

ANNUAL REPORT 2022

The only way to discover the limits of the possible
is to go beyond them into the impossible.



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The only way to discover the limits of the possible
is to go beyond them into the impossible.



There is no doubt that 2022 has been a rough year for many. As we reflect on a tumultuous year and look ahead to another with new possibilities and opportunities, we imagine a better year by cultivating an innovative mindset and fortifying our mental strength and mental health. Being challenged in life is inevitable; however, being defeated is optional. Obstacles are necessary to achieve growth; after all, **"the only way to discover the limits of the possible is to go beyond them into the impossible."**

As we gaze upon the idyllic cosmos in Digital Lavender shades- Coloro + WGSN: Colour of the Year 2023, we see a flower that blooms prolifically despite the extreme soil conditions. It is the epitome of tenacity and valour; a serene, imaginative, and creative bloom that speaks of hope and balance. Its lavender-coloured petal connects to holistic well-being to protect and improve our mental health in challenging times which is key to unlocking a powerful mindset.

Indeed, we shall anticipate challenges ahead but we believe every one of us will be able to unearth the limits of the possible with calmness and a dash of cheerfulness.

Cover Rationale





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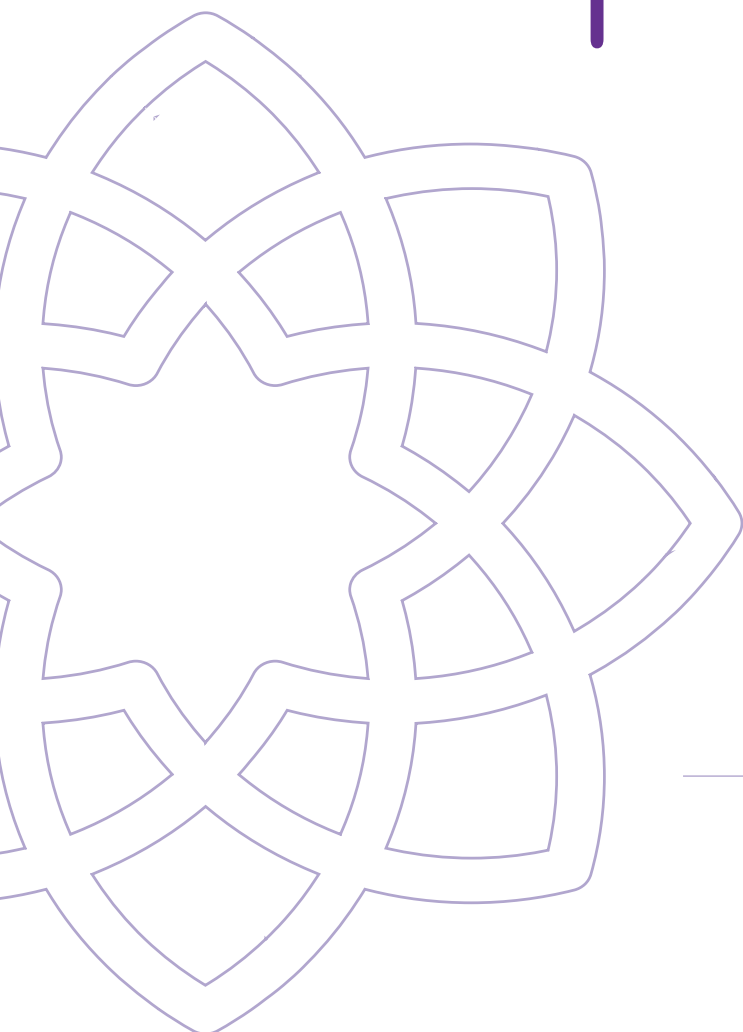
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The only way to discover the limits of the possible is to go beyond them into the impossible.



Cultivating an Innovative Mindset

Innovative Mindset

A type of mindset that holds a strong belief that new ideas, solutions, and innovations can be made or achieved by developing one's abilities, intelligence, and talents to attain organisational objectives.

Innovative mindset requires...



#1

Creative Curiosity



#2

Analytical Curiosity



#3

Tolerance to Uncertainty



#4

Empathy



#5

Inclusivity



#6

Collaboration



#7

Common Vision



#8

Courage



#9

Tenacity



#10

Agility



#11

Commitment to Innovation



Having a powerful mindset requires mental strength and mental health.

#1: Creative Curiosity

Curiosity is the spark that leads to innovation. Curious people ask questions, explore possibilities, and go down rabbit holes. How can we make it better? What else could we do? What if?

An innovative culture values lifelong learning. Curiosity and creativity go together hand in hand. Innovative minds are comfortable wandering and wondering outside the lines. They read widely. They force themselves to leave behind assumptions and conventional wisdom.

How can you allow curious creativity to bloom? Give people time to think and refill their creative wells. Build time into our schedule each week to sit, read, and think, or go for a walk, listen to a podcast or audiobook, and think.



#2: Analytical Curiosity

In a letter to his first biographer Carl Seelig, Albert Einstein stated, "I have no special talents. I am only passionately curious."

Keep asking "Why?" until we get to the bottom of things, to the root of problems, and to underlying motivations. When curious minds learn about trends and changes, they analyse what it means for significant reasons.

In an age of unparalleled data, we need curiosity more than ever. In order to translate our expanding stockpile of data into value, we will need to sift through this information for actionable insights.

#3: Tolerance to Uncertainty

An innovative mindset needs to have a strong tolerance for ambiguity. Exploring new ideas can be challenging and uncomfortable. However, it is important in developing complex ideas.



#4: Empathy

Want more innovative solutions? Start with empathy.

Empathy means understanding what's important to people and understanding their struggles. Think of five examples of cool new innovations that address people, their needs and their challenges.

How? In a word: empathy. Hearing and reading about all the latest approaches in technology and sales, empathy is the best new thing—the secret skill that can enable us to reach dizzying, new heights. Empathy could solve world hunger and make us all better people. But the fact that empathy does actually make us better people is lost on most. Empathy can help us innovate more quickly and, ultimately, sell more products, satisfy more customers, and generate greater revenues.

#5: Inclusivity

Does everyone have to be curious, creative, analytical, and empathetic? That's a lot to ask, which is why cognitive diversity is essential for innovation.

Everyone has different strengths, perspectives, and experiences. However, the people who can bring a different and valuable perspective to the table aren't always invited to meetings where innovative ideas are shared.

Often missing from the conversation are staff on the frontline interacting with clients and customers. They're the ones who answer phones, respond to emails, and sit at registration desks and staff booths. New employees and younger employees also bring a valuable perspective to innovation discussions. Pay attention to the quiet people, not just the ones who always have something to say.

Bring in outside voices too. Meet regularly with staff who work on strategy and innovation at similar organisations. Invite forward-thinking people from your industry or profession to talk about trends and market developments, for example, professionals in charge of innovation or R&D. Avoid groupthink. A continual flow of new perspectives will spark innovative ideas and approaches.





#6: Collaboration

Some believe innovation is a sudden burst of creativity or a light bulb moment. “Oh, that’s brilliant!” As if that’s all it takes, and the innovation ends after the spontaneity of the idea. But in reality, innovation is not just about the light bulb moment; ideas can come from anywhere and are often produced over time, with trial and error, and a nod to continual improvements.

Teamwork is essential to getting things done. In today's global and digital 24/7 world, challenges are more complex; it's becoming increasingly important to bring more, diverse minds to the table and to break down silos.

Instead of busting silos, it’s easier to connect them.

#7: Common Vision

“Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion.” Jack Welch

Keep our eyes on the bigger prize—organisational goals and value. We need to get a clear sense of the organisation’s priorities so any new idea is solving the right problems and exploring the right opportunities—those that align with strategic goals.

#8: Courage

Innovation isn’t easy, but nothing good ever is. Innovation requires:

- Courage to think beyond accepted norms and conventional wisdom.
- Courage to challenge “the way we’ve always done it.”
- Courage to ask tough questions.
- Courage to be vulnerable and accept change.
- Courage to not play it safe and to venture into the unknown with a new strategy, process, product, or event experience.

Innovation is scary. You could fail. Your ego is rightly yelling, “Danger, stay away!” No one wants to be that person whose term is remembered for a failed project, or that staff who came up with the “dumb” idea that went nowhere.





#9: Tenacity

Turning an idea into a creative solution or an impactful innovation takes time and effort. An innovative mindset requires a person to be persistent. Trial and error is important in the process of transformational change.

#10: Agility

Agility and Innovation are inseparable twins. High learning agiles are curious and open-minded. They quickly grasp new concepts and complex issues, often by making connections and drawing parallels to more familiar concepts. This is also how they approach new situations. As their ability to create connections allows them to examine problems in unique ways, they are readily able to generate new solutions.

Because of their 'knowing what to do when they don't know what to do' nature, persons with high learning agility are often inclined to these practices and are therefore well-positioned to actively foster an innovative mindset within the organisation.

#11: Long-term Commitment to Innovation

Companies that succeed over the long haul continually seek innovative ways to deliver lasting value. Same goes for the individuals. One must know that innovation is not the latest leadership fixation. Innovation must be embedded in our organisational culture—it's how we do things around here from now on.

The best way to begin exercising our innovation muscle is by taking on small improvements. Practise ideation, planning, testing, tweaking, and trying again, so we can build the culture and processes that will support the future of the organisation.

Having a powerful mindset requires mental strength and mental health.

The key to a healthy life is having a healthy mind.

- Richard Davidson





1
Obedient
to Allah



2
Process
Excellence



3
Innovative

— PICORP —

Core Values



4
Competitive



5
Result
Oriented



6
Peak
Performance



Growth



Margin



Customer
Management

— PICORP —

7 Paradigms



Risk
Management



Technology



Cash



Velocity



31st
AGM



2023 Annual General Meeting



30 May 2023

TUESDAY | 10:00 AM

PROGRESSIVE IMPACT CORPORATION BERHAD



 www.picorp.com.my

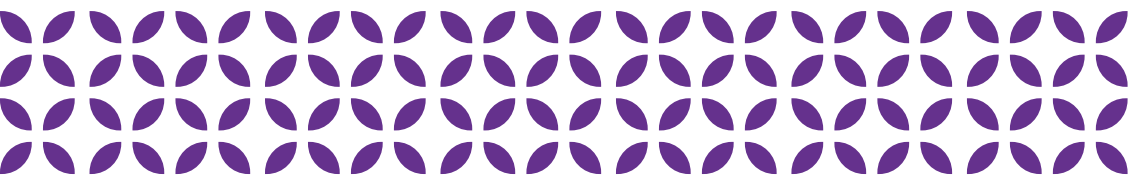
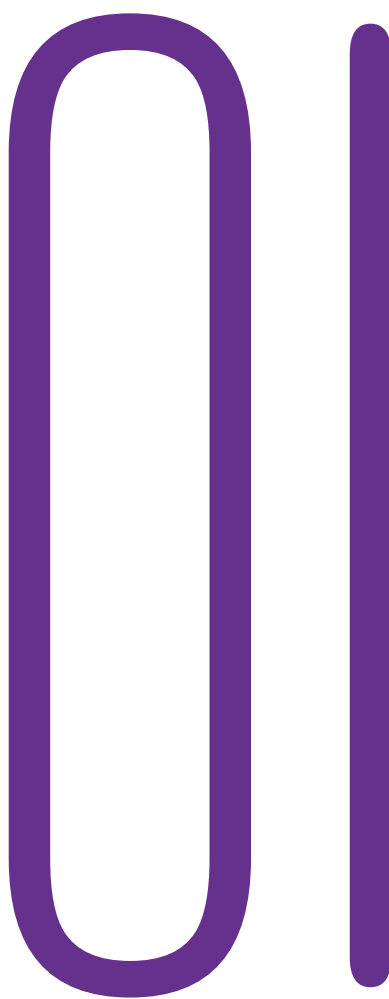
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 Progressive Impact Corporation Berhad





Corporate Disclosure





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

Auditor

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





PROGRESSIVE IMPACT CORPORATION BERHAD

199001011782 (203352-V)



ENVIRONMENTAL MONITORING, CONSULTANCY & SERVICES

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%



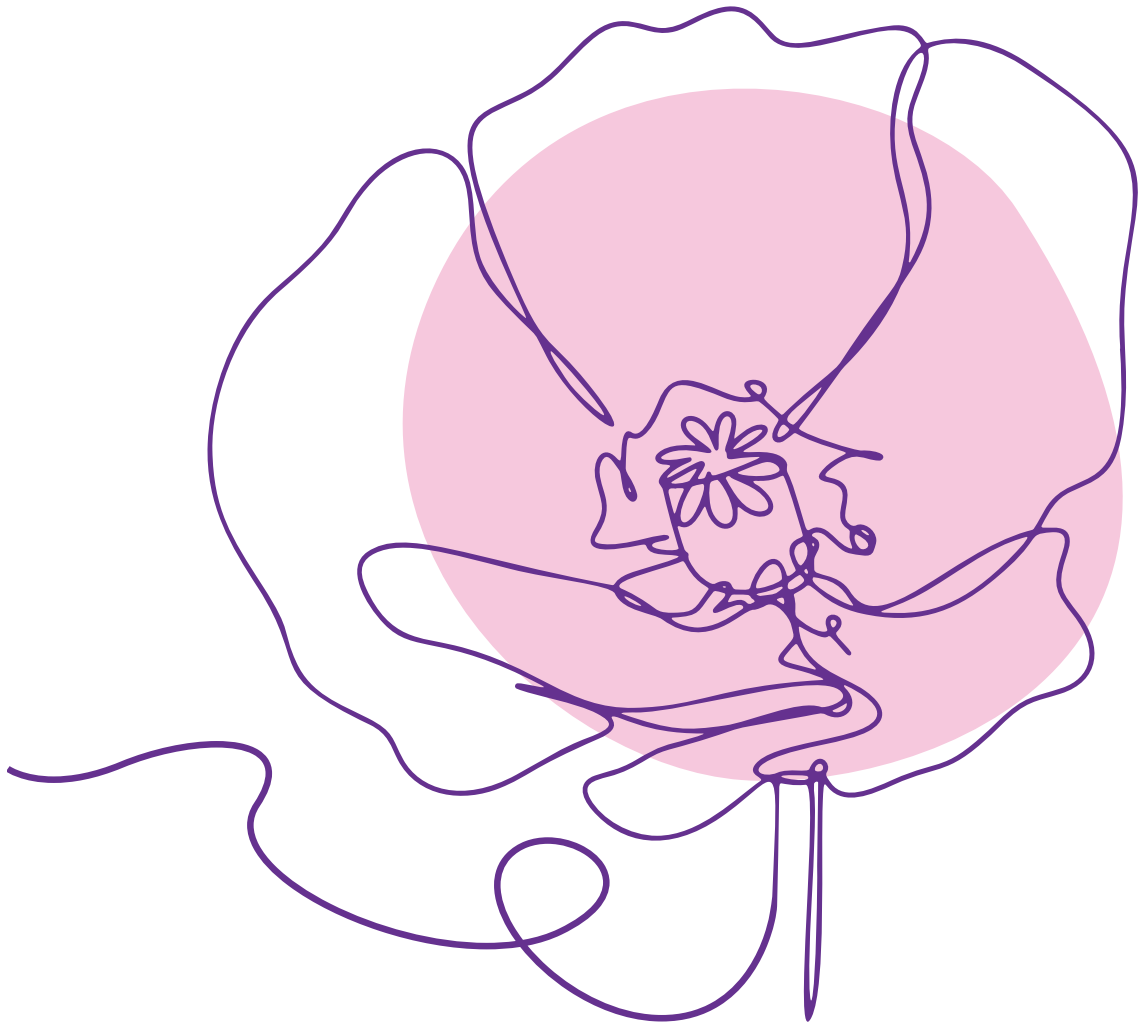
LABORATORY TESTING SERVICES

MALAYSIA

- ALS Technichem (Malaysia) Sdn Bhd — 59%

INTERNATIONAL

- PT ALS Indonesia — 80%

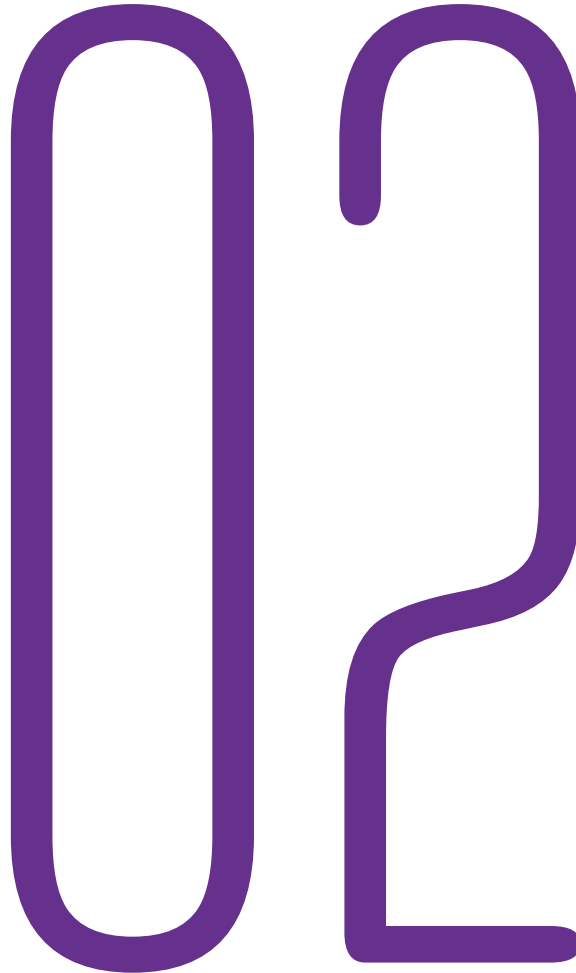


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the impossible.**





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 2022.

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



Board of Directors





FROM LEFT

1. DATO' DR. LUKMAN BIN IBRAHIM
2. DATUK ABDUL HAMID BIN SAWAL
3. ZAID BIN ABDULLAH
4. ZAIDAH BINTI MOHD SALLEH
5. DATO' HAJJAH ROSNANI BINTI IBARAHIM
6. LEE WENG CHONG
7. KAMARUL BAHARIN BIN ALBAKRI
8. USAMAH BIN ZAID
9. FATIMAH ZAHRAH BINTI ZAID



Board of Directors



DATUK ABDUL HAMID BIN SAWAL

CHAIRMAN, SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE : 74 ▲ GENDER : MALE ▲

Date of Appointment : 23 May 2011
Board Meeting Attendance in 2022 : 8/8

Academic/professional qualification/membership(s)

- Bachelor of Economics (Accounting) with Honours, 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 (1974-1989)
- Joined the Ministry of Finance (Treasury-Finance Division) in 1971 and Accountant General's Department.



ZAID BIN ABDULLAH

EXECUTIVE DEPUTY
CHAIRMAN

AGE : 71 ▲ GENDER : MALE ▲

Date of Appointment : 1 November 1990
Board Meeting Attendance in 2022 : 7/8

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 : 57 ▲ GENDER : MALE ▲

Date of Appointment : 9 January 2015
Board Meeting Attendance in 2022 : 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 HIS Toyriba 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 (last position as Managing Director)
- Automotive Corporation (Malaysia) Sdn Bhd (1990 - 1991)
- Sun Refining and Marketing, Phildelphia, 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



ZAIDAH BINTI MOHD SALLEH

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

AGE : 68 ▲ GENDER : FEMALE ▲

Date of Appointment : 1 November 1990
Board Meeting Attendance in 2022 : 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 : 65 ▲ GENDER : MALE ▲

Date of Appointment : 2 September 2016
Board Meeting Attendance in 2022 : 8/8

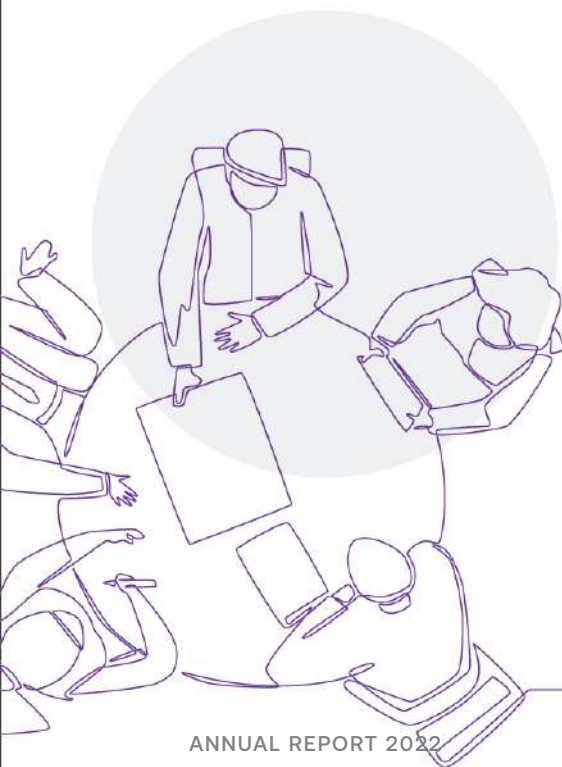
Board Committees Membership(s) :
Chairman of Audit Committee,
Chairman of Remuneration Committee,
Member of Nomination Committee.

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 : 69 ▲ GENDER : FEMALE ▲ 

Date of Appointment : 14 May 2012
Board Meeting Attendance in 2022 : 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 : 60 ▲ GENDER : MALE ▲ 

Date of Appointment: 1 January 2022
Board Meeting Attendance in 2022 : 8/8

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 and Chief Financial Officer, Acom Renewable Ltd (2021-present)
- Executive Director and Chief Financial Officer, 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 : 39 ▲ 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 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 : 38 ▲ 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. (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.



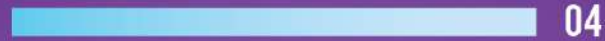
BOARD DIVERSITY

PICORP

2022

POSITION

Independent Non-Executive Directors



Executive Directors



Non-Independent Non-Executive Directors



RACE / ETHNICITY

Malay

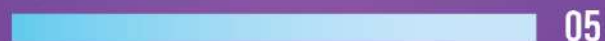


Chinese



GENDER DIVERSITY

Male



Female



AGE



NATIONALITY



Executive Leadership Team



DATO' DR LUKMAN BIN IBRAHIM

Group Executive Director
Progressive Impact Corporation Berhad

AGE : 57

GENDER : MALE



Date of Appointment : 1 March 2018

Note: The full profile is available at the Board of Directors Section of the Annual Report 2022.



DR. CHIN TEEN TEEN

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

AGE : 59 | 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.



ABDULLAH OMAR

Chief Executive Officer
Saudi Asma Environmental Solutions LLC

AGE : 35 | GENDER : MALE |

Date of Appointment : 1 January 2022

Academic/Professional Qualification(s)

- › MBA (Islamic Finance), IIUM, Malaysia
- › M.A. (Hadith), Darul Ulum, Pakistan
- › B.A. (Fiqh), Darul Ulum, Pakistan

Experience:

Joined Bank Islam in 2011 as part of the Bank's Product Development Dept. Subsequently joined Al Rajhi Bank (Malaysia) in 2016 with his last position as Head of Shariah Advisor until 2019. Joined Zaiyadal Group as General Manager of Benta Mining Sdn Bhd from 2018 until 2021. Appointed as COO of SAES in 2022 and subsequently as CEO.



HAMSIAH BINTI KHALID

Group Chief Financial Officer

AGE : 51 | 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.



USAMAH BIN ZAID

Chief Executive Officer
Alam Sekitar Malaysia Sdn Bhd

AGE : 39 | GENDER : MALE |

Date of Appointment : 1 January 2021

Note: The full profile is available at the Board of Directors Section of the Annual Report 2022.

Picorp Management Team



From Bottom Left to Top Right

- 01 HAMSIAH BINTI KHALID**
Group Chief Financial Officer
- 02 ABD. RAZAK BIN MASIRUN**
Manager - Group IT Support
- 03 AZLI BIN MOHD ZIN**
Senior Manager - Group Legal, Secretarial and Human Capital
- 04 AHMAD SHAHDAN BIN KASSIM**
Senior General Manager - Research & Development
- 05 NADZRAH HASHIM**
Senior General Manager - GED Office
- 06 MALIZA MOHARI**
Manager - Secretarial
- 07 AZIZAH SALLEH**
Senior Manager - Finance
- 08 NIK AZRAN IZHAR BIN NIK AHAMED**
Manager - Facilities and Building Maintenance

Environmental, Monitoring, Consultancy & Services Team



USAMAH BIN ZAID
Chief Executive Officer
Alam Sekitar Malaysia Sdn Bhd



ARDI BIN BAKHTIAR
General Manager
- Marketing & Sales



SUZANA BINTI SHAARI
Acting General
Manager Execution



IZHAN ZANI MOHAMAD REDUAN
Acting Deputy General Manager
Marketing & Sales



ZAFINA ZAINOL ABIDIN
Acting Manager II
- Environment



MUHAMAD RODZAKIE ABAS
Acting Manager II
- Water and Wastewater



NUR RABIATOL NAFISAH SUDIN
Head of Department
- Finance & Risk



ZATIL AMALI JURIJ
Head of Department
- Procurement



SAMSUL BIN KASPIN
Head of Department - Digitalisation



MIMI SHUHAI DAH BINTI YUSOF
Head of Department
- Engineering & Technical

Environmental, Monitoring, Consultancy & Services Team



ABDULLAH OMAR
Chief Executive Officer
Saudi ASMA Environmental
Solutions LLC
ASMA Advanced Solutions LLC



MUHAMMAD BIN ISMAIL
Senior Executive
Finance



**EHAB IBRAHIM
HASAN BAITALMAL**
Human Resource Manager



YOUSSEF ELSMANI
Project Manager - Jeddah KPI



MOHAMED IBRAHIM
Shared Service Manager



DR. MONER TAGELSIR
Project Manager - Makkah KPI



SAIF ALMAJALI
Technical & Operation Manager
- Integrated Pest Management



Laboratory Testing Services Team



DR. CHIN TEEN TEEN
Chief Executive Officer
ALS Technichem (Malaysia) Sdn Bhd
& PT ALS Indonesia



SUZANA OTHAMAN
Finance & Admin Manager



YAP CHEN LOON
Technical Business Manager



CHRIS LIM ENG HWA
Sales Manager - Food



ABDUL QAIYUM BIN MUSA
Technical Sale Manager
- Environment



DR. CH'NG AI YING
Laboratory Manager
- Food



**HANNAH YASMIN ANNE
BINTI ABDULLAH LEE**
Laboratory Manager
- Microbiology



NAZIRAH BINTI ARIFFIN
Laboratory Manager



DANNY YEO SIOW YAK
Quality Manager



FAISAL BIN HUSSIN
Senior Chemist



**SUZILAWATI
BINTI SUTRISNO**
Team Leader - Sample Login



**RAJA ZUBAIDAH
BINTI RAJA SABARADIN**
Research & Development Chemist

Laboratory Testing Services Team



JONES HUTAGAOL
Finance & Admin Manager



SUZANNA O.R. LUMME
Business Manager



**DANIEL AGUNG
PRIMANTO**
Research and Development



SISCA NURHAFIFA
Laboratory Manager
- Sentul



DR. HERNIWANTI
Operations Manager



ASYIK AULADI
Project Manager



**ENDANG AYU
SULISTYANINGSIH**
Senior Quality Coordinator



**GEORGIANA
PAULUS MOLIMBO**
Laboratory Manager
- Pekanbaru



Management Discussion and Analysis Statement

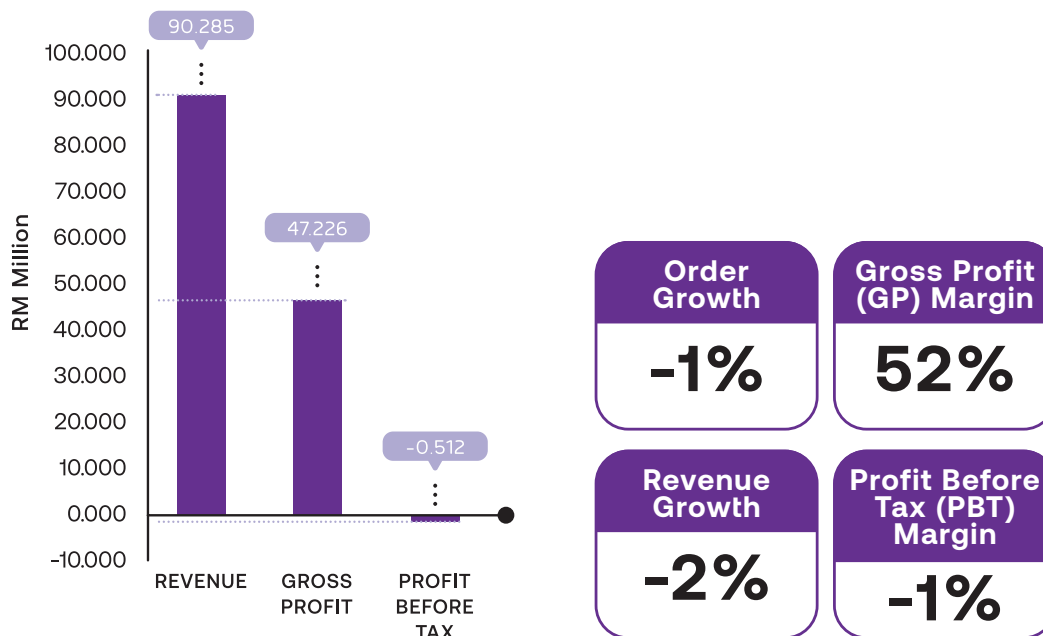
03



MANAGEMENT DISCUSSION & ANALYSIS STATEMENT



FINANCIAL HIGHLIGHTS



FINANCIAL PERFORMANCE

Progressive Impact Corporation Berhad (“PICORP”) is pleased to present its review of the Group’s performance for the Financial Year Ended 2022 (“FY2022”) alongside an overview of its financial performance for the preceding 5-Financial Year ended 2018 – 2022.

Amidst global economic uncertainty post COVID-19 pandemic, PICORP has registered an overall decline in its financial performance for the FY2022. PICORP’s book order has decreased slightly by 1% as compared to FY2021 whilst PICORP’s revenue has decreased by 2%. GP margin has declined to 52% (FY2021: 57%) resulting in PICORP registered a negative PBT margin of 1% (FY2021: PBT 4%).

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 post COVID-19 pandemic.

In response to these, PICORP has intensified the prudent measures from the previous year to cushion the impact 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) Expediting critical essential services to customers in order to ensure uninterrupted flow of operations;
- IV) 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
- V) Effective cash management by performing rolling cash flow for 6 months and ensuring sufficient banking facilities to support ongoing projects.

For FY2022, PICORP’s five (5)-year Cumulative Annual Growth Rate (“CAGR”) for book order had registered a further degrowth to 4.45% (FY2021: -1.04%) as the 5-year CAGR for revenue had reduced growth to 0.80% (FY2021: 2.34%).

