towards

Higher ACHIEVEMENTS

annual report 2018

PRG
HOLDINGS BERHAD

18th Annual General Meeting

date	Wednesday, 19 June 2019
time	2.00 p.m.
venue	Arcadia II, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan

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CORPORATE **PROFILE**

PRG Holdings Berhad ("PRG" or "the Company") was incorporated on 13 March 2001 under the name Furniweb Industrial Products Berhad and listed on 16 October 2003 on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). Pursuant to the merger of the Main Board and Second Board into a single board, the Company was listed on the Main Market of Bursa Securities with effect from 3 August 2009.

PRG and its subsidiaries ("the Group") started operations in 1983 in Malaysia as a partnership producing furniture webbing and subsequently expanding its products to covered elastic yarn by setting up a private limited company in 1987. In 1997, the Group established its operation in Vietnam to take advantage of the potential and business prospects, such as the availability of labour at competitive costs and the introduction of favourable taxation environment for foreign investments, in the Vietnamese market. Notwithstanding the development in Vietnam, the Group's headquarters remain located in Malaysia. The Group has since diversified into niche products for textile and apparel, furniture, automotive, food packaging and medical industries.

On 30 July 2014, the Group diversified its core business to include property development after completion of a few corporate exercises. In order to strengthen the Company's brand image and to reflect more aligned business direction of the Group, the Company's name was changed to PRG Holdings Berhad on 26 January 2015.

With the diversification of the Group's principal activities to include property development, the Construction Division was established to complement its property development activities. The Group obtained the approval of its shareholders to diversify the existing core business to include construction business on 12 January 2016.

On 16 October 2017, the Manufacturing Division of the Group was successfully listed on the GEM of the Stock Exchange of Hong Kong Limited ("HKEX") via Furniweb Holdings Limited (Stock Code: 8480) ("Furniweb") by way of public offer and placement of 126 million shares. PRG currently own 63% of the issued share capital of Furniweb.

The Group ventured into retail business and become an authorised dealer for the distribution, promotion and sale of luxury fashion apparel, "Philipp Plein" in Singapore, Malaysia and Thailand in year 2018. The first flagship store is expected to be opened in Marina Bay Sands, Singapore in year 2019.

The Group had also ventured into healthcare business including confinement centre and wellness solution in year 2018 after completion of a few corporate exercises.

PRG stands for PREMIER GROUP

The name Premier Group denotes our commitment to strive to deliver the best in everything that we do, be it, our products, our concept, our service, our quality and value add to our stakeholders.

To achieve this, we must walk the talk by ensuring that we will always continue to innovate and place the interest of our customers as priority in developing our products. We also need to understand and cater to the needs of the customers, and create developments that are relevant and appropriate with eco-friendliness and sustainability as part of our concept.

The above will set a platform for us to ensure that we consistently strive for excellence in all our business endeavours, not forgetting our commitments to the society and also placing priority to our staff and creating an environment that is conducive to excel.

PRG
VALUES

vision

To be a premier company of choice for our stakeholders both locally and internationally.

mission

Customer oriented

Innovative products

Creating values for customer and stakeholders

core VALUE

Integrity
We act with professionalism in all our dealings and always deliver on our promise.

Commitment
We are fully committed to what we do, constantly challenging ourselves to serve better and to excel in every opportunity.

Competency
We drive efficiency by always looking for the ways to better ourselves and our team performances, effectiveness and productivity.

Teamwork
We value team spirit and place communication and sharing information as the key to our goals.

Respect
We advocate the assimilation of difference in our cultures in acknowledging differences of opinions, cultures and contributions, treating everyone with respect and create an environment for mutual respect.

Innovation
We promote and recognise creative thinking as key to creating the best value to our stakeholders.

Customer
We aspire to maximise values and satisfaction to our customer by creating quality products, excellence service, value added and concept that give our customer a better quality of life.

BOARD OF DIRECTORS

Dato' Dr. Awang Adek bin Hussin
Independent Non-Executive Chairman

Dato' Lua Choon Hann
Group Managing Director

Dato' Wee Cheng Kwan
Managing Director - Property & Construction

Na Chun Wee
Executive Director

Datuk Dr. Wong Lai Sum
Independent Non-Executive Director

Lim Chee Hoong
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Lim Chee Hoong (Chairman)
Datuk Dr. Wong Lai Sum
Dato' Dr. Awang Adek bin Hussin

NOMINATION COMMITTEE

Dato' Dr. Awang Adek bin Hussin (Chairman)
Datuk Dr. Wong Lai Sum
Lim Chee Hoong

REMUNERATION COMMITTEE

Datuk Dr. Wong Lai Sum (Chairman)
Lim Chee Hoong
Dato' Dr. Awang Adek bin Hussin

COMPANY SECRETARIES

Yeoh Chong Keat (MIA 2736)
Lim Fei Chia (MAICSA 7036158)

REGISTERED OFFICE

Suite 11.1A
Level 11, Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Tel: (603) 2031 1988
Fax: (603) 2031 9788

MAILING ADDRESS

G.P.O. Box 11279
50740 Kuala Lumpur
E-mail: enquiry@prg.com.my
Corporate website: www.prg.com.my

PRINCIPAL PLACE OF BUSINESS

Corporate, Property Development & Construction and Healthcare Divisions:
Lot C601, Capital 3, Oasis Square
No. 2, Jalan PJU 1A/7A
Ara Damansara
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7859 0877
Fax : (603) 7859 0977

Manufacturing Division:
Lot 1883, Jalan KPB 9
Kg. Bharu Balakong
43300 Seri Kembangan
Selangor Darul Ehsan
Tel: (603) 8961 2278
Fax : (603) 8961 2340

AUDITORS

BDO PLT
(Firm No. LLP0018825-LCA & AF 0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
(50164-V)
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7784 3922
Fax: (603) 7784 1988

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 7168
Stock Name : PRG

PRINCIPAL BANKERS

Alliance Islamic Bank Berhad
(776882-V)
7-G & 9-G, Jalan PJU 5/20
Pusat Perdagangan Kota Damansara
PJU5 Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

China Construction Bank (Asia) Corporation Limited
Suite 2508-11 25/F Tower 6
The Gateway Harbour City Kowloon
Hong Kong

Hong Leong Bank Berhad (97141-X)
Level 1, Wisma Hong Leong
18, Jalan Perak, 50450 Kuala Lumpur

Malayan Banking Berhad (3813-K)
37th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

Maybank Singapore Limited
(UEN: 201804195C)
Maybank Tower
2 Battery Road
#15-01 Singapore 049907

Public Bank Berhad (6463-H)
F-07, F-08 & F-09, Jalan SS 6/5B
Dataran Glomac
Pusat Bandar Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Public Bank Vietnam
Ho Chi Minh City Branch
No. 88 Nguyen Du, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam

United Overseas Bank (Malaysia) Berhad (271809-K)
Menara UOB, Jalan Raja Laut
50350 Kuala Lumpur

Vietcombank
Bieu Hoa Branch
No. 22, Road 3A,
Bien Hoa Industrial Zone 2
Bien Hoa City,
Dong Nai Province, Vietnam

CORPORATE
STRUCTURE
AS AT 29 MARCH 2019

PRG HOLDINGS BERHAD

MANUFACTURING DIVISION

63%
FURNIWEB HOLDINGS LIMITED (CT-320362)

- 100%
  FIPB INTERNATIONAL LIMITED (1932619)
  - 100%
    Texstrip Manufacturing Sdn. Bhd. (171110-T)
  - 100%
    TS Meditape Sdn. Bhd. (328928-W)
  - 100%
    Furniweb Manufacturing Sdn. Bhd. (164933-H)
    - 100%
      Furniweb Safety Webbing Sdn. Bhd. (391112-U)
    - 100%
      Syarikat Sri Kepong Sdn. Bhd. (21161-X)
    - 50%
      Trunet (Vietnam) Co. Ltd. (3600499883)
  - 100%
    Webtex Trading Sdn. Bhd. (131288-K)
    - 99.9995%
      Furniweb (Vietnam) Shareholding Company (3600259680)
      - 45.06%
        Furnitech Components (Vietnam) Co. Ltd. (3600691668)
    - 42.86%
      Premier Elastic Webbing & Accessories (Vietnam) Co. Ltd. (3600526174)
- 100%
  Premier Management International Limited (2456353)
  - 100%
    PP Retail Pte. Ltd. (201812281E)

0.00025%

0.00025%

57.14%

MALAYSIA	
VIETNAM	
CAYMAN ISLANDS	
BRITISH VIRGIN ISLANDS	
HONG KONG	
SINGAPORE	

PROPERTY DEVELOPMENT & CONSTRUCTION DIVISION

100% PRG Property Sdn. Bhd. (561566-V)

- **100%** Premier PMC Sdn. Bhd. (1091731-D)
- **100%** Premier Construction Sdn. Bhd. (1061330-H)
- **60%** Premier De Muara Sdn. Bhd. (1068541-X)
- **51%** Premier Baycity Sdn. Bhd. (1189674-D)

100% PRG Construction Sdn. Bhd. (1236883-P)

- **100%** Premier Construction (International) Sdn. Bhd. (1228195-V)
- **25%** Premier Mirach Sdn. Bhd. (1237966-A)

100% Premier JPC Sdn. Bhd. (1242022-P)

- **49%** Premier Aspirasi Development Sdn. Bhd. (1240852-A)
  - **100%** Premier Aspirasi (Batu Gajah) Sdn. Bhd. (1242450-W)

HEALTHCARE DIVISION

100% PRG Healthcare Sdn. Bhd. (1202189-K)

- **55%** PRG Active Sdn. Bhd. (formerly known as S P Chin Healthcare Sdn. Bhd.) (975012-V)
- **26.21%** Esther Postpartum Care Sdn. Bhd. (1199903-M)

OTHER DIVISIONS

100% PRG Agro Sdn. Bhd. (1231666-P)

- **100%** Premier International Marketing Sdn. Bhd. (1226880-W)
- **100%** Premier Food Processing Sdn. Bhd. (1235155-T)
- **100%** Premier Electrify Sdn. Bhd. (1202193-U)

100% PRG Asset Sdn. Bhd. (1234065-P)

100% PRG Asset Holdings Sdn. Bhd. (1271473-M)

- **100%** PRG Land Sdn. Bhd. (1272524-A)

100% PRG Management Services Sdn. Bhd. (1244180-T)

GROUP
FINANCIAL HIGHLIGHTS

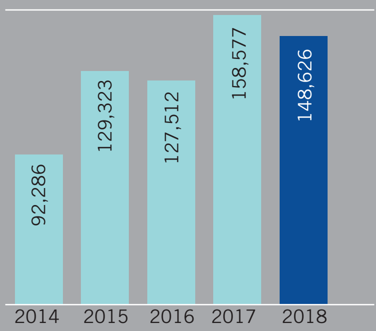
FINANCIAL YEAR ENDED 31 DECEMBER		2018	2017 (restated)	2016 (restated)	2015	2014
Operating Results						
Revenue	RM'000	148,626	158,577	127,512	129,323	92,286
(Loss)/Profit Before Tax	RM'000	(5,260)	6,495	4,806	7,241	2,389
(Loss)/Profit Attributable To Shareholders	RM'000	(8,978)	449	3,937	6,075	2,374
Financial Position						
Total Assets	RM'000	433,729	432,201	301,001	268,119	237,626
Total Borrowings	RM'000	46,593	28,569	50,952	79,555	65,792
Total Cash and Bank Balances	RM'000	35,079	42,023	20,504	24,057	16,083
Shareholders' Equity	RM'000	131,958	131,665	123,692	116,837	108,298
Financial Ratios						
Return On Equity	%	(6.80)	0.34	3.18	5.20	2.19
Return On Revenue	%	(6.04)	0.28	3.09	4.70	2.57
Debt/Equity	%	35.31	21.70	41.19	68.09	60.75
Net Gearing Ratio	times	0.09	Net Cash	0.25	0.48	0.46
Share Information						
Gross Dividends Per Share	sen	-	-	0.50	1.00	1.00
Basic Earnings Per Share **	sen	(2.94)	0.15	1.33	2.10	0.99
Net Assets Per Share **	sen	0.43	0.44	0.42	40.33	37.38

** Adjusted for share split (2014-2015)

REVENUE

148,626

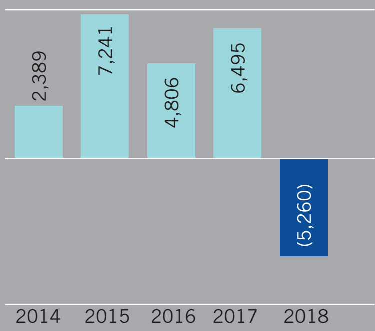
(RM'000)



(LOSS)/PROFIT BEFORE TAX

(5,260)

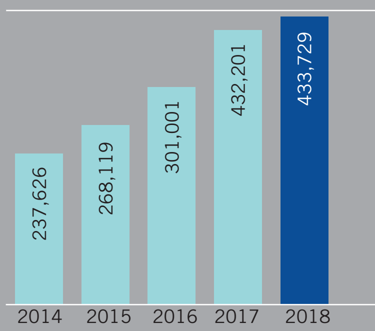
(RM'000)



TOTAL ASSETS

433,729

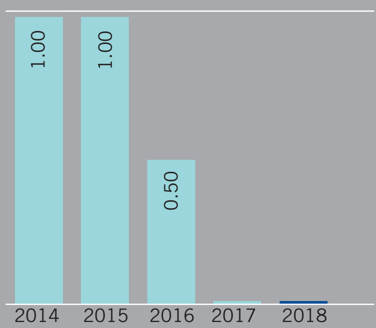
(RM'000)



GROSS DIVIDENDS PER SHARE

-

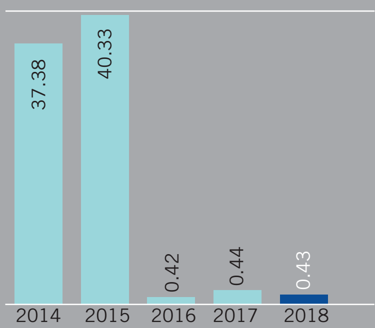
(sen)



NET ASSETS PER SHARE

0.43

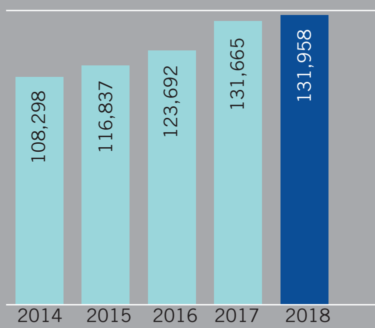
(sen)



SHAREHOLDERS' EQUITY

131,958

(RM'000)



CHAIRMAN'S
STATEMENT

Dear fellow shareholders,

On behalf of the Board of Directors, it is my honour and privilege to present to you the Annual Report for PRG for the financial year ended 31 December 2018 ("FY2018").

In FY2018, PRG recorded a loss before tax of RM5.3 million on the back of revenue of RM148.6 million. The loss before tax represents a decrease of RM11.8 million as compared to restated profit before tax of RM6.5 million recorded in the same period of the preceding year, while revenue decreased by RM10.0 million as compared to the restated revenue of RM158.6 million posted in the previous year.

The Group's revenue was impacted by the uncertainty in the global market as a result of the on-going trade spat between the United States and China. The decrease in profit for Manufacturing Division mainly due to lower revenue from sales of various products and increase in raw material costs. The profit of the Group was also impacted by additional post-listing administrative and corporate expenses as well as start-up expenses incurred for our retail division in Singapore.

Dato' Dr. Awang Adek bin Hussin
Independent Non-Executive Chairman

STRATEGIC REVIEW

During the financial year, the Group through Furniweb Holdings Limited ("Furniweb") ventured into a luxury fashion brand by entering into a business collaboration with Philipp Plein International and Plein Sport for the appointment as the authorised dealer for the distribution, promotion and sale of "Philipp Plein" in Singapore, Thailand and Malaysia. Our Group looks forward to the upcoming flagship shop to be opened in Marina Bay Sands, Singapore, before end of 2019. Through this collaboration, Furniweb will have the opportunity to broaden its revenue base through the apparel and retail industry.

On 4 May 2018, the Group had also entered into Shares Sale Agreement for the proposed acquisition of 55% equity interest in PRG Active Sdn. Bhd.'s (formerly known as S P Chin Healthcare Sdn. Bhd.) enlarged share capital for a purchase consideration of RM4.125 million. By doing so, the Group is strategically tapping into the healthcare industry which is comparatively stable and is expected to compensate for business cycle fluctuations in other segments. The proposed acquisition was approved by Bursa Securities on 13 June 2018 for the listing of and quotation for the new shares of PRG to be issued followed by its completion on 16 July 2018.

In addition to the above-mentioned, the Group had on 13 July 2018 entered into a Shares Sale Agreement, Shareholders Agreement and Call Option Agreement with the owners of Esther Postpartum Care Sdn. Bhd. ("EPC") and EPC. At present, the Group owns 26.21% shares of EPC. The investment into EPC, which was completed on 11 October 2018, was part of the Group's vertical integration along the value chain in the wellness segment of the healthcare industry which is thriving and is expected to diversify the income stream of the Company.

PRG had on 3 October 2018 disposed 60,480,000 ordinary shares of HKD0.10 each representing 12% equity interest in Furniweb for cash consideration of HKD0.50 per share. The disposal will allow PRG to monetise part of its investment in Furniweb while allowing PRG to continue participating in the future operations and plans of Furniweb through its remaining equity interest in Furniweb. The proceeds raised from this disposal will enable PRG to fund for PRG Group's operations and to enhance its financial position.

