



Annual Report 2020

# **A Spectrum of Transformation**

**Passion**

# About this Report

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# About this Report

## A Spectrum of Transformation

2020 was a significant year of transformation for HRD Corp. It was a year that saw new leadership, goals, and priorities for the organisation. It was also a year that marked a pivotal moment in the organisation's history, as we laid the foundations to embrace bigger changes and opportunities in the coming period.

These included evolving the way we engage with our stakeholders; introducing new programmes and initiatives to broaden our impact to more target groups and communities; and driving an expansive organisation-wide digitalisation journey aimed at optimising internal efficiencies and delivering better services.

No doubt, change is necessary. Change is inevitable. In fact, the nation has gone through significant phases of transformation in the past 28 years since HRD Corp's establishment. As the custodian of training and development for Malaysia's workforce, it is pertinent that we evolve in lockstep with the nation.

The cover symbolises our collective dedication to this transformation through a spectrum of initiatives, programmes, partnerships, engagements and more. The focal area of the lens represents our strong focus on the importance of driving change, in our capacity as the leader of human capital development of the nation. The visible light lines demonstrate our commitment to the continuous pursuit of excellence, now and the future.

The past year has been challenging for many. Nevertheless, we are confident that these changes have enabled us to not only adapt but also embrace a new era of positive growth where we can collectively thrive as a nation.

“  
It is not the strongest or the most intelligent who will survive but those who can best manage change.  
”

-Charles Darwin



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Integrity

# Our Achievements

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# Our Achievements

## Navigating a Challenging Year

2020 proved to be a year of unprecedented challenges for many around the world. Like every organisation, HRD Corp has had to navigate various uncertainties, transforming the way we communicate and collaborate with our stakeholders and the communities around us.

As a statutory authority that has leveraged technology since our early years, the pandemic and its ensuing disruption proved to be an opportune time for us to use digital innovation as a guiding tool in reassessing our role, responsibilities, and effectiveness to our varied stakeholders. More than that, it also provided us with the impetus to innovate our programmes, services, and initiatives to meet the current and future needs of the Malaysian workforce, businesses, talents, and industries.

In a year that has dampened the spirits of many, we were inspired by the commitment, dedication and resilience demonstrated by our people. This has enabled HRD Corp to weather the storm and affect positive change in the communities we serve, and the country at large, at a time when it was needed the most.

As we look back at what was undoubtedly an extraordinary year, one thing is clear - the transformation brought forth by global events has been a catalyst for positive socio-economic change. And we, at HRD Corp, are proud to be at the forefront of this development.

## At A Glance

### 2020 Achievements



## HRD Corp's General KPIs & Achievements for 2020

We identified 10 KPIs at the beginning of 2020 to measure HRD Corp's overall organisational performance for the year.

The 10 KPIs were designed to assess four (4) different key areas:



### This resulted in the following:

- KPI 1: Return on Equity (ROE)
- KPI 2: Skilled Workers Trained
- KPI 3: Registered Employees
- KPI 4: Training Places
- KPI 5: Levy Utilisation
- KPI 6: Trainers' Accreditation
- KPI 7: Levy Collected
- KPI 8: Customer Satisfaction Index (CSI)
- KPI 9: HRD Corp Staff Training Hours
- KPI 10: Industry Intelligence Report Published



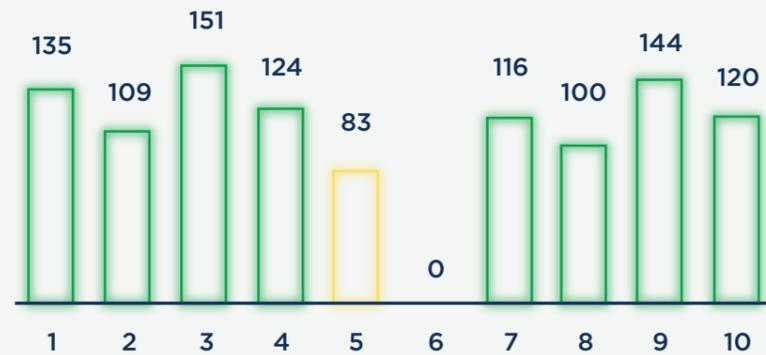
For 2020, we continued to adopt to the 'traffic lights' approach to provide a clear and tangible representation of the actual KPI numbers in percentages. Each KPI is categorised as green, yellow or red depending on how close they were to attaining their targeted outcomes.

The actual targeted outcome is measured as a percentage, with 100% indicating that the targets were fully achieved.

### This is further articulated as follows:



**Overview of HRD Corp's Corporate KPIs in 2020**



**Overall Achievement of Corporate KPIs as at 31 December 2020**



Despite the emergence of various disruptions throughout the year, HRD Corp demonstrated remarkable resilience, agility, and innovation. As a result, we scored 120% in terms of our overall performance, exceeding our initial targeted outcomes.

The excellent performance can be attributed to the fact that we were able to achieve the targets for ten (10) of our KPIs while exceeding seven (7) of them. Only one (1) KPI was categorised as yellow, and we recorded no reds.

One (1) KPI, Trainers' Accreditation, was postponed due to the pandemic as well as a shift in focus by HRD Corp. We decided to prioritise our resources to support the Government by providing impactful assistance towards prominent initiatives such as job placement and job retention for the workforce. Therefore, no ratings were provided for this KPI for the period under review.

We met the targets for Return on Equity (ROE), Skilled Workers Trained, Registered Employers, Training Places, Levy Collected, Customer Satisfaction Index, HRD Corp Staff Training Hours and Industry Intelligence Reports Published. This is attributed to the fact that we were given the mandate to lead one of the key efforts under the Short-Term Recovery Plan (PENJANA) initiative, which enabled us to identify, provide as well as secure training and placement opportunities for trainees from our registered employers.

We scored only 58% for Levy Utilisation due to the COVID-19 pandemic and ensuing lockdowns which reduced employee participation in training programmes. At the time, employers and training providers were not well-equipped to transition to virtual or hybrid training, especially at the beginning of the first Movement Control Order (MCO) in March 2020. As a result, training programmes were either cancelled or postponed, limiting the number and types of training available for employers.

The lower Levy Utilisation rates corresponded with the reduced number of employee participation in training programmes, and the reduction in approved training places, compared to previous years. Consequently, HRD Corp also recorded lower levy collections due to the exemptions introduced to help registered employers last year. This led to a stricter approval process, which also contributed to the decline in utilisation.

No.	Key Performance Indicator	Achievements
1	Return on Equity (ROE)	Exceeded
2	Skilled Workers Trained	Exceeded
3	Registered Employees	Exceeded
4	Training Places	Exceeded
5	Levy Utilisation	Close to Achieving
6	Trainers' Accreditation	Postponed to 2021
7	Levy Collected	Exceeded
8	Customer Satisfaction Index	Achieved
9	HRD Corp Staff Training Hours	Exceeded
10	Industry Intelligence Reports Published	Exceeded

## Ministry of Human Resources' Specific KPIs & Achievements for 2020

### Ministry of Human Resources Performance Indicator

KPIs	Targets	Achievement (%)
Number of Skilled Workers Trained	40,000	43,428 (109%)
Number of Trainees Trained	350,000	416,365 (119%)
Number of Employees Covered	2,520,000	2,564,704 (102%)

Recognising that the *rakyat* is the backbone of the nation's economic development and future aspirations, the Government introduced various human capital initiatives to support the growth and development targets outlined in the 11th Malaysia Plan, 2016-2020 (11MP). This includes the Strengthening Lifelong Learning for Skill Enhancement programme which is geared at increasing the number of skilled workers in the country in the next five years.

As the custodian of Malaysia's human capital development, it is HRD Corp's prerogative to support the government's efforts in general and the Ministry of Human Resources in particular, to achieve this aim.

Therefore, we diversified our skills enhancement programmes in order to reach out to and upskill a broader range of the Malaysian workforce and talent pool. This included the introduction of five (5) new schemes under the PENJANA HRDF Initiative, namely Place & Train, B40 Development, Gerak Insan Gemilang (GIG), Industrial Revolution 4.0 and SME Development.

To do this effectively however, we needed to continue strengthening our funding, training, and development ecosystem. Therefore, we rolled out initiatives that were geared towards increasing employer-registration, while optimising our levy

collection. These ranged from planning the expansion of the PSMB Act 2001 which will allow all sectors to be covered under the Act and continuous engagement with current and potential employers through on-boarding sessions and workshops, to meeting with key players from employers' associations. The robust measures carried out demonstrated our efforts in assisting employers as well as emphasising the importance of upskilling and reskilling their employees through training programmes which will ensure quality utilisation of their own levy.

We also introduced more funding and financial assistance schemes, such as GENERATE 2.0, RiSE4WRD, SME Skills Upgrading, Recognition of Prior Experiential Learning (RPEL) and B40 Development for existing HRD Corp-registered employers in the Manufacturing, Services and Mining and Quarrying sectors, as governed by the PSMB Act 2001.

As a result, we exceeded our targeted KPIs for the number of skilled workers and trainees trained. We also expanded our reach to more members of the workforce, increasing our reach to employees by about 102%.

## Prihatin Rakyat Economic Stimulus Package (PRIHATIN): HRD Levy Exemption



#### Sectors Involved

63 Subsectors Covered under the PSMB Act 2001 (AKTA 612)



#### Exemption Period

Six (6) months (April to September)



#### Total Levy Exemption

RM443 Million

	Total Employers (Beneficiary)	Total Levy Exemption
Services	18,656	RM231 Million
Manufacturing	12,714	RM198 Million
Mining and Quarrying	244	RM14 Million

Total Employers (Beneficiary)  
**31,614**

Total Levy Exemption  
**RM443 Million**

### Breakdown of Employer and Levy Exemption by State



## Leadership

# Overview of HRD Corp

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# Understanding Our New Brand

## Embracing Our New Core Values

### Vision

Every Malaysian trained and employable

### Mission

Improving lives through the promotion of lifelong learning and the acquisition of future work skills

### Tagline

***Delivering Quality, Developing Excellence***

We deliver quality to empower Malaysian employers, individuals and training providers to develop excellence in their respective areas.

### PILLAR

#### Passion

Believes in our mission to improve the lives of Malaysians, demonstrate a positive attitude and work towards a culture of excellence.

#### Integrity

Adheres to the highest standards of professionalism, ethics and personal responsibility, worthy of the trust placed in us by our stakeholders.

#### Leadership

Leads by example by spearheading the need for continuous learning within the organisation and providing stewardship to the training industry.

#### Loyalty

Dedicated to protecting the interest of the organisation while striving to achieve all targeted deliverables.

#### Agility

Able and willing to adapt to changes when required, proactive in seeking solutions to address challenges and resilient in the face of adversity.

#### Responsiveness

Responsive, attentive, present and sensitive to the needs of our stakeholders. A trait that builds affinity and respect across the workforce development ecosystem.

# Charting a Path of Quality and Excellence

HRD Corp (formerly Human Resources Development Fund) has been at the forefront of Malaysia's human capital development efforts for the past 28 years. It has played an integral role in nurturing a strong pipeline of local talents while enabling the expansion of businesses and organisations across the country.

When it was first established as the Human Resources Development Council (HRDC), HRD Corp was tasked to collect levy from employers which was then channelled towards their training programmes. This was geared at improving employees' skills and knowledge, in line with the needs of businesses and the nation's overall economic growth. Since then, we have evolved and expanded our role further, empowering members of the Malaysian workforce

to secure the best professional opportunities for their skills, experience, and knowledge. This also enabled employers to tap into a vast, diverse, and high-quality talent pool to drive their organisations' long-term growth.

Today, HRD Corp continues to support Malaysia's vision of becoming a digitally driven, high-income economy through the development of the nation's most valuable asset - its people. We remain committed towards driving the development of a competent, skilled local workforce and talents through training, upskilling and reskilling programmes. These initiatives are carried out to ensure that we continuously contribute towards Malaysia's growth aspirations for the long term.

## Looking Back with Pride

As we prepare for the next phase of our journey, in tandem with the progress of the country, it is important to look back at HRD Corp's important milestones throughout the last 28 years.

In the late 1980s and early 1990s, Malaysia experienced rapid economic growth due to the introduction of the New Development Policy. This led to a shift in the country's economic focus - from agriculture to manufacturing and industries.

Back then, Malaysia was gearing up to establish itself as a fully-industrialised nation. At the same time, the country's technology roadmap had also just been introduced. Despite these exciting developments, a study commissioned by the Ministry of Labour revealed that we faced a shortage of skilled workforce to realise these goals. Therefore, there was an urgent need to strengthen the local talent pool with the appropriate skills, particularly in technology, to increase productivity and support these new aspirations. The study also concluded that a centralised body was required to drive the holistic development of the nation's human capital.

In response to this, the Human Resources Development Act (HRD Act) was passed and came into effect in

July 1992. Following this, in January 1993, HRDC was established to manage levy collection from employers and grants received from the government. The Human Resources Development Fund (HRDF) was introduced under the purview of HRDC as a mechanism to collect and channel all levy collections.

Within the first year, we collected RM55 million from just one sector (manufacturing) and introduced three training programmes. As more sectors and subsectors were put under HRDC's purview, we also enhanced our training portfolio to suit the country's evolving talent requirements.

Along with the many growth transitions experienced by the country in the last three decades, the HRD Act was frequently updated and expanded to support these demands. In 2001, the Pembangunan Sumber Manusia Berhad Act 2001 (PSMB Act 2001) was enacted, replacing the HRD Act 1992. This led to the corporatisation of the HRDC into Pembangunan Sumber Manusia Berhad (PSMB) in the same year.

To most employers and stakeholders, however, the name HRDF remained synonymous with the organisation as the adoption of the acronym was made official in the Act.

Following the incorporation, the organisation continued to grow and record many achievements. These included our appointment as the Training Coordinator Body by the National SME Development

Council (2005); establishment of the National Human Resources Centre (NHRC) as a one-stop-centre for human resources management (2011); development of the National Workforce Human Capital Development Blueprint in partnership with World Bank (2018-2025); and implementation of the Training Effectiveness Evaluations (TEE) for all registered trainers and training providers (2019).

### Growth Achieved



## Historical Milestones

**1993**

Established the Human Resources Development Council (HRDC) under the Human Resources Development Act 1992 (HRD Act), covering manufacturing businesses with more than 50 Malaysian employees. The Human Resources Development Fund (HRDF) was established as a mechanism to collect levy and disburse training funds.

**1995**

Expansion of the HRD Act to cover the Manufacturing sector (employers with 10 - 49 employees with a paid-up capital of more than RM2.5 million) and nine (9) industries under the Services sector.

**1998**

Established four (4) Regional Offices in Penang, Johor, Sabah, and Sarawak.

First agency under the Ministry of Human Resources to receive ISO Certification by SIRIM.

**2000**

The HRD Act was expanded to cover three (3) additional industries under the Services sector (energy, private institutions of higher learning and training).

**2001**

The Pembangunan Sumber Manusia Berhad Act 2001 (PSMB Act) was enacted, replacing the HRD Act 1992.

The organisation ceased to be HRDC and became officially known as PSMB on 17 April. The name HRDF remained in use amongst stakeholders and members of the public.

The inaugural HRDF Conference and the Human Resource Development Awards was held.

**2005**

In accordance with the New Economic Model and 10th Malaysia Plan, the Act was further expanded to cover eight (8) more industries under the Services sector (direct selling, port services, engineering support and maintenance services, research and development, warehousing services, security services, private hospitals as well as hypermarkets, supermarkets, and department stores).

PSMB was appointed as the Training Coordinator Body by the National SME Development Council (NSDC).

The HRD Portal was launched in March to facilitate online learning for SMEs.

**2007**

The organisation relocated to its own building, Wisma HRDF in Jalan Beringin, Kuala Lumpur.

The Act was expanded to include more industries under the Services sector, namely commercial land transport and railway transport services.

**2010**

The HRD Levy was included as an allowable expense under the Income Tax Act 1967 to encourage employers to pay their HRD levy promptly and create a highly skilled workforce through reskilling and upskilling.

**2011**

Established our National Human Resources Centre (NHRC) on 1 August, a one-stop-centre to enhance the quality and productivity of the HR practice for organisations.

**2012**

Established our fifth Regional Office in Malacca, covering Malacca and Negeri Sembilan on 1 June.

**2014**

To support the New Economic Model and National Key Economic Areas under the Economic Transformation Plan 2020, the PSMB Act was expanded to cover the Mining and Quarrying sectors as well as 19 new Services subsectors.

Established our sixth Regional Office in Kuantan to cover employers in the East Coast states of Pahang, Terengganu, and Kelantan.

**2015**

Launched the 1MALAYSIA GRIP Programme and Training Incentive for SMEs.

Established our seventh Regional Office in Perak on 3 January.

The First Schedule of the PSMB Act 2001 was amended to include all employers with ten (10) and more Malaysian employees across all subsectors and removed the registration criterion on paid-up capital.

Organised the largest HRD & Trainers Conference and Exhibition from 27 - 29 November, attended by 2,370 participants.

Won several awards:

- Malaysia Top Achiever Awards 2017 (Industry Excellence in Human Capital Development)
- Global Leadership Awards 2017 - Emerging CEO of the Year
- Global Leadership Awards 2017 - Leadership Excellence in Human Capital Development
- Leadership Excellence in Transformation of Human Capital Development Award
- Malaysia HR Awards 2017 - Team Excellence (Gold Award)
- SME Congress & Golden Dinar Awards - Masterclass Human Capital Development
- QCC Quality Awards - Local and International

2021

The PSMB Act 2001 was expanded to include all sectors except for Federal and State government and non-government organisations involved in social activities.

Rebranded from HRDF to HRD Corp.

2020

Introduced training programmes that emphasised on reskilling and upskilling courses to accelerate workforce employability.

Mandated by the Economic Advisory Council to coordinate and monitor the upskilling and reskilling programmes implemented by various Ministries and Agencies involved under the PENJANA initiative.

2018

Introduced the National Workforce Human Capital Development Blueprint, in partnership with World Bank.

2019

Implemented the Training Effectiveness Evaluation and Trainers' Development Framework to increase the quality of trainers, training providers as well as their training programmes.

## Acting Now to Capitalise on Opportunities

**2020 and 2021 were the most pivotal years of our existence. Cognisant of this, we looked at various avenues to grow and strengthen our impact.**

Over the past few years, we have witnessed the accelerated adoption of new technologies that have led to new business models, and with that, new work patterns, employment opportunities and skills demand. At the same time, we also faced the COVID-19 pandemic that disrupted the way we worked and lived in numerous and significant ways.

While this has caused massive challenges to our organisation and the stakeholders we serve, it also created an opportunity for us to innovate and play a bigger role in supporting individuals, businesses and industries to survive the pandemic and thrive thereafter.

## Transformation to HRD Corp

Rebranding from HRDF to HRD Corp was more than just a name and logo change for us. It was also an opportune time to revisit our vision, mission, and goals. We redefined our purpose, focusing on providing opportunities for lifelong learning and the acquisition of future knowledge and work skills. This was done to help Malaysians earn a living in a multitude of ways.

Central to this were our newly developed core values - Passion, Integrity, Leadership, Loyalty, Agility and Responsiveness (P.I.L.L.A.R.) which serve as HRD Corp's DNA. Guided by these core values, we focused on developing dynamic programmes to not only help Malaysians adapt to the new socio-economic realities, but also enhance our impact and effectiveness.

To realise these newly defined goals, we pushed ahead with our strategy of strengthening our technology platforms while introducing a more comprehensive, integrated approach to help the local workforce prepare for the future of work.

This meant extending our scope of services to include new reskilling and upskilling programmes, mentoring, coaching, counselling as well as job placements. We also forged strategic public-private partnerships to create joint certification programmes with renowned local and international bodies, geared at assisting our local talents to boost their professional profiles and credentials.

Recognising the importance of driving an equitable and inclusive workforce, we reached out to the B40 as well as other underserved communities to empower them by identifying and capitalising on income-generating opportunities beyond conventional education pathways and career trajectories.

## Expansion of the PSMB Act 2001

To enable Malaysia to compete effectively in the knowledge and digital economy, it is vital that people and businesses embrace innovation that can help them boost productivity and move up the value chain. In shaping a future-ready workforce, we needed to generate a talent pipeline across every level, industry, and sector.

In light of this, we implemented our biggest expansion to date, covering 18 sectors and 238 subsectors, up from three sectors and 63 subsectors previously. The expansion, which was enumerated in the PSMB Act 2001 and mandated by the Government under the 11MP, came into effect on 1 March 2021.

The 11MP sets high ambitions to propel Malaysia's future economic development. Key to this is ensuring that 35% of the overall Malaysian workforce must be skilled. The expansion proved to be a significant step in this direction as it is set to increase the number of employees eligible for training from 2.5 million in 2020 to 6.1 million in the next five years. It will also add 91,155 newly registered employers to our database (an increase of 144%) who will enjoy opportunities to grow and develop their employees at various levels.

## Forging Ahead with Resilience

The next few years will be crucial for Malaysia as we recover from the pandemic and rebuild our economy. HRD Corp will be at the heart of these developments, backed by our innovation, passion and aspiration.

History has taught us that challenges are there for to learn from, adapt to and move forward with. We turned the many challenges that we faced in the last year into strengths. We found new ways to continue delivering our impact to our stakeholders in particular and the nation in general. Amidst the difficult landscape of unemployment and economic stagnation of the past year, our role has become even more important than ever before. Reskilling and upskilling became the name of the game for employees to survive. Those who could not be gainfully employed, on the other hand, needed other means and opportunities to generate income and maintain their standard of living.

The changes we embodied and implemented in the past year were not only necessary to face what was undoubtedly **THE** 'black swan' event of the decade, but it will also shape the way we work and deliver our services moving forward.

Therefore, we will continue to introduce more programmes, services, and initiatives to address the needs of Malaysians from all walks of life. This is in line with our goal to develop talents across all levels, competencies, and backgrounds. We will also focus on strengthening our stakeholder experience by introducing the following:



**New Initiatives**

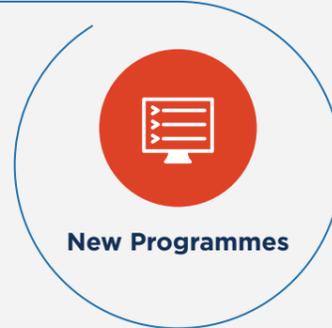
HRD Corp Placement Centre (HPC), a one-stop virtual portal that provides career planning, employment and income-generating opportunities to all Malaysians.

Jana'Preneur, a dynamic B2B and B2C e-commerce platform that supports sellers, buyers and service providers. This initiative was initially designed for participants who took part in HRD Corp's entrepreneurship and gig training in the past year, allowing them to apply their learnings in a real-world business environment.

Second Chances for People to Excel (SCOPE) to train ex-detainees and Senior Back in Action (SEBA) to encourage skilled retirees to re-enter the workforce and pursue lifelong learning.

RiSE4WRD to assist SMEs in accelerating their digital transformation in line with Malaysia's IR4.0 aspirations.

Future training initiatives that cover work skills related to connectivity, automation, cybersecurity, Internet of Things (IoT), cloud computing, big data, advanced simulation, autonomous systems, universal integration, additive manufacturing and other technology-related areas.



**New Programmes**



**New Skills**

Established the Industrial Skills Framework (IndSF) by working with key industry players and associations to promote continuous learning among employers, employees and potential job seekers. Industries covered include oil, gas and energy, machinery and equipment, hospitality, plastics, wholesale and retail, digital technology as well as water and sewerage services.

Strategic partnership with NHRC with two (2) key objectives:

- Support the national agenda of strengthening Malaysia's industries by providing the right talent; and
- Drive innovation and provide recommendations based on high quality, independent research.



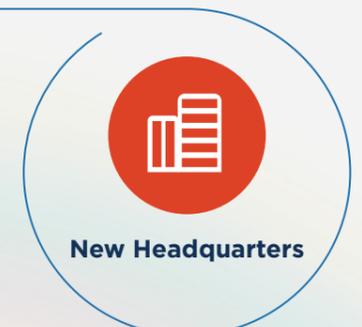
**NHRC Refresh**



**New Partnerships**

Joint certification with reputable international organisations such as the U.S.-based HRCI International Certification among others. This is part of HRD Corp's training and certification programmes, which will position HRD Corp as the end-to-end solutions provider for Malaysia's talent development needs.

Relocation to the new HRD Corp headquarters in Menara Ikhlas, Putrajaya, with a state-of-the-art training and development centre that allows both trainers and training providers to conduct programmes via blended and hybrid learning, virtual classrooms and more.



**New Headquarters**

Looking into the future, we remain committed to nurture and strengthen the local talent ecosystem through a myriad of skills development and cutting-edge capacity building programmes. It is hoped that this will help our local talents, businesses and the public seize opportunities that will drive Malaysia's growth while sustaining our competitive edge, in the immediate aftermath of the pandemic and beyond.

