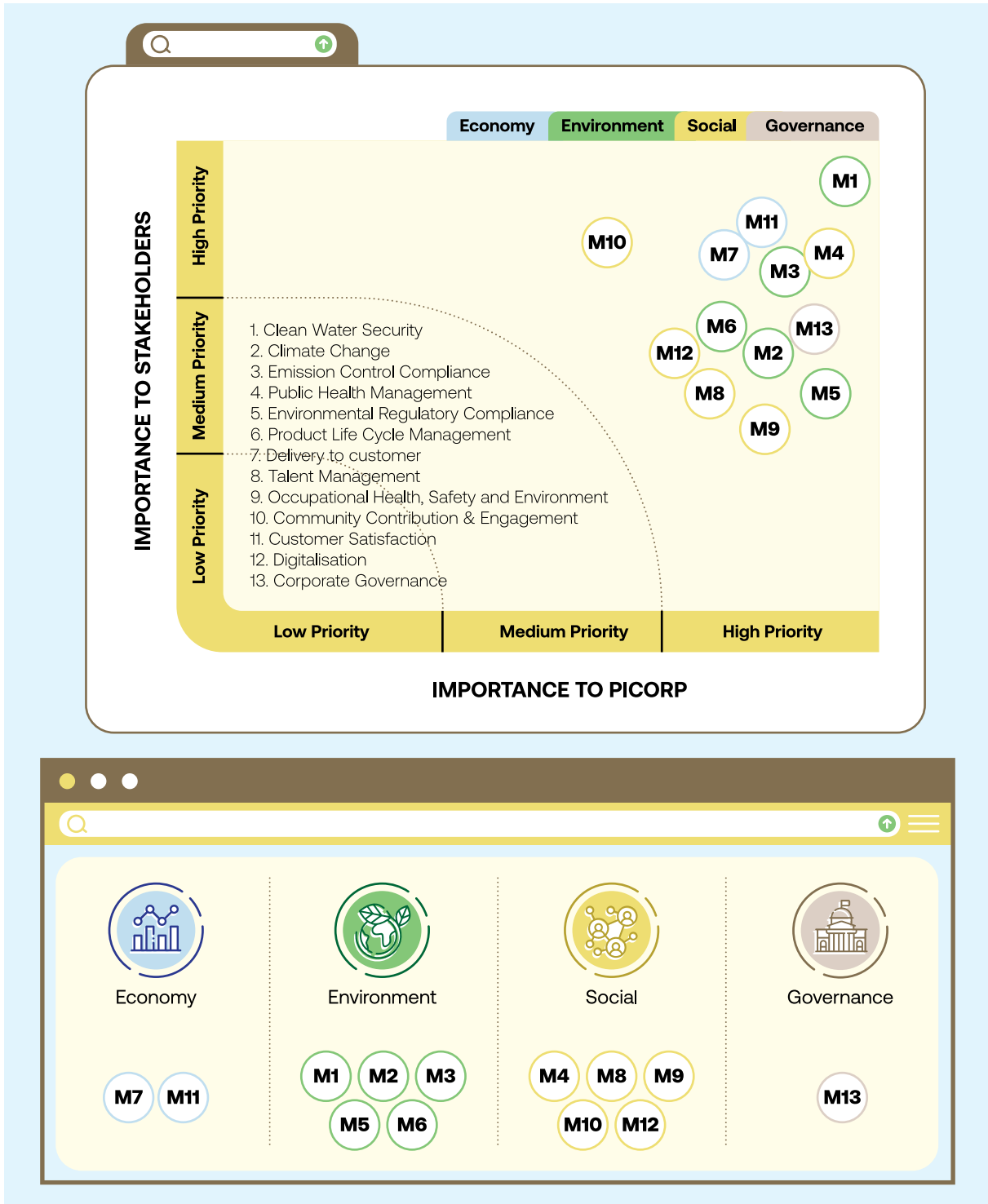
<sup>2</sup> Securities Commission Malaysia. (2021). *Malaysian Code on Corporate Governance* (as at 28 April 2021).



## 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 an analysis of internal policies, documents, and comments from various departments. PICORP’s commitment to sustainability focuses on significant areas based on the importance to PICORP and 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 stakeholders.

The outcome of the materiality assessment is illustrated below:





As shown in the materiality matrix, we have identified thirteen (13) material matters that are of high priority. These material matters are integrated into our business strategies and action plans. More details on how we addressed our material matters are discussed across three (3) value creations: Sustainable System & Infrastructure, Sustainable Processes and Sustainable Products & Services based on the EESG pillars as clustered above.

## PICORP's Sustainability Framework

Sustainability covers all three timeframes: rectifying past mistakes; reducing or eliminating current problems; building legacies for future generations. The undeniable need for sustainable development has generated the establishment of an array of sustainability frameworks that are designed to be the guidance for all organisations to move the world towards a more sustainable future.

## SUSTAINABILITY FRAMEWORK

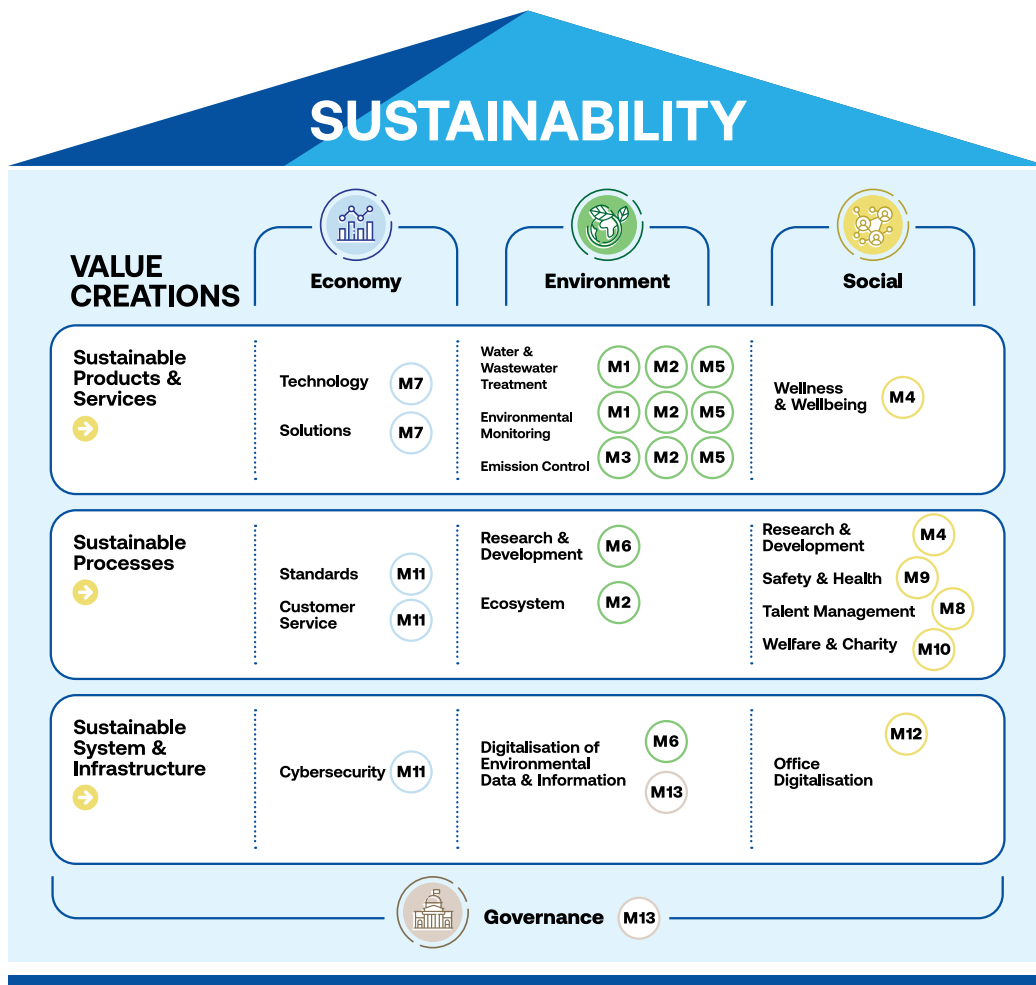
### Statement of purpose

At PICORP, we strive to establish sustainable systems and infrastructure, execute sustainable processes and offer sustainable products and services, by integrating economic, environmental, social and governance 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.

This vision shapes PICORP's Sustainability Framework which is built on our EESG pillars and the value creations.

In 2021, we ascertained PICORP's Sustainability Framework to effectively plan and execute our sustainability strategies and meet the objectives. This is aligned with PICORP's business priorities to address EESG's impact that will catalyse our sustainability journey. Likewise, PICORP's sustainability considerations and efforts are centred around four (4) key sustainability pillars of EESG which link to three (3) value creations as demonstrated further below. This sustainability framework is embedded into the Group's Business Plan, strategies and key performance indicators.

In short, the PICORP's sustainability framework is crafted by adopting the EESG pillars and incorporating the 3 value creations to address the pillars as illustrated below.

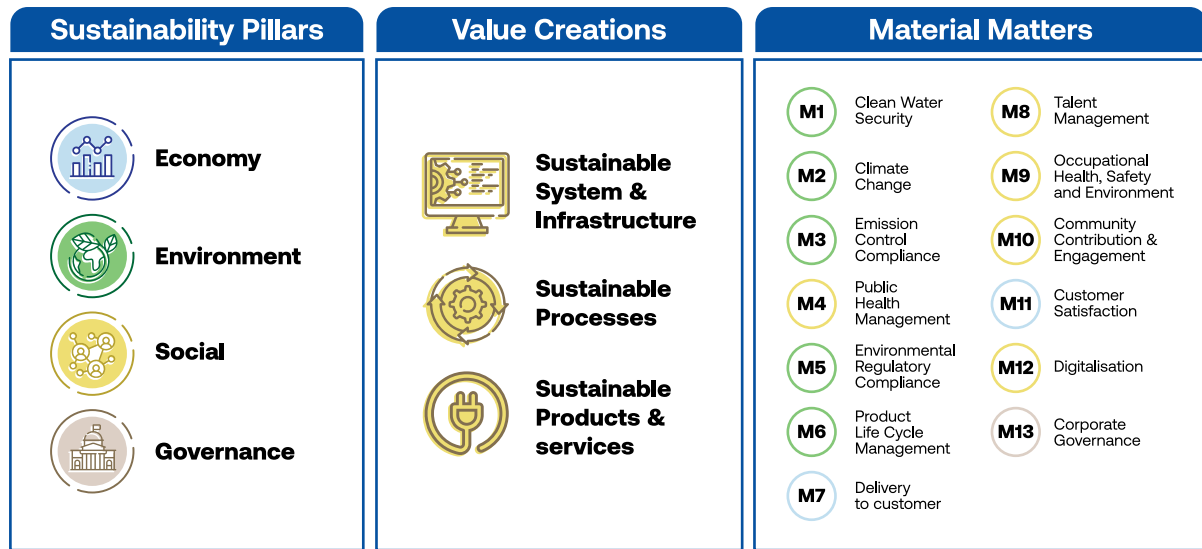


PICORP's Sustainability Framework



## Sustainability Reporting Journey

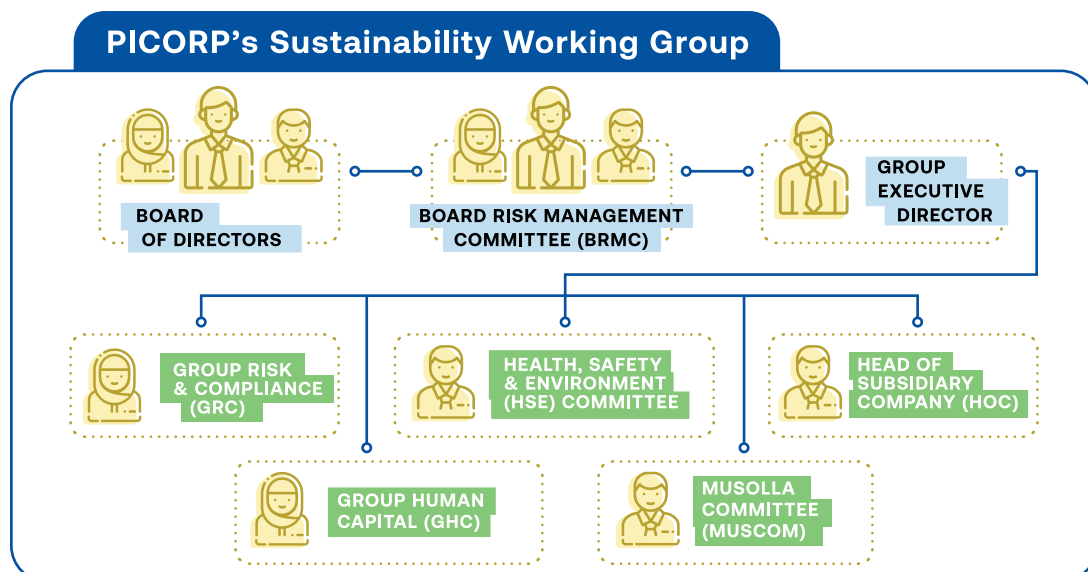
Throughout this statement, our sustainability journey and the impacts of our sustainability initiatives are labelled with the following icons:



## SUSTAINABILITY GOVERNANCE

To identify issues that are most material to the business, a materiality assessment was performed guided by Bursa. 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 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 economic, 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 comprises Group Risk and Compliance (“GRC”), Group Human Capital (“GHC”), Health, Safety and Environment (“HSE”) Committee, Musolla Committee (“MUSCOM”) and Head of Subsidiary Companies (“HOC”) is led by the Group Executive Director (“GED”) to drive the improvement and execution of the PICORP’s overall sustainability programmes and further report the outcomes to the Board of Directors via the Board Risk Management Committee (“BRMC”).












## STAKEHOLDER ENGAGEMENT STATEMENT

We define our stakeholders as those who are impacted by and/or who impact our business and performance. With consistent and constructive stakeholder engagements, we are able to address their expectations and concerns which are keys to ensuring continuity in the PICORP sustainability journey. 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.



[Read more on page 91](#)

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	<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	Weekly/Monthly/ As needed Annually/ As needed Annually/ As needed Annually/ As needed Annually/ As needed Annually	<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 wellbeing</li> <li>• Talent acquisition &amp; retention</li> <li>• Career development</li> <li>• Work-life balance</li> <li>• Equal workplace opportunity</li> </ul>



Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Employees 	Employee Satisfaction Survey  Code of Ethics and Business Practice ("COEBP")  Anti-Bribery and Corruption Policy  Whistleblower Policy  Musolla Committee ("MUSCOM") Programmes  Wikitoria (Senior Management Engagement Session)  Sexual Harassment Policy	Annually  Annually  Annually  Annually  Continuous/ As needed  As Needed  Annually	<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 wellbeing</li> <li>Talent acquisition &amp; retention</li> <li>Career development</li> <li>Work-life balance</li> <li>Equal workplace opportunity</li> </ul>
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 events e.g., Hari Raya Open House  Training 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	<ul style="list-style-type: none"> <li>Community Engagement</li> <li>Community Contribution</li> <li>Environmental Awareness</li> <li>Management of environmental issues</li> <li>Management of complaints and feedback</li> <li>Environmental Regulatory Compliance</li> </ul>



Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
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>



## Embedding integrity & ethics in business practices

PICORP is committed to achieving the 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.

### Governance



Corporate Governance

Good governance fosters a culture of integrity that is crucial to a sustainable business environment. PICORP's sustainability governance allows us to integrate EESG considerations into our business priorities.

Since its founding, PICORP's business practices have been governed by the Core Value's Obedient to Allah which refers to enjoining what is right and forbidding what is wrong and full compliance with all applicable laws. PICORP employees worldwide have upheld and lived this commitment in their every day responsibilities. This is the pillar in conducting our business activities with integrity and takes precedence over any other matters.

#### Corporate Governance

PICORP adopts the Main Market Listing Requirements of Bursa Malaysia and best practices illustrated in the latest Malaysian Code on Corporate Governance ("MCCG").

#### PICORP Core Values

PICORP Core Values are the set of principles and behaviours that we uphold throughout our operations and business worldwide. These values govern and streamline the work culture, people and processes within the Group towards achieving the Group's goals and objectives.

#### PICORP Control Measures

##### PICORP's Code of Conduct

Demonstrates our commitment to business dealings in a high ethical business standard that is efficient, effective and fair and provides a set of rules, principles, values, employee expectations, behaviours, and relationships that is considered important and believed necessary.

##### No Gift Policy

Embraces a ZERO TOLERANCE POLICY against all forms of bribery and corruption and elaborates upon those principles, providing guidance to employees concerning how to deal with situations relating to the receiving and/or providing gifts that may arise in the course of business.

##### Sexual Harassment Policy

Aims to prevent sexual harassment of employees in the workplace and provide an effective mechanism to eliminate such harassment; and educate all employees to recognise that sexual harassment in the workplace is a demeaning practice that constitutes a profound affront to the dignity of persons.

##### Anti-Bribery and Corruption Policy

Sets out PICORP's principles in dealing with improper solicitation, bribery and other corrupt activities and related issues that may arise in PICORP's course of business.

##### Whistleblowing Policy

Provides an avenue for employees to disclose their concerns involving any improper conduct within the company.

##### Risk Management Framework

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. Our risk management practices are generally aligned with the principles of ISO 31000:2010 and COSO 2004 Enterprise Risk Management Integrated Framework (2017 update).



## Establishing sustainable systems & infrastructure

Every organisation requires a strong foundation that can lead to promoting good business conduct, healthy corporate culture and effective and efficient business processes. A solid system and infrastructure are a necessary part of business operations and management. An effective and sustainable system and infrastructure continue to serve the companies, employees, and clients through all the changes we experience.

### Cybersecurity



Customer Satisfaction

When the business becomes more prominent and therefore becomes more of a target for cyberattacks, the IT infrastructure will keep our data safe. When we need new solutions to fit our evolving needs, a scalable network will adapt to offer continuous support. In today’s digital age, we all need a fast, reliable, and secure system that can stay on top of the constant updates and innovations the IT world has to offer. Therefore, the system needs to be frequently reinvested and modernised while the infrastructure needs to be continuously reinforced and upgraded. These are among the key enablers required to support the long-lasting internal processes that can produce exceptional, sustainable products and services.

In 2021, PICORP invested around RM 291,541 to upgrade IT hardware and software that can enhance our data, network and devices security protection.

#### IT Enhancement



##### Firewall

Firewall platforms implemented in PICORP IT Network allow Group IT Support (“Group ITS”) to protect the entire PICORP IT network and day-to-day operations monitoring.



##### Active Directory

Active Directory (“AD”) allows Group ITS to organise the company’s users, computers and more. AD is a database and set of services that connect users with the network resources they need to get their work done. Group ITS uses the AD to organise the company’s complete hierarchy from which computers belong to which network, to profile pictures or which users have access to the data or storage location.



##### Internet security

The internet security implemented in PICORP IT network provides a more reliable security to protect every PC in the network.

Information security is the sum of the people, processes, and technology implemented within an organisation to protect information assets. It also prevents unauthorised disclosure, disruption, access, use, modification, etc. of those information assets. PICORP Group IT Policy has been established to provide relevant direction and value to the employees with regard to security.

#### PICORP Group ITS Policy

The objectives of PICORP Group ITS Policy are to:

1. Provide PICORP with a controlled and secured integrated IT environment to support the business operations’ needs and to enable a seamless flow of information across the organization in a timely, accurate and cost-effective manner.
2. Safeguard the privacy, confidentiality and reliability of the information.
3. Protect and optimize the outcome of PICORP investment in IT Resources.
4. Define the responsibility and the requirements for the use of IT Resources within PICORP.



## Digitalisation of Environmental Data & Information



Digitalisation

ASMA Integrated Environmental Information Management System (“AIEIMS”) provides integrated and centralised environmental data, real-time basis, automatic data collection, quality assurance, alert notification and auto-synchronisation for the backup data centre.

The early warning systems in AIEIMS are key elements of climate change adaptation and disaster risk reduction to minimise the impacts and reduce the risk of the hazard by encouraging an appropriate and timely behavioural response. This is in tandem with Malaysia’s effort to improve the existing communication system and create a faster and more effective early warning system for disasters for the benefit of the people. This includes adopting the concept of SMS blasting so that we can send early warnings quickly and accurately.

The digitalisation helps reinvent processes, improve quality and promote consistency. By going digital, ASMA enables our clients to have access to all the information they need anytime, anywhere from any device.

## Office Digitalisation



Digitalisation

Digitalisation can cause substantial transformations in the organisation by improving its internal business processes. Digitalisation has various advantages, including increased efficiency, increased productivity, lower operational costs, improved customer experience, higher agility, enhanced employee morale, improved communication, increased transparency, improved competitive advantage, and faster decision making.

PICORP, through its subsidiaries, has been investing in and reinforcing the office digitalisation initiative to align the technology with employees, processes, and the workplace to improve efficiency, collaboration, and satisfaction across the board.

1. The use of **Microsoft Office 365** tools such as Teams enables the users to have a one-stop solution communication platform to effectively meet, chat and collaborate with internal and external clients.
2. Implementation of **Office Automation via SharePoint Online Phase III** enhances the Information and Documentation Management. It is not only secured but also allows for information to be exchanged effectively and efficiently.
3. Implementation of **DocuSign** facilitates the document signing process. It is a fast and reliable way to **electronically sign documents and agreements**.
4. Improve the effectiveness and efficiency of the talent management process through Human Resource Information System, HR2000 and automate some processes, for example, the **e-Leave** system that helps ease the Leave Management process.

5. A complete deployment of the **SAGE X3 system** throughout the Group. It helps us to improve and control our business while making better and faster decisions.
6. Implementation of **paperless initiatives** by the Group Executive Director (GED) Office where only softcopy documents submission are permitted except for documents that require approval.
7. Implementation of **email signature automation** throughout the Group to ensure the consistent style of company email signature and can manage all signatures in one place.
8. Complete utilisation of the **VPN solutions (Pulse Secure Client and Zscaler Client Connector)** to enable users to access ALS services everywhere around the world.
9. **ALS Group Laboratory Information Management System (“LIMS”) known as ANGLE LIMS**, integrates all the Laboratory Instrument to enable direct data import from the instrument to reporting and billing, which eliminates human intervention and increases data integrity and improves turnaround time.
10. ALS maximises the **usage of the PowerBI** tool to design interactive and immersive dashboards, reports, and data analytics to drive business results.



## Executing sustainability processes

Businesses today are challenged with keeping up with the competition that can come from anywhere and at any time. It is no longer enough to be concerned about those companies in the industry and who make equal products- companies must now be concerned about any companies anywhere in the world that are looking for ways to deliver the promises and ensure satisfaction across all stakeholders. With these issues causing anxiety and concern, businesses must do all they can to gain an edge. Achieving and sustaining a lead in any business sector requires a company to follow certain guidelines and winning strategies. One of these is through sustainable processes.

Sustainable processes are the set of activities that are required in order for the organisation to create long term values for stakeholders and at the same time provide sustainable benefits to the environment and society. These processes need to be efficient and effective in order for an organisation to produce quality products and services that meet customer requirements.

### ▶ Standards



Delivery to customer

### Strategic Performance Management

#### ▶ Achieving overall organisational strategic business objectives

Since 2019, PICORP Group has adopted a systematic and structured **strategic performance management** process led by the Group Executive Director.

PICORP Group Business Planning Process	
<p><b>1. Brainstorming sessions</b></p> <p>These sessions are conducted from department level up to company level.</p>	<p><b>2. Presentation of Business Plan</b></p> <p>The business plan is presented to Group Management Committee first before it is presented to the Board of Directors for approval.</p>
<p><b>3. Establishment of a Balanced Scorecard</b></p> <p>Upon approval of the Business Plan by the Board, the Balanced Scorecards (“BSC”) for each company and function will be reviewed and approved accordingly.</p>	<p><b>4. Periodical tracking of performance achievement</b></p> <p>BSC is then used to monitor and track organization performance on monthly basis. The organisation is required to provide a recovery plan for any non-achievement so that the performance gap can be closed out or narrowed down.</p>

Key information to be established during the business planning processes:

1. Assessment of performance of the current year
2. Lesson learnt to the achievement and non-achievement
3. Internal and External Analyses using SWOT, BCG Matrix, PESTEL, and ANSOFF Matrix.
4. Business Alignment and Business Model Innovation
5. New Market Development
6. Research &Development Plan and key milestones
7. Sales & Marketing Plan and key milestones
8. Operation Plan and key milestones
9. Human Resource Plan and Key Milestones
10. Financial Plan and Key Milestones
11. Risk Management Plan and action plans
12. Balanced Scorecard – Strategic Business Objectives, Key Performance Indicators (“KPIs”) and targets.

**Balanced Scorecard (“BSC”)**

BSC is a tool to translate strategic business objectives into action plans. It helps the organisation to align its management process and focuses the entire organization on implementing long term strategy. BSC is also used to communicate the organisation’s strategic business objectives throughout the organization, by cascading relevant KPIs to departments and individual employees

**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 safeguard 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.

**Control Measure**

- Integrated Management System Policy ISO 14001:2015
- Environmental Management ISO17025 (laboratory analysis and consultancy where applicable)
- PICORP Vendor’s Prequalification Questionnaire
- Environmental Pledge for the Vendors and Suppliers
- ALS Supplier Corrective Action Request (“SCAR”) (suppliers)

**Quality Management System**

**Conforming to outstanding quality of service**

PICORP is committed to consistently providing quality data and services to meet customer and regulatory requirements effectively and efficiently.



**Alam Sekitar Malaysia Sdn Bhd (“ASMA”)**

**Accreditations**

ASMA Integrated Management System has been developed in line with requirements from the **ISO 9001:2015 Quality Management Systems**, as well as **ISO 14001:2015 Environmental Management Systems** and **ISO 45001:2018 Occupational Health and Safety Management Systems**.

Conforming to the outstanding quality of products & services, 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 its internal processes by integrating the various internal processes within the organisation and providing a process approach for project execution.

Activities	Date
Consultation on ISO 9001:2015 Quality Management System	25 November 2021
Internal Audit on ASMA Integrated Management System	25 August – 7 October 2021
External Audit by LRQA Re-certification to ASMA Integrated Management System (ISO 9001:2015 QMS & ISO 14001:2015 EMS) standard requirements on the scope of certification	8 – 14 June 2021
Established Quality Control Plan (QCP) for new product	July - October 2021
Established a standard form for NCR to be used for all audits	April 2021
QA Passed for 4 products (Alpha, Beta and PPAP)	January – December 2021
Completed transition HSE Form for inspection and near-miss to online version	October 2021





## ALS Technichem (Malaysia) Sdn Bhd (“ALS Malaysia) and PT ALS Indonesia (“ALS Indonesia”) (collectively, “ALS”)

ALS is committed to consistently providing quality data and service to satisfy the requirements of each client by focusing on rapid turnaround time, results, and client value-added services.

The ALS Quality Management System (“QMS”) is structured to include the needs of clients and ALS corporate policies, as well as accreditation, licensing, and certification requirements. ALS achieves and maintains its high standard through a quality system focus combined with documented policies and procedures. The system is supported by a dedicated team of highly experienced professionals who maintain the QMS conduct internal audits and proficiency programs, control documentation, identify improvement opportunities and assist in training and compliance.

### Analytical methods

All analytical methods used at ALS undergo validation prior to their approval for use in the laboratory. The approved methods contain criteria for quality control and performance criteria that provides information on each preparation and analytical stage of analysis. Data generated are compared to data quality objectives. This is in line with ALS policy to generate scientifically sound and legally defensible data, and to provide high-quality testing services in compliance with accreditation and regulatory requirements.

### Internal audits

Scheduled internal audits are performed on all quality management system elements. System audits are qualitative evaluations of all components of the laboratory systems. They determine if the measurement systems are being used appropriately. Such audits typically involve a comparison of the activities given in the QA Manual with those actually scheduled or performed and are conducted by a Quality Assurance Manager at each facility. Audit findings are used by ALS to improve process performance.