This was followed by a Memorandum of Understanding with Capital World Limited ("Capital World"), which was signed and announced on 5 November 2018. Subsequently, PRG entered into a conditional Subscription and Options Agreement with Capital World to subscribe to 265,000,000 new Capital World shares and an option to further subscribe for up to 44,000,000 new Capital World shares. Following the fulfilment of all the relevant conditions of the Agreement, the subscription was completed on 14 March 2019. The investment was part of our overall strategy to continue building up our Property Development & Construction Division to be a significant property player in Malaysia. The subscription would also enable PRG to invest in a profitable business, as well as introduce medical and wellness elements in Capital World's projects which would boost Capital World's product offerings.

The Group had on 28 December 2018 entered into a conditional Sale and Purchase Agreement with Alifya Forestry Sdn. Bhd. to acquire two parcels of agricultural land planted with teak trees in Kelantan state for a total purchase consideration of RM89.1 million. The Proposed Acquisition would allow PRG to diversify its revenue base with the aim of minimising earnings volatility. The Proposed Acqusition is still subject to satisfactory due diligence results and relevant authorities and shareholders' approvals.

On 12 March 2019, a Sale and Purchase Agreement was entered into by Furniweb for the proposed acquisition of 100% interest in Meinaide Holdings Group Limited ("Meinaide Group"). Meinaide Group has a manufacturing plant in People's Republic of China ("PRC"), which specialised in production and sale of polyvinyl chloride ("PVC") foam boards, polystyrene ("PS") foam boards, PVC base construction template, automotive interior panel and other plastic products which is of high growth potential in PRC and globally. Subject to satisfactory due diligence results, we believe the proposed acquisition of Meinaide Group will provide an opportunity for the Group to expand its business portfolio into the different sector of production and products. The Group could tap into the new sales channels and broaden our customers portfolio to help its existing products as well.

OUTLOOK AND FUTURE PROSPECTS

The on-going trade spat between United States with China and economic uncertainties in other countries, risks to the global trade and increased uncertainty in the market, which in turn contribute to a lower global growth rate projections. This may lead to uncertain forecast in the demand among some of our customers who may prefer to take a more prudent stance which will affect their procurement plan in the near term. We anticipate that the outlook on the existing business segment for the year to remain challenging and competitive in line with the lower global growth projection. We have also made efforts to move on new opportunities and have announced our ventured into retail business during the financial year and recent announcement on the proposed acquisition of Meinaide Group. The Group will continue to strive to enhance its market position for its business segments and will also actively consider new opportunities for growth.

On the whole, the property market in 2018 had mixed results which showed the market to be adjusting itself to the current political and economic climate. The prolonged wait-and-see attitude combined with the plight of buyers securing sufficient loans for their desired property purchases collectively contributed to market stagnation as well as rising inventory levels for developers. However, improving consumer sentiment and proactive government policies announced in Budget 2019 gives us optimism about the demand for properties especially those priced below RM500,000 as this is a segment that is targeted at middle-income households, which constitute 51% of the Malaysian population.

As for the healthcare and wellness division of PRG, our aim is to expand our existing footprint through organic growth and seeking synergistic acquisition or partnership in the coming years. As this is a new business segment that we had just established, we wish to strengthen our core competencies and expand in a measured pace.

APPRECIATION

I would like to extend my heartfelt appreciation to our shareholders, PRG's employees, customers, and Board members for their contribution and dedication. While challenges aplenty, I am sure the management team will focus on preserving and enhancing shareholders value in the long term. We hope for your continued support as we embrace 2019 and beyond.

Dato' Dr. Awang Adek bin Hussin
Independent Non-Executive Chairman

GROUP MANAGING DIRECTOR'S
MANAGEMENT DISCUSSION AND ANALYSIS

Dear valued shareholders,

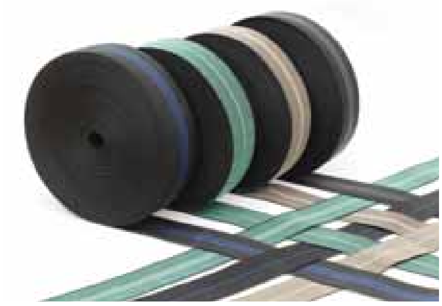
I would like to express my sincere gratitude and appreciation to all our shareholders, customers, business partners, business associates, bankers for your continued unwavering support in PRG Holdings Berhad. Although FY2018 was a challenging year with temporary setback, we are committed to realign our business directions taking into consideration various challenges that took place recently as outlined below.

Dato' Lua Choon Hann
Group Managing Director

FINANCIAL REVIEW

During the FY2018, the Group recorded total revenue of RM148.6 million, representing RM10.0 million or 6% decrease as compared to the restated revenue of RM158.6 million recorded in the previous financial year. PRG reported loss before tax of RM5.3 million, representing a reduction of RM11.8 million as compared to the restated profit before tax of RM6.5 million in the previous financial year.

The decrease in the Group's revenue and profit before tax during FY2018 was mainly due to contraction of revenue from manufacturing segment resulted from decrease in sales volume of certain products and the focus of lower margin products due to competitive market condition. The decrease in profit before tax was also contributed by the adoption of Malaysian Financial Reporting Standards ("MFRS") with effect from 1 January 2018, affecting Gross Development Value and Gross Development Costs, as well as certain initial non-recurring expenses incurred for acquisitions of healthcare businesses during FY2018.



Nevertheless, the Group still maintains healthy financial position with net tangible assets of RM170.8 million and low gearing ratio of 9%. The Group's total assets grew from RM432.2 million in the financial year ended 31 December 2017 ("FY2017") to RM433.7 million in FY2018. As at 31 December 2018, the shareholders' equity of the Company was RM132.0 million. The net assets per share at the end of current financial year of RM0.43 per share.

FINANCIAL REVIEW (SEGMENT)

1. Manufacturing Division

The Manufacturing Division recorded total revenue of RM92.6 million and profit before tax of RM1.7 million for FY2018 (2017: RM109.7 million and RM6.4 million). The lower revenue was mainly due to the reduced sales for certain existing products as those customers became more prudent in their procurement plan in view of the uncertainty in the global trade market as a result of the on-going trade spat between the United States with China and other countries. Besides that, certain customers also reduced orders as certain new specifications of products were under development stage while some customers reduced procurement as their local currencies depreciated against USD. Due to the competitive business environment, higher proportion of lower margin products was sold during the year. The weakening in USD against RM in FY2018 against FY2017 has lowered the revenue reported in RM for the sales denominated in USD. The exclusion of revenue from sales of metal components for furniture (from the subsidiary which has become an associate since 14 September 2017) from consolidation also contributed to the decrease in revenue during the financial year. Decrease in profit before tax was mainly due to lower revenue from sales of various products and an increase in raw material costs. The profit before tax was further impacted by additional post-listing administrative and corporate expenses, start up expenses incurred for new retail division in Singapore as well as higher share of loss from an associate during the financial year.

2. Property Development & Construction Division

The Property Development & Construction Division recorded total revenue of RM56.1 million and loss before tax of RM2.3 million for FY2018 (2017: total revenue and profit before tax of RM48.8 million and RM0.7 million respectively). Higher revenue for FY2018 was mainly due to revenue contribution from a construction project in Batu Gajah as well as effects of restatement of revenue for FY2017 post adoption of MFRS. Loss before tax for FY2018 was due to adoption of MFRS whereby the total Gross Development Value has been adjusted downward and total Gross Development Costs has been revised upward.

3. Healthcare Division

The Healthcare Division recorded loss before tax of RM1.0 million for FY2018. This was mainly due to timing of certain initial expenses which are non-recurring in nature as well as corporate exercise fees incurred for acquisitions of healthcare businesses during FY2018.

REVIEW OF OPERATIONS

1. **Manufacturing Division**

The business model of the Manufacturing Division has remained unchanged and the revenue and cost structure has remained stable during the year. As for the listing proceeds, RM5.0 million was utilised up to 31 December 2018 for expansion of production capacity. Certain expansion initiative was slowed down in view of the rapid change of global economy. Manufacturing Division is constantly reviewing and will continue to execute its business strategies based on the market conditions, particularly in expansion of production capacity. In addition, the division is also reviewing the cost structure regularly, to align with our business strategies as well as developing appropriate and effective processes to manage the cost efficiently. The Group will strive to enhance its market position as well as actively seeking new opportunities for growth.

2. **Property Development & Construction Division**

Picasso Residence, Jalan Jelatek

This is the maiden property development project of the Group. The development comprises 472 units of residential units on a 3.5 acres leasehold land along Jalan Jelatek, Kuala Lumpur. Picasso Residence was officially launched in October 2016.

The Management reckoned there is delay in the project completion at this juncture and is taking proactive measures, liaising with relevant stakeholders to ensure smoother project implementation as the Group is committed to complete the project as soon as possible.

In regard to the remaining unsold units, the Management is committed to several strategies to accelerate the sales of these units. The team makes constant assessment of the sales channels, sales activities and offerings to attract potential purchasers. Activities may include promoting Picasso Residence to a wider target audience both locally and abroad, collaboration and tie-ups with property sales agencies, building a showroom/gallery presence at the project site, the timely execution and completion of the construction of the buildings and facilities within expected quality standards by constant monitoring of progress at site and appropriately engaging the team of contractors, suppliers, consultants and authorities.

Embayu Damansara West ("Embayu")

The group targets to unveil its second property development called Embayu @ Damansara West (formerly known as Subang U5 Land, Selangor) in the 3rd quarter of 2019.

Embayu is an affordable condominium project with three towers condominium blocks that comprises 650 units with unit's floor area ranges from 800 to 1,000 sq ft in size and are priced below RM500,000. The total GDV for the project is approximately RM260 million and the Group is optimistic on the demand for this project as the pricing is targeted at middle-income households, which is in line with the government's increased efforts to enable people to buy homes for own occupancy.

The Management is in the midst of submission for strata application prior to advertising permit and developer's license application. Preparatory work at site is on-going and we look forward to the launch in the 3rd quarter of 2019.

Batu Gajah

A mutual agreement was signed between Premier Construction Sdn. Bhd., SPNB Aspirasi Sdn. Bhd. and Cash Key (Ipoh) Sdn. Bhd. on 10 October 2017 to acquire 213 sub-divided parcels of 99-year leasehold land totalling approximately 8.7 acres in Batu Gajah, Perak. The land acquisition transaction was completed in May 2018. The project is a collaboration between the Group and Syarikat Perumahan Negara Bhd ("SPNB").

FUTURE PROSPECTS

The on-going trade spat between United States with China and other countries have raised uncertainty in the market which resulted in lower global growth projection. The group anticipates the prospect of the manufacturing business in the near future to remain challenging as customers remain cautious on purchases pending clearer settlements of the trade disputes. Apart from that, raw material costs especially the crude-oil based yarn remains volatile in line with the crude oil price. Adverse movement either way will affect the gross profit margin of the Manufacturing Division. Furthermore, any significant movement in the exchange rate between RM and USD may also result in foreign exchange gains or losses, which may affect the Manufacturing Division's performance as the division derives a significant amount of its revenue in USD.

Property market outlook in Malaysia for 2019 remain challenging with the overall economy sentiments affected by the threat of global and local slowdown and uncertainties in the financial markets. Market sentiments are adversely influenced by the rising cost of living, affordability issue and property supply-demand imbalance. In view of these adversities, the Group will continue to focus on sales and marketing efforts on the Picasso Residence project, and strengthening its presence in the property development through collaborations with strategic partners. We also strongly believe that the affordable properties will be in demand especially in the prime areas of Selangor and Kuala Lumpur.

In addition, the Group will continue to seek earnings accretive acquisitions, while strengthening its investments in the healthcare segment.

OUTLOOK

It is expected that market operating conditions in Malaysia and the region to remain challenging and the key focus of the Group in year 2019 is to streamline and strengthen its core businesses, in order to embrace the challenges ahead. With the well stated strategic plan in place, we are committed to deliver and enhance shareholders' value in the longer term.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank all our valued customers, shareholders, business associates and partners for their continuous support and confidence in the Group over the years.

On behalf of the Board, I would also like to express my heartfelt thanks to the management and staff of PRG for their continued commitment, dedication and contributions, particularly over the course of this challenging period.

We look forward to our shareholders' dedicated support as we work hard to overcome all challenges while working on other opportunities to ensure a sustainable growth in our business.

Dato' Lua Choon Hann
Group Managing Director

PRG eyes luxury fashion apparel business

BY BILLY TOH

KUALA LUMPUR: PRG Holdings Bhd is set to venture into the luxury fashion apparel business through its 75%-owned subsidiary Furniweb Holdings Ltd.

Furniweb, which is listed on the Hong Kong stock exchange, has signed a letter of intent with Philipp Plein International AG and Plein Sport AG to record their intention to start a business collaboration, initially in Singapore, Malaysia and Thailand.

In a filing with Bursa Malaysia, PRG said the association with a famous global brand will bring new elements and dimension to the group's profile, potentially broaden the customer base for its existing core business, and provide opportunities for growth.

The Philipp Plein group is based in Switzerland and is a luxury goods conglomerate in the international fashion industry. It designs, manufactures and retails high-class apparel (including lifestyle apparel and sportswear) for men, women, and children in Switzerland and internationally.

The business collaboration will see Furniweb appointed as the authorised dealer for the distribution, promotion and sale of luxury fashion apparel carried on under Philipp Plein International's trade name and lifestyle fashion apparel carried on under Plein Sport's trade name in the three countries.

It also includes the business strategy for the progressive implementation of the business collaboration, including the setting up of mono-brand boutiques or stores for distribution, promotion and sale of the products, minimum number of stores to be set up, minimum quantity of products to be placed per season and pricing, marketing plan and contribution to be made by the group.

PRG said that until an exclusive event is triggered, Furniweb's right to the promotion and sale of the products is non-exclusive, but it is entitled to the rights of first refusal to open a store in case Philipp Plein International or Plein Sport wishes to grant distribution rights in these countries to a third party.

PRG shares were last traded at 87 sen, with a market capitalisation of RM263.4 million. Furniweb was unchanged at 37 Hong Kong cents (18 sen) yesterday with a market capitalisation of HK$191.5 million.

PRG welcomes Hong Kong-based Mingfa as new partner

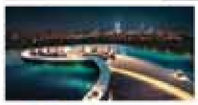
January 4, 2018 @ 9:30pm

KUALA LUMPUR: PRG Holdings Bhd has entered into a collaboration agreement (CA) with Jiangsu Provincial Construction (M) Sdn Bhd (JPC) and HK-based Mingfa Group (Global) Investments Holdings Ltd (Mingfa) to formalise their commitments and to regulate their rights and obligations as shareholders of a joint venture company, Premier JPC.

The CA will see an addition of Mingfa as a new partner in Premier JPC, a JV between PRG and JPC.

Founded in 1994, Mingfa was incorporated in Hong Kong as an investment holding company, primarily engaged in property businesses.

New focus on affordable housing



PRG upping its ante in property

- PRG is planning to launch two projects as its maiden development nears completion
- It focuses on buy-and-build strategy to keep gearing low
- Capital World can leverage on PRG's healthcare and wellness resources

Capital World's ventures

Book launch: (Bottom row from left) Wong, Yap and Tee posing with her book with six of the nine entrepreneurs featured in her book. (Top row from left) Wan Kamaruzaman, Puan, Teong, R Palan, Chuah and Lua.

Writer launches second book

By CLARISSA CHUNG
clarissachung@thestar.com.my

KUALA LUMPUR: *The Star* business journalist and author Tee Lin Say shows how success can be seen on one's face by featuring stories of homegrown entrepreneurs in her latest book.

Tee launched her second book "Faces of Fortune 2: The X-Men Among Us", which tells the success stories of nine Malaysian entrepreneurs, whom she dubbed "X-Men".

She said these businessmen all possess strong facial features that are characteristic of successful people, according to the Chinese art of face reading, or Mian Xiang.

"Your face is a reflection of all that you are. It is a sum total of your ambitions, your outlook, your negativity, your positivity, your moral fibre," she said at the book's launch in The Gardens South Tower yesterday.

According to her, the book focuses on the rags-to-riches stories of the "X-Men" who started from humble beginnings and yet persevered to become successful businessmen.

"The message of my book is this: you don't have to go to the Silicon Valley to look for entrepreneurs with the "X-factor".

"We have them right here in Malaysia," she said, adding that Malaysia has produced some of the world's best entrepreneurs.

Her first book, the MPH bestseller "Faces of Fortune: The 20 Tycoons to Bet on over the Next 10 years", was published in 2011.

The book launch was officiated by feng shui and Chinese metaphysics extraordinaire Datuk Joey Yap and Star Media Group Bhd group managing director Datuk Seri Wong Chun Wai.

Wong lauded Tee for finding a niche for herself and for her ability to go beyond conventional writing.

"I'm proud to have a journalist who performs her duties beyond what is required by the company," he said.

The nine entrepreneurs are Creador founder and chief executive officer Brahmal Vasudevan, Green Packet Bhd founder CC Puan, CAB Cakaran Corp Bhd managing director Chris Chuah, KWAP CEO Datuk Wan Kamaruzaman Wan Ahmad, GDex managing director and group CEO Teong Teck Lean, SMRT Holdings Bhd founder and executive chairman Tan Sri R Palan, PRG Holdings Bhd group managing director Datuk Lua Choon Hann, Prestariang Bhd chief executive officer Dr Abu Hassan Ismail, Value Partners Group chairman and co-chief investment officer Datuk Seri Cheah Cheng Hye.