# Loyalty

# Leadership



**“As at 31 December 2020, we have seen more than 85,000 individuals, ranging from school leavers, unemployed graduates, housewives, retirees and retrenched workers, benefitting from these programmes. There has also been an increase in the number of new enterprises and businesses in 2020 compared to 2019, demonstrating the *rakyat*'s resilience to rethink their options and find new ways to generate income.”**



## Yang Berhormat Datuk Seri M. Saravanan

Minister of  
Human Resources

# From the Minister's Desk

The year of 2020 was a challenging one for Malaysia on many fronts. The COVID-19 pandemic resulted in a health crisis and an economic slowdown, affecting most industries, businesses and individuals. These effects are not only felt by Malaysia, but also around the world.

Nevertheless, it was during these difficult times that we witnessed the inherent ability of the Malaysian workforce to persevere and adapt to disruptive forces. It was also heartening to note that many organisations throughout the country tried as much as possible to avoid redundancy exercises.

## Navigating Challenges

In the immediate aftermath of the pandemic and ensuing MCO, the government introduced the PRIHATIN Economic Stimulus Package to help employers keep their businesses and retain their employees. This included the Short-Term Economic Recovery Plan (PENJANA), which set out 40 initiatives targeted at 'Empowering the People', 'Propelling Businesses', and 'Stimulating the Economy.'

In the long term, the Ministry of Human Resources supported the Prime Minister's agenda by continuing to strengthen the rollout of initiatives meted out under the 11th Malaysia Plan (11 MP). With the support of HRD Corp, we focused on driving the fifth thrust of 11 MP; accelerating human capital by improving talent productivity and creating more job prospects that require highly-skilled workers. Our aim is to develop talents that are equipped with knowledge, skills, ethics and morality to thrive in a globally competitive and dynamic environment.

Instead, businesses changed the way they interacted with customers and employees, harnessed digital technology, diversified their customer base and made inspiring business pivots to remain relevant.

At the same time, the government played its part. We took a decisive action to place the whole nation under the Movement Control Order (MCO) in order to curb the spread of the pandemic. We also developed a solid strategy and action plan on how to get the nation out of the pandemic, today and beyond.

Underscoring our commitment to achieve this ambitious goal, we pushed ahead with our transformation efforts, working in collaboration with various Ministries, agencies, organisations, associations and training providers to promote a *rakyat*-centric growth. We sharpened our focus, encouraging people and businesses to use this period to upgrade their skills, deepen their knowledge and broaden their capabilities.

Cognisant of the elevated unemployment rates, we worked with HRD Corp to rollout the PENJANA HRDF programme, providing support for Malaysians gravely affected by the pandemic through Place & Train, B40 Development, Upskilling and Reskilling, SME Development and Gerak Insan Gemilang (GIG). All of these are geared towards helping Malaysians navigate the difficulties unemployment by centring job placements, reskilling, upskilling and self-employment.

As at 31 December 2020, we have seen more than 85,000 individuals, ranging from school leavers, unemployed graduates, housewives, retirees and retrenched workers, benefitting from these programmes. There has also been an increase in the number of new enterprises and businesses in 2020 compared to 2019, demonstrating the *rakyat's* resilience to rethink their options and find new ways to generate income.

## Nurturing Human Capital

The advent of COVID-19 and the disruptions that followed served as a wake-up call for us to do more to help our local workforce adapt and thrive in the post-pandemic future. Working closely with HRD Corp, we honed in on efforts to reshape human capacity by leveraging on digital technology, deepening innovation and broadening skillsets to build a resilient, future-ready workforce that are agile and responsive to disruptions.

Building on this, I am pleased to see HRD Corp introduce e-LATiH, a digital platform that offers free, high-quality training courses by accredited training providers; and the HRD Corp Placement Centre (HPC), the first-of-its-kind one-stop platform to help employers from various industries and sectors gain access to talent, in addition to job placement, career planning and counselling for employees.

The Ministry of Human Resources has also backed various government initiatives aimed at supporting businesses and protecting the *rakyat* from all walks of life under the PRIHATIN Economic Stimulus Package. From providing a 6-month levy exemption to its registered employers last year, to rolling out many new initiatives that focuses on vulnerable groups, HRD Corp has been instrumental in ensuring the success of our efforts under PRIHATIN.

Over the next 12 months, it is imperative that we move swiftly. HRD Corp will continue to take the lead in driving Malaysia's talent development efforts, identifying unique pathways to boost accessibility to a wide range of capacity building programmes. These efforts seek to empower employees across all sectors, at every level, including those from vulnerable communities, to raise productivity. Together, we need to encourage our local workforce to embrace a digital-first mindset, leveraging on innovative digital technology to capture new markets and tap on a multitude of new opportunities.

## The Way Forward

With the various measures established by the Government, we expect the country's economic position to improve, supported by the services and manufacturing sector which accounts for more than 80 percent of the country's Gross Domestic Product (GDP). Domestic demand is also projected to record stable growth, supported by the development of the labour market, low inflation, favourable financing conditions and commencement of major infrastructure projects.

Moving forward, a strong talent base is pivotal in building the nation's next growth phase and sustaining our competitive edge in the region. Following its successful rebranding exercise, I believe that HRD Corp is well-positioned to play its role in developing a globally competitive workforce to meet the challenges of the diverse economic landscape, both in Malaysia and across the region.

I am proud of what HRD Corp has achieved in the past year, especially given the monumental challenges and changes that the organisation has had to endure. This has been possible due to the solid leadership of the Chief Executive and the Management team, backed by the 400-strong dedicated, and passionate employees at the organisation.

The Ministry will continue working closely with HRD Corp to build a pipeline of quality talents in Malaysia, empowering them to liberate their full potential, enhance their quality of life and most importantly, support nation's aspiration to become a digitally-driven, high income economy.

Thank you.

**“At HRD Corp, we believe that everyone, regardless of their background, should be given the opportunity to realise their potential as each individual has their own unique skillsets that will not only raise their income but also boost the country’s productivity over the longer term.”**

## Datuk Seri Jamil Salleh

Chairman,  
HRD Corp

The past year was anything but ordinary. While the pandemic was front and centre, we also had to contend with major world events that have changed the way we lived, worked, learned and socialised, possibly forever.

Despite these disruptions, I am inspired by the meaningful progress made by HRD Corp in its programmes and initiatives. We adapted to changes, becoming more agile, flexible and committed in supporting over thousands of Malaysians who were severely impacted by the pandemic, find new jobs and opportunities. We made this possible by introducing a wide range of reskilling and upskilling programmes as well as strategic initiatives. We also harnessed digital technology to innovate and transform the way we work.

At HRD Corp, we believe that everyone, regardless of their background, should be given the opportunity to realise their potential as each individual has their own unique skillsets that will not only raise their income but also boost the country’s productivity over the longer term.

Today, in the next chapter of our journey, we remain committed to this aim and will continue provide training and development opportunities that will improve employment and income-generating

# Message from the Chairman

prospects for Malaysians. We will also continue to support Malaysian employers and industries to accelerate their recovery and growth by creating a strong pipeline of talents with diverse backgrounds, qualifications and skillset. At the same time, we will continue to abide by our core values, namely integrity, transparency and accountability to drive the long-term success of HRD Corp.

Since assuming the mantle of Chairmanship at HRD Corp, I have witnessed incredible achievements and ground-breaking work by the team, in what has undoubtedly been a transformative year for the organisation.

I strongly believe that with the strong leadership demonstrated by the Top Management, backed by the passionate and dedicated team at HRD Corp, we are on track to realising the national economic recovery agenda as outlined by YAB Prime Minister Tan Sri Dato’ Haji Mahiaddin bin Md Yasin and Malaysia’s human capital development vision specifically mapped out by our Minister of Human Resources, YB Datuk Seri M Saravanan.

I am confident that HRD Corp will continue to create a better tomorrow for employers, industries, workforce, people and ultimately the nation.

**“I am extremely proud of what the team has achieved in the past one year. And I am encouraged by the trust of our employers and the commitment of our training providers. No doubt this has inspired me to work with the team to take HRD Corp to greater heights, elevating not just our organisation, but also Malaysia’s talent development efforts as a whole.”**



## Datuk Shahul Dawood

Chief Executive,  
HRD Corp

# Chief Executive’s Foreword

When we began the year in 2020, little did we know that we would be impacted by a pandemic that would cost many lives and unleash economic uncertainties. One year later, we have changed the way we work and adapted to these new conditions to support our stakeholders and the communities around us.

## Driving Progress

We recognise that it can be quite challenging to be the primary custodian of Malaysia’s training and development landscape. As an organisation, we have the important task of managing a sizeable fund while ensuring the survival of our stakeholders – employers that needed to pivot and persevere in the current landscape and talents that needed opportunities to learn and earn.

Realising these challenges and the need to manage our business effectively in an uncertain and evolving environment, we realigned our purpose and transformed the way we look at human capital development. This led us to introduce numerous programmes and initiatives that catered specifically to the varied needs of our registered employers, expand our reach to a wider group of Malaysian talents, innovate our approach to create better opportunities for Malaysia’s underserved, and ultimately, drive greater impact on the nation’s economic recovery.

Throughout the year, we recognised the importance of being resilient and resourceful. As a team, we were determined to realise our goals – spearhead lifelong learning and the acquisition of future work skills among the Malaysian workforce.

Together with the Ministry of Human Resources, HRD Corp adapted and introduced comprehensive solutions under the PENJANA HRDF initiative to assist Malaysians who were the most economically affected by the pandemic with skilling, upskilling and reskilling initiatives. On top of that, we also introduced a six-month levy exemption to our registered employers in order to help ease their financial burden.

Despite market volatility, the move towards remote working and a host of other disruptions, we made good progress on our strategic agenda. Here, I would like to extend my deepest appreciation to our stakeholders for their loyalty and constant support in helping us build a meaningful business during this challenging period.

## Accelerating Transformation

When I first came on board in 2020, one of my many responsibilities was to rebrand HRDF to HRD Corp. It was not just merely a change in name and logo, but a complete transformation from an organisation that was primarily known for funding training programmes to one that will single-handedly drive the nation's talent development aspirations. Embarking on this transformation meant blending many different components - strategy, finance, psychology, strategic partnerships - things that greatly intrigued me.

It was an exciting challenge as this gave me the opportunity to bring this organisation the next level, taking into consideration the core values that has driven our success in the last 28 years while at the same time, establish new goals, vision and direction that will support Malaysia's aspiration to become a digitally driven, high-income nation, with highly skilled talents at the core.

In the last 12 months, we set out some ambitious goals, incorporated a wide range of changes into the whole organisation and capitalised on some new and exciting opportunities. From a statutory authority that collects levy, and funds training and development programmes for Malaysian businesses, we have since evolved into a centre that focuses on

developing Malaysia's talent pool in a multitude of ways, while becoming the leading authority on the skills and talent required by various industries.

In fact, the introduction of e-LATiH, Jana'Preneur and HRD Corp Placement Centre were just a few of the exciting programmes established in the last 12 months to help Malaysians from diverse backgrounds, skillsets, experience, and education levels. Through these programmes, we reinvented our approach - focusing on matching and placing individuals into the right jobs before catering to their training needs, providing free knowledge building capabilities and empowering Malaysians to identify and capitalise on new income-generating opportunities.

I am extremely proud of what the team has achieved in the past one year. And I am encouraged by the trust of our employers and the commitment of our training providers. No doubt this has inspired me to work with the team to take HRD Corp to greater heights, elevating not just our organisation, but also Malaysia's talent development efforts as a whole.

Nevertheless, there are few headwinds that are currently affecting the workplace. Firstly, when it comes to knowledge building, people, especially the younger generation are no longer going through the traditional education and career trajectory. Instead, they are capitalising on the multitude of pathways available, such as massive open online courses (MOOCs), blended learning and various other types of certifications. Secondly, in terms of skills advancement, it is not about having a job for life anymore, but rather, people are

encouraged to pursue lifelong learning, nurture a growth mindset, and gain wider experience across numerous industries. Then, there is also digital technology which has accelerated the introduction of new jobs and new ways to generate income at an unprecedented pace, thus transforming the workplace and reshaping the future of work.

My vision is to make HRD Corp the epicentre of Malaysia's talent development, not just for particular industries, or types of work, but for the whole nation. In this regard, we need to stay ahead of the curve by developing the right programmes, rolling out the right initiatives and driving the right industry-related engagements. This should be done with the aim of meeting current demands and unlocking future talent capital while adapting to the evolving economic landscape.

Looking at the broader narrative, we will continue to introduce various value-added services to help Malaysians from all walks of life gain access to training, reskilling and upskilling programmes. At the same time, we aim to help them secure employment and wider income generating opportunities. We will forge ahead to improve on what we have been doing for the last 28 years, that is to engage with more employers - address their immediate and long-term needs. We will also ensure optimal utilisation of their levy towards the development of a solid workforce, equipped with diverse real-world skillsets not just for today, but also the future.

## Powering Possibilities

The raison d'être of our organisation is to promote life-long learning and the acquisition of future work skills among the Malaysian workforce, across every sector and at every level. As such, we take our role seriously. We have the responsibility of shaping the future of Malaysia's talent pool, building a highly skilled and empowered workforce with diverse capabilities to support the country's socioeconomic growth, while playing a positive role in the communities we serve. I believe we have all the tools to succeed in these areas and more.

We expect the next 12 months to continue to be challenging as the world emerges from the pandemic and heads into a completely new reality.

Life as we know it has changed, and with that our goals, responsibilities, and expectations. However, I am confident that we will continue to build on our strengths and experiences, in order to roll-out more dynamic programmes and strategic initiatives that will prepare Malaysian employers, industries, communities and talents for the low-touch high-tech, post-COVID-19 future.

If there is one lesson I can take from the past year, it is this; our team is committed, resilient and passionate. And together we can achieve our goals and the nation's aspirations.

## Reshaping Our Future

We are in a business that provides a window into the minds of our stakeholders. In doing so, we learn about financial and levy utilisation as well as the challenges that come with it. We also understand our stakeholder's business plans and concerns, particularly in retraining and upskilling their employees to meet current and future business needs. It is a privilege we take seriously. That is why we believe that there is so much more that can be done to further improve the human resources development ecosystem in Malaysia.

# Board of Directors



## Datuk Seri Jamil Salleh

Appointed on 14 October 2020

### Chairman Employer Representative

Datuk Seri Jamil has had years of invaluable experience in public service, with a career that spans close to four decades in various significant positions. He started out as a Senior Officer in the Ministry of Youth and Sports in 1983 before moving to the Ministry of Home Affairs and Ministry of Defence where he excelled in numerous important roles.

During his tenure with the Ministry of Home Affairs, Datuk Seri Jamil held several Director-level positions in the Prison Department from the year 2000 onwards. In 2009, he was appointed the Deputy Division Secretary of the National Key Results Area. He then went on to become the Deputy Secretary-General for the Ministry of Youth and Sports and was subsequently promoted to its Secretary-General. Datuk Seri Jamil ended his career in public service in 2016 as the Secretary-General of the Ministry of Domestic Trade, Cooperatives and Consumerism. Throughout his long career, he also was the Chairman of

Perbadanan Stadium Malaysia (PSM), Yayasan Kebajikan Atlet Kebangsaan (YAKEB) Malaysia, International Youth Centre (IYC), Perbadanan Padang Golf Subang (PPGS), Companies Commission of Malaysia (SSM), Rakyat Holdings and Rakyat Travel, a Deputy Chairman of Redtone Digital Berhad, and a board member of several GLCs, agencies and companies.

Datuk Seri Jamil Salleh is the Chairman of Sahajiddah Hai-O Marketing Sdn Bhd and De Metrology Sdn Bhd, a member of the Investment Panel of Pertubuhan Keselamatan Sosial (PERKESO) and a board member of Dunia Melayu Dunia Islam (DMDI).

He holds a Bachelor's in Arts (Hons), majoring in Anthropology and Sociology from Universiti Malaya. Always in search of new knowledge, he pursued short courses such as Branding Leaders, Branding of Nation from the Said Business School at the University of Oxford.



## Dato' Ruhaidini Abd Kadir

Appointed on 15 May 2020

### Deputy Chairman Employer Representative

Dato' Ruhaidini Abd Kadir is the Head of Media and Strategic Communications to the Prime Minister of Malaysia.

She brings over 21 years of experience in journalism and media to HRD Corp through her previous roles in Kumpulan Utusan Melayu (M) Berhad and Kumpulan Karangkrak Sdn Bhd.

She began her career in journalism in 1987 as a junior journalist. She rose through the ranks over the years to eventually become the Senior Editor and Features Editor of Utusan Malaysia and Mingguan Malaysia in 2008.

Always ready to move forward in her career, Dato' Ruhaidini left journalism to become the Press Secretary at several Government Ministries, a position she held for over 13 years. During this period, she served in the office of the Deputy Prime Minister, Senior Minister of Defence, Minister of Rural and Regional Development,

Minister of Agriculture and Agro-Based Industry, Minister of Domestic Trade and Consumer Affairs, and Minister of Youth and Sports.

Dato' Ruhaidini holds a Masters of Business Administration from Warsaw Management University (WMU) Poland, an Executive Masters of Business Administration (Operation & Management) from Asia E-University and advanced level qualifications in Mandarin from the College of Intensive in the Chinese Language Studies, Beijing Language and Culture University, China.

# Board of Directors



## Datuk Shahul Dawood

Appointed on 15 April 2020

### Chief Executive HRD Corp

Datuk Shahul Dawood was appointed as the Chief Executive of HRD Corp on 15 April 2020.

He has more than 25 years of experience across numerous industries, beginning his career in the education sector as a Lecturer at Informatics College. He then rose through the ranks to become the Assistant Director of Informatics Corporate Training Malaysia, leading the organisation into the frontiers of IT Training and Education. Following his successful stint at Informatics, he moved to JobsDB, where he propelled the organisation to greater prominence, making it one of the largest jobs search portals in Southeast Asia.

An entrepreneur at heart, he left JobsDB to start My Events International, an event management company with a presence in eight countries worldwide. Utilising his

knowledge and experience, he expanded his business across various industries, ranging from tourism and travel, recruitment, publication, and IT solutions. He is also deeply involved in several youth-related NGOs and training activities.

Datuk Shahul Dawood graduated from Bharathidasan University, India with a Bachelor of Computer Science. He also holds a Diploma and Higher Diploma in Business from the Regent School of Business and a Certificate in Strategies & Technologies of E-Business from the University of California.



## Datuk Muhd Khair Razman Mohamed Annuar

Appointed on 12 October 2020

### Representative Ministry of Human Resources

Datuk Muhd Khair Razman Mohamed Annuar is the Deputy Secretary General in the Ministry of Human Resources.

Datuk Muhd Khair has enjoyed an extensive career in public service covering the Ministry of Foreign Affairs, Ministry of Energy, Water & Communication, Ministry of Home Affairs, and the Ministry of Human Resources. He was also a former Director General of the Manpower Department.

He is very passionate about the issues of exploitation of persons and migrants. Given his broad experience in labour market migration issues, he is currently a member of the Asia Dialogue on Forced Migration.

He holds LLB (Hons) from the University of Staffordshire and LLM (International Law) from the University of Southampton in United Kingdom.

# Board of Directors



## Dr. Zainah Shariff

Appointed on 8 May 2020

### Representative Ministry of Youth and Sports

Dr. Zainah Shariff is the Deputy Director General for the Youth Development Division in the Ministry of Youth and Sports Malaysia.

She is an experienced Senior Officer with a demonstrated history of working in the government administration on youth and sports development. She has devoted her career to the development of human resource, given her extensive education and experience in this field.

She graduated from Universiti Putra Malaysia with a Bachelor of Science Human Development and a Master of Science Human Resource Development. She also holds a PhD in Human Resource Development from the University of Victoria, Melbourne, Australia.



## Dr. Kang Tong Hum

Appointed on 12 June 2020

### Representative Ministry of Finance

Dr. Kang Tong Hum is the Deputy Director of National Budget in the National Budget Office, Ministry of Finance.

He has held many significant positions in various ministries and agencies including Assistant Secretary at the Ministry of Defence, Deputy Director at the Economic Planning Unit, Prime Minister's Department and Senior Deputy Director, National Strategy Unit, Ministry of Finance.

Dr. Kang possesses a diverse educational background. He earned a Bachelor of Social Science from Universiti Sains Malaysia and a Diploma in Public

Management from the National Institute of Public Administration. He also holds a master's degree in Science for International Resource Planning and Management from the Naval Postgraduate School in the United States of America as well as a PhD in Management from Universiti Putra Malaysia.

# Board of Directors



## Asri Ab Rahman

Appointed on 11 January 2021

### Representative Department of Labour Peninsular Malaysia

Asri Ab Rahman is the Director General at the Department of Labour Peninsular Malaysia.

Asri Ab Rahman graduated from Universiti Utara Malaysia with a Bachelor's in Public Administration.

Asri has been in the Human Resources scene for close to three decades. At the start of his career, he served in several Assistant Director roles, initially in the Ipoh Labour Office then moving to the Department of Labour Peninsular Malaysia.



## Datuk Haji Abdul Kadir bin M. E. Sikkandar

Appointed on 4 July 2019

### Employer Representative

Datuk Haji Abdul Kadir M. E. Sikkandar is the Chief Executive Officer of Kumpulan BTC Berhad.

He has enjoyed a long and diversified career which comprises his current role as the Deputy Treasurer to the Sabah Council of Datuks.

He has held numerous positions since receiving his professional certification in commerce from Kota Kinabalu Commercial College. These included advisory roles to higher education institutions.

# Board of Directors



## Dato' Raiha Azni Abd Rahman

Appointed on 11 January 2021

### Employer Representative

Dato' Raiha Azni Abd Rahman is a retiree who has enjoyed an illustrious 35-year career with PETRONAS. At PETRONAS, she oversaw thousands of people and worked in various leadership roles, including serving as the Senior Vice President of Group Human Resources Management. Dato' Raiha was also previously the Chairman of the Board of Directors for PETRONAS, University of Technology and PETRONAS Leadership Centre.

Dato' Raiha is currently a board member of the Asia School of Business Management (a collaboration between Bank Negara Malaysia & MIT Sloan School of Management) and also an Academic Advisory Board Member for Putra Business School, Universiti Putra Malaysia.

She earned her Bachelor of Science in Marketing from Syracuse University, New York and has participated in various senior management development programmes. She is also a Chartered Fellow with the Chartered Institute of Personnel and Development (FCIPD), United Kingdom.



## Dato' Palaniappan Joseph

Appointed on 16 May 2021

### Employer Representative

Dato' J. Palaniappan serves as the Chairman of the ASEAN Future Workforce Council and a Council Member of the Federation of Malaysian Manufacturers (FMM).

He is passionate about policy formulation that empowers corporations and individuals through various Human Capital Initiatives, with a specific focus on Technical and Vocational Education and Training (TVET).

Dato' Palaniappan has held numerous leadership positions. He currently serves as Managing Director of Satake Technologies Sdn. Bhd. He is also the Vice President of Malaysia Employers Federation (MEF) and Executive Council Member of Malaysian TVET Council under the Ministry of Higher Education and National

Wages Consultative Council (NWCC) under the Ministry of Human Resources. In addition, Dato' Palaniappan is a member of the Board of Trustees for the National Institute of Biotechnology Malaysia under the Ministry of Science, Technology & Innovation (MOSTI).

He graduated from Universiti Malaya with a Bachelor of Jurisprudence. He also earned a Bachelor of Economics as well as a Master's in Science (Quality & Productivity Improvement) from Universiti Kebangsaan Malaysia.

# Board of Directors



## Datuk Chia Hui Yen

Appointed on 21 August 2019

### Employer Representative

Datuk Chia Hui Yen is a National Council Member of the SME Association of Malaysia.

She started her career in the financial industry 27 years ago and has held many key positions in her areas of expertise. These included being the country lead for some of the world's leading banks and insurance companies. She received extensive training in India, Hong Kong, the US and UK throughout her career and possesses vast experience in investment services, consumer and retail banking, as well as corporate and retail insurance. She has also worked within the international banking, private banking and SME banking sectors, where she honed her expertise in business sustainability and corporate social responsibility.

Her successes in the financial services industry led her to become an entrepreneur seven years ago, where she ventured into the orthotic and foot business, food manufacturing and restaurant retail chains at both the local and regional level. Under her leadership, these businesses received multiple business awards from reputable industry bodies.

Datuk Chia received a Bachelor's Degree majoring in Social Development and Administration and minored in Management from Universiti Sains Malaysia. She later received her Master of Business Administration from the University of Nottingham, where she specialised in business strategy.



## Gan Boon Khim

Appointed on 21 August 2019

### Employer Representative

Gan Boon Khim is the acting Managing Director of Unique Diamond Sdn Bhd.

He is actively involved with the Associated Chinese Chamber of Commerce and Industry Malaysia, serving on the National Council and as Chairman of the Human Resources Committee. Given his

strong leadership capabilities, he is also the Secretary General of the Kuala Lumpur and Selangor Chinese Chamber of Commerce and Industry, Malaysia.

Gan Boon Khim graduated from Universiti Malaya with a Bachelor of Engineering (Hons).