### Business opportunities

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, in April 2021, ALS was appointed as COVID RT-PCR Lab by the Ministry of Health. This appointment 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.

### Outstanding achievements

2021: IKM Laboratory Excellence Award by Institute Kimia Malaysia (IKM)

1. IKM Laboratory Excellence Award for ALS Shah Alam
2. IKM Laboratory Excellence Award for ALS Johor Bharu
3. IKM Laboratory Excellence Award for Asiatest at Kota Kinabalu
4. IKM Laboratory Excellence Platinum Award (for maintaining the IKM Laboratory Awards for 20 consecutive years)
5. New IKM Fellow 2020 (Dr Chin Teen Teen, General Manager of ALS)



**Accreditations**

ALS Malaysia is accredited under SKIM Akreditasi Makmal Malaysia (SAMM) which meets the requirements of MS ISO/IEC 17025:2005 'General requirements for the competence of testing and calibration laboratories. This Malaysian Standards is identical to ISO/IEC 17025:2005 published by the International Organisation for Standardisation (ISO).

On the other hand, all laboratories under ALS Malaysia (ALS Shah Alam, ALS Johor Bahru, ALS Penang and ALS Kota Kinabalu) have been appointed as MOH-authorized commercial laboratories in food analysis for the issuance of health certificates (Sijil Kesihatan).

Laboratory panels for:

1. Food and Water Drinking Safety | MOH
2. SARS-CoV-2 Real-Time RT-PCR Lab Panel | MOH
3. National Institute of Occupational Safety and Health (NIOSH)
4. Makmal Panel Halal | Department of Islamic Development Malaysia (JAKIM)
5. BioNexus Partners (BNP) Status Laboratory by Bioeconomy Development Corporation
6. Ministry of Environment and Water
7. Traditional Products Lab Panel| National Pharmaceutical Regulatory Agency (NPRA) & MOH.
8. Viral diagnosis of fishery products for issuance of fishery health for export purposes | Department of Fishery
9. GMP Plus Registered Laboratory (GMP+) | for mycotoxin, heavy metals and pesticides



**ALS Laboratory Panels**

The scope of tests, recognised by National Pharmaceutic Regulatory Agency (NPRA) has been extended from 2 tests (heavy metals and microbial contamination) to a total of 4 tests (additional uniformity of weight and disintegration tests).

**Laboratory panels for:**

**Customer Service** M11 Customer Satisfaction

**Delighting Customers**

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.

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



**2021 CSS-ASMA**

For the environmental monitoring, consultancy and services segment, 2021 CSS was conducted by 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.

**ASMA Customer Satisfaction Survey Results (Project Delivery)**

<b>Target: 85%</b>	
Environmental Monitoring Services (EMS) department	100%
Water Department	99%
Air Department*	92%

\*Air Department also received 4 Star from Petronas through GDC project



## 2021 Customer Satisfaction Survey



### Survey Results

2021 | 88%

2020 | 86%

### Number of Responses

2021 | 88% ↑

2020 | 86% ↑



### Q 2021 CSS-ALS Group

In the 2021 CSS conducted by ALS Malaysia and ALS Indonesia ("ALS Group"),

- **Value proposition:** 76% of the survey participants agreed that ALS Group provided a significantly and slightly better value proposition compared to alternative solution providers, and 23% rated ALS Group as the same.
- **Turnaround time:** 59% of participants agreed that ALS Group's turnaround services are significantly and slightly better than their competitors while 36% rated about the same.
- **Top 3 ratings:** Most clients rated ALS for its **quality of service, pricing, and client service & scope of services** which are similar to 2020.



## 2021 Customer Satisfaction Survey



### TOP 3

#### Reasons

Quality of Service

Client Service

Client Service

2020

### TOP 3

#### Reasons

Quality

Pricing

Client Service & Scope of Service

2021



## Towards an environmental-friendly building: Mercuri PICORP

Today's companies know they aren't just working for the present, they're investing in the future. As climate change and other environmental issues take centre stage and impact all areas of our lives, responsible companies are taking initiative to reduce their carbon footprints. Even small actions can have a big environmental impact. In line with our commitment to the environment, we demonstrated our environmental initiatives in our own operations and infrastructure at Mercuri PICORP.

1. Daily auto-shutdown for centralised air conditioner by 6pm
2. Turn off all lights or aircond after use
3. Paperless meeting (except for Board Meetings)
4. Virtual meetings are highly encouraged to reduce the use of meeting room
5. 5S workstation (Sort, Set in order, Shine, Standardise, Sustain)
6. 3R (Reduce, Reuse, Recycle)
7. Procure eco-friendly office equipment and appliances (e.g. inverter technology)



### Energy Saving

#### Power Consumption

2021 | 1,520 MWh

2020 | 1,503 MWh

1.1% increase in 2021 power consumption against 2020

#### Electricity Bill

2021 | RM 747,105

2020 | RM 813,150

8.1% decrease in 2021 electricity bill against 2020



### Water Saving

#### Power Consumption

2021 | 8,191 m<sup>3</sup>

2020 | 10,094 m<sup>3</sup>

18.85% increase in 2021 water usage against 2020

#### Electricity Bill

2021 | RM 18,588

2020 | RM 22,923

8.9% reduction in 2021 water bill against 2020

## Research & Development



M6

Product Life Cycle Management

Research & Development ("R&D") plays a very important role in the success and sustainability of a business. R&D is essential for gaining and maintaining a competitive edge, business growth, and increased long term bottom-line profitability. R&D sets a roadmap and creates a long-term vision and strategy for a company seeking innovation while shaping the path for the organisation to gain a better foundation, understanding, and future capabilities and potential.

### PICORP Corporate Research & Development ("PICORP Corporate R&D")

PICORP Corporate R&D, a division under PICORP which was officially established on 25 March 2019 to serve the Group is an integral part of the Group innovation ecosystem. Understanding the importance of Product Life Cycle Management ("PLM"), this division addresses product management through all life cycle in a more comprehensive and sustainable way.



PICORP Corporate R&D undertook key activities throughout 2021 to develop new ways and support the enhancement of existing products or processes. PICORP Corporate R&D's main areas of focus are:

**1 MyHERO 1.0**

Developing a cutting-edge wastewater treatment system for POME that has a small footprint and mobility, consistent quality output, and complies with the Department of Environment (“DOE”) requirements in keeping with the environmental sustainability goal.

**2 MyHERO 2.0**

Developing a system that extends the capabilities of MyHERO 1.0 to a new level, from compliance discharge to recycling level for reuse, thereby lowering industry’s dependency on raw water.

**3 IO-SCOUT**

Developing a smarter yet basic data logger in-house to enable end-users to benefit from the industrial digitalization drive.

**4 IR4.0/Digital**

Field testing is possible with IoT-enabled devices to ensure that clean water distribution and safety compliance are met. Data can be seen online as part of the digitalization process, which might lead to the establishment of new services.

## ALS Research & Development

Meanwhile, ALS continuously improves their operations by developing innovative technologies for the benefit of employees, customers and shareholders.

**ALS embraces technology as part of normal business practice by:**

1. adopting global standards for new instrumentation;
2. sharing global methods across fixed equipment platforms; and
3. implementing process standardisation and continuous improvement by utilising one playbook, global supplier equipment agreements, customer-centric communication and technical manager innovation reports

**In 2021, ALS successfully developed several new test methods encompassing the following sectors:**

**1. Environment**

- a. River water, wastewater, seawater and groundwater
- b. Soil,
- c. Petroleum Oil
- d. Sludge and solid waste
- e. Air

**2. Biotechnology**

- a. Aquaculture testing
- b. Allergens
- c. SARS-CoV-2 for clinical, packaging and environmental testing
- d. Microbial analysis

**3. Food and Pharmaceuticals**

- a. Analytical chemistry covering food and agricultural commodities

**4. Environmental Hygiene**

- a. Total mercury in occupational health testing

**5. Microbiology**

- a. Microbiology testing in special-purpose food and environmental
- b. Updated medical devices testing

**6. Field**

- a. Particulate matter in stationary stack emission



## Safety & Health



Occupational Health, Safety and Environment

### 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 are 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 a 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.

### COVID-19 Prevention Programmes throughout PICORP Group

Activities:

Rolling out of COVID-19 guidelines to all employees and tenants;

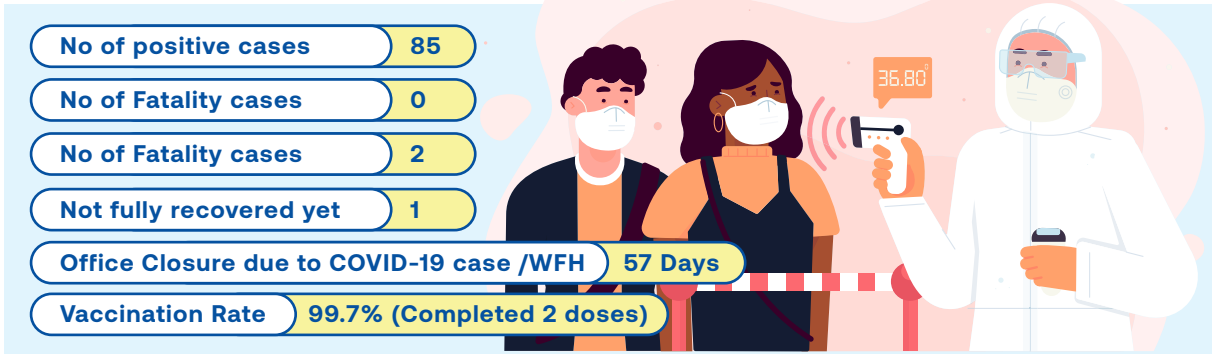
1. In-house sanitisation;
2. Communication through posters, SharePoint sites and email;
3. Health Screening – Temperature check prior to entrance to office;
4. Compulsory check-in at MySejahtera Application;
5. Physical distancing - 1 meter;
6. Hand sanitiser station in every common area;
7. The use of face mask – reminder and observation; and
8. Weekly workplace inspection for COVID-19 adherence by the HSE Committee.

The Group HSE Committee is dedicated to ensuring all employees are following the SOPs and promoting awareness of self-regulation in combating the pandemic.



### COVID-19 cases across the Group

In 2021, a total of eighty-five (85) cases were reported involving employees across the Group. Upon the confirmed case, due to the unforeseen circumstance and in line with the Group policy to ensure the safety and health of our workers, office closure or level closure, whichever was 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



The Group HSE Committee is at the front line of the COVID-19 outbreak response and has been facing enormous challenges in combatting the pandemic and protecting safety and health at work. A challenge such as that posed by the COVID-19 pandemic has been overcome and coordinated well because of the strong cooperation of the Group HSE Committee members in their commitment to ensuring the safety of others at Mercu PICORP.

On the other hand, building sanitisation exercises were conducted at least three (3) times upon infection case coupled with a surface swab test administered by ALS Malaysia on the affected area to ensure 100% COVID-19 free.

### Disinfectant Activities in Mercu PICORP

Aside from COVID-19 Prevention Programme which was a comprehensive task in the HSE realm, other HSE programmes still took place and were coordinated in 2021. Various HSE-related programmes were conducted in 2021 across all companies within PICORP in promoting the health, safety and environment in all business activities.

### HSE Inspection and Audit

Audit and Inspection for STP Refurbishment at Grand Ion Delemen Hotel, Genting Highland - 8 April 2021

### Audit and Inspection for OLA 100 at Kolam Menara Kota Emerald East Site





### River Monitoring System at MBI Pengkalan Batu, Klang – 24 September 2021



### BAKAJ at site Sungai Semangar, Sungai Sayong, Sungai Johor – 21 and 22 October 2021



### Mercu PICORP Building – Monthly HSE Inspection and report to Facility Maintenance

No.	Item	Finding	Recommendation	Action By / When	Status
1.		There were holes on the wall.	Repair the wall.	Facility Maintenance	In progress
2.		Ceiling ventilation not working.	Repair the ventilation.	Facility Maintenance	In progress



### 1. 5S and Housekeeping Programme: 19 -23 April 2021

5S workstation audit at ASMA and PICORP

**The best place of 5S**

1. Marketing Station		2. Lab office	
3. PICORP UNIT		4. Finance	

**★ EFFECT FROM 5S ACTIVITIES**

BEFORE – MARCH 2021	AFTER – MAY 2021
700kg paper has been recycled = RM220	
6-waste has been recycled = RM220	



### 2. Improvement in Mercu PICORP Building

1. New Corporate Office flooring



2. New lift and lobby wallpaper



3. Additional lighting in the basement and parameter areas



### 3. Other HSE Initiatives and Programmes

1. **Online Training at Mercu PICORP**
2. **Nutrition, Lifestyles & Immunity** by Siti Maizurah Ismail – 14 October 2021. Participant: All Staff
3. **HIRARC Part II** by Ahmad Haidhar – 14 October 2021. Participant: All Staff
4. **First Aid Training** by Akademi Dr Azizul – 29 November 2021. 37 Participants
5. **Fire Drill and ERT Training** by BOMBA – 8 December 2021. 32 Participants
6. **Evacuation Procedure** by ERT Historian by Nur Ain Sakinah – 29 December 2021. Participant: staff and tenants at Mercu Picorp
7. **Toilet Talk**  
HSE-related information and awareness at the toilet door with monthly updates.



For ALS Malaysia, their HSE initiatives and programmes are more in compliance with Safe Driving on site. Most of the training is conducted through on-the-job training (“OJT”). Following is the list of HSE training conducted at ALS Malaysia.

[read more](#) →



No.	Training Name	Type of Training	Training Approach	Training Date
1.	Global HSE Induction (Recurring Course)	Core	Online	1/31/2021
2.	Working At Height	Technical	OJT	1/31/2021
3.	Preventing - Slips trips and falls	Technical	OJT	2/28/2021
4.	Cyber Security	Technical	OJT	3/31/2021
5.	Wellness, a holistic approach	Technical	OJT	4/30/2021
6.	How to Manage Change - The right way	Technical	OJT	5/31/2021
7.	ALS Safe Driving Guide	Technical	Online	6/30/2021
8.	Disposal of Hazardous Waste	Technical	OJT	6/30/2021
9.	Provision of First Aid	Technical	Online	7/31/2021
10.	Hand Safety - Reducing Hands Injuries	Technical	OJT	7/31/2021
11.	Emergency Preparedness in Laboratories	Technical	OJT	8/31/2021
12.	Take 5 and JSEA (ALS Industrial)	Technical	Online	10/31/2021
13.	Chemical Handling	Technical	OJT	10/31/2021
14.	Promoting Incident Reporting	Technical	OJT	11/30/2021
15.	Activity - Fire Prevention Check	Technical	OJT	11/30/2021

These programmes and initiatives conducted across the Group 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.

## Talent Management



Talent Management

### Maintaining a competent workforce

Talent Management is an approach that involves attracting, developing and retaining the right talent for PICORP to ensure business continuity and sustainability through people. Based on this definition, there are three (3) main scopes of Talent Management which encompass Talent Acquisition, Talent Development and Talent Retention to safeguard the completeness of the management and development initiative on human capital supported by the Human Capital Information System to facilitate efficient talent management.

#### Talent Acquisition

Talent Acquisition is a key ongoing strategy that focuses on the long-term Human Capital planning to acquire the right talent with the right knowledge, right skills and the right attitude and accord new employees with a comprehensive onboarding program to align them with the company’s culture and system.

Acquiring the right talent is important to support business growth and sustainability. PICORP’s strategy is to identify internal and external talent to fulfil business requirements. Talent who is equipped with the required competencies is vital when penetrating new markets as well as sustaining business in the existing market.

Several sessions of onboarding programmes have been organised throughout 2021 to ensure the new employees are familiar with the process of integrating new employees into the company’s culture and system covering business direction and operations. PICORP will continuously improve the onboarding programme to welcome new employees and make them comfortable being part of the organisation.



## Talent Development

Talent Development is the management of talent competencies through an effective assessment approach and provision of appropriate training & development programmes to enhance workforce capabilities and improve organisational performance and compliance.

PICORP has successfully designed its own customised Competency Management initiative to ensure the availability of a competent workforce which shall lead to the enhancement of individual and organisational performance. Competency Management is an approach to assessing and developing the workforce in meeting specific performance standards to achieve organisational objectives. It supports the alignment of internal knowledge, skills and behaviour with the strategic direction of the organisation as a whole.

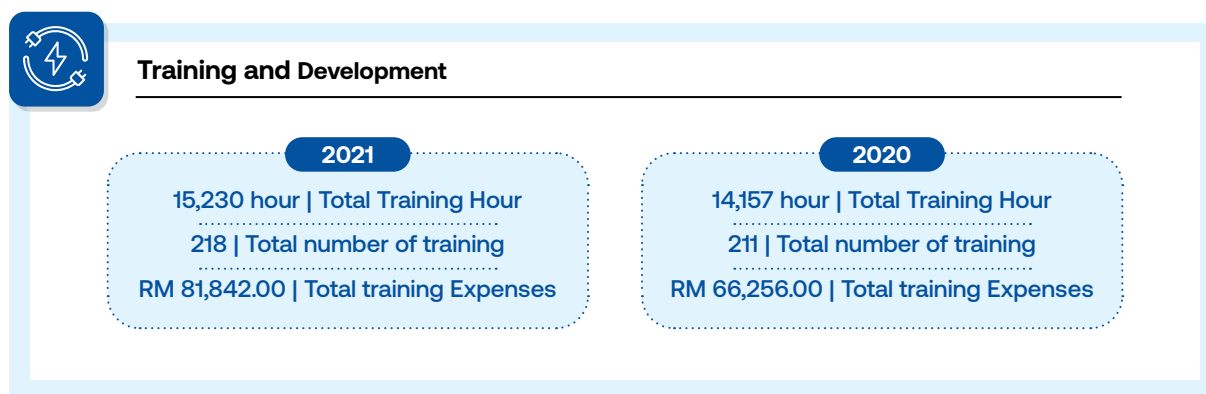
Moreover, PICORP continuously develops and strengthens a talent pool with the current-competent and future-ready workforce by outlining a set of required competencies. This competency model is an effective measurement tool that helps employees agree on a common language and comprehend what is understood by superior performance. It helps to communicate culture and values as well as to better explain the expectations that the leadership entails. There are three (3) types of competencies that have been identified namely:

- a. **Technical competencies** refer to a skill or area of knowledge used in the occupations of a specific function.
- b. **Leadership competencies** comprise the leadership and managerial skills as well as behaviour that contribute to superior performance.
- c. **Core competencies** are the resources and capabilities that comprise the strategic advantages of a business.

In 2021, the Competency Management initiative for Human Capital as a pilot programme had been completed. The process began by identifying the required competencies, establishing proficiency standards, conducting assessments, analysing competency gaps and determining areas of development. This is an ongoing initiative that will cover the management of talent competencies for other functions.

A series of training and development programmes were conducted to enhance workforce capabilities with an average of 85% participation rate. Programmes such as Strategic Performance Management (Business Planning) and BSC were organised to enhance workforce capabilities aligned with business requirements.

Delivering personalised learning experiences through the guidance of Subject Matter Experts (SMEs) has always been the top priority in developing our people. Through this approach, the company is able to expedite the dissemination of applied knowledge to improve its organisational performance.



## Talent Retention

Talent retention is an ability of an organisation to promote high job satisfaction and its commitment to retaining its employees through effective; engagement activities, employee welfare plan, employee performance management system, and competitive compensation & benefits package including opportunities for career growth. Talent retention contributes to organisational effectiveness and efficiency when employees are satisfied with the organisation and endlessly provide superior commitment.



## 2021 Employee Satisfaction Survey

### Employee Satisfaction Rate

2021 | 76%

2020 | 72 %

### Participation Rate

2021 | 88%

2020 | 86%

### Top 3 Dimension

Immediate Supervisor

Teamwork & Cooperation

Work Culture

In 2021, KPIs were aligned towards the Company's strategy, with long-term focus areas on the financial, customer, internal process and learning and growth. PICORP channels newer approaches to enhance performance management which includes regular reviews of the company's and department's achievements. This was done through a regular series of management meetings. PICORP also aligned performance with rewards involving pay for performance which provides a clearer link of view to drive performance.

Compensation and benefits are other important aspects of Human Capital Management that act as a medium to keep the workforce motivated. Compensation and benefits are allotted to employees based on their performance and actions to bring the best out of employees at the workplace. In the year 2021, PICORP had allocated provisions for salary increment, salary adjustment, Bonus/Ex-Gratia and 13th-month salary pay-out for eligible employees to reward their continuous commitment and contribution towards the achievement of business objectives. In addition, PICORP secures employees' benefits to be on par with the market offering through the revision of employees' tangible and intangible benefits lines. This includes the provision of improved medical and insurance benefits.

Career progression denotes the growth of employees in an organisation. It is an effective means to achieve the company's future growth and success through the orderly movement of employees to the right positions they are qualified for. In August 2021, PICORP boarded the upgrading and promotion initiative across the Group guided by dynamic selection criteria to reward the right talent and to accord them with a good career path. It can either be vertically, for positions of greater responsibility or horizontally, for positions encompassing a breadth of the relevant functions.



## 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, and employment disadvantages, where all employees are valued and treated with respect despite having varying age groups, experiences and expectations, in Malaysia, Indonesia and Saudi Arabia. PICORP adopts fair treatment to everyone, regardless of gender, ethnicity, age group, sexual orientation, disabilities, religion, political inclination and nationality to create stronger, better relationships with our employees based on trust and respect.



## Workplace Diversity

### Workforce Breakdown by Gender

2021 M: 467

2020 M: 319

2021 F: 197

2020 F: 196

### Total Workforce

2021 661

2020 593

### Workforce Breakdown by Country

Malaysian 314

Indonesian 153

Sudanese 70

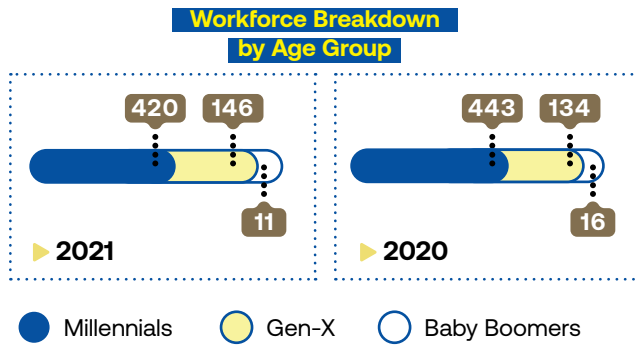
Saudi Arabian 67

Burmese 37

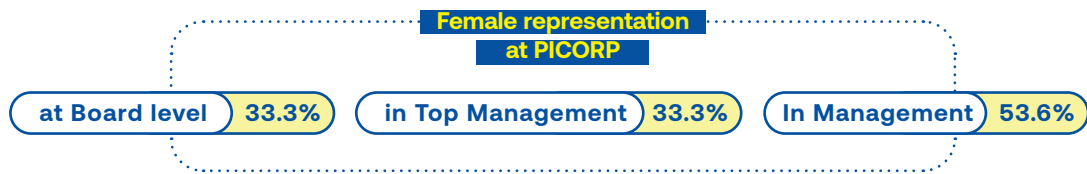
Others 25



### Workplace Diversity



### Women Empowerment



## Welfare & Charity



M8

Community Contribution & Engagement

### Enhancing community livelihoods

#### 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 was prioritised to employees within the Group and family members who are in need and also contributed to selected NGOs, schools and madrasah.

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

2021 RM459,132

2020 RM420,393

9.2% increase in zakat contribution in 2021 against 2020



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 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.

### **INFAQ programme**

In conjunction with the holy month of Ramadan, ASMA gave infaq to the needy employees who were identified based on their eligibility.

### **Contribution to the Flood Victim**

During an unexpected flood that occurred in December 2021 in Selangor areas, 13 employees who were affected in ASMA, 2 employees from PICORP and 10 employees from ALS Malaysia were given RM1,000 each to ease their burden. Due to this natural disaster which badly affected their houses and caused extensive material damage, a collection was also held among the staff to help the affected family. ASMA team also reached out and helped the affected families at their houses.





## Offering sustainable products & services

### ▶ **Sharing sustainable solutions for a better future**

At PICORP, we put greater focus on offering sustainable products and services to customers. We believe that these products and services can generate measurable social and environmental benefits alongside financial returns, creating long-term value for shareholders and society at large.

We believe that this is part of our commitment to protect the environment and preserve the planet for our children and future generations. This is also our commitment to contributing to the well-being of society – a clean and safe environment, clean and safe food and good health. This is in line with our vision to be a world-class business organisation focusing on cost-effective environmental solutions which shall benefit the environment and mankind.

## ▶ **Technology**



Delivery to customer

Technology is an essential part of any organisation's success. Whilst technology is evolving rapidly, organisations need to make continuous investments in technology to maintain a competitive edge and stay relevant. Technology drives innovation and never stops, and to keep current, we need to continually review our systems and processes and the technology that enables them.

R&D is an important driver of economic growth as it spurs innovation, invention, and progress. R&D is the part of a company's operations that seeks knowledge to develop, design, and enhance its products, services, technologies, or processes. PICORP Corporate R&D drives the innovation activities in PICORP to strengthen an existing product or service while making strides in helping reduce the environmental impact and build a circular economy.

In 2021, PICORP invested RM 431,450 into R&D, compared to RM706,169 in 2020. Consequently in 2021, ASMA launched its new product, MyHERO 1.0, resulting from dynamic R&D activities.

Meanwhile, ALS Malaysia has extended its laboratory capabilities in material characterisation by the addition of a new unit of pyrolyzer GC-MS for pyrolysis-gas chromatography-mass spectrometry to perform qualitative and quantitative analysis of components in environmental specimens. This unit enables ALS Malaysia to offer more advanced services such as foreign material analysis and microplastic analysis.

ALS Malaysia has also acquired a new unit of liquid chromatography triple quadrupole mass spectrometry (LC-MS/MS) for ultra-low level analysis including hormones, pharmaceutical residual and per- and polyfluoroalkyl substances analysis in environmental samples.

## ▶ **Solutions**



Delivery to customer

### **AI-Water Quality Monitoring Programmes**

As water pollution issues are becoming more critical, water quality monitoring programmes are vital to control and reduce its impact to a minimum level. Running on artificial intelligence ("AI") technology, River Pollution Load Analysis System (R+PLAS) is a sophisticated tool with self-learning capability to indicate the assimilative capacity of a river as well as the segregation of pollutant sources according to the characterisation flow. R+PLAS is capable to assess pollutant load in real-time with the integration to geographic information system (GIS) for point source mapping, net promoter score prediction model and early warning system.

### **Accredited test methods**

In order to ensure the laboratory testing services remain relevant and provide a competitive edge in the market for business sustainability, ALS R&D team constantly develops new test methods and validates their existing test methods. In 2021, 50 accredited test methods were added while 12 test methods were removed and no longer offered due to less market demand and being updated to comply with the latest standard.







Field	Accredited Test Added	Accredited Test Removed
Chemical	30	11
GMO & Nucleic Acid	13	0
Microbiology	7	1
	<b>50</b>	<b>12</b>

## Water & Wastewater Treatment

**M1**

Clean Water Security

**M2**

Climate Change

**M5**

Environmental Regulatory Compliance

Due to an increasing number of issues such as climate change, sustainable development has become an important theme worldwide. Sustainable development is inseparable from technological innovation. Only by making technological breakthroughs can we ensure the overall integration of economic development and environmental protection. At PICORP, we aim to provide sustainable solutions for a better future through our range of environmental solutions in water and wastewater treatment.

Our comprehensive solutions and services in water treatment, domestic wastewater treatment and industrial wastewater treatment comprise consultation, designing, planning, project management, operations and maintenance for plants that have been contaminated by anthropogenic industrial, household sewage or commercial activities prior to their release into the environment or its recycling and reuse. This is in line with DOE requirements on Environmental Quality (Sewage) Regulations 2009 and Environmental Quality (Industrial Effluent) Regulations 2009.