PICORP GROUP AT A GLANCE






Market Capitalisation

RM 170 million
As at 31 December 2022

Key Business Activities

- 1** Environmental Monitoring, Consultancy & Services
- 2** Laboratory Testing Service

Market Presence

- 1** Malaysia 
- 2** Indonesia 
- 3** Saudi Arabia 

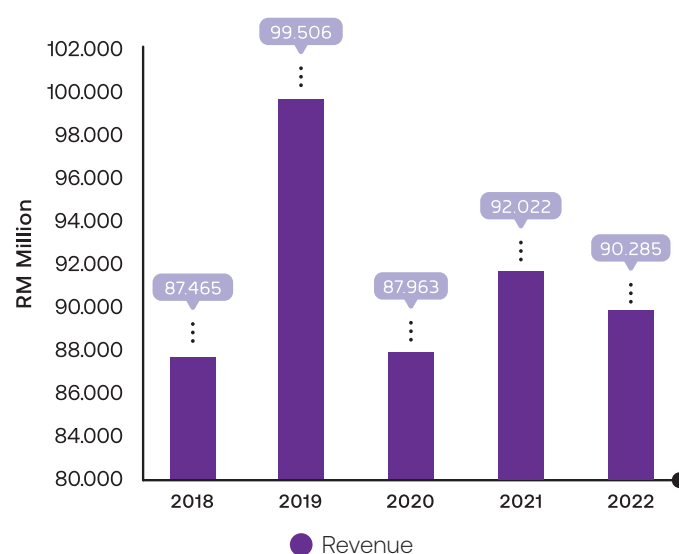
FIVE-YEAR GROUP FINANCIAL SUMMARY

FINANCIAL YEAR ENDED 31 DECEMBER 2022	2018	2019	2020	2021	2022
Key operating results (RM thousand)					
Order	96,689	144,921	90,657	81,039	80,597
Revenue	87,465	99,506	87,963	92,022	90,285
Costs of sales	(27,818)	(34,079)	(35,616)	(39,531)	(43,059)
Gross profit	59,647	65,427	52,347	52,491	47,226
Other income	1,027	1,973	1,097	2,356	3,076
Administrative and other operating expenses	(44,812)	(49,787)	(42,271)	(46,672)	(46,282)
Zakat	(773)	(782)	(533)	(403)	(601)
Profit from Operations	15,089	16,831	10,640	7,772	3,419
Finance costs	(2,274)	(2,134)	(2,956)	(3,962)	(3,931)
(Loss) / Profit before tax (PBT)	12,815	14,697	7,684	3,810	(512)
Tax expense	(5,655)	(7,048)	(4,611)	(4,053)	(2,838)
(Loss) / Profit after tax	7,160	7,649	3,073	(243)	(3,350)
(Loss) / Profit attributable to:					
- Owners of the company	448	1,934	(2,813)	(6,129)	(9,737)
- Non-controlling interests	6,712	5,715	5,886	5,886	6,387
(Loss) / Profit after tax	7,160	7,649	3,073	(243)	(3,350)
Other key data (RM thousand)					
Total assets	156,848	163,363	178,114	183,360	175,741
- Cash and bank balances	22,799	22,207	27,788	30,572	31,248
Total liabilities	48,081	53,105	74,130	86,861	92,016
- Bank borrowings	26,031	27,629	48,399	56,915	58,411
Shareholders' equity	80,386	80,227	73,532	65,289	52,229
Gross profit margin	68%	66%	60%	57%	52%
PBT margin	15%	15%	9%	4%	-1%

FINANCIAL YEAR ENDED 31 DECEMBER 2022	2018	2019	2020	2021	2022
Financial Ratios					
Order growth	14%	50%	-37%	-11%	-1%
Revenue growth	4%	14%	-12%	5%	-2%
Current ratio	1.88	1.79	1.44	1.23	1.10
Debt / equity ratio	0.24	0.25	0.37	0.43	0.45
SHARE STATISTICS					
Net dividend per share (sen)	0.50	0.55	0.30	0.30	0.30
Dividend yield	3.85%	4.58%	2.73%	2.73%	1.15%

2022 FINANCIAL PERFORMANCE REVIEW

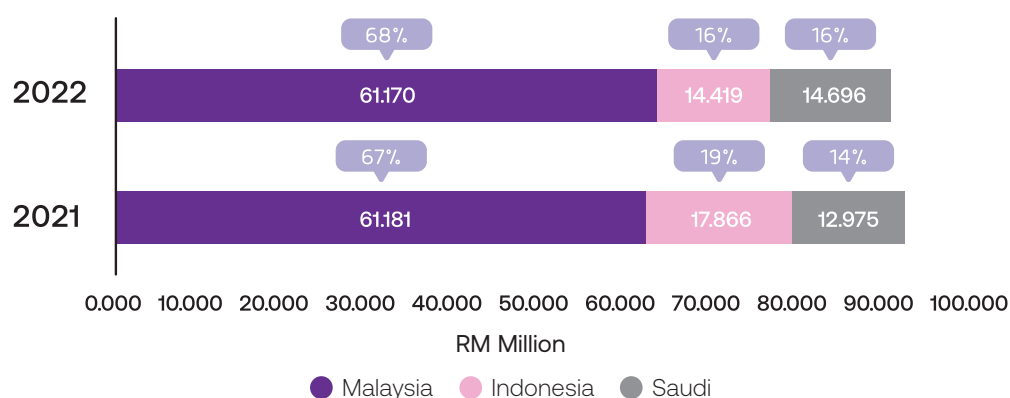
Revenue



The decrease in PICORP's revenue for FY2022 to RM90.3 million from RM92.0 million for FY2021 was due to the completion of non recurring projects and expiration of existing contract. However, the decline in revenue was compensated by an increase in revenue contribution from the local lab testing segment in respect of food pharma lab testing.

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 continue to contribute positively to the environmental segment.

Revenue Contribution by Geographical Breakdown

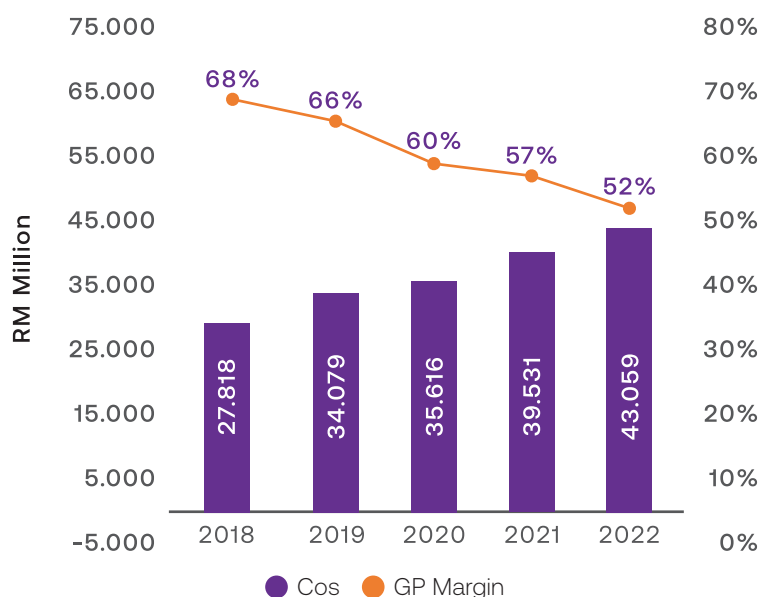


Revenue Contribution by Geographical Breakdown

In terms of geographical breakdown, the overall decrease in revenue by 2% or RM1.7 million was attributed to the decrease in revenue from Indonesian operations by RM3.4 million which was offset by positive contribution from Saudi operations by RM1.7 million.

On the other hand, minimal changes were noted in terms of the geographical percentage composition whereby 68% (FY2021: 67%) of PICORP's revenue for FY2022 was generated from the Malaysian operations, with equal share of 16% (FY2021: 19%) from Indonesian operations and 16% (FY2021: 14%) from Saudi operations.

Cost of Sales ("COS") / GP Margin



PICORP's COS had increased by 9% to RM43.1 million from RM39.5 million as revenue has marginally decrease by 2%. The higher COS was due to higher subcontractor and manpower costs incurred in FY2022 and provision for onerous contract in respect of Saudi operations amounting to RM1.2 million.

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

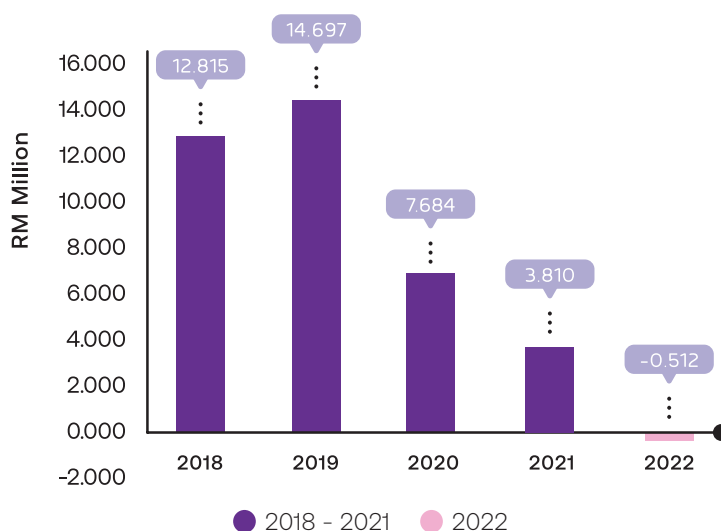
- Subcontractor costs include the costs for the technical consultancy, laboratory analysis and testing services as well as installation of the environmental monitoring equipment.
- Manpower costs refers to wages, benefits and compensations paid to lab and execution staff who provided the services to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

Subcontractor costs are of the major component of PICORP's COS structure and accounted for 33% (FY2021: 31%) of the total COS for the year followed by manpower costs which accounted for 31% (FY2021: 27%) of the total COS. Lab costs and consumables are the third highest component of PICORP COS and accounted for 15% (FY2021: 16%) from the total COS. Equipment costs made up 8% (FY2021: 13%) of the total COS for the year while the remaining others accounted for 13% (FY2021: 13%).

GP Margin

The additional increase in the subcontractor and manpower costs and provision for onerous contract had resulted in a decrease in GP margin to 52% from 57% in FY2021.

Profit/ (Loss) Before Tax (“PBT/(LBT)”)



PBT had declined by RM4.3 million resulting in a loss of RM0.5 million as compared to PBT of RM3.8 million in FY2021. Consequently, PBT margin had decreased to a negative 1% (FY2021: 4%). Accordingly, the Group has recorded higher Loss After Tax (“LAT”) of RM3.3 million as compared to LAT of RM0.2 million in the previous year, representing a significant drop in LAT margin to -3.7% (FY2021: -0.3%).

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 FY2022, other income increased to RM3.1 million (FY2021: RM2.4 million) due to higher unrealised forex exchange gain of RM0.5 million and profit income from deposit of RM0.2 million recognised realised forex was attributed to the weakening of MYR against SAR in FY2022. (2022: MYR1 = SAR1.173; 2021: MYR1 = SAR1.112).

Finance cost

Finance cost has decreased slightly by 1% to RM3.9 million in FY2022 (FY2021: RM4.0 million).

Administrative and Other Operating Expenses

Administrative and other operating expenses has decreased slightly by 1% to RM46.3 million (FY2021: RM46.7 million) mainly as a result of a reduction in staff costs by RM1.3 million offset by higher other operating expenses of RM0.9 million during the year.

Zakat

Zakat for FY2022 recorded at RM0.6 million, 49% higher than FY2021 at RM0.4 million due to higher net current assets from lab segment.

Tax Expenses

Tax expenses incurred during the year amounted to RM2.8 million as compared to RM4.1 million recorded in FY2021. The decrease was mainly due to higher deferred tax assets recognised in FY2022 for local environmental segment.

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 business operations. The total borrowings as of FY2022 had increased slightly by 3% to RM58.4 million as compared to RM56.9 million in FY2021. As a result, Saudi operation finance costs incurred on the borrowings for FY2022 had increased by 15% to RM3.2 million (FY2021: RM2.8 million) which was offset by other inter group adjustments resulting in lower total finance costs of RM3.9 million (FY2021: RM4.0 million).

In FY2022, PICORP's cash and bank balances grew to RM31.2 million, an increase of 2% from RM30.6 million in FY2021. With this cash and bank balances alongside other current assets, PICORP's liquidity position remained positive at 1.10 times in FY2022 as compared to 1.23 times in FY2021 with slightly higher debt gearing ratios of 0.45 times (FY2021: 0.43 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.

PICORP Core Businesses



**Environmental Monitoring,
Consultancy & 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 (M) 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.

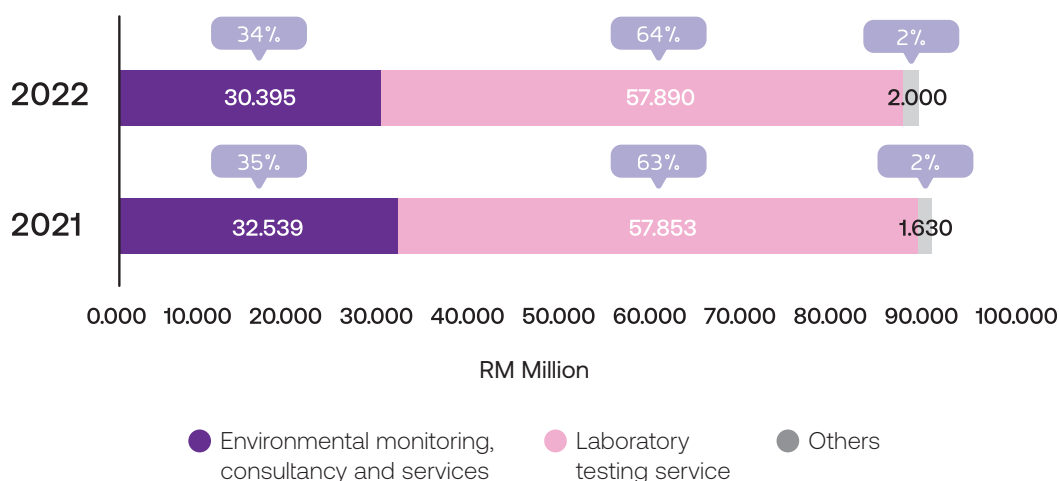
In the environmental segment, ASMA maintained its position as Department of Environment ("DOE")'s Strategic

Partner for Environmental Sustainability in 2022. 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.

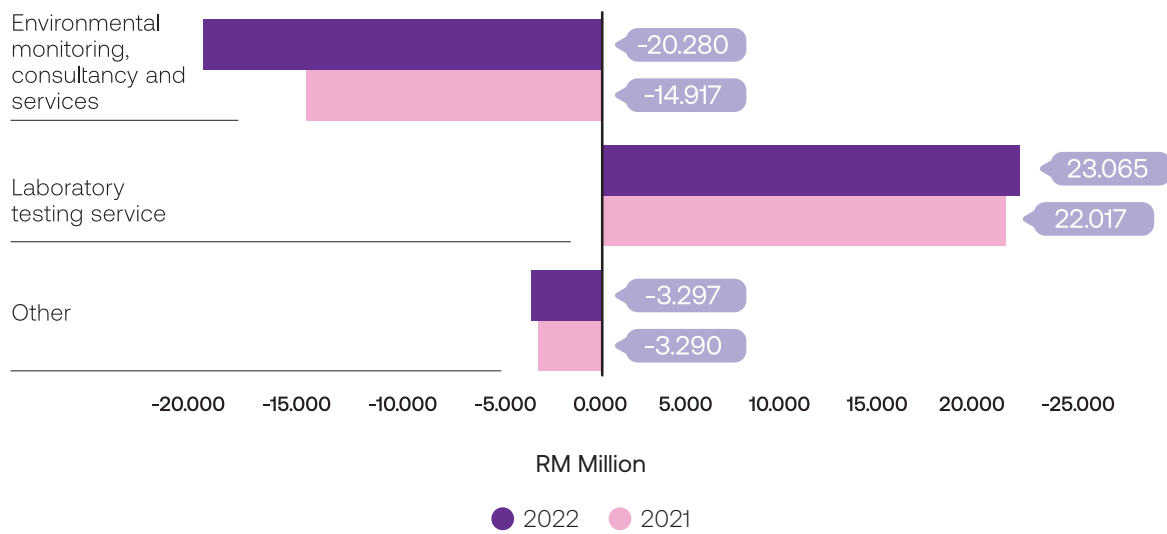
Revenue Contribution from Core Businesses



Generally, PICORP's segmental revenue composition for FY2022 remained similar to FY2021 with the laboratory testing services being the main contributor for revenue for both years. The overall decrease of revenue by 2% in FY2022 has changed slightly the contribution composition whereas the contribution from laboratory testing services segment has marginally increased to 64% (FY2021: 63%) of the total PICORP Group revenue. The revenue contribution from the environmental monitoring, consultancy and services has decreased slightly from 35% in FY2021 to 34% in FY2022. Other supporting products and services accounted for 2% of the total revenue in both financial years.

The revenue from laboratory testing services segment remain constant at RM57.9 million (FY2021: RM57.9 million) whilst the revenue from environmental monitoring, consultancy, and services has decreased to RM30.4 million from RM32.5 million in FY2021.

PBT/(LBT) Contribution From Core Businesses

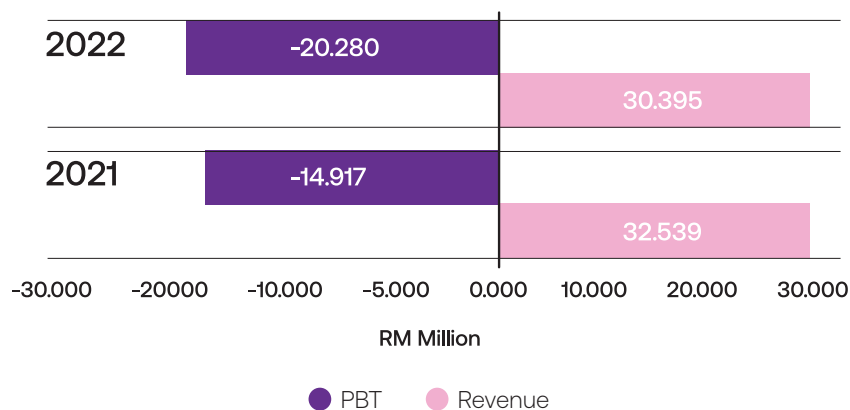


In terms of profitability, similar to revenue, the laboratory testing services remained the major contributor for PICORP's PBT whereby in FY2022, the segment contributed RM23.1 million of PICORP's total PBT as compared to RM22.0 million in FY2021.

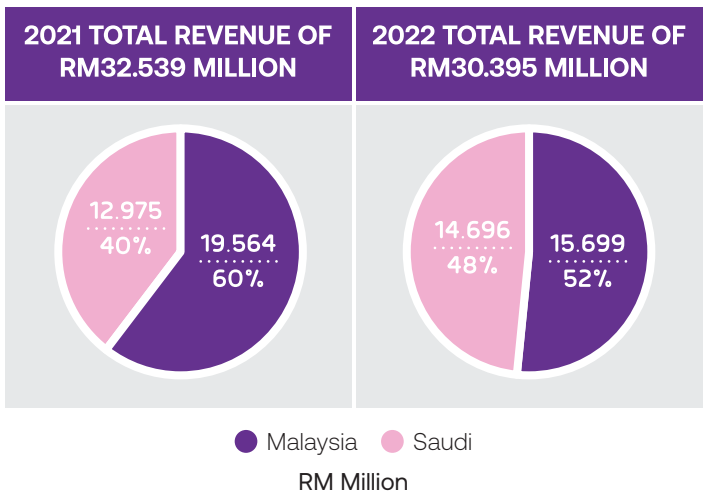
The environmental monitoring, consultancy, and services continued to incur higher losses in FY2022 as compared to losses in FY2021 mainly due to the losses from the Saudi and Malaysian operations totalling RM20.3 million (FY2021: RM14.9 million).

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

ENVIRONMENTAL MONITORING, CONSULTANCY AND SERVICES

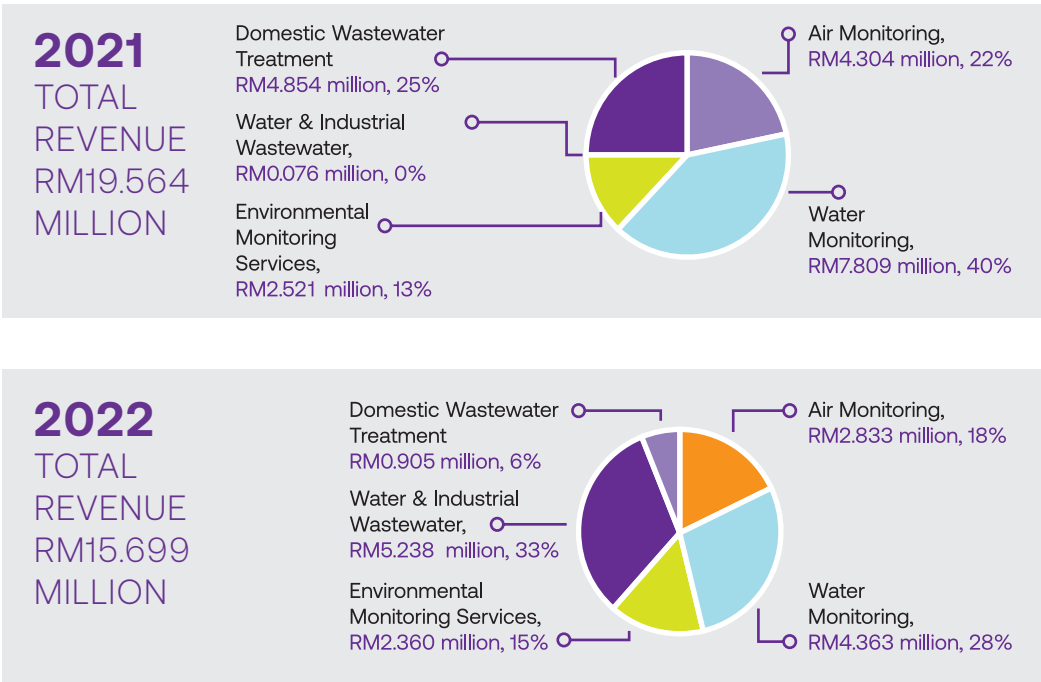


Revenue Contribution by Geographical Breakdown



For FY2022, environmental monitoring, consultancy and services generated lower revenue of RM30.4 million (FY2021: RM32.5 million) which was mainly due to a 20% decrease in contribution from Malaysian operations. The post 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 13% to RM14.7 million in FY2022 as compared to RM 13.0 million in FY2021.

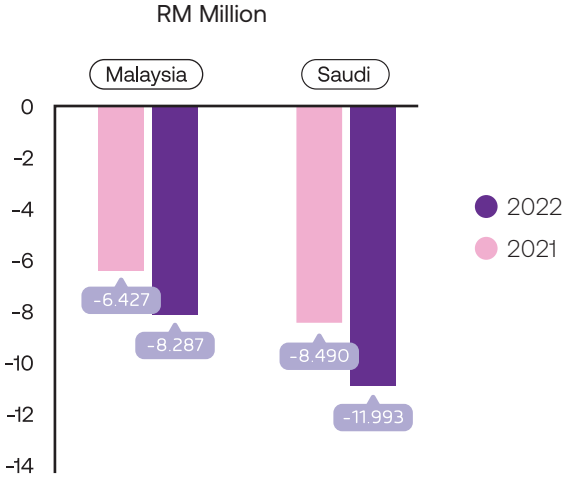
Revenue Contribution from Malaysia Operations by Sub-segment



Major revenue contributors for environmental monitoring, consultancy & services in Malaysia for FY2022 were predominantly water & industrial wastewater services and water monitoring services segments with both contributing RM5.2 million (FY2021: RM0.1 million) and RM4.4 million (FY2021: RM7.8 million) representing 33% and 28% of total revenue from this segment respectively.

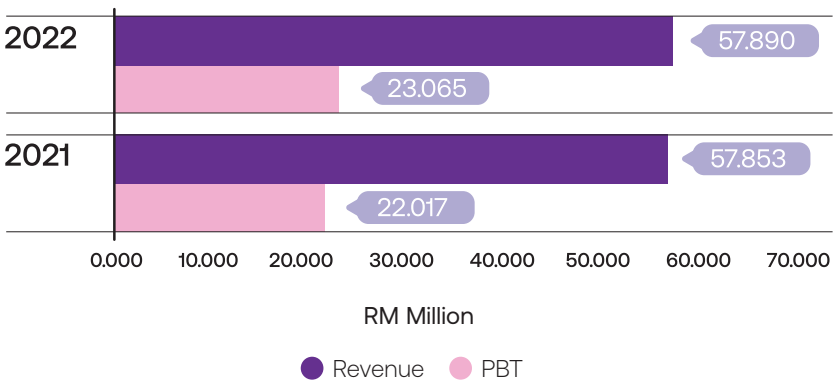
The lower revenue registered in FY2022 by RM3.9 million was due to delay in securing new orders and postponement of potential projects. The higher revenue recorded in FY2021 mainly due to one-off project in respect of Pelabuhan Tanjung Pelepas project for the construction of Sewerage Treatment Plant. This project had contributed RM2.56 million of the total FY2021 revenue in domestic wastewater treatment segment.

Loss before Tax (“LBT”) Contribution by Geographical Breakdown



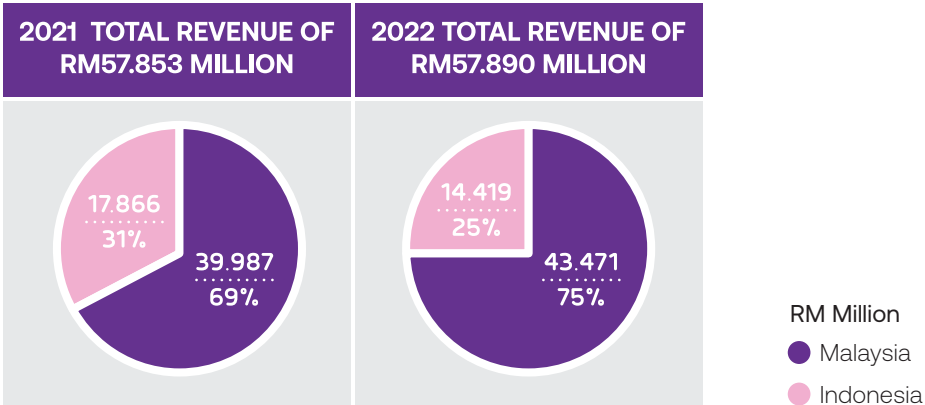
Malaysian operations reported a LBT of RM8.3 million (FY2021: RM6.4 million) as a result of reduced projects secured in FY2022 while Saudi operations reported higher losses in FY2022 of RM12.0 million (FY2021: RM8.5 million) mainly due to the project margin erosion, higher financing cost and higher depreciation in FY2022.

LABORATORY TESTING SERVICES



For FY2022, the laboratory testing services revenue remain stable at RM57.9 million (FY2021: RM57.9 million) with an increase in PBT by 5% to RM23.1 million (FY2021: RM22.0 million).

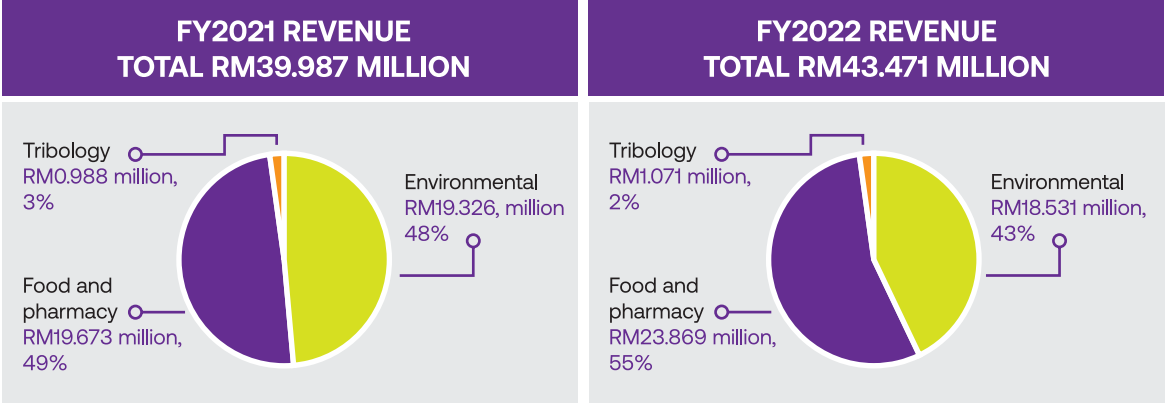
Revenue Contribution by Geographical Breakdown



The lower revenue generated from Indonesian operations was mainly due to the PT. Chevron Pacific Indonesia (“Chevron”) contract expired in August 2021. Even though the project has been transferred from Chevron to PT Pertamina, the new contract 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 from Malaysian operation was due to additional revenue generated from food and pharmaceutical sector in FY2022 as compared to FY2021.

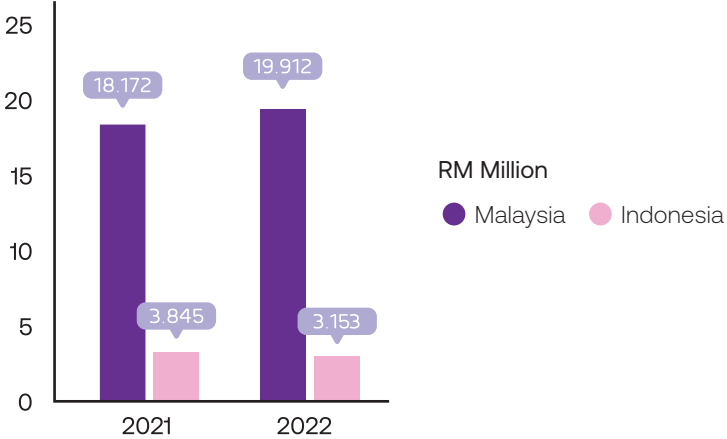
Revenue Contribution from Malaysian Operations by Sub-Segment



Major revenue contributors for laboratory testing in Malaysia for FY2022 were food and pharmacy division and environmental segments with both contributing RM23.9 million (FY2021: RM19.7 million) and RM18.5 million (FY2021: RM19.3 million) representing 55% and 43% of total revenue from this segment respectively.

The increase in revenue from food and pharmacy segment by 21% to RM23.9 million (FY2021: RM19.7 million) 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, revenue from environmental division had decreased by 4% to RM18.5 million in FY2022 as compared to RM19.3 million in FY2021.

PBT Contribution by Geographical Breakdown



For FY2022, PBT from Malaysian operations had increased to RM19.9 million (FY2021: RM18.2 million) in line with the increase in revenue. On the other hand, PBT from Indonesia Operations had decreased to RM3.2 million from RM3.8 million in FY2021 due to expiry of project with Chevron and higher cost incurred during the year.

BUSINESS OUTLOOK

For 2023, the global economic environment is expected to remain challenging and uncertain. Major economies are expected to register lower growth, tighter monetary policies and subdued global trade activity.

Global growth is projected to fall to 2.9% in 2023 but rise slightly to 3.1% in 2024. The 2023 forecast is 0.2 percentage point higher than predicted in the October 2022 but still below the historical average of 3.8%. Rising interest rates and the war in Ukraine continue to weigh on economic activity. China's recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall to 6.6% in 2023 and 4.3% in 2024, but still above pre-pandemic levels.

(Source: International Monetary Fund World Economic Outlook dated 30th January 2023)

Despite global headwinds, the Malaysian economy is projected to grow between 4.0% and 5.0% in 2023, supported by firm domestic demand. Further improvement in labour market conditions, continued implementation of multi-year investment projects and higher tourism activity are expected to support private consumption and investment growth. Both headline and core inflation are projected to average between 2.8% and 3.8% in 2023. Inflation is expected to moderate, driven by the lower prices of key commodities.

The resilient domestic banking system and the presence of domestic institutional investors will continue to support financial intermediation activities for economic growth. Monetary policy will remain supportive of sustainable economic growth while ensuring an environment of price stability.

(Source: Bank Negara Malaysia: Economic and Monetary Review 2022 dated 29th March 2023.)

Thus, the Company will be continuously implementing necessary measures to grow its business amidst the uncertain economic environment. The top measure is to remain thriving through its major business segments which are Environmental Monitoring Consultancy & Services (EMCS) and lab testing services (LTS) in both Malaysia and Indonesia.

In Malaysia, EMCS will continue to concentrate on promoting its water and industrial water treatment solutions, venture into environmental training and equipment trading, and focus on environmental monitoring services for strategic clients.

In Saudi Arabia, leveraging on its local status as No. 1 Integrated Pest Management (IPM) company received from the Ministry of Municipal and Rural Affairs (MOMRA), the company will continue to prioritise IPM in both public and private sector. This is a very significant milestone as it gives a strong advantage to the company to accelerate its market presence and growth.

As for the lab testing services, the company will continue to stay resilient leading the market in Malaysia and Indonesia in the areas of environmental testing, food safety and pharmaceutical testing by introducing new test methods that are accepted by international standard bodies and improving turnaround time for delivery of analysis reports to customers.