# Board of Directors



## Datin Erni Dekritawati Yuliana Buhari

Appointed on 15 April 2020

### Employer Representative

Datin Erni Dekritawati Yuliana Buhari is the Chief Executive Officer of Nouvelle Beauty Centre and the Managing Director of EREE International Sdn Bhd. She also established Victoria Sloane, a women's fashion brand that draws inspiration from Asian and Italian designs.

Amid the pandemic, she launched a restaurant and subsequently grew a food and beverage franchise called *Wak's Peyek*. The franchise incorporates her family's Javanese recipes into their menu, resulting in the cuisine reaching greater heights and widespread success.

She gained her innate sense of entrepreneurship from her family background, which helped her start and grow her successful business empire. She has also given more than a hundred motivational talks across conventional and social media.

As a result of her entrepreneurial zeal, Datin Erni was honoured as one of the 60 Wanita Inspirasi Nona in 2015 and received the honour of one of the Top 100 Most Influential Young Entrepreneurs in 2017. In the same year, she was named as one of Asia Pacific Women Entrepreneurs of 2017. Her active involvement as an entrepreneur and as an owner of multiple online businesses led Shopee to appoint her as a member of their Shopee Celebrity Squad since 2019.

Datin Erni holds an undergraduate degree in Art and Design from Universiti Teknologi Mara and a Master's of Management and International Business from Nottingham Trent University, United Kingdom. She is currently pursuing her Doctorate in Philosophy at Universiti Utara Malaysia.



## Datuk Nicole Wong Siaw Ting

Appointed on 15 April 2020

### Independent Director

Datuk Nicole Wong Siaw Ting is the Chairperson of the Malaysian Chinese Association of National Youth.

An active spokesperson for youth empowerment, she is often found speaking up and helping local youth through a myriad of avenues. In 2014, she initiated the Youth Care Movement in response to the devastating floods in Malaysia with the goal of helping flood victims with the aftermath relief works. Prior to

that, she also coordinated many successful community movements with the China Youth Centre for International Exchange in which the relationship is well maintained to this date.

She holds a Master's in Business Administration from Universiti Tun Abdul Razak and a Diploma in Travel Management from Reliance College, Kuala Lumpur.

# Board of Directors



**M. Vickneswari  
R. Muthukrishnan**

Appointed on 27 April 2020

**Independent  
Director**

M. Vickneswari R. Muthukrishnan is the National Deputy Women Leader of the Malaysian Indian Congress.

She is an advocate of women issues and social empowerment with a strong belief in 'Woman Empowering Women'. As a result, she has used her prominent position to represent the voices of women from various backgrounds across Malaysia.

Her passion for women's rights and activism has led her to serve as the secretary and trustee of Yayasan Sosial Wanita Malaysia and a Special Officer to the President's Senate.

She holds a master's degree in counselling from Open University Malaysia, a Diploma in Business Management from Seafeld International College, and a Secretarial Diploma from Bedford College.



**Dato' Kamalakannan  
Kaliaperumal**

Appointed on 28 October 2020

**Employer  
Representative**

Dato' Kamalakannan Kaliaperumal is the Chief Special Officer to the President of the Dewan Negara, Parliament of Malaysia, the President of the Pertubuhan Integrasi Nasional and the Director of the Malaysian Indian Youth Development Foundation.

He began his career in the legal field at MS Skrine & Co before moving into journalism at Sun Media Corporation, where he served for close to a decade. With his extensive leadership experience, he moved into management positions at Utas Asia Sdn Bhd before taking up

the role as the Private Secretary to the Parliamentary Secretary for the Minister of Youth and Sports.

Dato' Kamalakannan Kaliaperumal read Law at Aberystwyth University and holds a Diploma in Human Resources Management from Optima International College.

# Board of Directors



**Mohd Syukri  
Ahmad Sudari**

Appointed on 5 December 2020

**Employer  
Representative**

Mohd Syukri Ahmad Sudari serves as the Vice President, Council Member of the Malaysian Employers Federation (MEF) and the President of Association of Insurance Employers (AIE). He is also the Chief People Officer at Affin Bank Berhad.

As someone who possesses over 24 years of experience in strategic human capital management, which covers a diversified industry including financial, telecommunications, aerospace, engineering and insurance sectors, he values creation through human resource transformation and has always been keen to help organisations achieve this transformation.

An accomplished leader, he has won several awards throughout his 24-year career, including CHRO of the year 2020 and "100 Most Inspirational LinkedIn Icon in Malaysia 2020".

Syukri Sudari has a Bachelor of Human Sciences (Hons) from International Islamic University Malaysia and a Master of Business Administration from Universiti Kebangsaan Malaysia. He is also designated as LUMA Institute Certified Practitioner of Human-Centered Design and accredited Human Synergistics LSI/GSI practitioner.



**Dato' Abdul Latif  
Haji Abu Seman**

Appointed on 26 April 2021

**Representative  
Malaysia Productivity Corporation**

Dato' Abdul Latif Haji Abu Seman currently serves as the Director-General of the Malaysia Productivity Corporation (MPC).

He began his industrious career as a Training & Investigating Officer at MPC back in 1984. He moved up through the ranks and became MPC's Sarawak Regional Director in February 2005. In February 2010, he became the Deputy Director-General MPC and later in August 2019, its Director-General.

Dato' Abdul Latif brings to HRD Corp close to four decades of experience in quality management as he was the lead assessor for many notable awards, namely the Prime Minister Industry Quality Award, Quality Management Excellence Award, Sarawak Chief Minister Quality Award and the Federal Secretary Award. He is also a certified benchmarking instructor by world renowned Juran Institute, and a recognised expert under the

Asian Productivity Organisation Technical Expert Service (APO-TES) in productivity and quality improvement, and regulatory reforms. Over the years, he has built an extensive network with the Australian Government Productivity Commission, American Productivity and Quality Council, The World Bank and Organisation for Economic Co-operation and Development (OECD), to name a few.

Dato' Abdul Latif graduated from Universiti Malaya with a Bachelor's Degree in Economics and earned a Master's in Policy Studies from Saitama University, Japan. He has also attended the Advance Management Programme of INSEAD, Fontainebleau, Paris, France.

# Board of Committees

## Board Audit and Risk Management Committees

The Board Audit & Risk Management Committee (BARMC) comprises four (4) independent Non-Executive Directors with a collective wealth of knowledge, expertise and experience from different industries and backgrounds.

The BARMC evaluates the adequacy and effectiveness of HRD Corp's internal control systems and deliberates on issues identified by its internal-external auditors and Management.

Throughout the year, the BARMC was continuously briefed on the corporation's corporate governance practices, updates of the Malaysian Financial Reporting Standards, as well as other legal and regulatory requirements.

Current Members:



Additionally, the committee was kept informed on critical matters affecting the finances of HRD Corp. The BARMC also reviews the engagement and independence of the corporation's external auditors, their audit plan, and reports to HRD Corp's Board, covering the nature, approach, scope, and other examinations of external audit. Their responsibilities also include assessing the corporation's internal audit function.

The BARMC met regularly during the year under review, with full and unimpeded access to HRD Corp's Internal and External Auditors, including its employees.

## Investment Panel

The Investment Panel (IP) comprises six (6) members, consisting of the independent Non-Executive Directors, representatives of the Ministry of Finance and two independent members with business and financial experience appointed by the Minister of Human Resources for two years. The Chairman of the Board is the Chairman of the IP, as prescribed in the PSMB Act 2001.

The IP's responsibilities include reviewing HRD Corp's Investment Guidelines, ensuring effective and efficient maximum returns from its investments; and evaluating the performance of the corporation's investments.

Current Members:



## Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee (BNRC) comprises five (5) representatives, including its Chairman.

The BNRC is empowered to decide on all personnel remuneration policies of HRD Corp. These include providing an independent and unbiased review, assessment, and determination of HRD Corp's remuneration structure and policies. The Committee also evaluates and makes recommendations on

matters pertaining to increments and bonus payments of the corporation's employees. Additionally, the BNRC also reviews employee appointments, confirmation, and promotions.

During the year under review, the BNRC met as and when required.

Current Members:



## Board Operation Committee

The Board Operation Committee (BOC) comprises six (6) representatives, including its Chairman.

Each BOC member has the responsibility to review, guide and provide oversight for the overall operations of HRD Corp. As committee members are mainly

members of HRD Corp's Board of Directors, they provided guidance on business operations, including matters pertaining to strategic business direction and business policy implementation.

Current Members:



## Programme Review & Accreditation Committee

The Programme Review and Accreditation Committee (PRAC) was formed to ensure that all training programmes funded by HRD Corp and offered to registered employers and trainees are of the highest standards while meeting industries' needs, demands and expectations.

PRAC is chaired by Prof. Dato' Seri Dr. Mohamed Mustafa Bin Ishak, the DirectorGeneral of Ministry of Higher Education. Its members are subject matter experts representing various organisations in the field of Education, Training, and Industry. They are also able to offer their insights and experience in shaping best practices for the training and development landscape.

Current Members:

- Prof. Dato' Seri Dr. Mohamed Mustafa Ishak (Chairman)
- Dr. Zainah Shariff
- Prof. Emeritus Tan Sri Dato' Dr. Salleh Mohamed Yasin
- Tan Sri Dr. Ansary Ahmad
- Tan Sri Dr. Michael Yeoh
- Datuk Parmjit Singh
- Datuk Seri Wong Chun Wai
- Tuan Haji Zaihan Shukri
- Anas Zubedy
- Madam Gayathri A/P Vadivel

## Training Levy & Review Committee

The Training Levy & Review Committee (TLRC) comprises representatives from the HRD Corp Board members.

maximise employer's levy in terms of utilisation and improvement of structure, as well as the implementation of relevant policies to enhance participation in employer training programmes.

The TLRC was established to review employers' levy-based programmes. The Committee also identifies the necessary approaches required to

Current Members:

- Gan Boon Khim (Chairman)
- Dato' Palaniappan Joseph
- Dato' Raiha Azni Abd Rahman
- Datuk Chia Hui Yen
- M. Vickneswari R. Muthukrishnan

# Senior Leadership Team



**Datuk Shahul Dawood**

Chief Executive



**Dato' Ariff Farhan Doss**

Chief Operating Officer



**Wan Yon Shahima Wan Othman**

Chief Customer Officer



**Rony Ambrose Gobilee**

Chief Programmes Officer



**Siti Suryati Kama Asnawi**

Chief Human Resources Officer



**Ragnathan Gopalakrishnan**

Chief Technology Officer



**Venagadasamy Appalasy**

Chief Financial Officer



**Merle Fernandez**

Chief Legal Officer and Company Secretary



**Siti Fatimah Abdullah**

Chief Integrity and Governance Officer



**Irna Wati Mohd Nor**

Deputy Chief Finance



**Muhamad Hafez Kamaruddin**

Head of Strategy



**Hazrina Azizdin**

Head of Corporate Communications

# Agility

# 2020 Report



## 2020 Achievements

# Empowering Malaysia's Human Development

HRD Corp employed various initiatives and schemes to mitigate the effects of the pandemic and support the nation's human capital development while facilitating the growth of industries under its purview. This led to the regulation of talent development for a wider scope of industry sub-sectors, an increase in certification approvals, the reallocation of funds and the creation of a variety of income-generating opportunities for Malaysians.

Following the launch of PENJANA by the Government, HRD Corp introduced the PENJANA HRDF initiative to further minimise the impact of COVID-19 on the employment sector. PENJANA HRDF aided Malaysians with reskilling and upskilling training programmes to encourage entrepreneurship, create income generation opportunities, drive employment and job retention. With a RM500 million fund allocation, this initiative has impacted a total of 85,527 Malaysians as at 31 December 2020.

In 2020, a total of 33,300 employers were registered under HRD Corp, highlighting the importance of providing and maintaining the quality of training to support their long-term growth and immediate needs. To help alleviate financial difficulties, HRD Corp granted free registration renewal and extension for training providers to retain the number of active training providers under the corporation. A total of 6,333 active training providers were recorded as at 31 December 2020.

However, due to the levy exemption enforced for industries affected by the pandemic in 2020, HRD Corp experienced a decrease in levy collection which affected the amount of Financial Assistance (FA) provided for our schemes. For the full fiscal year 2020, the total amount approved for FA was RM360 million while levy collection stood at RM474.86 million.

Nevertheless, it is important to create a more equitable and positive socio-economic environment in the immediate aftermath of the pandemic. Therefore, the nation's human development must be prioritised. This must include improving the lives, incomes and needs of the *rakyat*.

HRD Corp will continue making these a priority as we believe that such efforts are the necessary foundation of rebuilding our economy in the immediate and medium term while setting us on the path of rapid and sustainable growth for the long term.

# Training

Training is the most fundamental element of HRD Corp's efforts to drive Malaysia's human capital development. It enables Malaysian talents in general and workforce in particular to find opportunities to develop new skills, improve existing skillsets or retrain or reskill in different areas and specialties to broaden their prospects.

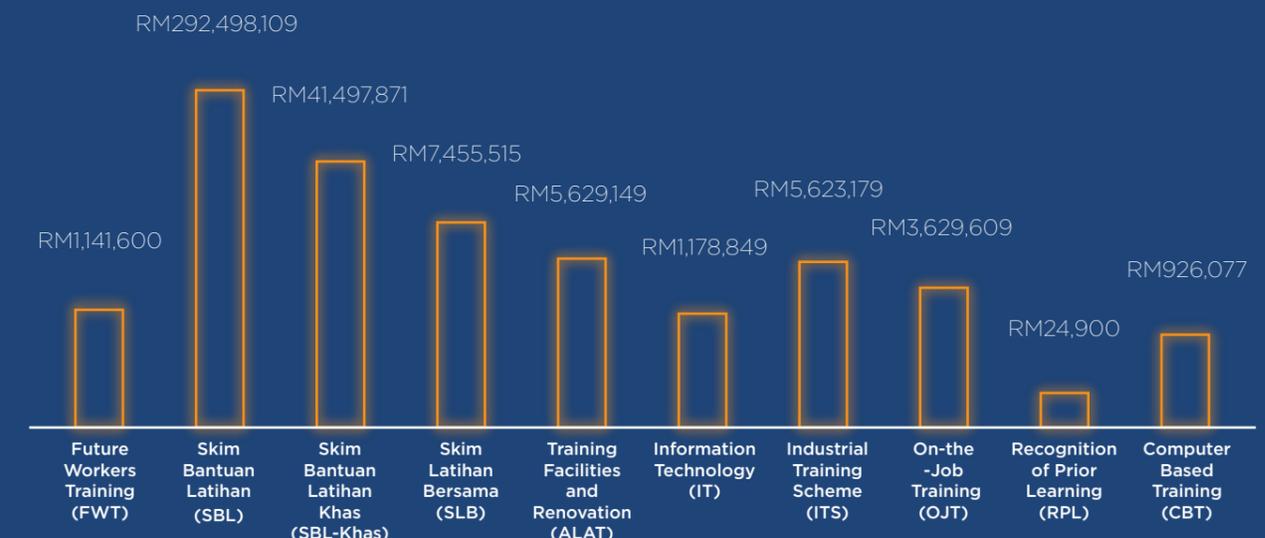
Training is also where employers' levy is put to work the most, for the benefit of their business and employees. It provides registered employers with the ability to rectify any skills gap in its existing workforce, while building a pipeline of highly skilled talents for the future.

While we may have started out with channelling levy towards funding training programmes only, over the years, HRD Corp has adopted a hybrid approach of ensuring that our employers and stakeholders benefit from other types of training and development programmes.

This includes funding external training programmes delivered by third-party trainers and training providers for registered employers through our various schemes and financial assistance programmes. Additionally, we also introduced our own dedicated training and development programmes that benefit employers.

In 2020, HRD Corp approved RM360 million for the purpose of levy utilisation and financial assistance for 527,478 training places as applied by registered employers. This was done across our ten (10) schemes.

## Approved Financial Assistance by Scheme in 2020

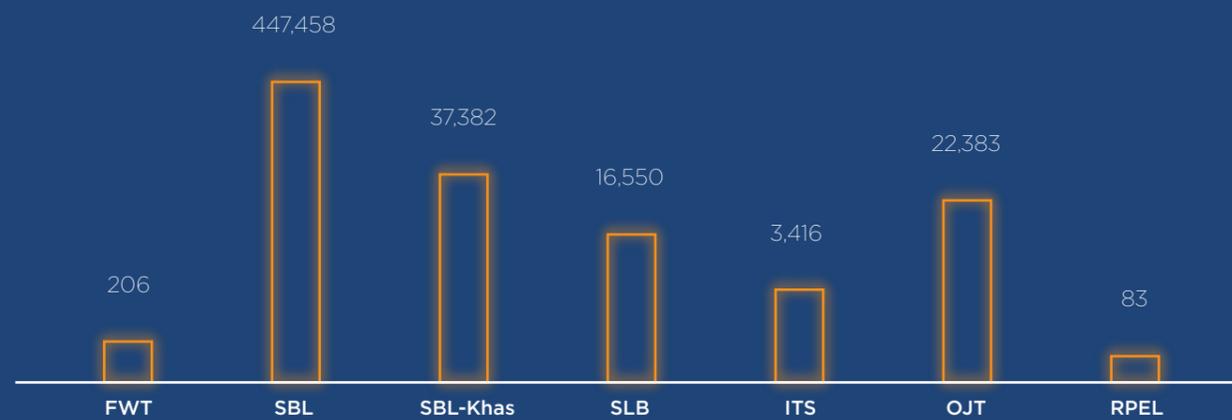


**Chart 1**  
Approved Financial Assistance by Scheme in 2020

The amount approved by HRD Corp in 2020 was lower by RM300 million compared to 2019. This is due to the pandemic as many companies reduced their participation in training programmes.

SBL emerged as the most popular scheme claimed by employers at RM292.5 million, a similar trend was recorded in the last five years. SBL has the most flexible scheme in terms of its mechanism as employers are free to identify and implement their needs-based training programme to retain as well as enhance their employees' skills, in line with their operational and business requirements without undergoing any registration process.

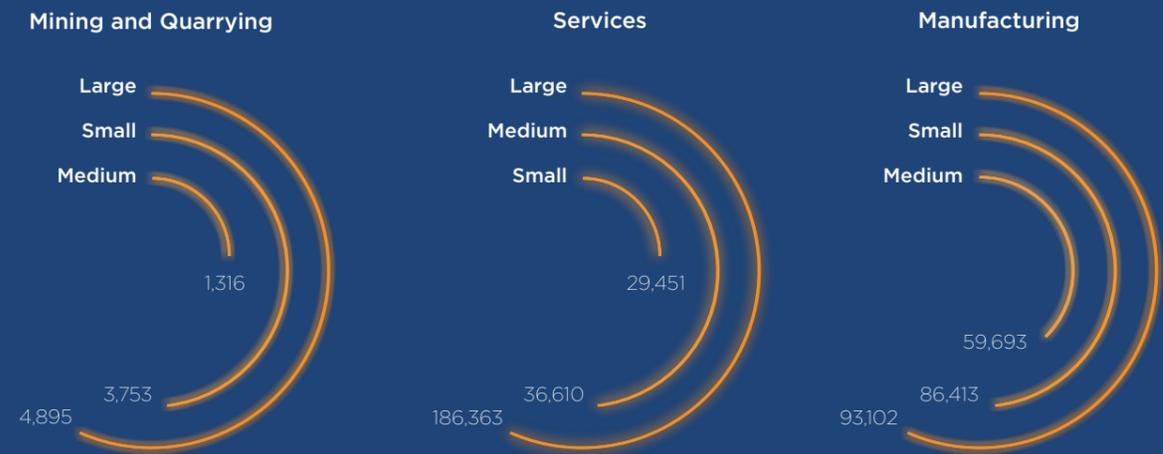
### Approved Training Places by Scheme in 2020



**Chart 2**  
Approved Training Places by Scheme in 2020

A total of 527,478 Training Places (TPs) were approved in 2020. Similar to FAs, SBL contributed the highest total number of TPs in 2020 at 447,458.

### Approved Training Places by Sector and Size of Employer in 2020



**Chart 3**  
Approved Training Places by Sector and Size of Employer in 2020

In 2020, the Services sector covered 50% of the total approved TPs, followed by the Manufacturing sector at 48%. Mining and Quarrying accounted for the remaining 2%.

In terms of size and categories of organisations, HRD Corp adheres to the definitions set out by SME Corp Malaysia, as follows:

Organisation Size	Manufacturing	Services & Other Sectors
Micro	<ul style="list-style-type: none"> <li>Sales Turnover: RM300,000 or less</li> <li>Number of Employees: 5 or less</li> </ul>	<ul style="list-style-type: none"> <li>Sales Turnover: RM300,000 or less</li> <li>Number of Employees: 5 or less</li> </ul>
Small	<ul style="list-style-type: none"> <li>Sales Turnover: RM300,000 to RM15 million</li> <li>Number of Employees: 5 to 75</li> </ul>	<ul style="list-style-type: none"> <li>Sales Turnover: RM300,000 to RM3 million</li> <li>Number of Employees: 5 to 30</li> </ul>
Medium	<ul style="list-style-type: none"> <li>Sales Turnover: RM15 million to RM50 million</li> <li>Number of Employees: 75 to 200</li> </ul>	<ul style="list-style-type: none"> <li>Sales Turnover: RM3 million to RM20 million</li> <li>Number of Employees: 30 to 75</li> </ul>
Large	<ul style="list-style-type: none"> <li>Sales Turnover: More than RM50 million</li> <li>Number of Employees: More than 200</li> </ul>	<ul style="list-style-type: none"> <li>Sales Turnover: More than RM50 million</li> <li>Number of Employees: More than 75</li> </ul>

### Approved Training Places and Total Number of Registered Employer by Sector in 2020

Sector	Training Places	Percentage (%)	Number of Registered Employers	Average Training Places Per Employer
Manufacturing	239,208	48	13,238	19
Service	252,424	50	19,796	13
Mining and Quarrying	9,964	2	266	14
<b>Grand Total</b>	<b>501,596</b>	<b>100%</b>	<b>33,300</b>	<b>15</b>

Note: Applicable for FWT, SBL, SBL-Khas & SLB schemes only.

**Table 1**

Approved Training Places and Total Number of Registered Employees by Sector in 2020

During the year in review, the Services sector had the highest number of approved TPs at 252,424. The average number of TP per employer in the year 2020 was 15.

### Approved Financial Assistance and Levy Collection from 2016 to 2020



**Chart 4**

Approved Financial Assistance and Levy Collection from 2016 to 2020

As part of the PRIHATIN package aimed at mitigating the impact of the pandemic on the nation, the government announced a six-month exemption on all levy payments by HRD Corp's registered employers. This resulted in HRD Corp recording significant declines in the total collection of levy which led to a lower-level FA disbursement.

### Approved Financial Assistance and Levy Collection by Size of Employer for 2020

Industry / Employers	Financial Assistance (RM)	Percentage (%)	Levy Collection (RM)	Difference
				Levy Collection - Financial Assistance (RM)
<b>Large</b>	204.70 Million	57	239.56 Million	34.86 Million
<b>Small &amp; Medium</b>	157.46 Million	43	235.30 Million	77.84 Million
<b>Total</b>	362.16 Million	100	474.86 Million	112.70 Million

**Table 2**

Approved Financial Assistance and Levy Collection by Size of Employer for the Year 2020

Total levy collection in 2020 declined to RM239.56 million for large employers and RM235.30 million for small and medium employers, compared to the total levy collection in 2019, which was RM460.00 million and RM429.88 million, respectively. This was due to the exemption of levy provided between April 2020 and September 2020. There was also a reduction in FA, in line with the reduced levy collection.

## Approved Training Places by Skill Areas in 2020

Skill Area	Training Places	Percentage (%)
Safety and Health	105,729	21.08%
Quality and Productivity	55,066	10.98%
Education or Training	43,896	8.75%
Management or Strategic Management	38,285	7.63%
Team Building or Motivation	27,403	5.46%
Computer or Information and Technology	25,479	5.08%
Food and Beverages	17,964	3.58%
Maintenance or System and Control	15,974	3.18%
Marketing and Sales	15,274	3.05%
Manufacturing or Production	14,285	2.85%
Process and Operations	14,151	2.82%
Audit or Tax	13,884	2.77%
Human Resources	13,301	2.65%
Engineering	12,489	2.49%
Public Relations or Customer Service	10,909	2.17%
Legal and Law	9,961	1.99%
Medical or Healthcare	9,273	1.85%
Supervisory	9,164	1.83%
Journalist or Publishing or Communication or Media	6,349	1.27%
Accounting or Finance	5,733	1.14%
Aviation	5,407	1.08%
Security or Armed Forces	5,070	1.01%
Purchasing or Logistics or Supply Chain	4,859	0.97%
Retail or Merchandising	4,634	0.92%
Administration or Clerical	3,732	0.74%
Hotel or Tourism	3,535	0.70%
Language	2,971	0.59%
Creativity and Innovation	2,301	0.46%
Research and Development	1,004	0.20%
Ship or Maritime Handling	961	0.19%
Creative Design	724	0.14%
New or High Technology	657	0.13%
Actuarial or Statistics	583	0.12%
Biotechnology or Chemistry	375	0.07%
Port Management	214	0.04%
<b>Total</b>	<b>501,596</b>	<b>100.00%</b>

Note: According to Skill Areas of the FWT, SBL, SBL Khas & SLB.