香港上市公司
明发加入鼎昇联营计划

(吉隆坡5日讯)香港上市公司明发集团,加入鼎昇集团(PRG,7168,主板工业产品股)与中国江苏省建集团的联营计划。

该公司周四向交易所报备,与明发集团(环球)投资控股有限公司、江苏省建(马)私人有限公司和Premier JPC私人有限公司,签署合作协议,正式定下承诺及管理身为Premier JPC股东的权利与责任。

鼎昇集团与江苏省建集团,已在去年10月26日签署合作协议,之后明发集团才表示有兴趣参与。

根据协议,江苏省建、鼎昇集团和明发集团,分别持股34%、33%和33%。

江苏省建委主席

同时,三方同意,Premier JPC最多有3名董事,各股东可提名1位,但主席是由江苏省建委任。

赖俊翰

鼎昇集团董事经理拿督赖俊翰说,与明发集团合作,是个大跃进,利用协同知识及资源来获取最大的价值。

创办于1994年的明发集团,涉足商用和住宅地产,经营酒店和投资产业业务。

Premier JPC将进军国内大道、桥梁、港口,项目投资与融资,以及产业发展。

李志亮:接待逾92萬外國遊客
醫療旅遊去年進賬50億

李志亮(右七)为PRG医疗保健服务主持推介礼。左六是赖俊翰。

(八打灵再也20日讯)财政部副部长拿督李志亮说,我国的医疗旅游业还没被完全开发,单单是去年就接待了92万1500名外国的医疗游客,为国家带来约40亿到50亿令吉的收入。

他指出,迄今为止,我国的医疗游客主要来自印尼,还有就是孟加拉、中国、印度、日本、英国,以及持续增加的中东国家,例如沙地阿拉伯和阿联酋。

他说,我国广泛提供的清真食品、清真药物与治疗,以及祈祷场所,已经使我国赶超泰国,令我国在中东市场方面的竞争具有特别的优势。

医疗保健旅游理会获拨3千万

他于今日见证鼎升集团控股有限公司(PRG)与多间公司签署协约,并且为PRG医疗保健服务主持推介礼致词时表示政府已经拨款3000万令吉给马来西亚医疗保健旅游理事会。

李志亮说,这笔拨款旨在打造我国成为生育治疗、体外受精、心脏病的亚洲枢纽,并且推出旗舰医疗旅游医院计划,为私人医院提供奖励机制,吸引医疗游客。

他说,政府也延长医疗旅游的100%投资免税额至2020年12月31日,并让牙科和门诊服务的认证费用实行双重扣税的优惠。

他说,国际生活(International Living)网站早前公布,我国在医疗系统方面排名世界第三,我国也作为医疗旅游目的地而闻名世界。

"这是因为我国的医疗保健是最好的,也是相对可以负担得起的。"

他说,自2011年以来,我国的医疗保健业展示巨大的潜力,每年取得16%至17%的两位数增长。

出席者包括PRG控股的董事经理拿督赖俊翰和执行董事[illegible]。

PRG eyes medical tourism market

Company sees synergies with its property development business

李志亮:去年帶來50億收入
醫療旅遊發展空間大

醫療機構是推手

PRG plans to subscribe up to 29.9% stake S'pore-listed property firm

PRG subscribing for 29.9% stake in Singapore's Capital World

PRG disposes of 12% stake in Furniweb

PRG EVENTS


TOGETHER IN HEALTHCARE
PRG


FURNIWEB
TEAM BUILDING 2018
THE HAVEN RESORT HOTEL IPOH


PRG

JANUARY

12 Jan 2018
Fire drill

16 Jan 2018
Fire drill

20 Jan 2018
MOU Signing Ceremony between PRG Holdings Berhad and Esther Postpartum Care Sdn. Bhd.

FEBRUARY

3 Feb 2018
Annual Dinner – Vietnam

9 Feb 2018
Annual Dinner – Property Development & Construction Division

10 Feb 2018
Annual Dinner – Manufacturing Division

APRIL

21 – 22 April 2018
Team Building @ Ipoh

MAY

9 May 2018
Furniweb Holdings Limited's 1st Annual General Meeting

18 – 20 May 2018
2018 Hangzhou Overseas House Purchasing Investment Immigrant Study Abroad Exhibition

JUNE

6 Jun 2018
17th Annual General Meeting

AUGUST

9 Aug 2018
First Aid Training

SEPTEMBER

19 – 21 Sep 2018
Vietnam Hanoi Textile & Garment Industry Expo 2018

28 – 30 Sep 2018
MBAM CSR 2018 – Home for Life @ Kg. Sg. Lalang, Semenyih

NOVEMBER

2 Nov 2018
Managers Conference 2018

BOARD OF DIRECTORS

Dato' Dr. Awang Adek bin Hussin
Independent
Non-Executive Chairman

Dato' Lua Choon Hann
Group Managing Director

Dato' Wee Cheng Kwan
Managing Director
- Property & Construction

Na Chun Wee
Executive Director

Datuk Dr. Wong Lai Sum
Independent
Non-Executive Director

Lim Chee Hoong
Independent
Non-Executive Director

nationality / age / gender

Malaysian / 63 / Male

Dato' Dr. Awang Adek bin Hussin

Independent Non-Executive Chairman

Date of Appointment:
18 August 2017

Length of Service (as at 31 March 2019):
1 year, 7 months

Academic / Professional Qualification / Membership(s):
- PhD in Economics, University of Pennsylvania, USA (1984)
- Master of Arts in Economics, University of Pennsylvania, USA (1981)
- Bachelor of Arts, Drew University, USA (1977)

Board Committee(s):
- Nomination Committee (Chairman)
- Audit and Risk Management Committee
- Remuneration Committee

Present Directorship(s):

Listed entity:
Nil

Other public companies:
Nil

Present Appointment(s):
Nil

Past Appointment(s):
- Director, Permodalan Nasional Berhad
- Chairman, PNB Research Institute
- Chairman, Majlis Amanah Rakyat (MARA)
- Malaysian Ambassador to the USA (2014 - 2016)
- Deputy Minister of Finance (2006 - 2013)
- Deputy Minister of Rural Development (2004 - 2006)
- Chairman of Tenaga Nasional Berhad (2003 - 2004)
- Assistant Governor in Bank Negara Malaysia (1998 - 2001)
- Director General in Labuan Financial Services Authority (1996 - 1998)
- Various Positions in Bank Negara Malaysia (1985 - 1996)
- Lecturer in University Sains Malaysia (1983 - 1985)

Number of Board Meetings attended during financial year 2018:
6/6

nationality / age / gender

Malaysian / 42 / Male

Dato' Lua Choon Hann

Group Managing Director

Date of Appointment:
1 November 2013

Length of Service (as at 31 March 2019):
5 years, 5 months

Academic / Professional Qualification / Membership(s):
- Bachelor of Law, University of Cardiff

Board Committee:
Nil

Present Directorship(s):

Listed entity:
Pelikan International Corporation Berhad

Other public companies:
Nil

Present Appointment(s):
- Independent Director & Chairman of Audit Committee, Pelikan International Corporate Berhad (April 2013 - Present)
- Executive Director, Furniweb Holdings Limited (April 2017 - Present)

Past Appointment(s):
- Director, Malaysian Investment Development Authority (2017 - 2018)
- Public Prosecutor, Attorney General's Chambers in Singapore (2000 - 2002)
- With his professional legal experience, business acumen and commercial know-how, Dato' Lua became an entrepreneur in 2003 through various business ventures in Malaysia, China, Singapore and Hong Kong, involving various sectors, including the provision of corporate consultancy and solution services, property development and other related businesses.

Number of Board Meetings attended during financial year 2018:
6/6

Others:
Dato' Lua is a major shareholder of the Company.

nationality / age / gender
Malaysian / 42 / Male

Dato' Wee Cheng Kwan

Managing Director - Property & Construction

Date of Appointment:
5 August 2013

Length of Service (as at 31 March 2019):
5 years, 7 months

Academic / Professional Qualification / Membership(s):
- Bachelor of Civil Engineering, University of Portsmouth (1997 - 1999)

Board Committee:
Nil

Present Directorship(s):

Listed entity:
Nil

Other public companies:
Nil

Present Appointment(s):
Nil

Past Appointment(s):
- Project Manager, Biaxis (M) Sdn. Bhd.
- Structural Engineer, Chiu Teng Construction Pte. Ltd. (Singapore)
- Engineer, L&M Foundation Specialist Pte. Ltd. (Singapore)

Number of Board Meetings attended during financial year 2018:
6/6

Others:
Dato' Wee is a major shareholder of the Company.

nationality age gender

Malaysian / 45 / Male

Na Chun Wee

Executive Director

Date of Appointment:
15 January 2018

Length of Service (as at 31 March 2019):
1 year, 2 months

Academic / Professional Qualification / Membership(s):
- Fellow Member of ACCA (FCCA)

Board Committee:
Nil

Present Directorship(s):

Listed entity:
Nil

Other public companies:
Nil

Present Appointment(s):
Nil

Past Appointment(s):
- Group Deputy CEO and CFO of Donaco International Limited
- Head of International Corporate Finance of Kenanga Investment Bank Berhad
- Investment Director of PrimePartners Asset Management Pte. Ltd.
- Vice President of Malaysia Venture Capital Management Berhad
- Vice President of AKN Capital Sdn. Bhd. (Board Member of Mems Technology Berhad and AWC Facilities Solutions Berhad)

Number of Board Meetings attended during financial year 2018:
6/6

nationality age gender
Malaysian / 64 / Female

Datuk Dr. Wong Lai Sum

Independent Non-Executive Director

Date of Appointment:
11 April 2016

Length of Service (as at 31 March 2019):
2 years, 11 months

Academic / Professional Qualification / Membership(s):
- BSc in Biochemistry, University Malaya
- Masters in Public Administration, University Malaya
- PhD in Business, University Malaya

Board Committee(s):
- Remuneration Committee (Chairman)
- Audit and Risk Management Committee
- Nomination Committee

Present Directorship(s):

Listed entity:
SAM Engineering & Equipment (M) Berhad
Tasco Berhad

Other public companies:
Nil

Present Appointment(s):
- Independent Non-Executive Director, SAM Engineering & Equipment (M) Berhad (2016 - present)
- Advisor to the Faculty of Economics and Business, University Malaya
- Associate Professor, Faculty of Business, TAR University College
- Research Fellow, TAR University College

Past Appointment(s):
- Conjoint Professor to the School of Business of the University of Newcastle
- Singapore Business Advisory Group of University of Newcastle
- Economic Advisor, Minister of Transport, Ministry of Transport Malaysia
- Malaysia External Trade Development Corporation (MATRADE) Advisor to the National Export Council (June 2015 - 2016)
- Chief Executive Officer (CEO) of the Malaysia External Trade Development Corporation (MATRADE) (2012 - 2015)
- Director, Malaysia Petroleum Resources Council (MPRC)
- Director & Trustee, Malaysia Furniture Promotion Council (MFPC)
- Director, MyCEB (Tourism)
- Co-Chairman, Professional Services Development Council, Malaysia (PSDC)

Number of Board Meetings attended during financial year 2018:
6/6

nationality age gender
Malaysian / 58 / Male

Lim Chee Hoong

Independent Non-Executive Director

Date of Appointment:
21 July 2003

Length of Service (as at 31 March 2019):
15 years, 8 months

Academic / Professional Qualification / Membership(s):
- Malaysian Institute of Certified Public Accountants
- Malaysian Institute of Accountants
- Chartered Tax Institute of Malaysia

Board Committee(s):
- Audit and Risk Management Committee (Chairman)
- Nomination Committee
- Remuneration Committee

Present Directorship(s):

Listed entity:
Choo Bee Metal Industries Berhad

Other public companies:
Nil

Present Appointment(s):
- Certified Public Accountant, Messrs CHI-LLTC
- Independent Non-Executive Director, Choo Bee Metal Industries Berhad
- Director, Lim Tang Tax Services Sdn. Bhd.

Past Appointment(s):
- Partner, Lee Teik Swee & Co.
- Audit Senior, Kassim Chan & Co. (1990 - 1993)
- Articled Clerk, Coopers & Lybrand (1981 - 1987)
- Group Accountants and Group Financial Controller in commercial sectors from 1993 till 1997

Number of Board Meetings attended during financial year 2018:
5/6

Save as disclosed, the above Directors have no family relationship with any other Directors and/or other major shareholders of the Company, no conflict of interests with the Company nor any personal interest in any business arrangement involving the Company. The above Directors have no conviction for any offences within the past five (5) years (other than traffic offences, if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2018.

All the Independent Non-Executive Directors satisfied the criteria required of an independent director as defined under Bursa Securities' Main Market Listing Requirements ("MMLR"), which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of its major shareholders.

nationality age gender
Malaysian / 47 / Male

nationality age gender
Malaysian / 72 / Male

CHEAH HANNON

Director of Corporate Affairs

CHEAH ENG CHUAN

Chief Executive Officer & Executive Director of Furniweb Holdings Limited

Date of Appointment:
1 February 2016

Length of Service (as at 31 March 2019):
3 years, 1 month

Academic / Professional Qualification / Membership(s):
- Bachelor of Science degree in Accounting and Finance, Purdue University (1995)

Present Directorship(s):

Listed entity:	**Other public company:**
G Neptune Berhad	Nil

Working Experience:
- Independent Non-Executive Director, G Neptune Berhad (April 2018 - present)
- Director of Corporate Finance, Amanie Corporate Advisors (2012 - 2016)
- Associate Director of Institutional Sales, Ambank Securities Sdn. Bhd. (2008 - 2009)
- Assistant General Manager of Equity Sales, RHB Securities (2004 - 2008)
- Associate Director of Equity Sales, UOB Kay Hian Securities Singapore (1999 - 2004)

Date of Appointment:
21 July 2003

Length of Service (as at 31 March 2019):
15 years, 8 months

Academic / Professional Qualification / Membership(s):
- Completed his secondary school education in Malaysia.

Present Directorship(s):

Listed entity:	**Other public company:**
Nil	Nil

Working Experience:
- Vice President, Malaysian Textile Manufacturers Association (2011 - present)
- Rubberflex Sdn. Bhd. (1986 - 1987)
- Heveafil Sdn. Bhd. (1980 - 1986)
- Oriental Elastic Industries Co. (1974 - 1980)
- Malaysian Army (1965 - 1974)

Others:
- Founder member of FMSB, WTSB and TMSB.

nationality age gender
Malaysian / 47 / Male

nationality age gender
Malaysian / 39 / Female

TAN CHUAN DYI

Chief Operating Officer & Executive Director of Furniweb Holdings Limited

Date of Appointment:
2 January 2014

Length of Service (as at 31 March 2019):
5 years, 2 months

Academic / Professional Qualification / Membership(s):
- Bachelor of Science in Business Administration (Major in Finance Option), California State University of Fresno

Present Directorship(s):

Listed entity:	**Other public company:**
Naim Holdings Berhad	Nil

Working Experience:
- Independent Non-Executive Director, Naim Holdings Berhad
- Head of Equity Syndication of Group Investment Banking, Kenanga Investment Bank Bhd.
- Head, Equity Capital Markets, RHB Investment Bank Bhd.
- Senior Vice President, Institutional Sales, CIMB & Affin Securities
- Portfolio management officer, AMMB Asset Management Sdn. Bhd.

HO PHEI SUAN

Chief Financial Officer of Furniweb Holdings Limited

Date of Appointment:
2 May 2014

Length of Service (as at 31 March 2019):
4 years, 10 months

Academic / Professional Qualification / Membership(s):
- Bachelor of Accounting from University of Malaya
- Certified Public Accountant of Malaysian Institute of Accountants (MIA)
- A member of the Malaysian Institute of Certified Public Accountants (MICPA)

Present Directorship(s):

Listed entity:	**Other public company:**
Nil	Nil

Working Experience:
- Senior Manager of Corporate Finance, Encorp Berhad (2012 - 2014)
- Business Analyst of Hewlett Packard Malaysia (2011 - 2012)
- Audit Manager of KPMG China (2008 - 2010)
- Audit Manager of Ernst & Young Malaysia (2002 - 2008)

nationality age gender

Malaysian / 40 / Male

TAN CHOONG WEI

Chief Operating Officer, Property Development Division

Date of Appointment:
4 September 2017

Length of Service (as at 31 March 2019):
1 year, 6 months

Academic / Professional Qualification / Membership(s):
- Bachelor of Science (Land Administration & Development), University of Technology, Malaysia

Present Directorship(s):

Listed entity:	**Other public company:**
Nil	Mirame Land Berhad

Working Experience:
- Senior Vice President, Villamas Sdn. Bhd. (2007 - 2014)
- Assistant Project Manager, Saujana Heights Sdn. Bhd. (2005 - 2007)

Save as disclosed, the above Key Senior Management members have no family relationship with any Directors and/or major shareholders of the Company, no conflict of interests with the Company nor any personal interest in any business arrangement involving the Company. The above Key Senior Management members have no conviction for any offences within the past five (5) years (other than traffic offences, if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2018.

OVERVIEW

The Group is pleased to present the second Sustainability Report which outlines the commitment towards being a sustainable organisation and endeavours to continuously improve across three aspects of sustainability i.e. Economic, Environmental and Social (“EES”) considerations, risks and opportunities.

This Sustainability Report discloses the material sustainability matters and impacts arising from the activities of the Group during FY2018. For each sustainability matter, the Group has described the measures and performance in the process of managing the sustainability matter, guided by the Group’s business strategies and policies. This report is prepared in accordance with Sustainability Reporting Guide issued by Bursa Securities.

The Group recognises that the business decisions may have potential impact to the surrounding communities and environment that the Group operates within. Therefore, the material sustainability matters disclosed in this report was identified and strategic measurement and actions were taken to manage the subject matter. Moving forward, the Group will focus on driving sustainable growth over the coming years. The Group is committed to engage the stakeholders and operate with the highest degree of integrity and transparency. With this spirit, the Group strive to meet the expectations and achieve the vision for sustainability. The Group will continue to integrate elements of sustainability into daily operations as the knowledge on sustainability issues and their impacts the business deepens.

GOVERNANCE STRUCTURE

At PRG, the sustainability leadership is led by the Board. The Board is responsible to oversee the integration of sustainability initiatives across the Group and its business strategy, and that adequate resources, systems and processes are in place for managing the sustainability matters.

