

Company	:	PROGRESSIVE IMPACT CORPORATION BERHAD (“PICORP” OR “THE COMPANY”)
Subject	:	ACCEPTANCE OF THE LETTER OF AWARD FROM MAKKAH MUNICIPALITY FOR THE PROVISION OF PEST CONTROL MONITORING SERVICES IN MAKKAH BY SAUDI ASMA ENVIRONMENTAL SOLUTIONS LLC., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

1. INTRODUCTION

Pursuant to Paragraph 9.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of PICORP wishes to announce that its wholly-owned subsidiary, Saudi ASMA Environmental Solutions LLC. (“SAUDI ASMA”), had on 1 June 2021, accepted a Letter of Award from Makkah Municipality (“MM”) for the provision of pest control monitoring services in Makkah, Kingdom of Saudi Arabia (“the Award”).

2. DETAILS AND SALIENT POINTS OF THE AWARD

Pursuant to the Award, the total value of the contract sum is SAR25,320,856.49 (equivalent to RM27,877,731.26) only (“the Contract Sum”).

Unless otherwise extended or terminated pursuant to the terms of the contract to be entered into between SAUDI ASMA and MM, the contract shall be for a duration of a period of approximately forty-nine (49) months commencing from the date of receiving the project site or upon any such date as specified by MM. Pursuant to the Award, SAUDI ASMA’s obligations under the contract shall involve the recruitment of manpower, procurement of vehicles, equipment, insurance and the provision of pest control monitoring services in Makkah.

SAUDI ASMA shall be required to submit a performance bond (5%) of the total value of the Contract Sum which shall valid for the entire project period within ten (10) days from the Letter of Award dated 1 June 2021.

The Contract Sum is based on the quality and quantity of the works as set out in the bills of quantities as provided in the tender document.

3. INFORMATION ON SAUDI ASMA

SAUDI ASMA is a private limited company incorporated under the laws of Kingdom of Saudi Arabia in 2007. SAUDI ASMA is engaged in the provision of public health and environmental management services.

The directors and shareholders of Saudi ASMA are as below:-

Directors

1. Zaid bin Abdullah
2. Zaidah binti Mohd Salleh
3. Dato’ Dr Lukman bin Ibrahim
4. Johar bin Yusof
5. Nadzrah Hashim

Shareholders

Name	No. of shares held	% of shareholding
PICORP	5,100	51.00
Asma International SdnBhd – a wholly owned subsidiary of PICORP	4,900	49.00
Total	10,000	100.00

4. INFORMATION ON MM

MM is a government agency of the Kingdom of Saudi Arabia that provides municipal services such as town planning and development, environmental, public health and safety management, planning permits, licensing, drainage irrigation, and waste management, among others for the city of Makkah.

5. RATIONALE FOR THE ACCEPTANCE OF THE AWARD

SAUDI ASMA is currently providing similar services to Jeddah Municipality. Hence, the issuance of this Award by MM to SAUDI ASMA signifies potential growth possessed by it in the public health sector particularly with the government agencies in Saudi Arabia. It is also an indication of enhanced confidence by the government agencies, in this case, MM's confidence in SAUDI ASMA's capabilities and experience in performing high quality public health management services.

The Award is part of the MM's Public Health Enhancement Programme undertaken to maintain the quality of life of the general public in the city of Makkah.

6. RISK FACTORS

SAUDI ASMA foresees, amongst others, based on past projects, the risk factors affecting the Award include the delay in the project mobilization namely, recruitment of manpower, procurement of equipment, etc. Nevertheless, given the experience of the team in providing similar services to Jeddah Municipality, the team has the required resources and competencies to address the risk factors indicated above.

7. FINANCIAL EFFECTS

(a) Share capital

The Award will have no effect on the issued share capital of PICORP.

(b) Net assets per share and gearing

The Award is expected to have a positive financial effect on the net assets per share of PICORP for the financial year ending 31 December 2021 until 2025. The Award is not expected to have any material effect on the gearing of PICORP.

(c) Earnings per share

The Award is expected to contribute positively to the earnings per share of PICORP for the financial year ending 31 December 2021 until 2025.

(d) Substantial shareholders' shareholdings

The Award will not have any effect on the shareholdings of the substantial shareholders of PICORP.

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of PICORP and/or persons connected to them has any interest, either direct or indirect, in the above Award.

9. DIRECTORS' STATEMENT

The Board of Directors of PICORP is of the view that the acceptance of the Award is in the best interest of the Group.

10. APPROVAL REQUIRED

The acceptance of the Award is in the ordinary course of business of SAUDI ASMA and is not subject to the approval of shareholders of the Company or any regulatory authorities.

Note: The exchange rate used is based on the exchange rate of Bank Negara Malaysia on 1 June 2021 (date of acceptance of the Award) of RM1.100979: SAR1.00.

This announcement is dated 3 June 2021.