**Table 3**

Approved Training Places by Skill Areas in 2020

In 2020, Safety and Health emerged as the most preferred skill area with 105,729 approved TPs, representing 21.08% of the total approved. A skill needed across all industries, Safety and Health has become an employment requirement for those in certain jobs such as security guards. Since Safety and Health training programmes usually have their own validity period, trainees will also have to attend refresher courses. Hence, these courses have regular schedules as compared to other programmes.

## Approved Training Places by Job Position Under SBL and SBL-Khas Schemes for 2019 and 2020



**Chart 5**

Approved Training Places by Job Position Under SBL and SBL-Khas Schemes for 2019 and 2020

SBL and SBL-Khas were the top two (2) schemes for approved TPs in 2020. During the period under review, there were more executive than non-executive trainees who attended training programmes. This was largely due to physical restrictions imposed as a result of the pandemic, which changed the training delivery landscape. As such, most employers focused on soft skills programmes that were conducted via remote online learning for employees who were computer literate and had access to internet facilities.

## Approved Training Places by 63 Sub-Sectors for 2020

Sub-Sectors	Training Places	Percentage (%)
Manufacturer of Electrical Machinery, Apparatus Appliances and Supplies	66,724	13.30%
Food Manufacturing and Beverage Industries	33,854	6.75%
Manufacturer of Transport Equipment	21,472	4.28%
Hotel Industry	19,889	3.97%
Private Institution of Higher Learning	18,947	3.78%
Manufacturer of Industrial Chemicals and Other Chemical Products	18,238	3.64%
Private Hospital	18,154	3.62%
Engineering Support and Maintenance	16,768	3.34%
Land Transport	16,295	3.25%
Non-Ferrous Metal Basis Industries and Fabricated Metal	15,972	3.18%
Telecommunication	15,756	3.14%
Computer Industry	14,775	2.95%
Manufacturer of Plastics Products	14,228	2.84%
Food and Beverage Services	14,137	2.82%
Hypermarket/Supermarket/Departmental Store	13,032	2.60%
Manufacturer of Rubber Products	12,870	2.57%
Postal	12,705	2.53%
Air Transport	9,835	1.96%
Freight Forwarder	9,154	1.82%
Printing, Publishing and Allied Industries	8,856	1.77%
Manufacturer of Machinery Except Electrical	8,369	1.67%
Power (Energy)	8,152	1.63%
Sale and Repair of Motor Vehicles	7,794	1.55%
Manufacturer of Non-Metallic Mineral Products	7,594	1.51%
Iron and Steel Basic Industries	6,846	1.36%
Franchise	6,713	1.34%
Security Firms	6,578	1.31%
Petroleum Refineries	6,168	1.23%
Manufacturer of Paper and Paper Products	6,083	1.21%
Manufacturer of Professional and Scientific, Measuring and Controlling Equipment N.E.C., of Photographic and Optical Goods and Others Manufacturing Ind.	5,396	1.08%
Port Services	5,079	1.01%
Training Provider	4,619	0.92%

Water Treatment and Supply	4,566	0.91%
Information Service	3,897	0.78%
Manufacturer of Textiles and Wearing Apparel, except Footwear	3,736	0.74%
Shipping	2,844	0.57%
Manufacturer of Wood and Wood Products and Cork, Except Furniture	2,802	0.56%
Manufacture of Furniture and Fixtures Except Primarily of Metal	2,802	0.56%
Research and Development	2,721	0.54%
Petroleum and Gas Extraction	2,646	0.53%
Waste Management and Material Recovery Services	2,437	0.49%
Building and Landscape Services	2,318	0.46%
Advertising	2,095	0.42%
Early Childhood Education	1,896	0.38%
Sewerage	1,881	0.38%
Direct Selling	1,876	0.37%
Manufacturer of Glass and Glass Products	1,696	0.34%
Private Broadcasting Services	1,590	0.32%
Health Support Services	1,453	0.29%
Production of Motion Picture, Video and Television Programme, Sound Recording and Music Publishing	1,203	0.24%
Mineral and Stone Quarry	1,187	0.24%
Bonded Warehouse	875	0.17%
Manufacturer of Leather and Products of Leather, Leather Substitutes and Fur, except Footwear and Wearing Apparel	785	0.16%
Event Management Services	713	0.14%
Travel Agency - Outbound	601	0.12%
Gas, Steam and Air-Conditioning Supply	401	0.08%
Manufacturer of Miscellaneous Petroleum and Coal Products	316	0.06%
Manufacturer of Footwear, except Vulcanised or Moulded Rubber or Plastics Footwear	301	0.06%
Driving School	195	0.04%
Manufacturer of Pottery, China, and Earthenware	215	0.04%
Travel Agency - Inbound	195	0.04%
Tobacco Manufacturers	193	0.04%
Veterinary Services	44	0.01%
<b>Total</b>	<b>501,596</b>	<b>100%</b>

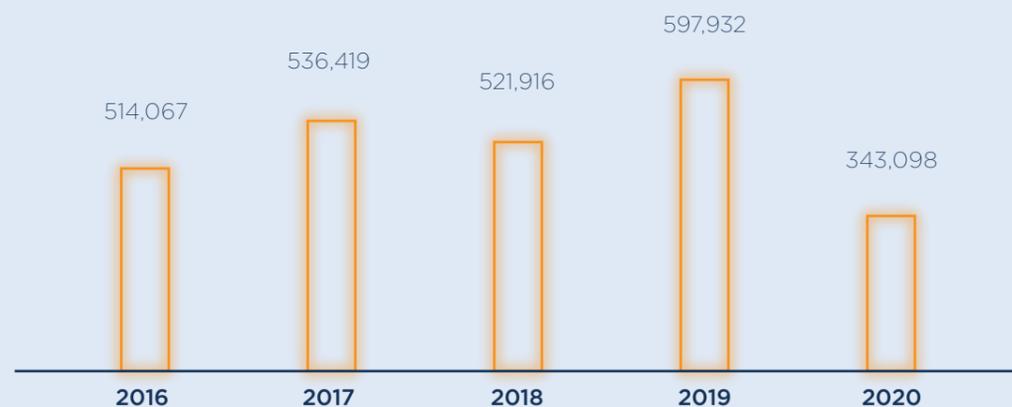
Note: SBL, SBL-Khas, SLB, ITS, RPL, FWT and OJT schemes for Training Places.

**Table 4**  
Approved Training Places by 63 Sub-Sectors for 2020

In 2020, Manufacturing sub-sectors were the most active in retraining and upskilling their workforce. Electrical Machinery, Apparatus, Appliances and Supplies led the way with a total combined approved TPs of 66,723. This is simply due to the fact that the Manufacturing sector has the highest number of employees compared to the other sectors.

Meanwhile, the Food & Beverage sub-sector came in second with 33,854 TPs approved, followed by Transport Equipment with a total number of 21,472 approve TPs.

## Number of Unique Trainees from 2016 to 2020



**Chart 6**  
Number of Unique Trainees from 2016 to 2020

Chart 6 shows the number of individual trainees who benefitted from HRD Corp schemes and training programmes from 2016 to 2020.

In 2020, HRD Corp helped 343,098 employees attend a wide range of upskilling and reskilling programmes. This, however, is a reduction from 597,932 in 2019, representing a decline of 27%. The slight decline was attributed to the MCO which restricted physical training as well as narrowed the type of training programmes available, as not all training programmes were suitable for the online or virtual format at the time.

## Certification Training Places by 63 Sub-Sectors in 2020

Sub-Sectors	Training Places	Percentage (%)
Engineering Support and Maintenance	2,384	16.72%
Food Manufacturing and Beverage Industries	1,120	7.86%
Manufacturer of Electrical Machinery, Apparatus Appliances and Supplies	850	5.96%
Petroleum and Gas Extraction	817	5.73%
Computer Industry	788	5.53%
Manufacturer of Industrial Chemicals and Other Chemical Products	785	5.51%
Petroleum Refineries	636	4.46%
Freight Forwarder	505	3.54%
Private Broadcasting Services	486	3.41%
Sale and Repair of Motor Vehicles	486	3.41%
Air Transport	440	3.09%
Shipping	435	3.05%
Manufacturer of Rubber Products	416	2.92%
Sewerage	379	2.66%
Hotel Industry	324	2.27%
Power (Energy)	316	2.22%
Manufacturer of Transport Equipment	276	1.94%
Private Hospital	236	1.66%
Non-Ferrous Metal Basis Industries and Fabricated Metal	220	1.54%
Manufacturer of Machinery except Electrical	200	1.40%
Manufacturer of Plastics Products	139	0.98%
Land Transport	122	0.86%
Manufacturer of Paper and Paper Products	113	0.79%
Port Services	111	0.78%
Tobacco Manufacturers	111	0.78%
Iron and Steel Basic Industries	110	0.77%
Mineral and Stone Quarry	109	0.76%
Food and Beverage Services	108	0.76%
Hypermarket/Supermarket/Departmental Store	97	0.68%
Manufacturer of Non-Metallic Mineral Products	96	0.67%
Waste Management and Material Recovery Services	86	0.60%
Driving School	82	0.58%
Building and Landscape Services	74	0.52%

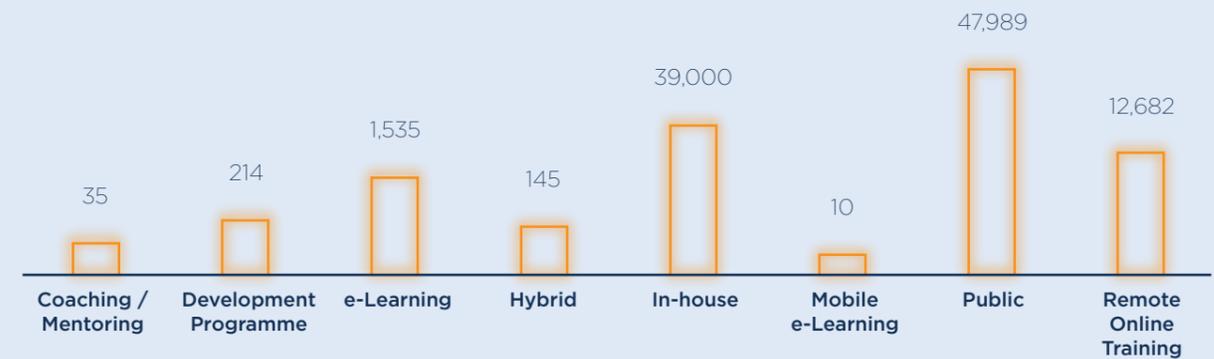
Manufacturer of Textiles and Wearing Apparel, Except Footwear	70	0.49%
Water Treatment and Supply	66	0.46%
Manufacturer of Professional and Scientific, Measuring and Controlling Equipment N.E.C., Photographic and Optical Goods and Others	61	0.43%
Postal	61	0.43%
Research and Development	60	0.42%
Information Service	57	0.40%
Gas, Steam and Air-Conditioning Supply	39	0.27%
Manufacture of Furniture and Fixtures Except Primarily of Metal	36	0.25%
Advertising	35	0.25%
Manufacturer of Glass and Glass Products	35	0.25%
Bonded Warehouse	34	0.24%
Manufacturer of Wood, Wood Products and Cork, except Furniture	30	0.21%
Early Childhood Education	29	0.20%
Production of Motion Picture, Video and Television Programme, Sound Recording and Music Publishing	29	0.20%
Direct Selling	25	0.18%
Printing, Publishing and Allied Industries	24	0.17%
Health Support Services	23	0.16%
Franchise	17	0.12%
Private Institution of Higher Learning	12	0.08%
Telecommunication	11	0.08%
Event Management Services	10	0.07%
Manufacturer of Miscellaneous Products of Petroleum and Coal	9	0.06%
Travel Agency - Inbound	7	0.05%
Manufacturer of Leather and Products of Leather, Leather Substitutes and Fur, except Footwear and Wearing Apparel	6	0.04%
Manufacturer of Pottery, China, and Earthenware	4	0.03%
Training Provider	4	0.03%
Security Firms	2	0.01%
Travel Agency - Outbound	2	0.01%
<b>Total</b>	<b>14,255</b>	<b>100.00%</b>

**Table 5**

Certification Training Places by 63 Sub-Sectors in 2020

In 2020, the total number of employees that received certification stood at 14,255 individuals. The highest number of certified employees came from the Engineering Support and Maintenance sub-sector at 2,384 employees. This was followed by the Food and Beverage Manufacturing sub-sector with 1,120 employees. The Electrical Machinery, Apparatus Appliances and Supplier sub-sector came in third with 850 employees certified.

## Number of Training Places According to the Types of Training in 2020

**Chart 7**

Number of Training Places According to the Types of Training in 2020

COVID-19 has profoundly shifted the training landscape in Malaysia, causing most training programmes to be carried out virtually or in a hybrid (offline and online) environment.

To encourage registered employers to continue boosting the learning and development culture in their respective organisations during this uncertain yet transformative period, we enhanced the terms and conditions for Grant and Claims submissions in a revised guideline that focused on online training in May 2020. Subsequently, 14% of all approved grants were allocated for online training programmes in 2020, including e-learning, hybrid learning, mobile e-learning and remote online training.

# Strategic Initiatives

## PENJANA HRDF

The COVID-19 pandemic was as much an economic crisis as it was a health one. The global unemployment rate reached a 30-year high of 6.47% at the end of 2020<sup>1</sup> following the numerous lockdowns, movement restrictions and closure of non-essential businesses and services. Malaysia too faced the same challenge, recording a 4.8% unemployment rate in the same period, up from 3.32% in 2019<sup>2</sup>.

While the rollout of various financial aids and stimulus packages was necessary to mitigate the immediate impact of the pandemic, the government also needed to help Malaysians navigate the economic situation in the short to medium term.

Some of the necessary steps taken to support those whose employments and livelihoods were affected by the pandemic include:

- Developing new capabilities for the digital-first low-touch world;
- Strengthening existing knowledge or improving upon them to secure and increase their employment prospects given the competitive environment; and
- Retraining them in new disciplines and economic sectors or finding new income-generating avenues to help them bounce back from severely affected sectors and industries.

These were among some of the considerations at play when the Yang Amat Berhormat Prime Minister Tan Sri Dato' Haji Mahiaddin bin Md Yasin introduced PENJANA on 5 June 2020. The initiative focused on three key thrusts - Empower People, Propel Businesses and Stimulate the Economy.

PENJANA HRDF was introduced on 22 June 2020 as an extension of the PENJANA programme. HRD Corp was tasked with managing a fund of RM500 million to help Malaysians from all walks of life to skill, reskill and upskill in various ways and sectors.

We delivered this through five (5) core schemes; Place & Train, B40 Development, GIG, SME Development and IR 4.0.

<sup>1</sup>The World Bank: Global Unemployment Rate 2020

<sup>2</sup>Department of Statistics Malaysia: Key Statistics of Labour Force in Malaysia, December 2019, and December 2020



Place & Train



B40 Development



Gerak Insan Gemilang (GIG)



SME Development



IR 4.0

### Description

Provide job placement and employment opportunities to all Malaysians in need.

This was delivered by mandating their participation in training courses required by the industry.

Provide B40 Malaysians with specific skills and entrepreneurship knowledge to help them identify and capitalise on income-generating capabilities across various industries.

Equip Malaysians with specific skillsets and knowledge that will enable them to take advantage of a wide range of freelancing opportunities.

Help SMEs stay competitive by providing their employees with functional and operational training courses that increase productivity and drive cost-efficiency.

Support employers who embark on or accelerate their digital transformation journey by training their workers in digitalisation-related courses

### Outcome

Placement or Employment

Self-Employment or Entrepreneurship

Self-Employment or Entrepreneurship

Job Retention

Job Retention

### Goal

To decrease unemployment rates caused by COVID-19

## PENJANA HRDF Achievements

PENJANA HRDF was carried out across Malaysia, with a primary focus on Kuala Lumpur, Sabah, and Johor. As at 31 December 2020, the programme reached and impacted 85,527 individuals who participated in various training and certification programmes.

These included functional general courses, entrepreneurship training, general and professional certifications as well as training programmes related to IR4.0. Individuals who participated also came from various ages, backgrounds, and demographics, ranging from school leavers and unemployed graduates to older retrenched professionals as well as B40 and disabled individuals.

Due to economic uncertainties and cost saving measures that were adopted by most companies locally and abroad, employers were more cautious in hiring and advertising vacancies. This trend impacted the implementation of the Place & Train scheme as well as other HRD Corp employment-related schemes. To mitigate this, HRD Corp introduced other forms of income-generating schemes such as B40 Development and GIG as options for those who were unable to find new job opportunities but were still open to options of earning their income in different ways, namely through entrepreneurship, freelancing and gig work.

As of 31 December 2020, more than 2,000 trainees were successfully placed under the implementation of Place & Train scheme, and more than 12,000 trainees were able to generate their own income either through establishing their own business or working within the gig economy sector.

Scheme	Place & Train	B40 Development	Gerak Insan Gemilang	SME Development	Industrial Revolution 4.0
<b>Duration / Courses</b>	Functional / General Courses  Up to one (1) month Placement Job Training  Courses Duration: Up to six (6) months	Self-Employment/ Entrepreneurship Course  Course Duration: Up to six (6) months	Competency Professional Certification  Course Duration: Up to three (3) months	Certification/ General  Course Duration: Up to three (3) months	Competency/ Professional Certification Based on IR 4.0 Pillars  Training Modules Identification by Industry Experts  Course Duration: Up to three (3) months
<b>Target Groups (Benefits)</b>	School leavers aged 18 - 40 years  Unemployed graduates  Retrenched workers aged 18 - 55 years registered with EIS SOCSO	B40 Individuals  Senior citizens, women, youth, OKU	Open to all Malaysians	Company owners and employees of SMEs	Open to all Malaysians
<b>Approved Quota Individuals</b>	18,131	22,851	26,273	10,314	7,958
<b>Total Approved Quota Individuals</b>	67,255			18,272	
<b>Trainees Trained</b>	2,637	5,943	6,115	2,368	1,484

**Table 1**  
Total Approved Quota

# Customer Acquisition

## Registered Employers by Sector in 2020

Since its establishment in 1993, HRD Corp has acquired thousands of stakeholders. At the end of 2020, HRD Corp recorded a total of 33,300 registered employers, a 12.12% increase from 29,701 in 2019.

Out of the 33,300 registered employers, 19,796 or the majority of these employers were from the Services sector. This was followed by 13,238 employers for the Manufacturing sector and another 266 employers from the Mining and Quarrying sector.

Number of Registered	Sector			Total
	Manufacturing	Services	Mining and Quarrying	
Employer	13,238	19,796	266	<b>33,300</b>
Employees	1,149,156	1,392,649	22,900	<b>2,564,705</b>

**Table 1**  
Number of Registered Employers and Employees by Sector in 2020

## Registered Employer by Size and Sector from 1993 to 2020

From 1993 to 2020, SMEs have continuously made up a significant number of HRD Corp's registered employers. In 2020, there were 29,188 employers from the SME sector compared to 25,722 employers in 2019, representing an increase of 13.47%.

Number of Employers	Sector						Total	
	Manufacturing		Services		Mining and Quarrying		1993-2020	2020
	1993-2020	2020	1993-2020	2020	1993-2020	2020		
Large	1,034	9	3,059	166	19	0	4,112	175
SME	12,204	1,187	16,737	2,804	247	36	29,188	4,027
<b>Total</b>	<b>13,238</b>	<b>1,196</b>	<b>19,796</b>	<b>2,970</b>	<b>266</b>	<b>36</b>	<b>33,300</b>	<b>4,202</b>

**Table 2**  
Number of Registered Employers by Size and Sector from 1993 to 2020

## Registered SME Employers in 2020

In 2020, a total of 4,027 SME employers registered with HRD Corp. This is an increase of 2.23% from 3,939 new SME employers who registered in 2019.

## De-Registered Employers in 2020

A total of 648 employers have de-registered in 2020, a decrease from 735 de-registered employers in 2019. Out of this, the highest number of de-registered employers in 2020 belonged to the Service sectors. The de-registration of employers is mostly due to employers having less than 10 employees which is lower than the minimum requirement for them to register under HRD Corp.

Meanwhile, trends also showed that in 2020, the number of employers who had ceased operations in 2020 decreased by 33.64% as compared to 2019.

Reasons for De-Registering	Manufacturing			Services			Mining and Quarrying			Total
	1993-2020	2020	Total	1993-2020	2020	Total	1993-2020	2020	Total	
Cessation from being Employer	2,990	77	<b>3,067</b>	1,498	137	<b>1,635</b>	2	1	3	<b>4,705</b>
No longer Liable under the Act	297	15	<b>312</b>	366	28	<b>394</b>	2	1	3	<b>709</b>
Number of Employees with less than 10	358	91	<b>449</b>	1,107	190	<b>1,297</b>	4	4	8	<b>1,754</b>
Company Merged with other Company	870	32	<b>902</b>	670	71	<b>741</b>	3	1	4	<b>1,647</b>
<b>Total</b>	<b>4,515</b>	<b>215</b>	<b>4,730</b>	<b>3,641</b>	<b>426</b>	<b>4,067</b>	<b>11</b>	<b>7</b>	<b>18</b>	<b>8,815</b>

**Table 3**  
Number of De-Registered Employers from 1993 to 2020

## Breakdown of Employers and Employees Based on States

State	Employer		Total (%)	Employees		Total (%)
	1993-2020	2020		1993-2020	2020	
Selangor	10,067	1,371	30.23%	781,958	44,514	30.49%
Johor	5,023	610	15.08%	310,819	16,751	12.12%
Kuala Lumpur	4,367	546	13.11%	482,800	27,363	18.82%
Penang	3,067	389	9.21%	262,120	10,398	10.22%
Perak	1,938	213	5.82%	122,836	6,705	4.79%
Sarawak	1,938	228	5.82%	121,707	5,215	4.75%
Kedah	1,418	149	4.26%	114,130	4,330	4.45%
Sabah	1,386	136	4.16%	75,884	3,617	2.96%
Melaka	1,022	124	3.07%	81,924	3,987	3.19%
Negeri Sembilan	1,004	142	3.02%	76,043	4,967	2.96%
Pahang	905	139	2.72%	64,679	2,803	2.52%
Terengganu	545	82	1.64%	33,024	2,150	1.29%
Kelantan	406	48	1.22%	22,779	1,237	0.89%
Perlis	84	10	0.25%	6,076	303	0.24%
Labuan	79	11	0.24%	4,495	169	0.18%
Putrajaya	51	4	0.15%	3,431	117	0.13%
<b>Grand Total</b>	<b>33,300</b>	<b>4,202</b>	<b>100%</b>	<b>2,564,705</b>	<b>134,626</b>	<b>100%</b>

**Table 4**

Number of Employers Based on States from 1993 to 2020

# Registered Training Providers

Trainers and Training Providers are essential components in the delivery of quality training programmes to HRD Corp's Registered Employers. Their performances are constantly monitored to maintain the consistency and quality of programmes. Furthermore, given the rigorous processes involved, only registered training providers are allowed to offer in-house and public training programmes to employers.

Trainers and Training Providers must meet all of our criteria and requirements in order to be registered with HRD Corp. As part of our ecosystem, HRD Corp engages with them on an on-going basis ensure they deliver the right programmes to the right target groups, thereby meeting organisational and industry needs.

Due to the pandemic, HRD Corp granted free renewals to all Training Providers whose registrations expired in 2020. With these renewals, their annual validity was extended to the end of April 2021, as opposed to December 2020 previously. Additionally, the registration process and fee structure were simplified to encourage more quality Trainers and Training Providers to be a part of HRD Corp's ecosystem.

A total of 2,394 Training Providers registered and renewed their license with HRD Corp during this period, resulting in the cumulation of 6,333 active training providers as of 31 December 2020.

Over the span of the year, HRD Corp approached an additional 1,935 Training Providers nationwide to raise awareness of our services and encouraged them to be more active in offering their services to registered employers. These included the Strategic Initiative Schemes, and PENJANA programmes. All of these engagements were driven by HRD Corp branch offices across the country.

A summary of all these engagements is shown in the table below.

Session	Number of Sessions	Number of Training Providers
Training Provider Orientation	23	1,732
Trainer Development Framework Briefing	2	103
PENJANA Briefing	3	100

**Table 1**

Summary of HRD Corp's Training Provider Engagement Session

## Train-The-Trainer Certification Course

HRD Corp's Train-The-Trainer (TTT) Certification Course is a programme targeted towards experienced managers, executives, trainers, instructors, team leaders or anybody who aspire to deliver structured and effective training programmes.