In order to assist the Board in driving and reporting the Group’s sustainability practices, the Group Managing Director with the assistance of the Managing Directors and/or the Executive Directors of each division and the members of the senior management team are responsible for the management of sustainability matters which are aligned with the Group’s business strategy, direction and operation; implementing appropriate measures and actions as well as monitoring key performance indicators, if applicable.

SCOPE OF SUSTAINABILITY STATEMENT AND BASIS FOR THE SCOPE

Unless otherwise stated, this Sustainability Report covers the overall EES performance of all the operating divisions of PRG’s Group, namely Manufacturing Division, Property Development & Construction Division, Healthcare Division and other divisions operated in Malaysia and Vietnam.

The Group’s Manufacturing Division which is listed on the GEM of the HKEX via Furniweb Holdings Limited, had published its Environmental, Social and Governance Report in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 20 of the GEM Listing Rules.

MATERIALITY ASSESSMENT

Identification

The Group conducts materiality review every year to identify the sustainability matters that are important and relevant to the Group and its stakeholders. The result would help the Group to manage the material sustainability matters effectively.

Stakeholder Engagement

Continuous engagement with the stakeholders is important in order for the Group to develop more robust and comprehensive sustainable business strategies. Due to their considerable influence and impact on the business, the Group values the relationships with its stakeholders. High emphasis is placed on two-way communication with all stakeholders who are impacted by or have the ability to influence the business. The Group strives to continuously engage with these stakeholders to address their needs and concerns on issues related to the business operations through various channels such as but not limited to the below:-

Stakeholders	Key Areas of Concern	Engagement Platform
Employees	• Performance and remuneration • Training and career development • Talent retention • Employee welfare • Occupational health and safety	• Appraisal meetings • Training programmes • Individual development plans • Circulation of internal memos • Email communications • Employee engagement activities • Festive gatherings • Team building activities • Meetings with the management • Weekly sport activities
Customers	• Brand reputation • Customer satisfaction • Data privacy	• Social media • Official website • Launches/Marketing Events • Dedicated phone line to liaise with Sales & Marketing team
Shareholders & Investors	• Financial performance • Business strategies and directions • Compliance with regulations • Corporate governance and transparency • Ethics and integrity	• Annual and quarterly reports • Annual and quarterly results announcements • Annual General Meeting ("AGM") • Extraordinary General Meeting ("EGM"), if any • Announcements on Bursa Malaysia • Investor relations section of the Company's website • Press release and coverage
Regulators & Authorities	• Compliance with regulations and guidelines • Governance compliance	• Emails/letters • Dialogues with the authorities • Workshops and trainings organised by the relevant regulatory authorities
Vendors/Suppliers	• Development of vendor and supplier long-term relationship	• Negotiations with vendors/suppliers • Supplier periodical performance evaluation • New vendor evaluation and registration
Media	• Company reputation • Publicity • Business performance	• Ongoing engagement sessions and interviews • AGM and EGM, if any • Press release and coverage • Press conference

With regards to sustainable development, the Group believes stakeholders' inputs are essential in shaping the roadmap and strategy to strengthen the EES management and the Group will actively engage in different platforms to communicate with the stakeholders.

MATERIAL SUSTAINABILITY MATTERS

In this report, materiality in sustainability terms is not limited to the matters that have significant financial impact to the organisation but also includes the consideration of ESS impact to the Group's ability to meet the needs of present and future generations. As defined in the Paragraph 6.3, Practice Note 9 of the MMLR, sustainability matters are considered material if they:

(a) *reflect the listed issuer's significant economic, environmental and social impact; or*
(b) *substantively influence the assessments and decisions of stakeholders.*

1. Economic

1.1 Supply Chain Management

The Group has a wide range of suppliers globally providing various products and services. Supply chain management is critical in facilitating the operations and the Group aims to build mutually beneficial relationships with the suppliers in the long run. Therefore, the Group engages with suppliers fairly, transparently and ethically. The Group will review the suppliers based on, amongst others, price and payment terms, product and service quality, operation scale and geographical proximity to the production facilities. The Group will take all reasonable efforts to conduct appropriate evaluations and assess the background information of the potential suppliers. The Group also perform tests on samples collected from potential suppliers and may engage them on trial basis. Quality evaluation reports for each of these potential suppliers are compiled and those who pass the evaluation procedures to the satisfaction will be admitted as the qualified suppliers. A qualified supplier list for the principal raw materials is maintained by the purchase and procurement department and all principal raw materials must be purchased from the qualified suppliers. The Group closely monitors the performance of the suppliers and quotations from different suppliers are generally obtained prior to certain procurement to ensure the competitiveness of their pricing. Suppliers failing to keep up with the requirements on product and service quality or contribute to material product defects at any stage of production may be removed from the qualified supplier list.

1.2 Product Responsibility

With the knowledge that reliable delivery of quality products to the customers is critical to the Group's success, the Group has implemented quality control procedures throughout the production process. For instance, the Group only sources raw materials from suppliers on the approved suppliers list and evaluate the suppliers from time to time and performs tests on samples collected from potential suppliers before engage them as approved suppliers.

The Group ensures none of its products would harm the safety and health of the customers. Over the years, the Group had received a number of awards and certifications in recognition of the business development and quality standards including ISO 9001: 2008, ISO14001: 2015, ISO/TS 16949:2009, Oeko-Tex® Standard 100 Product Class I & II. As the Group is to supply to textile industry, the Oeko-Tex® Standard 100 is widely used in this industry as a uniform global standard of testing and certification. The Oeko-Tex® Standard 100 tests harmful substances at all stages of production, including raw materials, semi-finished products and finished products. Only manufacturers who comply with strict testing and inspection procedures and provide verifiable quality assurance are allowed to place the Oeko-Tex label on their products. The Group's management team members have equipped themselves with risk management knowledge by having attended risk management training, including understanding of ISO 9001 quality management system.

For any complaints from customers in relation to product quality, the quality control team will analyse the details of the complaints and the respective products and determine the reasons of and take safeguard measures to prevent it from happening in the future. The quality control team will identify reasons of defective products such as defective raw materials, improper or errors in manufacturing process or improper loading/unloading during transportation. The procurement team will communicate and verify with suppliers for the quality issues on raw materials. Suppliers shall bear the responsibility once identified and confirmed, such raw materials supplier will be removed from the suppliers list if defective raw materials are being identified repeatedly. If the errors are identified in manufacturing process, the quality control team will analyse the details including going through the manufacturing process with production team. The production team will take immediate assessment on the production process so as to improve the production process and avoid the repeated mistakes from occurring. The procurement team will communicate and verify with carriers for the improper loading/unloading and carriers shall bear the responsibility once identified and confirmed. Defective products will be collected from customers and replaced with new batch of products.

The Group had registered four trademarks and six domain names in Malaysia and Vietnam which are material in relation to the business. In addition, the Group has set up customer services team that are in charge of handling customer complaints. The Group is also committed to protecting customer's personal data. Data is the valuable asset of the Group. The Group has developed a policy of information management system to provide guidance to employees on control and usage of Company's data and to restrict access or use where necessary to protect the interests of the Group. Data is classified into different levels according to the confidentiality as public, internal and restricted/confidential data.

2. Environmental

2.1 Environment Management System

The Group understands the importance of environmental sustainability and protection. The Group takes measures to protect the environment in which the Group operates through the implementation of an environmental management system at the factories.

The Group is committed to operating in compliance with applicable environmental laws and regulations in all material respects and protecting environment by minimising the negative impact of the Group's operations to the environment. A subsidiary of the Group has been certified with the ISO 14001:2015 Certification for Environmental Management Systems issued by SGS (Malaysia) Sdn. Bhd. and SGS United Kingdom Limited. For the other subsidiaries, the Group has also put in place the environmental management system that identifies and manages the environmental risks concerning the businesses. The Group is able to identify environmental opportunities, enforce programs, promote awareness among the employees and stakeholders and seek continuous improvement.

2.1.1 Emissions

Major emissions of the Group are gas emissions from boilers and machines, sewage discharges from dyeing process and other associated hazardous waste from other production phases and construction sites.

As the Group is committed to abide by all applicable laws and regulations in the areas the Group operates in, the Group had obtained the registration books of hazardous waste generator for generating hazardous waste (such as waste oil, waste sludge, containers of chemicals) produced in the manufacturing activities. The non-hazardous waste, such as waste water from dyeing process, or other solid waste generated from the production process that require special treatment are complied with applicable environmental standards and measures in Malaysia and Vietnam.

For the manufacturing process and construction sites, the Group has adopted the following measures including engaging an independent and licensed pollutant treatment company to dispose the hazardous waste and wastewater was centrally collected and treated before discharged. The non-hazardous wastes and hazardous wastes were collected and stored separately, before being transferred to landfill for disposal.

2.1.2 Use of resources

The Group focuses on the use of resources such as energy, water and paper and packing materials. By utilising them efficiently not only helps to lower the operating cost, but also reduces its carbon footprint. The Group believes that it relies on the efforts from all of the employees. Therefore, the Group has to raise the environmental protection awareness among employees and proactively seeks opportunities for increasing operating efficiency in order to reduce the use of resources through key initiatives set up to achieve higher energy efficiency.

Electricity

The Group's electricity is mainly consumed by operations of machineries at factories and construction sites, the confinement centres and office daily use. Proper production planning was in place to ensure efficient usage of machineries. The Group also started to replace traditional light bulbs with electricity-saving light bulbs and also educate the employees about the energy saving and conversation practices. To ensure the effective use of electricity, the following practices were conducted:

- Controlling temperature of the air-conditioner in the office;
- Switching off lights and air-conditioners in areas when not in use;
- Turning off idle machines and office equipment; and
- Using energy efficient equipment.

Water

Water is mainly consumed for dyeing process at plant, building materials at construction sites and daily operations. The wastewater from dyeing process was treated in accordance to applicable environmental standards and measures before discharged. The Group strives to minimise the water pollution with monitoring the water use in all facilities and construction sites. The Group has encouraged the employees to increase the awareness of environmental protection, water pollution as well as water conservation. The following practices were adopted to further improve the utilisation efficiency of water resources:

- Regular inspection and maintenance on water tap, water pipe and water storage; and
- Reduction in usage of bottled water in meeting rooms by employees.

Paper

Paper was mainly consumed by office. The Group makes every effort to reduce the environmental impact of paper use.

- In order to achieve paperless workflow across our operations, the Group has actively developed a variety of workflow systems that replaced traditional paper forms and physical documents by providing customers with electronic billing and electronic statements via email in year 2018;
- Engaging employees to use double-side printing and reuse papers on one side in order to reduce paper;
- Using 70gsm paper for printing;
- Any announcement or information, the management would notified the staff and workers through emails; and
- Use email to reduce fax paper consumption.

Packing materials

The Group uses carton box, paper and plastic as packing material. To reduce the use of packing materials, the Group uses alternative packaging method or uses recycle packing materials.

Adhere to that, the Group energy, water, paper and packing materials consumption were reduced, the greenhouse gas (“GHG”) emissions also declined accordingly. The Group will continue to closely monitor the utilisation of resources and conduct regular assessment to seek better ways to contribute to environmental protection.

2.1.3 Environmental and natural resources

The Group does not involve in any activities that has direct or significant impact on the natural resources in the course of the business operation.

In consideration of the potential threats of climate change to the communities, the Group has made steady progress in reducing its carbon footprints across its businesses. Emissions of GHG by the Group were mainly contributed by the boiler steam, consumption of electricity of machineries and wastewater. Regular assessment on the wastewater, steam emission from boiler to ensure the Group’s operation does not have negative impact to surrounding environment and in compliance with local government standards. Routine inspection on the machineries to minimise the breakdown of machineries, in order to reduce production wastage and consumption of electricity.

Apart from the above, the Group employs multiple ways to reduce GHG such as telephone conference is held where possible to avoid any unnecessary overseas business travel while direct flights are chosen to reduce carbon emission caused by any inevitable business travel.

3. Social

3.1 Employment

Employees are the Group's greatest assets. The business success is dependent on how well the Group can attract, retain and develop talents. The Group offers the employees ample opportunities to develop their career and competitive remuneration incentives. The Group expects that all employees and contractors treat one another with respect and dignity. The Group has put in place human resources policies and guidelines in compliance with the relevant labour laws and regulations of the local governments. The polices cover issues relating to compensation and dismissal, recruitment and promotion, working hours, leaves, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

The Group recruits its employees based on their industry experience and interpersonal skills. The Group reviews and evaluates the performance and the development competencies in the context of each person's role annually. The review results will be taken into account in the salary review and promotion appraisal.

The employees are one of the key stakeholders of the Group, the policies conducive to build a better working environment, more development opportunities and attractive employee benefits have contributed to employees' satisfaction levels and retention level. The Group aims to provide a good environment of a professional and harassment-free working environment.

3.1.1 Health and Safety

The Group endeavours to ensure the employees are provided with a safe working environment. The Group has an Occupational Safety and Health Policy and has implemented various measures at the production facilities and construction sites to promote occupational health and safety and to ensure compliance with applicable laws and regulations. Health and safety on-the-job training will be conducted for all new employees as and when appropriate for continuous improvement. The Group also publishes bulletins with occupational health and safety guidelines, rules and procedures to remind and promote the importance of safety in the workplace at all times and maintain an internal record of workplace accidents.

As required by the relevant laws and regulations in Malaysia, the Manufacturing, Property Development and Construction Divisions have set up an Occupational Safety and Health Committee ("OSHA") to review health and safety matters from time to time to oversee safety in the work environment and regular internal meetings to discuss safety issues, review any recent industrial accidents and to design any required remedial actions. Fire drills, gas leakage control and spillage control are conducted on a regular basis and briefings in relation to evacuation procedures are given to employees.

An Emergency Response Team was set up under purview of the OSHA to ensure that a quick response will be available to the people in the event of an emergency. Members of the team are given training on the use of firefighting equipment, first aid, Cardiopulmonary Resuscitation ("CPR") and other measures to be taken in the event of emergency.

As part of the Group's internal reporting protocol, any workplace accidents, identified cases of occupational diseases and health and safety incidents shall be first reported to the human resources department while cases such as industrial accidents or accidental spills or discharges of pollutants may be referred to local labour or environmental government authorities.

3.1.2 Development and Training

The Group aspires to develop and grow with the employees and is willing to invest in both work-related training and personal development of the human capital. In general, the Group provides diversified on-the-job trainings based on the needs of respective positions, talents and interests of employees. The Group provide both internal and external trainings for the employees, including specialised trainings for different departments, management trainings as well as soft skills trainings. Moreover, the Group's guidelines are established to assess the performance of employee so as to identify and implement development programs for employees.

The Group also organised some other relevant trainings for employees to improve in work efficiency and better awareness of rules and regulations, such as:-

- Training related to industrial waste management, environmental management & compliance to Environmental Quality Act 1974;
- Study mission to Japan;
- ISO trainings for better understanding of the management systems approach;
- Training on Sales & Service Tax and Budget 2019 for better understanding on the changes of tax rules and practices; and
- Training related to Project Management, Contract Management, Construction and Quality Assessment System in Construction ("QLASSIC").

3.1.3 Labour Standards

The Group has guidelines setting the procedures and standards on recruitment by the management and human resource team. It is to ensure staff employment strictly complies with local employment regulations. The guidelines are reviewed on a regular basis so as to ensure the consistency with any update of the relevant rules and regulations in all locations of the operations.

3.1.4 Work-life balance

Work-life balance is one of the important elements in retaining employees in the organisation. In this spirit, the Group has organised various recreational activities to help relieve employees from work stress, as well as to foster employees' relationship and bonds, such as:-

- Weekly sports activities
- Annual dinners
- Team buildings activities
- Festive celebrations

3.2 Anti-Corruption

A series of policies, operating manuals and handbooks are in place which allow the Group to maintain high ethical standards and a workplace free from corruption.

All employees are expected to discharge their duties with integrity and to follow relevant local laws and regulations. The Group monitors closely the conduct of its management staff to prevent wrong-doings among the Board, senior management and staff, such as prohibiting transfer of benefits while considering new customers, suppliers or any project investment.

The Group has implemented the whistle blowing reporting procedures. Any person may report allegations of suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Group, the Group's customers, shareholders, employees, investors or the public at large.

The Group is looking into adopting an Anti-Bribery & Corruption Policy to prevent the undertaking of corrupt practices in relation to the business activities of the Group.

3.3 Corporate Social Responsibility

As a continuous effort in giving back to the society, the Group would seek opportunities to get involved in various community programmes. The Group's approaches towards community involvement are as follows:

- foster collaboration with local authorities in the areas of charity work;
- engage with the community and ensure the Group's business activities are always carried out in the interests of the community; and
- provision of career opportunities to the locals and promoting the development of the community's economy.

Apart from that, the Group also involves in charity programmes devised to provide support to the organisations or institutions that are involved in welfare, health and educational activities aimed at improving quality of life of the society.

The Board of Directors of PRG ("the Board") fully subscribes to and ensure that the high standard of corporate governance ("CG") are observed and practiced throughout the Company and its subsidiaries ("the Group") in the pursuit of achieving the corporate objectives, protecting and enhancing shareholders' value.

This CG Overview Statement ("this Statement") is presented to the shareholders and investors to provide an overview of the CG practices of the Company under the leadership of the Board during FY2018. This Statement is prepared in accordance with Bursa Securities' MMLR, and the Malaysian Code on Corporate Governance ("MCCG").

This Statement is to be read together with the Company's CG Report which is available on the Company's website. The CG Report provides detailed explanation on the application by the Group of the CG practices as set out in the MCCG during FY2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible in formulating and reviewing the Group's strategic direction and management of the Group. In discharging its roles and responsibilities, the Board is guided by the approved Board Charter and all other policies implemented by the Company. The Board always ensures that good corporate governance culture is practiced in the Company, and it also ensures effective leadership through oversight on the management and monitoring of the goals, budget, activities, performance, compliance and control in the organisation. Board Members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied through compliance with relevant rules and regulations, directives and guidelines, and act in the best interests of the Group and its shareholders.

The Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness by focusing on strategy, governance and compliance. The positions of the Chairman of the Board and Group Managing Director are held by different individuals with clear division of roles and responsibilities as defined in the Board Charter of the Company to ensure balance of power and authority. The day-to-day management of the business of the Group is delegated to Management, headed by the Group Managing Directors assisted by the Executive Directors.

The Board Charter is a comprehensive reference document for the Board on the matters related to the functions and responsibilities of the Board and Board Committees, as well as its processes. The Board Charter also specifies matters reserved exclusively for the Board's review and approval.

On 20 March 2019, the Board reviewed and approved the amendments to the Board Charter to be in line with the changes in regulations and best practices applicable to the Group. The Board has in place the Code of Conduct to maintain discipline and order in the workplace. As part of the Company's commitment to uphold the highest standard of the Code of Conduct, the Whistle Blowing Policy aims to provide a safe and acceptable platforms for all Directors and employees to report unethical behaviour, suspected fraud or violation of the Company's Code of Conduct has been formulated and established. Further details of the Board Charter, Code of Conduct and Whistle Blowing Policy are set out in Practice 2.1, Practice 3.1 and Practice 3.2 in the CG Report, and these documents are available on the Company's website at http://www.prg.com.my/investor-relations/ ("the Company's Website").

The Board is supported by two (2) professional Company Secretaries who are experienced and qualified pursuant to the requirements of the Companies Act 2016. The Board have full and unrestricted access to the Company Secretaries who has vast knowledge and are supported by a dedicated team of company secretarial personnel. During FY2018, the Company Secretaries have discharged their duties and responsibilities and continue to guide and provide advisory services to the Board, especially on corporate governance related issues and updates on relevant regulatory requirements for compliance with the relevant policies and procedures, law and regulatory requirements and others administrative matters to assist the Board to discharge their duties effectively.

The Board meets on quarterly basis to review the Company's financial, operational and business performance, amongst others. In order to facilitate the Directors' time planning, the annual meeting calendar setting out the scheduled dates for meetings of the Board and Board Committees is prepared and circulated in advance to enable the Directors to plan in advance. Exceptions will be given if urgent matters arise which requires the Board's attention. The annual meeting calendar also sets out the closed periods for dealings in the securities of the Company to be strictly adhered to by the Directors and Principal Officers based on the targeted date of announcement of the Group's interim financial results every quarter .

During the financial year ended 31 December 2018, six (6) meetings of the Board were held. Details of the Board's attendance record at the Board meetings were as follows:

Directors	Total Meetings Attended	Attendance (%)
Dato' Dr. Awang Adek bin Hussin	6 out of 6	100
Dato' Lua Choon Hann	6 out of 6	100
Dato' Wee Cheng Kwan	6 out of 6	100
Na Chun Wee (Appointed on 15 January 2018)	6 out of 6	100
Lim Chee Hoong	5 out of 6	83.33
Datuk Dr. Wong Lai Sum	6 out of 6	100
Dato' Yau Kok Seng (Appointed on 1 March 2018 and resigned on 31 December 2018)	5 out of 5	100
Dato' Hamzah bin Mohd Salleh (Resigned on 27 December 2018)	5 out of 6	83.33

The Company Secretary was present at all Board Meetings held during the financial year ended 31 December 2018.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities.

II. Board Composition

Currently the Board comprises three (3) Independent Non-Executive Directors including the Chairman, and three (3) Executive Directors including the Group Managing Director. The composition of the Board complies with the Bursa Securities' MMLR that requires one-third of the Board members are Independent Directors. The composition of the Board is in line with the MCCG that requires at least half of the Board to comprise of Independent Directors. The composition and size of the Board are assessed by the Board through the Nomination Committee appointed by the Board annually or as and when the need arises.

During FY2018, Dato' Hamzah bin Mohd Salleh and Dato' Yau Kok Seng resigned from the Board and their resignations were accepted and noted with a record of thanks and appreciation for their advice, guidance and services during their tenure in the Board and/or Board Committees.

The Board recognises the benefits of having a diverse Board and to ensure that the mix and profiles of the Board members in terms of age, ethnicity, gender, experience, skills and competencies are required to achieve effective leadership and management. The Board believes that a truly diverse and inclusive Board will leverage the differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity and gender, which will ensure PRG retains its competitive advantage.

In order to ensure orderly and effective execution of the roles and responsibilities of the Board, the Board has delegated specific responsibilities to five (5) committees:-

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Risk Management Committee
- Long Term Incentive Plan Committee

Each Committee operates under their respective approved terms of references and/or operating procedure which are reviewed intermittently. The Chairman of each Committee will report to the Board on the outcome of the Committees' meetings which are recorded in the minutes of the Board meeting. No executive power was given to each Committee as their responsibility is to deliberate and examine particular issues and report to the Board with their recommendations. The Board holds the ultimate responsibility for the directions and control of the Company.

On 26 February 2019, the Board upon reviewed of the composition of the Board Committees, resolved to combine the Audit Committee and Risk Management Committee and renamed the Committee as "Audit and Risk Management Committee" in order to enhance the efficiency of the Board Committee in discharging its duties and responsibilities.

The Board, through the Nomination Committee and facilitated by the Company Secretary, carried out annual assessment on the effectiveness of the Board, Board Committees and the individual Directors of the Company. Besides, the Nomination Committee has also assessed the independence of the Independent Directors against the established criteria and was satisfied that the Independent Directors continue to provide unbiased, objective and independent views and judgement in Board deliberations. The Nomination Committee also reviewed and determined the Directors retiring and subject to re-election at the AGM in accordance with the provisions of the Constitution of the Company. All retiring Directors, being eligible, have offered themselves for re-election at the AGM.

The Terms of Reference of the Nomination Committee is available at the Company's Website and the activities of the Nomination Committee are presented on Page 57 to 58 of this Annual Report.

The Long Term Incentive Plan ("LTIP") Committee was set up in 2015 in line with the Group's long term incentive programme with the objective to retain and award high performance employees in the Group, governed by its By-Laws. The LTIP Committee will continue to review and assess the operating and business environment of the Group prior to implementing the long term incentive plan.

III. Remuneration

The Board has established the Directors' Remuneration Policy and Procedures ("RPP") in order to ensure fair remuneration package is set. The Board is mindful that fair remuneration is critical to attract, retain and motivate Directors and senior management. The remuneration package should take into account the complexity of the Company's business and the individual's responsibilities. The RPP is reviewed by the Remuneration Committee on an annual basis or when neccessary prior to making its recommendations to the Board for approval.

The Terms of Reference of the Remuneration Committee is available at the Company's Website and the activities of the Remuneration Committee and detailed disclosure on Directors' remuneration are presented on Page 55 to 56 of this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee of the Company comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee, Mr. Lim Chee Hoong is a member of the Malaysian Institute of Accountants.

The Audit Committee has adopted the policy that requires the observation of at least two (2) years cooling-off period for a former key audit partner to be appointed as a member of the Audit Committee and this has been incorporated in the Terms of Reference of the Audit Committee.

The Board acknowledged that the Audit Committee should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process besides possess a wide range of necessary skills to discharge its duties. The Board ensures that all members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The Terms of Reference of the Audit Committee is available at the Company's Website and the activities of the Audit Committee are presented on Page 52 to 54 of this Annual Report.

II. Risk Management and Internal Control Framework

The Board discharges its responsibilities in the risk governance and oversees functions through the Risk Management Committee. The Risk Management Committee was supported by the Risk Management Team comprises the Head of Departments of respective operating divisions in overseeing the risk management matters relating to the activities of the Group. The Risk Management Committee reviews the risk management framework and processes and monitors the effectiveness of risk treat/mitigation action plans for the management and control of identified key risks.

The adequacy and effectiveness of the internal controls are reviewed by the Audit Committee in relation to internal audit function of the Group. The Board places significant emphasis on maintaining a sound system of internal control covering not only financial controls but also operational and compliance controls as well as risk management in order to safeguard shareholders' investments and the Group's assets. The Board continuously reviews the adequacy and effectiveness of the internal control system to ensure it meets the Group's particular needs and to manage the risks to which it is exposed.

The Statement on Risk Management and Internal Control set out on Page 48 to 51 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

PRG ensures that its communication with its shareholders and various stakeholders is transparent, timely and with quality disclosure. The relevant information is communicated to shareholders and investors through various disclosures and announcements to Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases. The Company makes use of a broad range of communication channels to disseminate information regarding the Company and the Group. The communication channels would include electronic facilities provided by Bursa Securities mentioned earlier, corporate website, social media, emails, road shows or events and general meetings of the Company.

II. Conduct of General Meetings

The general meetings including the AGM and EGM represents the principal forum for dialogue and interaction with the shareholders of the Company. During the FY2018, a general meeting being the 17th AGM was held on 6 June 2018. In order to ensure effective participation of and engagement with the shareholders, all members of the Board attended the general meetings including the 17th AGM to respond to the questions raised by the shareholders or proxies. The Chairman of the Board chaired the general meetings in an orderly manner and allowed the shareholders or proxies to speak at the meetings. In line with the MCCG, the notice of the 17th AGM was issued to the shareholders at least twenty-eight (28) days before the AGM, beyond the requisite twenty-one (21) days' notice as prescribed by the Company's Constitution and Listing Requirements. The notice of general meeting includes details of the resolutions proposed along with any background information and reports or recommendations that are relevant.

The Company adopted electronic voting technology and the resolutions tabled for shareholders' approval at the 17th AGM was voted by way of poll via live voting.

This Statement was approved by the Board of Director of PRG on 20 March 2019.

DIRECTORS'
RESPONSIBILITIES STATEMENT

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of financial year ended 31 December 2018 and of their financial performance and cash flows for the financial year then ended. The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2018, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Group and which enable them to ensure that the financial statements comply with the Act.

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ADDITIONAL
COMPLIANCE INFORMATION

1. Audit and Non-audit Fees

The amount of audit and non-audit fees paid and payable to the external auditors for the financial year ended 31 December 2018 are tabled as follows:

	Group RM'000	Company RM '000
Audit Fees	487	42
Non-Audit Fees	24	21

2. Material Contracts

During the financial year, the Group did not enter into any material contracts involving Directors' and major shareholders' interest other than as disclosed in Note 30 of the financial statements.

3. Employees' Share Option Scheme and/or Share Grant Plan pursuant to the LTIP

During the financial year, no options or shares were granted/issued by the Company.

4. Utilisation of Proceeds from Corporate Proposal

On 3 October 2018, the Company announced that it had disposed an aggregate of 60,480,000 ordinary shares in Furniweb Holdings Limited representing a 12% equity interest to independent third parties via direct business transactions for a cash consideration of HKD0.50 per share (equivalent to approximately RM0.2630 per share based on the actual transacted exchange rate of HKD100:RM52.6095 on 3 October 2018) ("Disposal").

The status of the utilisation of the disposal proceeds as at 31 December 2018 is as follows:

	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	%	Balance unutilised RM'000	Expected time frame for utilisation
Defraying estimated expenses in relation to the Previous Disposal	800	800	-	-	-	
Balance purchase consideration in respect to the acquisition of Esther Postpartum Care Sdn. Bhd. ("EPC")	3,477	3,477	-	-	-	
Payment to contractors relating to property development projects	8,000	6,359	-	-	1,641	Within 12 months
Working capital*	3,686	3,632	-	-	-	
	15,963	**14,268**	**-**	**-**	**1,641**	

Note:
* PRG received disposal proceeds of RM15.91 million (instead of RM15.96 million as announced on 3 October 2018) pursuant to the Disposal due to the actual exchange rate used of HKD100:RM53.6095 for the repatriation of the disposal proceeds. The difference of approximately RM0.05 million was set off against the proceeds set aside for PRG Group's working capital.

5. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

Details of the RRPT conducted during the year were disclosed in Section 2.3 of Part B of the Circular to Shareholders dated 19 April 2019 dispatched together with this Annual Report.

INTRODUCTION

The Board is pleased to present the Statement on Risk Management and Internal Control which outlines the Group's risk management framework and internal control systems during the financial year under review.

This statement is made pursuant to paragraph 15.26(b) of Bursa Securities' MMLR and in accordance with the MCCG as well as "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

This statement however, does not cover associate companies and joint ventures where risk management and internal control are managed by the respective management teams.

RESPONSIBILITY

The Board recognises the importance of a sound risk management framework and internal control system to good corporate governance and acknowledges its overall responsibility to ensure that the principal risks of the Group are identified, evaluated and managed with an appropriate system of internal control, and to ensure that the effectiveness, adequacy and integrity of the system are reviewed from time to time to suit the changes in the business environment.

The Board has established an appropriate risk management framework and internal control system to manage the Group's risks within tolerable ranges rather than to eliminate risks with significant adverse impact on the achievement of the Group's objectives and strategies. It can therefore only provide reasonable assurance but not absolute assurance against material misstatements, financial losses or fraud.

There is an on-going process in place to identify, evaluate and manage the significant risks that may affect the achievement of business objectives throughout the financial year under review and up to the date of approval of this statement by the Board. The process is updated and reviewed from time to time to be responsive to the changes in the business environment.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Risk Management Framework

Risk management is an integral part of the Group's management process and the Group focuses on the key risks and the relevant controls to ensure that they are able to respond effectively to the changing business environment. The risk management framework established by the Board is embedded in various operation processes and procedures of the respective operational functions and management team and clearly defines the authority and accountability in implementing the risk management process.

The Group's risk management framework has the following key attributes:

- Risk Management Structure

  The Board continuously reviews the overall management of principal areas of risk with the assistance of Risk Management Committee ("RMC"). Following the recommendation of MCCG Practice 9.3, the RMC consists of three (3) members, all of whom are Independent Non-Executive Directors.

  RMC is supported by the Risk Management Team ("RMT") at the operational level. The members of RMT comprise Managing Directors/ Executive Directors and various Heads of Departments.

- Key elements of risk management framework:

  i. Identify new risks and determine whether existing risks remain relevant to the Group's objectives;

     The RMT conducts quarterly review of business risks to identify new risks as well as to determine whether previously known risks remain relevant. However, if an abrupt situation which has serious bearings on the Group's business operating environment arises, RMT will respond immediately to invoke the risk reviewing process.

  ii. Evaluate the risks and develop risk mitigating action plans; and

     The identified risks, which may fall into the category of strategic risk, operational risk, credit risk, finance/account risk or IT risk, will be evaluated by RMT and thereafter effective controls and risk mitigating action plans will be developed and implemented to address and mitigate the risks identified.

iii. Monitor the progress of action plans and review the business risks from time to time.

RMT will closely monitor the outcome of the implementation of the controls and action plans carried out by the various levels of management and will re-evaluate the risks and formulates new mitigating strategy if the desired results are not achieved.

- Risk Reporting

  Risk management review is conducted every quarter. Significant risks identified by RMT are reported to RMC, Audit Committee and the Board during quarterly meetings.

  The internal auditors provide an independent assessment of the adequacy and reliability of the operational risk management processes and report its findings to the Audit Committee.

Internal Audit Function

The Group has an in-house internal audit department for the Manufacturing Division that carries out regular reviews of the Division's operations and system of internal control by examining and evaluating business processes to determine the adequacy and efficiency of financial and operating controls, and highlighting significant risks and non-compliance impacting the Group. Where applicable, the internal audit department provides recommendations to improve the effectiveness of risk management, controls and governance processes.

The internal audit functions for the Corporate, Property Development & Construction and Healthcare Divisions was outsourced to an independent consulting firm who performs the audit in accordance with the Internal Auditors' International Standards for the Professional Practice of Internal Auditing for Internal Control Review to assess the adequacy and integrity of the Group's risk management. The Internal Auditor reports directly to the Audit Committee on improvement measures pertaining to internal control, including subsequent follow-up to determine the extent of their recommendations that have been implemented by the Management. Periodic audit reports and status on follow up actions are submitted to the Audit Committee, who reviews the findings with Management at its quarterly meetings. The Management is responsible for ensuring that corrective actions to control weaknesses are implemented within a defined time frame. The status of implementation is monitored through follow-up audits which are also reported to the Audit Committee.

The Audit Committee reviews the internal audit function, the scope of the annual internal audit plan, as well as the findings within its scope of responsibilities. The Audit Committee meets at least four (4) times a year with the Board to discuss significant issues found during the internal audit process and makes the necessary recommendations to the Board.

In the financial year under review, the following functions' processes and/or identified key risk areas of the Group's operations were reviewed by the Internal Auditors:

Manufacturing Division:

- Production & quality control including compliance with Environmental & Safety & Health Regulations
- Human resource
- Purchasing
- Inventory
- Sales, credit control & account receivables
- Finance and Information Technology
- Inventory costing (covering raw materials, work-in-progress & finished goods)
- Annual stock check
- Related party transaction including recurrent related party transactions

Corporate, Property Development & Construction and Healthcare Divisions:

- Compliance audit on delegated authority limit (Financial and Non-Financial)
- Compliance audit on compliance with organisation policies, contracts, laws and regulations
- Risk-based audit on the identified key risk areas of the Property Development Division including:
  (i) Uncertainty of economy
  (ii) Liquidity risk
  (iii) Credit risk
  (iv) New project funding
  (v) Sustainability
  (vi) Filing, documentation and data storage
  (vii) Project management risk
  (viii) Operation cash flow & liquidity risk
  (ix) Limited financial resources for new land banks & project
  (x) Change in interest rate
- Risk-based audit on the identified key risk areas of the Construction Division including:
  (i) Project management risk (delay risk)
  (ii) Government policy
  (iii) ISO certification
- Identified key risk areas of the Healthcare Division including:
  (i) Litigation and reputation
  (ii) Dependency on key personnel
  (iii) Alliance risk
  (iv) Industry risk
  (v) Competitive market & slowdown in business

The findings arising from the above reviews have been reported to the Management for their response and subsequently for the Audit Committee deliberation. Where weaknesses were identified, recommended procedures have been implemented or are being addressed to strengthen controls.