In parallel, the company will continue implementing various prudent measures in an effort to reduce the cost of doing business and preserving cash flows. Among the initiatives currently implemented include improving the project management effectiveness and efficiency to improve project delivery and cost, adopting and subscribing a customer relationship management (CRM) system to integrate marketing and sales activities, and improve lead management.

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 expected to remain challenging and uncertain, 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 2.6% in 2023.

On the other hand, the impending revision of Water Service Industrial Act as well as the Environmental Quality Act (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 wastewater 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 Saudi 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 testing services particularly in the food and pharmaceutical segment continue to generate significant revenue for the group post COVID-19 pandemic due to higher demand for laboratory testing. Development in the regulatory landscape particularly in the Food Safety Act 1983, HALAL certification under JAKIM and their Foreign Certification Bodies, DOE'S Quality Act 1947 ("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 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 RISKS

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 with the rise in US central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The global economy will be moving into a later stage of post COVID-19 pandemic cycle, and there will be significant uncertainty around the outlook for interest rates, global political risk and the path of post COVID-19. Cyber-crime and business interruption were 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 & partners in pursuing business with those clients & 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>
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	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.
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>

Key Group Risks	Description	Key Risk Mitigation Plans
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 consummables and to ensure that their business is not affected by the supply chain disruption due to the post-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 & 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, in line with the negative retained earnings of PICORP as a result of impairment of investment in subsidiaries, we do not recommend the payment of dividend for financial year ended 31 December 2022.

The challenging times faced by PICORP post 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 impact post 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.

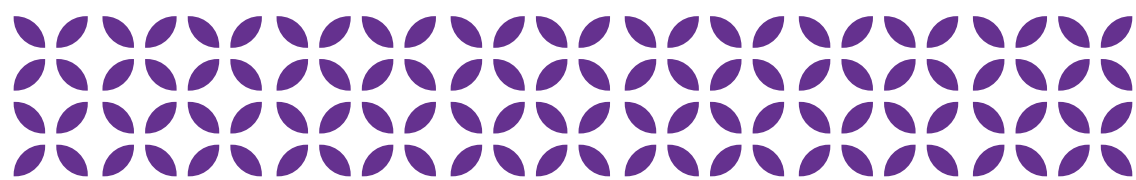




Sustainability Statement



04



SUSTAINABILITY STATEMENT



SUSTAINABILITY AT PICORP

Moving into 2023, it has become vividly apparent to us, as a responsible and goal-driven organisation, that we must embed sustainability principles into our goals by adopting a holistic approach that considers the economic, environmental, social, and governance impacts in everything we do. Hence, we place great importance on upholding our sustainability commitments and strive to operate responsibly with utmost integrity. Progressive Impact Corporation Berhad (“PICORP”) is committed to delivering sustainable solutions through our sustainability strategies and dedicated workforce.

Amid a global economic slowdown, Malaysia is expected to experience a low Gross Domestic Product growth. This prompts multilateral action from the government, regulators and corporate alike to undertake the problem with viable solutions, with one of them being sustainability practices. These sustainability practices, apart from lifting economic burden, go in tandem with Malaysia’s commitment to transition into a low-carbon, climate-resilient economy.

With Malaysia’s maturing sustainability stance and increase in demand for businesses to address environmental impact, it opens opportunity to foster sustainability practices effectively and efficiently

through a collective effort from all responsible parties. Anchored on our aspiration that aligns with the Paris Agreement which represents a global consensus on the urgency to take action towards greenhouse gas emissions and climate change, we aim to drive sustainable business value creation through responsible operations.

As Malaysia is committed to become a carbon-neutral nation by 2050, PICORP aligned with the nation’s aspiration by establishing sustainable systems and infrastructure, executing sustainable processes, and offering sustainable products and services through concerted efforts across all levels of operations and various stakeholders. We take into account sustainability concerns in everything that we do, encompassing all areas from economic, environmental, social to governance, to accentuate our commitment and dedication to preserve the planet and protect the well-being of future generations. To this end, we will continue to focus on creating and optimizing positive values through our value chain.

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:



SUSTAINABLE
SYSTEM &
INFRASTRUCTURE



SUSTAINABLE
PROCESSES



SUSTAINABLE
PRODUCTS &
SERVICES



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 (“EESG”) 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 Securities”) through Bursa Malaysia’s Sustainability Guide (2018) guided by the Malaysian Code on Corporate Governance (“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 2022 to 31 December 2022 (“FY2022”), unless otherwise stated.

Sustainable Impact

The PICORP Sustainability Statement 2022 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 value, and creating a positive impact in a challenging business environment.

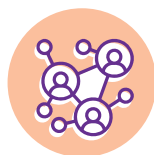
Our sustainability statement considers the Economic, Environmental and Social (“EES”) impacts on value creation while incorporating the governance element of Environment, Social and Governance (“ESG”) as it is a crucial tool in sustainability to address our financial and business resilience. Each organisation 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:



Economy



Environment



Social



Governance

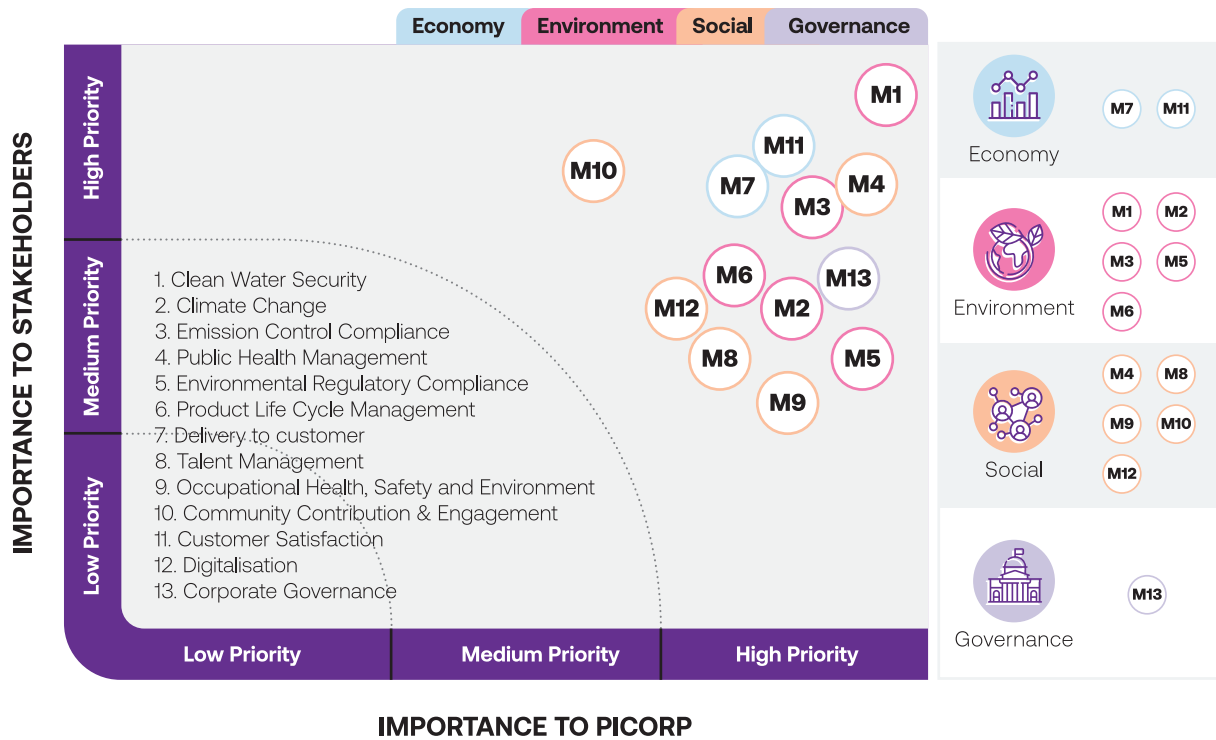
¹ Bursa Malaysia. (2018). *Sustainability Reporting Guide* (3rd ed.).

² 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.

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.

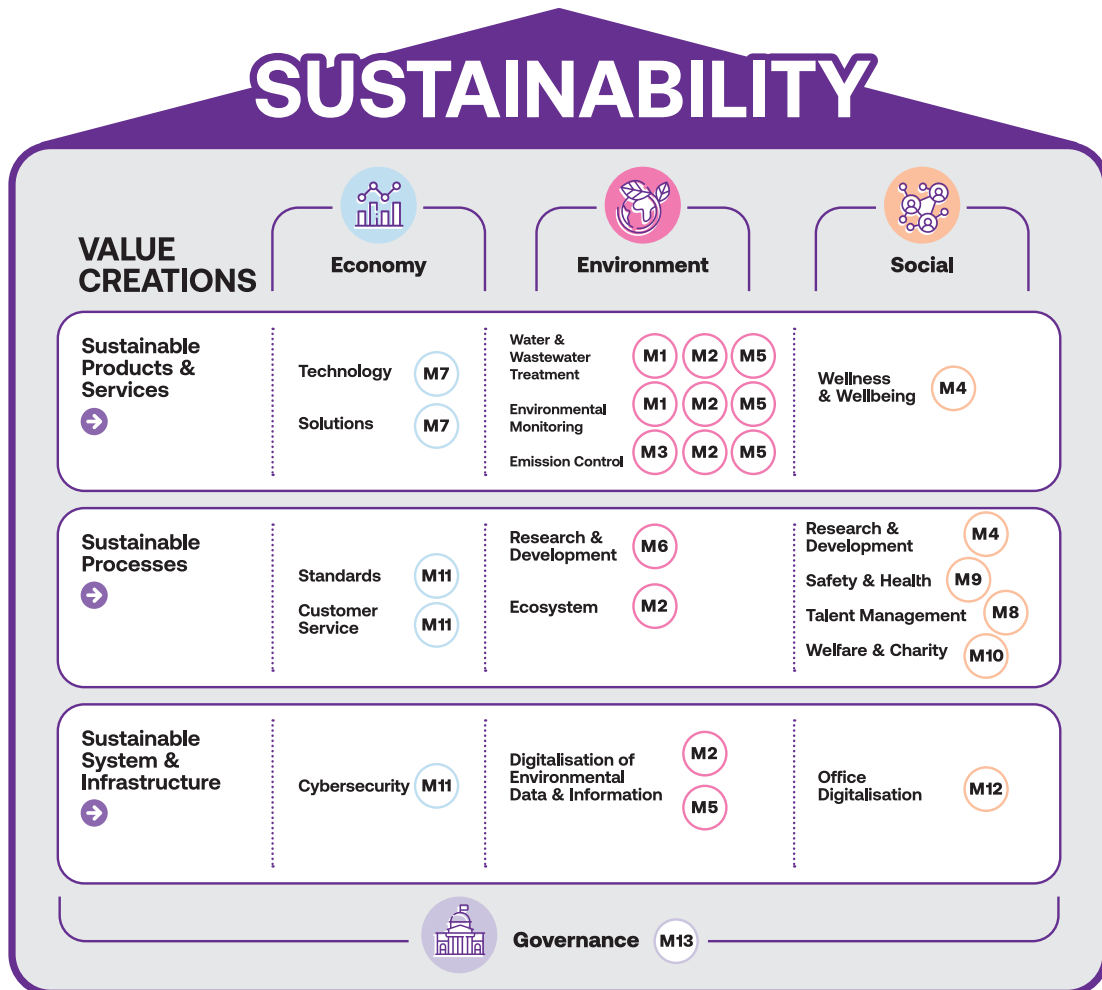
This vision shapes PICORP's Sustainability Framework which is built on our EESG pillars and the value creations.

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.

In 2022, 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.

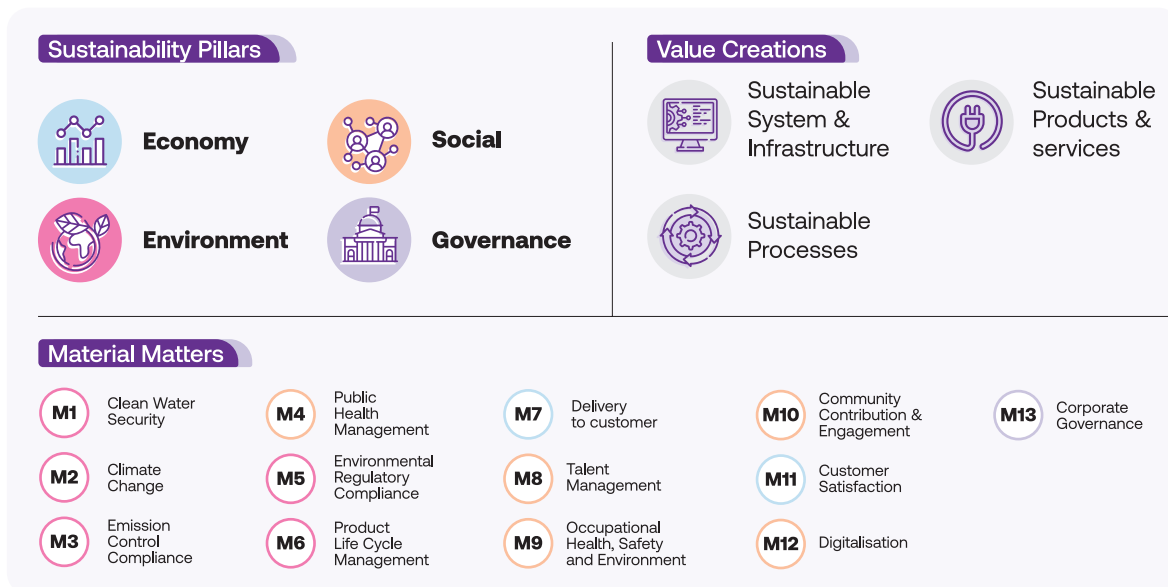
In short, the PICORP's sustainability framework is crafted by adopting the EESG pillars and incorporating the 3 value creations to address the pillars as illustrated below.



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:

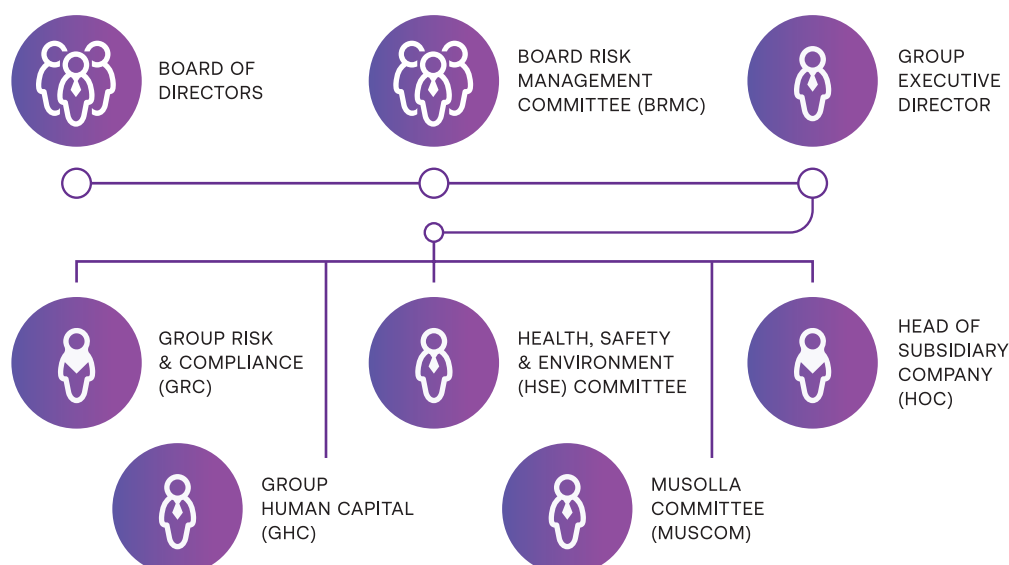


SUSTAINABILITY GOVERNANCE

To identify issues that are most material to the business, a materiality assessment was performed based on the Toolkit: Material Assessment issued by Bursa Malaysia Securities Berhad. 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 report the outcomes to the Board of Directors via the Board Risk Management Committee (“BRMC”).

PICORP’s Sustainability Working Group





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 93](#)

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

Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Employees 	Employee Satisfaction Survey	Annually	<ul style="list-style-type: none"> Employee benefits and rights Culture, diversity and inclusion Employee grievances Health, safety and wellbeing Talent acquisition & retention Career development Work-life balance Equal workplace opportunity
	Code of Ethics and Business Practice ("COEBP")	Annually	
	Anti-Bribery and Corruption Policy	Annually	
	Whistleblower Policy	Annually	
	Musolla Committee ("MUSCOM") Programmes	Continuous/ As needed	
	Wikitoria (Senior Management Engagement Session)	As Needed	
	Sexual Harassment Policy	Annually	
HSE Programmes	Continuous		
Suppliers and subcontractors 	Business Negotiation	As needed	<ul style="list-style-type: none"> Occupational Health, Safety and Environment Sustainable Value Chain Management Anti-corruption and bribery
	Suppliers & subcontractors' assessment	Continuous	
	Vendor database through prequalification	As needed	
Local community 	Charity giving and donations	Annually / As needed	<ul style="list-style-type: none"> Community Engagement Community Contribution Environmental Awareness Management of environmental issues Management of complaints and feedback Environmental Regulatory Compliance
	Participation in and sponsorship of community service events / NGO	As needed	
	Internship Opportunities	As needed	
	Public events e.g., Hari Raya Open House	Annually	
	Training on environmental compliance and best practices	As needed	
	Health, Safety and Environment campaigns and programmes	As needed	

Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Shareholders/ Investors 	Announcements to Bursa Malaysia	As needed	<ul style="list-style-type: none"> • Corporate governance • Ethics & compliance • Economic performance • Business strategy • Financial performance
	Annual General Meeting (“AGM”)	Annually	
	Investor Relations Programme	As needed	
	Website (Investor Relations page)	Continuous/ As needed	
	Annual Report	Annually	
Regulators / Government Authorities 	Corporate governance compliance	As needed	<ul style="list-style-type: none"> • Environmental Regulatory Compliance • Ethics and corporate governance • Anti-corruption and bribery • Training and education
	Regular meetings, workshops and seminars with regulatory agencies to stay abreast of any regulatory requirements	As needed	
	Environmental compliance at project sites	Continuous/ As needed	



Embedding integrity & ethics in business practices

At PICORP, we are committed to achieving the highest standard of corporate governance and transparency. We embrace the culture of doing the right thing where honesty, fairness, and responsibility are valued and expected from all employees at all levels. Integrity and ethics are not only a matter of moral imperative but also one that leads to a smart business. Supported by relevant framework and management policies, we will be persistent with how we conduct ourselves; to ensure we continue to act in an ethical, transparent, and accountable manner.

Governance



M13

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's employees worldwide have upheld and lived this commitment in their everyday 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 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.

In 2022, PICORP invested around RM410,413 to upgrade Information Technology (“IT”) hardware and software that enhance our data, network, and devices security protection and also to digitise non-digital system by creating new or modifying existing processes, systems, and operations.

Cybersecurity



M1

Customer Satisfaction

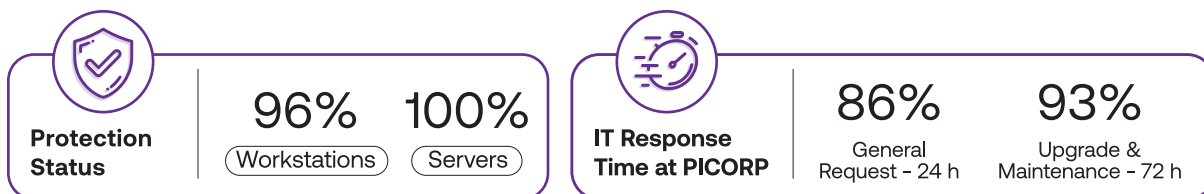
Cybersecurity plays a critical role in protecting the confidentiality, integrity, and availability of computer systems, networks, and valuable data. Today, more than ever before, we feel the urgency to have a strong, fast, and reliable cybersecurity to protect our key enablers, digital features and digital transformation.

At PICORP, we are committed to safeguard our intangible assets. As businesses become more prominent and more of a target for cyberattacks, we ensure that the threats and potential risks are dealt with accordingly. The IT department has initiated several continuous improvements to prevent and eliminate potential threats, including frequent reinvestment and modernisation of the IT systems along with reinforcing and upgrading its infrastructure.

PICORP’s Cybersecurity Initiatives

IT Enhancement	Description
Network Protection	<p>The upgrade of CISCO network equipment increases the IT network performance and avoids any network disruption.</p> <p>The implementation of Wildcard SSL digital certificate to the Group’s domains provides protection to all the listed domains from the external by extending the SSL encryption to the sub-domains.</p> <p>The upgrade of Firewall System enhances the controls of incoming and outgoing network traffic based on security rules that are predetermined.</p> <p>Network Monitoring System allows Group ITS to collect and analyse data from the Group’s network devices.</p>
Devices Protection	<p>Deployment of Sentinel One and Crowdstrike Falcon by ALS Group IT and deployment of Endpoint Protection Advanced Cloud by ITS Group enhance the protection of endpoints devices.</p> <p>The upgrade to Windows 10 version 21H2 provides new safety features and improvements to ALS’s IT system.</p>
Cybersecurity Awareness	<p>Online Cybersecurity Awareness Training (ALSTAR) provides awareness on the dangers of cybersecurity; helps employees understand the risks associated with online behaviour and minimize user negligence.</p>

Group ITS also ensures that any IT General and IT Upgrade and Maintenance requests are responded within certain timeline. These IT enhancement initiatives have strengthened the protection of all network devices, hence minimizing network interruption and downtime.



Modern business operations rely heavily on information security as it plays a critical aspect in protecting vast amount of sensitive information from cyber threats, data breaches, and other security risks. PICORP Group IT has established clear policies and procedures to ensure proper handling of sensitive information. These policies provide relevant direction, value, and guidance to employee 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 organisation 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



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, AIEIMS enables our clients to have access to all the information they need anytime, anywhere from any device.

Office 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 technology with employees, processes, and the workplace to improve efficiency, collaboration, and satisfaction across the board. Sustainable digitalisation and digitisation also help in reducing the usage of paper hence indirectly reduce carbon emission.

PICORP's DRIVING ACTION TO OFFICE DIGITALISATION & DIGITIZATION

Initiatives	Description
Microsoft Office 365	Microsoft Office 365 is a cloud-based productivity suite that offers comprehensive set of tools and features such as cloud storage (One Drive), real-time collaboration tools (MS Team, SharePoint), latest version of Microsoft applications (Outlook, Words, PowerPoint), and advanced security features (Microsoft Admin Center). This improves employees' mobility and flexibility as they are able to do their work and access files from any device, anywhere, anytime.
ANGLE LIMS	ALS Group Laboratory Information Management System ("LIMS") integrates all laboratory instruments to enable direct data import from the instrument to reporting and billing, which eliminates human intervention and increase data integrity. This improves turnaround time (TAT) by 94-97%.
Microsoft Power BI	ALS maximises the usage of Power BI tool to design interactive and immersive dashboards, reports and data analytics to drive business results. This increases the company's efficiency and competitiveness as the valuable tools provided by Power BI give easier data visualization, real-time monitoring to quickly identify and address issues, and performance-tracking.
VPN Solution (ZPA VPN Client)	Zscaler Private Access (ZPA) service enables organizations to provide access to internal applications and services while ensuring the security of their networks. This enables employees to securely access ALS services everywhere around the world without having the risk of data breaches.
Talent Management Process	Human Resource Information System such as HR2000 (Malaysia) and Ektefa (Saudi Arabia) helps to simplify daily HR tasks. This improves the effectiveness and efficiency of HR process. Automated some processes such as e-Timesheet, e-Approval, Training Request Apps and Online Attendance system. This increases efficiency as the automation allows tasks to be performed faster and more accurate, consequently, save employees time and allow them to focus on other important tasks.



Executing sustainable processes

In today's global market, competition between businesses is a battle of the fittest. PICORP understands that customers are constantly seeking quality products and services that can fulfil their needs and requirements. In order to meet these needs and deliver on the promises that can delight our customers, a set of guidelines and winning strategies must be established and implemented, we must always strive to improve our 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



M7

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

1. Brainstorming Sessions

These sessions are conducted from department level up to company level.

2. Presentation of Business Plan

The business plan is presented to Group Management Committee first before it is presented to the Board of Directors for approval.

3. Establishment of a Balanced Scorecard

Upon approval of the Business Plan by the Board, the Balanced Scorecards ("BSC") for each company and function will be reviewed and approved accordingly.

4. Periodical Tracking of Performance Achievement

BSC is then used to monitor and track organisation 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.

During FY2022, a mid-year review process was conducted for selected companies. The process entails further analysis into the root causes for any shortfall against target which then facilitates the company in coming up with recovery measures to close the gaps.

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

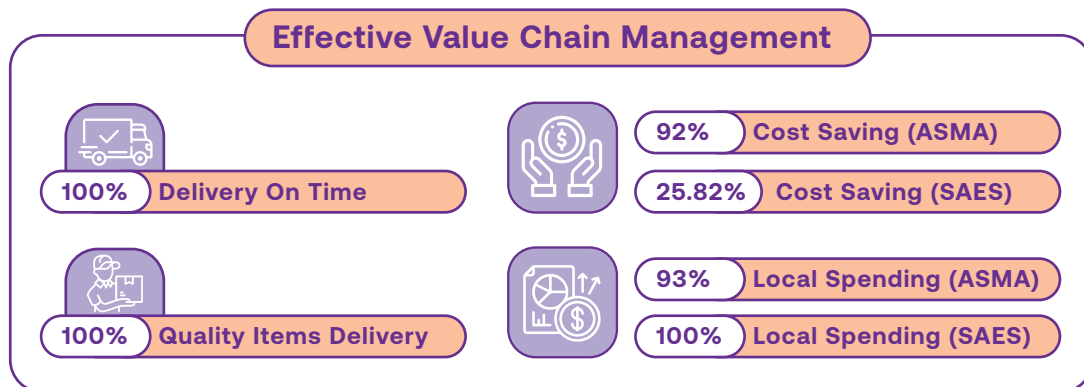
Effective Value Chain Management

Ensuring sustainable solutions and efficient deliverability

PICORP seeks to provide products and services that are both profitable and environmentally friendly. Hence, we understand the importance of acknowledging the landscape of our business to identify the right strategies to compete effectively. Competitive advantage can be obtained through effective Value Chain Management (“VCM”), as it gives businesses an edge to deliver the most cost-effective solutions with efficient and effective deliverability. Over the years, we have built strong relationships with our vendors, subcontractors, and customers, all of whom have been instrumental in the success of our business.

Control Measure

- Our VCM practices are guided by the Integrated Management System Policy ISO 14001: 2015 and Environmental Management ISO17025 (Laboratory analysis and consultancy where applicable).
- PICORP provides fair and equal opportunities to all vendors and suppliers who are interested to provide their services by submitting PICORP Vendor’s Prequalification Questionnaire and complying and pledging with our Environmental Pledge and Anti-Bribery Pledge for the Vendors and Suppliers.
- ALS Technichem (Malaysia) Sdn Bhd (“ALS Malaysia”) employs Supplier Corrective Action Request (“SCAR”) to all their suppliers when any problem or issue arises in order to delve into the root cause so that both parties will be able to get the corrective and preventive actions. This process allows both the company and its supplier to work for a better solution and foster relationship and trust with one another.



The results above proved that we have an effective and efficient VCM system as of 2022. PICORP, through its subsidiaries, achieved 100% delivery on time and 100% delivery of quality items to their customers. Besides that, ASMA engaged with a total of 118 (93%) local vendors, amounting to more than ten million Malaysian ringgit spent locally, while SAES fully engaged with local suppliers in the Kingdom of Saudi Arabia. This demonstrates our effort to support local businesses and create a sense of community ownership and responsibility.

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 the requirements from the ISO 9001:2015 Quality Management Systems, as well as ISO 14001:2015 Environmental Management Systems and ISO 45001:2008 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 ISO 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.

ASMA Quality Management Activities	
Activity	Date
Follow-up On External Audit on ISO 14001: 2015 EMS	16 – 17 March 2022
Established Quality Assurance and Quality Control Plan for New Projects, Performed Quality Audits for Selected Projects	January – December 2022
Internal Audit by Appointed Auditor	14 – 18 March 2022 27 July – 6 August 2022
Quality Assurance and ISO Management Awareness	11 April 2022 3 June 2022
Internal Audit on ASMA Integrated Management System	21 July –26 August 2022

To encapsulate, the outcomes of these activities proved that ASMA Integrated Management System is effective and running well.



**ALS Technichem (Malaysia) Sdn Bhd ("ALS Malaysia) and
PT ALS Indonesia ("ALS Indonesia") (collectively, "ALS")**



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. 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.

Recognitions: Accreditation, Award & Certification (ALSM)

Outstanding achievements

2022: 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' while ALS Indonesia is accredited under Komite Akreditasi Nasional (KAN) which meets the requirement of SNI ISO/IEC 17025:2017 'General requirements for the competence of testing and calibration laboratories'. These standards are identical to ISO/IEC 17025:2005 published by the International Organisation for Standardisation (ISO).

Panel Laboratory for

- Ministry of Health, Malaysia (Health Certificate & Food Safety)
- Ministry of Health, Malaysia (COVID-19 RT-PCR)
- Ministry of Health, Malaysia (NPRA)
- Department of Fishery (Health Certificate – Diseases Testing)
- Recognised Analysts by Department of Environment Malaysia, Department of Occupational Safety and Health Malaysia
- Ministry of Environment and Forestry Indonesia





Saudi ASMA Environmental Solutions LLC ("SAES")



SAES Quality Management System is in accordance with the international standard certification, the Company's ISO9001:2015 for Public Health & Integrated Pest Management and ISO 14001:2015 Environmental Management System have successfully been reissued. At the same time, we have also recently been certified with ISO 45001:2018 for Occupational Health & Safety Management System.

SAES demonstrates its highest commitment to promote best practices in its Integrated Pest Management services. This is evidence via its certification as an Observer Member with the British Pest Control Association (BPCA) and its membership with the National Pest Management Association (NPMA), United States, reflecting our continuous effort towards providing highest quality of services through continuing education, access to pest management research and keeping abreast with the relevant pest management and treatment recommendations as well as adherence to the Codes of Best Practice of these internationally recognised Pest Control Association organisations.

Moreover, SAES has been recognised as a Grade A pest control company by the Ministry of Municipal and Rural Affairs (MOMRA) in the Kingdom of Saudi Arabia (KSA), reflecting high level of competency in our pest control services.

Customer Service



M11

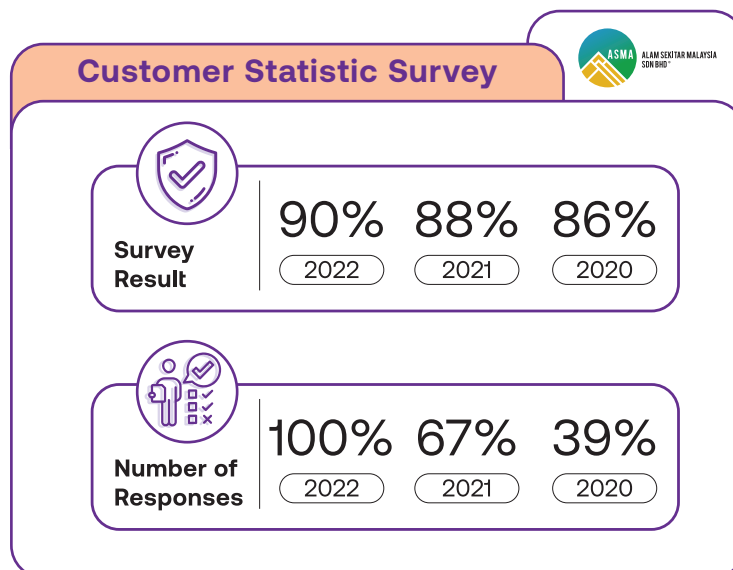
Customer Satisfaction

Delighting Customers

Customers have always been at the core of our interests. We place a great emphasis on taking care of our customers' needs and ensuring that our customers are satisfied with the services that we provide. Aside from adhering to the quality standards, we take our customers' feedback thoughtfully as we value the information, insights, issues, and input our customers share. This helps to shape our businesses in the direction that creates a strong connection and attachment between us and our customers, ultimately, gives a positive financial impact.