Climate change is a critical challenge for the entire global community and the natural environment. Reducing the generation of greenhouse gas (“GHG”) emissions from wastewater treatment is one of the steps cities and countries can take to lessen their impact on the environment. Therefore, energy consumption and greenhouse gas emissions are among the aspects that have become key factors concerning the overall performance of wastewater treatment plants.

Bi-Act Super Dissolved Oxygen (“Bi-Act SDO®”) is an award-winning and SPAN-approved hybrid wastewater technology promoted by ASMA since 2014. It is a simplified, modernised aerator for adding oxygen into bio-waste treatment which incorporates a combination of two (2) biological wastewater treatment processes; fixed film process and activated sludge process. These hybrid processes require lower hydraulic retention time (HRT), between 7.5 to 8 hours compared to a conventional system that requires 18 to 24 hours. As a result, Bi-Act SDO requires a smaller tank volume and smaller footprint.

Water & Wastewater Treatment Solutions
+

### Bi-Act Super Dissolved Oxygen (Bi-Act SDO®)

A simplified, modernised aerator for adding oxygen into bio-waste treatment which incorporates a combination of two (2) biological wastewater treatment theories; Fixed Film Process and Activated Sludge Process.

- 50% footprint reduction
- 30% energy saving
- optimum productivity
- minimum sludge production
- minimum odour
- innovative hybrid design.

### MyHERO™

Best tertiary treatment solution for palm oil mill effluent treatment.

- Consistent Compliance
  - Excellent performance
  - Guaranteed Effluent Quality
- Highly Excited Radical Oxidation (HERO)
  - Solution for POME treatment at all three stages of POME treatment 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
  - Optimizing treatment processes
  - Dual Processes
  - Smaller Footprint
  - Total area 120m2

### Intelligent Aqua

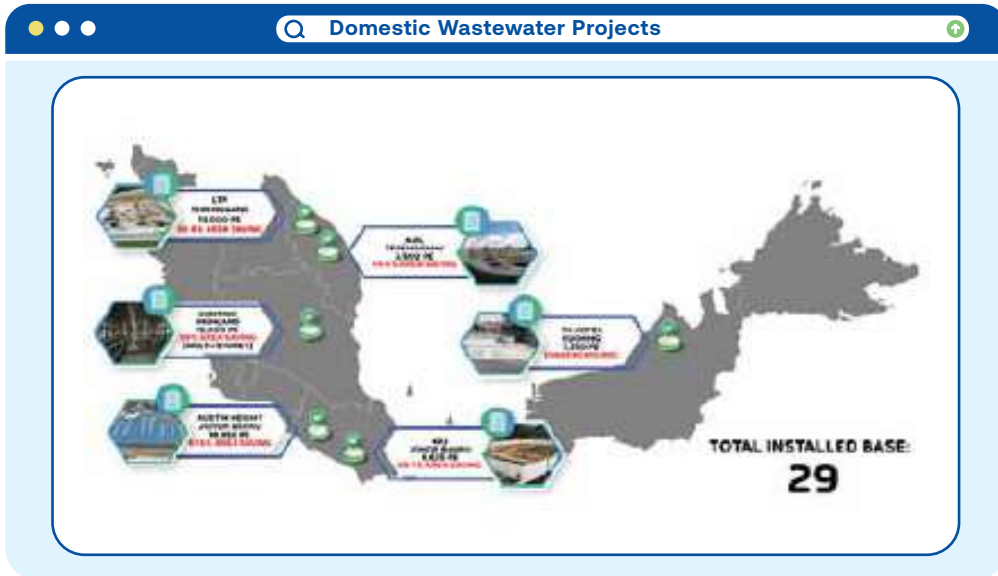
An innovative water treatment system that purifies polluted water. It removes most dissolved and suspended contaminants by adopting the hybrid concept of adsorption and ion exchange.

The processes are the colour & solid removal process, impurities adsorption & absorption process, neutralisation process, filtration process and purification process.

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**Bi-Act Super Dissolved Oxygen (“Bi-Act SDO”)**

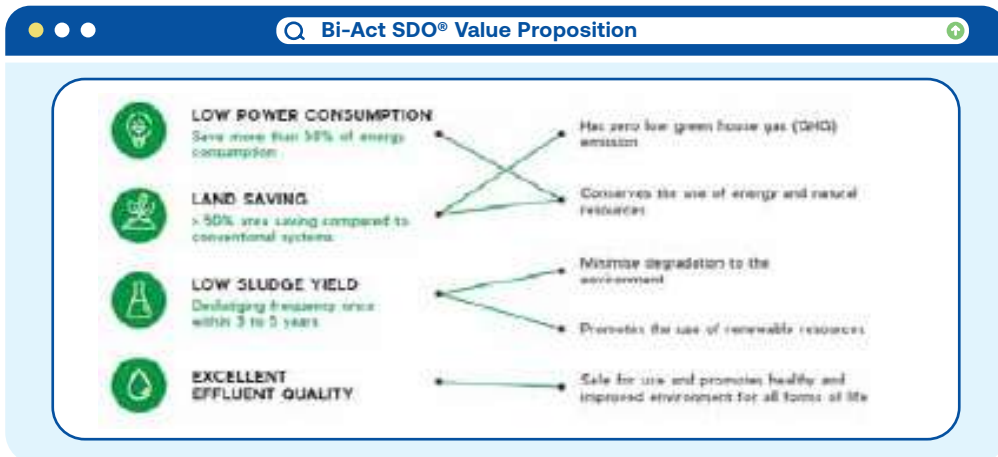
Bi-Act SDO® is an award-winning and SPAN-approved hybrid wastewater technology promoted by ASMA since 2014. It is a simplified, modernised aerator for adding oxygen into bio-waste treatment which incorporates a combination of two (2) biological wastewater treatment processes; fixed film process and activated sludge process. These hybrid processes require lower hydraulic retention time (HRT), between 7.5 to 8 hours compared to a conventional system that requires 18 to 24 hours. As a result, Bi-Act SDO requires a smaller tank volume and smaller footprint.



Austin Height project has proven that Bi-Act SDO® managed to serve a bigger population equivalent (PE), about 97% higher than the previous oxidation pond that we replaced and at the same time managed to reduce the footprint by around 67.5%.

Sewerage Treatment Plant	Population Equivalent (PE)	Area (Acres)
Oxidation Pond	10,255PE	3.857 acre
Bi-Act SDO	19,950PE	1.253 acre

A smaller carbon footprint and lower power consumption can contribute to lower GHG emissions. Since the operation of wastewater treatment plants results in direct emissions, from the biological processes of GHG such as carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O), as well as indirect emissions resulting from energy generation, our Bi-Act SDO® is a green technology that provides sustainable domestic wastewater solutions with significant values that help minimise the environmental impacts contributing to climate change.





Bi-Act SDO's unique features allow Bi-Act SDO® to have a high oxygen transfer rate that led to lower power consumption. Our STP project in Taman Aman Larkin proved that Bi -Act SDO is able to save at least 27% on the electricity cost, even though the total Bi-Act SDO PE is 15% higher than previous extended aeration system PE.

Sewerage Treatment Plant	Population Equivalent (PE)	Electricity Cost (RM)
Extended Aeration System	5200 PE	9,950.00 per month
Bi-Act SDO	6000 PE	7,225.00 per month

Energy-efficient businesses bring us closer to a greener and healthier planet. Reducing energy usage shall reduce the demand for fossil fuels and, in turn, lowers the levels of carbon dioxide in the atmosphere.

Another Bi-Act SDO's advantage is producing lower sludge as compared to the conventional system, around 40% reduction.

Sewerage Treatment Plant	Sludge Production Rate (kgs sludge / kg BOD5 removed)
Extended Aeration System	0.6
Bi-Act SDO	0.35

This decrease in sludge production implies a decrease in methane production.,<sup>3</sup> Hence, it can be inferred that the methane is reduced by at least 40%. Having minimum sludge production. contributes to a positive impact on the environment as it provides zero or low GHG emissions.

Methane is a relatively potent GHG compared to carbon dioxide as it has a physically bigger molecule than CO<sub>2</sub>. Hence it preferentially absorbs longer wavelength radiation. Global warming poses serious threats to the natural environment and increased methane concentration in the atmosphere can trigger this effect efficiently. GHG emission reduction projects that capture methane from the wastewater treatment facilities help in reducing such bad impacts and also avail the benefits of carbon revenue from the quantified and verified GHG emission reductions in the form of carbon credits.<sup>4</sup>

Sludge may contain harmful components such as pathogenic organisms, organic compounds, heavy metals and excess phosphorus and nitrogen. Depending on the method of disposal, these effects can be immediate or time-delayed and non-linear.<sup>5</sup>

Bi-Act SDO is efficient in discharging safe and excellent effluent quality for the environment. This helps the companies comply with the DOE's requirements on Environmental Quality (Sewage) Regulations 2009.

This Clean and Green solution ensures all effluent critical parameters meet the DOE's requirements.

- Biological oxygen demand (BOD5)
- Chemical oxygen demand (COD)
- Total suspended solids (TSS)
- Ammoniacal Nitrogen
- Nitrate Nitrogen
- Oil & Grease



The performance data on the effluent quality provides significant results and shows compliance with the standard requirements.

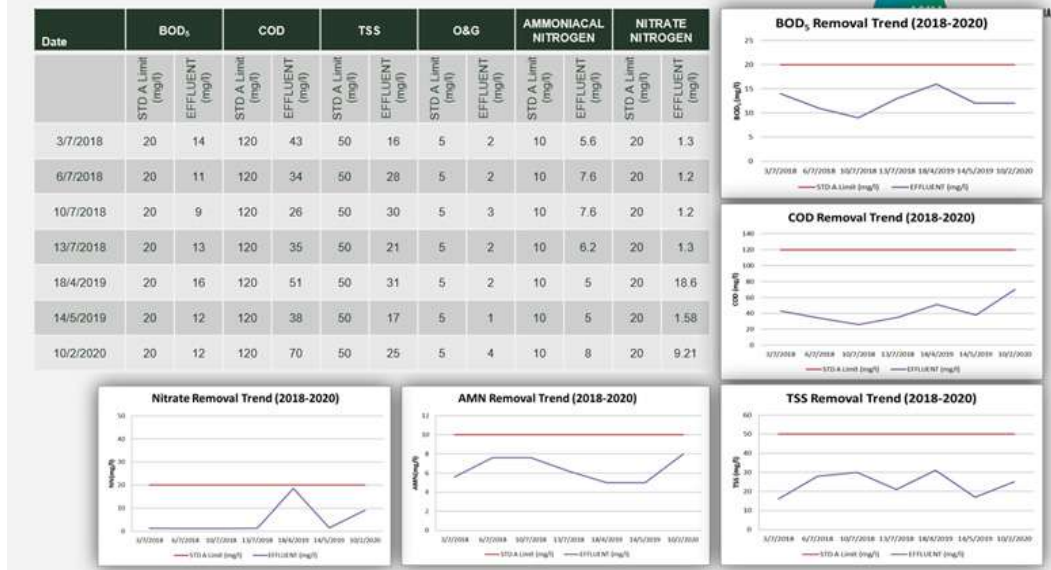
<sup>3</sup> J. L. Campos, D. Valenzuela-Heredia, A. Pedrouso, A. Val del Río, M. Belmonte, A. Mosquera-Corral. (2016). Greenhouse Gases Emissions from Wastewater Treatment Plants: Minimization, Treatment, and Prevention. Journal of Chemistry, vol. 2016 retrieved from <https://doi.org/10.1155/2016/3796352>

<sup>4</sup> Telang, Shailesh. (2011, September 23). methane emission from wastewater treatment plants can earn carbon revenue. Carbon Markets. <https://greencleanguide.com/methane-emission-and-carbon-revenue/#comments>

<sup>5</sup> Van Berg, J. J. Den. (1993). Effects of sewage sludge disposal. Land Degradation & Development 4(4), 407-413. <https://doi.org/10.1002/ldr.3400040426>



## Performance Data of a STP at Client's Site



## Clean water solution: Intelligent Aqua™

Water security is the capacity of a population to safeguard sustainable access to adequate quantities of acceptable quality water for sustaining livelihoods, human well-being, and socio-economic development, for ensuring protection against water-borne pollution and water-related disasters, and for preserving ecosystems in a climate of peace and political stability.<sup>6</sup>

Water Security in Malaysia is a national issue and needs to be tackled immediately for it to be viable and sustainable. As climate change threatens to rapidly worsen this predicament, we aim to address this issue and concerns by developing a breakthrough solution.

**Intelligent Aqua™**, also known as IA, is a water treatment system that adopts a hybrid concept of combining special blended adsorption techniques and ion-exchange methods to treat and purify contaminated and polluted water into drinking water. From filtration to purification, IA is an efficient and cost-effective solution to remove a vast range of contaminants from wastewater, groundwater, and contaminated river.

IA requires a smaller footprint compared to the conventional water treatment system as this system does not involve sedimentation process, aeration process, and coagulation/flocculation process and produces no sludge.

Through our first project with Air Kelantan Sdn Bhd, ASMA drives this innovative green project of the water treatment system, which will strengthen local communities' livelihood as they will get clean water for their daily use.

<sup>6</sup> UN-Water Task Force on Water Security (2013). Water Security & the Global Water Agenda: A UN-Water Analytical Brief.



### Palm oil mill effluent issues: MyHERO™

Palm oil mill effluent (“POME”) is a by-product of the palm industry and it releases large amounts of GHGs. Water systems are also contaminated by POME if it is released without being treated to rivers where it endangers the source of raw water.

MyHERO™ is an innovative solution developed by ASMA to address palm oil mill effluent issues. This solution will help the palm oil milling industry comply with stringent discharge requirements under the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations 1977 at the same time ensure safe effluent is discharged into river.

MyHERO™ is compact and is a built-in skid container, with small footprint around 120m2. MyHERO™ has the capability to reduce the level of BOD5 to less than 20mg/L and colour to 10 ADMI Ph NAT which is in line with DOE’s legal requirement.



Our offerings encompass air quality management, water quality management, laboratory testing and environmental consultancy which have tremendously helped evaluate and assess the environmental conditions in providing useful data to the authorities and respective organisations to perform preventive measurements.

**Environmental Monitoring**

<b>Air Quality Management</b>	<b>Air Quality Monitoring Stations (AQMS)</b> Continuously measure ambient air for : <ul style="list-style-type: none"> <li>• gaseous pollutants (SO2, NO2, O3, CO, HC)</li> <li>• particulate matters (PM10 &amp; PM2.5)</li> <li>• meteorological parameters (wind speed, wind direction, UVB, temperature &amp; humidity)</li> </ul>	
<b>Water Quality Management</b>	<b>Online Water Quality Monitoring</b> 	<b>Biological And Biodiversity Monitoring</b> Program that encompasses studies and data collection for the purpose of inventory and decision making. 
	<b>Lab Testing</b> <b>Environmental Testing</b> <ul style="list-style-type: none"> <li>• Full analytical testing services specializing in metals, volatile and semi-volatile organics, inorganics, nutrients and microbiological analysis</li> <li>• Covering a wide range of sample matrices covering soil, surface water, wastewater, groundwater, drinking water, seawater, sediments, waste, air, and biota.</li> <li>• Accredited testing services according to the APHA, USEPA, ASTM, ISO, MS and JIS Standards</li> </ul>	



We leverage the growing interest within the industry to comply with the Department of Environment Malaysia (DOE) regulations on the Environmental Quality Act 1974, as well as ISO 14001:2015 Environmental Management System which requires the provision of environmental monitoring services. Our vast experience in environmental monitoring is demonstrated by the range of high impact clients and projects that we have delivered. Reliability and data integrity have always been our primary aim in providing timely professional services, well supported by ALS Skim Akreditasi Makmal Malaysia (SAMM) accredited lab.

We provide air quality management solutions that can help the industry comply with DOE's regulation on Environmental Quality (Clean Air) Regulations 2014. **Continuous Air Quality Monitoring Station (CAQMS)** is a cost-effective solution for compliance monitoring. In 2021, ASMA supplied weather stations to Large Solar Scale Cypark to provide data on solar radiation, temperature, humidity, wind and rain. This data is crucial to indicate a possible increase or reduction in the efficiency of the solar farm to meet the nation's renewable energy target.

**Water quality monitoring** is fundamental to sustainable water management. It provides essential data and information, which characterise the physical, chemical and/or biological state of water resources. Water quality data and information are crucial for the assessment of water quality trends and changes in the water resources, and the identification of emerging water quality issues.

In response to challenges surrounding water quality monitoring, ASMA has led the way to provide breakthrough **online water quality monitoring** instruments and network systems. Equipped with our vast experience and highly trained personnel, we have successfully completed the installation of more than 100 units of online water quality monitoring systems for drinking water, river, lake, marine water, and industrial effluent. We take pride in having installed the first online monitoring system for the drinking water distribution network in the country and an online lake water quality monitoring system for Putrajaya Lake & Wetlands.

We also carry out an integrated **biological and biodiversity monitoring** program that encompasses studies and data collection for inventory and decision making. We are the first integrated biological monitoring provider for man-made wetlands and lakes in Malaysia since 2001. Our team of experts has been working with Putrajaya Corporation on lake and wetland biodiversity monitoring to maintain ecological life support that supplies clean air, water, plants pollination, pest control and wastewater treatment in Putrajaya.

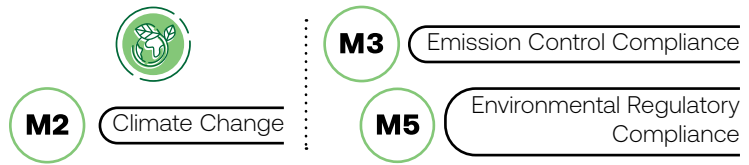


Our **environmental laboratory** provides full analytical testing services specializing in metals, volatile and semi-volatile organics, inorganics, nutrients and microbiological analysis in a wide range of sample matrices covering soil, surface water, wastewater, groundwater, drinking water, seawater, sediments, waste, air, and biota. Our chemists have valuable experience working on projects related to the chemical, electronics, petroleum, mining, marine, agriculture and waste management industries.

We provide accredited testing services according to the American Public health Association (APHA), United States Environmental Protection Agency (USEPA), American Society for Testing & Material (ASTM), MS ISO/IEC 17025:2005 General Requirements for Competence of Testing and Calibration Laboratories and Japanese Industrial Standard (JIS) as part of our global commitment in meeting industry requirements in both local as well as international arenas.



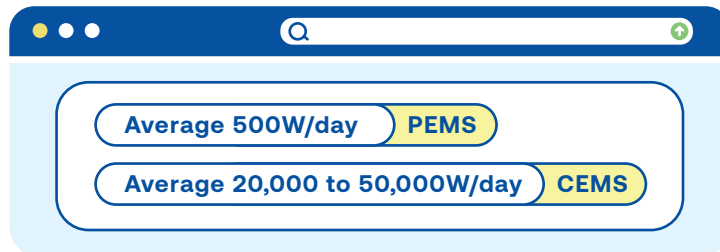
## Emission Control



We also provide DOE-approved **Continuous Emissions Monitoring Systems (“CEMS”)** solutions that are characterised by highly cost-effective and optimum measurements as well as adherence to local and international standards. Other solutions called **Predictive Emissions Monitoring Systems (“PEMS”)** stations are designed to provide advanced and superior emissions monitoring capability and are guaranteed to pass the certification testing. PEMS has been demonstrated to be accurate and highly reliable compared to CEMS in independent field tests conducted in accordance with U.S. EPA tests methods and procedures.



PEMS offers minimal maintenance and operation costs. Compared to CEMS, PEMS requires **lower power consumption**. Average 500W/day is required to run PEMS whereas an average of 20,000 to 50,000W/day is required to run CEMS.



Data and information from PEMS can be used for decision making for example, part of the process that needs to be improved or optimised in order to make sure that the emission rate of SOX and NOX are within the threshold by DOE.

Since 2009, ASMA has completed and obtained the DOE’s approval for more than 40 PEMS-related installations in different industries. This demonstrates how our business help leads in driving environmental impact, especially in green production and energy efficiency.

We also undertake **audit works** based on regulation requirements for our clients. The services, PEMS Audit (RAA & RATA) and CEMS Audit (CVT and AST) are supported by ASMA’s six (6) mobile and two (2) portable CEMS units. As a registered tester by the DOE, ASMA is competent to carry out audit works and has successfully completed more than 60 audit works nationwide.

We also are the **authorised distributor** for leading brands in air quality and emission monitoring equipment. These brands include Met One, CMC Solutions, JCT and Scentroid.



▶ **Wellness & Wellbeing** M 4 Public Health Management

Wellness and wellbeing are imperative for building resilience. Wellness is an active process of making choices toward a healthy and fulfilling life and wellbeing is the state of being comfortable, healthy, or happy. By embracing wellness and wellbeing, it can contribute to reducing health care costs and enhance workforce availability, productivity, and engagement. PICORP believes that the public health field is constantly evolving across the world and responding to the needs and challenges of the community and population is indispensable.

**Public Health Management**

We are specialised in **public health management** which includes project operation and maintenance for pest control surveillance, laboratory analysis of the pest samples and determination of the hot spots area for dengue disease & other public health issues caused by pests. In 2021, we were awarded Makkah KPI Pest Control Monitoring Services Contract. The duration of the project is 49 months starting on 1st September 2021. In this project, we are helping Makkah Municipality to perform pest control surveillance for the entire Makkah City. In addition, we also assist in the research and development of biological controls to reduce the mosquitoes in Makkah.



**Integrated Pest Management**

We have been providing pest control surveillance in Saudi Arabia since 2008 to the government sector. However, driven by the increasing demands in pest control and also part of our initiatives to widen the pest control services in Saudi Arabia, Saudi Asma Environmental Solutions LLC ("Saudi Asma") manoeuvres the business by redefining its role, strengthening its customer focus and building integrated services to deliver **integrated pest management** solutions to both government and private sector while improving the quality of life and protecting the environment where we live, work and play. Together with our technical partner Kamal&Kamal Pest Control Sdn Bhd, Saudi Asma strives to work closely with customers to become the partner of choice in providing solutions that best satisfy the customers' needs.





**ASSESS**  
We take precautions to prevent infestations by:

- Identify pest activity
- Identify pest source
- Identify pest entry points
- Identify pest exit points
- Identify pest hiding places
- Identify pest food sources
- Identify pest breeding sites

**SECURE**  
We work closely with you and your key personnel to ensure:

- Proper pest control procedures
- Proper pest control equipment
- Proper pest control materials
- Proper pest control techniques
- Proper pest control safety

**MANAGE**  
We manage the pest control treatment services through:

- Proper pest control procedures
- Proper pest control equipment
- Proper pest control materials
- Proper pest control techniques
- Proper pest control safety

**ANALYZE**  
The effectiveness of the pest control treatment services is analyzed through:

- Proper pest control procedures
- Proper pest control equipment
- Proper pest control materials
- Proper pest control techniques
- Proper pest control safety

Saudi ASMA is committed to provide quality services that will ensure compliance and commitment to the following standards:

- HACCP
- ISO 22000
- AIB
- SMP

**General Pest Control (GPC)**  
To prevent unwanted crawling and flying pests such as ants, cockroaches, rats, fleas, fleas/flies, and mosquitoes using the following methods:

- Residual spraying
- Misting
- Rodenticide
- Baiting
- Fogging
- Traps

**Bed Bug Control**  
Bed bug infestations are treated using the following methods:

- Spot treatment (target spraying)
- Spot treatment (Misting)

**Termite Treatment**  
To prevent termite infestation of homes & buildings before and after construction using:

- Pre-Construction Termite Control
- Post-Construction Termite Control

**Disinfection Services**  
A method to disinfect and sanitize large and hard to reach areas, instantly protecting your facility of disease-causing pathogens

## Food Safety

The main objective of food safety is to protect consumers of food products from foodborne diseases or injuries related to food consumption. At ALS Malaysia, we are active in servicing the food industry in Malaysia and neighbouring Asian countries. We provide a range of food analyses, including nutritional labelling, microbiological, contamination testing, and emergency contaminant testing such as melamine, malachite green, Sudan red, nitrofurans and antibiotics. Our laboratory was incorporated in 1993 and operates according to ALS Malaysia MS ISO/IEC 17025:2005 standards, ALS has been Skim Akreditasi Makmal Malaysia (SAMM)- accredited since 1997. ALS internationally recognised standard test methods are accepted by international standard bodies which provide assurance to our customers.

AOCs

AOAC  
AMERICAN OIL CHEMISTS' ASSOCIATION

JIS  
日本工業標準化委員会

GB  
国家标准

BSI  
British Standards

ISO

FDA U.S. FOOD & DRUG ADMINISTRATION

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### Microbiological testing

- Aerobic Plate Count
- E. coli
- Coliform
- Enterobacteriaceae

### Pathogen detection

- Yeast & Moulds
- Salmonella
- Staphylococcus aureus
- Vibrio cholerae
- Vibrio parahaemolyticus
- Listeria monocytogenes
- Bacillus cereus
- Clostridium perfringens
- Shigella
- Camphylobacter

### Environmental hygiene monitoring

- Bioaerosol air sampling
- Surface swab testing
- Settle plate

### Fast & rapid Salmonella testing:

- Tetra VIA ELISA (3 days upon sample receipt)
- Molecular detection assay (2 days upon sample receipt)

### Other microbiological assays:

- Preservative efficacy testing
- Bacteria identification

### Contaminants

Substances which can contaminate foodstuffs include inorganic matters such as heavy metals, industrial plasticizers which have been transferred from packaging materials, or organic compounds like Melamine or synthetic antibiotics. ALS can provide a wide range of testing including Heavy Metals Residues, Mycotoxins, and Veterinary Drug Residues.

### Specialist contaminant analysis includes:

- Veterinary Drug Residues (BBP)
- Malachite Green & Leuco Malachite Green
- Nitrofurans Metabolites
- Fluoroquinolones
- Chloramphenicol
- Harmful Substances
- Melamine
- Dicyandiamide
- Benzo(a)pyrene
- 4-methylimidazole
- Mycotoxins
- Aflatoxins B1, B2, G1, G2
- Phthalates
- Dimethyl phthalate (DMP)
- Diethyl phthalate (DEP)
- Di-n-butyl phthalate (DBP)
- Di-n-butyl benzyl phthalate
- Bis(2-ethylhexyl) phthalate (DEHP)
- Di-n-octyl phthalate (DNOP)
- Di-iso-nonylphthalate (DINP)
- Di-iso-decylphthalate (DIDP)
- Heavy Metals
- Arsenic
- Antimony
- Boron
- Cadmium
- Chromium
- Copper
- Lead
- Mercury
- Tin
- Zinc

### Pesticide residue analysis is available to the below food items but not the least:

- Fruit and Vegetables
- Dried Fruit
- Cereals & grains
- Tea Leaves
- Health supplements
- Plant-related products

A detailed compound list will be provided upon request.

## FOOD SAFETY

### Halal and Halalan Thoyiban Assurance Testing include:

CC(O)C

- Alcohol (Ethanol) Detection
- Porcine DNA Detection
- GMOs and Allergens
- Hygiene Monitoring
- Microbiology & Heavy Metals test
- Food Adulterants

### Microbiological parameters:

- Total bacteria count
- Total yeast & mould count
- Salmonella sp.
- Escherichia coli

### Physical and chemical parameters:

- Moisture
- pH
- Water activity
- Physical appearance
- Peroxide value
- Free fatty acids
- Vitamins degradation
- Shell-life Studies

### Popular nutritional tests

Test parameters (Standard guidelines)	Majorly Consumed				
	Malaysian Food	UK	China	EU/USA	Singapore
Energy	Y	Y	Y	Y	Y
Calories from fat	Y	Y	Y	Y	Y
Fat	Y	Y	Y	Y	Y
Saturated fat	Y	Y	Y	Y	Y
Cholesterol	Y	Y	Y	Y	Y
Totals fat	Y	Y	Y	Y	Y
Total carbohydrate	Y	Y	Y	Y	Y
Total sugar	Y	Y	Y	Y	Y
Dietary fibre	Y	Y	Y	Y	Y
Protein	Y	Y	Y	Y	Y
Vitamin A	Y	Y	Y	Y	Y
Vitamin D	Y	Y	Y	Y	Y
Iron	Y	Y	Y	Y	Y
Calcium	Y	Y	Y	Y	Y
Sodium	Y	Y	Y	Y	Y
Potassium	Y	Y	Y	Y	Y
Added Sugar	Y	Y	Y	Y	Y

ALS Malaysia, which is also JAKIM’s lab panel provides a range of tests to assist in Halal verification. Our SAMM accredited methods will provide assurance for food consumption in line with “Halal” and “Toyyib”. Halal (Arabic: **حلال** halal, “permissible”) refers to what is permissible or lawful in traditional Islamic law and it is frequently applied to permissible food and drinks. It is also associated with being wholesome, just and all things that are pure and good (Toyyib). Today, halal covers a wide range of products from foods to toiletries, personal care items, pharmaceuticals and health supplements. We take **Halal & Halalan Toyyiban** services are as part of our commitment to protect Muslims’ interests, especially in halal assurance on products they consume or used.