The TTT Certification Course helps individuals become certified trainers through five (5) competencies:

- 1. PLAN ADULT LEARNING** exposes learners to the principles, theories, and application of taxonomies. Learners who are exposed to this training style will develop a firm understanding of these learning principles, which can be applied to subsequent teaching and training methods. This will further strengthen the overall learning process.
- 2. TRAINING NEEDS ANALYSIS** teaches learners multiple data gathering methods. This involves determining training gaps before mapping out the programme's objectives and modules.
- 3. DESIGN COMPETENCY-BASED TRAINING** prepares learners through the best content development methods. This is accomplished by providing carefully-planned training resources and effective preparation of training collaterals, session plans and evaluation methods.
- 4. CONDUCT COMPETENCY-BASED TRAINING** equips learners with precise, impactful deliveries and well-organised, interactive modules.
- 5. PARTICIPANT'S COMPETENCE ASSESSMENT** teaches learners to design assessment criterion that summarise the results or outcomes of learning through reliable and dependable reports.

These trainers are required to complete the TTT Certification Course in order for them to carry out trainings under HRD Corp's schemes. However, they may apply for an exemption if they fulfil any of the criteria stated in the Training Provider Circular 4/2009.

Programme	Number of Training	Registered Participants
TTT Organised by Training Provider	169	1,761
TTT For In-House Non-Registered Employer	11	138
TTT For In-House Registered Employer	16	233
<b>Total</b>	<b>196</b>	<b>2,132</b>

**Table 2**  
Statistics on TTT Programmes Conducted in 2020

TTT Exemptions Approved in 2020	1,442
<b>Total of TTT Exemptions Approved as of 31st December 2020</b>	<b>8,819</b>

**Table 3**  
Total Number of Exemptions Approved in 2020

# Engagement

Customer outreach and engagement are very important components of our work at HRD Corp. It helps us communicate the organisation's latest news, developments, and initiatives. These include the introduction of new levy schemes and financial incentives as well as new programmes, processes, evaluation frameworks and more.

It is also a great way for us to hear from our stakeholders, garnering their feedback on our programmes, services, and initiatives, while learning about their challenges and pain points. This enables us to realign our strategy and programmes to meet their needs.

Through customer engagement, we were also able to keep our fingers on the pulse of various industries and subsectors, allowing us to understand what businesses look for in their existing workforce and future talents, and at the same time, share the latest industrial framework and career pathways to the right target audiences.

2020 was a pivotal year for HRD Corp's customer engagement on two fronts. First, it was a year that required the organisation to conduct an extensive outreach and engagement programme in order to introduce and secure buy-in for the upcoming expansion of the PSMB Act that was set to come into effect on 1 March 2021. Second, such an expansive and aggressive outreach effort was hindered by the numerous MCOs which restricted travel and physical meetings with current and future stakeholders.

Despite the challenges, the central and regional outreach teams were innovative, agile, and diligent in their efforts, working quickly to change their strategy and execution. This included being more proactive with phone calls, emails, and at the same time, moving most activities onto various virtual platforms and channels.

The team also conducted numerous engagement activities including Think Levy, Think Training briefing, HRD Corp Meet & Greet and Employment Practice Liability Insurance (EPLI) Road Shows, to name a few.

As a result, the team managed to achieve its targets, engaging with a total of 57,942 employers.

## Engaged Employers by Region



## Summary of Activities

Activities	Number of Sessions	Number of Employers
Think Levy, Think Training Briefings	709	12,974
On-Boarding Sessions	98	345
Collaboration Programmes	32	471
Special Advisory Services	227	227
Verification Visits	1,831	1,826
Seminar / Conferences	0	0
Focus Groups (TNA for Existing Employers)	20	190
Employers Association Engagements	3	64
Potential Liable Employers' Briefings	7	7
HRD Corp Meet & Greet	15	425
Special Briefings (Claim/Levy/RiSE4WRD and more)	12	396
Specific Initiatives	614	2,185
Personalised Consultations	2,243	2,243
Employment Practice Liability Insurance (EPLI) Road Shows	51	567
Phone Calls / Emails Engagements	31,303	36,022
<b>Total</b>	<b>37,165</b>	<b>57,942</b>

**Table 1**

Central and Regional Outreach: Summary of Activities

# Research & Development

## Design Lab Unit Initiatives

### Concept Exploration

While the collection of levy and the funding of training and development programmes remain HRD Corp's core functions, these were not done in a vacuum. If anything, it was imperative for the organisation to understand the latest trends and developments in the job market and the most innovative approaches to attract, secure and retain talents based on organisational and industrial needs. We also needed to stay ahead of these trends, development, and innovative approaches to ensure that we are optimising our schemes and initiatives, as well as ensuring that we are funding the right training and development programmes.

With this in mind, the Design Lab Unit was created in 2019 to help HRD Corp achieve all of the above. Additionally, it also enabled the organisation to explore new concepts and ideas, create new programmes and improve HRD Corp's services to its stakeholders.

In the past year, the unit was tasked with initiating a scheme in line with the rise of the gig economy. The scheme was designed to equip Malaysians, especially youths, with specific skills and knowledge to become freelancers or independent contractors who are able to generate income either independently or by utilising various gig platforms available in the market. This is done by providing them with end-to-end training and support through HRD Corp's network of experts, trainers and employers.

Upon putting forward the scheme mentioned, several engagement sessions were conducted with various stakeholders. This included large organisations like the Malaysia Digital Economy Corporation (MDEC) and other industry representatives in order to ensure its feasibility.

Consequently, the gig economy training scheme proposed by the Design Lab was launched as Gerak Insan Gemilang or GIG, one of the many initiatives under PENJANA HRDF in 2020.

The Design Lab Unit was also instrumental in creating the following programmes:

**Initiatives**

**Description**



**Gerak Insan Gemilang (GIG)**

An initiative to help Malaysians, notably the youth, by equipping them with specific skillsets and knowledge that will enable them to take advantage of a wide range of freelancing opportunities.

This initiative was included as part of the PENJANA HRDF training programme.



**Place & Train**

An initiative to source as well as provide placement and employment opportunities for all Malaysians in need. The programme focuses on school leavers, graduates, and retrenched workers, where they are required to participate in training courses required by the industry before being placed in the right jobs, based on their interests and competencies.

Like GIG, this was also included in PENJANA HRDF. It also forms a core part of the organisation's mandate and approach to human capital development moving forward.



**Talent Sharing**

A collaboration between multiple organisations where an employer 'shares' workers who are at risk of losing their job with another employer. This worker will then need to fulfil the latter's business demands.

**Table 1**

Initiatives produced by the Design Lab Unit in 2020

**Benchmarking Studies**

Apart from developing new initiatives and schemes, the Design Lab Unit also produced relevant benchmarking reports related to these new programmes. The reports were developed to document and identify exemplary human capital development initiatives and programmes practised by other nations. The aim was to discover unique training and development initiatives which can be benchmarked and explored by HRD Corp, and can then be used as potential recommendations in the future.

The study was performed in phases across 10 countries spanning all continents. This was also based on the accessibility of complete information from each country. In 2020, the unit conducted four (4) phases of the study featuring 40 countries.

Selected countries were prioritised based on their rankings in the Global Human Capital Report 2017 by the World Economic Forum, which featured the countries' training and development programmes as well as other relevant human capital initiatives.

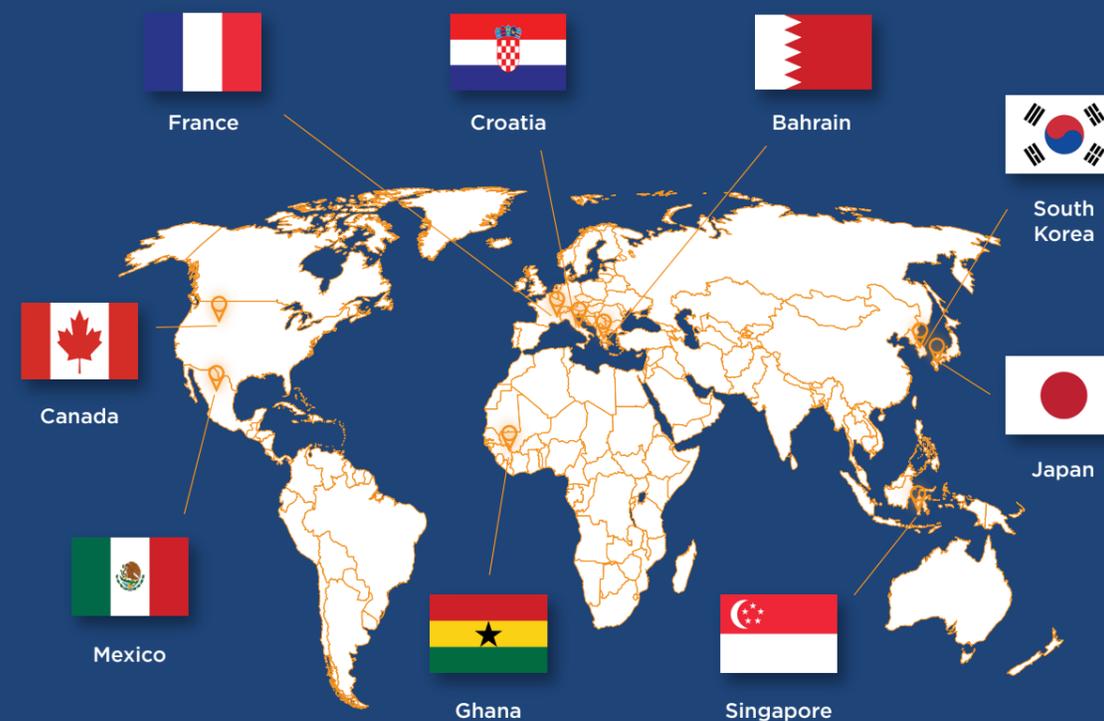
Through these studies, the Design Lab also discovered unique training and development initiatives such as Work First College Later which may be prioritised and recommended as a future HRD Corp initiative.

Purpose: To identify, study and document the various Human Capital Training and Development initiatives and programmes developed and executed by other countries.

Carried out in phases, featuring 10 countries per phase.

Countries identified in the 1st Phase:

Countries selected were listed in the Global Human Capital Report, World Economic Forum (2017), ranging from developed countries, "in transition" countries and developing countries.



Unique training and development initiatives will be analysed in terms of their relevance and suitability for implementation as future HRD Corp initiatives.

In 2020, Design Lab Unit benchmarked 40 countries across four reports (for internal use only) pertaining to training and development initiatives around the world.

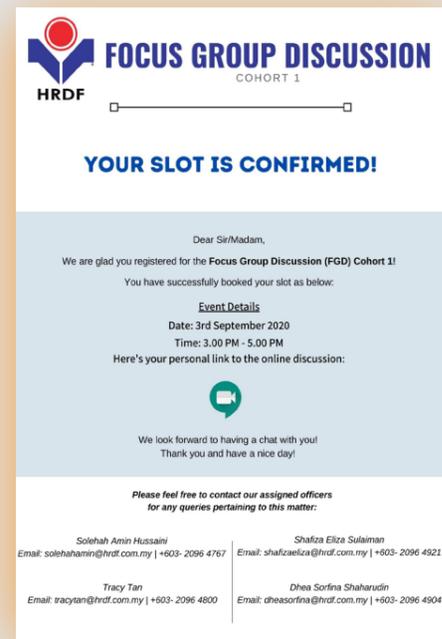
## Focus Group Discussion

The Design Lab Unit conducted Focus Group Discussions to determine the practicalities and effectiveness of the new initiatives and concepts, namely Virtual Reality (VR) Learning, Work First College Later and Talent Sharing.

These sessions were conducted with 26 individuals from various backgrounds, including employers, training providers and association members. The 26 individuals represented the following industries:

- Hotel & Tourism
- Higher Education
- Air Transport
- Postal and Courier
- Training
- Engineering Support & Maintenance Services
- Shipping
- Manufacturing

Further exploration of these initiatives and related concepts will be carried out to add value to HRD Corp's current suite of offerings. If approved for implementation, these initiatives will be crafted in detail to suit the industry's upskilling or reskilling requirements.



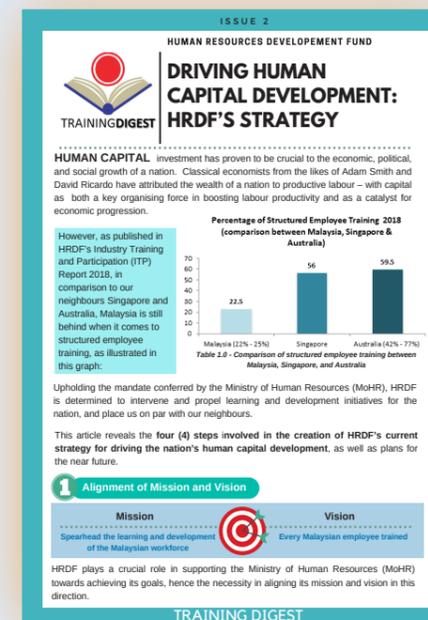
Invitation and Confirmation Email Images

## Training Digest Articles

In addition to exploring new initiatives, the Design Lab Unit also produced four Training Digest articles to provide stakeholders with information on the latest developments in the Malaysian training landscape, across various scopes and fields:

Targeted at the general public, these articles were developed to ensure that they are kept updated on the latest developments in the Malaysian training landscape.

The articles were also published on the HRD Corp official website.



Driving Human Capital Development: HRD Corp's Strategy

This article highlighted the present training landscape as well as strategies implemented to drive Malaysia's human capital development forward as the nation strives to reach its goal of creating a 35% skilled workforce.



Find Out What's in Store at HRD Corp: Widening the Scope of Initiatives

This article featured initiatives implemented by HRD Corp under PENJANA, namely Place & Train, B40 Development, SME Development, Upskilling and Reskilling as well as GIG.



Training and Development: International Best Practices

This article showcased HRD Corp's benchmarking study which analysed training gaps between Malaysia and other countries.



Talent Sharing: Enhancing Workforce Resilience and Mobility

This article revealed the benefits and outcomes of the Talent Sharing programmes implemented around the world.

- Issue 9: Addressing Challenges Among Younger and Older Workers
- Issue 10: Cultivate the Internal Talent: SMEs Chapter
- Issue 11: Upskill and Reskill Struggling Workers During COVID-19: How HRD Corp can Help?
- Issue 12: Opportunities for Sustainability



Issues 1 - 4 of the Industry Intelligence Insights Report

## Solution Lab Unit Initiatives 2020

### Industry Intelligence Insights Report

The purpose of the Industry Intelligence Insights Report is to share the latest advances in human capital development across industries and sectors. Topics reviewed included training trends, challenges confronted by industries and learning ecosystems based on HRD Corp's internal data and market movements.

With the insights gained from these reports, HRD Corp together with our partners and stakeholders will be able to formulate relevant programmes and services to create a more robust talent ecosystem. This can be done in tandem with building a local workforce that is ready to capitalise on new and emerging opportunities.

In the year 2020, a total of 12 Industry Intelligence Insights Reports were produced:

- Issue 1: Demand, Skills and Training for Data Analyst
- Issue 2: COVID-19 and Its Implication on Training
- Issue 3: Training Inequality According to Job Levels
- Issue 4: Training Inequality Based on Gender
- Issue 5: How Will Training Look Like After MCO?
- Issue 6: Training Trends Amidst the Challenging Economic Climate
- Issue 7: Potential Employment and Retrenchment Amidst the Challenging Economic Climate
- Issue 8: Recognising Skills Through Micro-Credentials

## HRD Corp Industry Training Participation Report 2019

The HRD Corp Industry Training Participation Report of 2019 provided stakeholders with valuable insights on the training participation landscape from various industries. The report examined and compared the training performances of 63 subsectors covered under the PSMB Act 2001 between 2018 and 2019.

The report indicated that in 2019, 24% to 25% of the individuals trained were employees from HRD Corp's base of registered employers, which is about half when compared to Singapore at 49%<sup>3</sup>. On average, the majority of employers invested approximately one to two training programmes per employee in 2019. These statistics reaffirmed the assumption that not all employees had the opportunity to attend upskilling and reskilling training programmes. In addition, it also highlighted that more employees should be encouraged to attend training programmes.

Based on insights gained from previous years, organisations will be able to set benchmarks in their respective industries, proactively develop policies and measures that will ensure employees are trained to suit the business as well as professional needs.

Five (5) indicators were selected to measure the training participation of the industries involved, as follows:

They are:

- Effective Training Duration;
- Employees Trained Ratio;
- Training Opportunity Ratio;
- Training Places Approved; and
- Industry Investment in Training

<sup>3</sup>Statistics on Labour Force in Singapore by Ministry of Manpower, 2019



HRD Corp Industry Training Participation Report 2019

## HRD Corp Webinar Series

With the onset of the COVID-19 pandemic, HRD Corp created a webinar series to share information related to human capital for its hard-to-reach stakeholders, namely employers, training providers as well as the public who do not have physical proximity to HRD Corp's Corporate HQ and Branch Offices.

Three (3) HRD Corp Webinar Discussion Series were conducted in 2020, in collaboration with international organisations such as World Bank Group (WBG), International Labour Organisation (ILO), Organisation for Economic Co-operation and Development (OECD) and SkillsFuture Singapore.

The topics covered in the webinar were as follows:

- The Era of Post COVID-19: The Evolution of Human Capital Development;
- The Era of Post COVID-19: Ensuring Effective Human Capital Development - The "What" and "Hows"; and
- The Era of Post COVID-19: Re-Examine Training Effectiveness.

The webinars highlighted that the COVID-19 pandemic has had a huge impact on the human capital development landscape and the economy, resulting in significant declines in employment trends.

As part of the restructuring phase, the aim of job responses should evolve accordingly. Among the job response measures that have been implemented were wage subsidies, providing opportunities for reskilling and upskilling, technical and socio-emotional skills, as well as strengthening employment services to effectively support re-employment.



HRD Corp Webinar Series 1, 2 &amp; 3

## Evaluation Unit Initiatives 2020

### HRD Training Effectiveness Evaluation (HRD-TEE)

#### Output Assessment

Output Assessment (OA) is conducted to measure the overall quality of the programme, trainees' learning experience based on the delivery method as well as the resources used, and services provided by the training provider.

In 2020, a total of 645 training providers participated in the OA. This covered 7,378 courses, 1,821 trainers and 104,816 trainees across Malaysia. The OA enabled training providers to demonstrate the outstanding quality and excellence of their training courses.

Although the number of training providers who participated in HRD-TEE increased steadily in 2020, it experienced a significant dip during the lockdown months. This can be attributed to the lower number of online trainings, as HRD-TEE data showed only 28% of trainings were conducted online whereas face-to-face training, remained the most dominant mode of training at 72%.

A total of 7,378 courses were assessed, with almost half or 46% of the training programmes conducted in the Klang Valley. On average, trainees provided an average rating of 4.4 out of 5. Consequently, the top five areas identified through this exercise were Safety and Health, Education or Training, Quality and Productivity, Management or Strategic Management and Computer or Information and Technology.



7,378 courses assessed



1,821 trainers assessed



104,816 trainees rated the courses

Nationwide Implementation of HRD-TEE



**Outcome Assessment**

Outcome Assessment is used to measure the overall training experience after a specific duration. This assessment evaluates the actual understanding and application of the skills acquired by the trainees after they have completed the programme. The assessment is issued to trainees around 6-12 months upon completion of the course.

The Outcome Assessment determines whether trainees have successfully achieved the desired objectives of a specific scheme or initiative through the SMART learning indicators:

- Specific
- Measurable
- Achievable
- Relatable
- Time-bound

In 2020, three (3) Outcome Assessments were conducted based on HRD Corp's initiatives and schemes:

**1. Industrial Based Certification Programme (INBASE) Outcome Assessment 2017 - 2018**

Provides opportunities for Malaysian employees to increase their skills through industry-based training. Through this certification, employees will be able to earn higher income and advance their careers.

- o Outcome indicators:
  - Rate of successful certification after training;
  - Rate of trainees that receive salary increments; and
  - Rate of trainees that received career promotions.

**2. Train-the-Trainer (TTT) Outcome Assessment 2017 - 2019**

Ensures the quality of trainers by creating a pool of competent and skilled trainers.

- o Outcome indicator:
  - Rate of TTT certified trainers that are actively providing training to HRD Corp registered employers.

**3. Industry Certification (IndCert) Outcome Assessment 2019 - 2020**

Provides opportunities for Malaysian employees to increase their skills by participating in professional certification programmes. Through this certification, employees would be able to advance their careers.

- o Outcome indicators:
  - Rate of Malaysian employees utilising the skills learnt;
  - Rate of Malaysian employees sharing their new knowledge with colleagues; and
  - Rate of Malaysian employees successfully advancing their careers.



Industrial Based Certification Programme (INBASE) Outcome Assessment 2017 - 2018



Train-the-Trainer (TTT) Outcome Assessment 2017 - 2019



Industry Certification (IndCert) Outcome Assessment 2019 - 2020

## Industrial Skills Framework Unit Initiatives 2020

The Industrial Skills Framework (IndSF) Unit Initiatives is responsible for the identification of in-demand skillsets and competencies of the industries involved in this programme. This is accomplished through stakeholder engagements and the development of the IndSF document.

The Unit worked closely with various key industrial players and associations from 19 clustered industries under the Sectoral Training Committee (STC) for the development of the IndSF document and for engagement purposes. The goal was to identify skills and competency requirements of the industries, assist industries to close skills gaps and address talent development needs.

The initiative became more challenging due to the MCO imposed in all states. However, it was also a good time for industries to revisit their career pathways, skills and training required to suit the new norms of working. As HRD Corp gained greater credibility and acknowledgement through initiatives introduced in 2020, the Unit started working diligently on new methods to facilitate the development of the IndSF initiative. This is aimed at ensuring that the talent needs of the industry were successfully addressed.

### Initiative 1: Industrial Skills Framework (IndSF)

IndSF was developed by HRD Corp to support industry needs by providing a holistic view of the career opportunities available within each industry, based on skillsets, training sessions, qualifications, and other relevant competencies. It acts as a guide for individuals, employers, and training providers to develop job descriptions and map out career trajectories. Each IndSF took between four to six months to be developed and involved the participation of various industry key players and associations. The methodology of developing the Industrial Skills Framework (IndSF) document includes:



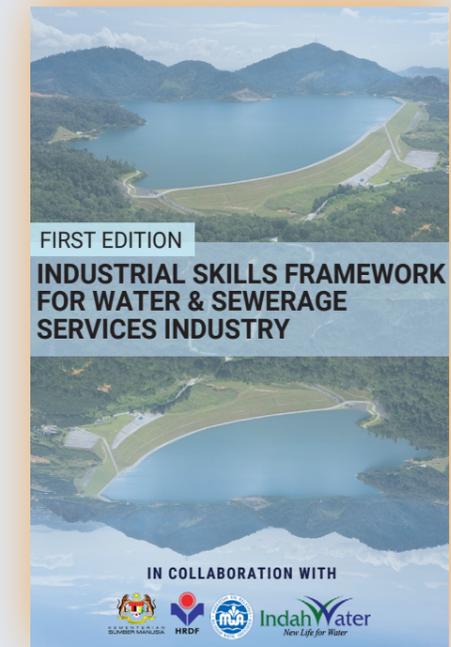
Through IndSF, HRD Corp also functions as an advisor to employers in identifying suitable training programmes that meet their business requirements. This initiative drives measurable effects to businesses and ensures a return on their training investments.

In 2020, the unit developed two (2) IndSF documents:

- o Industrial Skills Framework for Water and Sewerage Services Industry
  - Developed by HRD Corp in collaboration with Malaysian Water Association (MWA) and Indah water Konsortium (IWK);
  - Complied with Section 49: ACT 655 Water Industry Services Act 2006;
  - Focused on three (3) critical areas: Water Supply, Sewerage and Support Services; and
  - Conducted four (4) workshop sessions involving 42 SMEs.
  
- o Industrials Skills Framework for the Aerospace Industry - Maintenance, Repair and Overhaul (MRO)
  - Developed by HRD Corp in collaboration with the Malaysian Aerospace Industry Association (MAIA);
  - The MRO subsector was identified as one of the major contributors of revenue and employment in the Aerospace Industry;
  - Acted as a guide on the training required to enhance human capital development;
  - Focused on three (3) divisions: Aircraft Maintenance (Engineering Workshop), Technical and Quality; and
  - Conducted four (4) workshop sessions involving 11 SMEs.



Industrials Skills Framework for Aerospace Industry - Maintenance, Repair and Overhaul (MRO)



Industrial Skills Framework for Water and Sewerage Services Industry

## Initiative 2: Sectoral Training Committee (STC)

The Sectoral Training Committee (STC) was developed for 19 industries which represented 63 subsectors in Malaysia.

The STC was established to:

- Facilitate the development of the IndSF documents for respective industries;
- Identify industry-recommended trainings and certifications; and
- Advise on studies of high-level strategic orientation and activities of the industry necessary.

Various bodies were invited to elect their representatives as members of the STC. The initiative commenced in March 2019, with the committee working towards identifying relevant organisations that contributed towards the development of the IndSF documents.

Members were required to attend meetings and provide feedback on training programmes, focus areas and critical skills required within their respective industries.