CUSTOMER SERVICE ASMA

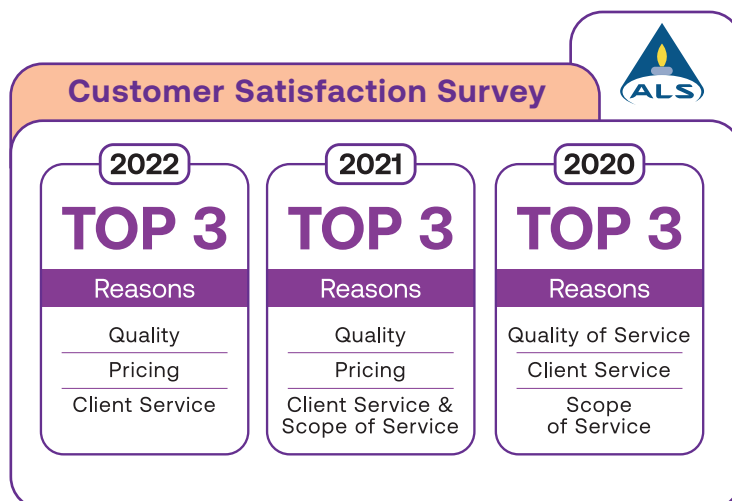
For the environmental monitoring, consultancy, and services segment, 2022 Customer Satisfaction Survey ("CSS") was conducted by ASMA to gauge its performance in project delivery with the objective target of 85% in rating. The Quality Assurance department oversees this particular area and carried out a series of programmes in 2022 to meet the set KPIs.



CUSTOMER SERVICE ALS

In the 2022 CSS conducted by ALS Malaysia and ALS Indonesia (“ALS Group”)

- Number of complaints: ALS Malaysia received only six (6) complaints while ALS Indonesia received only one (1) complaint in 2022.
- Turnaround time (TAT): ALS Malaysia achieved 97% TAT compliance, which is within five (5) working days while ALS Indonesia achieved (95%) TAT compliance which is within eight (8) working days.
- Top 3 ratings: Most clients rated ALS for its quality of service, pricing, and client service & scope of services which are similar to 2021.



CUSTOMER SERVICE SAES

In 2022, SAES managed to achieve an average of 4.5 stars out of 5 stars, ultimately, reached the KPI that had been set, which is an average of 3 stars. This reflects the satisfaction of our customers with our pest control services.

Ecosystem



M2

Customer Satisfaction

Towards an environmental-friendly building: Our Offices

Energy is one of the key factors for the development of society and economic growth in Malaysia. The use of energy must be rational and productive to avoid unnecessary wastage of depleting fuel resources and harmful environmental impact such as pollution and global warming. In line with our commitment to protect the environment, several initiatives have been taken to ensure that our offices are managed in an environmentally responsible way. These green actions are demonstrated in our own operations and infrastructure, across all of our offices.

Mercu PICORP	ALS	SAES Office
Procure eco-friendly office equipment and appliances (e.g. Inverter Technology)	Installation of film on the windows to reduce overall heat in the building and eventually reduce aircons consumptions.	The utilization of LED lights.
Daily auto-shutdown for centralised air-conditioner by 6pm and turn off all lights or Aircond after use.	Replaced Halogen tube with LED Tube light (>50 sets)	Turn off all lights or Aircond after use.
Paperless meetings (except for Board Meetings) and paperless initiatives (e.g., HR process digitalization)	Install power meters to check power consumptions of electrical items in multiple lab locations (major equipment, photocopier, office equipment).	Paperless initiatives – 50% reduction of paper rim used compared in 2021.

Virtual meetings are highly encouraged to reduce the use of meeting rooms.

5S workstation (Sort, Set in Order, Shine, Standardize, Sustain)

3R (Reduce, Reuse, Recycle)

Our 3R initiative focuses on the usage of paper, the implementation of the 3R principle brings significant impact on how we manage our paper usage to reduce environmental harm.

The first “R: reduce” : we adopt paperless alternatives to reduce paper usage i.e., electronic documents and emails.

The second “R: reuse” : we repurpose used paper or damaged paper as a scratch paper.

The third “R” : we dedicate a special space to pile up used paper where it is then recycled and turned into new paper products.



Mercuru PICORP Energy Saving

Power Consumption	Electricity Bill	Carbon Footprint
2022 1,550 MWh	2022 RM 851,911	2022 1,076 MC02
2021 1,520 MWh	2021 RM 747,105	2021 1,055 MC02
2020 1,503 MWh	2020 RM 813,150	2020 N/A



ALS Energy Saving

Power Consumption	Electricity Bill	Carbon Footprint
2022 1,415 MWh	2022 RM 777,776	2022 982.6 MC02
2021 1,489 MWh	2021 RM 635,746	2021 935.4 MC02
2020 1,493 MWh	2020 RM 662,859	2020 N/A



Mercuru PICORP Water Saving

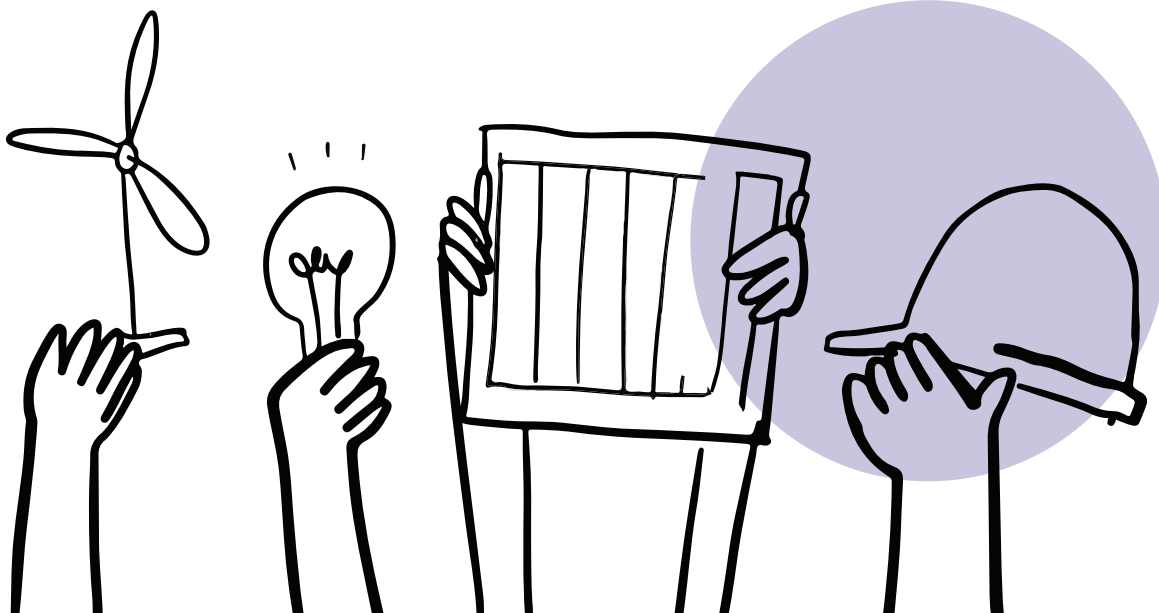
Water Usage	Water Bill	Carbon Footprint
2022 9,441 m3	2022 RM 23,064	2022 3956 MC02
2021 8,191 m3	2021 RM 18,588	2021 34,32 MC02
2020 10,094 m3	2020 RM 22,293	2020 N/A



ALS Water Saving

Water Usage	Water Bill	Carbon Footprint
2022 10,959 m3	2022 RM 26,774	2022 45.9 MC02
2021 7,298 m3	2021 RM 16,563	2021 28.80 MC02
2020 N/A	2020 N/A	2020 N/A

The data presented for power consumption, water usage and carbon footprint are based on a comparison between three (3) fiscal years i.e. 2020, 2021, and 2022. During 2020, our nation was heavily impacted by Covid-19 pandemic, while 2022 was a post-COVID time when the nation was in a recovering state. In view of the data for 2022, it shows an increasing trend compared to 2021 data except for power consumption for ALS. Movement Control Order did not impinge on the ALS business due to its essential business nature. This reduction proved that their green action initiatives especially in power consumption are effective despite the increase of samples by around 8% compared to 2021.



Research & Development



M6

Product Life Cycle Management



M4

Public Health 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 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’s innovation ecosystem. By 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 2022 to develop new ways and support the enhancement of existing products and processes. PICORP Corporate R&D’s main areas of focus are:

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.

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.

AIEIMS

Developing an integrated and centralised information management system to record environmental data and information automatically on a real-time basis. Moreover, the AIEIMS provides quality assurance, alert notification, and auto-synchronisation for the backup data-centre.

ALS Research & Development

Meanwhile, ALS continuously improves their operations by developing innovative technologies for the benefit of employees, customers and shareholders. For year 2022, ALS areas of research are on the analysis of Microplastics and the analysis of Palm Oil.

ALS Embrace 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 2022, ALS successfully achieved their target to develop several new test methods encompassing the following sectors:

Environmental : 2

Food : 12

Microbiology : 6

Biotech : 7

Microplastic : 10

In order to ensure the quality of their service is maintained, ALS has made several optimization and improvement of processes for existing laboratory methods

Microplastic : 14

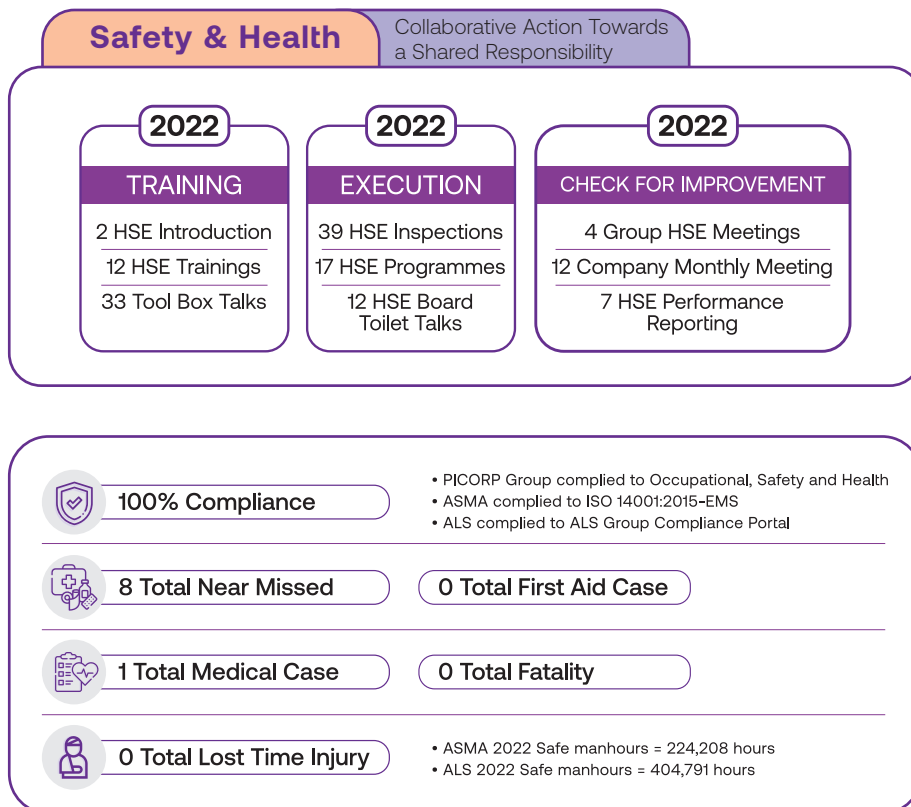
Food : 18

Environmental : 3

Ensuring the health and safety of employees

Across all of our operations, safety and health are the number one priority. PICORP does not compromise when it comes to its employees' safety and health to ensure that our businesses can be operated in a safe, reliable, and secure manner. Health, Safety and Environment ("HSE") is the fundamental concern in all aspects of work in PICORP; however, we embed the culture of safety as a shared responsibility throughout the workforce.

The nature of our industry poses plethora of hidden and apparent risks, our employees and sub-contractors work in a complex and fast-moving environment with regular exposure to hazardous odour and hazardous testing materials either at sites or laboratories. Therefore, we are constantly seeking ways to protect them in these challenging conditions through our extensive safety programmes. We take pride in our ability to drive a safety culture within our organization, and to reap the benefits of having a safe, healthy, and productive workplace. This gives substantial positive impacts as it can improve safety awareness, increase employee morale, reduce costs, maintain good safety reputation, and ensure compliance with relevant safety regulations.





Maintaining a competent workforce

People are a crucial factor in PICORP's shared success. PICORP's business continuity and sustainability can only be achieved through its committed, passionate, and dedicated workforce. We strive to ensure that our talents' personal growth and development are taken care of, and we put our best efforts to boost engagement, increase retention, and create a diverse and inclusive workplace through effective talent management.

Talent management is a strategic approach that involves attracting, developing, and retaining talents. Our talent management approach comprises three (3) main scopes which are 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 one of the key strategies in our talent management. It involves several ongoing strategic processes that focus on the long-term Human Capital planning to acquire the right talent with the right knowledge, right skills, and the right attitude. New employees are given a comprehensive onboarding program to align themselves with the company's culture and system.

Effective talent acquisition is important in acquiring the right talents, and ultimately, supporting business growth and sustainability. We equipped our Talent Acquisition team with the right training and skills to enable them to execute PICORP's strategy to identify internal and external talent to fulfil business requirements.

In 2022, several initiatives were done for talent acquisition,

- Finance Open Interview was conducted by the Group in September 2022 to access bigger candidate pool, promote diversity in workplace and encourage efficient recruitment process.
- PICORP prioritized internal candidates for the replacement of few key critical positions within the Group.
- PICORP has also organised several onboarding programme sessions to ensure that new employees are familiar with the company's integration process, culture, and system covering business direction and operations.

Talent Development

A high skilled workforce allows high level of operations; this in return generate a larger profit margin. Therefore, Talent Development is a crucial strategic approach of our talent management in order to retain talented employees and nurture them.

Talent Development refers to the process of managing the competencies of our talents through an effective assessment approach and investment towards their growth and development by providing appropriate training programs, leadership development, and mentoring with the aim 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, 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 2022, PICORP had conducted and completed Competency Assessment for their Group Risk and Compliance personnels. This initiative involves the process of identifying the required competencies as aforementioned, establishing proficiency standards, conducting assessments, analysing competency gaps and determining areas of development. This is a continuous initiative that covers the management of talent competencies for other functions.

Delivering personalised 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.

Training and Development		
2022	2021	2020
14,601 Total Training Hours	15,230 Total Training Hours	4,157 Total Training Hours
603 Total Number of Trainings	218 Total Number of Trainings	211 Total Number of Trainings
RM 152,072 Total Training Expenses	RM 81,842 Total Training Expenses	RM 66,256 Total Training Expenses

In the year 2022, ASMA took up forty-one percent (41%) of the total training hours and fifty-five percent (55%) of the total training expenses. The significant portion of the training expenses were focused on three (3) key areas namely, environmental certification, audit, and competency training.

1. Thirty percent (30%) of the total expenses were allocated to these areas. The environmental certification training covered various topics such as Certified Environmental Professional in Operation Industrial Effluent Treatment System (biological Process) - CePIETSO, Certified Professional Environmental Officer in EIA Project Development, Training on EIA and Post EIA, Stack Emission Sampling Techniques, Instrumentation for Environment Impact Assessment, Jururunding EIA, and Ambient Air Quality Monitoring.
2. Sixteen percent (16%) of the expenses were spent on IT related training, which included cyber security competency, server management, data and system management.
3. Eleven percent (11%) of the expenses were allocated to digital marketing competency training. These targeted training areas were aimed at enhancing the skills and competencies of the workforce, which helped to improve the overall efficiency and effectiveness of the organisation.
4. It is also found that sixty-one percent (61%) of the total number of trainings was contributed by On The The Job Training (OJT).

Talent Retention

Talent retention focuses on retaining high skilled and talented employees. As a responsible organisation, we strive to create a work environment that is both attractive and sustainable for the long-term operation by executing effective; engagement activities, employee welfare plan, employee performance management system, competitive compensation and benefits package including opportunities for career growth.

In 2022, key performance indicators (“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 2022, 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 2022, 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.

Based on the results of the 2022 Employee Satisfaction Survey (EES), three (3) dimensions were identified as needing improvement. These dimensions are performance management, development and opportunities, and clear communication. To address these dimensions, we had developed several plans, including the implementation of Executive Development Plan (EDP) that was led by the Group Executive Director (GED) with the focus to strengthen the core competencies of our senior executives and managers. These competencies include self-esteem, management and leadership, strategic performance management, BSC, project management, and finance for non-finance. Meanwhile, various initiatives were put in place to ensure clear communication between employee and employer such as town hall, communication through the Group’s SharePoint, and separate top management session to selected departments or group of employees.






WORKPLACE DIVERSITY AND INCLUSION

Promoting diversity and equal opportunity

Inclusive and equitable work environment enhances working experience. PICORP strives to create a diverse and inclusive workplace where all employees are valued by providing a workplace that is fair, flexible, safe, supportive, and free of discrimination, and employment disadvantages. We ensure every employee is valued irrespective of gender, age, ethnicity, religion and nationality.

PICORP is a diverse organisation as we employ workforce from different countries, races, genders, ethnicities, religions, and sexual orientation.

Workforce Breakdown by Gender	2022 Workforce Breakdown by Nationality	Workforce Breakdown by Age Group	
 2022 M : 65.5% 2021 M : 70.6% 2020 M : 53.8%	Malaysian 53.5% Indonesian 19.5% Sudanese 10.0% Saudi Arabian 8.0% Burmese 5.8% Others 3.2%	Millennials & Gen-z Gen-X Baby Boomers 2022 : 78% 20% 2% 2021 : 64% 22% 2% 2020 : 75% 23% 3%	
 2022 F : 34.5% 2021 F : 29.4% 2020 F : 46.2%			
 Total Workforce	2022 : 589	2021 : 661	2020 : 595

Women Empowerment

Female representation at PICORP		
at Board level	in Top Management	in Management
2022 ▶ 28.5%	2022 ▶ 40%	2022 ▶ 50%
2021 ▶ 33.3%	2021 ▶ 33.3%	2021 ▶ 53.6%
2020 ▶ 28.6%	2020 ▶ 50.0%	2020 ▶ 45%

Welfare & Charity



M8

Community Contribution & Engagement

ENHANCING COMMUNITY LIVELIHOODS

Community Contributions

Corporate Social Responsibility (“CSR”) has become an integral part of PICORP’s business. While CSR is a voluntary action, we understand that it holds great importance in demonstrating our commitment to social and environmental responsibility.

Our CSR initiatives are meant to create a better future not only for us, the industry, and the environment but also for the communities. We believe that every small act of kindness or contribution can make a big difference. We aim to give back one-third of our income to the community, with hope to serve the underserved.

Community Contributions	
PICORP ▶ Donation : RM 15,500	ASMA ▶ Donation : RM 19,200 (RM 1,600/month)
ALS ▶ Donation : RM 10,750	SAES ▶ Donation/Infaq : SAR 1,000/month

Zakat Contributions		
2022 ▶ RM 440,516	2021 ▶ RM 459,132	2020 ▶ RM 420,393

In conjunction with the holy month of Ramadan, PICORP gave Kurma to employees, selected NGOs, mosque and madrasah.

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.



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.

This is part of our commitment to protect the environment and preserve the planet for our children and future generations, 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



M7

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 training products, services, technologies, or processes. PICORP Corporate R&D drives the innovation activities in PICORP to expand and strengthen existing products and services while making strides in helping reduce the environmental impact and build a circular economy.

In 2022, PICORP invested RM 372,968 into R&D in environmental segment and new equipment for lab, compared to RM 431,450 in 2021 and RM706,169 in 2020.

In order to expand their offerings in training, ASMA launched its new products, Water Quality Monitoring Module (WQMM) and Ambient Air Monitoring Module (AAMM) in 2022. Meanwhile, SAES launched its new product, McQwin Flies Killer, to expand their capabilities in Integrated Pest Management.

McQwin Flies Killer

The goal of sustainable pest control is to target unwanted insects and rodents without getting rid of insects that may benefit the ecosystem. Sustainable pest management is an eco-friendly way to get rid of and control pests. McQwin Flies Killer reduces the use of harmful substances, promotes hygienic solutions and leverages UV technology to attract flying insects.

Moreover, ALS Malaysia has extended its laboratory capabilities in microplasticity by equipping a new unit of Infrared Imaging Microscope that provides quality verification analysis, material characterisation, thin film and coating analysis, failure analysis, and foreign characterisation analysis. This unit is used as a demo unit for microplastic testing.

ALS Malaysia has also acquired a new unit of Gas Chromatography with Sulfur Chemiluminescence Detector. This instrument will be used for analysis of Total Volatile Sulfur (VOS) in air sample.



AI-Water Quality Monitoring Programmes

As water pollution issues are becoming more critical, water quality monitoring programmes are vital to control and reduce water pollution 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’s R&D team constantly develops new test methods and validates their existing test methods. In 2022, 7 accredited test methods by ALS Malaysia were added in Skim Akreditasi Makmal Malaysia (“SAMM”) extension of scopes and 80 accredited test methods by ALS Indonesia were added in Komite Akreditasi Nasional (KAN) extension of scopes.

Extension of SAMM Scope		
Malaysia	2 Microbiology	5 GMO & Nucleic Acid
Extension of KAN Scope		
Pekan Baru, Indonesia	8 Food	4 Environmental
Sentul, Indonesia	27 Food	41 Environmental

Environmental Monitoring and Emission Control



M3

Emission Control Compliance

M5

M2

M1

Clean Water Security

Climate Change

Environmental Regulatory Compliance

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

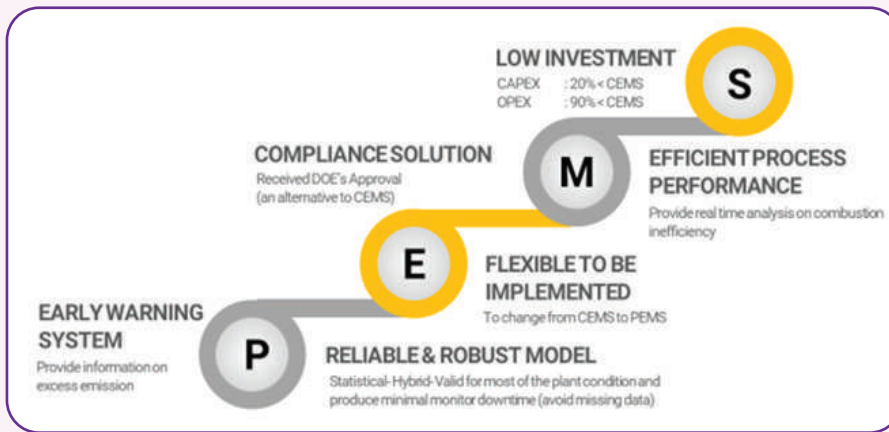
We leverage the growing interest within the industry to comply with the Department of Environment Malaysia (DOE) regulations on the Environmental Quality Act 1974, as well as ISO 14001:2015 Environmental Management System which requires the provision of environmental monitoring services. Reliability and data integrity have always been our primary aim in providing timely professional services, well supported by ALS’s SAMM accredited lab.

Air Quality Management

Our air quality management services comprise of ambient air quality monitoring services, emission monitoring services, weather monitoring services and audit works. Using cost effective solutions, we helped industries such as oil and gas and manufacturing, comply with DOE's regulation; Environmental Quality Act 1974 (Clean Air Regulation 2014).

Predictive Emission Monitoring Solutions ("PEMS")

- PEMS 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 Continuous Emission Monitoring Solutions ("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.



Water Quality Management

Water is at the core of sustainable development and is critical for socio-economic development, healthy ecosystems, and human survival itself. It is vital for reducing the global burden of disease and improving the health, welfare, and productivity of populations. In response to challenges surrounding water quality, we have led the way to provide technological breakthrough for online water quality monitoring instrument and network system for drinking water, river, lake, marine water, and industrial effluent.

We have installed 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 for Air Selangor and an online lake water quality monitoring system for Putrajaya Lake & Wetlands.

Biodiversity Management






Biodiversity is essential for sustainable development and human well-being. It underpins the provision of food, fibre and water; it mitigates and provides resilience to climate change; it supports human health, and provides jobs in agriculture, fisheries, forestry and many other sectors. We provide the first integrated biological monitoring provider for man-made wetlands and lakes in Malaysia since 2001.

Lake and Wetland Biodiversity Monitoring

- 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.
- All the Wetland Area and Lake area except Upper Bisa and Central Wetland have high diversity status (Shannon-Weiner index 'H').
- The richness of the food chain created by the mature vegetation at the Lake and Wetland is reflected by the feeding guilds of the birds.
- There are no significant changes in total migrant species recorded in the one-year period survey compared to previous record. This suggests that the wetland habitat is still able to attract wild, migrating species to winter in Putrajaya Lake & Wetland.
- Among the species regularly seen for reptiles and mammals are Long tailed Macaques (*Macaca fascicularis*), Plantain Squirrel (*Callosciurus notatus*) and Water Monitor (*Varanus salvator*). Smooth-coated Otter and Long-tailed Macaque are a globally threatened species according to the IUCN Red List of Threatened Species (IUCN 2021-3) and listed as vulnerable (VU).
- During the bird survey, two threatened bird species were recorded in the area. Painted Stork is a globally Near Threatened (NT) species and Javan Myna is a globally Vulnerable (VU) species listed under the IUCN Red List of Threatened Species (IUCN 2021-3).

ENVIRONMENTAL MONITORING

Lake and wetland biodiversity monitoring

Type		2021	2022	Inventory
Reptiles		12	6	22
Mammals		9	6	17
Insects		898	814	1971
Birds		81	72	205
Amphibians		6	5	16

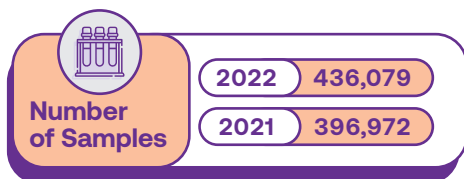
Environmental Laboratory

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.



Environmental



9.8% increased in 2022



Water and Wastewater Treatment



M1

Clean Water Security

M5

Environmental Regulatory Compliance

M2

Climate Change

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, Environmental Quality (Industrial Effluent) Regulations 2009 and Environmental Quality (Prescribed Premises) (Crude Palm Oil) (Amendment) Regulations 1982.

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.

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 Innovative Sewage Treatment Technology



LOW POWER CONSUMPTION

Save more than 50% of energy consumption



LAND SAVING

>50% area saving compared to conventional systems



LOW SLUDGE YIELD

Desludging frequency once within 3 to 5 years



EXCELLENT EFFLUENT QUALITY

Has zero or low green house gas (GHG) emission

Conserves the use of energy and natural resources

Minimizes degradation to the environment

Promotes the use of renewable resources

Safe for use and promotes healthy and improved environment for all forms of life

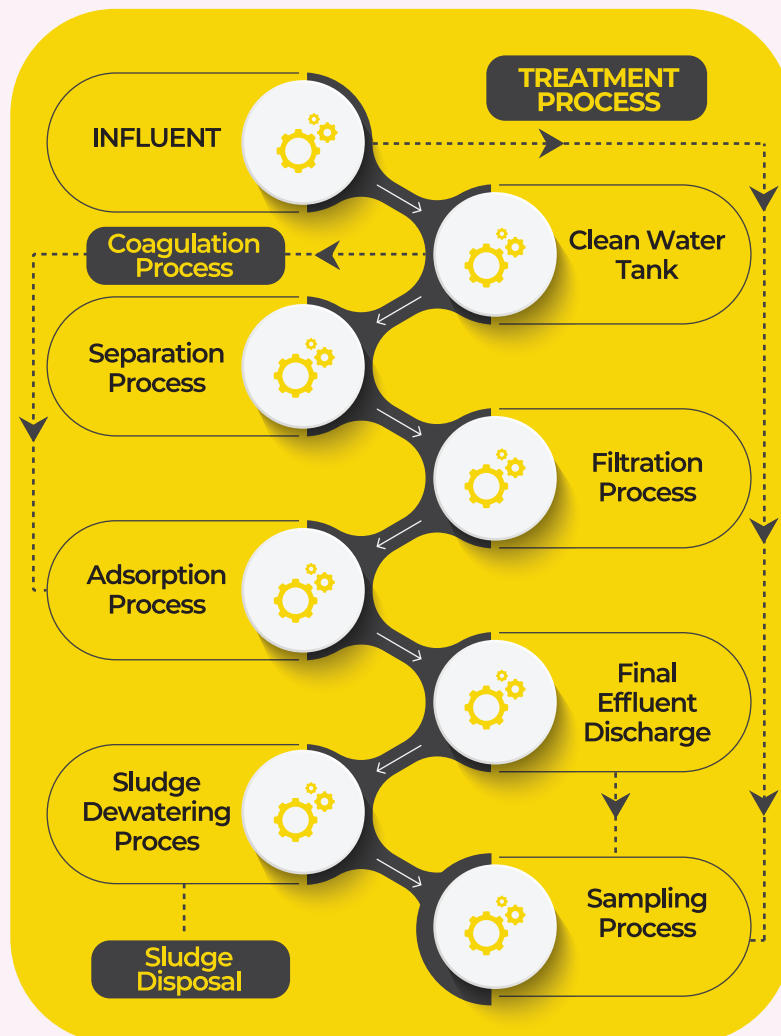
Intelligent Aqua (IA)

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.

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 strengthen local communities' livelihood as they will get clean water for their daily use.

MyHERO

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.



The palm oil milling industry produces strong effluent loads which require intensive treatment. The Department of Environment of Malaysia (DOE) has progressively imposing stringent discharge requirements under the Environmental Quality (Prescribed Premises) (Crude Palm Oil Mill) Regulations. Alum based coagulant is commonly in used for POME treatment. However, this will produce a schedule waste sludge which requires additional cost to dispose.



Consistent Compliance

- Excellent performance.
- Guaranteed Effluent Quality.

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



Highly Excited Radical Oxidation (HERO)

Ferrous Sulphate (FeSO₄) has been used for industrial waste water treatment. Ferrous sulphate is abundant in Malaysia and at a very competitive price. Study was conducted using ferrous sulphate for POME treatment at all three stages of POME treatment namely primary, secondary and tertiary treatment.



Retro Fitting

- Upgrade or Refurbish existing treatment systems.
- Increasing capacity and efficiency.
- Low power consumption



Modular Systems

- Optimizing treatment processes.
- Dual Processes.
- Smaller Footprint.
- Total area 120m²

Environmental Training

Creating a learning culture is one strategy to improve organisational performance and maintain long-term sustainable advantage. Organisational learning includes creating, retaining and transferring knowledge to benefit individuals, groups and organizations. To empower more environmental practitioners in the industry, ASMA has developed two environmental training modules, namely, Water Quality Monitoring Training and Ambient Air Quality Monitoring Training. Subject Matter Experts for the trainings are Dr. Zaki Zainuddin (Water Quality) and Mr. Tan Poh Aun (Ambient Air Quality). Both SMEs are renowned person in the industry. Three classes were conducted in 2022 with the participation of more than 50 industrial practitioners.

Wellness & Wellbeing



M4

Public Health Management

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, covering from treatment, surveillance and pest lab, 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.

Food Safety

The main objective of food safety is to protect consumers of food products from foodborne diseases or injuries related to food consumption. 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.

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: 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 as part of our commitment to protect Muslims' interests, especially in halal assurance on products they consume or used.