### COVID-19 Monitoring

ALS Malaysia has recently received the recognition of the MOH as a COVID-19 testing laboratory for clinical samples, which allows us to provide a more holistic COVID 19 monitoring program alongside our existing COVID-19 environmental testing solutions. ALS Malaysia offers a combined Nasopharyngeal Swab & Oropharyngeal Swab kit for medical doctors who are performing this test. Besides that, ALS Malaysia also offers deep throat saliva testing services for COVID-19 detection using a specialist saliva container that stabilises DNA and RNA long term in a saliva sample. 2ml of saliva is required for this test. Our saliva sampling device is approved by the local authority and is suitable for transportation at room temperature not exceeding 30°C within 7 days.



### Pharmaceutical & Healthcare

ALS Malaysia can provide a wide range of **sampling, testing and consulting services** to the **pharmaceutical and healthcare** industry. The business has the resources, facilities and capabilities to carry out testing and analysis of medical devices, pharmaceuticals, health care, Chinese proprietary medicine and cosmetic products. The laboratory staff are extensively trained and committed to providing professional testing services to clients. The testing methods are set up in accordance with United States Pharmacopeia (USP) and European/British Pharmacopeia (EP/ BP) standard testing methods. The laboratory setup and process flow also meet the regulatory requirement for a Good Manufacturing Practice (GMP) quality control laboratory.

### Industrial Hygiene

We offer a wide array of analytical testing services to support **industrial hygiene testing** services and to assist our clients in promoting human health. Our counterpart lab in the United States has been accredited by the American Industrial Hygiene Association (AIHA) since 1974 and served as the primary method development contract laboratory for the National Institute for Occupational Safety and Health for over 30 years. We provide accredited testing services on hazardous chemicals in the workplace following NIOSH, OSHA, and USEPA criteria in a wide range of sample matrices covering airborne contaminants (sorber tubes, passive samplers, impinger solutions), swabs, surface wipes, bulk samples and biological fluids (blood and urine).

## STAKEHOLDER ENGAGEMENT

Fostering relationships with our stakeholders

### Investors and Shareholders Engagement

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 29<sup>th</sup> Annual General Meeting

On 24 June 2021, PICORP convened its 29<sup>th</sup> AGM held virtually via TIIH Online. PICORP was honoured to receive continuous support and trust from the shareholders as all resolutions were passed at the 29<sup>th</sup> AGM. We also had a productive session during the Q&A session as it enabled the shareholders to ask any questions and seek clarification related to the Company and its business activities.

As we seek new growth opportunities in a sustainably conscious manner, our priority remains to provide sustainable solutions to our valued customers while delivering excellent returns to shareholders and maintaining impeccable corporate governance.



### Employee Engagement

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 and encouraging employee engagement in achieving a healthy work-life balance and creating a conducive work environment.

## Employee Engagement Programmes

### 1. Healthy Walk Programme

Besides the many benefits of regular strolls and cycling – upping your daily movement, getting some fresh air and sunlight (brilliant to swerve any vitamin D deficiency symptoms), not to mention the mental health advantages – ASMA, via the HSE Department organised a healthy walk programme to meet below objectives

#### Objectives:

1. To promote occupational health management and a healthier lifestyle;
2. To create an awareness of occupational health and safety through health programmes;
3. To educate employers and employees to embrace OHS culture through the health programmes; and
4. To increase productivity and reduce absenteeism due to illnesses and accidents.

Held for almost a month, from 4 October 2021 until 31 October 2021 with a set of criteria to accommodate different age gaps, this programme received great participation and support from the staff in their pursuit to keep fit and embrace a healthier lifestyle.

#### Criteria

- a) Walking:
  1. Age 40 - 60 = 9km / 15,000 steps
  2. Age below 40 = 15km / 25,000 steps
- b) Cycling:
  1. All age / 50 km





## 2. Virtual HSE Day 2021

Theme : Invest Now in Resilient OSH System  
Date: 13 October 2021

In promoting a safe, healthy, and decent workplace, Group HSE Committee organised the Virtual HSE Day 2021 held online via Ms Teams with several HSE programmes including Health Talk, Safety Talk and Spot the Hazard Contest.

### EVENT INSIGHTS

Total number of participants for:

197 Official Launch & Health Talk (9.30am - 11.00 am)

116 Safety Talk (2.30 pm - 3.30 pm)

69 Spot the Hazard Contest

5 Contest winners



## 3. ALS Virtual Marathon

Physical activity doesn't need to be complicated. Something as simple as a daily brisk walk can help you live a healthier life. Regular exercise can help maintain a healthy weight and lose body fat, prevent or manage various conditions, improve cardiovascular fitness and many more benefits. Understanding the importance to promote a healthy lifestyle, ALS Malaysia organised the ALS Virtual Marathon that kickstarted on 6 December 2021 where all ALS Malaysia's employees were required to complete a distance of 42km. To help all ALS employees keep track of their achievements, everyone was given a smart wearable band by the company in October to help them prepare for this virtual marathon. The finishers were presented with a limited-edition T-shirt at the end of the event



### ▶ Enriching spiritual performance

One of the PICORP Core Values-Obedient to Allah which refers to enjoining what is right and forbidding what is wrong is the pillar of PICORP in conducting its business activities and takes precedence over any other matters. Hence, it is of great concern to PICORP that the core value is promulgated within the companies.

The *Musolla* Committee or better known as MUSCOM in short, with the oversight of the PICORP GED actively coordinates various religious programmes in PICORP tailored towards the spiritual needs of the employees.

#### MUSCOM activities

- Congregational prayer: Mercuri PICORP, Jeddah office and Sentul office
- Virtual Laman Hidayah: via Microsoft Teams
- Virtual Yasin recital (Fridays): via Microsoft Teams

#### Laman Hidayah's books and themes:

1. Tarbiyatul Aulad Fil Islam
2. Kitab Fiqh Wanita
3. Perempuan- Perempuan yang baik dalam al Quran
4. Wanita & Kerjaya
5. Persediaan Bagi Yang Sakit Hingga Mati - Baba Ismail Banasta
6. Al-Mandili Al-Mazhab atau tidak haram ber mazhab - Syaikh Abdul Qadir
7. Kitab Faraid



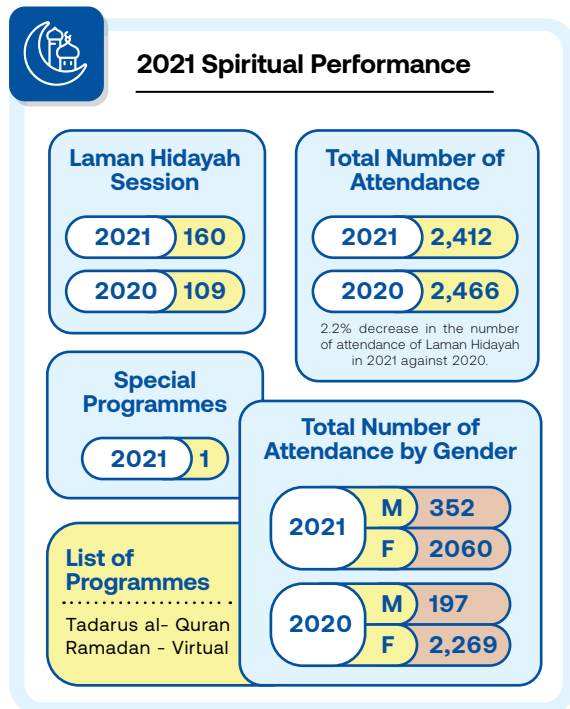


### Laman Hidayah's topics

1. al-Quran
2. Tajwid
3. Sirah
4. Fiqh
5. Aqidah
6. Hadith
7. Islamic history

### The weekly Islamic talks discussed and addressed by renowned Ustaz, Ustazah and guest speakers:

1. Pedoman Solat Berjemaah by Ustaz Al Hafiz
2. Penghuni Syurga & Neraka by Imam Muda Hafiz
3. Santai tapi Sampai by Prof Dr Mohd Noor
4. Sirah by Ustaz Nazmi Karim
5. Faraid by Ustaz Salleh (MAIS)
6. Fiqh / Tadabur Ayat Pilihan by Ustaz Ariffudin
7. Tarbiyatul Aulad Fil Islam by Ustazah Nurazizah
8. Wanita & Kerjaya by Ustazah Fatahiyah



### Environmental Engagement

#### Environmental engagement programmes

In tackling our most pressing environmental challenges and demonstrating our support for environmental sustainability, PICORP continuously engages with government bodies, agencies and communities through various programmes like webinars, seminars, exhibitions, talks and conferences.



#### 24 February 2021:

Ambient Air Quality Monitoring Sharing Session  
Venue: Ms Teams  
Speaker: ASMA technical expert (Air)



#### Jom Turun Sungai

#### 27 March 2021:

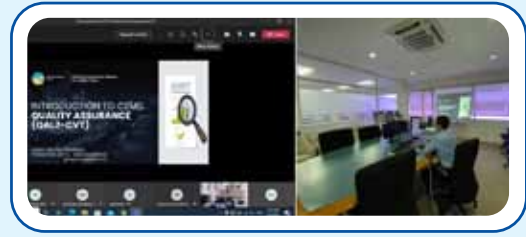
Jom Turun Sungai event in conjunction with the World Water Day 2021 (in conjunction with the National World Water Day Celebration)  
Venue: Sungai Langat and Sungai Anak Gajah  
Participation: Government Agencies, Selangor State Government Exco, NGOs, Universiti Kebangsaan Malaysia ("UKM"), local community and private sector [30 ASMA staff participated].



#### ECOP Technical Sharing

#### 15 April 2021:

ECOP Technical Sharing #1 2021 - Introduction to CEMS Quality Assurance (QAL2 CVT)  
Venue: Ms Teams  
Speaker: ASMA General Manager, Ts. Ardi Bin Bakhtiar  
Participants: PETRONAS employees from all subsidiaries.





● 28 April 2021: Emerging Pollutants in Malaysia River Webinar

**Venue:** Ms Teams

**Speaker:** Ir. Dr. Zaki Zainuddin, the Water Quality and Modelling expert,



● 15 July 2021: Eutrophication in Malaysian Lakes: Causes and Consequences

**Venue:** Ms Teams

**Speaker:** Professor Dr. Fatimah Md Yusoff from Universiti Putra Malaysia (“UPM”), Aquatic Ecology and Limnology expert



● 19 May 2021: River Assimilative Capacity: The What and How Webinar

**Venue:** Ms Teams

**Speaker:** Prof Dr. Pauziah, environmental expert



● 11 August 2021: Kolokium Penggunaan Continuous Effluent Monitoring System (CEfMS) bagi Industri bersama JAS Selangor

**Venue:** Zoom Meeting

**Organiser:** DOE Selangor

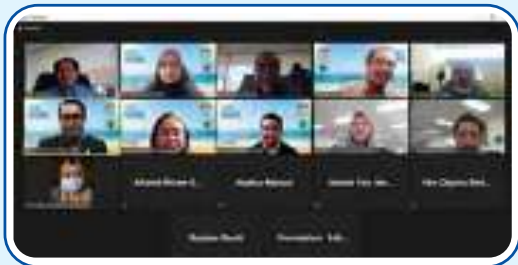
**Participants:** Director of Air and Marine Management, senior officers and officers from Air and Marine Management and Enforcement.

**Highlights:** ASMA was delighted to share their expertise in the Continuous Effluent Monitoring System (CEfMS) and share the experience and capabilities in installing and maintaining the CEfMS in the industry which has been employing this system.

● 2 July 2021: Collaboration and Community Engagement towards Biodiversity Conservation in Malaysia

**Venue:** Ms Teams

**Speaker:** Mr. Muhammad Syaridzwan bin Baharudin, researcher from Zoology Department, Forest Research Institute of Malaysia



● **12 August 2021: Perceived Odor Complaints during Movement Control Order (MCO)**

**Venue:** Ms Teams

**Speaker:** Mr. Tan Poh Aun, Air Quality and Odor Specialist

Odour annoyance can be defined as “the complex of human reactions that occurs as a result of an immediate exposure to an ambient odour that once perceived, causes negative cognitive appraisal that requires a degree of coping”

-Mr. Tan Poh Aun (Air Quality and Odor Specialist)



● **20 September 2021: Presenter for Malaysia International Water Convention 2021 (MIWC)**

**Organiser:** Malaysian Water Association (MWA)

**Topic:** Smart Integrated Water Resource Quality and Management (also showcasing our project with Badan Kawal Selia Air Johor (BAKAJ))

**Presenter:** ASMA General Manager, Ts. Ardi Bin Bakhtiar



● **29 September 2021: Introduction to Indoor Air Quality and its Current Issues**

**Speaker:** Prof. Madya Ts. Dr. Mohd Shukri from Universiti Teknologi MARA, Environmental Toxicologist and Industrial Hygienist Consultant



● **16 November 2021: Exhibition during Seminar EIA 2021 in conjunction with Hari Alam Sekitar Negara 2021**

**Venue:** Shah Alam

**Organiser:** DOEt Selangor



ALS Malaysia conducted more than 51 webinars and seminars in the year 2021. ALS seminars/webinars generally cover the topic of environment, food and pharmaceuticals, biotechnology (COVID-19 and other DNA testing), microbiology, industrial hygiene and medical devices. The list of seminars/ webinars and specific topics conducted by ALS Malaysia is as follows:

- a. Genetic Wellness
- b. Molecular Diagnostics
- c. COVID-19 Environmental Testing in sewage water, surface, air and products
- d. COVID-19 Clinical testing – Swab and Deep Throat Saliva
- e. Meat Speciation and Halal
- f. Rapid Pathogen Testing
- g. GMO Testing
- h. Shelf-Life Analysis
- i. Heavy Metal Analysis
- j. Volatile Organic Content Testing
- k. Hazardous Waste Characterization
- l. 3-MCPD and Glycidyl Esters
- m. Haemodialysis and Drinking Water Analysis

Most of the sessions were conducted online for the clients due to the MCO restrictions that took place in 2021. Regardless of the outbreak, ALS delivers their best to the customers and ensures business as usual.





● 30 -31 March 2021: DOE Seminar Pematuhan Akta Kualiti Alam Sekeliling 1974 (Exhibition)

**Venue:** Hotel Kinta Riverfront  
**Organiser:** DOE Perak



● 20 December 2021: Conformity Assessment Bodies Forum

**Venue:** Zoom meeting  
**Organiser:** Department of Standard Malaysia with all Conformity Assessment Bodies (CABs)



**Community Engagement**

● 9 June 2021: ALS: Career Knowledge Sharing

**Topic:** Application and Trends of Use of Analytical Instrument in the Food Industry

**Venue:** Webex

**Speaker:** Dr. Ch'ng Ai Ying

**Participants:** Universiti Malaysia Terengganu students



● 17 June 2021: Program Imunisasi COVID-19 Kebangsaan: Vaccination Program for Laboratory Staff

**Organiser:** Jabatan Kesihatan Negeri Selangor



● 9 June 2021: Knowledge Sharing - virtual education talk

**Topic:** Understanding analysis of Heavy Metals and Organic Biomarkers in Blood Urine Sample

**Venue:** Ms. Teams

**Speaker:** Ms. Nazirah, ALS technical expert



● 20 February 2021: Program Denai Sungai Kebangsaan Peringkat Negeri Selangor in conjunction with World Water Day 2021

**Venue:** Sg. Damansara, Denai Alam

**Organiser:** DOE Selangor

**Highlights:** ALS Malaysia demonstrated in-situ sampling at Sg. Damansara



● **20 April 2021: Courtesy Visit by the Office of EXCO Agama Islam, Pengguna & Industri Halal & DPIM to ALS Malaysia**

**Venue:** ALS Malaysia

**Organiser:** PICORP

**Highlights:** The visit was in line with the Selangor State Government's efforts to strengthen the Islamic Religious Affairs, Consumer Affairs, and Halal Industry portfolio. Selangor is the first state to develop a special field task related to Halal aspects in empowering the industry towards global standards under the purview of YB Tuan Mohd Zawawi's Office.



**In attendance:** Hj. Zamri Zainal Abidin, Senior Secretary (Setiausaha Kanan) to YB Tuan Mohd Zawawi, Dato' Hj Mat Ghazali Abd Rakim, Supreme Council Member (Ahli Majlis Tertinggi) cum Chairman of DPIM Selangor Committee and En. Khairul, Treasurer of DPIM.



● **29 April 2021: Memorandum of Business Exploration (MoBE) Signing ceremony with UEM Edgenta Berhad**

**Organiser:** UEM Edgenta Bhd

**Highlights:** Asma Advanced Solutions LLC ("Asma Advanced") signed a MoBE with UEM Edgenta Bhd to identify strategies to capture healthcare support services and integrated facility management markets in Saudi Arabia. Following the signing of the MoBE, both companies conducted joint discussions over the next eight months and leveraged their respective strengths to explore business opportunities.

The MoBE will outline the collaboration where both parties shall be working closely, including engaging relevant stakeholders and understanding regulations and specific market requirements. It will also identify potential opportunities where UEM Edgenta can demonstrate and offer its solutions and capabilities to establish a commercial structure should the opportunity arise before the end of December 2021.



**In attendance:** Syahrudin Samsudin, Managing Director/Chief Executive Officer of UEM Edgenta and Sheikh Abdulwahab bin Nasser Al-Akeel, Chairman of Asma Advanced and YB Dato' Seri Mohamed Azmin Bin Ali, Senior Minister of International Trade & Industry Malaysia.

● **21 March 2021: Pest Control Soft Launch**

**Venue:** White Space, Al Murjanah Tower, Saudi Arabia

**Highlights:** Saudi Asma successfully launched its pest control services in the Kingdom of Saudi Arabia (KSA), being the new service for the company in line with its 2021 Business Plan. In conjunction with the event, Saudi Asma has signed the Licensing Agreement with Kamal&Kamal Pest Control Sdn Bhd, the Technical Partner who is responsible for providing the technical, commercial and marketing training to Saudi ASMA for Pest Control Services.

Kamal&Kamal Pest Control Sdn Bhd possesses 35 years' experience in Pest Control Services in Malaysia. Through Kamal&Kamal, Saudi Asma has established a relationship with Bayer Saudi Arabia, LLC (Bayer KSA) where during the soft launch event, the representative of Bayer KSA has provided a half-day training to Saudi Asma staff in pest biology and pesticides topics. Moving forward, Saudi Asma aims to develop more training programmes with Bayer KSA, as its strategic partner in enhancing its employees' skills, knowledge and ability in executing pest control services.

Currently, Saudi Asma possesses more than 20 insects specialists and entomologists, through its Jeddah KPI and Jeddah Lab projects who are instrumental to the company in providing value-added services and creating service differentiation to its potential customers against its competitors.





● 31 July 2021: Opening Ceremony for Makkah KPI Project Office

**Venue:** Makkah KPI Project Office, Saudi Arabia & Microsoft Teams

**Highlights:** The newly established project office was officiated by Deputy Executive Chairman, Haji Zaid Abdullah & Deputy Mayor of Makkah, Eng. Muhammad Bahareth, marking the partnership of Saudi Asma and Makkah Municipality in public health management for Makkah City.



● ● ● **Moving Forward**  

PICORP has been at the forefront of environmental services in Malaysia, leading the environmental monitoring, consultancy and services, and 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. While PICORP remains committed to continuing to expand its boundaries as we move beyond environmental services into new value-added services, we take our responsibilities earnestly to our people, the environment, and society. For this purpose, we aim to illustrate our strategic approaches to address sustainability challenges and opportunities in contributing toward the betterment of the economy, environment, society and governance.

We are living in unprecedented times as our actions now will be significantly substantial to determine our survival. As carbon emissions and climate change possess risks that could disrupt our business continuity, it is timely for PICORP to be on the frontline to contribute to the mitigation and adaptation efforts in minimising the adverse impacts. Therefore, we believe that adaptation is as important as reducing emissions to avoid extreme damages caused by climate change in the future, in tandem with our commitment to Malaysia’s aspiration to become a carbon-neutral nation by 2050.

In addition to driving EESG change, sustainability initiatives can contribute to an organisation’s overall success and this has become a crucial element of successful strategies. Hence, PICORP’s sustainability framework shall be further strengthened with respect to generating more value creation in our pursuits of establishing sustainable systems and infrastructure, executing sustainable processes and offering sustainable products and services, by integrating economic, environmental, social and governance sustainability concerns toward realising Malaysia’s 2050 carbon-neutral goal, progressively.

As we move into a more challenging environment, we strive to maintain the integrity, accountability and quality of service that our customers know and expect while unleashing new opportunities and realising greater value for our stakeholders in line with our commitment to serving Allah, respect for the people and environment.

“Sustainability is no longer about doing less harm. It’s about doing more good.”

— Jochen Zeitz,  
President and CEO of Harley-Davidson.





# ACCOUNTABILITY

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05



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Progressive Impact Corporation Berhad (“PICORP” or “the Company”) is pleased to present this statement to provide 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 2021 (“FY2021”). 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 8.2 (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 the following Board Committees with delegation of specific responsibility areas:-

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

The Board retains collective oversight over the Board Committees. The 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 organisation. 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.

The Group has adopted the 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 emphasise on ethical conduct in all aspects of the Group's activities, including conflict of interests and privacy and confidentiality of information. It also sets out prohibited activities or misconducts, such as bribery and illegal/unethical trading practices, acceptance of entertainment and gifts, misuse of position, etc. 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 and Code of Conduct 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 FY2021 are outlined below:-

BOARD MEETING	DATE
01/2021	20 January 2021
03/2021	11 March 2021
02/2021	8 April 2021
04/2021	31 May 2021
05/2021	26 August 2021
06/2021	29 September 2021
07/2021	29 November 2021
08/2021	14 December 2021

Directors	Number of Meetings Attended				
	Board	AC	NC	RC	BRMC
<b>Chairman / Senior Independent Non-Executive Director</b>					
Datuk Abdul Hamid bin Sawal*	8/8	5/5	2/2	3/3	N/A
<b>Executive Directors</b>					
Zaid bin Abdullah	8/8	N/A	N/A	N/A	N/A
Dato' Dr Lukman bin Ibrahim	8/8	N/A	N/A	N/A	4/4
<b>Non-Independent Non-Executive Directors</b>					
Zaidah binti Mohd Salleh	8/8	5/5	N/A	N/A	N/A
<b>Independent Non-Executive Directors</b>					
Dato' Hajjah Rosnani binti Ibarahim	8/8	5/5	2/2	3/3	4/4
Lee Weng Chong	8/8	5/5	N/A	3/3	N/A
Kamarul Baharin bin Albakri**	N/A	N/A	N/A	N/A	N/A

\* Relinquished membership as a member of AC on 1 December 2021.

\*\* Appointed as an Independent Non-Executive Director on 1 January 2022 and member of AC and BRMC on 1 March 2022.



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 seven (7) members comprising one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, one (1) Group Executive Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

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.

In FY2021, the NC comprised the following members, all of whom are Independent Non-Executive Directors:

- (a) Dato' Hajjah Rosnani binti Ibarahim – Chairman (redesignated from member to Chairman on 1 December 2021)
- (b) Lee Weng Chong – member (appointed on 1 December 2021)
- (c) Datuk Abdul Hamid bin Sawal – Chairman (relinquished membership on 1 December 2021)

All NC members had full attendance of the NC meetings held during FY2021.

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 number of 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 (9) 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 an Independent Director, a person who has served in that capacity for more than nine (9) years 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 28 February 2022, 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 28 February 2022, 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 MMLR as well as meeting all other criteria set for evaluation of independence;
- (c) the Group has greatly benefited from the services of Independent Directors who have an acute understanding of the Group's corporate history and business;
- (d) the Independent Directors have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors;



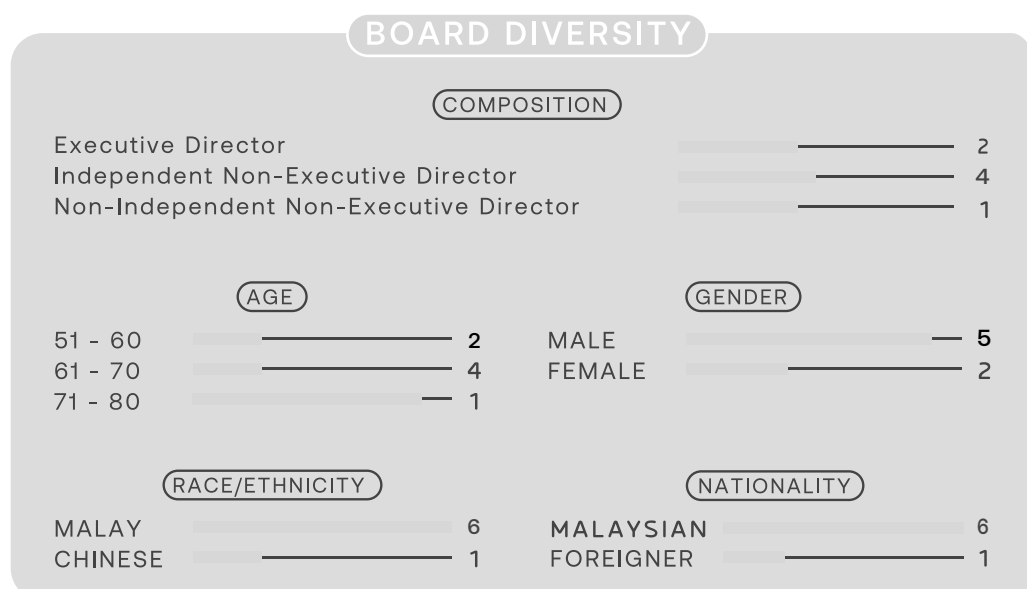
- (e) the Independent Directors have consistently challenged Management on strategies by asking questions, participating actively in deliberations and decision-making and they provided advice to Management by sharing diverse perspectives; and
- (f) the Board has assessed the Independent Directors and 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 resolutions to retain Mr Lee Weng Chong, Datuk Abdul Hamid bin Sawal and Dato’ Hajjah Rosnani binti Ibarahim as Independent Directors will be put to a vote using the two-tier voting process.

Some activities carried out by the NC in discharging 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 30th AGM to allow Mr Lee Weng Chong, Datuk Abdul Hamid bin Sawal and Dato’ Hajjah Rosnani binti Ibarahim to continue to serve as Independent Directors;
- reviewed and recommended the restructuring of AC, NC and RC to the Board for approval;
- reviewed and recommended the amendments to the TOR of the NC pursuant to the revised MCGG issued on 28 April 2021; and
- assessed the qualifications, experience, track record, professionalism of Encik Kamarul Baharin bin Albakri for appointment as an Independent Non-Executive Director.