In 2020, a total of eight (8) STC meetings were conducted, focusing on the following industries:

- Education
- Mineral Based Products
- Logistics and Warehousing
- Plastics (Twice)
- Hospitality
- Healthcare
- Transportation

These meetings led to the development of two (2) IndSF documents for the respective industries:

- Utility and Services
- Transportation

The two industries were chosen to encourage more levy utilisation and assist in shaping a competent workforce based on the demands from the industry. Both documents covered the technical elements and workforce skills enhancement related to the talent development needs within the Utility and Services and Transportation industry.

## Initiative 3: Engagement Session with Stakeholders to Promote IndSF

Beyond launching and publishing IndSF documents, it was important that HRD Corp promoted its availability and key information to employers as well as training providers. To do this, HRD Corp conducted various engagement sessions with stakeholders and partners, including industry giants. The promotion of the document enabled HRD Corp to expand its reach and adoption. As a result, the IndSF documents were used as a reference point for human capital development in their respective sub-sectors.

In 2020, these Engagement Sessions were targeted towards three (3) groups; Training Providers, Employers and Internal Stakeholders (Training Market Department, Customer Engagement Department).

The targets set for these engagement sessions are as follows:

- Increase awareness on IndSF documents;
- Encourage employers to subscribe to suitable Training Programmes based on the IndSF documents; and
- Enable training providers to offer industry-driven Training Programmes.

These sessions also highlighted the jobs, skills and critical trainings that were in-demand by the respective industries. The unit received positive feedback from the industry as we recorded 5,100 total downloads of the IndSF documents from the HRD Corp portal. As such, the Unit aims to continue developing more Industrial Skills Framework documents and increase our engagement sessions. This will ensure that the outcomes benefit more industries in the future.

## Initiative 4: IndSF Training Subscription by Employers

The IndSF Unit is also responsible for identifying the IndSF training subscription by employers.

As of 31 December 2020, a total of 366 IndSF trainings were matched to the SBL-Khas scheme. Additionally, a total of 182 employers subscribed to IndSF Unit's recommended training programmes.

## B40 Development Unit Initiatives 2020

### Go Technical and Vocational Education and Training (TVET) Orang Asli Project

The Technical and Vocational Education and Training (TVET) Orang Asli Project officially commenced on 2 December 2019, focusing on youths within the Orang Asli communities.

This project was implemented as a collaboration between HRD Corp, Jabatan Tenaga Manusia (JTM), Jabatan Tenaga Kerja (JTK) and Jabatan Kemajuan Orang Asli (JAKOA).

The main objectives of this project are:

- To promote awareness on the TVET skills training opportunities to the Orang Asli community;
- To recruit Orang Asli into TVET Centres and TVET Programmes; and
- To monitor the progress of Orang Asli students over the course of their training.

The TVET programme was conducted to help the Orang Asli community gain exposure to modern technology, in light of Malaysia's advancements into IR 4.0. This effort also focused on helping produce highly skilled Orang Asli individuals to meet the requirements of the local high-tech industrial employers while improving their employability.

HRD Corp appointed a total of 10 Ground Coordinators consisting of Orang Asli graduates. For the pilot phase of this programme, Orang Asli villages surrounding Cameron Highlands, were selected due its strategic location which is close proximity to the borders of Perak, Pahang, and Kelantan. These three states were home to the largest Orang Asli communities in Peninsula Malaysia.

Due to the success of the pilot TVET Programme in Cameron Highlands, the project was expanded to the Orang Asli villages in Tapah, in July 2020 as well as the wider Orang Asli communities throughout Malaysia. On 8 August 2020, the official launch of the GO TVET programme for the Orang Asli was held at the Dewan and Arena Merdeka Tapah, Perak. It was officiated by YB Datuk Seri M. Saravanan, the Minister of Human Resources.

In 2020, a total of 46 Orang Asli youths enrolled into the Institut Latihan Perindustrian (ILP) Ipoh as part of the GO TVET programme. Subsequently, a total of 337 surveys were carried out at Orang Asli households to determine their skills interest, skills and support that are already available in their community, as well as their current standard of living. These surveys were carried out to raise awareness and provide exposure to the Orang Asli communities on the training opportunities available to them in the TVET field.

This is also geared at ensuring that they are able to equip themselves with the right knowledge, skills and technology to improve their communities' socio-economic standards. Ultimately, the programme aims to ensure that the Orang Asli community are included in Malaysia's progress to become a developed nation driven by the digital economy.

Through these profiling surveys, the Ground Coordinators were able to identify the skillsets and skills areas that Orang Asli youths were interested in, provide welfare assistance to their families through collaboration with Jabatan Tenaga Kerja and Jabatan Kebajikan Masyarakat, organise suitable skills development activities in Orang Asli villages such as sewing and making traditional handmade crafts and jewelry, as well as enroll their youths in relevant TVET certification programmes.

Identifying their skills and areas of interest is crucial in recruiting and encouraging the participation of Orang Asli youths to TVET institutions. Beyond their own socio-economic improvements, skilled members of the Orang Asli community can also meet the needs of local employers, particularly in rapidly developing high-tech sectors and industries.

Aside from ILP recruitments, the Sistem Latihan Dual Nasional (SLDN) programme, a key TVET initiative by the Ministry of Human Resources and the Ministry of Education was also carried out. SLDN is an industry-oriented training that merges workplace training with industry skills. This system follows a similar approach by other skill institutes, where greater emphasis is placed on practical training over theoretical teaching. The McDonald's SLDN programme is one such effort. It is also the first SLDN programme for the Food & Beverage sector.

To that end, HRD Corp played a pivotal role in helping to promote the SLDN McDonald's programme for Orang Asli youths at the beginning October 2020. This was done in collaboration with the McDonald's HQ. In the SLDN McDonald's programme, Orang Asli youths were offered two types of TVET certifications to become an apprentice in the McDonald's restaurant. These are:

- Sijil Kemahiran Malaysia (SKM) Penyediaan dan Perkhidmatan Makanan Segera; and
- Sijil Kemahiran Malaysia (SKM) Penyeliaan Perkhidmatan Barista.

70%-80% of the training and classes for these courses were conducted in McDonald's restaurants around Klang Valley, and 20%-30% of the theoretical learning were carried out in the Academy Vocational McDonald's training centre in Selangor. Apprentices who successfully completed the 18-month training course will be awarded the SKM Level 2 and Level 3 certificates. They will also be offered jobs at McDonald's. Beyond this programme, the Ground Coordinators also aim to lead Orang Asli youths to more direct job placement opportunities in McDonald's restaurants in the future.

Intake	Number of Students		Number of Students
	Male	Female	
<i>First Intake 30 January 2020</i>	12	5	17
<i>Second Intake 13 February 2020</i>	9	9	18
	6	5	11
<b>Total</b>	<b>27</b>	<b>19</b>	<b>46</b>

**Table 1**  
Enrolments of Orang Asli Youths in ILP Ipoh for the Year 2020

## Responsiveness

# Financial Statements



# Directors' Report

For the year ended 31 December 2020

## Directors' Report

The Directors have the pleasure of submitting their report and the audited financial statements of the Company for the financial year that ended on 31 December 2020.

## Principal Activities

As set out in the Pembangunan Sumber Manusia Berhad Act, 2001, the main objective of the Company is the imposition and collection of human resources development levy for the purpose of promoting training and development of employees, apprentices and trainees and the establishment and administration of the human resources development fund.

The functions of the Company are:

- to assess and determine the types and extent of employees', apprentices' and trainees' training and retraining in keeping with the human resources needs of industries;
- to promote and stimulate manpower training; and
- to determine the terms and conditions under which any financial assistance or other benefits are to be given.

There have been no significant changes in the nature of these activities during the financial year.

## Results

Net surplus for the financial year	RM 25,819,151
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## Reserves and Provisions

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

## Dividend

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the financial year that ended on 31 December 2020.

## Directors

The Directors who have held office during the financial year and up to the date of this report are as follows:

Datuk Seri Jamil Bin Salleh (Chairman)	(Appointed as Director on 14 October 2020)
Dato' Ruhaidini Binti Abd Kadir (Deputy Chairman)	(Appointed as Director on 15 May 2020)
Datuk Shahul Hameed Bin Shaik Dawood (Chief Executive)	(Appointed as Director on 15 April 2020)
	(Appointed as Chief Executive on 15 April 2020)
Dato' Palaniappan A/L Joseph	(Appointed as Director on 16 May 2021)
Dr. Helena Eian Yeut Lan	(Appointed as Alternate on 16 May 2021)
(Alternate to Dato' Palaniappan)	
Datuk Haji Abdul Kadir Bin M.E Sikkandar	
Gan Boon Khim	
Dato' Ng Yok Gee	
(Alternate to Gan Boon Khim)	
Datuk Chia Hui Yen	
James Tan Tien Chong	
(Alternate to Datuk Chia Hui Yen)	
Datin Erni Dekritawati Yuliana Binti Buhari	(Appointed as Director on 15 April 2020)
Datuk Wong Siaw Ting	(Appointed as Director on 15 April 2020)
M. Vickneswari A/P R. Muthukrishnan	(Appointed as Director on 27 April 2020)
Dr. Zainah Binti Shariff	(Appointed as Director on 8 May 2020)
Dr. Kang Tong Hum	(Appointed as Director on 12 June 2020)
Lin Azura Binti Yahya	(Appointed as Alternate on 12 June 2020)
(Alternate to Dr. Kang Tong Hum)	
Datuk Muhd Khair Razman Bin Mohamed Annuar	(Appointed on 12 October 2020)
Dato' Kamalakannan A/L Kaliaperumal	(Appointed as Director on 28 October 2020)
Mohd Syukri Bin Ahmad Sudari	(Appointed as Director on 5 December 2020)
Dato' Raiha Azni Binti Abd Rahman	(Appointed as Director on 11 January 2021)
Asri Bin Ab Rahman	(Appointed as Director on 11 January 2021)
Dato' Abdul Latif Bin Haji Abu Seman	(Appointed as Director on 26 April 2021)
Zahid Bin Ismail	(Appointed as Alternate on 26 April 2021)
(Alternate to Dato' Abdul Latif Bin Haji Abu Seman)	
Dr. Kalaivani A/P Chellappan	(Cessation as Director on 1 January 2020)
Dato' Noor Farida Binti Mohd Ariffin (Chairman)	(Cessation as Chairman on 1 April 2020)
Dato' Quah Thain Khan (Deputy Chairman)	(Cessation as Director on 1 April 2020)
Elanjelian A/L Venugopal (Chief Executive)	(Cessation as Director on 1 April 2020)
	(Cessation as Chief Executive on 1 April 2020)
Dato' Suki Mee	(Cessation as Director on 1 April 2020)
Govindasamy A/L Annamalai	(Cessation as Director on 1 April 2020)
J Rasamy A/L Manikkam	(Cessation as Director on 1 April 2020)
Datuk Rajasekharan A/L Ramasamy	(Cessation as Director on 19 June 2020)
Dr. Pathepen A/L Elumalay	(Cessation as Alternate on 19 June 2020)
(Alternate to Datuk Rajasekharan A/L Ramasamy)	

## Directors *(continued)*

The Directors who have held office during the financial year and up to the date of this report are as follows *(continued)*:

Dato' Nelson A/L Renganathan (Chairman)	(Cessation as Chairman on 6 October 2020)
Dato' Mohd Jeffery Bin Joakim	(Cessation as Director on 6 October 2020)
Ab. Rahim Bin Yusoff	(Cessation as Director on 4 December 2020)
Norzirin Binti Ariffin (Alternate to Ab. Rahim Bin Yusoff)	(Cessation as Alternate on 4 December 2020)
Sia Tze Yong	(Cessation as Director on 4 December 2020)

As specified in Section 7 of the Pembangunan Sumber Manusia Berhad Act, 2001, members of the Board of Directors (including the positions of Chairman and Deputy Chairman) shall be appointed by the Minister charged with the responsibility for human resources, which currently is the Minister of Human Resources.

## Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to 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 Director has 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 disclosed in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## Directors' Remuneration

The details of Directors' remuneration are disclosed in Note 25 to the financial statements.

## Indemnity and Insurance for Directors, Officers and Auditors

The Company effected Director's liability insurance during the financial year 2019 to protect the Directors of the Company against potential costs and liabilities arising from claims brought against the Directors, which expired in August 2020.

No indemnity and insurance premium was paid for any Director or officer of the Company during the financial year.

There were no indemnity given to or insurance effected for the auditors of the Company during the financial year.

## Other Statutory Information Regarding the Company

### (I) As at the End of the Financial Year

- (a) Before the financial statements of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision has been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business has been written down to their estimated realisable values
- (b) In the opinion of the Directors, the results of the operation of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### (II) From the End of the Financial Year to the Date of this Report

- (c) The Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which will or may affect the ability of the Company to meet its obligations as and when they fall due.

### (III) As at the Date of this Report

- (e) There are no charges on the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Company misleading.

## Significant Events During the Financial Year and Subsequent to the End of the Reporting Period

Significant events during the financial year and subsequent to the end of the reporting period are disclosed in Note 29 to the financial statements.

### Auditors

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company for the financial year that ended on 31 December 2020 are disclosed in Note 22 (a) to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

### Datuk Seri Jamil bin Salleh

Chairman

Kuala Lumpur  
2 August 2021

### Datuk Shahul Hameed Bin Shaik Dawood

Director

## Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 121 to 174 have been drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the financial performance and cash flows of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors.

### Datuk Seri Jamil Bin Salleh

Chairman

Kuala Lumpur  
2 August 2021

### Datuk Shahul Hameed Bin Shaik Dawood

Director

## Statutory Declaration

I, IRNA WATI BINTI MOHD NOR, being the officer primarily responsible for the financial management of Pembangunan Sumber Manusia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 121 to 174 are, to the best of my knowledge and belief, 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 at )  
Kuala Lumpur this )  
2 August 2021 )

Before me,

### Irna Wati Binti Mohd Nor

MIA NO: 27452

# Independent Auditors' Report

To the members of Pembangunan Sumber Manusia Berhad  
(A Company Limited by Guarantee) (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Pembangunan Sumber Manusia Berhad, which comprise the statement of financial position as at 31 December 2020 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 121 to 174.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with the 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 ("ISAs"). 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 Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' 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.

### 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 information included in the annual report, but does not include the financial statements of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements 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 Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with MFRSs, IFRSs, 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company 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 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 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (a) Identify and assess the risks of material misstatement of the financial statements 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.
- (b) 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 internal control of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 ability of the Company 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 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 Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## 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.

### BDO PLT

LLP0018825-LCA & AF 0206  
Chartered Accountants

Kuala Lumpur  
2 August 2021

### Lee Wee Hoong

03316/07/2023 J  
Chartered Accountant

# Statement of Financial Position

As at 31 December 2020

Assets	Note	2020 RM	2019 RM
Property, plant and equipment	5	25,774,107	24,024,028
Right-of-use assets	6	2,936,758	4,251,496
Investment property	7	138,937,752	140,572,314
Staff loans	9	1,313,694	1,357,605
Investments	10	524,726,399	311,926,483
Accrued interest receivables, deposits, prepayments and other receivables	11	29,137,426	41,536,394
Cash and bank balances	12	1,524,443,177	1,596,283,780
<b>Total assets</b>		<b>2,247,269,313</b>	<b>2,119,952,100</b>
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
Lease liabilities	6	2,797,397	3,737,327
Derivative liabilities	8	15,263,616	-
Human Resources Development Fund	14	1,492,404,594	1,347,562,991
Strategic Fund	15	138,737,105	258,770,841
Unutilised Levy	16	74,369,844	53,591,779
General Reserves II	17	5,347,466	4,336,325
Government grants	18	125,458,529	46,398,237
Payables and accruals	19	30,689,851	74,092,001
<b>Total liabilities</b>		<b>1,885,068,402</b>	<b>1,788,489,501</b>
Retained earnings		348,095,950	322,276,799
Reserves	20	14,104,961	9,185,800
<b>Total equity</b>		<b>362,200,911</b>	<b>331,462,599</b>
<b>Total equity and liabilities</b>		<b>2,247,269,313</b>	<b>2,119,952,100</b>

The accompanying notes form an integral part of the financial Statements

## Statement of Comprehensive Income

For the Financial Year Ended 31 December 2020

	Note	2020 RM	2019 RM
<b>Income</b>			
Operating income	21 (a)	80,996,830	86,639,196
Non-operating income	21 (b)	31,200,617	1,040,691
Development activities income	21 (c)	1,460,272	7,693,617
Strategic Fund Income	21 (d)	120,033,736	4,410,877
<b>Total income</b>		<b>233,691,455</b>	<b>99,784,381</b>
<b>Expenses</b>			
Operating expenses	22 (a)	(54,884,872)	(54,457,472)
Non-operating expenses	22 (b)	(27,908,441)	(10,103,614)
Development activities expenses	22 (c)	(5,045,255)	(7,535,472)
Programmes expenses under Strategic Fund	15	(120,033,736)	(4,410,877)
<b>Total expenses</b>		<b>(207,872,304)</b>	<b>(76,507,435)</b>
Surplus before taxation		25,819,151	23,276,946
Taxation	23	-	3,030,000
Net surplus for the financial year		25,819,151	26,306,946
<b>Other comprehensive income, net of tax</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Debt investments measured at fair value through other comprehensive income		5,147,150	8,004,850
Expected credit losses on debt investments measured at fair value through other comprehensive income		-	227,802
Reversal of expected credit losses on debt investments measured at fair value through other comprehensive income		(227,989)	-
Other comprehensive income for the financial year		4,919,161	8,232,652
<b>Total comprehensive income for the financial year</b>		<b>30,738,312</b>	<b>34,539,598</b>

The accompanying notes form an integral part of the financial Statements

## Statement of Changes in Equity

For the Financial Year Ended 31 December 2020

	Retained earnings RM	Fair value reserves RM	Retirement benefits reserves RM	Total RM
At 1 January 2019	304,291,005	953,148	(8,321,152)	296,923,001
Net surplus for the financial year	26,306,946	-	-	26,306,946
Other comprehensive income	-	8,232,652	-	8,232,652
Cessation of retirement benefits scheme	(8,321,152)	-	8,321,152	-
Total comprehensive income	17,985,794	8,232,652	8,321,152	34,539,598
At 31 December 2019 / 1 January 2020	322,276,799	9,185,800	-	331,462,599
Net surplus for the financial year	25,819,151	-	-	25,819,151
Other comprehensive income	-	4,919,161	-	4,919,161
Total comprehensive income	25,819,151	4,919,161	-	30,738,312
At 31 December 2020	348,095,950	14,104,961	-	362,200,911

The accompanying notes form an integral part of the financial Statements

## Statement of Cash Flows

For the Financial Year Ended 31 December 2020

	2020 RM	2019 RM
<b>Cash flows from operating activities</b>		
Cash generated from operations:		
Cash receipts from training providers and others	9,945,731	23,373,495
Cash payment to vendors	(103,543,107)	(51,692,713)
Retirement benefits paid	-	(20,573,228)
Cash flows changes from operating activities	(93,597,376)	(48,892,446)
Cash from Human Resources Development Fund:		
Receipts from registered employers	465,489,378	887,974,307
Payments to registered employers	(298,797,419)	(579,043,581)
Cash flows changes after Human Resources Development Fund	73,094,583	260,038,280
Cash from Trust Funds and Government grants:		
Payment to registered training providers	(242,762,609)	(18,645,175)
Payment to trainees	(268,218)	(158,334)
Payments to Employee (loan subsidy)	(3,997)	(4,508)
Payment for vendor	-	(844,052)
Receipts from government allocation	200,585,000	17,500,000
Receipts from registered employers	1,399,122	6,845,438
Cash flows changes after Trust Funds and government grants	(41,050,702)	264,731,649
Net cash from operating activities	32,043,881	264,731,649

The accompanying notes form an integral part of the financial Statements

## Statement of Cash Flows *(continued)*

For the Financial Year Ended 31 December 2020 *(continued)*

	2020 RM	2019 RM
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(5,216,193)	(824,941)
Acquisition of right-of-use assets	-	(942,587)
Dividends received	908,970	963,860
Net repayment from employees	43,911	901,815
Net acquisition of investments	(221,684,986)	(71,431,520)
Proceeds from disposal of investments	39,352,840	-
Proceeds from disposal of plant and equipment	7,177	38,000
Interest received	84,229,358	64,221,143
Withdrawal/(Placements) of deposits with maturity more than three (3) months	239,379,630	(403,426,839)
Net cash from/(used in) investing activities	137,020,707	(410,501,069)
<b>Cash flows from financing activities</b>		
Payments of lease liabilities	(1,525,561)	(1,077,867)
Net cash used in financing activities	(1,525,561)	(1,077,867)
Net increase/(decrease) in cash and cash equivalents	167,539,027	(146,847,287)
Cash and cash equivalents at the beginning of financial year	72,486,546	219,333,833
Cash and cash equivalents at the end of financial year	240,025,573	72,486,546

The accompanying notes form an integral part of the financial Statements

# Notes to the Financial Statements

31 December 2020

## 1. Corporate Information

Pembangunan Sumber Manusia Berhad (“the Company”) is a company limited by guarantee, incorporated and domiciled in Malaysia.

The registered office and principal place of the business of the Company was changed from Level 7, Wisma HRDF, Jalan Beringin, Damansara Heights, 50490 Kuala Lumpur to Level 7, Wisma HRD Corp, Jalan Beringin, Damansara Heights, 50490 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 2 August 2021.

## 2. Principal Activities

As set out in the Pembangunan Sumber Manusia Berhad Act, 2001, the main objective of the Company is the imposition and collection of human resources development levy for the purpose of promoting the training and development of employees, apprentices and trainees and the establishment and administration of the human resources development fund.

The functions of the Company are:

- (a) to assess and determine the types and extent of employees', apprentices' and trainees' training and retraining in keeping with the human resources needs of industries;
- (b) to promote and stimulate manpower training; and
- (c) to determine the terms and conditions under which any financial assistance or other benefits are to be given.

There have been no significant changes in the nature of these activities during the financial year.

## 3. Basis of Preparation

The financial statements of the Company set out on pages 121 to 174 have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

## 3. Basis of Preparation *(continued)*

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

### Key Sources of Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### (a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates that the useful lives of these property, plant and equipment to be within five (5) to fifty (50) years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. A five percent (5%) difference in the average useful lives of these assets from the management's estimates would result in approximately two percent (2%) variance in profit for the financial year.

#### (b) Recoverability of financial instruments

The determination of whether financial instruments are recoverable involves significant management judgement in determining the probability of default investments, appropriate forward looking information and significant increase in credit risk.

#### (c) Determination of the lease term for lease

The Company determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Company is reasonably certain of the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Company to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Company.

As at 31 December 2020, there are no undiscounted potential future rental payments that are not included in the lease term.

#### (d) Fair value of derivatives

The determination of fair values of the derivative financial instruments involves significant judgements and assumptions made by the management. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 26(c) to the financial statements.

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

**3. Basis of Preparation** (continued)**3.1 New MFRSs Adopted during the Financial Year**

The Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
Amendments to <i>References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendment to MFRS 16 <i>COVID-19-Related Rent Concessions</i>	1 June 2020 (early adopt)
Amendments to MFRS 4 <i>Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020 (effective immediately)

Adoption of the above Standards did not have any material effect on the financial performances or position of the Company.

**3.2 New MFRSs That Have Been Issued, but Only Effective for Annual Periods Beginning On or After 1 January 2021**

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Company does not expect the adoption of the above Standards to have a significant impact on the financial statements.

**4. Significant Accounting Policies****4.1 Property, Plant and Equipment and Depreciation**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation rates are as follows:

	%
Building	2
Renovation	10
Motor vehicles	20
Furniture and office fittings	20
Office equipment	20
Electric and electronic equipment	20
Information and Communication Technologies ("ICT") System	20

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.13 to the financial statements on impairment of non-financial assets).

**4.2 Investment Property**

Investment property comprises completed property which is held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, completed investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the investment property to its residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investment property is eighty-nine (89) years.

Investment property is derecognised when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected. Any gains or losses on the retirement or disposal of investment property is recognised in profit or loss in the year in which they arise.

**Notes to the Financial Statements** *(continued)*31 December 2020 *(continued)***4. Significant Accounting Policies** *(continued)***4.3 Financial Instruments**

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

## (a) Financial Assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

## (i) Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

## (ii) Fair Value Through Other Comprehensive Income ("FVTOCI")

Debt Investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding. The debt investment is not designated as fair value through profit or loss. Interest income calculated using the effective method and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

**4. Significant Accounting Policies** *(continued)***4.3 Financial Instruments** *(continued)*(a) Financial Assets *(continued)*(ii) Fair Value Through Other Comprehensive Income ("FVTOCI") *(continued)*Equity Investments

This category comprises investment in equity that is not held for trading, and the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income are not reclassified to profit or loss.

## (iii) Fair Value Through Profit And Loss ("FVTPL")

Assets that do not meet the criteria for amortised cost and FVTOCI are measured at FVTPL. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss in the period which it arises.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity, is recognised in profit or loss.

## (b) Financial Liabilities

Human Resources Development Fund, Strategic Fund, Unutilised Levy, General Reserve II, Government grants, other payables and accrued expenditure are classified as other financial liabilities.