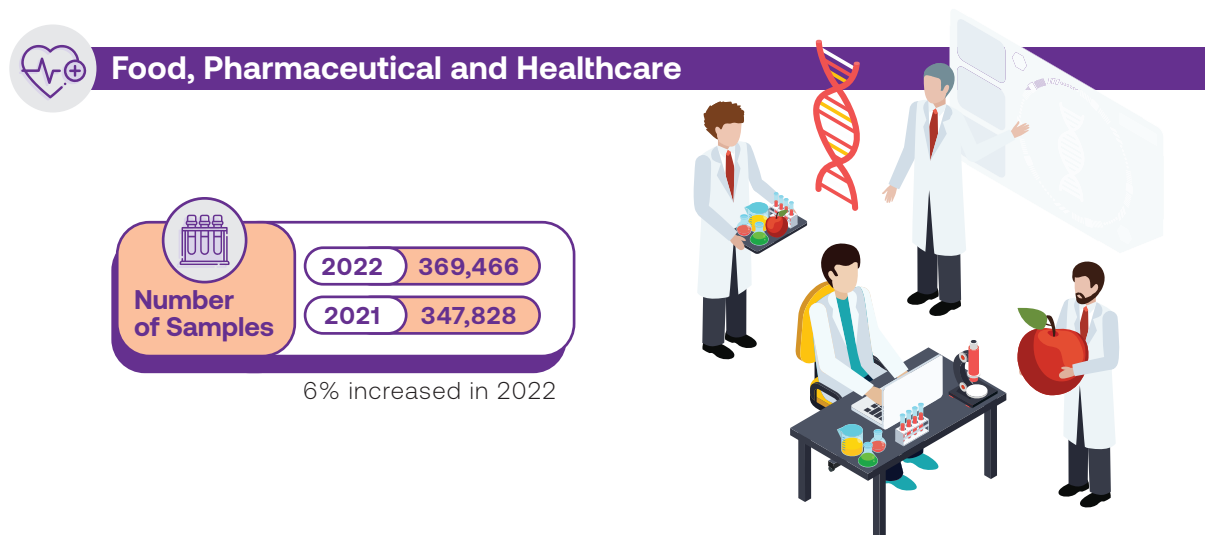
Pharmaceutical and Healthcare

ALS 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

ALS offers 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).

There has been 6% increase in number of samples in Food Safety, Pharmaceutical and Healthcare samples. This shows increase in awareness of public welfare and stringent regulation from authorities on food safety, pharmaceutical and healthcare industry.



STAKEHOLDER ENGAGEMENT


Fostering relationships with our stakeholders

Investor 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 30TH ANNUAL GENERAL MEETING



 23 JUNE 2022

AGM is an essential engagement that shows transparency of the company. This strengthens the shareholders' trusts and bring accountability to managers

On 23 June 2022, PICORP convened its 30th Annual General Meeting (30th AGM) which was held virtually via TIIH Online. PICORP was honoured to receive continuous support and trust from the shareholders and all resolutions passed at the 30th 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

PICORP views employee engagement as a strategic approach that can promote a positive work environment and culture. Employee engagement and sustainability are closely linked to one another as engaged employees are more likely to have a positive work-life balance, which can lead to improved physical and mental well-being. This, in turn, can reduce absenteeism and turnover, leading to a more stable and motivated workforce. Strong focus on employee engagement can enhance PICORP reputation as a socially responsible and sustainable organisation.

In 2022, 20 employee engagements were made, ranging from internal communication engagement, motivational talks, and appreciation events to healthy lifestyle activities. These engagements encompass the three (3) dimensions of an employee engagement which are cognitive, emotional, and physical that can help increase employees' satisfaction and improve organisational performance.



Group Townhall
14 February 2022



Zaiyadal Pre Hari Raya Celebration
27 April 2022



**ALS Pangkor Trip and
Team Building**
4-6 June 2022



**ASMA
Badminton Tournament**
3 September 2022

EMPLOYEE ENGAGEMENT

Date	Program	Venue	Company
14 Feb 2022	Group Townhall	Virtual (MS Teams)	Group
27 Feb 2022	ALSI Outbound Team Building	Cisadane River, Bogor	ALS Indonesia
23 March 2022	ALS Health Screening Program	Wisma ALS	ALS Malaysia
28 March - 1 April	2022 ASMA Ping Pong Tournament	ASMA Level 5 area	ASMA
27 April 2022	Hari Raya Giveaway	Mercu PICORP Multipurpose Hall	Group
1 April 2022	ASMA Doa Selamat and Staff Appreciation Day	ASMA Level 5 area	ASMA
7 April 2022	Iftar with Jeddah KPI Team	Jeddah KPI Camp	SAES
22 April 2022	ASMA Raya Celebration	ASMA Level 5 area	ASMA
25 June 2022	ASMA 2022 Bowling Match	AEON Shah Alam	ASMA
1 June 2022	2022 Aidilfitri Celebration	Hyatt Continental Hotel	SAES
4 - 6 June 2022	ALS Pangkor Trip & Team Building	Pangkor Island	ALS Malaysia
Every Friday After Working Hours	ALSI Sports and Aerobic Activities	ALS Office Sentul & Cikaret, Bogor	ALS Indonesia
1 July 2022	ASMA Kendurian	Mercu PICORP	ASMA
17 July 2022	ASMA Stay Fit Program	-	ASMA
23-24 August 2022	Ambient Air Training to ASMA staffs	ASMA Level 5 area	ASMA
July to August 2022	ALS Technichem Malaysia Sdn Bhd	Wisma ALS	ALS Malaysia
2 September 2022	300K Steps Virtual Marathon ASMA Q2 & Q3 Birthday Celebration	Mercu PICORP	ASMA
3 September 2022	ASMA Badminton Tournament	-	ASMA

Enriching Spiritual Performance

One of 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 oversight of the PICORP GED actively coordinates various religious programmes in PICORP tailored towards the spiritual needs of the employees.

MUSCOM ACTIVITIES

- Congregational prayer:** Mercu PICORP, Jeddah office and Sentul office.
- Virtual Laman Hidayah:** via Microsoft Teams
- Virtual Yasin recital (Every Friday):** Mercu PICORP and Microsoft Teams

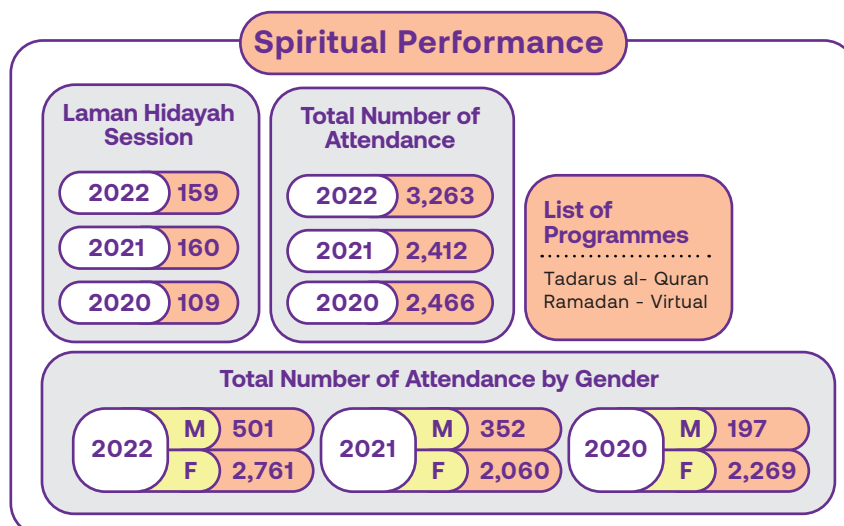
LAMAN HIDAYAH'S TOPICS

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:

Topic/Subject	Speaker
Tabarruj	Ustazah Siti Fatahiyah
Sirah	Ustaz Nazmi
Hadith	Ustaz Ariffudin
Tarbiyatul Awlad	Ustazah Nurazizah
Faraid	Ustaz Salleh
Santai tapi Sampai	Prof. Dr Mohd Nor
Penghuni Syurga & Neraka	IM Hafiz
Pedoman Sholat Berjemaah	Ustaz Al-Hafiz
Tadarus Al-Quran	Ustaz Ariffudin
Majlis Penutup Tadarus Al-Quran	Ustaz Ariffudin



Environmental Engagement

Environmental engagement is an important part of PICORP sustainability initiatives. By engaging in environmental programmes, we can help mitigate the negative impacts of climate change, preserve natural resources, and ensure a safe and healthy future for all. Our environmental engagement can help increase awareness of environmental issues; create a culture of sustainability and promote the adoption of environmentally responsible behaviors. Moreover, it allows us to equip ourselves with the knowledge that will lead to better products and services that meet the needs and expectations of our customers and clients who value environmentally friendly practices.

In 2022, 29 environmental engagements were made, ranging from environmental trainings to industry practitioners, visit to sites related to environmental activities, and participation in seminars, symposium and exhibitions organised by authorities, regulators and government agencies.



ASMA World Water Day
February – September 2022



ALS MAHA Exhibition
3 September 2022

ENVIRONMENTAL ENGAGEMENT			
Date	Program	Venue	Company
23 -24 February 2022	Water Quality Sampling Training for Environmental Practitioners	ASMA Training Centre	ASMA
24 – 25 March 2022	Symposium on Best Practices in Laboratory Management (BPI-LAB)	KL Conventional Centre, Kuala Lumpur	ALS Malaysia
29 March 2022	Seminar Premis Serta Pembawa Yang Ditetapkan (PYDT) Kilang Getah, Kilang Kelapa Sawit & Buangan Terjadual Sempena Hari Bumi 2022	Jabatan Alam Sekitar Negeri Selangor	ALS Malaysia
22 June 2022	Klang River Trip with Selangor Maritime Gateway	Batu Urban Park, Klang, Selangor	ASMA
29 June 2022	Seminar Teknologi Rawatan Air Sisa dan Amalan Pengeluaran Bersih Bagi Premis Yang Dilesenkan (PYDT) Kilang Kelapa Sawit di Negeri Terengganu	Duyong Marina & Resort, Terengganu	ASMA
30 June 2022	Seminar Pematuhan Akta Kualiti Alam Sekeliling 1974 & Majlis Penyerahan Lesen KKS Sempena Hari Alam Sekitar Sedunia Peringkat Negeri Perak	Perak	ASMA
6-7 July 2022	Bengkel Pematuhan Dan Penyerahan Lesen Bagi Kilang Kelapa Sawit Negeri Pahang Tahun 2022	Ancasa Royale Hotel, Pekan	ASMA
14 July 2022	Odour Panelist Selection Training to Water Quality Department	Pengurusan Air Selangor Sdn Bhd	ALS

ENVIRONMENTAL ENGAGEMENT

Date	Program	Venue	Company
18 – 19 July 2022	Seminar on Air and Water Pollution Control	Department of Environment Johor	ALS
19-21 July 2022	National Water Innovation Conference & Exhibition 2022	KL Convention Centre	ALS
20 July 2022	National Water Innovation Conference and Exhibition 2022	KLCC Convention Center	ASMA
21 July 2022	Seminar Pematuhan KKS Terhadap AKAS 1974	Imperial Hotel Kuching, Sarawak	ASMA
26 July 2022	Seminar Pemantapan Industri Sawit Ke Arah Kelestarian Alam Sekitar	Shangri-la Tanjung Aru, Kota Kinabalu, Sabah	ASMA
4 - 14 August 2022	MAHA Exhibition 2022	MAEPS Serdang	ALS
9-10 August 2022	Seminar Pematuhan Akta Kualiti Alam Sekeliling 1974	Holiday Villa Johor Bahru, Johor	ASMA
18 August 2022	Seminar Pengurusan Buangan Terjadual Anjuran JAS Negeri Sembilan	d'Tempat Country Club, Sendayan, Negeri Sembilan	ASMA
19 August 2022	LSANK Visit to BAKAJ, Johor	BAKAJ Water Quality Monitoring Stations operated by ASMA	ASMA
23 - 25 August 2022	16th International Federation of Environmental Health (IFEH) World Congress 2022	World Trade Centre	ALS
29-30 August 2022	5th International Sustainable Energy Summit	KLCC Convention Center	ASMA
28-29 August 2022	2nd Water Quality Monitoring Training to Environmental Practitioners	Mercu PICORP	ASMA
29 September 2022	Visit and Technical Discussion on Potential Collaboration	UniSZA Terengganu	ALS

Community Engagement

Giving back to the community can foster a sense of social responsibility within the Group. This is important as it enhances corporate reputation and improves employee satisfaction. This, in turn, can lead to increase of productivity and retention among employees. Our community engagements create positive impacts that benefit both the company and wider community.

In 2022, PICORP conducted 5 community engagements that mostly consist of spiritual engagement, religious celebration, and webinars that cover on environmental topics.



Majlis Solat Hajat & Doa Selamat, Bachok
8 February 2022



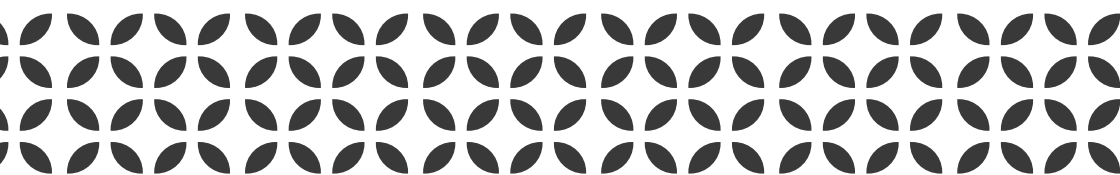
2022 Hari Raya Open House
27 May 2022

COMMUNITY ENGAGEMENT				
Date	Program	Venue	Company	Stakeholder
8 February 2022	Majlis Solat Hajat & Doa Selamat with community in Bachok, Kelantan	Bachok, Kelantan	ASMA	Employees, customers, community
19 May 2022	Public Webinar: Knowing Our Atmosphere – The Ozone Layer	Virtual (MS Teams)	ASMA	Employees, customers, community
25 May 2022	Public Webinar: Jom Ambil Tahu Tentang Akta 127 – in collaboration with JASWPKL	Virtual (MS Teams)	ASMA	Employees, customers, community
28 June 2022	Panel Sesi Penilaian Program Pembangunan Produk 2022 – Bioeconomy & MAFI	Malaysian Bioeconomy Development Corporation	ALS Malaysia	Customers, community
27 May 2022	2022 Hari Raya Open House	Mercu PICORP	Group	Employees, tenants, suppliers, authorities, customers, & community.



Accountability

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 2022 (“FY2022”). 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(t) 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 (4th 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 2022 (“CG Report”) which is available on the Company’s website, www.picorp.com.my.

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

- Practice 5.9 (The board comprises at least 30% women directors).
- Practice 8.2 (The board discloses on a named basis the top five senior management’s remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000).

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

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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 management oversight 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, the Board 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 are actively engaged in ensuring 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 guide for Directors on matters concerning 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 on the Company's website, www.picorp.com.my.

The Company has adopted a Whistleblowing Policy to allow employees and stakeholders to report legitimate concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory obligations 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 the Board Committees, Whistleblowing Policy and Code of Conduct can be found on the Company's website, 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. Throughout 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 FY2022 are summarised below:-

BOARD MEETING	DATE
01/2022	28 February 2022
02/2022	11 April 2022
03/2022	31 May 2022
04/2022	23 June 2022
05/2022	2 August 2022
06/2022	25 August 2022
07/2022	29 November 2022
08/2022	13 December 2022



DIRECTORS	NUMBER OF MEETINGS ATTENDED				
	Board	AC	NC	RC	BRMC
Chairman / Senior Independent Non-Executive Director					
Datuk Abdul Hamid bin Sawal	8/8	N/A	N/A	N/A	N/A
Executive Directors					
Zaid bin Abdullah	7/8	N/A	N/A	N/A	N/A
Dato' Dr Lukman bin Ibrahim	8/8	N/A	N/A	N/A	4/4
Non-Independent Non-Executive Director					
Zaidah binti Mohd Salleh	8/8	6/6	N/A	N/A	N/A
Independent Non-Executive Directors					
Dato' Hajjah Rosnani binti Ibarahim	8/8	6/6	2/2	2/2	4/4
Lee Weng Chong	8/8	6/6	2/2	2/2	N/A
Kamarul Baharin bin Albakri *	8/8	5/5	N/A	N/A	3/4

* 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.

The Board is currently 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.

The NC comprises the following members, all of whom are Independent Non-Executive Directors:-

- (a) Dato' Hajjah Rosnani binti Ibarahim – Chairperson
- (b) Lee Weng Chong

All NC members had full attendance of the NC meetings held during FY2022.

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 as 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 objectives of the Company and core values. Based on the assessment conducted on 27 February 2023, 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 27 February 2023, 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 resolution to retain Dato' Hajjah Rosnani binti Ibarahim who has served for a cumulative term exceeding nine (9) years as Independent Directors for shareholders' approval. On the other hand, Datuk Abdul Hamid bin Sawal and Mr Lee Weng Chong will not be seeking re-election and will retire at the upcoming AGM of the Company.

The justifications of the Board in proposing the continuation of Dato' Hajjah Rosnani binti Ibarahim in office as Independent Director are as below:-

- (a) she has 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) she 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 her services as she has an acute understanding of the Group's corporate history and business;
- (d) she has devoted sufficient time and commitment to discharge her responsibilities as Independent Director;
- (e) she has consistently challenged Management on strategies by asking questions, participating actively in deliberations and decision-making and provided advice to Management by sharing diverse perspectives; and
- (f) the Board has assessed Dato' Hajjah Rosnani binti Ibarahim and was of the view that she was 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 her judgment.

The resolution to retain Dato' Hajjah Rosnani binti Ibarahim as Independent Director 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 role;
- recommended the Board to seek shareholders' approval at the 31st AGM to allow Dato' Hajjah Rosnani binti Ibarahim to continue to serve as Independent Director;
- reviewed and recommended the appointment of Encik Kamarul Baharin bin Albakri as a new member of AC and BRMC to the Board for approval; and
- reviewed and recommended the Directors' Fit and Proper Policy to the Board for adoption.

Based on the Directors' Fit and Proper Policy, the NC would assess any appointment of new Directors as well as Directors who are seeking for re-election of the Company and its group of subsidiaries, taking into account the following fit and proper criteria and declarations made by each individual candidate or Director:-

- Character and integrity, which would be assessed on probity, personal integrity, financial integrity and reputation;
- Experience and competence, which would be assessed on qualifications, training and skills, relevant experience and expertise, and relevant past performance or track record; and
- Time commitment, which would be assessed on ability to discharge role having regard to other commitments, and participation and contribution in the board or track record (applicable to re-election of existing Directors only).

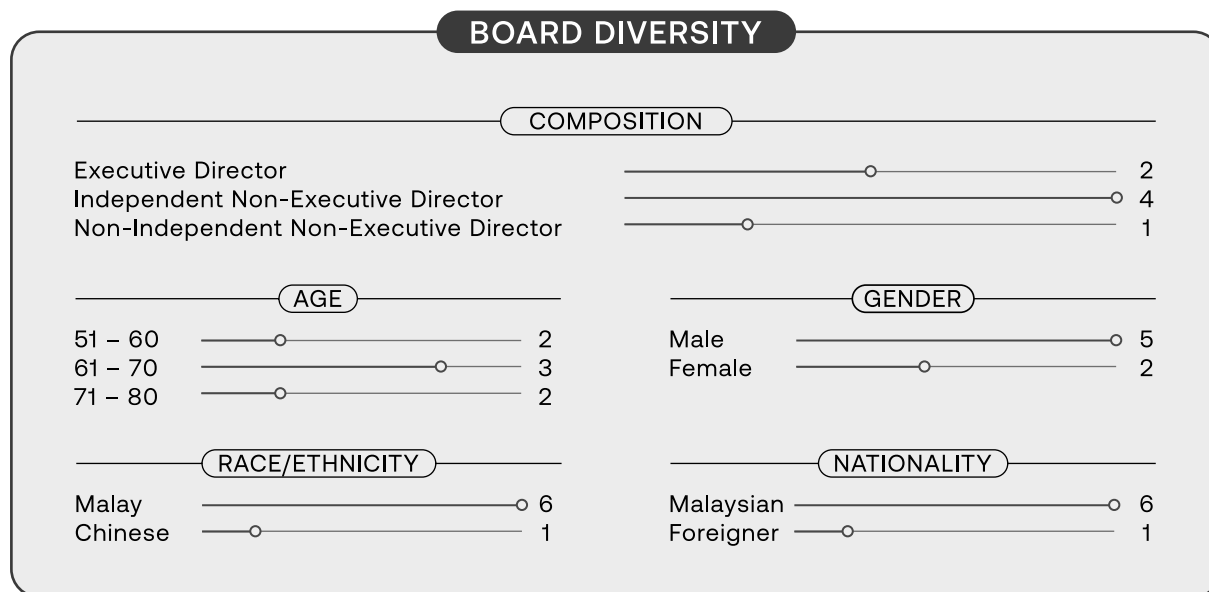
The Board and individual Directors are assessed annually by the NC via a Board Effectiveness Evaluation ("BEE") exercise. During the financial year, the NC had conducted the BEE exercise internally and facilitated by the Company Secretary. Directors are assessed based on the following:-

- Director's Evaluation Form (self and peer assessment);
- Board Evaluation Form;
- Board Committee's Assessment Form;
- AC Evaluation Form (self and peer assessment);
- Mix of skills and experience of the Board; and
- Declaration of Independence.

The process of the BEE exercise is summarised as follows:

1. The Company Secretary circulates questionnaires for each Director's completion.
2. Upon receiving the completed questionnaires, the responses are compiled and summarised for the NC.
3. The NC reviews and assesses the results of the BEE exercise and the Chairman of the NC reports the NC's views and recommendations to the Board for consideration and approval.

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 of 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. Currently, the Board comprises 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. Throughout 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	MIA Webinar Series: ESG Oversight for Boards	Date:	18 March 2022
		Organiser:	Malaysian Institute of Accountants ("MIA")
		Speaker:	Mr Herbert Chua & Nik Shahrizal Sulaiman
Zaid bin Abdullah	MIA Webinar Series: Board Assessment - A Key Cog in an Effective Governance Structure	Date:	29 March 2022
		Organiser:	MIA
		Speaker:	Ms Beverly Behan, Ms Kasturi Nathan & Ms Lee Mi Ryoung
Zaid bin Abdullah	Characteristics of ESG & Sustainability Leadership	Date:	11 August 2022
		Organiser:	Institute of Corporate Directors Malaysia ("ICDM")
		Speaker:	Mr Max Van Biene
Zaid bin Abdullah	MIA Webinar Series: ESG Oversight for Boards	Date:	18 March 2022
		Organiser:	MIA
		Speaker:	Mr Herbert Chua & Nik Shahrizal Sulaiman

Name	Name of Course/ Seminar/Talk	Details	
Zaidah binti Mohd Salleh	MIA Webinar Series: ESG Oversight for Boards	Date: 18 March 2022 Organiser: MIA Speaker: Mr Herbert Chua & Nik Shahrizal Sulaiman	
	Fundamentals of Board Governance	Date: 28 July 2022 Organiser: Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") Speaker: Prof Dr Zubaidah Zainal Abidin	
	Everything about Dividend	Date: 11 November 2022 Organiser: MAICSA Speaker: Leong Oi Wah FCIS (CS)(CGP)	
	Directors' Behaviour and Boardroom Dynamics	Date: 14 November 2022 Organiser: MAICSA Speaker: Prof Dr Zubaidah Zainal Abidin	
	How to be an Effective NED in a Disruptive World	Date: 12 December 2022 Organiser: ICDM Speaker: Patrick Dunne	
Dato' Hajjah Rosnani binti Ibarahim	MIA Webinar Series: ESG Oversight for Boards	Date: 18 March 2022 Organiser: MIA Speaker: Mr Herbert Chua & Nik Shahrizal Sulaiman	
	Climate Change and Carbon: From the Financial Risk & Reporting Perspectives	Date: 4 August 2022 Organiser: ICDM Speaker: Dr Michael Nates	
Lee Weng Chong	MIA Webinar Series: Board Assessment - A Key Cog in an Effective Governance Structure	Date: 29 March 2022 Organiser: MIA Speaker: Ms Beverly Behan, Ms Kasturi Nathan & Ms Lee Mi Ryoung	
	MIA Webinar Series: Sustainability Management and Reporting	Date: 22 June 2022 Organiser: MIA Speaker: Mr Lee Min On	
	Directors International Summit	Date: 26 - 28 September 2022 Organiser: ICDM Speaker: 30 Renowned Speakers	
Dato' Dr Lukman bin Ibrahim	MIA Webinar Series: ESG Oversight for Boards	Date: 18 March 2022 Organiser: MIA Speaker: Mr. Herbert Chua & Nik Shahrizal Sulaiman	
	Halal Awareness Training	Date: 26 July 2022 Organiser: Humaira Global Management & Services PLT Speaker: Ustaz Hj Mohd Amri Abdullah	

Name	Name of Course/ Seminar/Talk	Details	
Kamarul Baharin bin Albakri	MIA Webinar Series: ESG Oversight for Boards	Date: Organiser: Speaker:	18 March 2022 MIA Mr. Herbert Chua & Nik Shahrizal Sulaiman
	MIA Webinar Series: Board Assessment - A Key Cog in an Effective Governance Structure	Date: Organiser: Speaker:	29 March 2022 MIA Ms Beverly Behan, Ms Kasturi Nathan & Ms Lee Mi Ryoung
	Directors International Summit	Date: Organiser: Speaker:	26 – 28 September 2022 ICDM 30 Renowned Speakers
Usamah bin Zaid (Alternate Director)	MIA Webinar Series: ESG Oversight for Boards	Date: Organiser: Speaker:	18 March 2022 MIA Mr Herbert Chua & Nik Shahrizal Sulaiman
	Jom Ambil Tahu Tentang Akta 127	Date: Organiser: Speaker:	25 May 2022 Alam Sekitar Malaysia Sdn Bhd Dato' Ts Dr. Hj Mohd Ezzani Mat Salleh, Timbalan Pengarah, Jabatan Alam Sekitar WP
	2nd Annual Clean Power and New Energy 2022	Date: Organiser: Speaker:	20-21 July 2022 CT Event Asia Sdn Bhd 48 Renowned Speakers including YB Datuk Seri Takiyuddin Hassan, Minister of Energy & Natural Resources
Fatimah Zahrah binti Zaid (Alternate Director)	MIA Webinar Series: ESG Oversight for Boards	Date: Organiser: Speaker:	18 March 2022 MIA Mr Herbert Chua & Nik Shahrizal Sulaiman
	Halal Awareness Training	Date: Organiser: Speaker:	26 July 2022 Humaira Global Management & Services PLT Ustaz Hj Mohd Amri Abdullah
	ESG Disclosure at a Glance: Key Developments and Future Trends	Date: Organiser: Speaker:	27 July 2022 ICDM Ms Junice Yeo
	Climate Change and Carbon: From the Financial Risk & Reporting Perspectives	Date: Organiser: Speaker:	4 August 2022 ICDM Dr Michael Nates
	Halal Competency Training	Date: Organiser: Speaker:	10-11 August 2022 Humaira Global Management & Services PLT Ustaz Hj Mohd Amri Abdullah

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
- (b) Dato' Hajjah Rosnani binti Ibarahim

All RC members had full attendance of the RC meetings held in FY2022.

The RC implements policies and procedures on remuneration, including reviewing and recommending matters relating to the remuneration of the Board and Senior Management. The TOR of the RC and Remuneration Policy are available on the Company's website.

Detailed disclosures on the remuneration of individual Directors for FY2022 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	32	N/A	N/A	N/A	N/A	74
Executive Directors							
Zaid bin Abdullah	0	0	954	80	68	354	1,456
Dato' Dr Lukman bin Ibrahim*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Independent Non-Executive Director							
Zaidah binti Mohd Salleh	36	56	N/A	N/A	N/A	N/A	92
Independent Non-Executive Directors							
Dato' Hajjah Rosnani binti Ibarahim	30	72	N/A	N/A	N/A	N/A	102
Lee Weng Chong	30	64	N/A	N/A	N/A	N/A	94
Kamarul Baharin bin Albakri	30	58	N/A	N/A	N/A	N/A	88

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	32	N/A	N/A	N/A	N/A	74
Executive Directors							
Zaid bin Abdullah	0	0	954	80	68	354	1,456
Dato' Dr Lukman bin Ibrahim*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Independent Non-Executive Directors							
Zaidah binti Mohd Salleh	36	81	N/A	N/A	N/A	N/A	117
Independent Non-Executive Directors							
Dato' Hajjah Rosnani binti Ibarahim	44	72	N/A	N/A	N/A	N/A	116
Lee Weng Chong	30	64	N/A	N/A	N/A	N/A	94
Kamarul Baharin bin Albakri	30	58	N/A	N/A	N/A	N/A	88

* 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 FY2022, 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 AC reviewed the composition of AC on an annual basis. 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 in order to maintain an independent and effective AC.

The AC undertakes an annual assessment of the suitability and independence of the External Auditors. On 27 February 2023, the AC carried out the annual exercise, taking into consideration some of the criteria listed below:-

- calibre of the external audit firm;
- quality processes and performance;
- the audit team;
- independence (both in fact and appearance) and objectivity;
- audit scope and planning;
- audit fees; and
- 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 31st 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 extensive 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 spectrum of the public, shareholders and interested parties:-

Follow Us :

    Progressive Impact Corporation Berhad	 www.picorp.com.my	 (+603) 7845 6566
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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.

PICORP is devoted to ensuring the well-being of its shareholders, employees and Directors as a responsible corporate citizen. PICORP’s 30th AGM was held on 23 June 2022 and was entirely through live streaming from the broadcast venue. At the 30th AGM, all Directors were present to engage directly with the shareholders and be accountable for their stewardship of the Company.

The 30th AGM was held in compliance with the Companies Act 2016, the Company’s Constitution and the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia. Shareholders and proxies participated at the 30th 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 ahead of the meeting. Shareholders were also given the option of voting in absentia by appointing the Chairman of the meeting as their proxy to attend and vote on their behalf.

The 31st AGM of the Company will be convened 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 FY2022

The corporate governance focus areas of the Group in 2022 constituted the following activities:-

Key Focus Areas for FY2022	Action Plans
Succession Planning for Board Members and Senior Management	On the recommendation of NC, Encik Kamarul Baharin bin Albakri, who is a member of the PICORP Board since 1 January 2022, was appointed as a member of the AC and BRMC with effect from 1 March 2022.
Business Continuity	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. As certain business segments are experiencing a period of business decline, the management has taken initiative to produce a 5-year business plan in order to return to profitability and prepared the growth strategies for other business segments. Additionally, a mid-year review was conducted to track the performance of these companies against budget and tabled to the Board for deliberation.
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, sustainable products and services, engagement with key stakeholders - employee, environment and community. PICORP Sustainability Framework is embedded into the Group’s Business Plan, strategies and key performance indicators.

Key Focus Areas for FY2022	Action Plans
Boardroom Policies and Procedures	<ul style="list-style-type: none"> The Board had on 25 August 2022 revised the Terms of Reference of BRMC to include the additional roles to oversee the EESG practices within the PICORP Group. <p>During the financial year, the Board had adopted the Directors' Fit and Proper Policy with an objective to guide the Board Nomination and Remuneration and the Board in their review and assessment of potential Board candidates as well as Board member who is seeking for re-election in complying with the Paragraph 15.01A of MMLR.</p> <ul style="list-style-type: none">

The Corporate Governance Priorities for FY2022, some of which were disclosed in the Annual Report 2021, were successfully implemented.

Corporate Governance Priorities 2023 and Beyond

For 2023 and beyond, the corporate governance priorities of the Group shall constitute the following :-

Key Focus Areas for FY2023	Action Plans
Succession Planning for Board Members and Senior Management	<p>PICORP continuously develops and strengthens a talent pool with the current-competent and future-ready workforce, via competency model which helps to communicate culture and values as well as to better explain the expectations that the leadership entails.</p> <p>The Board would also assure continuous engagement with management on succession planning for Board members and senior management.</p>
Business Continuity	<p>The Board will continue to keep itself apprised of the ever-changing environment whilst maintaining full and effective control over strategic, financial, operational, compliance and governance matters.</p>
EESG for Sustainability	<p>The Board will focus on integrating four (4) key sustainability pillars of EESG by increasing our effort in identifying and addressing environmental, social and governance risks, setting clear and measurable targets to reduce impact, promoting diversity and inclusion in our workforce, and engaging with stakeholders to ensure transparency and accountability. Through these concerted efforts, we aim to strengthen our reputation as a responsible and sustainable corporate citizen.</p>
Boardroom Policies and Procedures	<ul style="list-style-type: none"> The Board shall endeavour to continue the review of policy documents of PICORP periodically to ensure the policies remain relevant and updated. The Board acknowledges the importance and value of attending training programs to keep abreast of the latest developments in various areas. Through the Board Skills Matrix Form completed by the Directors during the annual assessment, their training needs can be identified and appropriate training solutions can be developed to ensure that all Directors are well equipped with current knowledge and skills to strengthen their ability to discharge their fiduciary duties.