The Company is committed to 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 organisation. 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 summarised below:-





Name	Name of Course/ Seminar/Talk	Details	
Datuk Abdul Hamid bin Sawal	Masterclass: Digital Disruptions - Winning Strategies for Legacy Companies	Date: Organizer: Speaker:	12 August 2021 Institute of Corporate Directors Malaysia (“ICDM”) Mr Steffen Damborg
	Environmental, Social and Governance	Date: Organizer: Speaker:	21 September 2021 ICDM Mr Grant Griffiths
Zaid bin Abdullah	Powertalk Global Series 2021 – Rethink, Reimagine & Redesign: Business Model of the Future	Date: Organizer: Speaker:	16 December 2021 ICDM En Muhamad Azam Abdul Jalil & Mr Yue-Pak Lam
	Powertalk Global Series 2021 – Becoming a Boardroom Star	Date: Organizer: Speaker:	17 December 2021 ICDM Ms Beverly Behan
Zaidah binti Mohd Salleh	Webinar Series: Removal of Director – Step by Step	Date: Organizer: Speaker:	3 September 2021 MAICSA Ms Leong Oi Wah
	Webinar Series: Identifying Areas of Risks and Minimising the Liabilities of Company Secretary	Date: Organizer: Speaker:	14 September 2021 MAICSA Mr Kenneth Foo Poh Khean
	Webinar Series: Balancing Risk Management with Sustainability Commitment – Ethics, Regulatory Compliance and Control Environment	Date: Organizer: Speaker:	15 September 2021 MAICSA Mr Boey Tak Kong
	Sustainable Reset: The Role of NRC in a Post-Pandemic World	Date: Organizer: Speaker:	21 & 22 September 2021 ICDM Prashant Chadha, Mary Chua & Sivaramakrishnan Balasubramanian
Dato’ Hajjah Rosnani binti Ibarahim	Board and Executive Remuneration in Times of Crisis	Date: Organizer: Speaker:	13 July 2021 ICDM Ms Mary Chua
	Environmental, Social and Governance	Date: Organizer: Speaker:	21 September 2021 ICDM Mr Grant Griffiths
Lee Weng Chong	Masterclass – The Effective Board: 3 Integral Components Required for Board Effectiveness and Communication	Date: Organizer: Speaker:	18 August 2021 ICDM Mr Mark A Pfister
Dato’ Dr Lukman bin Ibrahim	Powertalk Global Series 2021 – Rethink, Reimagine & Redesign: Business Model of the Future	Date: Organizer: Speaker:	16 December 2021 ICDM En Muhamad Azam Abdul Jalil & Mr Yue-Pak Lam
Usamah bin Zaid (Alternate Director)	Eutrophication in Malaysia Lakes: Causes and Consequences	Date: Organizer: Speaker:	15 July 2021 Alam Sekitar Malaysia Sdn Bhd (“ASMA”) Prof Fatimah Md Yusoff, UPM



	Environmental, Social and Governance	Date: 21 September 2021 Organizer: ICDM Speaker: Mr Grant Griffiths
	Key Account Management Training Course	Date: 7 – 8 December 2021 Organizer: Kognifi Sdn Bhd Speaker: Mr Logarajah Thambyrajah
Fatimah Zahrah binti Zaid (Alternate Director)	Hazard Identification, Risk Assessment & Risk Control	Date: 5 May 2021 Organizer: ASMA Speaker: En Mohd Fazlin Mohd Yatim
	Powertalk Global Series 2021 – Rethink, Reimagine & Redesign: Business Model of the Future	Date: 16 December 2021 Organizer: ICDM Speaker: En Muhamad Azam Abdul Jalil & Mr Yue-Pak Lam
	Powertalk Global Series 2021 – Becoming a Boardroom Star	Date: 17 December 2021 Organizer: ICDM Speaker: Ms Beverly Behan

### 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) Mr Lee Weng Chong - Chairman (redesignated from member to Chairman on 1 December 2021)
- (b) Dato' Hajjah Rosnani binti Ibarahim - member
- (c) Datuk Abdul Hamid bin Sawal - Chairman (relinquished membership on 1 December 2021)

All RC members had full attendance of the RC meetings held in FY2021.

On 1 December 2021, the TOR of the RC was updated. Both the TOR and Remuneration Policy 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 FY2021 are as below:-

## COMPANY LEVEL

Director	Fee (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Other Emoluments (RM'000)	TOTAL (RM'000)
Chairman / Senior Independent Non-Executive Director							
Datuk Abdul Hamid bin Sawal	42	62	0	0	0	0	104



Executive Directors							
Zaid bin Abdullah	0	0	954	0	78	339	1371
Dato' Dr Lukman bin Ibrahim*	0	0	0	0	0	0	0
Non-Independent Non-Executive Director							
Zaidah binti Mohd Salleh	30	58	0	0	0	0	88
Independent Non-Executive Directors							
Dato' Hajjah Rosnani binti Ibarahim	30	70	0	0	0	0	100
Lee Weng Chong	30	58	0	0	0	0	88
Kamarul Baharin bin Albakri	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## GROUP LEVEL

Director	Fee (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Other Emoluments (RM'000)	TOTAL (RM'000)
Chairman / Senior Independent Non-Executive Director							
Datuk Abdul Hamid bin Sawal	42	62	0	0	0	0	104
Executive Directors							
Zaid bin Abdullah	0	0	954	0	78	339	1371
Dato' Dr Lukman bin Ibrahim*	0	0	0	0	0	0	0
Non-Independent Non-Executive Director							
Zaidah binti Mohd Salleh	40	76	0	0	0	0	116
Independent Non-Executive Directors							
Dato' Hajjah Rosnani binti Ibarahim	44	70	0	0	0	0	114
Lee Weng Chong	30	58	0	0	0	0	88
Kamarul Baharin bin Albakri	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* 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 FY2021, the Company paid RM576,852.00 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 8.2. 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. Two (2) of the AC members are members 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 28 February 2022, the AC carried out the annual exercise, taking into consideration some of the criteria listed below:-

- (a) calibre of the external audit firm;
- (b) quality processes or performance;
- (c) the audit team;
- (d) independence (both in fact and appearance) and objectivity;
- (e) audit scope and planning;
- (f) audit fees; and
- (g) audit communications.

The AC was satisfied with the results of the assessment and recommended the Board to table the External Auditors' re-appointment at the 30th AGM for shareholders' approval.

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 cognisant 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 (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](http://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 ("SOPs") 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 24 June 2021, PICORP had conducted its 29th AGM on a fully virtual basis 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. All Directors were in attendance to engage directly with the shareholders and be accountable for their stewardship of the Company. Shareholders and proxies participated at the 29th 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 technology to convene its 30th 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.



## **CORPORATE GOVERNANCE FOCUS AREAS IN FY2021**

The corporate governance focus areas of the Group in 2021 constituted the following activities:

### **A. Business Continuity and Resilience**

Despite the numerous risk events and potential threats in the aftermath of the COVID-19 pandemic, the Board continued to keep itself apprised of the ever-changing environment whilst maintaining full and effective control over strategic, financial, operational, compliance and governance matters.

The Board is involved in integrating business continuity management and operational resilience into the Group's business and risk strategies, and to set the tone at the top, while protecting its infrastructure and people. The Group's Health, Safety and Environment Committee administered the safety aspect in Mercu PICORP by ensuring adherence to stringent SOPs and conducting building sanitisation exercise, coupled with surface swab testing on affected areas.



## **B. Boardroom Composition**

In compliance to Guidance 1.4 of the revised MCCG and based on the recommendation of the NC, the Board had on 1 December 2021 approved the restructuring of the following board committees:-

- i. AC;
- ii. NC; and
- iii. RC.

Bursa Securities has introduced a 12-year tenure limit without further extension for independent directors in the MMLR which will be implemented effective 1 June 2023. As a proactive measure to this directive, the Board had approved the appointment of a new Independent Non-Executive Director, Encik Kamarul Baharin bin Albakri effective 1 January 2022.

## **C. Boardroom Policies and Procedures**

In response to the latest updates to the MCCG, the Board had reviewed and approved the adoption of the following boardroom policies:-

- i. Board Charter;
- ii. TOR of the AC;
- iii. TOR of the NC;
- iv. TOR of the RC; and
- v. Policy on External Auditors.

# **CORPORATE GOVERNANCE PRIORITIES 2022 AND BEYOND**

For 2022 and beyond, the corporate governance priorities of the Group shall constitute the following:

## **A. Succession Planning for Board Members**

As part of the succession planning for Board members, the Board had, with the recommendation of NC, approved the appointment of Encik Kamarul Baharin bin Albakri as a member of AC and BRMC with effect from 1 March 2022. The Board would continue to review succession planning for Board members and Senior Management.

## **B. Succession Planning for Board Members**

The Board shall endeavour to continue the review of policy documents of PICORP periodically to ensure the policies remain relevant and updated.

## **C. Economy, Environment, Social and Governance (“EESG”) for Sustainability**

PICORP’s sustainability considerations and efforts are centred around four (4) key sustainability pillars of EESG – economy, environment, social and governance, which link to value creations demonstrated further into sustainable system & infrastructure, sustainable processes and sustainable products and services. PICORP Sustainability Framework is embedded into the Group’s Business Plan, strategies and key performance indicators.

 This CG Overview Statement was approved by the Board on 11 April 2022.

# 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 which was last updated on 1 December 2021, 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 (Relinquished membership on 1 December 2021)	Member, Senior Independent Non-Executive Director
Dato’ Hajjah Rosnani binti Ibarahim	Member, Independent Non-Executive Director
Kamarul Baharin bin Albakri * (Appointed on 1 March 2022)	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 of 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 2021 (“FY2021”) and the details of attendance of the AC members are as follows:

Name of AC Members	1st AC Meeting 11/03/2021	2nd AC Meeting 08/04/2021	3rd AC Meeting 31/05/2021	4th AC Meeting 26/08/2021	5th AC Meeting 29/11/2021	Total attendance in FY2021
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
Kamarul Baharin bin Albakri **	N/A	N/A	N/A	N/A	N/A	N/A

\* Relinquished membership on 1 December 2021

\*\* Appointed on 1 March 2022

## SUMMARY OF WORK OF AC

The AC’s activities during FY2021 included 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 2020 ("FY2020") and their memorandum of suggestions;
- b. Reviewed and discussed with the external auditors, their audit plan for FY2021, 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 29th 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 the level of co-operation from Management.

## 3. Internal Audit

- a. Reviewed and approved the Internal Audit Plan for FY2021;
- 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 plans 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 level of co-operation from Management 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 and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

## 5. Other Activities

- a. Reviewed and recommended the amendments to the TOR of the AC pursuant to the revised Malaysian Code of Corporate Governance issued on 28 April 2021;
- b. Reviewed and recommended the amendments to the Policy on External Auditors;
- c. 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
- d. 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;
- e. Reviewed and confirmed the minutes of AC meetings; and
- f. Reported to the Board on the proceedings of each AC meeting, through the AC Chairman.





## INTERNAL AUDIT FUNCTION

The objective of engaging professional internal auditors is to enhance and protect organisational 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 FY2021 amounted to RM89,251.58 (2020: RM86,860.00).

During the financial year 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 Internal Audit Plan for FY2021 which was approved by the AC on 23 November 2020:-

Company	Key Audit Areas
ALS Technichem (M) Sdn Bhd	<ul style="list-style-type: none"><li>- Compliance Review on Adequate Procedures under New Section 17A of the MACC Act 2009</li><li>- Fixed Assets Management</li><li>- Human Resource &amp; Payroll</li><li>- Health, Safety &amp; Environmental Management</li></ul>
Alam Sekitar Malaysia Sdn Bhd	<ul style="list-style-type: none"><li>- Business Development &amp; Sales</li><li>- Project Implementation &amp; Billing</li><li>- Revenue and Receivable Management</li><li>- Compliance Review on Adequate Procedures under New Section 17A of the MACC Act 2009</li></ul>
Progressive Impact Corporation Berhad	<ul style="list-style-type: none"><li>- Corporate Governance Review</li><li>- Compliance Review on Adequate Procedures under New Section 17A of the MACC Act 2009</li></ul>
Saudi Asma Environmental Solutions LLC	<ul style="list-style-type: none"><li>- Project Implementation</li><li>- Human Resource Management</li><li>- Fixed Assets Management</li><li>- Inventory Management</li></ul>

- d. Presented the Internal Audit Plan for the financial year ending 31 December 2022 which was approved by the AC on 29 November 2021.



# 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, the Board of Directors (“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 (“Group”) 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 1 below:

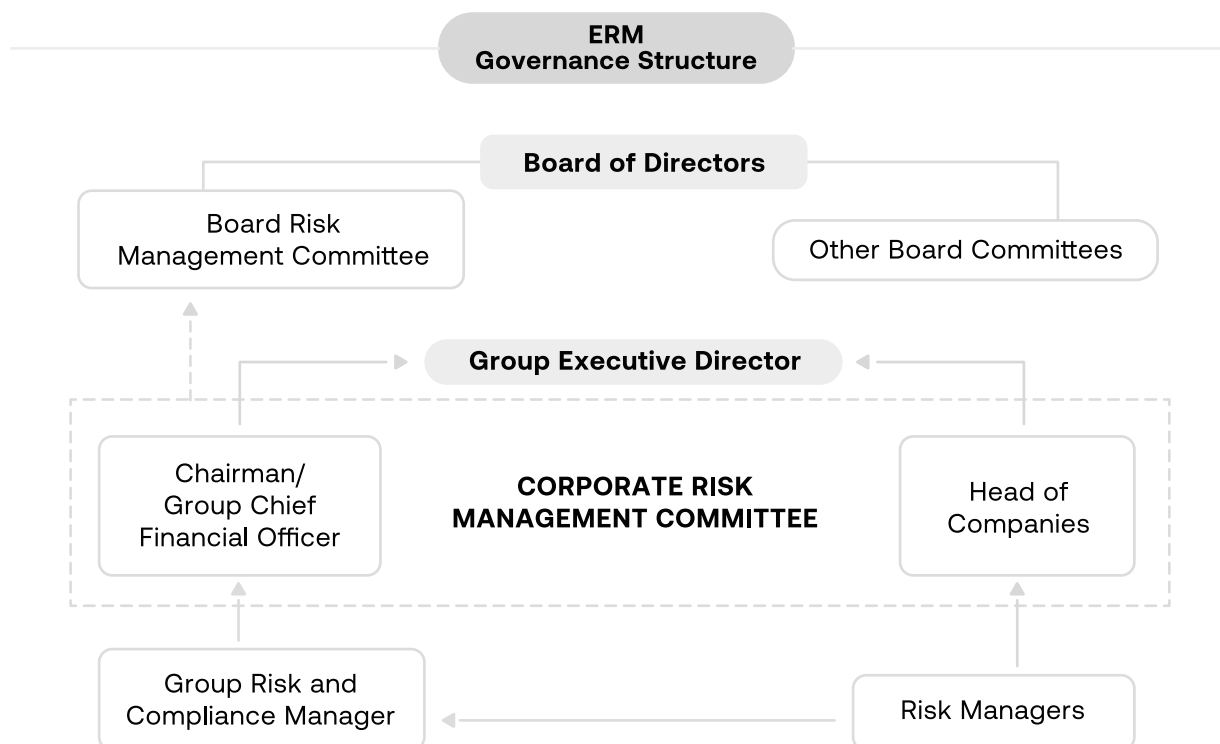


Diagram 1: ERM Governance Structure



## **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 three (3) 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 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 organisation. The 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 for ensuring effective implementation of the risk management processes 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 AC 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 2021, 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 2021, the internal audit function was extended to cover anti-corruption and whistle-blowing processes. An audit has been carried out to test the Compliance on Adequate Procedures under New Section 17A of the Malaysian Anti-Corruption Commission Act 2009 in June 2021. Additionally, 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 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. Diagram 2 of MS ISO 31000:2010 illustrates PICORP Risk Management Process.

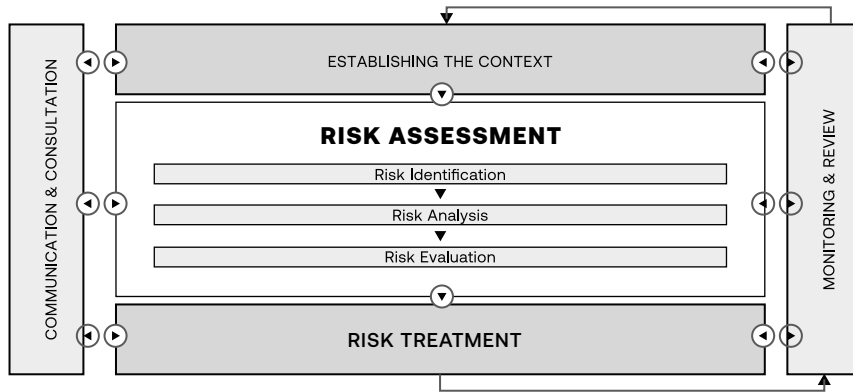


Diagram 2: MS ISO 31000:2010

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 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
<b>Organisational Structure &amp; Authorisation Procedures</b>	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.
<b>Annual Business Plan</b>	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.



INTERNAL CONTROL SYSTEM	DESCRIPTION
<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. PICORP has established PICORP Group Limit of Authority to further improve the state of governance in PICORP.</p> <p>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 ("ABC 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.</p> <p>The 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>
<p><b>Monitoring and Review</b></p>	<p>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.</p>
<p><b>Balanced Score Card ("BSC")</b></p>	<p>PICORP has also put in place a 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 organisation. A series of goal-setting and brainstorming sessions have been introduced since 2018 to help the Management to enhance organisational performance.</p>



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

In relation to the risk management and internal control process, the Group Executive Director and the Group Chief Financial Officer (through the 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 2021. 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 is made in accordance with the resolution of the Board dated 28 February 2022.



# 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, the International Financial Reporting Standards 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 11 April 2022.



# ADDITIONAL COMPLIANCE INFORMATION

## 1. Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2021.

## 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

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
PICORP Group	Zaiyadal Sdn Bhd (formerly known as Zaiyadal Keluarga Sdn Bhd) ("ZSB")	Provision of corporate services and support services by PICORP Group to ZSB	439,023	ZSB is wholly owned by Zaid bin Abdullah ("Zaid"), Zaidah binti Mohd Salleh ("Zaidah"), Usamah bin Zaid ("Usamah") and Fatimah Zahrah binti Zaid ("Fatimah Zahrah") who are also directors.
PICORP Group	ZSB Group	Rental of 57,845 sq. ft. of office space in Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor to ZSB Group	1,017,517	ZSB is wholly owned by Zaid, Zaidah, Usamah and Fatimah Zahrah who are also directors.
PICORP Group	Progressive Impact Technology Sdn Bhd ("PITECH")	Reselling of predictive emission monitoring system by PITECH as a non-exclusive distributor for PICORP Group	-	PITECH is a company in which Zaid and Zaidah are directors with shareholdings of 72% held through ZSB in PITECH and Johar bin Yusof ("Johar") is a director with shareholding of 10% in PITECH.



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 Group	PITECH	Provision of engineering services by PITECH to PICORP Group	-	<p>Johar is a director of ASMA International Sdn Bhd (“AIS”) as well as a director of Saudi Asma Environmental Solutions LLC (“SAES”) and ASMA Advanced Solutions LLC (“AAS”).</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
	PITECH	Provision of environment consulting services by PICORP Group to PITECH	260,671	
	PITECH	Provision of corporate services and support services by PICORP Group to PITECH	1,132,304	
PICORP Group	Progressive Impact Technology (B) Sdn Bhd (“PITECH (B)”)	Provision of environmental services including supply of consultation, manpower, equipment, site-installation, site acceptance test and commissioning services by PICORP Group to PITECH (B)	122,050	<p>PITECH (B) is a company in which Zaid is a director and Zaidah is a shareholder with 15.1% and Johar is a shareholder with 1.75% held through PITECH.</p> <p>Johar is a director of AIS as well as a director of SAES and AAS.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
PICORP Group	Foxboro (M) Sdn Bhd (“Foxboro”)	Provision of engineering services by Foxboro to PICORP Group	-	<p>Foxboro is a company in which Zaid and Zaidah are directors with shareholdings of 37% and Johar is a director with shareholding of 5% held through PITECH.</p> <p>Johar is a director of AIS as well as a director of SAES and AAS.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
	Foxboro	Provision of corporate services and support services by PICORP Group to Foxboro	-	



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 Group	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	21,090	<p>Untung Aqua is a company in which Zaid and Zaidah are shareholders with 100% interest in Untung Aqua held through ZSB.</p> <p>Fatimah Zahrah and Usamah are deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
PICORP Group	Progressive Impact Corrosion Sdn Bhd ("PICorr")	Provision of corrosion solutions including supply of consultation, manpower, equipment, site-installation, site acceptance test and commissioning services by PICorr to PICORP Group	-	<p>PICorr is a company in which Zaid and Zaidah are directors with shareholdings of 72% and Johar is a director with shareholding of 10% held through PITECH.</p> <p>Johar is a director of AIS as well as a director of SAES and AAS.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah</p>
PICORP Group	Intelligent Aqua Sdn Bhd ("Intelligent Aqua")	Reselling of water treatment technology by PICORP Group 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> <p>Johar is a director of AIS as well as a director of SAES and AAS.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
	Intelligent Aqua	Supply of water treatment technology by Intelligent Aqua to PICORP Group	-	<p>Johar is a director of AIS as well as a director of SAES and AAS.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>



#### 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 ending 31 December 2021.

#### 5. Non-Audit Fees

The fees paid/payable to the external auditor, Messrs. Ernst & Young PLT, for the financial year ended 31 December 2021 are as follows: -

	Group (RM)	Company (RM)
<b>Audit</b>	357,000	86,000
<b>Non-Audit</b>	15,000	15,000
<b>Total</b>	<b>372,000</b>	<b>101,000</b>

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



**FINANCIAL**  
STATEMENTS

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06

# DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

## ULTIMATE HOLDING COMPANY

The ultimate holding company of the Company is Zaiyadal Sdn. Bhd. ("ZSB") (formerly known as 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
(Loss)/profit net of tax	(243,468)	2,559,237
(Loss)/profit attributable to:		
Owners of the parent	(6,129,513)	2,559,237
Non-controlling interest	5,886,045	–
	(243,468)	2,559,237

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.

## DIVIDENDS

The amount of dividends paid by the Company since 31 December 2020 were as follows:

RM

In respect of the financial year ended 31 December 2020:

Final dividend of 0.30 sen per share on 655,371,100 ordinary shares approved on 26 April 2021 and paid on 15 July 2021	1,966,113
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At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2021 of 0.30 sen per share on 655,371,100 ordinary shares amounting to dividend payable of RM1,966,113 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 2022.



## DIRECTORS' REPORT (CONT'D)

### 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**	(Alternate director to Zaid bin Abdullah)
Fatimah Zahrah binti Zaid	(Alternate director to Zaidah binti Mohd Salleh)
Lee Weng Chong	
Kamarul Baharin bin Albakri	(Appointed on 1 January 2022)

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

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:

	Group RM	Company RM
Directors of the Company		
Executive	1,970,999	1,948,049
Non Executive	422,000	380,000
	2,392,999	2,328,049

## **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.

## **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:

	1.1.2021	Number of ordinary shares		31.12.2021
		Acquired	Sold	
<b>The Company</b>				
<b>Direct interest:</b>				
Zaid bin Abdullah*	48,375,100	–	–	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*	310,420,422	–	–	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 binti 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.

## **TREASURY SHARES**

During the financial year, the Company acquired 260,000 of its own ordinary shares. The total amount paid to acquire the shares was RM34,246. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 31 December 2021, the Company held as treasury shares a total of 2,628,900 issued ordinary shares. Such treasury shares are held at a carrying amount of RM363,789 and further relevant details are disclosed in Note 26 to the financial statements.





## DIRECTORS' REPORT (CONT'D)

### 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.
- (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:

	<b>Group RM</b>	<b>Company RM</b>
Ernst & Young PLT	357,000	86,000
Other auditors	94,435	–
	451,435	86,000

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 2021.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 April 2022.

**Dato' Dr. Lukman bin Ibrahim**

**Datuk Abdul Hamid bin Sawal**



# 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 136 to 218 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 2021 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 11 April 2022.

**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 136 to 218 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 11 April 2022

**Hamsiah binti Khalid**  
MIA Membership No: 13604

Before me,



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PROGRESSIVE IMPACT CORPORATION BERHAD  
(INCORPORATED IN MALAYSIA)

## 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 2021 of the Group and of the Company, and statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 136 to 218.

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 2021, 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 each matter below, our description of how our audit addressed the matter is provided in that context.

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 the Group's revenue and cost of environmental construction projects (Refer to Note 2.3(c), Note 3(a), Note 4 and Note 20 to financial statements)

Within the environmental monitoring, consultancy and services segment, the Group recognised revenue and cost amounting RM10.2 million and RM8.5 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.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROGRESSIVE IMPACT CORPORATION BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

### Key audit matters (cont'd.)

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 estimated/ budgeted total environmental construction project cost.

In addressing this area of audit focus, we performed, among 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) verified project cost recognised up to 31 December 2021 on a sampling basis; and
- v) reformed the calculations of the revenue based on the percentage of completion method and where applicable, considered the implications of any changes in estimates.

#### Impairment assessment of the Company's investment in subsidiaries (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 subsidiaries, Saudi ASMA Environmental Solutions LLC ("Saudi Asma") and Alam Sekitar Malaysia Sdn. Bhd. ("ASMA"), indicated that the carrying amount of the investment in these subsidiaries may be impaired.

Accordingly, the Company estimated the recoverable amounts 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 Saudi Asma and ASMA, and discounting them at the appropriate rates. Given the significance judgement and estimates involved in the assessment of the recoverable amount, we have identified the impairment of investment in these 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 CGUs are 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 profit margin with the actual profit margin derived from similar completed contracts in previous years;
- iii) together with EY valuation specialists, evaluated the discount rate used to determine the net 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 on the key assumptions that are most sensitive to the recoverable amount.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROGRESSIVE IMPACT CORPORATION BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

### 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 2021 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 2021 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.