Other payables and accrued expenditures represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is classified as FVTPL if it is classified as held-for-trading, a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

**Notes to the Financial Statements** *(continued)*31 December 2020 *(continued)***4. Significant Accounting Policies** *(continued)***4.3 Financial Instruments** *(continued)*

## (c) Equity

The Company subsequently measures all equity investments at fair value. Where the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Changes in the fair value of financial assets at FVTOCI are recognised in the statement of comprehensive income as applicable.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

**4.4 Impairment of Financial Assets**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, and debt instruments measured at fair value through other comprehensive income. The Company measures loss allowances based on general approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

**4.5 Income Taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

**4. Significant Accounting Policies** *(continued)***4.6 Employee Benefits**

## (a) Short-term Employee Benefits

Wages, salaries, paid annual leave, performance incentive, and non-monetary benefits are accrued in the financial year in which the services are rendered by employees of the Company.

## (b) Defined Contribution Plans

The Company's contributions to defined contribution plans are charged to statement of comprehensive income in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

**4.7 Human Resources Development Fund**

Payments of human resources development levy by employers are credited into the Human Resources Development Fund on a cash receipt basis. This fund will be disbursed to employers and training providers for the approved training grants on claim basis.

For employers who have been deregistered due to cessation of business (relocation to other countries, insolvency, winding-up, receivership, etc.) and for employers who do not conduct training for their workers for a period of two years, the employers' levy received shall be forfeited by the Company.

**4.8 Strategic Fund**

The objective of the Strategic Fund is to implement several strategic initiatives with the aim of empowering the quality and employability of the Malaysian human capital through re-skilling and up-skilling programmes, for the benefit of both registered and non-registered employers of the sectors covered by the Company.

**4.9 General Reserves II**

General Reserves II was established to remit the transfer of levy balances from the accounts of employers who had been deregistered under Section 16(2) Pembangunan Sumber Manusia Berhad Act, 2001. These funds will be transferred back to the Human Resources Development Fund account if the employer is re-registered within a period of two years from the date of deregistration. The employer shall continue to be eligible to receive any financial assistance or other benefits to which the employer was entitled prior to deregistration.

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

**4. Significant Accounting Policies** (continued)**4.10 Government Grants**

Government grants received are held in trust by the Company. The Company has an obligation to distribute the government grants in accordance with the instructions of the Government. Government grants allocation and the corresponding expenses are offset and shown as net in the statement of financial position. The purpose and usage of the government grants are as follows:

**(i) Apprenticeship Fund**

The fund is the government allocation used to finance course fees charged by training providers for conducting off-the-job training for apprentices who undergo apprenticeship training.

**(ii) Small & Medium Enterprises (“SME”) Training Incentive Fund**

The fund is the government allocation used to finance course fees charged by training providers to conduct training programmes which will be credited to employers' levy accounts.

**(iii) Human Resource (“HR”) Certification Body Fund**

The Company received an allocation from the Government to initiate the HR Certification programmes. Establishment of the HR Certification is one of the strategic approaches identified to enhance the quality of human resource management by human resource practitioners.

**(iv) Housewives Enhancement and Reactivate Talent Scheme (“HEARTS”) Fund**

The Company received an allocation from the Government to finance the courses conducted for housewives. The objectives of HEARTS programmes are to equip housewives, who are considered as latent workforces but possess tertiary education, with training in specialised skills that would allow them to be self-employed from home.

**(v) SME Skill Upgrading Fund**

The programmes under SME Skill Upgrading Fund aim to enhance the knowledge and skills of employees of SMEs in terms of technical and management to help to improve the performance of local SMEs. Course fees will be paid out to appointed training providers throughout the country to provide training to SMEs.

**(vi) 1Malaysia GRIP (“1MGRIP”) Fund**

1MGRIP scheme was created to provide opportunity to employees to increase their skills by participating in specific fields to be expert that would enhance their career development and earn higher income. The allocation was injected to company by government to accommodate the course fees under the 1MGRIP programmes.

**(vii) Entrepreneurship Enhancement Skills Programme for Indian Community (“Emphatic”) Fund**

The Entrepreneurship Enhancement Skills Programme for Indian Community Fund amounting to RM30 million was injected to Pembangunan Sumber Manusia Berhad (“PSMB”) in December 2016. The objective of this fund is to equip trainees with skills and knowledge to enable them to venture into businesses that helps them to increase their income. The programmes identified under this programmes will help the Indian community to improve their socio-economic status as well as support Government's efforts to improve human capital productivity.

**4. Significant Accounting Policies** (continued)**4.10 Government Grants** (continued)**(viii) RPEL (Non-HRDF) Fund**

The objective of Recognition of Prior Experiential Learning (“RPEL”) Fund for Non-HRDF is to enable worker who does not have formal qualification to be awarded Sijil Kemahiran Malaysia (“SKM”) certification which in line with the government's effort to increase the number of skilled workers in Malaysia.

**(ix) SME Incentive (Non-HRDF) Fund**

The SME Training Incentive Fund for Non-HRDF is to encourage SME employers to continuously and systematically train their employees to increase their level of competency. PSMB has engaged Hay Group to implement the Diagnosis for SMEs to identify the competency gaps.

**(x) Outplacement Centre Programme Fund**

The objective of 1Malaysia Outplacement Centre is to act as a one-stop centre for Malaysian retrenched workers to assist them by up-skilling or reskilling with the required competencies to enhance their employability and assisting them to secure employment either within the same or different industries. PSMB was injected with the allocation of RM5 million in March 2016.

**(xi) Graduates Enhancement Programme for Employability (“GENERATE”) Fund**

The allocation was injected by government to PSMB to enhance the employability of Malaysian graduates. The objectives were to equip, develop and assist unemployed graduates with high end skills and competencies that required by the industries, relevant working experience, exploring new route path for their careers and job placement.

**(xii) Enrolment of Students in ILJTM and Other TVET Institutions Fund**

The objective of this fund is to create awareness among Indian students in secondary schools about ILJTM and setup a support structure in targeted ILJTMs.

**(xiii) Skim Latihan Dual Nasional (SLDN)**

The objective of this fund is to increase the supply of skilled workers to the industry. The SLDN programme is a combination of theory and practical at approved training centres with emphasis on structured “on the job” training at the premises of sponsoring employers.

**(xiv) Industrial Revolution 4WRD (IndREV 4) – B.11**

The objective of this fund is to provide opportunities for Malaysian workers to upgrade their skills by participating in training based on high value-added industry which enhance their career development and to earn better income. The scheme assist SME employers through consultations in the provision of high-tech human resources before the adoption of Industrial 4.0 elements to increase productivity.

**Notes to the Financial Statements** *(continued)*31 December 2020 *(continued)***4. Significant Accounting Policies** *(continued)***4.10 Government Grants** *(continued)***(xv) TVET for B40 (LATIHAN TVET B40)**

The objective of this fund is to nurture Malaysian talent through skills' development and capacity building programmes which are geared towards Technical and Vocational Education and Training (TVET) and up-lifting the livelihood of the B40 income group.

**(xvi) Pelan Jana Semula Ekonomi Negara (PENJANA) Fund**

This government allocation is under Pelan Jana Semula Ekonomi Negara (PENJANA) to finance training programmes conducted for trainees who undergo PENJANA-HRDF initiative.

**(xvii) Industry 4WRD - Reskilling**

The fund is the government allocation under the Ministry of International Trade and Industry (MITI) to finance training programmes in driving digital transformation of the manufacturing and related services sectors in Malaysia.

**4.11 Income****(i) Dividend Income**

Dividend income is recognised in "statement of comprehensive income" on the date that the Company's right to receive payment is established.

**(ii) Interest Income**

Interest income is recognised as an accrual basis, using the effective interest method in "statement of comprehensive income".

**(iii) Income from Fees, Services, Penalties on Late Payment of Levy and Unutilised Levy**

Income from fees, services, penalties on late payment of levy, and unutilised levy are recognised when the performance obligation is satisfied.

**(iv) Strategic Fund Income**

Receipts from levy for Strategic Fund is recognised in "statement of comprehensive income" when the performance obligation is satisfied.

**(v) Lease Income**

Lease income is recognised on a straight-line basis over the lease term of an ongoing lease.

**4. Significant Accounting Policies** *(continued)***4.12 Fair Value Measurement**

Fair value of an asset or a liability 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.

For 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.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

**4.13 Impairment of Non-Financial Assets**

Property, plant and equipment and investment property are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and 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'). The impairment loss is charged to the statement of comprehensive income.

**4.14 Leases****The Company as Lessee**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

(a) Leases of low value assets; and

(b) Leases with a duration of 12 months or less.

**Notes to the Financial Statements** *(continued)*31 December 2020 *(continued)***4. Significant Accounting Policies** *(continued)***4.14 Leases** *(continued)***The Company as Lessee** *(continued)*

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- (a) Amounts expected to be payable under any residual value guarantee;
- (b) The exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option; and
- (c) Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- (a) Lease payments made at or before commencement of the lease;
- (b) Initial direct costs incurred; and
- (c) The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

**4. Significant Accounting Policies** *(continued)***4.14 Leases** *(continued)***The Company as Lessee** *(continued)*

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- (a) If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- (b) In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- (c) If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e., it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable MFRSs rather than MFRS 16.

Notes to the Financial Statements *(continued)*31 December 2020 *(continued)***4. Significant Accounting Policies** *(continued)***4.14 Leases** *(continued)***The Company as Lessor**

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

## (a) Finance Leases

The Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company derecognises the underlying asset and recognise a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 4.4 on impairment of financial assets). In addition, the Company reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

## (b) Operating Leases

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

## (c) Sublease Classification

When the Company is an intermediate lessor, it assesses the lease classification of a sublease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

## (d) Separating Lease and Non-Lease Components

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

**5. Property, Plant and Equipment**

	Note	2020 RM	2019 RM
<b>Cost:</b>			
Property	(a)	33,880,352	33,880,352
Plant and equipment	(b)	59,473,784	54,267,604
		93,354,136	88,147,956
<b>Accumulated depreciation:</b>			
Property	(a)	19,560,785	19,210,334
Plant and equipment	(b)	48,019,244	44,913,594
		67,580,029	64,123,928
<b>Carrying amounts:</b>			
Property	(a)	14,319,567	14,670,018
Plant and equipment	(b)	11,454,540	9,354,010
		25,774,107	24,024,028

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

## 5. Property, Plant and Equipment (continued)

## (a) Property

	Freehold land RM	Building RM	Total RM
<b>Cost:</b>			
At 1 January 2019/31 December 2019/ 31 December 2020	1,591,200	32,289,152	33,880,352
<b>Accumulated depreciation:</b>			
At 1 January 2019	-	18,859,883	18,859,883
Charge for the financial year	-	350,451	350,451
At 31 December 2019/1 January 2020	-	19,210,334	19,210,334
Charge for the financial year	-	350,451	350,451
At 31 December 2020	-	19,560,785	19,560,785
<b>Carrying amounts:</b>			
At 31 December 2019	1,591,200	13,078,818	14,670,018
At 31 December 2020	1,591,200	12,728,367	14,319,567

## 5. Property, Plant and Equipment (continued)

## (b) Plant and Equipment

	Motor vehicles RM	Renovation RM	Furniture and office fittings RM	Office equipment RM	Electric and electronic equipment RM	ICT System RM	Total RM
<b>Cost:</b>							
At 1 January 2019	1,816,090	7,678,271	1,825,213	1,097,232	15,017,865	26,480,118	53,914,789
Additions	198,400	6,800	-	9,645	112,996	497,100	824,941
Disposal/Write off	(145,291)	(326,835)	-	-	-	-	(472,126)
At 31 December 2019/ 1 January 2020	1,869,199	7,358,236	1,825,213	1,106,877	15,130,861	26,977,218	54,267,604
Additions	-	61,980	2,589	9,458	223,572	4,918,594	5,216,193
Write off/Disposal	-	-	-	-	(10,013)	-	(10,013)
At 31 December 2020	1,869,199	7,420,216	1,827,802	1,116,335	15,344,420	31,895,812	59,473,784
<b>Accumulated depreciation:</b>							
At 1 January 2019	1,050,235	2,819,529	1,708,039	956,894	14,299,485	17,651,907	38,486,089
Charge for the financial year	221,675	727,678	53,375	36,597	197,833	5,348,339	6,585,497
Write off/Disposal	(145,290)	(12,702)	-	-	-	-	(157,992)
At 31 December 2019/ 1 January 2020	1,126,620	3,534,505	1,761,414	993,491	14,497,318	23,000,246	44,913,594
Charge for the financial year	340,858	681,283	49,988	32,281	123,851	1,880,225	3,108,486
Write off/Disposal	-	-	-	-	(2,836)	-	(2,836)
At 31 December 2020	1,467,478	4,215,788	1,811,402	1,025,772	14,618,333	24,880,471	48,019,244
<b>Carrying amounts:</b>							
At 31 December 2019	742,579	3,823,731	63,799	113,386	633,543	3,976,972	9,354,010
At 31 December 2020	401,721	3,204,428	16,400	90,563	726,087	7,015,341	11,454,540

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

## 6. Leases (continued)

## The Company as Lessee

Right-of-use assets 2020	Balance as at 1.1.2020	Additions	Remeasurement	Depreciation	Balance as at 31.12.2020
Carrying amount	RM	RM	RM	RM	RM
Buildings	1,260,145	320,013	(11,502)	(488,159)	1,080,497
Office equipments	264,188	38,425	(9,978)	(72,672)	219,963
ICT Systems	2,727,163	-	-	(1,090,865)	1,636,298
	4,251,496	358,438	(21,480)	(1,651,696)	2,936,758

Right-of-use assets 2019	Balance as at 1.1.2019	Additions	Remeasurement	Depreciation	Balance as at 31.12.2019
Carrying amount	RM	RM	RM	RM	RM
Buildings	1,535,907	104,396	86,735	(466,893)	1,260,145
Office equipments	343,466	-	-	(79,278)	264,188
ICT Systems	-	3,272,596	-	(545,433)	2,727,163
	1,879,373	3,376,992	86,735	(1,091,604)	4,251,496

Lease liabilities 2020	Balance as at 1.1.2020	Additions	Remeasurement	Lease payments	Interest expense	Balance as at 31.12.2020
Carrying amount	RM	RM	RM	RM	RM	RM
Buildings	1,498,504	320,013	(11,502)	(574,506)	107,626	1,340,135
Office equipments	274,020	38,425	(8,927)	(86,564)	17,582	234,536
ICT Systems	1,964,803	-	-	(864,491)	122,414	1,222,726
	3,737,327	358,438	(20,429)	(1,525,561)	247,622	2,797,397

Lease liabilities 2019	Balance as at 1.1.2019	Additions	Remeasurement	Lease payments	Interest expense	Balance as at 31.12.2019
Carrying amount	RM	RM	RM	RM	RM	RM
Buildings	1,736,211	104,395	86,735	(552,021)	123,184	1,498,504
Office equipments	344,145	-	-	(93,600)	23,475	274,020
ICT Systems	-	2,330,010	-	(432,246)	67,039	1,964,803
	2,080,356	2,434,405	86,735	(1,077,867)	213,698	3,737,327

## 6. Leases (continued)

## The Company as Lessee (continued)

(a) The lease terms of right-of-use assets are as follows:

Buildings	Up to 7 years
Office equipments	5 years
ICT Systems	4 years

(b) During the financial year, the Company made the following cash payments to acquire right-of-use assets:

	2020 RM	2019 RM
Acquisition of right-of-use assets	358,438	3,376,992
Finance by lease liabilities	(358,438)	(2,434,405)
Cash payments on acquisition of right-of-use assets	-	942,587

(c) The following are the amounts recognised in profit or loss:

	2020 RM	2019 RM
Depreciation charge of right-of-use assets	1,651,696	1,091,604
Interest expense on lease liabilities (included in non-operating expenses)	247,622	213,698
Expense relating to leases of low-value assets (included in operating expenses)	271,461	94,143
	2,170,779	1,399,445

(d) At the end of the financial year, the Company had total cash outflow for leases of RM1,525,561 (2019: RM1,077,867).

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

**6. Leases** (continued)**The Company as Lessee** (continued)

(e) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Company that are exposed to interest rate risk:

	2020 RM	2019 RM
Within 1 year	1,419,421	1,261,819
1 – 2 years	1,335,766	2,240,641
2 – 5 years	42,210	234,867
More than 5 years	-	-
	<b>2,797,397</b>	<b>3,737,327</b>
Weighted average incremental borrowing rate per annum (%)	7.51	7.51

(f) The table below summarises the maturity profile of the lease liabilities of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	2020 RM	2019 RM
Within 1 year	1,542,231	1,488,235
1 – 2 years	1,276,611	2,409,284
2 – 5 years	43,207	237,261
More than 5 years	-	-
	<b>2,862,049</b>	<b>4,134,780</b>

**7. Investment Property**

Cost	2020 RM	2019 RM
At 1 January/31 December	145,476,000	145,476,000
<b>Accumulated Depreciation:</b>		
At 1 January	4,903,686	3,269,124
Depreciation charge for the financial year	1,634,562	1,634,562
At 31 December	6,538,248	4,903,686
<b>Carrying amount</b>		
At 31 December	138,937,752	140,572,314
<b>Fair value</b>		
At 31 December	139,414,500	145,200,000

**The Company as Lessor**

Investment properties are commercial properties that are leased to third parties for three (3) years to four (4) years (2019: three (3) to four (4) years) term and renewable at the end of the lease period subject to an increase clause.

The following are recognised in profit or loss:

	2020 RM	2019 RM
Lease income	3,325,043	1,463,810
Direct operating expenses	1,175,452	1,311,779

**Notes to the Financial Statements** *(continued)*31 December 2020 *(continued)***7. Investment Property** *(continued)***The Company as Lessor** *(continued)*

The Company has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2020 RM	2019 RM
Less than one (1) year	4,894,065	4,732,425
One (1) to two (2) years	3,184,419	3,883,815
Two (2) to three (3) years	1,317,366	1,972,119
Three (3) to four (4) years	202,050	105,066
<b>Total undiscounted lease payments</b>	<b>9,597,900</b>	<b>10,693,425</b>

**Fair Value Information**

Fair value of the investment property was estimated by the Directors based on a valuation performed by an independent professional valuer, as well as by reference to the market values of comparable properties and categorised as Level 3 in the fair value hierarchy. There is no transfer between levels of hierarchy during the financial year.

**8. Derivative Liabilities**

	2020 RM	2019 RM
<b>Derivatives at fair value through profit or loss</b>		
- Put options	16,087,988	-
- Call options	(31,351,604)	-
	<b>(15,263,616)</b>	<b>-</b>

During the financial year, the Company has written put and call options over certain equity investments held. These put options permit the holder to put the shares held by the Company back to the original vendor at the Company's original purchase price plus premium ranged between 7.5% to 8.0% per annum, while the call options permit the holder to call the shares held by the Company at the Company's original purchase price plus premium ranged between 4.0% to 8.0% per annum.

The put options are exercisable during the period of 30 days after one (1) year anniversary of the Company's purchase of the equity investment, while the call options are exercisable anytime for a period of one (1) year from the date the Company's purchase of the equity investment. The put options shall lapse upon exercise of the call options respectively, vice versa.

The fair values of the call and put options have been derived using the Black Scholes option pricing model. The key assumptions applied in determining the fair values of put and call options and sensitivity analysis are disclosed in Note 26 (b) to the financial statements.

**9. Staff Loans**

	2020 RM	2019 RM
Motor vehicle loans	993	1,821
Computer loans	68,336	36,373
Housing loans	1,244,365	1,319,411
	<b>1,313,694</b>	<b>1,357,605</b>

Staff loans (only motor vehicle loans and housing loans) are granted to eligible employees of the Company, bears interest of 4% per annum (2019: 4% per annum). Staff loans are repayable over the term stipulated in the individual agreements with the eligible employees up to a maximum of 5 years, 8 years and 25 years for computer loans, motor vehicle loans and housing loans, respectively.

Staff loans are denominated in Ringgit Malaysia.

Information on financial risks of staff loans is disclosed in Note 26 to the financial statements.

**10. Investments**

	2020 RM	2019 RM
<b>Fair value through profit or loss:</b>		
Quoted unit trust in Malaysia	34,599,025	32,366,436
Quoted securities - equity in Malaysia	185,872,574	24,789,396
	<b>220,471,599</b>	<b>57,155,832</b>
<b>Fair value through other comprehensive income:</b>		
Quoted securities - bond & sukuk in Malaysia	304,254,800	254,770,650
	<b>524,726,399</b>	<b>311,926,483</b>

Information on financial risks of investments is disclosed in Note 26 to the financial statements.

During the financial year, the Company has written put and call options over its investments in quoted equity securities of RM168,688,085 as disclosed in Note 8.

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

**11. Accrued Interest Receivables, Deposits, Prepayments and Other Receivables**

	2020 RM	2019 RM
Accrued interest receivables	22,430,628	35,828,995
Deposits	342,321	329,408
Prepayments	2,750,460	2,750,460
Other receivables	3,614,017	2,627,531
	<b>29,137,426</b>	<b>41,536,394</b>

Accrued interest receivables, deposits, prepayments and other receivables are denominated in Ringgit Malaysia.

Information on financial risks of accrued interest receivables, deposits, prepayments and other receivables is disclosed in Note 26 to the financial statements.

**12. Cash and Bank Balances**

	2020 RM	2019 RM
Fixed deposits placed with licensed banks	776,090,955	1,178,519,680
Fixed deposits placed with other financial institutions	713,188,692	366,580,554
	<b>1,489,279,647</b>	<b>1,545,100,234</b>
Cash and bank balances	35,163,530	51,183,546
	<b>1,524,443,177</b>	<b>1,596,283,780</b>
Cash and bank balances in the statement of financial position	1,524,443,177	1,596,283,780
Less: Deposits with maturity of more than three months	(1,284,417,604)	(1,523,797,234)
	<b>240,025,573</b>	<b>72,486,546</b>
Cash and cash equivalents in the statement of cash flows	240,025,573	72,486,546

(a) Cash and bank balances are denominated in Ringgit Malaysia.

(b) The range of maturities of the deposits that are readily convertible to cash as at 31 December 2020 is 33 to 82 days (2019: 32 to 90 days).

(c) Information on financial risks of cash and bank balances is disclosed in Note 26 to the financial statements.

**13. Retirement Benefits****Liability for Defined Benefit Obligations**

In the previous financial years, the Company recognised liability for defined benefit obligations based on the actuarial valuation report dated 27 February 2019. The Company operates a defined benefit scheme that provides pension benefits for employees upon retirement. Under the scheme, eligible employees are entitled to retirement benefits of 1.5 months of the last drawn salary for each completed year of service upon the retirement age of 60 if the number of years of service is less than 10 years and 2.0 months if the number of years of service is more than 10 years. For employees who are appointed after 1 April 2008, they are entitled to retirement benefits of 0.75 month of the last drawn salary for each completed year of service upon the retirement age of 60 if the number of years of service is less than 10 years and 1.0 month if the number of service is more than 10 years. Employees are also given the option to retire at the age of 50 and 45 for males and females respectively.

The Company ceased the retirement benefits scheme during the previous financial year. The retirement benefits for all the eligible employees who qualified was paid in the form of additional Employee Provident Fund ("EPF") contribution.

**Movements in the Present Value of Defined Benefit Obligations:**

	2020 RM	2019 RM
At 1 January	-	23,937,205
Service costs (Current and Past) and interest	-	-
Over-provision of retirement benefits	-	(425,209)
Benefits paid by the plan	-	(20,573,228)
Benefits paid against outstanding staff loans	-	(2,938,768)
	<b>-</b>	<b>-</b>
As at 31 December	-	-

**Expenses/(Income) recognised in statement of comprehensive income:**

Over-provision of retirement benefits	-	(425,209)
Net benefit (income)/expenses	-	(425,209)

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

**14. Human Resources Development Fund (“HRDF”)**

	2020 RM	2019 RM
At 1 January	1,347,562,991	1,050,080,456
Add: Levy collected	474,863,656	889,872,959
Re-registration (Note 17)	46,799	58,327
	1,822,473,446	1,940,011,742
Less: Training grant disbursed	(298,797,419)	(579,043,581)
Transferred to General Reserves II		
- deregistration (Note 17)	(2,042,597)	(2,201,376)
Unutilised levy (Note 16)	(19,854,558)	(9,305,142)
Overpayment of levy refunded	(9,374,278)	(1,898,652)
At 31 December	1,492,404,594	1,347,562,991

**15. Strategic Fund**

	2020 RM	2019 RM
At 1 January	258,770,841	263,181,718
Less: Income recognised for the year (Note 21)	(120,033,736)	(4,410,877)
At 31 December	138,737,105	258,770,841

During the financial year, the Company has incurred RM120.0 million (2019: RM4.4 million) on course fees and trainee allowances mainly on the PENJANA-HRDF Initiative which was implemented in conjunction with the announcement of PENJANA Initiative by the Honourable Prime Minister of Malaysia on 5th June 2020.