This CG Overview Statement was approved by the Board on 6 April 2023.

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.

Composition of AC

AC Members	Designation
Lee Weng Chong	Chairman, 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 of Bursa Malaysia Securities Berhad.

Meetings

The AC held a total of six (6) meetings during the financial year ended 31 December 2022 (“FY2022”) and the details of attendance of the AC members are as follows:-

AC Members	1st AC Meeting 23/02/2022	2nd AC Meeting 11/04/2022	3rd AC Meeting 31/05/2022	4th AC Meeting 23/06/2022	5th AC Meeting 25/08/2022	6th AC Meeting 29/11/2022	Total Attendance in FY2022
Lee Weng Chong	√	√	√	√	√	√	6/6
Dato’ Hajjah Rosnani binti Ibarahim	√	√	√	√	√	√	6/6
Kamarul Baharin bin Albakri *	N/A	√	√	√	√	√	5/5
Zaidah binti Mohd Salleh	√	√	√	√	√	√	6/6

* Appointed on 1 March 2022

Summary of Work of AC

The AC's activities during FY2022 included the following:-

1. Financial Reporting

- a) Reviewed the audited financial statements of the Group prior to recommending the same for the Board's approval;
- b) Reviewed the quarterly financial statements and consolidated results of the Group prior to recommending the same for the Board's approval; and
- c) 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 2021 ("FY2021") and their memorandum of suggestions;
- b) Reviewed and discussed with the external auditors, their audit plan for FY2022, 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 30th 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 FY2022;
- 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 for Recurrent Related Party Transactions of a Revenue or Trading Nature.

5. Other Activities

- a) 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
- b) Reviewed the Statement to Shareholders in Relation to the Proposed Renewal of the Authority to the Company to Purchase up to ten percent (10%) of the Total Number of Issued Shares in the Company;
- c) Reviewed and confirmed the minutes of AC meetings; and
- d) 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 FY2022 was RM67,874.98 (2021: RM89,251.58).

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 FY2022 which was approved by the AC on 29 November 2021:-

COMPANY	KEY AUDIT AREAS
Alam Sekitar Malaysia Sdn Bhd	<ul style="list-style-type: none"> - Project Implementation & Execution - Human Resource & Payroll Management
Progressive Impact Corporation Berhad	<ul style="list-style-type: none"> - Group Legal Function - Group Human Resource and Payroll Management
ALS Technichem (M) Sdn Bhd	<ul style="list-style-type: none"> - Revenue & Receivables, including reconciliation - Preventive Maintenance & Calibration of Instrument and Equipment
PT. ALS Indonesia	<ul style="list-style-type: none"> - Sales and Reporting - Revenue & Receivables - Human Resource Management

- d) Presented the Internal Audit Plan for the financial year ending 31 December 2023 which was approved by the AC on 29 November 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



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

INTRODUCTION

Enterprise Risk Management (ERM) 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 PICORP’s business while the Group Executive Director and the 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’s ERM governance structure is set out in the diagram 1 below:

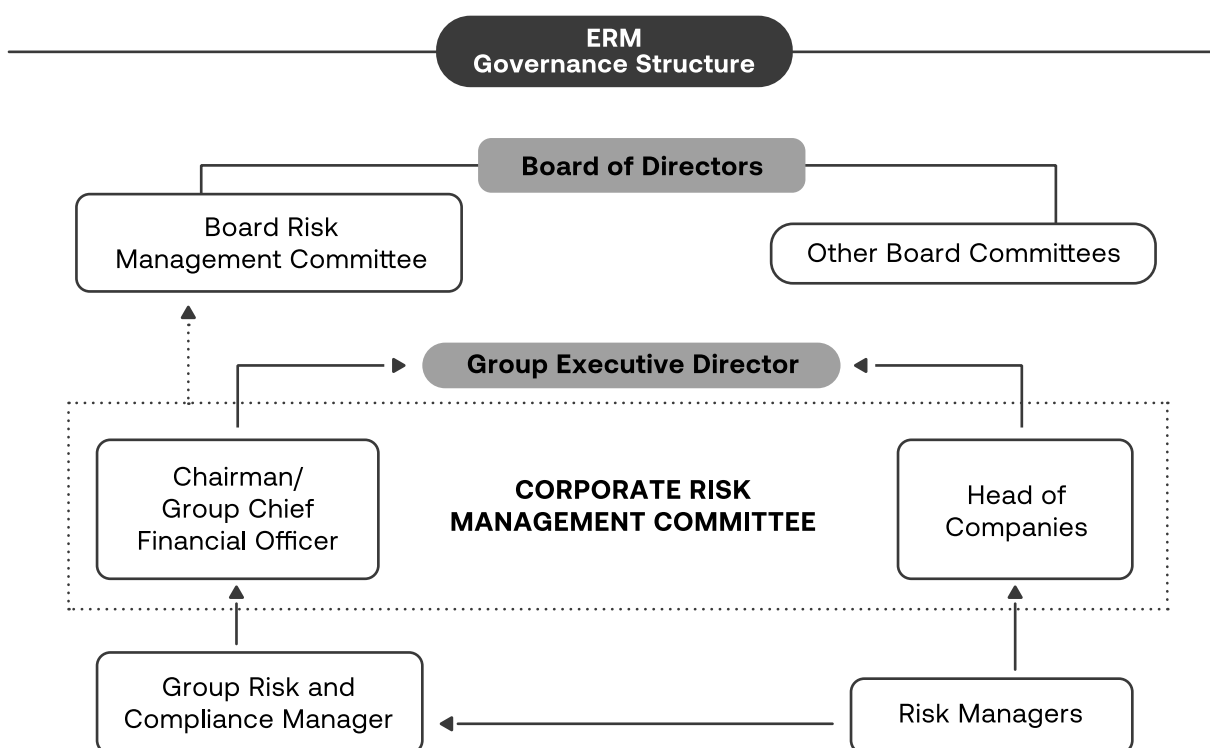


Diagram 1: ERM Governance Structure

THE BOARD

The Board is responsible for the establishment as well as oversight of PICORP's ERM framework and internal control systems are designed to manage the risk appetite set by the Board 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 responsibilities to the Board Risk Management Committee (BRMC) which provides independent oversight of the internal control and ERM. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of PICORP's ERM framework and internal control systems.

The Board is cognisant 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 appetite. 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, majority of whom are independent directors, assists the Board to discharge its overall responsibility for risk oversight within PICORP. Specifically, the BRMC oversees the overall ERM processes, reviews and identifies key risks, and ensures that infrastructure, resources, processes and systems for ERM 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 25 August 2022.

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 convenes meetings with the Internal Auditors at least quarterly to deliberate on the findings and recommendations for improvement of the internal control systems. The AC reviews the action plans taken by the Management to rectify the findings on a timely manner. The AC's Terms of Reference is stipulated in the Board Charter which is accessible in PICORP's website.

CORPORATE RISK MANAGEMENT COMMITTEE (CRMC)

In discharging its responsibilities, the BRMC is assisted by the CRMC in which the Group Chief Financial Officer (GCFO) acts as the Chairman of the committee. 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 ERM 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 ERM processes as well as the outsourced Internal Audit activities within PICORP. Series of Risk Reassessment workshops were conducted with the risk managers of respective subsidiaries, risk and process owners to carry out risk assessment on 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 ERM activities such as sharing of risk bulletin, risk management quizzes and contests in order to elevate a greater risk culture throughout PICORP.

HEAD OF COMPANY

The Head of Company is responsible to ensure effective implementation of the risk management and that all personnel adhere to its mandates. The detailed line accountability for ERM 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 ERM processes within PICORP. The role of the Risk Manager is to assist the Head of the Company where he or she is tasked to facilitate and coordinate all the ERM activities at the company level under the guidance of the GRC 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 GRC Unit.

During the financial year ended 31 December 2022, internal audit reviews were carried out in accordance with the approved risk internal audit plan which was approved by the AC prior to the commencement of the financial year. Findings from the internal audit reviews, including the recommended corrective actions, were presented to the Audit Committee in their quarterly scheduled meetings.

In year 2022, the Internal Audit function has been assigned to cover anti-corruption and whistle-blowing processes. An audit has been carried out to test the Compliance on Adequate Procedures under Section 17A of the MACC Act 2009. 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.

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 31000:2018.

The framework enables PICORP to carry out systematic and continuous approach in managing the organisational risk exposure which includes credit risk, market risk, operational risk, compliance risk, strategic risk and reputational risk. The ERM Framework outlines the ERM 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 31000:2018 Risk Management Standard which serves as a guideline for identifying, evaluating, managing and monitoring significant risks by PICORP in order to align its ERM process with industry best practices. Diagram 2 of MS ISO 31000:2018 illustrates PICORP Risk Management Process.

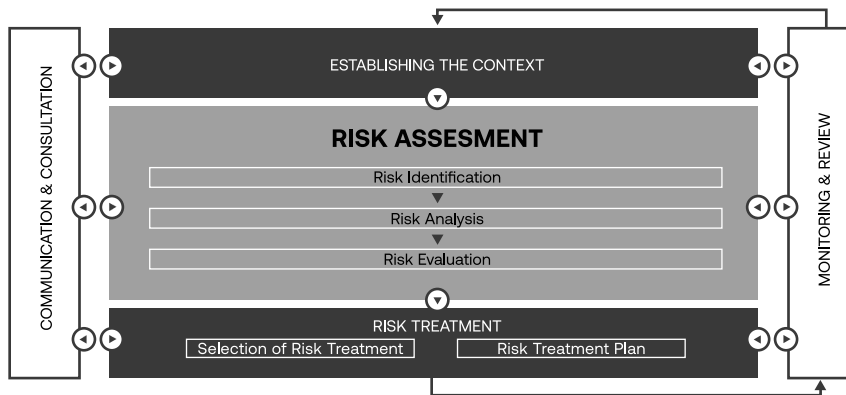


Diagram 2 of MS ISO 31000:2018

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 ERM process in PICORP which captures all pertinent information of all risks identified including the Risk Action Plan (RAP). Online access to the portal facilitates the ERM process whereby users can closely monitor and update their respective ERM dashboard in real time. To further improve the effectiveness of the portal, enhancements were incorporated which include e-mail notifications to all the risk owners and process owners to ensure that the status of the RAPs are updated timely and accordingly.

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 in the CRMC meeting prior to the BRMC meeting for deliberation and approval.

The Management continuously strives to improve the related processes to ensure that the ERM 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
Organisational Structure & Authorisation Procedures	<p>PICORP maintains a formal organisational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures within the internal control system of PICORP's various business units.</p>
Annual Business Plan	<p>The 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.</p> <p>Additionally, as certain business segments are experiencing a period of business decline, the Management has taken additional initiative to come out with 5-year business plan in order to map out to return to profitability and the growth strategies for other business segments.</p> <p>Brainstorming sessions at both departmental and company levels are carried out to ensure a robust and solid business planning process. The Board also plays an active role in deliberating and approving the business objectives and strategies proposed by the Management.</p>
Group Policies and Procedures	<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 the 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"> • to provide a safe and acceptable avenue for staff or any other stakeholders to raise concerns so that it can be addressed in an independent and unbiased manner; and • 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. <p>In addition, PICORP 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>

Internal Control System	Description
Group Policies and Procedures	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. Having a clear and unambiguous policy statement on PICORP's position regarding bribery and corruption forms is the cornerstone of an effective integrity management system.
Monitoring and Review	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. A mid-year review process was done 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.
Balanced Score Card (BSC)	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 organization. A series of goal-setting and brainstorming sessions have been introduced since 2018 to help the Management to enhance organisational performance.

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

In relation to the ERM and internal control process, the Group Executive Director and Group Chief Financial Officer (through CRMC), to the best of their ability and knowledge confirm that PICORP's ERM and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review and up to the 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 2022. 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 ERM and internal controls described in this statement to be satisfactory and the risks are at the 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 effectiveness of the ERM and internal controls framework.

For the financial year under review, the Board is satisfied that the system of ERM 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 ERM and internal control system and will continue to do so.

This Statement is made in accordance with the resolution of the Board dated 27 February 2023.




DIRECTORS' RESPONSIBILITY STATEMENT IN PREPARING THE AUDITED FINANCIAL STATEMENTS



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

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

In preparing the financial statements, the Directors have:-

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

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

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

This statement was approved by the Board of Directors on 6 April 2023.

ADDITIONAL COMPLIANCE INFORMATION



1. Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2022.

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 ("ZSB")	Provision of corporate services and support services by PICORP Group to ZSB	638,633	ZSB is a company in which Zaid bin Abdullah ("Zaid"), Zaidah binti Mohd Salleh ("Zaidah"), Usamah bin Zaid ("Usamah") and Fatimah Zahrah binti Zaid ("Fatimah Zahrah") are directors with 100% indirect interest.
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	1,146,195	ZSB is a company in which Zaid, Zaidah, Usamah and Fatimah Zahrah are directors with 100% indirect interest.

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	Progressive Impact Technology Sdn Bhd ("PITECH")	Reselling of predictive emission monitoring system by PITECH as a non-exclusive distributor for PICORP Group	-	<p>PITECH is a company in which Zaid and Zaidah are directors with indirect interest of 72% held through ZSB and Johar bin Yusof ("Johar"), a director of some subsidiaries of the Company, is a director with shareholding of 10%.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>
	PITECH	Provision of engineering services by PITECH to PICORP Group	-	
	PITECH	Provision of environment consulting services by PICORP Group to PITECH	316,847	
	PITECH	Provision of corporate services and support services by PICORP Group to PITECH	1,582,761	
PICORP Group	Progressive Impact Technology (B) Sdn Bhd ("PITECH (B)")	Provision of environmental services including consultation, supply of manpower, equipment, site-installation, site acceptance test and commissioning services by PICORP Group to PITECH (B)	-	<p>PITECH (B) is a company in which Zaid and Zaidah have direct and indirect interests of 15.1% and Johar has indirect interest of 1.75% held through PITECH.</p> <p>Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.</p>

Company Involved	Transacting Parties	Categories of Recurrent Transactions	Actual Value Transacted During the Financial Year (RM)	Interested Directors / Major Shareholders and Persons Connected to Them
PICORP Group	Foxboro (M) Sdn Bhd ("Foxboro")	Provision of engineering services by Foxboro to PICORP Group	-	Foxboro is a company in which Zaid and Zaidah are directors with indirect interest of 37% and Johar is a director with indirect interest of 5% held through PITECH. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
	Foxboro	Provision of corporate services and support services by PICORP Group to Foxboro	155,200	
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	22,800	Untung Aqua is a company in which Zaid and Zaidah have 100% direct and indirect interests through ZSB. Fatimah Zahrah and Usamah are deemed interested by virtue of their family relationship to Zaid and Zaidah.
PICORP Group	Progressive Impact Corrosion Sdn Bhd ("PICorr")	Provision of corrosion solutions including consultation, supply of manpower, equipment, site-installation, site acceptance test and commissioning services by PICorr to PICORP Group	-	PICorr is a company in which Zaid and Zaidah are directors with indirect interest of 72% and Johar is a director with indirect interest of 10% held through PITECH. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
PICORP Group	Intelligent Aqua Sdn Bhd ("Intelligent Aqua")	Reselling of water treatment technology by PICORP Group as a non-exclusive distributor for Intelligent Aqua	-	Intelligent Aqua is a company in which Zaid and Zaidah are directors with indirect interest of 60% and Johar is a director with indirect interest of 17% held through PITECH and Intelligent Water Group Sdn Bhd. Usamah and Fatimah Zahrah are also deemed interested by virtue of their family relationship to Zaid and Zaidah.
	Intelligent Aqua	Supply of water treatment technology by Intelligent Aqua to PICORP Group	-	

4. Material Contracts

There were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interest during the financial year during ended 31 December 2022.

5. Non-Audit Fees

The fees paid/payable to the external auditor, Messrs. Ernst & Young PLT, for the financial year ended 31 December 2022 are as follows:-

	Group (RM)	Company (RM)
Audit	388,000	91,000
Non-Audit	15,000	15,000
Total	403,000	106,000

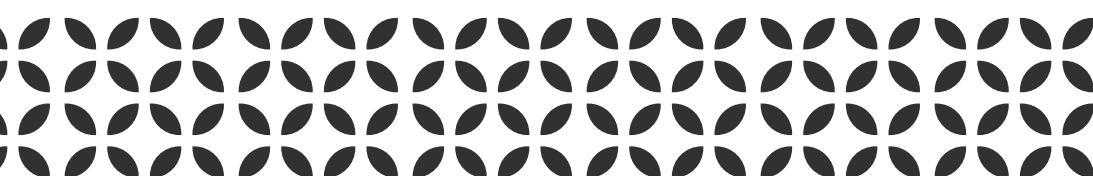
Information on the list of properties is available at the Company's website www.picorp.com.my.



Financial Statements



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 2022.

IMMEDIATE HOLDING COMPANY

The immediate holding company of the Company is Zaiyadal Sdn. Bhd. ("ZSB"), 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 net of tax	(3,349,936)	(7,914,813)
(Loss)/profit attributable to:		
Owners of the parent	(9,737,124)	(7,914,813)
Non-controlling interest	6,387,188	-
	(3,349,936)	(7,914,813)

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, other than impairment of investment in subsidiaries amounting RM11,738,949.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2021 were as follows:

RM

In respect of the financial year ended 31 December 2021:

Final dividend of 0.30 sen per share on 655,371,100 ordinary shares approved on 26 April 2022 and paid on 14 July 2022	1,966,113
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The Board of Directors do not recommend the payment of any final dividend in respect of the financial year ended 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

**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
Abdul Wahab bin Nasser Al - Akeel
Mansoor Abdul Wahab bin Nasser Al - Akeel
Salman Abdul Wahab bin Nasser Al - Akeel
Chin Teen Teen
Herizal

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 below) 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.

DIRECTORS' BENEFITS (CONT'D.)

The directors' remunerations are as follows:

	Group RM	Company RM
Directors of the Company		
Executive	2,048,871	2,032,671
Non Executive	483,600	450,000
	2,532,471	2,482,671

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:

	1.1.2022	Number of ordinary shares		31.12.2022
		Acquired	Sold	
The Company				
Direct interest:				
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
Indirect interest:				
Zaid bin Abdullah* and Zaidah binti Mohd Salleh*	310,420,422	–	–	310,420,422
Subsidiary - ALS Technichem (M) Sdn. Bhd.				
Direct:				
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.

DIRECTORS' REPORT (CONT'D)

TREASURY SHARES

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

As at 31 December 2022, 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. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

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 allowance for expected credit loss and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for expected credit loss; 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 expected credit losses 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:

	Group RM	Company RM
Ernst & Young PLT	384,000	98,000
Other auditors	127,525	–
	<hr/>	<hr/>
	511,525	98,000

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 2022.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 April 2023.

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 12 to 95 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 2022 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 6 April 2023.

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 12 to 95 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 6 April 2023

Hamsiah binti Khalid
MIA Membership No: 13604

Before me,

INDEPENDENT AUDITORS' REPORT



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 2022 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 12 to 95.

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 2022, 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 consultancy and monitoring services segment, the Group recognised revenue and cost amounting RM7.5 million and RM7.5 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 (CONT'D)

Key audit matters (Cont'd.)

Recognition of the Group's revenue and cost of environmental construction projects (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 2022 on a sampling basis; and
- v) reperformed the calculations of the revenue based on the percentage of completion method and where applicable, considered the implications of any changes in estimates.

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 significant 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 (CONT'D)

Key audit matters (Cont'd.)

Impairment assessment of the Company's investment in subsidiaries (cont'd.)

For the year ended 31 December 2022, the Company incurred impairment losses amounting to RM6,379,736 and RM5,359,213 relating to investment in Saudi Asma and ASMA respectively.

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 2022 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 2022 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' responsibilities for the audit of the financial statements (Cont'd.)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 (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
6 April 2023

Najihah Binti Khalid
No. 03249/10/2024 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	4	90,284,728	92,022,076	10,411,331	10,295,892
Cost of sales	5	(43,059,222)	(39,530,752)	(1,510,841)	(1,409,575)
Other income	6	3,076,560	2,356,061	1,660,223	1,152,712
Staff costs	7	(24,878,434)	(26,148,252)	(2,843,896)	(2,654,948)
Depreciation and amortisation		(8,485,135)	(7,939,342)	(1,113,862)	(1,072,079)
Other operating expenses		(13,519,878)	(12,988,254)	(12,629,516)	(2,292,067)
Profit from operations		3,418,619	7,771,537	(6,026,561)	4,019,935
Finance costs	9	(3,930,661)	(3,961,787)	(1,870,715)	(1,600,724)
(Loss)/profit before tax	10	(512,042)	3,809,750	(7,897,276)	2,419,211
Taxation	11	(2,837,894)	(4,053,218)	(17,537)	140,026
(Loss)/profit net of tax		(3,349,936)	(243,468)	(7,914,813)	2,559,237
Other comprehensive loss to be reclassified to profit or loss in subsequent period:					
Foreign currency translation		(1,838,215)	(68,527)	–	–
Actuarial gain on retirement benefit		9,535	61,874	–	–
Other comprehensive loss for the year, net of tax		(1,828,680)	(6,653)	–	–
Total comprehensive income for the year		(5,178,616)	(250,121)	(7,914,813)	2,559,237
(Loss)/profit attributable to:					
Owners of the parent		(9,737,124)	(6,129,513)	(7,914,813)	2,559,237
Non-controlling interest		6,387,188	5,886,045	–	–
		(3,349,936)	(243,468)	(7,914,813)	2,559,237
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(11,092,909)	(6,243,204)	(7,914,813)	2,559,237
Non-controlling interest		5,914,293	5,993,083	–	–
		(5,178,616)	(250,121)	(7,914,813)	2,559,237
Earnings per share (sen) attributable to owners of the parent					
Basic	12	(1.49)	(0.94)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
Assets					
Non-current assets					
Property, plant and equipment	13	39,728,884	44,994,816	883,581	1,034,942
Investment properties	14	35,911,150	36,625,821	39,905,048	40,619,719
Investment in subsidiaries	16	–	–	20,633,386	32,372,339
Goodwill on consolidation	17	860,972	860,972	–	–
Deferred tax assets	29	4,512,103	2,376,130	–	–
Other receivables	19	–	–	24,099,445	16,045,655
		81,013,109	84,857,739	85,521,460	90,072,655
Current assets					
Inventories	18	56,737	77,065	–	–
Trade and other receivables	19	42,865,111	47,085,917	9,721,830	15,834,541
Contract assets	20	985,214	5,778,972	–	–
Tax recoverable		857,217	497,477	186,432	186,432
Other current financial assets	21	18,715,120	14,491,103	12,670	12,387
Cash and bank balances	22	31,248,329	30,571,634	8,146,767	7,809,408
		94,727,728	98,502,168	18,067,699	23,842,768
Total assets		175,740,837	183,359,907	103,589,159	113,915,423

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(CONT'D)**

	Note	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
Equity and liabilities					
Non-current liabilities					
Retirement benefit obligation	25	1,744,547	1,833,968	–	–
Deferred tax liabilities	29	3,786,650	4,044,954	–	–
Lease obligations	15	102,253	33,572	10,528	–
Borrowings	24	292,804	1,026,662	–	67,461
		5,926,254	6,939,156	10,528	67,461
Current liabilities					
Trade and other payables	23	26,541,907	22,540,851	14,451,939	14,215,335
Lease obligations	15	97,779	73,792	27,357	–
Borrowings	24	58,118,152	55,888,274	28,477,558	29,147,461
Income tax payable		1,331,955	1,418,536	17,537	–
		86,089,793	79,921,453	42,974,391	43,362,796
Total liabilities		92,016,047	86,860,609	42,984,919	43,430,257
Equity attributable to owners of the parent					
Share capital	26	65,970,290	65,970,290	65,970,290	65,970,290
Treasury shares	26	(363,789)	(363,789)	(363,789)	(363,789)
Other reserves	27	(2,119,438)	(763,653)	–	–
(Accumulated losses)/ Retained earnings	28	(11,257,575)	445,662	(5,002,261)	4,878,665
		52,229,488	65,288,510	60,604,240	70,485,166
Non-controlling interest		31,495,302	31,210,788	–	–
Total equity		83,724,790	96,499,298	60,604,240	70,485,166
Total equity and liabilities		175,740,837	183,359,907	103,589,159	113,915,423

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 2022

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/ losses) RM (Note 28)	Non-controlling interest RM	
At 1 January 2022		65,970,290	(363,789)	(763,653)	445,662	31,210,788	96,499,298
Total comprehensive income		-	-	(1,355,785)	(9,737,124)	(11,092,909)	(5,178,616)
Transactions with owners		-	-	-	(1,966,113)	(1,966,113)	(7,595,892)
Dividends	30	-	-	-	-	-	-
At 31 December 2022		65,970,290	(363,789)	(2,119,438)	(11,257,575)	52,229,488	83,724,790
At 1 January 2021		65,970,290	(329,543)	(649,962)	8,541,288	73,532,073	104,042,415
Total comprehensive income		-	-	(113,691)	(6,129,513)	(6,243,204)	(250,121)
Transactions with owners		-	(34,246)	-	-	(34,246)	(34,246)
Purchase of treasury shares		-	-	-	-	-	-
Dividends	30	-	-	-	(1,966,113)	(1,966,113)	(7,258,750)
At 31 December 2021		65,970,290	(363,789)	(763,653)	445,662	65,288,510	96,499,298

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 2022

Company	Note RM	Non <-----Distributable----->		Distributable Retained earnings/ (Accumulated losses) RM (Note 28)	Total equity
		Share capital RM (Note 26)	Treasury shares RM (Note 26)		
At 1 January 2022		65,970,290	(363,789)	4,878,665	70,485,166
Total comprehensive income		–	–	(7,914,813)	(7,914,813)
Transaction with owners					
Dividends	30	–	–	(1,966,113)	(1,966,113)
At 31 December 2022		65,970,290	(363,789)	(5,002,261)	60,604,240
At 1 January 2021		65,970,290	(329,543)	4,285,541	69,926,288
Total comprehensive income		–	–	2,559,237	2,559,237
Transaction with owners					
Purchase of treasury shares		–	(34,246)	–	(34,246)
Dividends	30	–	–	(1,966,113)	(1,966,113)
At 31 December 2021		65,970,290	(363,789)	4,878,665	70,485,166

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities				
(Loss)/profit before tax	(512,042)	3,809,750	(7,897,276)	2,419,211
Adjustments for:				
Depreciation of property, plant and equipment	7,770,464	7,224,671	399,190	357,408
Amortisation of investment properties	714,671	714,671	714,671	714,671
Provision for retirement benefit obligations	419,615	164,559	–	–
Gain on disposal of property, plant and equipment, net	(137,740)	(21,694)	–	–
Property, plant and equipment written off	611,747	–	4,003	–
Gain on derecognition of rights of use of assets	–	(680)	–	–
Impairment of investment in subsidiary	–	–	11,738,949	354,000
Investment in subsidiary written off	–	–	4	–
Impairment of property, plant and equipment	270,708	–	–	–
Impairment/(reversal of impairment) of:				
- trade receivables	383,216	(429,178)	–	–
- other receivables	(50,217)	100,431	214,103	1,297,178
Cash generated from operations (carried forward)	9,470,422	11,562,530	5,173,644	5,142,468

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(CONT'D)**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities (cont'd.)				
Cash generated from operations (brought forward)	9,470,422	11,562,530	5,173,644	5,142,468
Fair value gain on other current financial assets	(183,288)	(140,889)	(283)	(224)
Unrealised foreign exchange exchange (gain)/loss	(1,519,719)	(844,360)	1,424	(1,739)
Finance cost	3,930,661	3,961,787	1,870,715	1,600,724
Dividends income	–	–	(7,080,000)	(7,080,000)
Profit income from deposits	(502,874)	(416,100)	(134,532)	(124,562)
Profit income from intercompany loans	–	–	(1,196,336)	(779,874)
Operating profit/(loss) before working capital changes	11,195,202	14,122,968	(1,365,368)	(1,243,207)
Working capital changes:				
Decrease in inventories	20,328	114,385	–	–
Decrease/(increase) in receivables	8,681,565	541,483	(958,846)	(11,809,510)
Increase in payables	3,179,192	5,008,655	235,180	321,564
Cash generated from/ (used in) operations	23,076,287	19,787,491	(2,089,034)	(12,731,153)
Retirement benefit obligation paid	(518,571)	(252,931)	–	–
Taxation refund	–	97,881	–	–
Taxation paid	(5,678,492)	(5,707,349)	–	(67,432)
Net cash generated from/ (used in) operating activities	16,879,224	13,925,092	(2,089,034)	(12,798,585)

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(CONT'D)**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment and equipment		807,257	126,655	–	–
Net placement of unit trust		(4,040,729)	34,879	–	–
Purchase of property, plant and equipment		(3,871,764)	(8,609,930)	(188,664)	(96,690)
Net dividend received		–	–	7,080,000	7,080,000
Profits received from deposits		502,874	416,100	134,532	124,562
Placement of deposits pledged		(1,248,275)	(2,274,547)	(133,107)	(124,562)
Net cash (used in)/generated from investing activities		(7,850,637)	(10,306,843)	6,892,761	6,983,310
Cash flows from financing activities					
Net drawdown of borrowings		1,144,542	4,224,195	(90,009)	7,409,992
Purchase of treasury shares		–	(34,246)	–	(34,246)
Dividend paid		(1,966,113)	(1,966,113)	(1,966,113)	(1,966,113)
Dividend to non-controlling interest		(5,643,184)	(5,592,788)	–	–
Financing cost paid		(3,345,554)	(1,455,385)	(1,866,398)	(1,603,486)
Lease payment		(141,336)	(77,200)	(29,600)	–
Net cash (used in)/generated from financing activities		(9,951,645)	(4,901,537)	(3,952,120)	3,806,147
Net (decrease)/increase in cash and cash equivalents		(923,058)	(1,283,288)	851,607	(2,009,128)
Cash and cash equivalents at beginning of the year		2,619,959	3,903,247	(17,992,267)	(15,983,139)
Cash and cash equivalents at end of the year		1,696,901	2,619,959	(17,140,660)	(17,992,267)
Cash and cash equivalents:					
Cash and bank balances	22	31,248,329	30,571,634	8,146,767	7,809,408
Overdraft	24	(18,408,930)	(18,057,452)	(17,410,097)	(18,057,452)
Less: Restricted deposits	22	(11,142,498)	(9,894,223)	(7,877,330)	(7,744,223)
		1,696,901	2,619,959	(17,140,660)	(17,992,267)

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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, Mercuri 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 immediate holding company is Zaiyadal Sdn. Bhd. ("ZSB"), 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 6 April 2023.

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 2022, 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 of 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

(CONT'D)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

(ii) Non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Revenue

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Revenue (cont'd.)

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) Information technology, profit from shared service and 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(d) Taxation (cont'd.)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

(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")).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(h) Impairment of non-financial assets (cont'd.)

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(j) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(j) 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 pass-through 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.

(k) 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).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(k) 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.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(I) 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.

(m) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(r) 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.

(s) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(s) 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.

(t) 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 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(u) 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 2022, the Group and the Company have adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2022 as listed below:

Descriptions	Effective for annual periods beginning on or after
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

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.

2.5 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Descriptions	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts including Amendments on Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	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 101 Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Standards issued but not yet effective (cont'd.)

Amendments to MFRS 16 Leases: Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	1 January 2024
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.

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.