Other Key Elements of Internal Control

Other key elements that provide effective internal control include:

- The Group has established an organisation structure with clearly defined lines of responsibility, accountability, authority and reporting.
- The business plan and annual budget are prepared and presented to the Board for review and approval.
- Standard Operating Procedures which includes policies and procedures within the Group are continuously reviewed and updated.
- Performance reports are provided quarterly to the Directors and discussed at Board meetings. The Board receives from the management reports covering quarterly financial performance and other corporate matters.
- Monthly management accounts and reports are prepared to facilitate effective monitoring and decision making.
- On-going trainings and educational programs are identified and scheduled for all staff to acquire the necessary knowledge and competency to meet their performance and job expectations.

CONCLUSION

For the financial year under review, after due and careful assessment and based on information and assurances provided by the Group Managing Director, Managing Directors and Executive Directors, the Board is satisfied that the Group's risk management and internal control system was operating adequately and effectively in all material aspects throughout the financial year and up to the date of approval of this statement by the Board. Measures are in place and continually being taken to ensure the on-going internal controls are adequate and effective to safeguard shareholders' investments and the Group's assets.

There were no material losses, contingencies or uncertainties as a result of weaknesses in the risk management and internal control system that would require separate disclosures in this Annual Report. Nevertheless, the Board will continue to ensure that the Group's risk management and internal control system are able to constantly adapt and prevail in its changing and challenging business environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Securities' MMLR, the External Auditors have reviewed this statement for inclusion in the Annual Report of the Group for the financial year ended 31 December 2018. Their review is performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control ("AAPG 3") issued by the Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control for the Group.

AAPG 3 does not require the External Auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers", nor is factually inaccurate.

This statement was approved by the Board of Directors of PRG on 20 March 2019.

REPORT OF THE
AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee consists of three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.

The composition of the Audit Committee is as follows:

Directors	Position
Lim Chee Hoong	Chairman of Audit Committee & Independent Non-Executive Director
Datuk Dr. Wong Lai Sum	Independent Non-Executive Director
Dato' Dr. Awang Adek bin Hussin (Appointed on 26 February 2019)	Independent Non-Executive Director
Dato' Hamzah bin Mohd Salleh (Resigned on 27 December 2018)	Independent Non-Executive Director

The Terms of Reference of the Audit Committee is available on the Company's Website.

MEETINGS AND ATTENDANCE

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December 2018 with full attendance recorded by the members of the Audit Committee and the Company Secretary. Details of attendance are as follows:

Directors	Attendance
Lim Chee Hoong	5 out of 5
Datuk Dr. Wong Lai Sum	5 out of 5
Dato' Hamzah bin Mohd Salleh (Resigned on 27 December 2018)	5 out of 5
Dato' Dr. Awang Adek bin Hussin (Appointed on 26 February 2019)	Not applicable

MERGER OF AUDIT COMMITTEE AND RISK MANAGEMENT COMMITTEE

On 26 February 2019, the Board resolved to combine the existing Audit Committee and Risk Management Committee and renamed the Committee as "Audit and Risk Management Committee" in order to enhance the efficiency of the Board Committee in discharging its duties and responsibilities.

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2018, the activities carried out by the Audit Committee in the discharge of its duties included, among others, the following:

(i) Financial Reporting

- Reviewed the unaudited quarterly financial results and audited financial statements before recommending to the Board for consideration and approval for release to Bursa Securities.
- Reviewed major audit findings and management's responses with Management, External Auditors and Internal Auditors.

(ii) External Audit

- Reviewed the External Auditors' audit plan covering its scope of work and area of significant auditor attentions.
- Reviewed the extent of assistance provided by Management and issues arising from the audits with the External Auditors without the presence of Management and Executive Directors.
- Reviewed the assessment report on the suitability and independence of the External Auditors including non-audit services provided by the External Auditors to the Company and corresponding fees and proposed to the Board the re-appointment of the External Auditors. The assessment encompassed audit planning and design, audit execution, audit fees and independence of the External Auditors.

(iii) Internal Audit

- Reviewed staffing requirement of the Internal Audit Department to ensure it is adequately staffed by employees with relevant skills, knowledge and experience to enable the department to perform its role.
- Reviewed the adequacy and relevance of the scope, compliance and risk based internal audit plan and results of the internal audit procedures with the in-house Internal Audit Department for the Manufacturing Division and the outsourced Internal Auditors for the Corporate, Property Development & Construction and Healthcare Divisions. The focus of review was placed on high risk areas.
- Reviewed the Internal Audit Reports and audit recommendations made to remedy identified weaknesses and management responses.
- Reviewed the extent of assistance provided by Management and issues arising from and weaknesses identified during the audits with the Internal Auditors without the presence of Management and Executive Directors.

(iv) Risk Management

- Reviewed the significant risks identified by the Risk Management Committee on quarterly basis and relevant measures and efforts undertaken to mitigate the risks.
- Reviewed and assessed the preliminary gross risk identified for the new divisions.
- Reviewed and recommended the Risk Management Framework of the Group for the Board's approval.

(v) Related Party Transactions

- Reviewed related party transactions and/or recurrent related party transactions involving the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms, which are not more favourable to the related parties than those generally available to the public and are not detriment to the minority shareholders, and made the relevant statement in the circular to shareholders in connection therewith.

(vi) Others

- Reviewed the Statement on Risk Management and Internal Control and the Report of the Audit Committee for inclusion in the Annual Report 2017.
- Reviewed the Circular to Shareholders on the Proposed Authority for the Purchase of Own Shares by the Company.
- Reviewed and updated the Terms of Reference of the Committee to ensure its adequacy for current circumstances, the Company's policies and/or compliance with applicable rules and regulations.

INTERNAL AUDIT FUNCTION

The internal audit function for the Manufacturing Division is performed in-house and for the Corporate, Property Development & Construction and Healthcare Divisions, is outsourced to an independent consulting firm, GRC Consulting Services Sdn. Bhd. to provide assurance on the effectiveness as well as the adequacy and integrity of the system of internal control.

For the year under review, internal audit reviews were performed to evaluate and identify any weaknesses of the internal controls affecting the Group, the adequacy of the existing system of internal control and to recommend measures to Management to improve and rectify any weaknesses.

The internal audit reviews have been carried out based on compliance and risk-based audit approach and its findings were presented to the Audit Committee on a quarterly basis.

During the financial year ended 31 December 2018, the Internal Auditors carried out the following activities:

(a) Prepared the annual audit plan for the Manufacturing, Corporate, Property Development & Construction and Healthcare Divisions for review and approval by the Audit Committee.

(b) Performed compliance and risk-based audits and tabled its findings to the Audit Committee.

(c) Reviewed the following processes and/or identified key risk areas of the Group's operations:

i) Manufacturing Division
- Production & quality control including compliance with Environmental & Safety & Health Regulations
- Human resource
- Purchasing
- Inventory
- Sales, credit control & account receivables
- Finance and Information Technology
- Inventory Costing (covering raw materials, work-in-progress & finished goods)
- Annual stock check
- Related party transaction including recurrent related party transactions

ii) Corporate, Property Development & Construction and Healthcare Divisions
- Compliance audit on delegated authority limit (Financial and Non-Financial)
- Compliance audit on compliance with organisation policies, contracts, laws and regulations
- Risk-based audit on the identified key risk areas of the Property Development Division including:
  (i) Uncertainty of economy
  (ii) Liquidity risk
  (iii) Credit risk
  (iv) New project funding
  (v) Sustainability
  (vi) Filing, documentation and data storage
  (vii) Project management risk
  (viii) Operation cash flow & liquidity risk
  (ix) Limited financial resources for new land banks & project
  (x) Change in interest rate
- Risk-based audit on the identified key risk areas of the Construction Division including:
  (i) Project management risk (delay risk)
  (ii) Government policy
  (iii) ISO certification
- Identified key risk areas of the Healthcare Division including:
  (i) Litigation and reputation
  (ii) Dependency on key personnel
  (iii) Alliance risk
  (iv) Industry risk
  (v) Competitive market & slowdown in business

The internal audit findings arising from the above reviews were reported to Management for their response and subsequently for the Audit Committee deliberations. Where weaknesses were identified, recommended procedures and/or remedial actions would be put in place to improve and strengthen internal controls. In addition, the Internal Auditors also performed follow-up reviews on the status of implementation of recommendations/corrective actions for reporting to the Audit Committee.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2018 amounting to RM308,000.

REPORT OF THE
REMUNERATION COMMITTEE

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee consists of three (3) members, all of whom are Independent Non-Executive Directors. The composition of the Remuneration Committee is set out below:

Directors	Position
Datuk Dr. Wong Lai Sum	Independent Non-Executive Director & Chairman of Remuneration Committee
Lim Chee Hoong	Independent Non-Executive Director
Dato' Dr. Awang Adek bin Hussin (Appointed on 26 February 2019)	Independent Non-Executive Director
Dato' Hamzah bin Mohd Salleh (Resigned on 27 December 2018)	Independent Non-Executive Director

The Terms of Reference of the Remuneration Committee is available on the Company's Website.

MEETINGS AND ATTENDANCE

The Remuneration Committee held a total of three (3) meetings during the financial year ended 31 December 2018 with full attendance recorded by the members of the Remuneration Committee and the Company Secretary. Details of attendance are as follows:

Directors	Attendance
Datuk Dr. Wong Lai Sum	3 out of 3
Lim Chee Hoong	3 out of 3
Dato' Hamzah bin Mohd Salleh (Resigned on 27 December 2018)	3 out of 3
Dato' Dr. Awang Adek bin Hussin (Appointed on 26 February 2019)	Not applicable

BOARD REMUNERATION

The Board has adopted a remuneration policy for the Directors which sets out that the Directors' remuneration shall be determined based on the following key criteria:-

- Level of responsibility;
- Expertise;
- Complexity of the Company's activities;
- Frequency of meetings; and
- Industry benchmarks against similar companies.

Procedure

The Remuneration Committee reviews and recommends to the Board the remunerations of the Directors based on the Remuneration Policy approved by the Board. It is nevertheless the ultimate responsibility of the Board to decide on the quantum for each Director.

The component of the remuneration for the Non-Executive Directors of the Company comprise of:-
(a) Annual fixed fees as Director and fees for sitting in other Board Committees; and
(b) Meeting allowance based on their attendance at the Board and Board Committees' meetings.

ACTIVITIES OF THE REMUNERATION COMMITTEE

During the financial year, the Remuneration Committee undertaken the following activities:

(a) Reviewed and deliberated the remuneration packages of the Executive Directors of the Company and bonus for the Executive Directors, taking into consideration the Group's performance and on-going corporate activities.

(b) Reviewed the Directors' Fees for the Non-Executive Directors of the Company to commensurate with wider duties and heavier responsibilities placed on the Non-Executive Directors.

(c) Reviewed the Service Contracts for the Executive Directors.

(d) Reviewed the Report of the Remuneration Committee for inclusion in the Annual Report 2017.

(e) Reviewed and updated the Terms of Reference of the Committee to ensure its adequacy for current circumstances, the Company's policies and/or compliance with applicable rules and regulations. Reviewed the policy on Directors Remuneration to ensure a transparent, fair and reasonable process in place for determining appropriate remuneration for Directors.

(f) Reviewed and commented on the proposed key performance indicators for the Executive Directors.

(g) Discussed the proposed establishment of Group Remuneration Policy which should be aligned to overall business strategy and facilitate commensurate remuneration packages of the Group.

DIRECTORS' REMUNERATION

In line with Practice 7.1 of the MCCG, the detailed disclosure on named basis for the remuneration of individual Directors including the remuneration breakdown of fees, salary, bonus, benefits in-kind and other emoluments are adopted. Details of the Directors' remuneration for the financial year ended 31 December 2018 are set out below:

	Salary (RM'000)	**Directors' fees (RM'000)**	**Bonus (RM'000)**	**Other emoluments (RM'000)**	**Benefits-in-kind (RM'000)**	**Total (RM'000)**
Executive Directors						
Dato' Lua Choon Hann	800	-	-	297	7	1,104
Dato' Wee Cheng Kwan	600	-	-	276	4	880
Na Chun Wee[1]	577	-	-	199	5	781
Dato' Yau Kok Seng[2]	454	14	-	173	4	645
(Resigned on 31 December 2018)						
Non-Executive Directors						
Dato' Dr. Awang Adek bin Hussin	-	80	-	6	-	86
Datuk Dr. Wong Lai Sum	-	60	-	8	-	68
Dato' Hamzah bin Mohd Salleh	-	60	-	7	-	67
(Resigned on 27 December 2018)						
Lim Chee Hoong	-	70	-	7	-	77

Notes:

1 Appointed as Executive Director on 15 January 2018.

2 Dato' Yau was appointed as a Non-Independent Non-Executive Director on 1 March 2018 and was re-designated as the Group Executive Vice Chairman on 23 May 2018. Hence, his remuneration has been pro-rated accordingly.

REPORT OF THE
NOMINATION COMMITTEE

COMPOSITION OF THE NOMINATION COMMITTEE

The Nomination Committee consists of three (3) members, all of whom are Independent Non-Executive Directors. The composition of the Nomination Committee is set out below:

Directors	Position
Dato' Dr. Awang Adek bin Hussin (Appointed on 26 February 2019)	Independent Non-Executive Director & Chairman of Nomination Committee
Lim Chee Hoong	Independent Non-Executive Director
Datuk Dr. Wong Lai Sum	Independent Non-Executive Director
Dato' Hamzah bin Mohd Salleh (Resigned on 27 December 2018)	Chairman of Nomination Committee & Senior Independent Non-Executive Director

The Terms of Reference of the Nomination Committee is available on the Company's Website.

MEETINGS AND ATTENDANCE

The Nomination Committee held a total of three (3) meetings during the financial year ended 31 December 2018 with full attendance recorded by the members of the Nomination Committee and the Company Secretary. Details of attendance are as follows:

Directors	Attendance
Dato' Hamzah bin Mohd Salleh (Resigned on 27 December 2018)	3 out of 3
Lim Chee Hoong	3 out of 3
Datuk Dr. Wong Lai Sum	3 out of 3
Dato' Dr. Awang Adek bin Hussin (Appointed on 26 February 2019)	Not applicable

ACTIVITIES OF THE NOMINATION COMMITTEE

a) The Nomination Committee had during the financial year under review appraised the proposed appointment of Mr. Na Chun Wee as an Executive Director of the Company and was satisfied, upon reviewed and assessed the suitability of Mr. Na against the evaluation criteria and considerations such as his experience in fund raising, corporate finance, investment banking and other attributes, and took cognisance that the appointment would provide a diverse mix of skills and knowledge in the Board, had recommended the appointment to the Board for approval.

b) The Nomination Committee had also during the financial year under review appraised the proposed appointment of Dato' Yau Kok Seng as a Non-Independent Non-Executive Director of the Company in line with the expansion plans of the Group and was satisfied, upon reviewed and assessed the suitability of Dato' Yau against the evaluation criteria and considerations such as his experience and industry knowledge in property construction sector and business credentials, and took cognisance that the appointment would provide a diverse mix of skills and knowledge in the Board, had recommended the appointment to the Board for approval. In May 2018, following the recommendation from the management, the Nomination Committee, in consultation with the Board reviewed the proposed re-designation of Dato' Yau from a Non-Independent Non-Executive Director to the Group Executive Vice Chairman.

c) The Nomination Committee conducted annual assessment of Board and Board Committees as well as individual Director during the financial year facilitated by the Company Secretary, and was satisfied that:

   - The size, structure and composition of the Board is optimum with appropriate mix of knowledge, skills, attributes and core competencies.
   - The Board has been able to discharge its duties and responsibilities professionally and effectively.
   - All the Directors continue to uphold the highest governance standards in their conduct and that of the Board.
   - The Directors are able to devote sufficient time commitment to their roles and responsibilities as reflected by their satisfactory attendance at Board meetings and Board Committees meetings. It was noted that the Directors do not hold more than 2 directorships in public listed companies.

   The annual assessment and evaluation was carried out by the Nomination Committee through a set of questionnaires encompassing the Board Structure, Board Operations, Board Roles and Responsibilities which was circulated to the Board members for completion and subsequently collated by the Company Secretary for tabling to the Nomination Committee and subsequent reporting to the Board.

   All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions were properly documented.

d) The Constitution of the Company requires one-third of the Directors to retire and subject themselves to re-election by the shareholders in every Annual General Meeting. All Directors of the Company, including the Managing Director, shall retire from office at least once every three (3) years. The Constitution of the Company also provides that a newly appointed Director must retire and submit himself for re-election at the next annual general meeting following his appointment. Thereafter, he is subject to be re-elected at least once every three (3) years. A Director who is due for retirement, shall abstain from voting on any resolution in respect of this re-election as a Director.

   The Nomination Committee had reviewed and determined the Directors retiring and subject to re-election at the Company's Annual General Meeting held in 2018 in accordance with the provisions of the Company's Constitution. All retiring Directors, being eligible, have offered themselves for re-election.