**16. Unutilised Levy**

	2020 RM	2019 RM
At 1 January	53,591,779	44,527,597
Add: Transfer from HRDF (Note 14)	19,854,558	9,305,142
Add: Transfer from General Reserve II (Note 17)	984,657	607,219
	74,430,994	54,439,958
Less: Expenses	(61,150)	(848,179)
At 31 December	74,369,844	53,591,779

This fund relates to employers' levy for employers who have been deregistered due to cessation of business or unutilised levy for a period of two years.

**17. General Reserves II**

	2020 RM	2019 RM
At 1 January	4,336,325	2,800,495
Add: Transfer from HRDF (Note 14)	2,042,597	2,201,376
	6,378,922	5,001,871
Less: Unutilised levy		
- failure to re-register within 2 years (Note 16)	(984,657)	(607,219)
Re-registration (Note 14)	(46,799)	(58,327)
At 31 December	5,347,466	4,336,325

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

## 18. Government Grants

	Note	2020 RM	2019 RM
Apprenticeship Fund	(a)	3,841,247	3,908,222
SME Training Incentive Fund	(b)	287,366	287,366
HR Certification Body Fund	(c)	272,825	272,825
HEARTS Fund	(d)	418,178	686,396
SME Skill Upgrading Fund	(e)	435,245	435,245
1MGRIP Fund	(f)	3,592,080	3,592,080
Emphatic Fund	(g)	1,233,884	1,233,884
RPEL (Non-HRDF) Fund	(h)	5,767,862	8,036,566
SME Incentive (Non-HRDF) Fund	(i)	11,697,536	2,272,119
Outplacement Centre Programme Fund	(j)	3,191,842	3,191,842
GENERATE Fund (PTPK)	(k)	11,660,942	11,717,117
ILJTM and Other TVET	(l)	765,502	1,315,053
GENERATE Fund (B-19)	(m)	3,550,237	4,495,343
Skim Latihan Dual Nasional (B-19)	(n)	4,565,972	4,954,179
Industrial Revolution 4WRD (IndREV 4) - B.11	(o)	2,500,000	-
TVET for B40 (LATIHAN TVET B40)	(p)	6,585,000	-
PENJANA Fund	(q)	63,592,811	-
Industry 4WRD - Reskilling	(r)	1,500,000	-
		125,458,529	46,398,237

## (a) Apprenticeship Fund

	2020 RM	2019 RM
At 1 January	3,908,222	4,703,862
GST Refund	-	287,366
	3,908,222	4,991,228
Less: Expenses	(66,975)	(1,083,006)
At 31 December	3,841,247	3,908,222

## 18. Government Grants (continued)

## (b) SME Training Incentive Fund

	2020 RM	2019 RM
At 1 January	287,366	-
GST Refund	-	287,366
At 31 December	287,366	287,366

## (c) HR Certification Body Fund

	2020 RM	2019 RM
At 1 January	272,825	272,825
Less: Expenses	-	-
At 31 December	272,825	272,825

## (d) HEARTS Fund

	2020 RM	2019 RM
At 1 January	686,396	763,190
GST Refund	-	81,540
	686,396	844,730
Less: Expenses	(268,218)	(158,334)
At 31 December	418,178	686,396

## (e) SME Skill Upgrading Fund

	2020 RM	2019 RM
At 1 January	435,245	484,097
GST Refund	-	15,618
	435,245	499,715
Less: Expenses	-	(64,470)
At 31 December	435,245	435,245

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

**18. Government Grants** (continued)**(f) 1MGRIP Fund**

	2020 RM	2019 RM
At 1 January	3,592,080	-
GST Refund	-	3,592,080
At 31 December	3,592,080	3,592,080

**(g) Empathic Fund**

	2020 RM	2019 RM
At 1 January	1,233,884	156,260
GST Refund	-	1,077,624
At 31 December	1,233,884	1,233,884

**(h) RPEL (Non-HRDF) Fund**

	2020 RM	2019 RM
At 1 January	8,036,566	8,320,139
GST Refund	-	1,752,891
	8,036,566	10,073,030
Less: Expenses	(2,268,704)	(2,036,464)
At 31 December	5,767,862	8,036,566

**(i) SME Incentive (Non-HRDF) Fund**

	2020 RM	2019 RM
At 1 January	2,272,119	872,535
Addition	10,000,000	1,968,416
	12,272,119	2,840,951
Less: Expenses	(574,583)	(568,832)
At 31 December	11,697,536	2,272,119

**18. Government Grants** (continued)**(j) Outplacement Centre Programme Fund**

	2020 RM	2019 RM
At 1 January	3,191,842	3,012,238
GST Refund	-	179,604
At 31 December	3,191,842	3,191,842

**(k) GENERATE Fund (PTPK)**

	2020 RM	2019 RM
At 1 January	11,717,117	6,417,098
Addition/GST Refund	-	5,359,208
	11,717,117	11,776,306
Less: Expenses	(56,175)	(59,189)
At 31 December	11,660,942	11,717,117

**(l) Enrolment of Students in ILJTM and Other TVET Institutions Fund**

	2020 RM	2019 RM
At 1 January	1,315,053	4,500,000
Less: Expenses	(549,551)	(3,184,947)
At 31 December	765,502	1,315,053

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

## 18. Government Grants (continued)

## (m) GENERATE Fund (B-19)

	2020 RM	2019 RM
At 1 January	4,495,343	-
Addition	-	5,000,000
	4,495,343	5,000,000
Less: Expenses	(945,106)	(504,657)
At 31 December	3,550,237	4,495,343

## (n) Skim Latihan Dual Nasional (B-19)

	2020 RM	2019 RM
At 1 January	4,954,179	-
Addition	-	5,000,000
	4,954,179	5,000,000
Less: Expenses	(388,207)	(45,821)
At 31 December	4,565,972	4,954,179

## (o) Industrial Revolution 4WRD (IndREV 4) - B.11

	2020 RM	2019 RM
At 1 January	-	-
Addition	2,500,000	-
At 31 December	2,500,000	-

## 18. Government Grants (continued)

## (p) TVET for B40 (LATIHAN TVET B40)

	2020 RM	2019 RM
At 1 January	-	-
Addition	6,585,000	-
At 31 December	6,585,000	-

## (q) PENJANA Fund

	2020 RM	2019 RM
At 1 January	-	-
Addition	180,000,000	-
	180,000,000	-
Less: Expenses	(116,407,189)	-
At 31 December	63,592,811	-

## (r) Industry 4WRD - Reskilling

	2020 RM	2019 RM
At 1 January	-	-
Addition	1,500,000	-
At 31 December	1,500,000	-

## 19. Payables and Accruals

Credit terms of payables are 30 to 45 days (2019: 30 to 45 days). All payables are denominated in Ringgit Malaysia.

Information on financial risks of payables is disclosed in Note 26 to the financial statements.

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

## 20. Reserves

	2020 RM	2019 RM
Fair value reserves	14,104,961	9,185,800

The fair value reserves comprise the cumulative net change in the fair value of debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

## 21. Income

	2020 RM	2019 RM
<b>(a) Operating income</b>		
Fee income from training providers	4,364,895	6,383,836
Dividend and interest income from fixed deposits and investment	71,739,961	75,406,407
Interest income from loan to staff	33,649	185,716
Interest income from bank balance	26,276	29,940
Other income	149,992	172,170
Lease income	3,325,043	1,463,810
Penalty on late payment of levy	1,357,014	2,997,317
	<b>80,996,830</b>	<b>86,639,196</b>

**(b) Non-operating income**

Over-provision of retirement benefits	-	425,209
Fair value changes of investments	30,972,628	615,482
Reversal of expected credit loss impairment	227,989	-
	<b>31,200,617</b>	<b>1,040,691</b>

**(c) Development activities income**

Income from unutilised levy	61,150	848,179
Income received from National Human Resources Development Conference Fund	-	2,923,873
Participants' fees for Training and Consultancy Fund	1,399,122	3,921,565
	<b>1,460,272</b>	<b>7,693,617</b>

**(d) Strategic Fund Income** (Note 15)

	120,033,736	4,410,877
<b>Total income</b>	<b>233,691,455</b>	<b>99,784,381</b>

## 21. Income (continued)

The Company has disaggregated income into various categories in the following which is intended to depict its nature, amount and timing.

	2020 RM	2019 RM
<b>Revenue from contracts with customers</b>		
Recognised at point in time	7,121,031	16,226,591
Recognised over time	120,094,886	5,259,056
<b>Total revenue from contracts with customers</b>	<b>127,215,917</b>	<b>21,485,647</b>
<b>Other revenue</b>		
Interest income from fixed deposits and investment	71,739,961	75,406,407
Interest income from loan to staff	33,649	185,716
Interest income from bank balance	26,276	29,940
Other income	149,992	172,170
Lease income	3,325,043	1,463,810
Over-provision of retirement benefits	-	425,209
Fair value changes of investments	30,972,628	615,482
Reversal of impairment on expected credit loss	227,989	-
	<b>106,475,538</b>	<b>78,298,734</b>
<b>Total income</b>	<b>233,691,455</b>	<b>99,784,381</b>

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

**22. Expenses**

	2020 RM	2019 RM
<b>(a) Operating expenses</b>		
Advertising and promotion	1,435,475	1,133,443
Auditor's remuneration		
- current year	113,000	98,000
Staff costs	36,212,146	34,965,039
Consultancy Services	688,116	760,512
Directors' fees and remuneration	2,755,041	2,297,546
Event management	938,350	1,422,456
Legal and professional fees	759,337	331,246
Other expenses	1,065,632	992,156
Office supplies	345,518	364,257
Stamps and postage	69,851	142,011
Printing expenses	197,239	124,046
Property management	1,815,127	2,227,550
Lease expenses	271,461	94,143
Repairs and maintenance	6,466,836	7,081,124
Travelling and accommodation	657,294	1,071,272
Utilities	1,094,449	1,318,689
Loss on disposal of property, plant and equipment	-	33,982
	54,884,872	54,457,472
<b>(b) Non-operating expenses</b>		
Expected credit loss impairment	-	227,802
Depreciation for property, plant and equipment	3,458,937	6,935,948
Depreciation for investment property	1,634,562	1,634,562
Depreciation for right-of-use assets	1,651,696	1,091,604
Fair value changes of derivatives	20,915,624	-
Finance cost from lease liabilities	247,622	213,698
	27,908,441	10,103,614

**22. Expenses (continued)**

	2020 RM	2019 RM
<b>(c) Development activities expenses for:</b>		
Motor Vehicle Loan Subsidy	3,997	4,508
Training and Consultancy	1,402,101	3,664,543
National HRD Conference	8,840	2,174,190
Corporate Social Responsibility ("CSR") Fund	3,489,375	226,924
Chevron II of Human Capital Transformation Project (HCTP) Fund	-	129,441
Source System Data Cleansing Activity & Development of High Quality Transactional Report	79,500	487,687
Training and Coordinating Fund	-	-
SME TNA Consultancy Fund	-	153,688
Future Workers Training Fund	5,942	515,103
OPEP Fund	55,500	179,388
	5,045,255	7,535,472

**23. Taxation**

	2020 RM	2019 RM
Current tax expense based on income for the financial year	-	-
Over-provision of prior financial year taxation	-	(3,030,000)
	-	(3,030,000)

(a) There is no tax charged for the current financial year since the Company is exempted from the payment of income tax in respect of statutory income in relation to all of its sources of income for 3 years from year of assessment 2018 until the year of assessment 2020. The Company is in the midst of applying for tax exemption extension from the relevant authority.

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

**23. Taxation** (continued)

- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Company is as follows:

	2020 RM	2019 RM
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	6,196,596	5,586,467
Tax effect in respect of:		
Non-allowable expenses	31,598,311	4,465,848
Income not subject to tax	(37,794,907)	(10,052,315)
Over-provision in prior financial year	-	(3,030,000)
	-	(3,030,000)

**24. Employee Benefits**

	2020 RM	2019 RM
Wages, salaries and performance incentive	29,223,648	27,671,835
Contributions to defined contribution plans	3,663,569	3,888,216
Expenses related to defined benefit plans	-	-
Social security contributions	308,235	272,210
Other benefits	3,016,694	3,132,778
	36,212,146	34,965,039

**25. Directors' Fees And Remuneration**

	2020 RM	2019 RM
Fees	1,219,337	1,128,163
Salaries, allowances and performance incentive	1,444,606	1,106,060
Defined contribution plan	91,098	63,323
	2,755,041	2,297,546

**26. Financial Instruments****(a) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

	2020 RM	2019 RM
<b>Financial assets</b>		
<b>Amortised cost</b>		
Accrued interest receivables, deposits and other receivables (excluding GST & prepayment)	26,386,966	38,785,563
Staff loans	1,313,694	1,357,605
Cash and bank balances	1,524,443,177	1,596,283,780
<b>Fair value through other comprehensive income</b>		
Investments - bond & sukuk	304,254,800	254,770,650
<b>Fair value through profit or loss</b>		
Investments - others	220,471,599	57,155,833
	2,076,870,236	1,948,353,431
<b>Financial liabilities</b>		
<b>Amortised cost</b>		
Human Resources Development Fund	1,492,404,594	1,347,562,991
Strategic Fund	138,737,105	258,770,841
Unutilised Levy	74,369,844	53,591,779
General Reserve II	5,347,466	4,336,325
Government grants	125,458,529	46,398,237
Other payables	26,571,906	53,233,334
Accrued expenditure	4,117,945	20,858,667
Lease liabilities	2,797,397	3,737,327
<b>Fair value through profit or loss</b>		
Derivative liabilities	15,263,616	-
	1,885,068,402	1,788,489,501

**Notes to the Financial Statements** *(continued)*31 December 2020 *(continued)***26. Financial Instruments** *(continued)***(b) Financial Risk Management**

The Company has exposure to the following risks from its use of financial instruments:

**(i) Credit Risk**

Credit risk is the risk of a financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Cash and Bank Balances

The cash and bank balances are held with banks and financial institutions.

These bank and financial institutions have low credit risks. Therefore, the Company is of the view that the loss allowance is not material and here, it is not provided for.

Other Receivables, Staff Loans and Deposits

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses as it is negligible.

Investment in Debt Securities

It is Company policy to assess the credit risk of investments before entering contracts. The Company's review includes external ratings, when available, and in some cases bank references. Investments limits are established and approval from the Management Investment Committee is required.

The Company limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating of a least AA3 from Rating Agency Malaysia ('RAM') and AA- from Malaysian Rating Corporation Berhad ('MARC').

The Company monitors changes in credit risk by tracking published external credit ratings. 12-month and lifetime probabilities of default are based on historical data supplied by Bloomberg for each credit rating.

**26. Financial Instruments** *(continued)***(b) Financial Risk Management** *(continued)***(i) Credit Risk** *(continued)*

The movement in the impairment loss for debt securities at FVTOCI during the year was as follows:

	<b>12-Month ECL</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Balance at 1 January	572,227	344,425
Charge for the financial year	-	227,802
Reversal for the financial year	(227,989)	-
Balance at 31 December	344,238	572,227

**(ii) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its obligation to disburse various training grants.

The Company maintains a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

**Maturity Analysis**

The Company's financial liabilities (other than lease liabilities as disclosed in Note 6 to the financial statements) as at 31 December 2020 have contractual maturity of less than 1 year.

**(iii) Equity Price Risk**

Equity price risk arises from the Company's investments in equity securities.

**Risk Management Objectives, Policies and Process for Managing the Risk**

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Management of the Company monitors the investments on an individual basis. All buy and sell decisions are approved by the Management Investment Committee of the Company.

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

**26. Financial Instruments** (continued)**(b) Financial Risk Management** (continued)**(iii) Equity Price Risk** (continued)**Equity Price Risk Sensitivity Analysis**

This analysis assumes that all variables remain constant and the Company's equity instruments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI").

A change of 100 points of the KLCI Index at the end of the reporting period would have increased or decreased in the fair value of the equity investment by the amounts as shown below:

KLCI Index	Surplus before tax Increase/(Decrease)	
	2020 RM	2019 RM
- Increased by 100 points	13,549,056	3,597,512
- Decreased by 100 points	(13,549,056)	(3,597,512)

**(iv) Interest Rate Risk**

The Company's investments in fixed rate debt securities and loans to its staffs are exposed to a risk of change in their fair value due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

**26. Financial Instruments** (continued)**(b) Financial Risk Management** (continued)**(iv) Interest Rate Risk** (continued)**Exposure to Interest Rate Risk**

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Effective Interest Rate %	Within 1 year RM	More than 1 year RM	Total RM
<b>2020</b>				
<b>Fixed rate instruments</b>				
Fixed deposits	1.90 - 5.30	1,200,362,904	288,916,743	1,489,279,647
Staff loans	4.00	110,042	1,203,652	1,313,694
Investment in debts securities	3.75 - 4.98	10,132,900	294,121,900	304,254,800
		1,210,605,846	584,242,295	1,794,848,141
<b>2019</b>				
<b>Fixed rate Instruments</b>				
Fixed deposits	3.30 - 5.30	1,281,152,674	263,947,560	1,545,100,234
Staff loans	4.00	74,782	1,282,823	1,357,605
Investment in debts securities	3.75 - 4.98	25,139,250	229,631,400	254,770,650
		1,306,366,706	494,861,783	1,801,228,489

**Fair Value Sensitivity Analysis for Fixed Rate Instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value except for investment in debts securities which are carried at FVTOCI. Therefore, a change of 10 basis points in interest rates for fixed rate investment in debts securities would have increased or decreased its fair value and subsequently the Company's equity by RM7,580,000 (2019: RM6,007,000) and RM7,217,000 (2019: RM5,735,000) respectively.

**Cash Flow Sensitivity Analysis**

Sensitivity analysis for fixed deposits and staff loans as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

## Notes to the Financial Statements (continued)

31 December 2020 (continued)

**26. Financial Instruments** (continued)**(c) Fair Value of Financial Instruments**

The carrying amounts of cash and bank balances, receivables, payables and accruals approximate their fair values and are equivalent to nominal values due to the relatively short term nature of these financial instruments or that they bears interest that approximate market interest rates.

Fair value of investments and derivatives of the Company are categorised as Level 1 and Level 3 in the fair value hierarchy respectively. There is no transfer between levels in the hierarchy during the financial year.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 and 3 based on the degree to which the fair value is observable.

In RM	Note	Hierarchy of the underlying variable input used in measuring fair valuation	
		Level 1	Level 3
<b>2020</b>			
Investments	10	524,726,399	-
Derivatives liabilities	8	-	(15,263,616)
<b>2019</b>			
Investments	10	311,926,483	-
Reconciliation of fair value measurements of Level 3 financial instruments.			
			<b>2020</b>
			<b>RM</b>
<b>Financial liabilities designated at fair value through profit or loss</b>			
At 1 January			-
Additions			5,652,008
Net fair value loss recognised in profit or loss			(20,915,624)
At 31 December			(15,263,616)

**26. Financial Instruments** (continued)**(c) Fair Value of Financial Instruments** (continued)

The fair values of investments of the Company are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

The fair values of put and call options of the Company are the differences between the strike prices and the underlying prices. The Company has adopted the Black Scholes option pricing model in deriving the fair values of the put and call options. The key inputs and assumptions in estimating the fair values include the underlying share prices, exercise prices, risk free interest rate, dividend yields and volatility.

If the risk free interest rate increase or decrease by 50 basis points, profit or loss of the Company would have decreased by approximately RM0.9 million or increased by approximately RM1.2 million respectively. If the expected volatility increase or decrease by 100 basis points, profit or loss of the Company would have increased by approximately RM0.8 million or decreased by approximately RM1.0 million respectively.

**(d) Capital Management**

The Company's objective when managing capital is to maintain a strong capital base, so as to sustain its human resources development activities. There were no changes in the Company's approach to capital management during the financial year.

**27. Commitments****(a) Capital Commitments**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Capital expenditure in respect of purchase of plant and equipment:		
Contracted but not provided	6,627,140	90,468

**Notes to the Financial Statements** *(continued)*31 December 2020 *(continued)***28. Related Parties**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company.

The Company is a company limited by guarantee which is being administered by the Minister of Human Resources which is controlled by Government of Malaysia. Entities that are directly controlled by the Government of Malaysia are collectively referred to as government-related entities to the Company. The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Company.

The Company enters into transactions with many of these bodies, which include but are not limited to purchasing of goods, including use of public utilities and amenities, and the placing of bank deposits.

All the transactions entered into by the Company with the government-related entities are conducted in the ordinary course of the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related.

The Company is principally involved in the imposition and collection of human resources development levy for the purpose of promoting the training and development of employees, apprentices and trainees and the establishment and administration of the human resources development fund. These services have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. The Company has collectively, but not individually significant transactions with related parties.

**29. Significant Events During the Financial Year and Subsequent to the End of the Reporting Period**

- (a) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO, which has been further extended until the conditions set by the Government of Malaysia for the various phases of the National Recovery Plan are achieved.

In line with the measures put in place by the Malaysian government to assist businesses and individuals affected by the COVID-19 pandemic, the Minister of Human Resources announced on 26 March 2020 that all sectors be exempted from paying the human resources development levy for a period of six (6) months effective from April 2020 to September 2020, which resulted in approximately RM443,155,000 in human resources levy collection being exempted during the current financial year.

In addition, PENJANA-HRDF is one of the Government's initiatives in line with the continuous development of the nation's human capital and part of the nation's short to medium term economic recovery plan. The programmes under PENJANA-HRDF are specifically introduced to tackle the concerns regarding employability and business sustainability in hopes to set Malaysia back on its feet. For the well-being of the nation, the Company has taken the initiative to step forward in assisting Malaysians in sharpening their skills whilst simultaneously increasing their chances of being employed. The Company has launched 5 initiatives under PENJANA, specifically related to job placements, entrepreneurship self-employment and market-driven Industrial revolution 4.0 training. A total of RM500 million (RM250 million from government fund and RM250 million from the Company's strategic fund) has been allocated for the implementation of the initiatives.

On 23 March 2021, the Minister of Human Resources announced that the tourism sector, retail sector and other applicable sectors be exempted from paying the human resources development levy for a period of six (6) months effective from January 2021 to June 2021.

The Company estimated the financial reporting impact arising from this exemption would be a decrease of approximately RM100 million in human resources levy collection, which would be recognised in the financial statements of the Company during the financial year ending 31 December 2021.

On 31 May 2021, the Honorable Prime Minister announced further exemption of human resources development levy for the month of June 2021 to businesses affected by the MCO. In line with the announcement, the Minister of Human Resources exempted the payment of Human Resources Development levy for the month of June 2021 for all registered employers covered by the Act.

Subsequently, the Honorable Prime Minister announced the exemption of the human resources development levy for the month of July and August 2021 under the PEMULIH economic aid package on 28 June 2021. With this announcement, registered employers under non-essential Industries as listed under the National Recovery Plan (NRP)'s Phase 1 SOP will be eligible for this exemption for the month of July & August 2021.

Based on the assessment of the Company, the judgements and assumption used in the preparation of the financial statements for the financial year ended 31 December 2020 have not been impacted significantly by the COVID-19 pandemic. The Company will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Company for the financial year ending 31 December 2021.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Company will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.

**Notes to the Financial Statements** *(continued)*31 December 2020 *(continued)***29. Significant Events During the Financial Year and Subsequent to the End of the Reporting Period** *(continued)*

- (b) On 24 February 2021, the Company entered into a sale and purchase agreement and lease to own agreement with Crystal Clear Technology Sdn. Bhd. ("CCT") to acquire 2 corporate towers known as Menara Ikhlas, which includes a lease arrangement on 125,000 square feet in Menara Ikhlas for 10 years with an option by the Company to purchase Menara Ikhlas at the end of the lease term.

The total purchase consideration is RM202,500,000, of which RM120,000,000 shall be paid to CCT as deposit while the remaining RM82,500,000 shall be paid to CCT via 120 monthly installments as rental payments for the lease of the 125,000 square feet in Menara Ikhlas by the Company.

In addition, the Company undertakes to solicit and procure tenants for the remaining tenantable portion of Menara Ikhlas measuring 477,780 square feet, and assumes an administrative position in administering the leases with these tenants on behalf of CCT as per the sale and purchase agreement and lease to own agreement.

- (c) The expansion of the PSMB Act 2021 was mandated by the Government of Malaysia in its 11th Malaysia Plan (11MP) under Strategic Thrust 5 – Focus Area C: Strengthening the Lifelong Learning for Skills Enhancements. This entails the expansion of access to the Company to all industries. The 11MP has identified high-quality human capital to propel the country's future economy and targets for 35% of the workforce to be comprised of skilled workers. The expansion is expected to increase the number of employees that are eligible for training from the current 2.5 million in 2020 to 6.1 million from March 2021. The expansion is a crucial step towards the overall development of Malaysia's human capital; increasing the number of skilled local workers that are responsive to business needs with the Ministry spearheading the mission. To realise these aspirations, the coverage of it, is also streamlined across the industries and eligibility criteria. Employers of the new sectors are given an exemption of HRD levy for ten (10) months under PSMB Act 2001, that is, from 1 March to 31 December 2021.



**ENERGY AND PERSISTENCE  
CONQUER ALL THINGS.**

*Benjamin Franklin*