### 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 PROGRESSIVE IMPACT CORPORATION BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)



### *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.

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.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROGRESSIVE IMPACT CORPORATION BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

### 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  
11 April 2022

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





# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM	Group 2020 RM Restated	2021 RM	Company 2020 RM Restated
Revenue	4	92,022,076	87,963,158	10,295,892	10,068,584
Cost of sales	5	(39,530,752)	(35,616,206)	(1,409,575)	(1,372,476)
Other income	6	2,356,061	1,097,374	1,152,712	721,758
Staff costs	7	(26,148,252)	(23,724,703)	(2,654,948)	(2,356,646)
Depreciation and amortisation		(7,939,342)	(6,823,439)	(1,072,079)	(1,063,048)
Other operating expenses		(12,988,254)	(12,256,083)	(2,292,067)	(1,016,307)
Profit from operations		7,771,537	10,640,101	4,019,935	4,981,865
Finance costs	9	(3,961,787)	(2,956,342)	(1,600,724)	(1,423,893)
Profit before tax	10	3,809,750	7,683,759	2,419,211	3,557,972
Taxation	11	(4,053,218)	(4,610,908)	140,026	(185,866)
<b>(Loss)/profit net of tax</b>		<b>(243,468)</b>	<b>3,072,851</b>	<b>2,559,237</b>	<b>3,372,106</b>
Other comprehensive loss to be reclassified to profit or loss in subsequent period:					
Foreign currency translation		(68,527)	(304,065)	–	–
Actuarial gain on retirement benefit		61,874	23,057	–	–
<b>Other comprehensive loss for the year, net of tax</b>		<b>(6,653)</b>	<b>(281,008)</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the year</b>		<b>(250,121)</b>	<b>2,791,843</b>	<b>2,559,237</b>	<b>3,372,106</b>
<b>(Loss)/profit attributable to:</b>					
Owners of the parent		(6,129,513)	(2,813,140)	2,559,237	3,372,106
Non-controlling interest		5,886,045	5,885,991	–	–
		(243,468)	3,072,851	2,559,237	3,372,106
<b>Total comprehensive (loss)/ income attributable to:</b>					
Owners of the parent		(6,243,204)	(3,088,520)	2,559,237	3,372,106
Non-controlling interest		5,993,083	5,880,363	–	–
		(250,121)	2,791,843	2,559,237	3,372,106
Earnings per share (sen) attributable to owners of the parent					
Basic	12	(0.94)	(0.43)		

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Assets</b>					
<b>Non current assets</b>					
Property, plant and equipment	13	44,994,816	43,308,848	1,034,942	1,295,660
Investment properties	14	36,625,821	37,340,492	40,619,719	41,334,390
Investment in subsidiaries	16	–	–	32,372,339	32,726,339
Goodwill on consolidation	17	860,972	860,972	–	–
Deferred tax assets	29	2,376,130	1,275,861	–	–
Other receivables	19	–	–	16,045,655	–
		84,857,739	82,786,173	90,072,655	75,356,389
<b>Current assets</b>					
Inventories	18	77,065	191,450	–	–
Trade and other receivables	19	47,085,917	42,933,181	15,834,541	20,586,236
Contract assets	20	5,778,972	9,679,984	–	–
Tax recoverable		497,477	350,386	186,432	–
Other current financial assets	21	14,491,103	14,385,093	12,387	12,163
Cash and bank balances	22	30,571,634	27,787,551	7,809,408	7,901,165
		98,502,168	95,327,645	23,842,768	28,499,564
<b>Total assets</b>		<b>183,359,907</b>	<b>178,113,818</b>	<b>113,915,423</b>	<b>103,855,953</b>



**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021  
(CONT'D)**

	Note	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Equity and liabilities</b>					
<b>Non current liabilities</b>					
Retirement benefit obligation	25	1,833,968	1,860,466	–	–
Deferred tax liabilities	29	4,044,954	3,797,095	–	–
Lease obligations		33,572	30,754	–	–
Borrowings	24	1,026,662	2,345,149	67,461	157,470
		6,939,156	8,033,464	67,461	157,470
<b>Current liabilities</b>					
Trade and other payables	23	22,540,851	17,936,025	14,215,335	13,893,771
Lease obligations		73,792	72,059	–	–
Borrowings	24	55,888,274	46,054,570	29,147,461	19,857,398
Income tax payable		1,418,536	1,975,285	–	21,026
		79,921,453	66,037,939	43,362,796	33,772,195
<b>Total liabilities</b>		86,860,609	74,071,403	43,430,257	33,929,665
<b>Equity attributable to owners of the parent</b>					
Share capital	26	65,970,290	65,970,290	65,970,290	65,970,290
Treasury shares	26	(363,789)	(329,543)	(363,789)	(329,543)
Other reserves	27	(763,653)	(649,962)	–	–
Retained earnings	28	445,662	8,541,288	4,878,665	4,285,541
		65,288,510	73,532,073	70,485,166	69,926,288
Non-controlling interest		31,210,788	30,510,342	–	–
<b>Total equity</b>		96,499,298	104,042,415	70,485,166	69,926,288
<b>Total equity and liabilities</b>		183,359,907	178,113,818	113,915,423	103,855,953

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to equity holders of the Company					Total equity RM
		Share capital RM (Note 26)	Treasury shares RM (Note 26)	Other reserves RM (Note 27)	Distributable retained earnings RM (Note 28)	Non-controlling interest RM	
<b>At 1 January 2021</b>		65,970,290	(329,543)	(649,962)	8,541,288	73,532,073	104,042,415
<b>Total comprehensive income</b>		-	-	(113,691)	(6,129,513)	(6,243,204)	(250,121)
<b>Transactions with owners</b>							
Purchase of treasury shares		-	(34,246)	-	-	(34,246)	(34,246)
Dividends	30	-	-	-	(1,966,113)	(1,966,113)	(7,258,750)
<b>At 31 December 2021</b>		65,970,290	(363,789)	(763,653)	445,662	65,288,510	96,499,298
<b>At 1 January 2020</b>		65,970,290	(329,543)	(374,582)	14,960,399	80,226,564	110,258,794
<b>Total comprehensive income</b>		-	-	(275,380)	(2,813,140)	(3,088,520)	(2,791,843)
<b>Transactions with owners</b>							
Dividends	30	-	-	-	(3,605,971)	(3,605,971)	(9,008,222)
<b>At 31 December 2020</b>		65,970,290	(329,543)	(649,962)	8,541,288	73,532,073	104,042,415

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



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Note	Non		Distributable Retained earnings RM (Note 28)	Total equity RM
		<-----Distributable----->  Share capital RM (Note 26)	Treasury shares RM (Note 26)		
<b>At 1 January 2021</b>		65,970,290	(329,543)	4,285,541	69,926,288
<b>Total comprehensive income</b>		–	–	2,559,237	2,559,237
<b>Transaction with owners</b>					
Purchase of treasury shares		–	(34,246)	–	(34,246)
Dividends	30	–	–	(1,966,113)	(1,966,113)
<b>At 31 December 2021</b>		65,970,290	(363,789)	4,878,665	70,485,166
<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	30	–	–	(3,605,971)	(3,605,971)
<b>At 31 December 2020</b>		65,970,290	(329,543)	4,285,541	69,926,288

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash flows from operating activities</b>				
Profit before tax	3,809,750	7,683,759	2,419,211	3,557,972
Adjustments for:				
Depreciation of property, plant and equipment	7,224,671	6,108,768	357,408	348,377
Amortisation of investment properties	714,671	714,671	714,671	714,671
Provision for retirement benefit obligations	164,559	542,694	–	–
Gain on disposal of property, plant and equipment, net	(21,694)	(6,875)	–	–
Gain on derecognition of rights of use of assets	(680)	(283)	–	–
Impairment of investment in subsidiary	–	–	354,000	–
(Reversal of impairment)/impairment of:				
- trade receivables	(429,178)	(3,579)	–	–
- other receivables	100,431	(22,132)	1,297,178	167,681
Fair value gain on other current financial assets	(140,889)	(202,846)	(224)	(298)
Net unrealised foreign exchange (gain)/loss	(844,360)	846,073	(1,739)	3
Finance cost	3,961,787	2,956,342	1,600,724	1,423,893
Dividends income	–	–	(7,080,000)	(6,885,000)
Profit income from deposits	(416,100)	(424,050)	(124,562)	(193,817)
Profit income from intercompany loans	–	–	(779,874)	(436,560)
Operating profit/(loss) before working capital changes	14,122,968	18,192,542	(1,243,207)	(1,303,078)
Working capital changes:				
Decrease/(increase) in inventories	114,385	(137,253)	–	–
Decrease/(increase) in receivables	541,483	(5,730,022)	(11,809,510)	(5,112,195)
Increase/(decrease) in payables	5,008,655	(1,255,843)	321,564	(400,323)
Cash generated from/ (used in) operations	19,787,491	11,069,424	(12,731,153)	(6,815,596)
Retirement benefit obligation paid	(252,931)	(198,322)	–	–
Taxation refund	97,881	–	–	–
Taxation paid	(5,707,349)	(4,899,522)	(67,432)	(166,135)
Net cash generated from/ (used in) operating activities	13,925,092	5,971,580	(12,798,585)	(6,981,731)



**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
(CONT'D)**

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment and equipment	126,655	37,143	–	–
Net placement of unit trust	34,879	(603,999)	–	–
Purchase of property, plant and equipment	(8,609,930)	(8,975,919)	(96,690)	(92,811)
Net dividend received	–	–	7,080,000	6,940,000
Profits received from deposits (Placement)/withdrawal of deposits pledged	416,100	424,050	124,562	193,292
	(2,274,547)	125,287	(124,562)	(193,292)
<b>Net cash (used in)/generated from investing activities</b>	<b>(10,306,843)</b>	<b>(8,993,438)</b>	<b>6,983,310</b>	<b>6,847,189</b>
<b>Cash flows from financing activities</b>				
Net drawdown of borrowings	4,224,195	19,007,685	7,409,992	3,409,990
Net drawdown of advance from a subsidiary	–	–	–	1,000,000
Purchase of treasury shares	(34,246)	–	(34,246)	–
Dividend paid	(1,966,113)	(3,605,971)	(1,966,113)	(3,605,971)
Dividend to non-controlling interest	(5,592,788)	(5,402,251)	–	–
Financing cost paid	(1,455,385)	(1,958,368)	(1,603,486)	(1,421,131)
Lease payment	(77,200)	(87,600)	–	–
<b>Net cash (used in)/generated from financing activities</b>	<b>(4,901,537)</b>	<b>7,953,495</b>	<b>3,806,147</b>	<b>(617,112)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,283,288)</b>	<b>4,931,637</b>	<b>(2,009,128)</b>	<b>(751,654)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>3,903,247</b>	<b>(1,028,390)</b>	<b>(15,983,139)</b>	<b>(15,231,485)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>2,619,959</b>	<b>3,903,247</b>	<b>(17,992,267)</b>	<b>(15,983,139)</b>
<b>Cash and cash equivalents:</b>				
Cash and bank balances	22 30,571,634	27,787,551	7,809,408	7,901,165
Overdraft	24 (18,057,452)	(16,264,628)	(18,057,452)	(16,264,628)
	12,514,182	11,522,923	(10,248,044)	(8,363,463)
Less: Restricted deposits	22 (9,894,223)	(7,619,676)	(7,744,223)	(7,619,676)
	2,619,959	3,903,247	(17,992,267)	(15,983,139)

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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 is Zaiyadal Sdn. Bhd. ("ZSB") (formerly known as 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 11 April 2022.

## 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 2021, 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 intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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.





## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2021

### (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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.

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.

**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.

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

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
United States Dollar	4.17	4.03
Saudi Riyal	1.11	1.07
Australian Dollar	3.03	3.10
Singapore Dollar	3.09	3.05
European Euro	4.73	4.96
Indonesia Rupiah	0.0003	0.0003



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2021

#### (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

##### (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.

##### (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.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

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

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

##### **(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.

#### **(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.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2021

#### (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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;
- 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.

#### (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.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

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

#### **(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.

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

- 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 2021

#### (CONT'D)

## 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.

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.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

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

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

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.

#### **(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 2021

### (CONT'D)

## 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.

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.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

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

#### **(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").

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 2021 (CONT'D)

### 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, profit 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).

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

#### (k) Financial assets (cont'd.)

##### (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.

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 2021

#### (CONT'D)

## 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 consider reasonable and supportable information that are relevant and available without undue cost or effort. This include both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

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:

##### **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.

## **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 (cont'd.)**

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.

##### **(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.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2021

#### (CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

#### (n) Contract assets and liabilities (cont'd.)

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 or contract assets 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.

#### (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. Share options exercised during the reporting period are satisfied with treasury shares.

## **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.

##### **(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.





## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2021

#### (CONT'D)

## 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.)

#### (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

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).

#### (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.

## **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 (cont'd.)**

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.

#### **(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 2021

### (CONT'D)

## 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 2021, the Group and the Company have adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021 as listed below:

Descriptions	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

The adoption of above amendments to MFRS did not have any significant impact on the financial statements of the Group and the Company in the current financial year.

The Group and the Company have also early adopted the Amendment to MFRS 16 Leases (Covid-19 Related Rent Concessions beyond 30 June 2021) issued by MASB in April 2021, in response to the Covid-19 pandemic. The amendment is effective for annual periods beginning on or after 1 April 2021.

#### Lessee

On 28 May 2020, MASB has issued Covid-19-Related Rent Concessions - amendment to MFRS 16 Leases that provides relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the MASB extended the period of application of the practical expedient to 30 June 2022. The early adoption of Amendment to MFRS 16 (Covid-19-Related Rent Concessions beyond 30 June 2021) did not have a material impact on the financial statements of the Group and of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 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.

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments, and MFRS 141 Agriculture: Annual Improvements to MFRS Standards 2018 - 2020.	1 January 2022
Amendments to MFRS 3 Business Combination: Reference to Conceptual Framework	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 101 Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes: Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures: 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 except as mentioned below:

#### **MFRS 101 Presentation of Financial Statements: Disclosures of Accounting Policies**

The amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies require companies to disclose material accounting policies specific to the entity and not generic disclosures on MFRS applications.

## 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 not make any significant judgements which may have significant effect on the amount recognised in the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2021

#### (CONT'D)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

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 estimate is 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 estimate, the Group evaluates based on past experience.

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 investment in subsidiaries 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.

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 impairment indicators 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 subsidiaries has indicators of impairment. Management has applied the discounted cash flow method of valuation to estimate the recoverable value of the specific investments. 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 amount of the investment within the next financial year.

Assumptions by the management may include, amongst others, assumption on expected future revenue, 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.

#### (c) Impairment assessment on goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to apply an appropriate discount rate in deriving at the present value. Further details are disclosed in Note 17.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**4. REVENUE**

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Revenue from contract with customers</b>				
Environmental consultancy and monitoring services	32,346,881	34,059,710	–	–
Laboratory testing services	56,863,358	51,065,710	–	–
	89,210,239	85,125,420	–	–
<b>Other revenue</b>				
Rental income	2,811,837	2,837,738	3,215,892	3,183,584
Dividend income from subsidiaries	–	–	7,080,000	6,885,000
	2,811,837	2,837,738	10,295,892	10,068,584
<b>Total revenue</b>	92,022,076	87,963,158	10,295,892	10,068,584
<b>Revenue by geographical</b>				
- Malaysia	61,181,605	58,571,091	10,295,892	10,068,584
- Indonesia	17,865,780	17,542,062	–	–
- Saudi	12,974,691	11,850,005	–	–
	92,022,076	87,963,158	10,295,892	10,068,584
<b>Timing of recognition</b>				
Services transferred at a point in time	79,002,398	70,540,162	–	–
Services transferred over time	10,207,841	14,585,258	–	–
	89,210,239	85,125,420	–	–

**Contract balances**

The following table provides information about receivables, contracts assets and contracts liabilities from contracts with customers.

	2021 RM	Group 2020 RM
Trade receivables (Note 19)	40,835,821	31,393,193
Contract assets (Note 20)	5,778,972	9,739,042
Contract liabilities (Note 20)	–	(59,058)
	46,614,793	41,073,177



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2021

#### (CONT'D)

#### 4. REVENUE (CONT'D.)

##### Contract balances (cont'd.)

Contract assets primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when rights become unconditional. Contract liabilities 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.

	2021 RM	Group 2020 RM
Environmental consultancy and monitoring services		
Within 1 year	21,361,326	17,258,849
1 to 5 years	8,064,536	5,197,597
	29,425,862	22,456,446

#### 5. COST OF SALES

	2021 RM	Group 2020 RM Restated	2021 RM	Company 2020 RM
Provision of services	29,554,205	22,322,509	–	–
Construction contracts	8,549,281	11,925,986	–	–
Direct operating expenses arising from investment properties	1,427,266	1,367,711	1,409,575	1,372,476
	39,530,752	35,616,206	1,409,575	1,372,476

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**6. OTHER INCOME**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit income from deposits	416,100	424,050	124,562	193,817
Profit income from intercompany loans	–	–	779,874	436,560
Net gain on disposal of property, plant and equipment	21,694	6,875	–	–
Reversal of impairment of:				
- Trade receivables	429,178	3,579	–	–
- Other receivables	–	22,132	–	–
Unrealised foreign exchange gain	844,360	–	1,739	–
Gain on derecognition of rights of use of assets	680	283	–	–
Fair value gain on other current financial assets	140,889	202,846	224	298
Information technology support services	324,857	314,665	–	–
Profit from shared service and management fee	118,156	59,647	246,313	91,083
Others	60,147	63,297	–	–
	<b>2,356,061</b>	<b>1,097,374</b>	<b>1,152,712</b>	<b>721,758</b>

**7. STAFF COSTS**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, bonus and other emoluments	21,332,747	18,432,436	1,530,842	1,247,610
Social security cost	562,488	556,348	5,101	–
Pension costs:				
- defined contribution plan	2,425,103	2,357,318	623,564	597,309
- defined benefit plan (Note 25)	164,559	542,694	–	–
Other staff related expenses	1,663,355	1,835,907	495,441	511,727
	<b>26,148,252</b>	<b>23,724,703</b>	<b>2,654,948</b>	<b>2,356,646</b>

Included in staff costs of the Group and of the Company are Executive Directors' and Non-Executive Directors' remuneration amounting to RM2,392,999 (2020: RM2,509,888) and RM2,328,049 (2020: RM2,437,888) respectively as further disclosed in Note 8.





**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**8. DIRECTORS' REMUNERATION**

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive:				
Salaries and other emoluments	954,593	950,592	954,593	950,592
Pension costs:				
- defined contribution plan	181,260	194,845	181,260	194,845
Retirement benefits:				
- defined contribution plan	157,219	157,219	157,219	157,219
Fees	599,802	624,410	576,852	592,010
Bonus	–	79,500	–	79,500
Benefits-in-kind	78,125	82,722	78,125	82,722
	1,970,999	2,089,288	1,948,049	2,056,888
Non-executive:				
Fees	174,000	192,600	132,000	153,000
Other remuneration	248,000	228,000	248,000	228,000
	422,000	420,600	380,000	381,000
Total	2,392,999	2,509,888	2,328,049	2,437,888

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	
	2021	2020
Executive Directors:		
RM550,001 - RM600,000	1	1
RM1,350,001 - RM1,400,000	1	–
RM1,450,001 - RM1,500,000	–	1
Non-Executive Directors:		
RM1 - RM50,000	–	1
RM50,001 - RM100,000	1	4
RM100,001 - RM150,000	3	–
Total directors	6	7

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**9. FINANCE COSTS**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit charges on:				
Overdraft	1,044,166	1,026,702	1,012,165	1,010,347
Revolving credit	578,344	423,795	226,728	2,762
Advance from subsidiaries	–	–	351,616	400,569
Hire purchase	622,236	405,914	10,215	10,215
Finance costs on lease obligations	8,204	8,405	–	–
Tawarooq	412,946	180,885	–	–
Trust receipt	144,950	51,572	–	–
Banking facilities related fees	884,250	614,912	–	–
Other finance charges	266,691	244,157	–	–
	3,961,787	2,956,342	1,600,724	1,423,893

**10. PROFIT BEFORE TAX**

Profit before tax is stated after charging:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:				
Statutory audits				
- Company's auditors	357,000	352,500	86,000	80,000
- Other auditors	94,435	86,860	–	–
Other services				
- Company's auditors	15,000	7,000	15,000	7,000
Depreciation of property, plant and equipment	7,224,671	6,108,768	357,408	348,377
Amortisation of investment properties	714,671	714,671	714,671	714,671
Short-term leases (a)	809,486	721,634	–	–
Low value asset leases (b)	62,812	63,299	16,155	18,787
Net, foreign exchange loss:				
- realised	618,329	278,500	–	21,914
- unrealised	–	846,073	–	3
Impairment of other receivables	100,431	–	1,297,178	167,681
Impairment of investment in subsidiary	–	–	354,000	–
Zakat	402,619	533,187	–	–



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2021

#### (CONT'D)

#### 10. PROFIT BEFORE TAX (CONT'D)

- (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	
	2021 RM	2020 RM	2021 RM	2020 RM
Income tax:				
Malaysian income tax	3,685,514	3,561,832	–	140,025
Foreign income tax	1,158,141	1,539,081	–	–
Income tax	4,843,655	5,100,913	–	140,025
Under/(over) provision in prior years:				
Malaysian income tax	34,287	111,675	(140,026)	45,841
Foreign income tax	27,686	31,319	–	–
	61,973	142,994	(140,026)	45,841
	4,905,628	5,243,907	(140,026)	185,866
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	(1,172,190)	(605,900)	–	–
Under/(over) provision in prior year	319,780	(27,099)	–	–
	(852,410)	(632,999)	–	–
Income tax expense/(credit) recognised in profit or loss	4,053,218	4,610,908	(140,026)	185,866

Domestic current income tax is calculated at the statutory tax rate of 24% (2020: 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**11. TAXATION (CONT'D.)**

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:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Profit before tax	3,809,750	7,683,759	2,419,211	3,557,972
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	914,340	1,844,102	580,611	853,913
Effect of taxation in other country	254,898	(368,126)	-	-
Effect of income not subject to tax	(722,823)	(636,729)	(1,870,357)	(1,749,030)
Effect of expenses not deductible for tax purposes	1,233,338	2,247,886	1,166,469	825,484
Under/(over) provision of income tax in prior years	61,973	142,994	(140,026)	45,841
Deferred tax liabilities recognised on withholding tax on foreign dividend	51,738	89,170	-	-
Under/(over) provision of deferred taxation in prior year	319,780	(27,099)	-	-
Deferred tax asset not recognised in current year	1,942,476	1,373,658	123,277	209,658
Utilisation of previously unrecognised tax losses	(2,502)	(54,948)	-	-
Income tax expense/(credit) recognised in profit or loss	4,053,218	4,610,908	(140,026)	185,866



## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

### 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.

	2021	2020
Loss attributable to ordinary equity holders of the Company (RM)	(6,129,513)	(2,813,140)
Number of ordinary shares for basic earnings per share computation* ('000)	655,371	655,631
<hr/>		
Basic earnings per share (sen)	(0.94)	(0.43)
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\* 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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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**13. PROPERTY, PLANT AND EQUIPMENT**

<b>Group</b>	<b>Land and buildings RM (Note a)</b>	<b>Plant and machinery RM</b>	<b>Motor vehicles RM (Note b)</b>	<b>Office equipment, renovation, furniture and fittings* RM</b>	<b>Total RM</b>
<b>2021</b>					
<b>Cost</b>					
At 1.1.2021	21,260,124	49,337,254	10,679,209	20,052,390	101,328,977
Additions	–	1,010,817	3,178,353	4,524,279	8,713,449
Disposals	–	–	(571,603)	(101,975)	(673,578)
Write off	–	(4,566,385)	(55,765)	(266,173)	(4,888,323)
Exchange differences	139,198	103,454	258,507	374,013	875,172
At 31.12.2021	21,399,322	45,885,140	13,488,701	24,582,534	105,355,697
<b>Accumulated depreciation</b>					
At 1.1.2021	4,130,273	32,685,161	4,885,778	16,082,932	57,784,144
Charge for the year	548,379	576,181	1,771,542	4,328,569	7,224,671
Disposals	–	–	(422,031)	(44,906)	(466,937)
Write off	–	(4,558,119)	(55,765)	(266,173)	(4,880,057)
Exchange differences	42,368	99,014	78,627	251,328	471,337
At 31.12.2021	4,721,020	28,802,237	6,258,151	20,351,750	60,133,158
<b>Accumulated impairment</b>					
At 1.1.2021	–	235,985	–	–	235,985
Reversal	–	(8,262)	–	–	(8,262)
At 31.12.2021	–	227,723	–	–	227,723
<b>Net carrying amount</b>					
At 31.12.2021	16,678,302	16,855,180	7,230,550	4,230,784	44,994,816

\*Included the right-of-use assets which details shown in Note 15.



**NOTES TO THE FINANCIAL STATEMENTS**  
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**(CONT'D)**

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

<b>Group</b>	<b>Land and buildings RM (Note a)</b>	<b>Plant and machinery RM</b>	<b>Motor vehicles RM (Note b)</b>	<b>Office equipment, renovation, furniture and fittings* RM</b>	<b>Total RM</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 details shown in Note 15.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

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

Company	Buildings RM	Motor vehicles RM (Note b)	Office equipment, furniture and fittings RM	Total RM
<b>2021</b>				
<b>Cost</b>				
At 1.1.2021	399,117	489,085	2,684,626	3,572,828
Additions	–	–	96,690	96,690
Write off	–	–	(31,745)	(31,745)
At 31.12.2021	399,117	489,085	2,749,571	3,637,773
<b>Accumulated depreciation</b>				
At 1.1.2021	142,906	221,361	1,912,901	2,277,168
Charge for the year	7,982	97,817	251,609	357,408
Write off	–	–	(31,745)	(31,745)
At 31.12.2021	150,888	319,178	2,132,765	2,602,831
<b>Net carrying amount</b>				
At 31.12.2021	248,229	169,907	616,806	1,034,942
<b>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





**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

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

**(a) Group - Land and buildings**

	Freehold land RM	Building RM	Right-of-use assets RM	Total RM
<b>2021</b>				
<b>Cost</b>				
At 1.1.2021	9,229,231	11,136,715	894,178	21,260,124
Exchange differences	–	120,504	18,694	139,198
At 31.12.2021	9,229,231	11,257,219	912,872	21,399,322
<b>Accumulated depreciation</b>				
At 1.1.2021	–	3,820,735	309,538	4,130,273
Charge for the year	–	512,612	35,767	548,379
Exchange differences	–	42,368	–	42,368
At 31.12.2021	–	4,375,715	345,305	4,721,020
<b>Net carrying amount</b>				
At 31.12.2021	9,229,231	6,881,504	567,567	16,678,302
<b>2020</b>				
<b>Cost</b>				
At 1.1.2020	9,229,231	11,297,387	919,103	21,445,721
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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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

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

**(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:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Motor vehicles	2,977,293	4,184,485	169,907	267,724

**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.

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Cost</b>				
At 1 January/ 31 December	43,803,446	43,803,446	46,128,361	46,128,361
<b>Accumulated depreciation</b>				
At 1 January	6,462,954	5,748,283	4,793,971	4,079,300
Charge for the year	714,671	714,671	714,671	714,671
At 31 December	7,177,625	6,462,954	5,508,642	4,793,971
<b>Net book value</b>	<b>36,625,821</b>	<b>37,340,492</b>	<b>40,619,719</b>	<b>41,334,390</b>

Certain investment and properties of the Group and the Company with carrying amount of RM36,594,593 (2020: RM36,967,543) and RM40,281,546 (2020: RM40,961,440) respectively are pledged to secure bank loans (Note 24).

The valuation of investment properties have been performed by an independent professional valuer. The total market value of the investment properties is RM52,200,000 (2020: 52,600,000) using income and comparison approach.

During the year, the Company has changed its valuation method for office and warehouse from cost approach to income and comparison approach after consultation with the independent professional valuer which entails the capitalisation of the net rent from a property.



## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

### 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 that are based on unobservable market data.

Investment property	Valuation technique	Significant unobservable inputs	Range		Inter-relationship between significant unobservable inputs and fair value measurement
			2021 RM	2020 RM	
Jalan Astaka U8/84 Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Income approach	<u>Office &amp; Warehouse</u> Market rental rate (RM psf/ month) Outgoings (RM psf/month)	1.96 - 2.55 0.45 - 0.48	- -	The estimated fair value would increase/ (decrease) if:  - expected market rental growth were higher/(lower) - expected outgoings rate were lower/(higher) - expected building cost rate were higher/(lower)
	Cost approach	Building cost (RM psf)	-	80 - 220	-
		Term yield (%)	6.5%	-	- term yield were lower/(higher)
		Void rate (%)	10%	-	- void rate were lower/(higher)
		Reversionary yield (%)	7%	-	- reversionary yield were lower/(higher)
		<u>Freehold land</u> Transaction land price (RM psf)	320	306 - 385	- 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)
H.S. (D) 9844, PT 7605 Mukim of Lumut, District of Marjunga, Perak	Comparison approach	<u>Agricultural land (leasehold)</u> Transaction land price (RM'000/acre)	250 - 300	250 - 300	- transacted price were higher/(lower)

#### 14. INVESTMENT PROPERTIES (CONT'D.)

(i) 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.

(ii) 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.

(iii) 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.

The investment property is valued at its highest and current best use.