   The Nomination Committee had also assessed the independence of the Independent Non-Executive Directors of the Company against the established criteria and based on the completed Directors' Independence Declaration by all the Independent Directors confirming their independence based on prescribed criteria, the Nomination Committee and the Board was satisfied that there were no issues of independence in the Board of the Company as the Independent Directors continue to provide unbiased, objective and independent views and judgment in Board deliberations.

e) Reviewed of the Report of Nomination Committee for inclusion in the Annual Report 2017.

f) Discussed the training needs of the Directors and training program available to Directors to equip themselves with relevant knowledge and keep abreast of latest regulatory developments to effectively discharge their duties.

g) Reviewed Management's proposal on re-designation of Directors for recommendation to the Board for approval.

h) Reviewed the term of office and performance of the Audit Committee and each of its members against the assessment checklist in accordance with Bursa Securities' MMLR and was satisfied that the Audit Committee had carried out its duties in accordance with its Terms of Reference.

i) Reviewed the succession plan and development progress of certain Executive Directors.

j) Reviewed and updated the Terms of Reference of the Committee to ensure its adequacy for current circumstances, the Company's policies and/or compliance with applicable rules and regulations.

k) Reviewed the Diversity and Inclusion Policy that aims to support, among others, diversity in the recruitment and selection process, and ensure fair treatment and training to develop skills and to prepare individuals for respective roles and responsibilities.

financial statements

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year	(8,080)	962
Attributable to:		
Owners of the parent	(8,978)	962
Non-controlling interests	898	-
	(8,080)	962

DIVIDENDS

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 ended 31 December 2018.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 302,488,174 to 310,751,274 by way of the issuance of 3,457,100 new ordinary shares pursuant to the exercise of Warrants 2014/2019 at an exercise price of RM0.375 per ordinary share for cash and issuance of 4,806,000 new ordinary shares as Consideration Shares for acquisition of 55% of the enlarged share capital of PRG Active Sdn. Bhd. (formerly known as S P Chin Healthcare Sdn. Bhd.).

The newly issued shares rank *pari passu* in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any debentures during the financial year.

TREASURY SHARES

The members of the Company, by a special resolution passed at the Extraordinary General Meeting held on 27 June 2005 authorised the Company's plan to purchase its own shares. The authority granted by the members was subsequently renewed during subsequent Annual General Meetings of the Company, including the last meeting held on 6 June 2018. The Directors of the Company are committed to enhancing the value of the Company to its members and believe that the repurchase plan can be applied in the best interest of the Company and its members.

The Company has the right to retain, cancel, resell these shares and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 310,751,274 (2017: 302,488,174) issued and fully paid ordinary shares as at 31 December 2018, 417,800 (2017: 417,800) ordinary shares bought for RM87,000 (2017: RM87,000) are held as treasury shares by the Company.

The number of outstanding ordinary shares in issue after deducting the treasury shares is 310,333,474 (2017: 302,070,374) ordinary shares as at 31 December 2018.

WARRANTS 2014/2019 ("Warrants")

On 7 July 2014, the Company issued 54,320,100 free detachable Warrants pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) Warrant for every one (1) Rights Share subscribed.

The Warrants are constituted by the Deed Poll dated 2 June 2014 ("Deed Poll").

The salient features of the Warrants are disclosed in Note 18(e) to the financial statements.

The movements in the Warrants are as follows:

	Number of unexercised Warrants
At 1 January 2018	96,277,026
Exercised	(3,457,100)
At 31 December 2018	92,819,926

As at 31 December 2018, unexercised Warrants of the Company are as follows:

Date issued	Exercise price	No. of Warrants over ordinary shares	Warrants expiry date
7 July 2014	RM0.375	92,819,926	6 July 2019

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

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

PRG Holdings Berhad

Dato' Dr. Awang Adek Bin Hussin	
Dato' Lua Choon Hann	
Dato' Wee Cheng Kwan	
Datuk Dr. Wong Lai Sum	
Lim Chee Hoong	
Na Chun Wee	
Dato' Hamzah Bin Mohd Salleh	(resigned on 27 December 2018)
Dato' Yau Kok Seng	(resigned on 31 December 2018)

Subsidiaries of PRG Holdings Berhad

Chan Kwong Pooi	
Cheah Eng Chuan	
Cheah Hannon	
Dato' Lim Heen Peok	
Dato' Lua Choon Hann	
Dato' Sheah Kok Fah	
Dato' Sri Dr. Hou Kok Chung	
Dato' Sri Wee Jeck Seng	
Dato' Wee Cheng Kwan	
Dato' Zainuddin Bin Abd Rahman	
Ho Ming Hon	
Lai Kong Meng	
Lee Sim Hak	
Na Chun Wee	
Ong Lock Hoo	
Rangith Jinadasa	
Tan Choong Wei	
Tan Chuan Dyi	
Lee Sieng Shuen @ Karen Lee	(appointed on 15 May 2018)
Tam Yet Shyan	(appointed on 6 June 2018, resigned on 31 December 2018)
Bernard Chin Sze Piaw	(appointed on 3 August 2018)
Yang Guang	(appointed on 23 November 2018)
Liew Ching Hoong	(appointed on 21 December 2018)
Loi Kok Mun	(resigned on 6 June 2018)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 December 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2018	Bought	Disposed	Balance as at 31.12.2018
Shares in the Company				
Direct interests:				
Dato' Lua Choon Hann	53,167,800	3,157,700	-	56,325,500
Dato' Wee Cheng Kwan	30,419,200	-	-	30,419,200
Lim Chee Hoong	154,000	-	-	154,000
Indirect interests:				
Lim Chee Hoong #	154,000	-	-	154,000
Dato' Lua Choon Hann #	-	222,000	-	222,000

	Number of Warrants 2014/2019			
	Balance as at 1.1.2018	Bought	Disposed	Balance as at 31.12.2018
Warrants in the Company				
Direct interests:				
Dato' Lua Choon Hann	20,953,100	677,200	-	21,630,300
Dato' Wee Cheng Kwan	9,451,200	-	-	9,451,200
Indirect interests:				
Dato' Lua Choon Hann #	38,000	-	-	38,000

Deemed interest by virtue of their spouse's interest pursuant to Section 59(11)(c) of the Companies Act 2016.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and warrants of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in 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 other than deemed benefits arising from related party transactions as disclosed in Note 30 to the financial statements and remuneration received by certain Directors as Directors of subsidiaries.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the warrants issued as disclosed in Note 18(e) to the financial statements, which are also offered to shareholders.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 30 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The amount of insurance premium paid by the Group and the Company for the financial year 2018 was RM12,000.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there are no known bad debts to be written off and that adequate provision had 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 had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and 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 Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and 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 Group and 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 Group and 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 Group and of the Company to meet their 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 Group and 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 Group and 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 Group and of the Company misleading.

SUBSIDIARIES

Details of subsidiaries are set out in Note 9 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 34 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 35 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 are set out in Note 25 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

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

....	....
Dato' Lua Choon Hann	**Dato' Wee Cheng Kwan**
Director	Director

Kuala Lumpur
20 March 2019

STATEMENT BY
DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 71 to 163 have been drawn up in accordance with 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 Group and of the Company as at 31 December 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

....
Dato' Lua Choon Hann
Director

....
Dato' Wee Cheng Kwan
Director

Kuala Lumpur
20 March 2019

STATUTORY
DECLARATION

I, Dato' Lua Choon Hann, being the Director primarily responsible for the financial management of PRG Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 71 to 163 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)
20 March 2019)

Dato' Lua Choon Hann

Before me:

Baloo A/L T. Pichai (W 663)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRG HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PRG Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and 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 71 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Recognition of property development revenue

Revenue from property development is set out in Note 24 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

Audit response

Our audit procedures included the following:

(i) reviewed the terms and conditions of the sales transactions to determine that revenue recognised conforms with the Group policies and the requirements of MFRS 15 *Revenue from Contracts with Customers*;

(ii) evaluated the appropriateness of the management's estimate of budgeted costs to be incurred by comparing historical budgets to actual costs incurred to assess the reliability of management's budgeting process and controls;

(iii) assessed property development revenue recognition to determine that property development revenue is properly recognised in the current accounting period based on verified actual costs incurred to-date and budgeted costs; and

(iv) performed site visit to assess the status of the property development.

Key Audit Matters (continued)

b) Recoverability of trade receivables

The carrying amount of trade receivables has been disclosed in Note 13 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information and significant increase in credit risk.

The determination of whether trade receivables are recoverable involves significant management judgement and inherent subjectivity given uncertainty regarding the ability of the trade receivables to settle their debts. We focused on the audit risk that the impairment losses on trade receivables may be understated and hence, further impairment losses may be required.

Audit response

Our audit procedures, with the involvement of component auditors, included the following:

(i) recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;

(ii) recomputed the correlation coefficient between the macroeconomic indicators set by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and

(iii) inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

We have determined that there are no key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

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 Group and of the Company and our auditors’ report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 Group and 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 Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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 Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(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 Group and 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 Group or 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 Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 9 to the financial statements.

Other Matters

1. As stated in Note 3 to the financial statements, PRG Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.

2. 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

Lum Chiew Mun
03039/04/2019 J
Chartered Accountant

Kuala Lumpur
20 March 2019

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	43,789	44,495	50,166
Intangible assets	8	1,328	1,409	1,457
Investments in associates	10	7,883	5,447	-
Investments in joint ventures	11	5,099	1,109	1,355
Trade and other receivables	13	17,285	-	-
Deferred tax assets	12	4,964	5,677	1,154
		80,348	58,137	54,132
Current assets				
Inventories	15	205,756	211,008	182,776
Trade and other receivables	13	83,945	90,098	31,386
Contract assets	14	25,725	29,695	11,244
Current tax assets		2,876	1,240	959
Cash and bank balances	17	35,079	42,023	20,504
		353,381	374,064	246,869
TOTAL ASSETS		433,729	432,201	301,001
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	18	83,289	77,730	74,555
Treasury shares	18	(87)	(87)	(87)
Reserves	19	48,756	54,022	49,224
		131,958	131,665	123,692
Non-controlling interests	9(g)	40,199	26,763	(1,110)
TOTAL EQUITY		172,157	158,428	122,582

	Note	Group 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
LIABILITIES				
Non-current liabilities				
Borrowings	20	18,868	20,319	17,201
Trade and other payables	21	3,339	9,556	11,580
Deferred tax liabilities	12	747	857	1,089
		22,954	30,732	29,870
Current liabilities				
Borrowings	20	27,725	8,250	33,751
Trade and other payables	21	150,385	150,796	91,764
Contract liabilities	14	59,912	82,797	22,365
Current tax liabilities		596	1,198	669
		238,618	243,041	148,549
TOTAL LIABILITIES		261,572	273,773	178,419
TOTAL EQUITY AND LIABILITIES		433,729	432,201	301,001

	Note	Company 31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	-	-	307
Investments in subsidiaries	9	63,760	74,655	53,744
Trade and other receivables	13	52,552	49,862	40,512
		116,312	124,517	94,563
Current assets				
Trade and other receivables	13	50,741	16,967	15,453
Current tax assets		-	1	5
Cash and bank balances	17	501	128	224
		51,242	17,096	15,682
TOTAL ASSETS		167,554	141,613	110,245
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	18	83,289	77,730	74,555
Treasury shares	18	(87)	(87)	(87)
Reserves	19	64,675	63,851	31,351
TOTAL EQUITY		147,877	141,494	105,819
LIABILITIES				
Non-current liability				
Borrowings	20	-	-	183
Current liabilities				
Borrowings	20	15,060	-	272
Trade and other payables	21	4,617	119	3,971
		19,677	119	4,243
TOTAL LIABILITIES		19,677	119	4,426
TOTAL EQUITY AND LIABILITIES		167,554	141,613	110,245

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	24	148,626	158,577	-	26,594
Cost of sales		(116,668)	(115,024)	-	-
Gross profit		31,958	43,553	-	26,594
Other income		3,396	9,644	4,904	8,866
Distribution costs		(3,688)	(3,748)	-	-
Administrative expenses		(35,091)	(39,642)	(6,512)	(1,098)
Other expenses		(267)	(2,109)	-	(1,315)
Interest income		709	258	2,670	2,527
Finance costs		(1,268)	(1,420)	(91)	(7)
Share of losses of associates, net of tax	10	(1,169)	(323)	-	-
Share of profit of joint ventures, net of tax	11	160	282	-	-
(Loss)/Profit before tax	25	(5,260)	6,495	971	35,567
Tax expense	26	(2,820)	(1,558)	(9)	(2)
(Loss)/Profit for the financial year		(8,080)	4,937	962	35,565
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translations		392	(3,073)	-	-
Reclassification of exchange translation reserve to profit or loss upon partial disposal of a subsidiary	9(e)	-	(305)	-	-
Share of other comprehensive loss of an associate	10	(32)	(45)	-	-
Share of other comprehensive loss of a joint venture	11	(4)	(88)	-	-
Total comprehensive (loss)/income for the financial year		(7,724)	1,426	962	35,565
(Loss)/Profit attributable to:					
Owners of the parent		(8,978)	449	962	35,565
Non-controlling interests		898	4,488	-	-
		(8,080)	4,937	962	35,565
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(8,782)	(2,654)	962	35,565
Non-controlling interests		1,058	4,080	-	-
		(7,724)	1,426	962	35,565
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic	27	(2.939)	0.150		
- Diluted	27	(2.939)	0.126		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Non-distributable				→	Distributable			
Balance as at 1 January 2017		74,555	1,404	26	(87)	4,022	43,982	123,902	(977)	122,925
Effects of adoption of MFRS 1	5	-	-	-	-	-	(210)	(210)	(133)	(343)
Restated balance as at 1 January 2017		74,555	1,404	26	(87)	4,022	43,772	123,692	(1,110)	122,582
Profit for the financial year		-	-	-	-	-	449	449	4,488	4,937
Foreign currency translations, net of tax		-	-	(2,665)	-	-	-	(2,665)	(408)	(3,073)
Reclassification of exchange translation reserve to profit or loss upon partial disposal of a subsidiary	9(e)	-	-	(305)	-	-	-	(305)	-	(305)
Share of other comprehensive loss of an associate, net of tax	10	-	-	(45)	-	-	-	(45)	-	(45)
Share of other comprehensive loss of a joint venture, net of tax	11	-	-	(88)	-	-	-	(88)	-	(88)
Total comprehensive income		-	-	(3,103)	-	-	449	(2,654)	4,080	1,426
Transactions with owners										
Ordinary shares issued pursuant to exercise of warrants	18	1,771	-	-	-	(171)	-	1,600	-	1,600
Shares acquired by non-controlling interests		-	-	-	-	-	10,517	10,517	23,592	34,109
Partial disposal of a subsidiary	9(e)	-	-	-	-	-	-	-	201	201
Dividend paid	28	-	-	-	-	-	(1,490)	(1,490)	-	(1,490)
Total transactions with owners		1,771	-	-	-	(171)	9,027	10,627	23,793	34,420
Transfer pursuant to Companies Act 2016 *		1,404	(1,404)	-	-	-	-	-	-	-
Balance as at 31 December 2017		77,730	-	(3,077)	(87)	3,851	53,248	131,665	26,763	158,428

* *Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.*

Group	Note	← Non-distributable			→	Distributable			
		Share capital RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2018		77,730	(3,077)	(87)	3,851	53,248	131,665	26,763	158,428
Loss for the financial year		-	-	-	-	(8,978)	(8,978)	898	(8,080)
Foreign currency translations, net of tax		-	232	-	-	-	232	160	392
Share of other comprehensive loss of an associate, net of tax	10	-	(32)	-	-	-	(32)	-	(32)
Share of other comprehensive loss of a joint venture, net of tax	11	-	(4)	-	-	-	(4)	-	(4)
Total comprehensive loss		-	196	-	-	(8,978)	(8,782)	1,058	(7,724)
Transactions with owners									
Ordinary shares issued pursuant to exercise of warrants	18	1,434	-	-	(138)	-	1,296	-	1,296
Shares acquired by non-controlling interests		-	-	-	-	3,654	3,654	12,378	16,032
Ordinary shares issued pursuant to acquisition of a joint venture	18	4,125	-	-	-	-	4,125	-	4,125
Total transactions with owners		5,559	-	-	(138)	3,654	9,075	12,378	21,453
Balance as at 31 December 2018		83,289	(2,881)	(87)	3,713	47,924	131,958	40,199	172,157

The accompanying notes form an integral part of the financial statements.