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

(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.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group are disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

4. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contract with customers				
Environmental consultancy and monitoring services	30,374,793	32,346,881	–	–
Laboratory testing services	57,043,768	56,863,358	–	–
	<u>87,418,561</u>	<u>89,210,239</u>	<u>–</u>	<u>–</u>
Other revenue				
Rental income	2,866,167	2,811,837	3,331,331	3,215,892
Dividend income from subsidiaries	–	–	7,080,000	7,080,000
	<u>2,866,167</u>	<u>2,811,837</u>	<u>10,411,331</u>	<u>10,295,892</u>
Total revenue	<u>90,284,728</u>	<u>92,022,076</u>	<u>10,411,331</u>	<u>10,295,892</u>
Revenue by geographical				
– Malaysia	61,169,640	61,181,605	10,411,331	10,295,892
- Indonesia	14,419,401	17,865,780	–	–
- Saudi	14,695,687	12,974,691	–	–
	<u>90,284,728</u>	<u>92,022,076</u>	<u>10,411,331</u>	<u>10,295,892</u>
Timing of recognition				
Services transferred at a point in time	79,883,502	79,002,398	–	–
Services transferred over time	7,535,059	10,207,841	–	–
	<u>87,418,561</u>	<u>89,210,239</u>	<u>–</u>	<u>–</u>

Contract balances

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

	Group	
	2022 RM	2021 RM
Trade receivables (Note 19)	36,881,586	40,835,821
Contract assets (Note 20)	985,214	5,778,972
	<u>37,866,800</u>	<u>46,614,793</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(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.

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.

	2022	Group	2021
	RM		RM
Environmental consultancy and monitoring services			
Within 1 year	20,625,040		21,361,326
1 to 5 years	5,706,258		8,064,536
	<hr/>		<hr/>
	26,331,298		29,425,862
	<hr/>		<hr/>

5. COST OF SALES

	2022	Group	2022	Company	2021
	RM	2021	RM	2021	RM
Provision of services	33,979,364	29,554,205	–		–
Construction contracts	7,553,390	8,549,281	–		–
Direct operating expenses arising from investment properties	1,526,468	1,427,266	1,510,841		1,409,575
	<hr/>		<hr/>		<hr/>
	43,059,222	39,530,752	1,510,841		1,409,575
	<hr/>		<hr/>		<hr/>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

6. OTHER INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit income from deposits	502,874	416,100	134,532	124,562
Profit income from intercompany loans	–	–	1,196,336	779,874
Net gain on disposal of property, plant and equipment	137,740	21,694	4,003	–
Reversal of impairment of:				
- Trade receivables	–	429,178	–	–
- Other receivables	50,217	–	50,217	–
Unrealised foreign exchange gain	1,519,719	844,360	–	1,739
Gain on derecognition of rights of use of assets	–	680	–	–
Fair value gain on other current financial assets	183,288	140,889	283	224
Information technology support services	416,034	324,857	–	–
Profit from shared service and management fee	159,708	118,156	274,852	246,313
Others	106,980	60,147	–	–
	3,076,560	2,356,061	1,660,223	1,152,712

7. STAFF COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries, bonus and other emoluments	19,897,470	21,332,747	1,542,099	1,539,985
Social security cost	447,669	562,488	27,840	5,101
Pension costs:				
- defined contribution plan	2,468,998	2,425,103	666,667	623,564
- defined benefit plan (Note 25)	419,615	164,559	–	–
Other staff related expenses	1,644,682	1,663,355	607,290	486,298
	24,878,434	26,148,252	2,843,896	2,654,948

Included in staff costs of the Group and of the Company are Executive Directors' and Non- Executive Directors' remuneration amounting to RM2,532,471 (2021: RM2,392,999) and RM2,482,671 (2021: RM2,328,049) respectively as further disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

8. DIRECTORS' REMUNERATION

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive:				
Salaries and other emoluments	954,643	954,593	954,643	954,593
Pension costs:				
- defined contribution plan	196,365	181,260	196,365	181,260
Retirement benefits:				
- defined contribution plan	157,219	157,219	157,219	157,219
Fees	593,052	599,802	576,852	576,852
Bonus	79,500	-	79,500	-
Benefits-in-kind	68,092	78,125	68,092	78,125
	2,048,871	1,970,999	2,032,671	1,948,049
Non-executive:				
Fees	201,600	174,000	168,000	132,000
Other remuneration	282,000	248,000	282,000	248,000
	483,600	422,000	450,000	380,000
Total	2,532,471	2,392,999	2,482,671	2,328,049

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	
	2022	2021
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:		
RM50,001 - RM100,000	3	1
RM100,001 - RM150,000	2	3
Total directors	7	6

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

9. FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit charges on:				
Overdraft	1,107,339	1,044,166	1,063,610	1,012,165
Revolving credit	1,037,286	578,344	392,855	226,728
Advance from subsidiaries	–	–	399,718	351,616
Hire purchase	418,761	622,236	10,215	10,215
Finance costs on lease obligations	11,428	8,204	4,317	–
Tawarooq	438,578	412,946	–	–
Trust receipt	69,877	144,950	–	–
Term loan	847,392	1,150,941	–	–
	3,930,661	3,961,787	1,870,715	1,600,724

10. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is stated after charging:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Auditors' remuneration:				
Statutory audits				
- Company's auditors	384,000	364,000	98,000	93,000
- Other auditors	127,525	94,435	–	–
Other services				
- Company's auditors	8,000	8,000	8,000	8,000
Depreciation of property, plant and equipment	7,770,464	7,224,671	399,190	357,408
Amortisation of investment properties	714,671	714,671	714,671	714,671
Short-term leases (a)	734,357	809,486	–	–
Low value asset leases (b)	97,358	62,812	–	16,155

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

10. (LOSS)/PROFIT BEFORE TAX (CONT'D.)

(Loss)/profit before tax is stated after charging (cont'd.):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Realised foreign exchange loss	441,734	618,329	-	-
Impairment of				
- trade receivables	383,216	-	-	-
- other receivables	-	100,431	214,103	1,297,178
Impairment of property, plant and equipment	270,708	-	-	-
Impairment of investment in subsidiary	-	-	11,738,949	354,000
Zakat	601,151	402,619	-	-

(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	
	2022 RM	2021 RM	2022 RM	2021 RM
Income tax:				
Malaysian income tax	4,292,587	3,685,514	17,537	-
Foreign income tax	1,012,848	1,158,141	-	-
Income tax	5,305,435	4,843,655	17,537	-
(Over)/under provision in prior years:				
Malaysian income tax	(105,264)	34,287	-	(140,026)
Foreign income tax	32,000	27,686	-	-
	(73,264)	61,973	-	(140,026)
	5,232,171	4,905,628	17,537	(140,026)

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11. TAXATION (CONT'D)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax (Note 29): Relating to origination and reversal of temporary differences	(2,108,993)	(1,172,190)	–	–
(Over)/under provision in prior year	(285,284)	319,780	–	–
	(2,394,277)	(852,410)	–	–
Income tax expense/(credit) recognised in profit or loss	2,837,894	4,053,218	17,537	(140,026)

Domestic current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

Taxation for foreign subsidiaries are calculated at the current rates prevailing in each respective countries.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/profit before tax	(512,042)	3,809,750	(7,897,276)	2,419,211
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	(122,890)	914,340	(1,895,346)	580,611
Effect of taxation in other country	416,674	254,898	–	–
Effect of income not subject to tax	(185,117)	(722,823)	(2,001,071)	(1,870,357)
Effect of expenses not deductible for tax purposes	487,746	1,233,338	3,614,811	1,166,469
(Over)/under provision of income tax in prior years	(73,264)	61,973	–	(140,026)
Income tax	523,149	1,741,726	(281,606)	(263,303)
Deferred tax recognition on withholding tax on foreign dividend	(93,311)	51,738	–	–
(Over)/under provision of deferred taxation in prior year	(285,284)	319,780	–	–

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

11. TAXATION (CONT'D)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax asset not recognised in current year	2,717,412	1,942,476	299,143	123,277
Utilisation of previously unrecognised tax losses	(24,072)	(2,502)	–	–
Income tax expense/(credit) recognised in profit or loss	2,837,894	4,053,218	17,537	(140,026)

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.

	2022	2021
Loss attributable to ordinary equity holders of the Company (RM)	(9,737,124)	(6,129,513)
Number of ordinary shares for basic earnings per share computation ('000)	655,371	655,371
Basic earnings per share (sen)	(1.49)	(0.94)

* The number of shares takes into account the effect of changes in treasury shares transactions during the year.

(b) Diluted

There are no instruments in issuance which will have a dilutive effect to the earnings per share of the Group.

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13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM (Note a)	Plant and machinery RM	Motor vehicles RM (Note b)	Office equipment, renovation, furniture and fittings* RM	Total RM
Group					
2022					
Cost					
At 1.1.2022	21,399,322	45,885,140	13,488,701	24,582,534	105,355,697
Additions	–	132,371	37,300	3,924,669	4,094,340
Disposals	–	–	(982,612)	(52,341)	(1,034,953)
Write off	–	(211,691)	(91,713)	(1,703,655)	(2,007,059)
Exchange differences	(255,197)	167,806	335,484	(261,422)	(13,329)
At 31.12.2022	21,144,125	45,973,626	12,787,160	26,489,785	106,394,696
Accumulated depreciation					
At 1.1.2022	4,721,020	28,802,237	6,258,151	20,351,750	60,133,158
Charge for the year	554,885	519,682	2,169,412	4,526,485	7,770,464
Disposals	–	–	(317,098)	(48,338)	(365,436)
Write off	–	(207,357)	(91,711)	(1,096,244)	(1,395,312)
Exchange differences	(97,053)	154,403	98,734	(131,577)	24,507
At 31.12.2022	5,178,852	29,268,965	8,117,488	23,602,076	66,167,381
Accumulated impairment					
At 1.1.2022					
Charge for the year (Note c)	–	227,723	–	–	227,723
	–	230,748	–	39,960	270,708
At 31.12.2022	–	458,471	–	39,960	498,431
Net carrying amount					
At 31.12.2022	15,965,273	16,246,190	4,669,672	2,847,749	39,728,884

*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.)

	Land and buildings RM (Note a)	Plant and machinery RM	Motor vehicles RM (Note b)	Office equipment, renovation, furniture and fittings* RM	Total RM
Group					
2021					
Cost					
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
Accumulated depreciation					
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
Accumulated impairment					
At 1.1.2021	–	235,985	–	–	235,985
Reversal	–	(8,262)	–	–	(8,262)
At 31.12.2021	–	227,723	–	–	227,723
Net carrying amount					
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
31 DECEMBER 2022
(CONT'D)

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

	Buildings RM	Motor vehicles RM (Note b)	Office equipment, renovation, furniture and fittings* RM	Total RM
Company				
2022				
Cost				
At 1.1.2022	399,117	489,085	2,749,571	3,637,773
Additions	–	–	251,832	251,832
Write off	–	–	(52,341)	(52,341)
At 31.12.2022	399,117	489,085	2,949,062	3,837,264
Accumulated depreciation				
At 1.1.2022	150,888	319,178	2,132,765	2,602,831
Charge for the year	7,982	97,817	293,391	399,190
Write off	–	–	(48,338)	(48,338)
At 31.12.2022	158,870	416,995	2,377,818	2,953,683
Net carrying amount				
At 31.12.2022	240,247	72,090	571,244	883,581
2021				
Cost				
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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

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

	Buildings RM	Motor vehicles RM (Note b)	Office equipment, renovation, furniture and fittings* RM	Total RM
Company				
Accumulated depreciation				
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
Net carrying amount				
At 31.12.2021	248,229	169,907	616,806	1,034,942

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

(a) Group - Land and buildings

	Freehold land RM	Building RM	Right-of-use assets RM	Total RM
2022				
Cost				
At 1.1.2022	9,229,231	11,257,219	912,872	21,399,322
Exchange differences	-	(220,924)	(34,273)	(255,197)
At 31.12.2022	9,229,231	11,036,295	878,599	21,144,125
Accumulated depreciation				
At 1.1.2022	-	4,375,715	345,305	4,721,020
Charge for the year	-	518,370	36,515	554,885
Exchange differences	-	(97,053)	-	(97,053)
At 31.12.2022	-	4,797,032	381,820	5,178,852
Net carrying amount				
At 31.12.2022	9,229,231	6,239,263	496,779	15,965,273

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

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

(a) Group - Land and buildings (cont'd.)

	Freehold land RM	Building RM	Right-of-use assets RM	Total RM
2021				
Cost				
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
Accumulated depreciation				
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
Net carrying amount				
At 31.12.2021	9,229,231	6,881,504	567,567	16,678,302

(b) Motor vehicles

Included in the property, plant and equipment of the Group and the Company are assets held under hire purchase agreements with net book values as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Motor vehicles	2,892,742	2,977,293	72,090	169,907

(c) Impairment loss

The losses reported by the two subsidiaries within the Group indicated the carrying amounts of the property, plant and equipment within these subsidiaries may be impaired.

The recoverable amounts were assessed based on the fair value less cost to dispose of these assets derived from recent market transactions specific to the assets.

The carrying amounts and estimated recoverable amounts of these assets are RM6,206,869 (2021: RM8,394,432) and RM5,976,121 (2021: RM11,360,059) respectively.

Accordingly, the Group recognised an impairment losses of RM230,748 (2021: RM nil) on these assets because the estimated recoverable amounts were lower than their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

14. INVESTMENT PROPERTIES

The investment properties include properties that are owned by the Group and the Company and that are held as right-of-use assets.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cost				
At 1 January/ 31 December	43,803,446	43,803,446	46,128,361	46,128,361
Accumulated depreciation				
At 1 January	7,177,625	6,462,954	5,508,642	4,793,971
Charge for the year	714,671	714,671	714,671	714,671
At 31 December	7,892,296	7,177,625	6,223,313	5,508,642
Net book value	35,911,150	36,625,821	39,905,048	40,619,719

Certain investment and properties of the Group and the Company with carrying amount of RM35,879,922 (2021: RM36,594,593) and RM39,566,875 (2021: RM40,281,546) 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 RM52,000,000 (2021: RM52,200,000) using income and comparison approach except for shop lot and agricultural land.

The valuation method for office and warehouse is income and comparison approach which entails the capitalisation of the net rent from a property.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
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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) 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:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Right-of-use assets:				
Properties	188,328	57,171	36,848	–
Lease obligations (secured):				
Non-current	102,253	33,572	10,528	–
Current	97,779	73,792	27,357	–
	200,032	107,364	37,885	–

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:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At 1 January	57,171	60,236	–	–
Addition	222,576	103,519	63,168	–
Disposal	–	(27,891)	–	–
Depreciation	(91,420)	(78,693)	(26,320)	–
At 31 December	188,327	57,171	36,848	–

NOTES TO THE FINANCIAL STATEMENTS
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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		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	107,364	102,813	–	–
Addition	222,576	102,118	63,168	–
Disposal	–	(28,571)	–	–
Lease payment	(141,336)	(77,200)	(29,600)	–
Finance cost	11,428	8,204	4,317	–
At 31 December	200,032	107,364	37,885	–

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

	Group		Company	
	2022	2021	2022	2021
Profit rate	5%	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	
	2022 RM	2021 RM
Cost		
At 1 January	63,283,926	64,210,930
Write off	(4)	(927,004)
At 31 December	63,283,922	63,283,926
Accumulated impairment		
At 1 January	30,911,587	31,484,591
Impairment	11,738,949	354,000
Write off	–	(927,004)
At 31 December	42,650,536	30,911,587
Carrying amount	20,633,386	32,372,339

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 two subsidiaries within the Group indicated the carrying amounts of the investment in these 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 in these subsidiaries, and discounting them at the appropriate rates. The significant judgement and estimates are involved in the assessment of these recoverable amount.

(i) Saudi Asma

During the year, an impairment loss of RM6,379,736 (2021: RM nil) on Saudi Asma was recognised as the carrying amount of RM12,436,090 (2021: RM12,436,090) exceeds its recoverable amount of RM6,056,355 (2021: RM12,538,599) due to the losses reported by the subsidiary.

(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 further impairment loss of RM1,173,437 (2021: RM863,380).

(b) Discount rate

The discount rate of 14.0% (2021: 12.0%) is based on the risk specific to the CGU.

An increase of 1% in the discount rate used would have resulted in further impairment loss of RM252,975 (2021: RM3,478,453).

(c) Terminal growth rate

Cash flow beyond the five-year period are extrapolated using growth rate of 2.0% (2021: 3.0%) 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 1% in the growth rate used would have resulted in further impairment loss of RM2,903,645 (2021: RM5,136,783).

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Impairment of investment in subsidiaries (Cont'd.)

(ii) ASMA

During the year, an impairment loss of RM5,359,213 (2021: RM nil) on ASMA was recognised as the carrying amount of RM19,877,000 (2021: RM19,877,000) exceeds its recoverable amount of RM14,517,787 (2021: RM22,989,845) due to the losses reported by the subsidiary.

(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 estimation would resulted in further impairment loss by RM1,464,650 (2021: RM329,912).

(b) Discount rate

The discount rate of 14.0% (2021: 12.4%) is based on the risk specific to the CGU.

An increase of 1.5% in the discount rate used would resulted in further impairment loss of RM1,546,996 (2021: RM587,267).

(c) Terminal growth rate

Cash flow beyond the five-year period are extrapolated using growth rate of 2.5% (2021: 2.4%) which is based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

A decrease of 1.5% in the growth rate used would have resulted in further impairment loss of RM1,716,186 (2021: RM nil).

Striking off of dormant subsidiary

During the year, the Company has struck off one of its subsidiary namely Progressive Uni San International Sdn Bhd as the company is no longer active in operation.

NOTES TO THE FINANCIAL STATEMENTS
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16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

The details of the subsidiaries are as follows :

Name of subsidiaries	Ownership interest and voting interest		Principal activities
	2022 %	2021 %	
(i) Incorporated in Malaysia :			
Held by the Company :			
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
ASMA International Sdn. Bhd.*	100	100	Investment holding company
Vertical Plus Sdn. Bhd.*	100	100	Dormant
Held through subsidiaries :			
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	Dormant
(ii) Incorporated outside Malaysia :			
Incorporated in Indonesia :			
PT ALS Indonesia ("PT ALS")*	80	80	Laboratory analysis and reports and consulting services

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31 DECEMBER 2022
(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
	2022 %	2021 %	
(ii) Incorporated outside Malaysia (cont'd.) :			
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
2022				
NCI percentage of ownership and voting interest	40%	53%	10%	
Carrying amount of NCI	(2,764,380)	34,593,187	(333,505)	31,495,302
(Loss)/profit allocated to NCI	(179,903)	6,591,613	(24,522)	6,387,188
2021				
NCI percentage of ownership and voting interest	40%	53%	10%	
Carrying amount of NCI	(2,458,563)	33,978,334	(308,983)	31,210,788
(Loss)/profit allocated to NCI	(303,624)	6,215,063	(25,394)	5,886,045

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

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Non - Controlling interests ("NCI") (cont'd.)

Summarised statement of comprehensive (loss)/income:

	AAS RM	ALS Group RM	ASET RM	Total RM
31 December 2022				
Revenue	–	57,889,736	20,328	57,910,064
(Loss)/profit for the year	(449,529)	15,458,228	(245,221)	14,763,478
Total comprehensive (loss)/income	(449,529)	14,826,247	(245,221)	14,131,497
31 December 2021				
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

Summarised statement of financial position:

	AAS RM	ALS Group RM	ASET RM	Total RM
31 December 2022				
Non-current assets	–	36,885,174	2,896	36,888,070
Current assets	98	56,536,971	1,178,252	57,715,321
Non-current liabilities	–	(3,779,543)	–	(3,779,543)
Current liabilities	(6,353,219)	(14,526,181)	(1,262,298)	(22,141,698)
Net (liabilities)/assets	(6,353,121)	75,116,421	(81,150)	68,682,150
31 December 2021				
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

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Non - Controlling interests ("NCI") (cont'd.)

Summarised statement of cash flows:

	AAS RM	ALS Group RM	ASET RM	Total RM
31 December 2022				
Cash flows from operating activities	1,846,594	17,200,841	(10,694)	19,036,741
Cash flows from investing activities	–	(6,285,140)	–	(6,285,140)
Cash flows from financing activities	(2,343,857)	(12,765,247)	–	(15,109,104)
Net (decrease)/increase in cash and cash equivalents	(497,263)	(1,849,546)	(10,694)	(2,357,503)
Dividend paid to NCI	–	(5,629,779)	–	(5,629,779)
31 December 2021				
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)

17. GOODWILL ON CONSOLIDATION

	2022 RM	Group 2021 RM
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

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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:

	2022	Group
	RM	2021
		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.

Key assumptions used in value in use calculations

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.

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 1.5% in the revenue estimation would have resulted in impairment loss of RM365,096 (2021: RM807,937).

(ii) Discount rate

The discount rate used is 16.0% (2021: 14.0%) based on the risk specific to the CGU.

An increase of 1% in the discount rate used would have resulted in impairment loss of RM1,214,006 (2021: RM393,070).

(iii) Terminal growth rate

Cash flow beyond the five-year period is extrapolated using a growth rate of 3% (2021: 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 1.5% in the growth rate used would have resulted in impairment loss of RM166,663 (2021: RM802,810).

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18. INVENTORIES

	2022	Group	2021
	RM		RM
Consumables, at cost	56,737		77,065

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM20,328 (2021: RM77,065).

19. TRADE AND OTHER RECEIVABLES

	2022	Group	2022	Company	2021
	RM	RM	RM		RM
Trade receivables (Note (a)):					
Current					
Third parties	35,557,882	39,800,256	10,612		79,090
Immediate holding company	17,786	9,896	17,786		9,896
Subsidiaries	–	–	36,170		324,478
Related parties	2,298,952	1,635,487	11,909		104,825
Dividend receivable	–	–	3,540,000		3,540,000
	37,874,620	41,445,639	3,616,477		4,058,289
Less: Allowance for impairment	(993,034)	(609,818)	–		–
	36,881,586	40,835,821	3,616,477		4,058,289
Other receivables (Note (b)):					
Non current					
Amount due from a subsidiary	–	–	24,099,445		16,045,655
Current					
Amounts due from related companies (Note (c)):					
- Immediate holding company	614,567	439,400	614,567		436,567
- Subsidiaries	–	–	9,053,865		14,711,979
- Related parties	247,874	548,515	141,068		241,009
Deposits	795,414	649,876	185,580		187,960
Prepayments	3,408,713	3,859,746	117,504		32,292
Sundry receivables	926,895	854,312	19,739		9,437
Other receivables (carried forward)	5,993,463	6,351,849	10,132,323		15,619,244

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables (Note (b)) (cont'd.):				
Current (cont'd.)				
Other receivables (brought forward)	5,993,463	6,351,849	10,132,323	15,619,244
Less: Allowance for impairment				
- related companies	-	(91,815)	(4,017,032)	(3,833,054)
- sundry receivables	(9,938)	(9,938)	(9,938)	(9,938)
	(9,938)	(101,753)	(4,026,970)	(3,842,992)
	5,983,525	6,250,096	6,105,353	11,776,252
Total current	42,865,111	47,085,917	9,721,830	15,834,541
Total non current	-	-	24,099,445	16,045,655
Total trade and other receivables	42,865,111	47,085,917	33,821,275	31,880,196
Add: Cash and bank balances (Note 22)	31,248,329	30,571,634	8,146,767	7,809,408
Less: Prepayments	(3,408,713)	(3,859,746)	(117,504)	(32,292)
Dividend receivable	-	-	(3,540,000)	(3,540,000)
Total financial assets carried at amortised cost	70,704,727	73,797,805	38,310,538	36,117,312

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.

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

Ageing analysis of trade receivables (third parties)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Neither past due nor impaired	13,181,120	17,675,950	10,612	13,735
1 to 30 days past due not impaired	5,118,131	1,870,710	–	58,755
31 to 60 days past due not impaired	4,787,987	1,547,373	–	3,300
61 to 90 days past due not impaired	1,660,009	1,108,974	–	3,300
91 to 120 days past due not impaired	2,613,862	4,157,447	–	–
More than 121 days past due not impaired	7,203,739	12,829,984	–	–
	21,383,728	21,514,488	–	65,355
Impaired	993,034	609,818	–	–
	35,557,882	39,800,256	10,612	79,090

(a) Trade receivables

Movement in allowance accounts

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	609,818	1,150,799	–	–
Charge/(reversal of impairment)	383,216	(429,178)	–	–
Write off	–	(111,803)	–	–
At 31 December	993,034	609,818	–	–

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

(b) Other receivables

Movement in allowance accounts

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	101,753	1,322	3,842,992	2,798,214
(Reversal of impairment)/ charge	(50,217)	100,431	214,103	1,297,178
Write off	(41,598)	–	(30,125)	(252,400)
At 31 December	9,938	101,753	4,026,970	3,842,992

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 4.91% (2021: 4.82%) 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

	Group	
	2022 RM	2021 RM
Construction contract costs incurred and recognised profits to date	48,139,662	55,554,958
Less: Progress billings	(47,154,448)	(49,775,986)
	985,214	5,778,972
<i>Presented as:</i> Amounts due from customers for contract work (Note 4)	985,214	5,778,972

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21. OTHER CURRENT FINANCIAL ASSETS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Held for trading investments				
Quoted investment in units and money market fund, at fair value through profit or loss	18,715,120	14,491,103	12,670	12,387

22. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash on hand and at banks	20,105,831	20,677,411	269,437	65,185
Deposits with licensed banks	11,142,498	9,894,223	7,877,330	7,744,223
	31,248,329	30,571,634	8,146,767	7,809,408

Deposits with licensed bank of the Group amounting to RM11,142,498 (2021: RM9,894,223) and the Company amounting to RM7,877,330 (2021: RM7,744,223) 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	
	2022 %	2021 %	2022 %	2021 %
Licensed banks	1.78	1.73	1.73	1.65

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

	Group		Company	
	2022 Days	2021 Days	2022 Days	2021 Days
Licensed banks	30-365	30-365	30	30

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23. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables				
Third parties (Note (a))	6,807,791	5,362,998	188,347	219,794
Other payables				
Amounts due to related companies (Note (b)):				
- Immediate holding company	4,711	16,213	4,711	16,214
- Related parties	3,923,311	2,317,536	3,541	1,282
Amount due to subsidiary (Note (c))	-	-	11,022,214	11,011,910
Accruals	8,824,968	8,349,280	651,946	310,047
Dividend payable	2,460,000	2,473,405	-	-
Sundry payables	2,855,967	2,513,479	916,021	1,148,148
Gratuity payable	1,665,159	1,507,940	1,665,159	1,507,940
	19,734,116	17,177,853	14,263,592	13,995,541
Total trade and other payables	26,541,907	22,540,851	14,451,939	14,215,335
Add: Borrowings (Note 24)	58,410,956	56,914,936	28,477,558	29,214,922
Lease obligations (Note 15)	200,032	107,364	37,885	-
Less: Dividend payable	(2,460,000)	(2,473,405)	-	-
Total financial liabilities carried at amortised cost	82,692,895	77,089,746	42,967,382	43,430,257

(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 (2021: 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 3.71% (2021: 3.22%) per annum.

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24. BORROWINGS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current				
Secured:				
Hire purchase (a)	798,348	1,704,106	67,461	90,009
Overdraft	18,408,930	18,057,452	17,410,097	18,057,452
Revolving credit (b)	22,193,295	22,030,083	11,000,000	11,000,000
Term loan	12,611,778	10,172,622	–	–
	54,012,351	51,964,263	28,477,558	29,147,461
Unsecured:				
Revolving credit (b)	3,480,000	1,569,477	–	–
Trust receipt	625,801	2,354,534	–	–
	4,105,801	3,924,011	–	–
	58,118,152	55,888,274	28,477,558	29,147,461
Non-Current				
Secured:				
Hire purchase (a)	292,804	1,026,662	–	67,461
Total borrowings	58,410,956	56,914,936	28,477,558	29,214,922

(a) Hire purchase

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Minimum lease payments				
Not later than 1 year	798,348	1,704,106	75,077	100,224
Later than 1 year and not later than 2 years	93,058	734,605	–	67,461
Later than 2 years and not later than 5 years	218,668	323,884	–	–
	1,110,074	2,762,595	75,077	167,685
Less: Future finance charges	(18,922)	(31,827)	(7,616)	(10,215)
Present value of finance lease liabilities	1,091,152	2,730,768	67,461	157,470

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24. BORROWINGS (CONT'D.)

(a) Hire purchase (cont'd.)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Present value of finance lease liabilities:				
Not later than 1 year	798,348	1,704,106	67,461	90,009
Later than 1 year and not later than 2 years	92,798	733,598	–	67,461
Later than 2 years and not later than 5 years	200,006	293,064	–	–
	1,091,152	2,730,768	67,461	157,470
Analysed as:				
Due within 12 months	798,348	1,704,106	67,461	90,009
Due after 12 months	292,804	1,026,662	–	67,461
	1,091,152	2,730,768	67,461	157,470

(b) Revolving credit

During the current financial year, one of the subsidiaries within the group has breached a financial covenant of its bank loan. The subsidiary did not fulfill the requirement to maintain the required financial ratio for one of its credit facilities.

The bank is contractually entitled to request for immediate repayment of the outstanding loan amounting RM11,000,000 in the event of breach of covenant. However, as at the date when this financial statement was authorised for issue, the bank has not requested for immediate repayment of the said outstanding loan amount.

Management is in discussion with the bank to address this loan covenant matter moving forward.

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

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Hire purchase	6.02	5.94	2.27	2.27
Overdraft	6.11	6.45	6.11	6.45
Revolving credit	4.21	3.53	4.42	3.20
Term loan	9.00	5.00	–	–
Trust receipt	6.69	6.68	–	–

NOTES TO THE FINANCIAL STATEMENTS
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24. BORROWINGS (CONT'D.)

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

Group	Hire purchase RM	Overdraft RM	Revolving credit RM	Term loan RM	Trust receipt RM	Total Borrowings RM
At 1 January 2021	3,570,174	16,264,628	18,600,014	6,205,860	3,759,043	48,399,719
Net (repayment)/drawdown	(839,406)	—	4,933,714	1,492,023	(1,362,136)	4,224,195
Change in bank overdraft	—	1,792,824	—	—	—	1,792,824
Profit charged	622,237	1,044,165	578,344	1,563,887	144,950	3,953,583
Profit charged paid	(622,237)	(1,044,165)	(512,512)	910,852	(187,323)	(1,455,385)
At 31 December 2021/ 1 January 2022	2,730,768	18,057,452	23,599,560	10,172,622	2,354,534	56,914,936
Net (repayment)/drawdown	(1,639,616)	—	1,960,000	1,983,698	(1,733,219)	570,863
Change in bank overdraft	—	351,478	—	—	—	351,478
Profit charged	418,761	1,107,339	1,037,286	1,285,970	69,877	3,919,233
Profit charged paid	(418,761)	(1,107,339)	(923,551)	(830,512)	(65,391)	(3,345,554)
At 31 December 2022	1,091,152	18,408,930	25,673,295	12,611,778	625,801	58,410,956

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 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 2021/1 January 2022	157,470	18,057,452	11,000,000	29,214,922	11,000,000	40,214,922
Net (repayment)/drawdown	(90,009)	-	-	(90,009)	-	(90,009)
Change in bank overdraft	-	(647,355)	-	(647,355)	-	(647,355)
Profit charged	10,215	1,063,610	420,853	1,494,678	399,718	1,894,396
Profit charged paid	(10,215)	(1,063,610)	(420,853)	(1,494,678)	(399,718)	(1,894,396)
At 31 December 2022	67,461	17,410,097	11,000,000	28,477,558	11,000,000	39,477,558

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25. RETIREMENT BENEFIT OBLIGATION

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

	2022	Group
	RM	2021
		RM
Present value of obligation/Net liability	1,744,547	1,833,968
Movement in net liability was as follows:		
At 1 January	1,833,968	1,860,466
Provision during the year (Note 7)	419,615	164,559
Payment made during the year	(518,571)	(252,931)
Actuarial gain on retirement benefit	9,535	61,874
As at 31 December	1,744,547	1,833,968
The amount recognised in the statements of comprehensive income:		
Current service cost	419,615	164,559
Analysed as:		
Non-current	1,744,547	1,833,968

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

	2022	Group
	RM	2021
		RM
Between 2 and 5 years	1,106,164	988,638
Between 5 and 10 years	599,547	716,921
Total expected payments	1,705,711	1,705,559

The carrying amount of retirement benefit obligation at year end for PT ALS and Saudi Asma amounting to RM907,578 (2021: RM916,024) and RM578,913 (2021: RM793,415) respectively.