#### 15. LEASES

##### The Group and the Company as a lessee:

	2021 RM	Group 2020 RM
Right-of-use assets:		
Properties	57,171	60,236
<hr/>		
Lease obligations (secured):		
Non-current	33,572	30,754
Current	73,792	72,059
	<hr/> 107,364	<hr/> 102,813

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:

	2021 RM	Group 2020 RM
At 1 January	60,236	137,454
Addition	103,519	55,782
Disposal	(27,891)	(21,437)
Depreciation	(78,693)	(111,563)
	<hr/> 57,171	<hr/> 60,236



## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

### 15. LEASES (CONT'D.)

The Group and the Company as a lessee (cont'd.):

(ii) The movement in lease obligations (fixed lease payments) are as follows:

	Group	
	2021 RM	2020 RM
At 1 January	102,813	147,946
Addition	102,118	55,782
Disposal	(28,571)	(21,720)
Lease payment	(77,200)	(87,600)
Finance cost	8,204	8,405
	<hr/>	<hr/>
At 31 December	107,364	102,813

The profit rate at the reporting date of the leases were as follows:

	Group	
	2021	2020
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

	Company	
	2021 RM	2020 RM
<b>Cost</b>		
At 1 January	64,210,930	64,210,930
Write off	(927,004)	-
	<hr/>	<hr/>
At 31 December	63,283,926	64,210,930
<b>Accumulated impairment</b>		
At 1 January	31,484,591	31,484,591
Impairment	354,000	-
Write off	(927,004)	-
	<hr/>	<hr/>
At 31 December	30,911,587	31,484,591
	<hr/>	<hr/>
Carrying amount	32,372,339	32,726,339

## **16. INVESTMENT IN SUBSIDIARIES (CONT'D.)**

### **Impairment of investment in subsidiaries**

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 subsidiaries, Saudi ASMA Environmental Solution LLC ("Saudi Asma"), Alam Sekitar Malaysia Sdn. Bhd. ("ASMA") and ASMA Advanced Solutions Co. Ltd ("AAS") indicated that the carrying amounts of the investment in the subsidiaries may be impaired.

The Company estimated the recoverable amounts 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 and discounting them at the appropriate rates.

#### **(i) SAUDI ASMA**

##### **(a) Revenue**

Revenue comprises secured and unsecured projects and are estimated based on existing customer contract and anticipated future projects.

A decrease of 1% in the revenue estimation would have resulted in impairment loss of RM863,380 (2020: RM378,277).

##### **(b) Discount rate**

The discount rate used is based on the risk specific to the CGU.

An increase of 0.5% in the discount rate used would have increased the impairment loss by RM1,782,274 (2020: RM1,143,833).

##### **(c) Terminal growth rate**

Cash flow beyond the five-year period are extrapolated using 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.

A decrease of 0.5% in the growth rate used would have increased the impairment loss by RM4,069,669 (2020: RM770,755).

As a result of impairment review, no further impairment loss was recognised during the year as the recoverable amount of the investment amounting RM12,538,599 (2020: RM12,467,415) exceeds its carrying amount of RM12,436,090 (2020: RM12,436,090).



## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

### 16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### Impairment of investment in a subsidiary (cont'd.)

##### (ii) ASMA

###### (a) Revenue

Revenue comprises secured and unsecured projects and are estimated based on existing customer contract and anticipated future projects.

A decrease of 1.5% in the revenue would have increased the impairment loss by RM329,912 (2020: RM1,143,833).

###### (b) Discount rate

The discount rate used is based on the risk specific to the CGU.

An increase of 1.5% in the discount rate used would have increased the impairment loss by RM587,267 (2020: RM1,143,833).

As a result of impairment review, no impairment loss was recognised during the year as the recoverable amount of the investment amounting RM22,989,845 (2020: RM26,941,344) exceeds its carrying amount of RM19,877,000 (2020: RM19,877,000).

##### (iii) AAS

During the year, an impairment loss of RM354,000 (2020: nil) on AAS was recognised as the carrying amount of RM354,000 (2020: RM354,000) exceeds its recoverable amount of RM nil (2020: RM5,427,000) due to the cancellation of project that was initially committed.

#### Striking off of dormant subsidiaries

During the year, the Company has struck off four subsidiaries namely Quantum Up Returns Sdn Bhd, PI Enviro Technologies Sdn Bhd, Perunding Good Earth Sdn Bhd and Premiere Leap Sdn Bhd as the companies are no longer active in operation.

**16. INVESTMENT IN SUBSIDIARIES (CONT'D.)**

**Impairment of investment in a subsidiary (cont'd.)**

The details of the subsidiaries are as follows :

Name of subsidiaries	Ownership interest and voting interest		Principal activities
	2021 %	2020 %	
<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
Quantum Up Returns Sdn. Bhd.**	–	100	Investment holding company
ASMA International Sdn. Bhd.*	100	100	Investment holding company
PI Enviro Technologies Sdn. Bhd.**	–	100	Dormant
Perunding Good Earth Sdn. Bhd.**	–	100	Dormant
Premiere Leap Sdn. Bhd.**	–	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





**NOTES TO THE FINANCIAL STATEMENTS**  
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**(CONT'D)**

**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
	2021 %	2020 %	
<b>(ii) Incorporated outside Malaysia</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 ("Saudi Asma")*	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			
** Struck off during the year			

**Non-controlling interests ("NCI")**

	AAS RM	ALS Group* RM	ASET RM	Total RM
<b>2021</b>				
<b>NCI percentage of ownership and voting interest</b>				
Carrying amount of NCI	40% (2,458,563)	53% 33,978,334	10% (308,983)	31,210,788
(Loss)/profit allocated to NCI	(303,624)	6,215,063	(25,394)	5,886,045
<b>2020</b>				
<b>NCI percentage of ownership and voting interest</b>				
Carrying amount of NCI	40% (2,154,939)	53% 32,948,870	10% (283,589)	30,510,342
(Loss)/profit allocated to NCI	(584,126)	6,456,430	13,687	5,885,991

\* Included non-controlling interest percentage of ownership interest and voting interest of PT ALS Indonesia.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**16. INVESTMENT IN SUBSIDIARIES (CONT'D.)**

**Non-controlling interests ("NCI") (cont'd.)**

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 2021</b>				
Revenue	–	57,852,662	183,608	58,036,270
(Loss)/profit for the year	(759,061)	14,354,989	(63,486)	13,532,442
Total comprehensive (loss) /income	(759,061)	14,798,097	(63,486)	13,975,550
<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

**Summarised statement of financial position:**

	AAS RM	ALS Group RM	ASET RM	Total RM
<b>31 December 2021</b>				
Non-current assets	589	37,125,620	4,757	37,130,966
Current assets	471,826	53,749,848	1,215,130	55,436,804
Non-current liabilities	–	(3,984,231)	–	(3,984,231)
Current liabilities	(6,060,871)	(13,891,284)	(1,055,816)	(21,007,971)
Net (liabilities)/assets	(5,588,456)	72,999,953	164,071	67,575,568
<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



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**16. INVESTMENT IN SUBSIDIARIES (CONT'D.)**

**Non-controlling interests ("NCI") (cont'd.)**

**Summarised statement of cash flows:**

	<b>AAS RM</b>	<b>ALS Group RM</b>	<b>ASET RM</b>	<b>Total RM</b>
<b>31 December 2021</b>				
Cash flows from operating activities	(1,901,189)	22,358,736	(183,721)	20,273,826
Cash flows from investing activities	–	(3,478,576)	(3,659)	(3,482,235)
Cash flows from financing activities	2,210,400	(12,723,983)	–	(10,513,583)
Net increase/(decrease) in cash and cash equivalents	309,211	6,156,177	(187,380)	6,278,008
Dividend paid to NCI	–	(5,592,788)	–	(5,592,788)
<b>31 December 2020</b>				
Cash flows from operating activities	146,675	22,937,298	(271,054)	22,812,919
Cash flows from investing activities	–	(5,131,748)	318,579	(4,813,169)
Cash flows from financing activities	–	(11,751,452)	–	(11,751,452)
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)

**17. GOODWILL ON CONSOLIDATION**

	<b>2021 RM</b>	<b>Group 2020 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

## 17. GOODWILL ON CONSOLIDATION (CONT'D.)

Goodwill has been allocated to the Group's Cash Generating Units ("CGU") identified by business segment and country as follows:

	2021 RM	Group 2020 RM
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.

A decrease of 1% in the revenue estimation would have resulted in impairment loss of RM347,444 (2020: RM212,075).

#### (ii) Discount rate

The discount rate used is 14.0% (2020: 13.5%) based on the risk specific to the CGU.

An increase of 1% in the discount rate used would have resulted in impairment loss of RM393,070 (2020: RM508,030).

#### (iii) Terminal growth rate

Cash flow beyond the five-year period is extrapolated using a growth rate of 3% (2020: 3%) 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 2% in the growth rate used would have resulted in impairment loss of RM573,887 (2020: RM1,226,664).



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**(CONT'D)**

**18. INVENTORIES**

	2021 RM	Group 2020 RM
Consumables, at cost	77,065	191,450

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM114,385 (2020: RM137,253).

**19. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Trade receivables (Note (a)):</b>				
<b>Current</b>				
Third parties	39,800,256	32,386,220	79,090	42,908
Ultimate holding company	9,896	13,420	9,896	13,420
Subsidiaries	–	–	324,478	5,062
Related parties	1,635,487	144,352	104,825	27,128
Dividend receivable	–	–	3,540,000	3,540,000
	41,445,639	32,543,992	4,058,289	3,628,518
Less: Allowance for impairment	(609,818)	(1,150,799)	–	–
	40,835,821	31,393,193	4,058,289	3,628,518
<b>Other receivables (Note (b)):</b>				
<b>Non current</b>				
Amount due from a subsidiary	–	–	16,045,655	–
<b>Current</b>				
Amounts due from related companies (Note (c)):				
- Ultimate holding company	439,400	273,808	436,567	270,871
- Subsidiaries	–	–	14,711,979	19,055,410
- Related parties	548,515	539,223	241,009	196,645
Deposits	649,876	6,094,227	187,960	187,960
Prepayments	3,859,746	3,932,683	32,292	31,069
Sundry receivables	854,312	701,369	9,437	13,977
Other receivable(carried forward)	6,351,849	11,541,310	15,619,244	19,755,932

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**19. TRADE AND OTHER RECEIVABLES (CONT'D.)**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Other receivables (Note (b)) (cont'd.):</b>				
<b>Current (Cont'd)</b>				
Other receivable (brought forward)	6,351,849	11,541,310	15,619,244	19,755,932
Less: Allowance for impairment				
- related companies	(91,815)	-	(3,833,054)	(2,796,892)
- sundry receivables	(9,938)	(1,322)	(9,938)	(1,322)
	(101,753)	(1,322)	(3,842,992)	(2,798,214)
	6,250,096	11,539,988	11,776,252	16,957,718
Total current	47,085,917	42,933,181	15,834,541	20,586,236
Total non current	-	-	16,045,655	-
Total trade and other receivables	47,085,917	42,933,181	31,880,196	20,586,236
Add: Cash and bank balances (Note 22)	30,571,634	27,787,551	7,809,408	7,901,165
Less: Prepayments	(3,859,746)	(3,932,683)	(32,292)	(31,069)
Dividend receivable	-	-	(3,540,000)	(3,540,000)
Total financial assets carried at amortised cost	73,797,805	66,788,049	36,117,312	24,916,332

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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**19. TRADE AND OTHER RECEIVABLES (CONT'D.)**

Ageing analysis of trade receivables (third parties)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Neither pass due nor impaired	17,675,950	14,520,987	13,735	39,501
1 to 30 days past due not impaired	1,870,710	4,480,995	58,755	3,407
31 to 60 days past due not impaired	1,547,373	2,163,491	3,300	–
61 to 90 days past due not impaired	1,108,974	2,341,513	3,300	–
91 to 120 days past due not impaired	4,157,447	5,292,726	–	–
More than 121 days pass due not impaired	12,829,984	2,435,709	–	–
	21,514,488	16,714,434	65,355	3,407
Impaired	609,818	1,150,799	–	–
	39,800,256	32,386,220	79,090	42,908

**(a) Trade receivables**

Movement in allowance accounts

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	1,150,799	2,301,843	–	–
Reversal of impairment	(429,178)	(3,579)	–	–
Write off	(111,803)	(1,147,465)	–	–
At 31 December	609,818	1,150,799	–	–

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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**19. TRADE AND OTHER RECEIVABLES (CONT'D.)**

**(b) Other receivables**

Movement in allowance accounts

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	1,322	23,454	2,798,214	2,630,533
Charge/(reversal of impairment)	100,431	(22,132)	1,297,178	167,681
Write off	–	–	(252,400)	–
At 31 December	101,753	1,322	3,842,992	2,798,214

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 4.82% (2020: 3.69%) 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 33.

Other information on financial risks of other receivables are disclosed in Note 34.

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

	2021 RM	Group 2020 RM
Construction contract costs incurred and recognised profits to date	55,554,958	45,908,179
Less: Progress billings	(49,775,986)	(36,228,195)
	5,778,972	9,679,984
<i>Presented as:</i>		
Amounts due from customers for contract work (Note 4)	5,778,972	9,739,042
Amounts due to customers for contract work (Note 4)	–	(59,058)
	5,778,972	9,679,984





**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. OTHER CURRENT FINANCIAL ASSETS**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Held for trading investments</b>				
Quoted investment in units, at fair value through profit or loss	14,491,103	14,385,093	12,387	12,163

**22. CASH AND BANK BALANCES**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash on hand and at banks	20,677,411	20,167,875	65,185	281,489
Deposits with licensed banks	9,894,223	7,619,676	7,744,223	7,619,676
	30,571,634	27,787,551	7,809,408	7,901,165

Deposits with licensed bank of the Group amounting to RM9,894,223 (2020: RM7,619,676) and the Company amounting to RM7,744,223 (2020: RM7,619,676) is pledged as securities for trade facilities.

(a) The weighted average effective profit rates of the deposits at the reporting date were as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Licensed banks	2.27	3.15	2.00	2.61

(b) The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2021 Days	2020 Days	2021 Days	2020 Days
Licensed banks	30-365	30	30	30

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**(CONT'D)**

**23. TRADE AND OTHER PAYABLES**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Trade payables</b>				
Third parties (Note (a))	5,362,998	7,428,704	219,794	113,366
<b>Other payables</b>				
Amounts due to related companies (Note (b)):				
- Ultimate holding company	16,213	1,254	16,214	664
- Related parties	2,317,536	1,088,867	1,282	26,068
Amount due to subsidiary (Note (c))	-	-	11,011,910	11,000,000
Accruals	8,349,280	2,750,241	310,047	269,286
Dividend payable	2,473,405	2,760,150	-	-
Sundry payables	2,513,479	2,556,088	1,148,148	1,133,666
Gratuity payable	1,507,940	1,350,721	1,507,940	1,350,721
	17,177,853	10,507,321	13,995,541	13,780,405
<b>Total trade and other payables</b>	22,540,851	17,936,025	14,215,335	13,893,771
Add: Borrowings (Note 24)	56,914,936	48,399,719	29,214,922	20,014,868
Lease obligations (Note 15)	107,364	102,813	-	-
Less: Dividend payable	(2,473,405)	(2,760,150)	-	-
<b>Total financial liabilities carried at amortised cost</b>	77,089,746	63,678,407	43,430,257	33,908,639

**(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 (2020: 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 33.

Other information on financial risks of other payables are disclosed in Note 34.

**(c) Amount due to a subsidiary**

Advance due to a subsidiary is non trade, unsecured and bears finance cost at 3.22% (2020: 3.69%) per annum.



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**24. BORROWINGS**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Current</b>				
Secured:				
Hire purchase	1,704,106	1,225,025	90,009	90,009
Overdraft	18,057,452	16,264,628	18,057,452	16,264,628
Revolving credit	22,030,083	14,502,761	11,000,000	3,502,761
Term loan	10,172,622	6,205,860	–	–
	51,964,263	38,198,274	29,147,461	19,857,398
Unsecured:				
Revolving credit	1,569,477	4,097,253	–	–
Trust receipt	2,354,534	3,759,043	–	–
	3,924,011	7,856,296	–	–
	55,888,274	46,054,570	29,147,461	19,857,398
<b>Non Current</b>				
Secured:				
Hire purchase	1,026,662	2,345,149	67,461	157,470
<b>Total borrowings</b>	56,914,936	48,399,719	29,214,922	20,014,868

**(a) Hire purchase**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Minimum lease payments</b>				
Not later than 1 year	1,704,106	1,238,535	100,224	100,224
Later than 1 year and not later than 2 years	734,605	2,255,320	67,461	175,301
Later than 2 years and not later than 5 years	323,884	116,557	–	–
	2,762,595	3,610,412	167,686	275,525
Less: Future finance charges	(31,827)	(40,238)	(10,215)	(28,046)
Present value of finance lease liabilities	2,730,768	3,570,174	157,470	247,479

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**24. BORROWINGS (CONT'D.)**

**(a) Hire purchase (cont'd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Present value of finance lease liabilities:</b>				
Not later than 1 year	1,704,106	1,225,025	90,009	90,009
Later than 1 year and not later than 2 years	733,598	2,232,452	67,461	157,470
Later than 2 years and not later than 5 years	293,064	112,697	–	–
	<b>2,730,768</b>	<b>3,570,174</b>	<b>157,470</b>	<b>247,479</b>
<b>Analysed as:</b>				
Due within 12 months	1,704,106	1,225,025	90,009	90,009
Due after 12 months	1,026,662	2,345,149	67,461	157,470
	<b>2,730,768</b>	<b>3,570,174</b>	<b>157,470</b>	<b>247,479</b>

The weighted average effective profit rate at the reporting date of the borrowings were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Hire purchase	5.94	5.52	2.27	2.27
Overdraft	6.45	6.55	6.45	6.83
Revolving credit	3.53	4.33	3.20	3.19
Term loan	5.00	6.00	–	–
Trust receipt	6.68	6.84	–	–



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**24. BORROWINGS (CONT'D.)**

The movement in liabilities arising from financing activities are as follows:

<b>Group</b>	<b>Hire purchase RM</b>	<b>Overdraft RM</b>	<b>Revolving credit RM</b>	<b>Term loan RM</b>	<b>Trust receipt RM</b>	<b>Total Borrowings RM</b>
At 1 January 2020	682,033	15,490,816	10,037,562	1,418,242	—	27,628,653
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	—	—	—	—	—	—
Dividend paid	—	—	—	—	—	—
At 31 December 2020/ 1 January 2021	3,570,174 (839,406)	16,264,628	18,600,014 4,933,714	6,205,860 1,492,023	3,759,043 (1,362,136)	48,399,719 4,224,195
Net drawdown	—	1,792,824	—	—	—	1,792,824
Change in bank overdraft	—	1,044,166	578,344	1,563,887	144,950	3,953,583
Profit charged	622,236	(1,044,166)	(512,512)	910,852	(187,323)	(1,455,385)
Profit charged paid	(622,236)	—	—	—	—	—
Dividend declared	—	—	—	—	—	—
Dividend paid	—	—	—	—	—	—
At 31 December 2021	2,730,768	18,057,452	23,599,560	10,172,622	2,354,534	56,914,936

## 24. BORROWINGS (CONT'D.)

The movement in liabilities arising from financing activities are as follows:

Company	Hire purchase RM	Overdraft RM	Revolving credit RM	Total Borrowings RM	Advance from a subsidiary RM (Note 23)	Total RM
At 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/ 1 January 2021	247,479	16,264,628	3,502,761	20,014,868	11,000,000	31,014,868
Net (repayment)/drawdown	(90,009)	-	7,500,001	7,409,992	-	7,409,992
Change in bank overdraft	-	1,792,824	-	1,792,824	-	1,792,824
Profit charged	10,215	1,012,165	226,728	1,249,108	351,616	1,600,724
Profit charged paid	(10,215)	(1,012,165)	(229,490)	(1,251,870)	(351,616)	(1,603,486)
At 31 December 2021	157,470	18,057,452	11,000,000	29,214,922	11,000,000	40,214,922



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
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**25. RETIREMENT BENEFIT OBLIGATION**

The amount recognised in the statement of financial position are determined as follows:

	<b>2021</b>	<b>Group</b>
	<b>RM</b>	<b>2020</b>
		<b>RM</b>
Present value of obligation/Net liability	1,833,968	1,860,466
Movement in net liability was as follows:		
At 1 January	1,860,466	1,493,037
Provision during the year (Note 7)	164,559	542,694
Payment made during the year	(252,931)	(198,322)
Actuarial gain on retirement benefit	61,874	23,057
As at 31 December	1,833,968	1,860,466

The amount recognised in the statements of comprehensive income:

Current service cost	164,559	542,694
Analysed as:		
Non-current	1,833,968	1,860,466

The following are the expected payments or contributions to the defined benefit plan in future years:

	<b>2021</b>	<b>Group</b>
	<b>RM</b>	<b>2020</b>
		<b>RM</b>
Between 2 and 5 years	988,638	1,179,815
Between 5 and 10 years	716,921	687,760
Total expected payments	1,705,559	1,867,575

The carrying amount of retirement benefit obligation at year end for PT ALS and Saudi Asma amounting to RM916,024 (2020: RM1,202,238) and RM793,415 (2020: RM533,700) respectively.

**Actuarial assumptions**

The principal assumptions used in determining pension and post retirement benefit obligation for the Group's plans are shown below:

	<b>PT ALS</b>		<b>SAUDI ASMA</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Discount rate	8%	8%	2%	3%
Future salary growth	6%	6%	3%	3%
Voluntary resignation rate	6%	6%	10%	10%

Assumptions regarding future mortality are based on published statistic and mortality tables.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**  
**(CONT'D)**

**25. RETIREMENT BENEFIT OBLIGATION (CONT'D.)**

**Sensitivity analysis**

A quantitative sensitivity analysis for significant assumption is as shown below:

	Retirement benefit obligation			
	PT ALS		SAUDI ASMA	
	2021 RM	2020 RM	2021 RM	2020 RM
Discount rate:				
1% increase	34,814	60,688	759,372	494,191
1% decrease	(40,368)	(70,259)	(819,655)	(637,084)
Future salary growth:				
1% increase	(20,849)	(70,252)	(819,261)	(636,252)
1% decrease	35,449	61,709	759,181	493,623
Voluntary resignation:				
10% increase	2,085	4,405	–	–
10% decrease	(2,146)	(4,534)	–	–

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.

**26. SHARE CAPITAL AND TREASURY SHARES**

	Group and Company			
	Number of ordinary shares		Amount	
	2021	2020	2021 RM	2020 RM
<b>Issued and fully paid:</b>				
At 1 January/31 December	658,170,290	658,170,290	65,970,290	65,970,290
<b>Treasury shares</b>				
	Number of ordinary shares		Amount	
	2021	2020	2021 RM	2020 RM
At 1 January	2,368,900	2,628,900	329,543	329,543
Increase during the year	260,000	–	34,246	–
At 31 December	2,628,900	2,628,900	363,789	329,543

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.

The Company acquired 260,000 (2020: nil) of its own shares during the financial year. The total amount paid to acquire the shares was RM34,246 (2020: nil) and this was presented as a component within shareholders' equity.





## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

### 26. SHARE CAPITAL AND TREASURY SHARES (CONT'D.)

The Company held as treasury shares a total of 2,628,900 (2020: 2,368,900) issued ordinary shares at a carrying amount of RM363,789 (2020: RM329,543). The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

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.

### 27. OTHER RESERVES

	2021 RM	Group	2020 RM
At 1 January	(649,962)		(374,582)
Increase during the year	(113,691)		(275,380)
At 31 December	(763,653)		(649,962)
Foreign exchange reserve	(942,267)		(828,576)
Statutory reserve	178,614		178,614
	(763,653)		(649,962)
<b>Foreign exchange reserve</b>			
At 1 January	(828,576)		(553,196)
Increase during the year	(113,691)		(275,380)
At 31 December	(942,267)		(828,576)
<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.

### 28. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2021 under the single tier system.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**29. DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
At 1 January	2,521,234	3,154,233	–	–
Recognised in profit or loss (Note 11)	(852,410)	(632,999)	–	–
<b>At 31 December</b>	<b>1,668,824</b>	<b>2,521,234</b>	<b>–</b>	<b>–</b>
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	4,044,954	3,797,095	–	–
Deferred tax assets	(2,376,130)	(1,275,861)	–	–
	1,668,824	2,521,234	–	–

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Deferred tax assets:</b>				
<b>Provisions</b>				
At 1 January	(1,126,345)	(919,805)	(433,134)	(433,134)
Recognised in profit or loss	(462,373)	(206,540)	23,220	–
<b>At 31 December</b>	<b>(1,588,718)</b>	<b>(1,126,345)</b>	<b>(409,914)</b>	<b>(433,134)</b>
<b>Unutilised tax losses</b>				
At 1 January	(835,761)	–	–	–
Recognised in profit or loss	(868,723)	(835,761)	–	–
<b>At 31 December</b>	<b>(1,704,484)</b>	<b>(835,761)</b>	<b>–</b>	<b>–</b>
<b>Total deferred tax assets</b>	<b>(3,293,202)</b>	<b>(1,962,106)</b>	<b>(409,914)</b>	<b>(433,134)</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
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**29. DEFERRED TAXATION (CONT'D.)**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Deferred tax liabilities:</b>				
<b>Property, plant and equipment</b>				
At 1 January	2,875,944	2,555,813	433,134	433,134
Recognised in profit or loss	516,089	320,131	(23,220)	–
At 31 December	3,392,033	2,875,944	409,914	433,134
<b>Provision for withholding tax</b>				
At 1 January	1,607,396	1,518,225	–	–
Recognised in profit or loss	(37,403)	89,171	–	–
At 31 December	1,569,993	1,607,396	–	–
Total deferred tax liabilities	4,962,026	4,483,340	409,914	433,134
<b>Deferred taxation, net</b>	<b>1,668,824</b>	<b>2,521,234</b>	<b>–</b>	<b>–</b>

Deferred tax assets have not been recognised in respect of the following items:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unutilised tax losses	20,350,951	13,065,179	1,387,231	873,577
Other deductible temporary differences	1,871,165	1,073,712	–	–
	22,222,116	14,138,891	1,387,231	873,577

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 the Company and the respective subsidiaries of the Group.

The unutilised tax losses can be carried forward indefinitely except as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Year of assessment 2029	5,695,699	5,706,134	–	–
Year of assessment 2030	873,577	873,577	873,577	873,577
Year of assessment 2031	571,717	–	513,654	–
	7,140,993	6,579,701	1,387,231	873,577

In Malaysia, pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised business losses can be carried forward and available for use for 10 years starting from the year of assessment 2019.

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**30. DIVIDENDS**

	Amount		Net dividends per share	
	2021 RM	2020 RM	2021 RM	2020 RM
<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
<b>In respect of the financial year ended 31.12.2020</b>				
Final dividend on 655,371,100 ordinary shares declared on 26 April 2021 and paid on 15 July 2021	1,966,113		0.30	–
	1,966,113	3,605,971		

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2021 of 0.30 sen per share on 655,371,100 ordinary shares amounting to dividend payable of RM1,966,113 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.

The movement in liabilities arising from financing activities are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	2,760,150	2,555,150	–	–
Dividend declared	7,258,750	9,213,222	1,966,113	3,605,971
Dividend paid	(7,545,495)	(9,008,222)	(1,966,113)	(3,605,971)
At 31 December 2021	2,473,405	2,760,150	–	–

**31. COMMITMENTS**

	Group	
	2021 RM	2020 RM
<b>Capital commitments</b>		
Property, plant and equipment - Approved but contracted for	523,102	726,560



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**32. CONTINGENT LIABILITIES**

	Company	
	2021 RM	2020 RM
<b>Unsecured</b>		
Corporate guarantees given for banking facilities	31,928,912	31,883,742

The company has assessed the financial guarantee contracts and determined that the guarantees are not likely to be called upon by the bank. Financial impact of the guarantees is not material.

