

PRG HOLDINGS BERHAD (“PRG” OR THE “COMPANY”)

COLLABORATION AGREEMENT BETWEEN PRG HOLDINGS BERHAD, JIANGSU PROVINCIAL CONSTRUCTION (M) SDN BHD AND PREMIER JPC SDN BHD

1. INTRODUCTION

Reference is made to the Company’s announcement dated 17 July 2017 on the strategic cooperation agreement entered into between Jiangsu Provincial Construction Group Co., Ltd and the Company to set out the preliminary understanding of the parties to enter into formal negotiation and exploration to jointly undertake infrastructure, property and construction activities in Malaysia and internationally.

The Board of Directors (“Board”) of PRG wishes to announce that the Company and Premier JPC Sdn Bhd (“Premier JPC”), a wholly owned subsidiary of the Company as at the date of this announcement, have on 26 October 2017 entered into a collaboration agreement (“CA”) with Jiangsu Provincial Construction (M) Sdn Bhd (“JPC”) to formalise their commitments in the said strategic cooperation agreement and to regulate their rights and obligations as shareholders of Premier JPC and in respect of the management of Premier JPC.

(PRG, JPC and Premier JPC shall collectively be referred to as the “Parties” and individually as a “Party”).

2. INFORMATION OF THE PARTIES

2.1 JPC

JPC was incorporated in Malaysia as a private limited company with its address at No. 3A-3 & 3A-4, Medan Klang Lama 28, 419, Jalan Klang Lama, 58000 Kuala Lumpur.

2.2 Premier JPC

Premier JPC was incorporated in Malaysia as a private limited company with its registered address at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur. As at the date of this announcement, Premier JPC is a wholly-owned subsidiary of PRG.

Pursuant to the CA, JPC and PRG, being the shareholders of Premier JPC (“Shareholders”) agree that the principal business objective and purpose of Premier JPC shall be to venture into highway, bridge, port, project investment and financing and housing development projects in Malaysia (hereinafter referred to as the “said Projects”).

3. SALIENT INFORMATION OF THE CA

(a) Shareholdings Structure, General Duties and Obligations

- (i) The agreed shareholding structure of Premier JPC shall be as follows:

<u>Shareholder</u>	<u>Percentage of Shareholding</u>
PRG	51%
JPC	49%

- (ii) The initial paid-up capital to be injected into Premier JPC is RM100,000.00 only.
- (iii) The duties and obligations of the Shareholders in any of the development of the said Projects undertaken by Premier JPC are as follows:
- (aa) PRG shall be responsible for obtaining highway, bridge, port, project investment and financing, and housing development projects contract in Malaysia including, but not limited to, affordable houses projects under the Ministry of Finance, Malaysia.
- (bb) JPC shall be responsible for or to professionally and diligently to perform, complete, and comply with all the terms and conditions of the contract works obtained by PRG.
- (iv) In consideration of the mutual agreements and undertakings set out in the CA, the Shareholders have granted the rights and accepted the obligations as set out in the CA.

(b) Constitution of Board

- (i) The Parties agree that the Board of Premier JPC shall consist at all times of a maximum of seven (7) Directors. JPC and PRG shall each be entitled to nominate the following number of person(s) as Directors of Premier JPC:
- PRG: 4 nominees
JPC: 3 nominees
- (ii) The Chairman of the Board shall be appointed by PRG whilst the Deputy Chairman shall be appointed by JPC.
- (iii) Nomination and removal of directors and appointment of alternate directors of Premier JPC shall be carried out in accordance with the provisions of the CA.

(c) Reserved Matters

- (i) The Parties agree that Premier JPC shall not, and the Shareholders shall procure and ensure that Premier JPC does not do any of the reserved matters set out in the CA without the prior written approval of other Shareholders.

(d) Duration

- (i) The CA shall become effective and binding on the Parties on the date the Shareholders are first registered as the Shareholders of Premier JPC (notwithstanding the later execution of the CA) and shall continue in full force and effect until the earliest of the following events to occur:-
 - (aa) the CA is terminated in accordance with the provisions of the CA; or
 - (bb) all the Parties agree in writing to terminate the CA.

4. FINANCIAL EFFECTS ON PRG

- (i) Share Capital and Substantial Shareholders' Shareholdings

The CA will not have any effect on the issued and paid up share capital and the shareholdings of the substantial shareholders of PRG as it does not involve any issuance of new shares by PRG.

- (ii) Earnings and Net Assets

The CA will not have any material effect on the earnings or net assets of PRG for the financial year ending 31 December 2017. Barring unforeseen circumstances, the said Projects is expected to contribute positively to PRG Group's future earnings.

- (iii) Gearing

The CA will not have any impact on the gearing of PRG Group. The effects of the said Projects on gearing of the Group cannot be ascertained at this juncture as this would depend on the cash flow requirements during the development period of the said Projects and the exact mix of internal funds and/or borrowings required to finance the said Projects.

5. RATIONALE AND BENEFITS

The said Projects to be undertaken or jointly undertaken by Premier JPC is in line with the Group's strategy of strengthening its presence in the property development market through strategic acquisitions and/or joint ventures on property development projects with strategic partners.

The said Projects will also provide a good opportunity to diversify the revenue stream of PRG Group.

6. INTERESTS OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of PRG and/or persons connected to them have any interest, direct or indirect, in the CA.

7. STATEMENT BY DIRECTORS

Having considered all the relevant aspects including the rationale and benefits of the said Projects, the Board of Directors of PRG is of the opinion that the proposed joint venture and collaboration with JPC and the CA is in the best interest of PRG Group.

8. INSPECTION OF DOCUMENTS

The CA will be available for inspection at the Registered Office of PRG at Suite 11.1A, Level 11, Menara Weld 76 Jalan Raja Chulan, 50200 Kuala Lumpur during office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 26 October 2017.