Actuarial assumptions

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

	PT ALS		Saudi Asma	
	2022	2021	2022	2021
Discount rate	7%	8%	2%	2%
Future salary growth	6%	6%	2%	3%

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

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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	
	2022 RM	2021 RM	2022 RM	2021 RM
Discount rate:				
1% increase	59,498	34,814	669,566	759,372
1% decrease	(51,075)	(40,368)	(741,472)	(819,655)
Future salary growth:				
1% increase	35,449	(20,849)	(742,075)	(819,261)
1% decrease	(20,849)	35,449	668,354	759,181

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	
	2022	2021	2022 RM	2021 RM
Issued and fully paid:				
At 1 January/ 31 December	658,170,290	658,170,290	65,970,290	65,970,290
Treasury shares				
	Number of treasury shares		Amount	
	2022	2021	2022 RM	2021 RM
At 1 January	2,628,900	2,368,900	363,789	329,543
Increase during the year	–	260,000	–	34,246
At 31 December	2,628,900	2,628,900	363,789	363,789

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

As at 31 December 2022, the Company held as treasury shares a total of 2,628,900 (2021: 2,628,900) issued ordinary shares at a carrying amount of RM363,789 (2021: RM363,789). The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

In 2021, the Company acquired 260,000 of its own shares. The total amount paid to acquire the shares was RM34,246 and this was presented as a component within shareholders' equity.

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

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

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

27. OTHER RESERVES

	2022	Group	2021
	RM		RM
At 1 January	(763,653)		(649,962)
Increase during the year	(1,355,785)		(113,691)
At 31 December	(2,119,438)		(763,653)
Foreign exchange reserve	(2,298,052)		(942,267)
Statutory reserve	178,614		178,614
	(2,119,438)		(763,653)
Foreign exchange reserve			
At 1 January	(942,267)		(828,576)
Increase during the year	(1,355,785)		(113,691)
At 31 December	(2,298,052)		(942,267)
Statutory reserve			
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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29. DEFERRED TAXATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	1,668,824	2,521,234	-	-
Recognised in profit or loss (Note 11)	(2,394,277)	(852,410)	-	-
At 31 December	(725,453)	1,668,824	-	-
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	3,786,650	4,044,954	-	-
Deferred tax assets	(4,512,103)	(2,376,130)	-	-
	(725,453)	1,668,824	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax assets:				
Provisions				
At 1 January	(1,588,718)	(1,126,345)	(409,914)	(433,134)
Recognised in profit or loss	(220,124)	(462,373)	(58,581)	23,220
At 31 December	(1,808,842)	(1,588,718)	(468,495)	(409,914)
Unutilised tax losses				
At 1 January	(1,704,484)	(835,761)	-	-
Recognised in profit or loss	(1,864,599)	(868,723)	-	-
At 31 December	(3,569,083)	(1,704,484)	-	-
Total deferred tax assets	(5,377,925)	(3,293,202)	(468,495)	(409,914)
Deferred tax liabilities:				
Property, plant and equipment				
At 1 January	3,392,033	2,875,944	409,914	433,134
Recognised in profit or loss	(216,243)	516,089	58,581	(23,220)
At 31 December	3,175,790	3,392,033	468,495	409,914

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

29. DEFERRED TAXATION (CONT'D)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax liabilities (cont'd.):				
Provision for withholding tax				
At 1 January	1,569,993	1,607,396	–	–
Recognised in profit or loss	(93,311)	(37,403)	–	–
At 31 December	1,476,682	1,569,993	–	–
Total deferred tax liabilities	4,652,472	4,962,026	468,495	409,914
Deferred taxation, net	(725,453)	1,668,824	–	–

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised tax losses	20,263,315	20,350,951	1,639,363	1,387,231
Other deductible temporary differences	1,910,939	1,871,165	–	–
	22,174,254	22,222,116	1,639,363	1,387,231

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:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Year of assessment 2029	5,595,399	5,695,699	–	–
Year of assessment 2030	873,577	873,577	873,577	873,577
Year of assessment 2031	571,717	571,717	513,654	513,654
Year of assessment 2032	596,316	–	252,132	–
	7,637,009	7,140,993	1,639,363	1,387,231

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.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

30. DIVIDENDS

	Amount		Net dividends per share	
	2022 RM	2021 RM	2022 RM	2021 RM
In respect of the financial year ended 31.12.2020				
Final dividend on 655,371,100 ordinary shares declared on 26 April 2021 and paid on 15 July 2021	–	1,966,113		0.30
In respect of the financial year ended 31.12.2021				
Final dividend on 655,371,100 ordinary shares declared on 26 April 2022 and paid on 14 July 2022	1,966,113	–	0.30	
	<u>1,966,113</u>	<u>1,966,113</u>		

The Board of Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2022.

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	2,473,405	2,760,150	–	–
Dividend declared	7,595,892	7,258,750	1,966,113	1,966,113
Dividend paid	(7,609,297)	(7,545,495)	(1,966,113)	(1,966,113)
At 31 December	<u>2,460,000</u>	<u>2,473,405</u>	–	–

31. COMMITMENTS

	Group	
	2022 RM	2021 RM
Capital commitments		
Property, plant and equipment - Approved but contracted for	<u>410,192</u>	<u>523,102</u>

NOTES TO THE FINANCIAL STATEMENTS
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32. CONTINGENT LIABILITIES

	Company	
	2022 RM	2021 RM
Unsecured		
Corporate guarantees given for banking facilities	32,608,438	31,928,912

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:

	2022 RM	2021 RM
Group		
Rental income from Zaiyadal Sdn. Bhd. ("ZSB"), immediate holding company	(65,009)	(60,673)
Rental income from subsidiaries of ZSB, immediate holding company		
- Foxboro (Malaysia) Sdn. Bhd.	(231,361)	(174,825)
- Progressive Impact Technology Sdn. Bhd.	(623,513)	(624,018)
- IAM- Wonderware Sdn. Bhd.	(177,861)	(158,001)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(21,090)
- Progressive Impact Corrosion Sdn. Bhd.	(3,931)	-
- Intelligent Aqua Sdn. Bhd.	(44,520)	-
Provision of corporate service to ZSB, immediate holding company	(638,633)	(439,023)
Provision of corporate service to subsidiary of ZSB, immediate holding company		
- Progressive Impact Technology Sdn. Bhd.	(1,582,761)	(1,132,304)
Provision of environment consulting services to		
- Progressive Impact Technology Sdn. Bhd.	(61,916)	(260,671)
Provision of environmental services to		
- Progressive Impact Technology (B) Sdn. Bhd.	-	(122,050)
Information technology support to ZSB, immediate holding company	(28,000)	(27,300)
Information technology support to subsidiary of ZSB, corporate shareholder		
- Foxboro (Malaysia) Sdn. Bhd.	(155,200)	(113,280)
- Progressive Impact Technology Sdn. Bhd.	(121,800)	(111,000)
- Progressive Impact Corrosion Sdn. Bhd.	(28,175)	(22,800)
- Progressive Software Solutions Sdn. Bhd.	(13,300)	-
- Intelligent Aqua Sdn. Bhd.	(13,125)	-
Provision for consultancy and management services from ZSB	8,016	18,623
Provision for consultancy and management services from LI Commerce Sdn. Bhd.	576,852	579,725

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

Company	2022 RM	2021 RM
Rental income from Zaiyadal Sdn. Bhd. ("ZSB"), immediate holding company	(65,009)	(60,673)
Rental income from subsidiaries of ZSB, immediate holding company		
- Foxboro (Malaysia) Sdn. Bhd.	(231,361)	(174,825)
- Progressive Impact Technology Sdn. Bhd.	(623,513)	(624,018)
- IAM- Wonderware Sdn. Bhd.	(177,861)	(158,001)
- Untung Aquaculture Sdn. Bhd.	(22,800)	(21,090)
- Progressive Impact Corrosion Sdn. Bhd.	(3,931)	-
- Intelligent Aqua Sdn. Bhd.	(44,520)	-
Provision of corporate service to ZSB, immediate holding company	(638,633)	(439,023)
Provision of corporate service to subsidiary of ZSB, immediate holding company		
- Progressive Impact Technology Sdn. Bhd.	(1,582,761)	(1,132,304)
Provision of corporate service to subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(548,545)	(565,404)
- ALS Technichem (M) Sdn. Bhd.	(115,540)	(109,088)
- Saudi ASMA Environmental Solution LLC	(65,184)	(58,514)
- ASMA Advanced Solution LLC	(7,051)	(8,821)
Provision of management fee to subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(298,610)	(291,991)
- ALS Technichem (M) Sdn. Bhd.	(505,340)	(494,138)
- Saudi ASMA Environmental Solution LLC	(183,760)	(179,687)
- ASMA Advanced Solution LLC	-	(22,461)
Provision for consultancy and management services from ZSB, immediate holding company	8,016	18,623
Provision for consultancy and management services from LI Commerce Sdn. Bhd.	576,852	579,725
Rental income from subsidiaries		
- Alam Sekitar Malaysia Sdn. Bhd.	(355,436)	(312,729)

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries, bonus and other emoluments	3,970,177	4,147,551	2,252,446	1,842,473
Social security costs	4,246	3,363	2,262	1,516
Pension costs:				
- defined contribution plan	416,502	433,386	265,253	208,284
Retirement benefit:				
- defined contribution plan	157,219	157,219	157,219	157,219
	<u>4,548,144</u>	<u>4,741,519</u>	<u>2,677,180</u>	<u>2,209,492</u>

Included in the total key management personnel are:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive directors' remuneration	2,048,871	1,970,999	2,032,671	1,948,049

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 2022. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

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.

	Increase/ (decrease) in basis points	Group Effect on profit net of loss (Decrease)/ increase RM	Increase/ (decrease) in basis points	Company Effect on profit net of tax (Decrease)/ increase RM
As at 31 December 2022				
Ringgit Malaysia	+ 25	(6,583)	+ 25	(3,667)
Ringgit Malaysia	- 25	6,583	- 25	3,667
<hr/>				
Saudi Riyal	+ 25	(1,096)	-	-
Saudi Riyal	- 25	1,096	-	-
<hr/>				
As at 31 December 2021				
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/>				

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

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:

	On demand or within one year RM	One to five years RM	Total RM
As at 31 December 2022			
Group			
Financial liabilities:			
Trade and other payables	26,541,907	–	26,541,907
Borrowings	62,037,385	311,726	62,349,111
Lease obligations	97,779	109,227	207,006
Total undiscounted financial liabilities	88,677,071	420,953	89,098,024
Company			
Financial liabilities:			
Trade and other payables*	14,451,939	–	14,451,939
Borrowings	29,944,238	–	29,944,238
Lease obligations	27,357	14,083	41,440
Total undiscounted financial liabilities	44,423,534	14,083	44,437,617
As at 31 December 2021			
Group			
Financial liabilities:			
Trade and other payables	22,540,851	–	22,540,851
Borrowings	59,841,857	1,405,785	61,247,642
Lease obligations	86,950	36,000	122,950
Total undiscounted financial liabilities	82,469,658	1,441,785	83,911,443
As at 31 December 2021			
Company			
Financial liabilities:			
Trade and other payables*	14,215,335	–	14,215,335
Borrowings	30,396,569	85,292	30,481,861
Total undiscounted financial liabilities	44,611,904	85,292	44,697,196

*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 RM25,534,793 (2021: RM21,059,473) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

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:

Functional currency of Group entities	Ringgit Malaysia RM	Indonesian Rupiah RM	Total RM
As at 31.12.2022:			
United States Dollar	7,139,340	283,745	7,423,085
Australian Dollar	(54,047)	(987)	(55,034)
European Euro	(419,834)	(295,459)	(715,293)
Saudi Riyal	24,099,445	–	24,099,445
	30,764,904	(12,701)	30,752,203
As at 31.12.2021:			
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
	31,990,543	(4,144,439)	27,846,104

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:

		Group Profit before tax	
		2022 RM	2021 RM
USD/RM	- strengthen 3%	(214,180)	(188,270)
	- weaken 3%	214,180	188,270
AUD/RM	- strengthen 3%	1,621	9,833
	- weaken 3%	(1,621)	(9,833)
EURO/RM	- strengthen 3%	12,595	13,725
	- weaken 3%	(12,595)	(13,725)
SAR/RM	- strengthen 3%	(722,983)	(795,005)
	- weaken 3%	722,983	795,005

NOTES TO THE FINANCIAL STATEMENTS
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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
31 December 2022				
Group				
Financial assets:				
Other current financial assets	18,715,120	–	–	18,715,120
Company				
Financial assets:				
Other current financial assets	12,670	–	–	12,670

NOTES TO THE FINANCIAL STATEMENTS
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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
31 December 2021				
Group				
Financial assets:				
Other current financial assets	14,491,103	–	–	14,491,103
Company				
Financial assets:				
Other current financial assets	12,387	–	–	12,387

Fair value of financial instruments not carried at fair value

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
31 December 2022					
Group					
Financial liabilities:					
Borrowings					
- Fixed rate	–	1,500,240	–	1,500,240	1,716,953
- Floating rate	–	56,694,003	–	56,694,003	56,694,003
	–	58,194,243	–	58,194,243	58,410,956
Company					
Financial liabilities:					
Borrowings					
- Fixed rate	–	50,949	–	50,949	67,461
- Floating rate	–	28,410,097	–	28,410,097	28,410,097
	–	28,461,046	–	28,461,046	28,477,558

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

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
31 December 2021					
Group					
Financial liabilities:					
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
Company					
Financial liabilities:					
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

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.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

35. SEGMENTAL INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

	Environmental monitoring, consultancy and services RM	Laboratory testing services RM	Others RM	Elimination RM	Consolidated RM
2022					
Revenue					
External sales	30,374,793	57,043,768	2,866,167	–	90,284,728
Inter-segment sales	20,328	845,968	7,545,164	(8,411,460)	–
Total revenue	30,395,121	57,889,736	10,411,331	(8,411,460)	90,284,728
Results					
(Loss)/profit from operations	(16,167,991)	23,066,930	(6,029,053)	2,548,733	3,418,619
Finance costs	(4,111,653)	(2,277)	(1,870,715)	2,053,984	(3,930,661)
Taxation	2,135,882	(4,952,839)	(20,937)	–	(2,837,894)
Profit after taxation					(3,349,936)
Assets					
Segment operating assets	48,475,284	93,422,147	115,328,107	(85,996,804)	171,228,734
Deferred tax assets	4,512,103	–	–	–	4,512,103
Total assets	52,987,387	93,422,147	115,328,107	(85,996,804)	175,740,837
Liabilities					
Segment operating liabilities	80,069,324	15,495,823	45,028,902	(52,364,652)	88,229,397
Deferred tax liabilities	–	2,809,903	–	976,747	3,786,650
Total liabilities	80,069,324	18,305,726	45,028,902	(51,387,905)	92,016,047
Other Information					
Capital expenditure	433,056	2,589,781	251,832	–	3,274,669
Depreciation and amortisation	3,450,302	4,224,670	1,113,862	(303,699)	8,485,135

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

35. SEGMENTAL INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

	Environmental monitoring, consultancy and services RM	Laboratory testing services RM	Others RM	Elimination RM	Consolidated RM
2021					
Revenue					
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)	–
Total revenue	32,539,341	57,852,663	10,295,892	(8,665,820)	92,022,076
Results					
(Loss)/profits 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)
Profit after taxation					(243,468)
Assets					
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
Total assets	63,402,748	90,875,468	113,915,424	(84,833,733)	183,359,907
Liabilities					
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
Total liabilities	76,421,542	27,065,152	43,430,258	(60,056,343)	86,860,609
Other Information					
Capital expenditure	4,456,919	4,056,321	96,690	–	8,609,930
Depreciation and amortisation	2,744,246	4,390,407	1,072,079	(267,390)	7,939,342

NOTES TO THE FINANCIAL STATEMENTS
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(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
2022			
Malaysia	61,169,640	126,376,261	1,814,170
Indonesia	14,419,401	29,265,091	1,446,530
Saudi Arabia	14,695,687	20,099,485	13,969
	<hr/> 90,284,728	<hr/> 175,740,837	<hr/> 3,274,669
2021			
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

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.

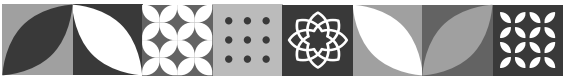
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
(CONT'D)

36. CAPITAL MANAGEMENT (CONT'D.)

The debt to equity ratio as at 31 December 2022 and 2021 are as follows:

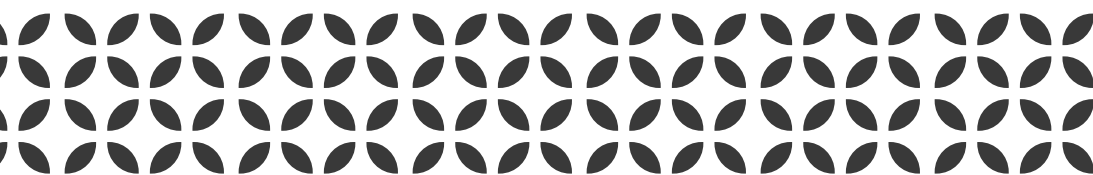
	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Borrowings (Note 24)	58,410,956	56,914,936	28,477,558	29,214,922
Trade and other payables (Note 23)	26,541,907	22,540,851	28,477,558	14,215,335
Less: Cash and bank balances (Note 22)	(31,248,329)	(30,571,634)	(8,146,767)	(7,809,408)
Net debt	53,704,534	48,884,153	48,808,349	35,620,849
Total share capital	65,970,290	65,970,290	65,970,290	65,970,290
Capital and net debt	119,674,824	114,854,443	114,778,639	101,591,139
Gearing ratio	0.45	0.43	0.43	0.35

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one Group or Company to another.



Supplementary Information

07



STATISTICS OF SHAREHOLDINGS

AS AT 22 MARCH 2023



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	: 3,480
Number of Treasury Shares	: 2,628,900 Ordinary shares

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of shareholders	%	Shareholdings	%*
Less than 100	176	5.057	824	0.000
100 to 1,000	774	22.241	433,970	0.066
1,001 to 10,000	950	27.299	5,905,706	0.901
10,001 to 100,000	1,212	34.828	48,958,067	7.470
100,001 to less than 5% of issued shares	365	10.489	199,963,911	30.512
5% and above of issued shares	3	0.086	400,108,622	61.051
Total	3,480	100.00	655,371,100	100.00

* 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 22 March 2023.

SUBSTANTIAL SHAREHOLDERS

Name	Shareholdings			
	Direct Interest	% [^]	Deemed Interest	% [^]
Zaiyadal Sdn Bhd	303,893,622	46.370	-	-
ZKSB Holdings Sdn Bhd	-	-	303,893,622@	46.370@
Zaid & Zaidah (L) Foundation	-	-	303,893,622~	46.370~
Zaid bin Abdullah	44,875,100	6.847	303,893,622*	46.370*
Zaidah binti Mohd Salleh	8,769,400	1.338	303,893,622*	46.370*

Note:-

@ Deemed interest by virtue of its interest in Zaiyadal Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

~ Deemed interest by virtue of its interest in ZKSB Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

* Deemed interest by virtue of his/her interest in Zaid & Zaidah (L) Foundation pursuant to Section 8 of the Companies Act 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 22 March 2023.

DIRECTORS' INTEREST IN SHARES

As per the Register of Directors' Shareholdings

Name	Direct interest	% [^]	Deemed & indirect interest	% [^]
Zaid bin Abdullah	44,875,100	6.847	304,370,422*	46.442*
Zaidah binti Mohd Salleh	8,769,400	1.338	304,370,422*	46.442*
Datuk Abdul Hamid bin Sawal	-	-	-	-
Dato' Hajjah Rosnani binti Ibarahim	-	-	-	-
Dato' Dr. Lukman bin Ibrahim	-	-	176,000	0.027
Kamarul Baharin bin Albakri	-	-	-	-
Lee Weng Chong	800,000	0.122	-	-
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 in Zaid & Zaidah (L) Foundation and indirect interests in respect of the shareholdings held by his/her children pursuant to the Companies Act 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 22 March 2023.

THIRTY LARGEST SHAREHOLDERS

No	Name	Holdings	%*
1	Zaiyadal Sdn Bhd	301,228,622	45.963
2	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Bank of Singapore Limited (Foreign)	54,004,900	8.240
3	Zaid bin Abdullah	44,875,100	6.847
4	Kal-Yadaain Sdn Bhd	28,813,078	4.396
5	Zaidah binti Mohd Salleh	7,063,400	1.078
6	HLB Nominees (Tempatan) Sdn Bhd	6,079,600	0.928
7	Citigroup Nominees (Asing) Sdn Bhd UBS AG	4,549,800	0.694
8	Nik Abdul Aziz bin Nik Sulaiman	4,323,235	0.660
9	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yue Guan Sheng (E-SS2/DJA)	4,000,000	0.610
10	Apex Securities Berhad IVT PDR 201	3,561,400	0.543
11	Lee Hong Peng	2,993,200	0.457
12	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Boon Chai	2,670,000	0.407
13	Zaiyadal Sdn Bhd	2,665,000	0.407
14	Khaw Tain Guan	2,563,700	0.391
15	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	2,332,600	0.356
16	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khoo Yik Chou (M01)	2,040,000	0.311

No	Name	Holdings	%*
17	Mercury Securities Sdn Bhd PDT (093-778) Lim Tong Wee	2,000,000	0.305
18	Khaw Yung Yung	1,932,700	0.295
19	Tee Jen Tong	1,850,000	0.282
20	Zaidah binti Mohd Salleh	1,696,000	0.259
21	Ahmad Rafa'i bin Abdullah	1,689,520	0.258
22	Yeu Swee Hing	1,651,100	0.252
23	Johar bin Yusof	1,523,000	0.232
24	Chong Kiew Moi	1,500,000	0.229
25	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Chew Chai Syuen	1,482,700	0.226
26	Wong Kim Choong	1,435,000	0.219
27	CGS-Cimb Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohammed Amin bin Mahmud (MM1004)	1,419,100	0.217
28	CGS-Cimb Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Bee Lan (Penang-CL)	1,417,500	0.216
29	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rossana Annizah binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,415,000	0.220
30	Loh Chee Kheong	1,266,100	0.193

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 22 March 2023.

NOTICE OF THE ANNUAL GENERAL MEETING



PROGRESSIVE IMPACT CORPORATION BERHAD
199001011782 (203352-V)
(Incorporated in Malaysia)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 31st 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 Tuesday, 30 May 2023 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 2022 together with the Directors’ and Auditors’ Reports thereon. (Please refer to Note 1 of the Explanatory Notes)
2. To approve the Non-Executive Directors’ fees of RM207,600 for the period commencing from the date immediately after the 31st Annual General Meeting up to the date of the next Annual General Meeting to be held in 2024. Ordinary Resolution 1
3. To approve the payment of the shortfall in Directors’ benefits of RM10,000 for the period commencing from the date immediately after the 30th Annual General Meeting up to the date of the 31st Annual General Meeting. Ordinary Resolution 2
4. To approve the Directors’ benefits of RM300,000 for the period commencing from the date immediately after the 31st Annual General Meeting up to the date of the next Annual General Meeting to be held in 2024. Ordinary Resolution 3
5. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration. Ordinary Resolution 4

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

6. **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 19 April 2023 (“the Related Parties”) provided that such transactions are:-

- (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,

Ordinary Resolution 5

("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."

7. ORDINARY RESOLUTION

Proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2 of the Circular to Shareholders dated 19 April 2023 ("the Related Parties") provided that such transactions are:

Ordinary
Resolution 6

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and
- (c) not detrimental to the minority shareholders of the Company,

("Proposed New Shareholders' Mandate").

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

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed New Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate."

8. ORDINARY RESOLUTION

Proposed renewal of shareholders' mandate to purchase its own ordinary shares of up to 10% of the total number of issued shares in the company

Ordinary
Resolution 7

“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, guide lines, 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:

(a) 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

(b) 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.”

9. ORDINARY RESOLUTION

Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights pursuant to Section 85 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 8

THAT pursuant to Section 85 of the Companies Act 2016, read together with Clause 12(3) of the Constitution of the Company, the shareholders of the Company do hereby waive the pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company arising from the exercise of the authority granted pursuant to Sections 75 and 76 of the Companies Act 2016”

10. ORDINARY RESOLUTION

Continuing in office as Independent Non-Executive Director

“THAT approval be and is hereby given for Dato’ Hajjah Rosnani Binti Ibarahim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting.”

Ordinary
Resolution 9

11. 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.

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
19 April 2023

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 31st 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 23rd May 2023**. 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 31st 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 **Sunday, 28 May 2023 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 and announcements from time to time for any changes to the administration of the 31st AGM.

Explanatory Notes on Ordinary Business

1. Agenda item no. 1 is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 do not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. There are no resolutions tabled for the re-election of Director.

Datuk Abdul Hamid bin Sawal and Mr Lee Weng Chong who will be retiring by rotation in accordance with Clause 76(3) of the Constitution of the Company at the 31st AGM, have expressed their intention not to seek for re-election. Therefore, they will retire from their office as Directors of the Company upon the conclusion of the 31st AGM.

3. Ordinary Resolution 1

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 2024 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.

4. Ordinary Resolution 2

This proposed Resolution seeks shareholders' approval for the Company to pay the shortfall in Directors' benefits for the period commencing from the date immediately after the 30th AGM up to the date of the 31st AGM due to additional meetings held during that period.

5. Ordinary Resolution 3

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.

6. Ordinary Resolution 4

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 2022.

Explanatory Notes on Special Business

1. Ordinary Resolutions 5 & 6

The proposed Resolutions, 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 19 April 2023.

2. Ordinary Resolution 7

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 19 April 2023 for further information.

3. Ordinary Resolution 8

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.

By voting in favour of this proposed Resolution, the shareholders of the Company will be waiving their statutory pre-emptive right under Section 85 of the Companies Act 2016 and will allow the Directors to issue shares to any person without having to offer the new shares to all existing shareholders of the Company prior to the issuance of the new shares.

Please refer to the Statement accompanying the Notice of AGM for further information.

4. Ordinary Resolution 9

Dato' Hajjah Rosnani Binti Ibarahim has provided her confirmation that she fulfils the independence criteria prescribed by the Main Market Listing requirements of Bursa Malaysia Securities Berhad. She has also confirmed that she does not have any existing or potential conflict of interest, business, family or other special within or outside of the Company that could affect the execution of her role as Director.

The Board has through the Nomination Committee, also conducted an assessment on her independence and is of view that she is independent in character and judgement, independent of management and free from any relationships or circumstances which were likely to affect or could appear to affect her judgement.

The Board (save for Dato' Hajjah Rosnani Binti Ibarahim who had abstained from deliberation on discussions relating to her own continuation in office as INED at the Nomination Committee and Board meetings) supports her continuation in office as an Independent Non-Executive Director.

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 31st Annual General Meeting ("31st AGM").

General mandate for issue of securities

This proposed Ordinary Resolution 8 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 31st AGM, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 23 June 2022 and the mandate will lapse at the conclusion of the 31st AGM.

PROGRESSIVE IMPACT CORPORATION BERHAD (“PICORP”)

ADMINISTRATIVE GUIDE FOR THE 31ST ANNUAL GENERAL MEETING (“AGM”)

Date	:	Tuesday, 30 May 2023
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 31st 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 31st AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING FACILITIES

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 31st 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 wish to appoint proxies to participate via RPV at the 31st 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 **Sunday, 28 May 2023 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 **Sunday, 28 May 2023 at 10.00 a.m.** to participate via RPV at the 31st AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Sunday, 28 May 2023 at 10.00 a.m.** to participate via RPV at 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 31st 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.
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PROCEDURES FOR RPV

Shareholders/proxies/authorised representatives/attorneys who wish to participate at the 31st AGM remotely using the RPV facilities are to follow the procedures below:

Procedure	Action
BEFORE THE AGM DAY	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. 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.
(b) Submit your request	<ul style="list-style-type: none"> Registration is open from Wednesday, 19 April 2023 at 10.00 a.m. to Tuesday, 30 May 2023 at 10.00 a.m. Login with your user ID and password and select the corporate event: “(REGISTRATION) PICORP 31st AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. The system will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 23 May 2023, the system will send you an e-mail to approve or reject your registration for remote participation.
ON THE DAY OF THE AGM	
(c) Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the PICORP 31st AGM at any time from 9.00 a.m. i.e. 60 minutes before the commencement of the AGM on Tuesday, 30 May 2023 at 10.00 a.m.
(d) Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAMING MEETING) PICORP 31ST AGM” to engage in the proceedings of the 31st AGM remotely. 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 31st AGM.

Procedure		Action
ON THE DAY OF THE AGM		
(e)	Online Remote Voting	<ul style="list-style-type: none"> • Voting session commences from 10.00 a.m. on Tuesday, 30 May 2023 until a time when the Chairman announces the closure of the voting session of the 31st AGM. • Select the corporate event: “(REMOTE VOTING) PICORP 31ST AGM”. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> • Upon the announcement by the Chairman on the closure of the 31st AGM, the live streaming will end.

Note to users of the RPV facilities:

1. 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 TIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tih.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
STEPS FOR INDIVIDUAL SHAREHOLDERS	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. If you are already a TIIH Online user, you are not required to register again.
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. Select the corporate event: "SUBMISSION OF PROXY FORM". Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(s) appointment. Print the proxy form for your record.
STEPS FOR CORPORATION OR INSTITUTIONAL SHAREHOLDERS	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>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.</p>
(b) Proceed with submission of form of proxy	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online Select the corporate exercise name: "PICORP 31ST AGM: Submission of Proxy Form". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data.

STEPS FOR CORPORATION OR INSTITUTIONAL SHAREHOLDERS

Proceed with submission of form of proxy
(con't)

- Login to TIH Online, select corporate exercise name: "PICORP 31st AGM: Submission of Proxy Form".
- Proceed to upload the duly completed proxy appointment file.
- Select "Submit" to complete your submission.
- Print the confirmation report of your submission for your record.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 31st AGM via Tricor's TIH Online website at <https://tiah.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Sunday, 28 May 2023 at 10.00 a.m.** The Board will endeavor to answer the questions received at the AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the 31st 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)

PROGRESSIVE IMPACT CORPORATION BERHAD
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 31st 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 Tuesday, 30 May 2023 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Ordinary Resolution	Description of Resolutions	For	Against
1	Payment of Non-Executive Directors’ fees for the period commencing from the date immediately after the 31st AGM up to the date of the next AGM to be held in 2024		
2	Payment of the shortfall in Directors’ benefits for the period commencing from the date immediately after the 30th AGM up to the date of the 31st AGM		
3	Payment of Directors’ benefits for the period commencing from the date immediately after the 31st AGM up to the date of the next AGM to be held in 2024		
4	Re-appointment of Messrs Ernst & Young PLT as Auditors of the Company and authority to the Directors to fix their remuneration		
5	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
6	Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
7	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		
8	Authority to issue shares and waiver of pre-emptive rights		
9	Approval for Dato’ Hajjah Rosnani Binti Ibarahim 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 _____ 2023

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 31st 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 23 May 2023**. 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 31st 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 **Sunday, 28 May 2023 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 and announcements from time to time for any changes to the administration of the 31st AGM.



Fold this flap for sealing

Then fold here



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

1st fold here



Surely with
every difficulty,
there is relief.

Surah Al-Insyirah 94:5



PROGRESSIVE IMPACT CORPORATION BERHAD | 199001011782 (203352-V)

Incorporated in Malaysia

www.picorp.com.my