**33. 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:

**Group**

Rental income from Zaiyadal Sdn Bhd ("ZSB") (formerly known as Zaiyadal Keluarga Sdn. Bhd. ("ZKSB")), ultimate holding company	(60,673)	(65,009)
Rental income from subsidiaries of ZSB, ultimate holding company		
- Foxboro (Malaysia) Sdn. Bhd.	(174,825)	(189,000)
- Progressive Impact Technology Sdn. Bhd.	(624,018)	(619,166)
- IAM- Wonderware Sdn. Bhd.	(158,001)	(140,234)
- Untung Aquaculture Sdn. Bhd.	(21,090)	(22,800)
Provision of corporate service to ZSB, ultimate holding company	(439,023)	(324,286)
Provision of corporate service to subsidiary of ZSB, ultimate holding company		
- Progressive Impact Technology Sdn. Bhd.	(1,132,304)	(948,233)
Provision of environment consulting services to Progressive Impact Technology Sdn. Bhd.	(260,671)	-
Provision of environmental services to Progressive Impact Technology (B) Sdn. Bhd.	(122,050)	-
Information technology support to ZSB, ultimate holding company	(27,300)	(29,700)
Information technology support to subsidiary of ZSB, corporate shareholder		
- Foxboro (Malaysia) Sdn. Bhd.	(113,280)	(134,425)
- Progressive Impact Technology Sdn. Bhd.	(111,000)	(111,300)
- Progressive Impact Corrosion Sdn. Bhd.	(22,800)	(19,800)
Provision for consultancy and management services from ZSB	18,623	8,012
Provision for consultancy and management services from LI Commerce Sdn Bhd	579,725	503,210

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**33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)**

<b>Company</b>	<b>2021 RM</b>	<b>2020 RM</b>
Rental income from Zaiyadal Sdn Bhd ("ZSB") (formerly known as Zaiyadal Keluarga Sdn. Bhd. ("ZKSB")), ultimate holding company	(60,673)	(65,009)
Rental income from subsidiaries of ZSB, ultimate holding company		
- Foxboro (Malaysia) Sdn. Bhd.	(174,825)	(189,000)
- Progressive Impact Technology Sdn. Bhd.	(624,018)	(619,166)
- IAM- Wonderware Sdn. Bhd.	(158,001)	(140,234)
- Untung Aquaculture Sdn. Bhd.	(21,090)	(22,800)
Provision of corporate service to ZSB, ultimate holding company	(439,023)	(324,286)
Provision of corporate service to subsidiary of ZSB, ultimate holding company		
- Progressive Impact Technology Sdn. Bhd.	(1,132,304)	(948,233)
Provision of corporate service to subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(565,404)	(449,584)
- ALS Technichem (M) Sdn. Bhd.	(109,088)	(69,147)
- Saudi ASMA Environmental Solution LLC	(58,514)	(60,576)
- ASMA Advanced Solution LLC	(8,821)	(44,240)
Provision of management fee to subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(291,991)	(267,887)
- ALS Technichem (M) Sdn. Bhd.	(494,138)	(227,670)
- Saudi ASMA Environmental Solution LLC	(179,687)	(145,951)
- ASMA Advanced Solution LLC	(22,461)	-
Provision for consultancy and management services from ZSB, ultimate holding company	18,623	8,012
Provision for consultancy and management services from LI Commerce Sdn Bhd	579,725	503,210
Rental income from subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(312,729)	(270,022)

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.



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**33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)**

**(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:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, bonus and other emoluments	4,147,551	3,693,230	1,842,473	1,790,219
Social security costs	3,363	2,978	1,516	1,131
Pension costs:				
- defined contribution plan	433,386	355,273	208,284	205,189
Retirement benefit:				
- defined contribution plan	157,219	157,219	157,219	157,219
	4,741,519	4,208,700	2,209,492	2,153,758

Included in the total key management personnel are:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive directors' remuneration	1,970,999	2,089,288	1,948,049	2,056,888

**34. 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 2021. 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.

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

**(ii) Profit rate risk (cont'd.)**

The information on maturity dates and effective profit rates of the financial assets and liabilities are disclosed in their respective notes.

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.

	<b>Group</b>	<b>Company</b>		
	<b>Increase/ (decrease) in basis points</b>	<b>Effect on profit net of tax (Decrease)/ increase RM</b>	<b>Increase/ (decrease) in basis points</b>	<b>Effect on profit net of tax (Decrease)/ increase RM</b>
<b>As at 31 December 2021</b>				
Ringgit Malaysia	+ 25	(4,937)	+ 25	(3,123)
Ringgit Malaysia	- 25	4,937	- 25	3,123
<hr/>				
Saudi Riyal	+ 25	(1,032)	-	-
Saudi Riyal	- 25	1,032	-	-
<hr/>				
<b>As at 31 December 2020</b>				
Ringgit Malaysia	+ 25	(3,585)	+ 25	(2,533)
Ringgit Malaysia	- 25	3,585	- 25	2,533
<hr/>				
Saudi Riyal	+ 25	(194)	-	-
Saudi Riyal	- 25	194	-	-
<hr/>				

**(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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**34. 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:

	<b>On demand or within one year RM</b>	<b>One to five years RM</b>	<b>Total RM</b>
<b>As at 31 December 2021</b>			
<b>Group</b>			
<b>Financial liabilities:</b>			
Trade and other payables	22,540,851	–	22,540,851
Borrowings	55,888,274	1,405,785	57,294,059
Lease obligations	86,950	36,000	122,950
<b>Total undiscounted financial liabilities</b>	<b>78,516,075</b>	<b>1,441,785</b>	<b>79,957,860</b>
<b>Company</b>			
<b>Financial liabilities:</b>			
Trade and other payables*	14,215,335	–	14,215,335
Borrowings	29,147,461	85,292	29,232,753
<b>Total undiscounted financial liabilities</b>	<b>43,362,796</b>	<b>85,292</b>	<b>43,448,088</b>
<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>

\*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.

### **34. 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 19.

##### 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 RM21,059,473 (2020: RM20,342,145) 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.



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

**(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:

<b>Functional currency of Group entities</b>	<b>Ringgit Malaysia RM</b>	<b>Indonesian Rupiah RM</b>	<b>Total RM</b>
<b>As at 31.12.2021:</b>			
United States Dollar	6,275,655	(3,847,821)	2,427,834
Australian Dollar	(327,778)	(89,879)	(417,657)
European Euro	(457,501)	(206,739)	(664,240)
Saudi Riyal	26,500,167	–	26,500,167
	<b>31,990,543</b>	<b>(4,144,439)</b>	<b>27,846,104</b>
<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>

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 Profit before tax</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
USD/RM - strengthen 3%	(188,270)	(155,754)
- weaken 3%	188,270	155,754
AUD/RM - strengthen 3%	9,833	3,828
- weaken 3%	(9,833)	(3,828)
EURO/RM - strengthen 3%	13,725	9,738
- weaken 3%	(13,725)	(9,738)
SAR/RM - strengthen 3%	(795,005)	(521,856)
- weaken 3%	795,005	521,856

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

#### (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.

#### (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 2021</b>				
<b>Group</b>				
<b>Financial assets:</b>				
Other current financial assets	14,491,103	–	–	14,491,103
<b>Company</b>				
<b>Financial assets:</b>				
Other current financial assets	12,387	–	–	12,387



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**34. 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 2020</b>				
<b>Group</b>				
<b>Financial assets:</b>				
Other current financial assets	14,385,093	–	–	14,385,093
<b>Company</b>				
Financial assets:				
Other current financial assets	12,163	–	–	12,163

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 2021</b>					
<b>Group</b>					
<b>Financial liabilities:</b>					
Borrowings					
- Fixed rate	–	4,767,827	–	4,767,827	5,085,302
- Floating rate	–	51,829,634	–	51,829,634	51,829,634
	–	56,597,461	–	56,597,461	56,914,936
<b>Company</b>					
<b>Financial liabilities:</b>					
Borrowings					
- Fixed rate	–	144,065	–	144,065	157,470
- Floating rate	–	29,057,452	–	29,057,452	29,057,452
	–	29,201,517	–	29,201,517	29,214,922

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

#### (vi) 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>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
<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

### 35. SEGMENTAL INFORMATION

#### (a) Business segments

The Group is organised into 3 major business segments:

- (i) Environmental, monitoring and consultancy 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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**35. SEGMENTAL INFORMATION (CONT'D.)**

**(a) Business segments (cont'd.)**

	<b>Environmental monitoring, consultancy and services RM</b>	<b>Laboratory testing services RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Consolidated RM</b>
<b>2021</b>					
<b>Revenue</b>					
External sales	32,346,881	56,863,358	2,811,837	–	92,022,076
Inter-segment sales	192,460	989,305	7,484,055	(8,665,820)	–
<b>Total revenue</b>	<b>32,539,341</b>	<b>57,852,663</b>	<b>10,295,892</b>	<b>(8,665,820)</b>	<b>92,022,076</b>
<b>Results</b>					
(Loss)/profit from operations	(11,255,363)	22,021,173	6,381,367	(9,375,640)	7,771,537
Finance costs	(3,661,388)	(4,789)	(1,600,724)	1,305,114	(3,961,787)
Taxation	1,082,932	(5,276,069)	139,919	–	(4,053,218)
<b>Profit after taxation</b>					<b>(243,468)</b>
<b>Assets</b>					
Segment operating assets	61,026,618	90,875,468	113,915,424	(84,833,733)	180,983,777
Deferred tax assets	2,376,130	–	–	–	2,376,130
<b>Total assets</b>	<b>63,402,748</b>	<b>90,875,468</b>	<b>113,915,424</b>	<b>(84,833,733)</b>	<b>183,359,907</b>
<b>Liabilities</b>					
Segment operating liabilities	76,421,542	23,996,945	43,430,258	(61,033,090)	82,815,655
Deferred tax liabilities	–	3,068,207	–	976,747	4,044,954
<b>Total liabilities</b>	<b>76,421,542</b>	<b>27,065,152</b>	<b>43,430,258</b>	<b>(60,056,343)</b>	<b>86,860,609</b>
<b>Other Information</b>					
Capital expenditure	4,456,919	4,056,321	96,690	–	8,609,930
Depreciation and amortisation	2,476,856	4,390,407	1,072,079	–	7,939,342

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**35. SEGMENTAL INFORMATION (CONT'D.)**

**(a) Business segments (cont'd.)**

	<b>Environmental monitoring, consultancy and services RM</b>	<b>Laboratory testing services RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Consolidated RM</b>
<b>2020</b>					
<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)	–
<b>Total revenue</b>	<b>34,304,464</b>	<b>51,903,524</b>	<b>10,068,584</b>	<b>(8,313,414)</b>	<b>87,963,158</b>
<b>Results</b>					
(Loss)/profits 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)
<b>Profit after taxation</b>					<b>3,072,851</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
<b>Total assets</b>	<b>60,655,124</b>	<b>86,449,428</b>	<b>103,864,909</b>	<b>(72,855,643)</b>	<b>178,113,818</b>
<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
<b>Total liabilities</b>	<b>59,347,396</b>	<b>15,874,934</b>	<b>36,299,944</b>	<b>(37,450,871)</b>	<b>74,071,403</b>
<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)





## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

### 35. SEGMENTAL INFORMATION (CONT'D.)

#### (b) Geographical segments

The Group's geographical segments are for its subsidiaries that are involved in laboratory testing services, environmental consultancy and monitoring services which operates in three geographical areas:

- (i) Malaysia
- (ii) Indonesia
- (iii) Saudi Arabia

	Total revenue from external customers RM	Segment assets RM	Capital expenditure RM
<b>2021</b>			
Malaysia	61,181,605	127,355,962	5,336,539
Indonesia	17,865,780	29,742,688	9,727
Saudi Arabia	12,974,691	26,261,257	3,263,664
	<hr/> 92,022,076	<hr/> 183,359,907	<hr/> 8,609,930
<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
	<hr/> 87,963,158	<hr/> 178,113,818	<hr/> 8,975,919

### 36. 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.

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 2021 and 2020 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Borrowings (Note 24)	56,914,936	48,399,719	29,214,922	20,014,868
Trade and other payables (Note 23)	22,540,851	17,936,025	14,215,335	13,893,771
Less: Cash and bank balances (Note 22)	(30,571,634)	(27,787,551)	(7,809,408)	(7,901,165)
<b>Net debt</b>	<b>48,884,153</b>	<b>38,548,193</b>	<b>35,620,849</b>	<b>26,007,474</b>
Total share capital	65,970,290	65,970,290	65,970,290	65,970,290
<b>Capital and net debt</b>	<b>114,854,443</b>	<b>104,518,483</b>	<b>101,591,139</b>	<b>91,977,764</b>
<b>Gearing ratio</b>	<b>0.43</b>	<b>0.37</b>	<b>0.35</b>	<b>0.28</b>

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one Group or Company to another.



## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

### 37. COMPARATIVE FIGURES

In 2021, the Group and the Company review of its classification of transactions to conform with the current year financial statements presentation resulting to the restatements of the following:

	As previously stated RM	Re- classification RM	As restated RM
<b>Group</b>			
<b>Statements of Comprehensive Income</b>			
<b>For the year ended 31 December 2020</b>			
<b>Other income</b>			
Profit from shared service and management fee (Note 6)	–	59,647	59,647
<b>Other operating expenses</b>			
Profit from shared service and management fee (Note 6)	59,647	(59,647)	–
<b>Cost of sales</b>			
Provision of services (Note 5)	20,375,845	1,946,664	22,322,509
<b>Staff costs</b>			
Salaries, bonus and other emoluments (Note 7)	20,357,339	(1,946,664)	18,410,675
<b>Company</b>			
<b>Other income</b>			
Profit from shared service and management fee (Note 6)	–	91,083	91,083
<b>Other operating expenses</b>			
Profit from shared service and management fee (Note 6)	91,083	(91,083)	–



# SUPPLEMENTARY INFORMATION

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07



# STATISTICS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

## 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	: 3,994
Number of Treasury Shares	: 2,628,900 Ordinary shares

## ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of shareholders	%	Shareholdings	%*
Less than 100	10	0.251	247	0.000
100 to 1,000	710	17.777	424,478	0.065
1,001 to 10,000	1,365	34.176	8,896,300	1.357
10,001 to 100,000	1,604	40.160	60,652,467	9.255
100,001 to less than 5% of issued shares	302	7.561	175,738,986	26.815
5% and above of issued shares	3	0.075	409,658,622	62.508
<b>Total</b>	<b>3,994</b>	<b>100.00</b>	<b>655,371,100</b>	<b>100.00</b>

\* Based on the total number of issued shares in the Company excluding 2,628,900 ordinary shares bought back by the Company and retained as treasury shares at 1 April 2022.

## SUBSTANTIAL SHAREHOLDERS

Name	Shareholdings			
	Direct Interest	%^	Deemed Interest	%^
Zaiyadal Sdn Bhd (formerly known as Zaiyadal Keluarga Sdn Bhd)	309,943,622	47.293	-	-
Zaid bin Abdullah	48,375,100	7.381	309,943,622*	47.293
Zaidah binti Mohd Salleh	8,769,400	1.338	309,943,622*	47.293

### Note:-

\* Deemed interest by virtue of his/her interest in Zaiyadal Sdn Bhd (formerly known as Zaiyadal Keluarga Sdn Bhd) pursuant to Section 8 of the Companies Acts 2016.

^ Based on the total number of issued shares in the Company excluding 2,628,900 ordinary shares bought back by the Company and retained as treasury shares as at 1 April 2022.



## 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	7.381	310,420,422*	47.366*
Zaidah binti Mohd Salleh	8,769,400	1.338	310,420,422*	47.366*
Datuk Abdul Hamid bin Sawal	-	-	-	-
Dato' Hajjah Rosnani binti Ibarahim	-	-	-	-
Dato' Dr. Lukman bin Ibrahim	-	-	-	-
Kamarul Baharin bin Albakri	-	-	-	-
Lee Weng Chong	1,050,000	0.160	-	-
Usamah bin Zaid (Alternate Director)	112,000	0.017	-	-
Fatimah Zahrah binti Zaid (Alternate Director)	110,300	0.016	-	-

**Note:-**

\* Deemed interest by virtue of his/her interest Zaiyadal Sdn Bhd (formerly known as Zaiyadal Keluarga Sdn Bhd) and indirect interests in respect of the shareholdings held by his/her children pursuant to the Companies Acts 2016.

<sup>^</sup> Based on the total number of issued shares in the Company excluding 2,628,900 ordinary shares bought back by the Company and retained as treasury shares as at 1 April 2022.

THIRTY LARGEST SHAREHOLDERS

No	Name	Holdings	%*
1	Zaiyadal Sdn Bhd (formerly known as Zaiyadal Keluarga Sdn Bhd)	307,278,622	46.886
2	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Bank of Singapore Limited (Foreign)	54,004,900	8.240
3	Zaid Bin Abdullah	48,375,100	7.381
4	Kal-Yadain Sdn Bhd	28,813,078	4.396
5	Zaidah Binti Mohd Salleh	7,063,400	1.077
6	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ab Ghaus bin Ismail	6,079,600	0.927
7	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohammed Amin Bin Mahmud (MM1004)	4,842,400	0.738
8	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Wai Keong (T Cheras-CL)	4,350,000	0.663
9	Nik Abdul Aziz Bin Nik Sulaiman	4,323,235	0.659
10	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Swee Heng (MM1118)	4,000,000	0.610
11	Ow Yin Mooi	4,000,000	0.610
12	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Seng Hong	2,972,000	0.453
13	Low Lay Ping	2,750,000	0.419
14	Zaiyadal Sdn Bhd (formerly known as Zaiyadal Keluarga Sdn Bhd)	2,665,000	0.406
15	Loh Kok Wai	2,561,800	0.390
16	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Boon Chai	2,470,000	0.376
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	Zaidah Binti Mohd Salleh	1,696,000	0.258
20	Ahmad Rafa'i Bin Abdullah	1,689,520	0.257
21	Public Invest Nominees (Asing) Sdn Bhd Exempt AN for Phillip Securities Pte Ltd (Clients)	1,535,300	0.234
22	Johar bin Yusof	1,523,000	0.232
23	Wong Kim Choong	1,435,000	0.218
24	Yeu Swee Hing	1,431,100	0.218
25	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,415,000	0.215
26	Shireen Mardziah Hashim	1,387,800	0.211
27	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Jen Tong (STA1)	1,350,000	0.205
28	Lee Weng Chong	1,050,000	0.160
29	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	1,009,000	0.153
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Nik Khairul Izzat Bin Nik Abdul Aziz (E-SKN/SMY)	1,007,667	0.153

Note:-

\* Based on the total number of issued shares in the Company excluding 2,628,900 ordinary shares bought back by the Company and retained as treasury shares as at 1 April 2022.



# 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 30th Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at Suite 5.02, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Thursday, 23 June 2022 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 2021 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 2021.   | Ordinary Resolution 1                             |
| 3. To re-elect Zaid Bin Abdullah, who shall retire pursuant to Clause 76(3) of the Constitution of the Company, as Director.   | Ordinary Resolution 2                             |
| 4. To re-elect Dato' Hajjah Rosnani Binti Ibarahim, who shall retire pursuant to Clause 76(3) of the Constitution of the Company, as Director.   | Ordinary Resolution 3                             |
| 5. To re-elect Kamarul Baharin Bin Albakri, who shall retire pursuant to Clause 78 of the Constitution of the Company, as Director.  | Ordinary Resolution 4                             |
| 6. To approve the Non-Executive Directors' fees of RM244,200 for the period commencing from the date immediately after the 30th Annual General Meeting up to the date of the next Annual General Meeting to be held in 2023. | Ordinary Resolution 5                             |
| 7. To approve the Directors' benefits of RM282,000 for the period commencing from the date immediately after the 30th Annual General Meeting up to the date of the next Annual General Meeting to be held in 2023.           | Ordinary Resolution 6                             |
| 8. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration.  | Ordinary Resolution 7                             |

### SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:

9. **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 2022 ("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 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."

#### 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**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") 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:

Ordinary  
Resolution 9

- (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 AGM 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 subject to passing of Ordinary Resolution 3, 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 11



13. **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 31 May 2023.”

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 31 May 2023.”

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 2021, if approved, will be paid on 14 July 2022. The entitlement date for the dividend payment is 1 July 2022.

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 2022 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad (“Bursa Securities”) on a cum entitlement basis according to the rules of Bursa Securities.

By order of the Board

**ZAIDAH BINTI MOHD SALLEH (MIA 3313)**

**SSM PC No. 202008000888**

**WONG WAI FOONG (MAICSA 7001358)**

**SSM PC No. 202008001472**

**KUAN HUI FANG (MIA 16876)**

**SSM PC No. 202008001235**

Company Secretaries

Shah Alam  
27 April 2022

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 30th 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 16 June 2022**. 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 30th 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://tjihonline>**. Procedures for RPV can be found in the Administrative Guide for the 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://tjihonline>. Kindly refer to the Administrative Guide for the 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, 21 June 2022 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.





- 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 30th 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**

- 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**.

- Ordinary Resolutions 2, 3 and 4

Zaid Bin Abdullah, Dato' Hajjah Rosnani Binti Ibarahim and Kamarul Baharin Bin Albakri are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

Please refer to the Statement accompanying the Notice of AGM for further information.

- Ordinary Resolution 5

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 2023 as members of the Board and board committees. 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.

- Ordinary Resolution 6

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.

- Ordinary Resolution 7

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 2021.

### **Explanatory Notes on Special Business**

- Ordinary Resolution 8

The proposed Resolution, if passed, will enable the Company and/or its subsidiaries 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.

For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 27 April 2022.

- 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 2022 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.

Please refer to the Statement accompanying the Notice of AGM for further information.

### 4. Ordinary Resolutions 11 to 13

The Board has assessed the independence of Dato' Hajjah Rosnani Binti Ibarahim, Datuk Abdul Hamid Bin Sawal and Mr Lee Weng Chong who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and recommended that they continue to act as Independent Non-Executive Directors of the Company based on the justifications in the Corporate Governance Overview Statement of the Annual Report 2021.

## **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 or appointment as Directors at the 30th Annual General Meeting ("30th AGM").

Directors who are seeking re-election at the 30th AGM are:

- (i) Zaid Bin Abdullah;
- (ii) Dato' Hajjah Rosnani Binti Ibarahim; and
- (iii) Kamarul Baharin Bin Albakri.

("the Retiring Directors").

The details of the Retiring Directors are set out in their respective profiles on pages 20 to 22 of the Annual Report 2021. The details of their interest in the securities of the Company can be found on page 221.

The Nomination Committee ("NC") has considered the performance and contribution of Zaid Bin Abdullah and Dato' Hajjah Rosnani Binti Ibarahim from the Board Effectiveness Evaluation conducted for the financial year ended 31 December 2021 ("BEE 2021"). In carrying out the assessment, the following factors were taken into consideration:

- (i) fit and proper assessment;
- (ii) contribution and performance; and
- (iii) calibre and personality.

Kamarul Baharin Bin Albakri who was appointed on 1 January 2022, was not included in the BEE 2021.

The NC also looked at the tenure of the Directors and board composition to ensure the Board has an appropriate mix of skills and experience for the requirements of the business.

Retiring Directors who are Independent Non-Executive Directors ("INEDs") have provided their confirmation that they fulfil the independence criteria prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They have also confirmed that they do not have any existing or potential conflict of interest, business, family or other special relationship within or outside of the Company that could affect the execution of their role as Directors.



The Board (save for the Retiring Directors who have abstained from deliberation on discussions relating to their own re-election at the NC and Board meetings) supports the re-election of the Retiring Directors as it believes that the Retiring Directors have discharged their duties and responsibilities effectively, demonstrated commitment to their role, and will continue to make a strong contribution to the work of the Board and to the long-term sustainable success of the Company.

#### General mandate for issue of securities

This proposed Ordinary Resolution 10 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 the Notice of the 30th AGM, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 24 June 2021 and the mandate will lapse at the conclusion of the 30th AGM.



## **PROGRESSIVE IMPACT CORPORATION BERHAD (“PICORP”) ADMINISTRATIVE GUIDE FOR THE 30th ANNUAL GENERAL MEETING (“AGM”)**

Date	:	Thursday, 23 June 2022
Time	:	10.00 a.m.
Broadcast Venue	:	Suite 5.02, Mercu PICORP Lot 10, Jalan Astaka U8/84 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan, Malaysia

### **MODE OF MEETING**

The 30th AGM will be conducted entirely through live streaming from the Broadcast Venue 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 or proxies or attorneys or authorised representatives **will not be allowed** to attend the 30th 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 30th AGM via Remote Participation and Voting (“RPV”) facilities 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 30th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor not later than **Tuesday, 21 June 2022 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, 21 June 2022 at 10.00 a.m.** to participate via RPV in the 30th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Tuesday, 21 June 2022 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 him/her to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

As the 30th 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 in the 30th AGM remotely using the RPV facilities are to follow the procedures 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 TIIH Online user, 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>Wednesday, 27 April 2022 at 10.00 a.m. to Thursday, 23 June 2022 at 10.00 a.m.</b></li> <li>Login with your user ID and password and select the corporate event: <b>“(REGISTRATION) PICORP 30th 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>The 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>16 June 2022</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 30th AGM at any time from <b>9.00 a.m.</b> i.e. one (1) hour before the commencement of the AGM on <b>Thursday, 23 June 2022 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 30th AGM”</b> to engage in the proceedings of the 30th 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 30th AGM.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences <b>from 10.00 a.m. on Thursday, 23 June 2022</b> until a time when the Chairman announces the closure of the voting session of the 30th AGM.</li> <li>Select the corporate event: <b>“(REMOTE VOTING) PICORP 30th 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>



Procedure		Action
<b>ON THE DAY OF THE AGM</b>		
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the 30th AGM, the live streaming will end.</li> </ul>

**Note to users of the RPV facilities:**

- Should your application to join the meeting be approved, we will make available to you the right to join the live streamed meeting and vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- 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.
- 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>(I) 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 refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a TIIH Online user, you are not required to register again.</li> </ul>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your username (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 on your votes.</li> <li>Review and confirm your proxy(s) appointment.</li> <li>Print the proxy form for your record.</li> </ul>



Procedure	Action
<b>(II) STEPS FOR CORPORATION OR INSTITUTIONAL SHAREHOLDERS</b>	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects <b>“Create Account by Representative of Corporate Holder”</b>.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><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 clarification on the user registration.</b></p>
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Select the corporate exercise name: <b>“PICORP 30th AGM: Submission of Proxy Form”</b>.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Proceed to download the file format for “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 TIIH Online, select corporate exercise name: <b>“PICORP 30th AGM: Submission of Proxy Form”</b>.</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 30th AGM via Tricor's TIH Online website at <https://tjih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Tuesday, 21 June 2022** at **10.00 a.m.** The Board will endeavor to answer the questions received at the AGM.

## **NO RECORDING OR PHOTOGRAPHY**

Unauthorized recording and photography are strictly prohibited at the 30th AGM.

## **ENQUIRY**

If you have any enquiries on the above, please contact our Share Registrar 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 person	:	En. Muhammad Ashraff Bin. Mohd Khaizan +603-2783 9276 (Muhammad.Ashraff@my.tricorglobal.com) Mr Low Cheng Chuan +603-2783 9278 (Cheng.Chuan.Low@my.tricorglobal.com)

**PROGRESSIVE IMPACT CORPORATION BERHAD**  
**REGISTRATION NO. 199001011782 (203352-V)**  
**(Incorporated in Malaysia)**

**PROXY FORM**

No. of shares held

CDS Account No.												

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 30th Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue at Suite 5.02, Mercu PICORP, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Thursday, 23 June 2022 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 Zaid Bin Abdullah as Director		
3.	Re-election of Dato' Hajjah Rosnani Binti Ibarahim as Director		
4.	Re-election of Kamarul Baharin Bin Albakri as Director		
5.	Payment of Non-Executive Directors' fees for the period commencing from the date immediately after the 30th AGM up to the date of the next AGM to be held in 2023		
6.	Payment of Directors' benefits for the period commencing from the date immediately after the 30th AGM up to the date of the next AGM to be held in 2023		
7.	Re-appointment of Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration		
8.	Proposed Renewal of 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 Dato' Hajjah Rosnani Binti Ibarahim to continue in office as Independent Non-Executive Director		
12.	Approval for Datuk Abdul Hamid bin Sawal 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 \_\_\_\_\_ 2022

\_\_\_\_\_  
 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 30th 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 16 June 2022**. 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 30<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 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 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, 21 June 2022 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 30th 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.  
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59200 Kuala Lumpur  
Malaysia

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**Surely  
with every  
difficulty,  
there is relief.**



PROGRESSIVE IMPACT CORPORATION BERHAD | 199001011782 (203352-V)

Incorporated in Malaysia  
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