Company	Note	Non-distributable Share capital RM'000	Non-distributable Share premium RM'000	Non-distributable Treasury shares RM'000	Non-distributable Warrants reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2017		74,555	1,404	(87)	4,022	26,027	105,921
Effects of adoption of MFRS 1	5	-	-	-	-	(102)	(102)
Restated balance as at 1 January 2017		74,555	1,404	(87)	4,022	25,925	105,819
Profit for the financial year		-	-	-	-	35,565	35,565
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	35,565	35,565
Transactions with owners							
Ordinary shares issued pursuant to exercise of warrants	18	1,771	-	-	(171)	-	1,600
Dividend paid	28	-	-	-	-	(1,490)	(1,490)
Total transactions with owners		1,771	-	-	(171)	(1,490)	110
Transfer pursuant to Companies Act 2016		1,404	(1,404)	-	-	-	-
Balance as at 31 December 2017		77,730	-	(87)	3,851	60,000	141,494

Company	Note	← Non-distributable Share capital RM'000	Treasury shares RM'000	Non-distributable → Warrants reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2018		77,730	(87)	3,851	60,000	141,494
Profit for the financial year		-	-	-	962	962
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	962	962
Transactions with owners						
Ordinary shares issued pursuant to exercise of warrants	18	1,434	-	(138)	-	1,296
Ordinary shares issued pursuant to acquisition of a joint venture	18	4,125	-	-	-	4,125
Total transactions with owners		5,559	-	(138)	-	5,421
Balance as at 31 December 2018		83,289	(87)	3,713	60,962	147,877

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(5,260)	6,495	971	35,567
Adjustments for:					
Amortisation of intangible assets	8	80	81	-	-
Depreciation of property, plant and equipment	7	4,681	4,947	-	56
Fair value adjustments on:					
- loans to subsidiaries		-	-	-	(109)
- trade and other payables		(202)	-	-	-
Inventories written down	15	429	191	-	-
Impairment losses on:					
- trade receivables	13(d)	471	491	-	*
- amounts owing by subsidiaries		-	-	50	26
- amount owing by an associate		8	-	-	-
- investment in an associate		118	-	-	-
Finance costs		1,268	1,420	91	7
Net gain on disposals of:					
- property, plant and equipment		(303)	(876)	-	(57)
- subsidiaries	9	-	(6,827)	(4,765)	(5,235)
Dividend income from subsidiaries	24	-	-	-	(26,594)
Interest income		(709)	(258)	(2,670)	(2,527)
Property, plant and equipment written off	7	2	6	-	-
Intangible assets written off	8	-	*	-	-
Reversal of inventories written down	15	(317)	(111)	-	-
Reversal of impairment losses on:					
- trade receivables	13(d)	(23)	(10)	-	-
- amounts owing by subsidiaries		-	-	(22)	*
- investments in subsidiaries	9	-	-	-	(2,545)
Share of losses of associates, net of tax	10	1,169	323	-	-
Share of profit of joint ventures, net of tax	11	(160)	(282)	-	-
Net unrealised (gain)/loss on foreign exchange		(159)	566	(132)	*
Operating profit/(loss) before changes in working capital		1,093	6,156	(6,477)	(1,411)
Change in inventories		5,157	(31,116)	-	-
Change in trade and other receivables		(12,354)	(57,341)	(16,891)	7
Change in contract assets		3,970	(18,451)	-	-
Change in trade and other payables		(4,198)	65,099	1,556	(949)
Change in contract liabilities		(22,885)	60,432	-	-
Cash (used in)/generated from operations		(29,217)	24,779	(21,812)	(2,353)
Tax refunded		18	67	*	4
Tax paid		(4,473)	(6,103)	(8)	(2)
Net cash (used in)/from operating activities		(33,672)	18,743	(21,820)	(2,351)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of:					
- property, plant and equipment	7	(5,188)	(6,980)	-	-
- intangible assets	8	-	(35)	-	-
Advances to subsidiaries		-	-	(9,955)	(6,775)
Repayment to a joint venture		(1,307)	(34)	-	-
Advances to associates		-	(212)	-	-
Dividends received from a joint venture	11	291	440	-	-
Dividends received from subsidiaries		-	-	-	9,041
Interest received		572	258	1	33
Proceeds from disposals of property, plant and equipment		1,674	4,292	-	308
Proceeds from partial disposal of a subsidiary		15,909	-	15,909	-
Net cash outflow from partial disposal of a subsidiary	9(e)(xiii)	-	(4,668)	-	-
Acquisition of additional interest in a subsidiary		-	-	(250)	-
Acquisition of investments in associates		(3,755)	(250)	-	-
Deposits withdrawn from/(placed with) financial institutions with original maturity of more than three (3) months		1,170	(1,822)	-	-
Withdrawal/(Placement) of restricted cash		505	(70)	-	-
Net cash from/(used in) investing activities		9,871	(9,081)	5,705	2,607
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to owners of the parent	28	-	(1,490)	-	(1,490)
Interest paid		(1,177)	(3,095)	-	(7)
Proceeds from issuance of ordinary shares pursuant to exercise of warrants		1,296	1,600	1,296	1,600
Proceeds from issuance of shares to non-controlling interests		122	34,109	-	-
Drawdowns of borrowings		21,329	24,798	15,192	-
Repayments of borrowings		(7,998)	(42,693)	-	(157)
Repayments of hire purchase creditors		(1,640)	(1,447)	-	(298)
Net cash from/(used in) financing activities		11,932	11,782	16,488	(352)
Net (decrease)/increase in cash and cash equivalents		(11,869)	21,444	373	(96)
Effects of exchange rate changes on cash and cash equivalents		216	(1,026)	*	*
Cash and cash equivalents as at beginning of financial year		37,421	17,003	128	224
Cash and cash equivalents as at end of financial year	17(e)	25,768	37,421	501	128
Reconciliation of liabilities arising from financing activities					
Borrowings at 1 January **		28,569	50,293	-	455
Cash flows		11,691	(19,342)	15,192	(455)
Repayment of term loan with restricted cash		(2,198)	-	-	-
Non-cash flows:					
- Acquisition of property, plant and equipment		113	793	-	-
- Partial disposal of a subsidiary		-	(2,568)	-	-
- Effect of foreign exchange		(164)	(607)	(132)	-
Borrowings at 31 December **	20	38,011	28,569	15,060	-

* Amount is less than RM1,000.
** Borrowings exclude bank overdraft.

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

PRG Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301, Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2018 comprise the Company and its subsidiaries and the interest of the Group in associates and joint ventures. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 March 2019.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. 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 Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act 2016 in Malaysia.

These are the first financial statements of the Group and the Company prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ('FRSs') in Malaysia.

The Group and Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 January 2017 and throughout all financial years presented, as if these policies had always been in effect. Comparative information for the financial year ended 31 December 2017 in these financial statements have been restated to give effect to these changes. Note 5 to the financial statements discloses the new MFRSs, amendments to MFRSs adopted during the financial year and the impact of the transition to MFRS on the reported financial position of the Group and the Company as at 1 January and 31 December 2017, and the financial performance and cash flows for the financial year ended 31 December 2017.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual arrangements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 Business combination

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 9 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 9. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value, or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 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 Group 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 Group 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 except for freehold land and capital work-in-progress are stated at cost less any accumulated depreciation and any accumulated impairment losses.

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

Long-term leasehold land	60 - 78 years
Buildings	2% - 12.5%
Plant and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	10% - 20%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress representing machinery under installation and renovation-in-progress are stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

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 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(a) Finance leases and hire purchase (continued)

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and building are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the building is regarded as the economic life of the entire leased asset.

4.6 Contract assets/(liabilities)

A contract asset is recognised when the right to consideration of the Group and the Company is conditional on something other than the passage of time.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

4.7 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments (continued)

(a) Subsidiaries (continued)

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when the equity method is discontinued is recognised in profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments (continued)

(c) Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(i) the structure of the joint arrangement;
(ii) the legal form of joint arrangements structured through a separate vehicle;
(iii) the contractual terms of the joint arrangement agreement; and
(iv) any other facts and circumstances.

When there are changes in the facts and circumstances, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

Under the equity method, the investment in joint venture is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equal or exceeds its interest in a joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

4.8 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Intangible assets (continued)

(a) Goodwill (continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises an intangible asset of the acquiree at the acquisition date separately from goodwill, irrespective of whether the asset had been recognised by the acquiree before the business combination.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Computer software

Costs that are associated with identifiable and unique software products controlled by the Group and have probable economic benefit exceeding the cost beyond one (1) year are recognised as intangible assets. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Intangible assets (continued)

(b) Other intangible assets (continued)

Computer software (continued)

Computer software costs are stated at cost less accumulated amortisation cost and accumulated impairment losses, if any. These costs are amortised using the straight line method over their estimated useful lives of two (2) to ten (10) years.

License

Acquired license has finite useful live and is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of the licenses over their estimated useful lives of ten (10) years.

4.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries, associates and joint ventures), deferred tax assets and inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Inventories

(a) Inventories of raw materials, work-in-progress and finished goods

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average cost formula. Cost of consumables and raw materials comprises all costs of purchase plus other cost incurred in bringing the inventories to their existing location and condition. The cost of work-in-progress and manufactured inventories includes the cost of raw materials, direct labour, other direct costs and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(b) Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

4.11 Financial instruments

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and 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 Group and the Company have transferred substantially all the risks and rewards of ownership.

(a) Financial assets

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely for payment of principal and interest (“SPPI”).

Subsequent measurement of debt instruments depends on the Group’s and the Company’s business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify its debt instruments under amortised cost category.

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI 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 profit and loss (“FVTPL”)

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (“FVOCI”) are measured at FVTPL. The Group and 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

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

A financial liability is any liability with contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. The Group's and the Company's significant financial liabilities include trade and other payables, terms loans, long-term and deferred payables, short-term borrowings and bank overdrafts which are initially measured at fair value and subsequently measured at amortised cost.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when financial liabilities are either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

(ii) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Equity

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and 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.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

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

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(c) Equity (continued)

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act 2016 in Malaysia.

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.

Warrants reserve

Proceeds from warrants which are issued at fair value, are credited to a warrants reserve. Warrants reserve is non-distributable, and is transferred to the share premium account upon the exercise of the warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

4.12 Impairment of financial assets

The Group and the Company apply the simplified approach to measure expected credit losses (“ECL”). This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of receivables sharing the same credit risk characteristics and past due days.

Management assesses the ECL for portfolios of trade receivables based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the countries.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

A significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

For other receivables and intercompany balances, the Group and the Company apply 3-stage approach to measure expected credit losses which reflect their credit risk and how the loss allowance is determined. The Group and the Company assessed the intercompany receivables as performing category with a low risk of default and a strong capacity to meet contractual cash flows. The basis of measuring ECL are based on 12 month ECL.

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profit (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to items reflected in profit or loss or other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.19 Revenue and other income

(a) Sale of goods

Revenue from the sale of goods is recognised when the goods has been transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the good, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

(b) Property development

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Revenue and other income (continued)

(c) Construction contracts

Revenue from contract works are recognised over the period of the contracts by reference to the progress towards complete satisfaction of that performance obligations. Progress is determined on the proportion of construction contract costs incurred for work performed to date against total estimated construction contract costs where the outcome of the project can be estimated reliably.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Management fees

Management fees are recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the services underlying the particular performance obligation is transferred to the customer.

(f) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on asset.

(g) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight line basis.

4.20 (Loss)/Earnings per share

(a) Basic

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.21 Operating segments

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Operating segments (continued)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.22 Fair value measurements

The fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement method 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.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) the condition and location of the asset; and
(b) restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) a liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) an entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 Adoption of MFRS framework during the current financial year

The Group and the Company are transitioning entities as defined by the Malaysian Accounting Standards Board ("MASB"), and adopted the MFRS Framework during the financial year ended 31 December 2018. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

In adopting the new MFRS Framework, the Group applied the transition requirements in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*.

5.2 Explanation of transition to MFRSs

The Group adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 January 2017, an explanation on the impact arising from the transition from FRSs to MFRSs on the financial position and financial performance of the Group is set out as follows.

(a) Reconciliation of financial position and equity of the Group

Group **1 January 2017**	**Previously reported under FRSs RM'000**	**Effects of MFRS 15 RM'000**	**Effects of MFRS 9 RM'000**	**Restated under MFRSs RM'000**
Non-current assets				
Property, plant and equipment	50,166	-	-	50,166
Intangible assets	1,457	-	-	1,457
Investment in a joint venture	1,355	-	-	1,355
Deferred tax assets	564	590	-	1,154
	53,542	590	-	54,132
Current assets				
Property development costs	156,923	(156,923)	-	-
Inventories	23,888	158,888	-	182,776
Trade and other receivables	31,641	-	(255)	31,386
Contract assets	-	11,244	-	11,244
Current tax assets	959	-	-	959
Cash and bank balances	20,504	-	-	20,504
	233,915	13,209	(255)	246,869
Total assets	287,457	13,799	(255)	301,001
Equity				
Share capital	74,555	-	-	74,555
Treasury shares	(87)	-	-	(87)
Reserves	49,434	(57)	(153)	49,224
	123,902	(57)	(153)	123,692
Non-controlling interests	(977)	(31)	(102)	(1,110)
Total equity	122,925	(88)	(255)	122,582

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of financial position and equity of the Group (continued)

Group 1 January 2017	Previously reported under FRSs RM'000	Effects of MFRS 15 RM'000	Effects of MFRS 9 RM'000	Restated under MFRSs RM'000
Non-current liabilities				
Borrowings	17,201	-	-	17,201
Trade and other payables	11,580	-	-	11,580
Deferred tax liabilities	1,089	-	-	1,089
	29,870	-	-	29,870
Current liabilities				
Borrowings	33,751	-	-	33,751
Trade and other payables	100,242	(8,478)	-	91,764
Contract liabilities	-	22,365	-	22,365
Current tax liabilities	669	-	-	669
	134,662	13,887	-	148,549
Total liabilities	164,532	13,887	-	178,419
Total equity and liabilities	287,457	13,799	(255)	301,001
31 December 2017				
Non-current assets				
Property, plant and equipment	44,495	-	-	44,495
Intangible assets	1,409	-	-	1,409
Investments in associates	5,447	-	-	5,447
Investment in a joint venture	1,109	-	-	1,109
Deferred tax assets	1,710	3,967	-	5,677
	54,170	3,967	-	58,137
Current assets				
Property development costs	167,959	(167,959)	-	-
Inventories	21,481	189,527	-	211,008
Trade and other receivables	93,982	(3,181)	(703)	90,098
Contract assets	-	29,695	-	29,695
Current tax assets	1,240	-	-	1,240
Cash and bank balances	42,023	-	-	42,023
	326,685	48,082	(703)	374,064
Total assets	380,855	52,049	(703)	432,201

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of financial position and equity of the Group (continued)

Group **31 December 2017**	**Previously reported under FRSs RM'000**	**Effects of MFRS 15 RM'000**	**Effects of MFRS 9 RM'000**	**Restated under MFRSs RM'000**
Equity				
Share capital	77,730	-	-	77,730
Treasury shares	(87)	-	-	(87)
Reserves	58,137	(3,660)	(455)	54,022
	135,780	(3,660)	(455)	131,665
Non-controlling interests	28,891	(1,880)	(248)	26,763
Total equity	164,671	(5,540)	(703)	158,428
Non-current liabilities				
Borrowings	20,319	-	-	20,319
Trade and other payables	9,556	-	-	9,556
Deferred tax liabilities	857	-	-	857
	30,732	-	-	30,732
Current liabilities				
Borrowings	8,250	-	-	8,250
Trade and other payables	176,004	(25,208)	-	150,796
Contract liabilities	-	82,797	-	82,797
Current tax liabilities	1,198	-	-	1,198
	185,452	57,589	-	243,041
Total liabilities	216,184	57,589	-	273,773
Total equity and liabilities	380,855	52,049	(703)	432,201

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 Explanation of transition to MFRSs (continued)

(b) Reconciliation of profit or loss of the Group

Group 31 December 2017	Previously reported under FRSs RM'000	Effects of MFRS 15 RM'000	Effects of MFRS 9 RM'000	Restated under MFRSs RM'000
Revenue	192,963	(34,386)	-	158,577
Cost of sales	(134,509)	19,485	-	(115,024)
Gross profit	58,454	(14,901)	-	43,553
Other income	9,644	-	-	9,644
Distribution costs	(9,820)	6,072	-	(3,748)
Administrative expenses	(39,189)	-	(453)	(39,642)
Other expenses	(2,109)	-	-	(2,109)
Interest income	258	-	-	258
Finance costs	(1,420)	-	-	(1,420)
Share of losses of associates, net of tax	(323)	-	-	(323)
Share of profit of a joint venture, net of tax	282	-	-	282
Profit before tax	15,777	(8,829)	(453)	6,495
Tax expense	(4,935)	3,377	-	(1,558)
Profit for the financial year	10,842	(5,452)	(453)	4,937
Profit for the financial year attributable to:				
Owners of the parent	4,358	(3,603)	(306)	449
Non-controlling interests	6,484	(1,849)	(147)	4,488
	10,842	(5,452)	(453)	4,937
Earnings per ordinary share attributable to equity holders of the Company (sen):				
- Basic	1.457			0.150
- Diluted	1.222			0.126

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 Explanation of transition to MFRSs (continued)

(c) Reconciliation of financial position and equity of the Company

Company 1 January 2017	Previously reported under FRSs RM'000	Effects of MFRS 9 RM'000	Restated under MFRSs RM'000
Non-current assets			
Property, plant and equipment	307	-	307
Investments in subsidiaries	53,744	-	53,744
Trade and other receivables	40,603	(91)	40,512
	94,654	(91)	94,563
Current assets			
Trade and other receivables	15,464	(11)	15,453
Current tax assets	5	-	5
Cash and bank balances	224	-	224
	15,693	(11)	15,682
Total assets	110,347	(102)	110,245
Equity			
Share capital	74,555	-	74,555
Treasury shares	(87)	-	(87)
Reserves	31,453	(102)	31,351
Total equity	105,921	(102)	105,819
Non-current liabilities			
Borrowings	183	-	183
Current liabilities			
Borrowings	272	-	272
Trade and other payables	3,971	-	3,971
	4,243	-	4,243
Total liabilities	4,426	-	4,426
Total equity and liabilities	110,347	(102)	110,245

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 Explanation of transition to MFRSs (continued)

(c) Reconciliation of financial position and equity of the Company (continued)

Company **31 December 2017**	**Previously reported under FRSs RM'000**	**Effects of MFRS 9 RM'000**	**Restated under MFRSs RM'000**
Non-current assets			
Investments in subsidiaries	74,655	-	74,655
Trade and other receivables	49,953	(91)	49,862
	124,608	(91)	124,517
Current assets			
Trade and other receivables	17,004	(37)	16,967
Current tax assets	1	-	1
Cash and bank balances	128	-	128
	17,133	(37)	17,096
Total assets	141,741	(128)	141,613
Equity			
Share capital	77,730	-	77,730
Treasury shares	(87)	-	(87)
Reserves	63,979	(128)	63,851
Total equity	141,622	(128)	141,494
Current liability			
Trade and other payables	119	-	119
Total liability	119	-	119
Total equity and liability	141,741	(128)	141,613

(d) Reconciliation of profit or loss of the Company

Company **31 December 2017**	**Previously reported under FRSs RM'000**	**Effects of MFRS 9 RM'000**	**Restated under MFRSs RM'000**
Revenue	26,594	-	26,594
Cost of sales	-	-	-
Gross profit	26,594	-	26,594
Other income	8,866	-	8,866
Administrative expenses	(1,072)	(26)	(1,098)
Other expenses	(1,315)	-	(1,315)
Interest income	2,527	-	2,527
Finance costs	(7)	-	(7)
Profit before tax	35,593	(26)	35,567
Tax expense	(2)	-	(2)
Profit for the financial year	35,591	(26)	35,565

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations

(i) Adoption of MFRS 15

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces FRS 118 *Revenue*, FRS 111 *Construction Contracts*, FRS 201$_{(2004)}$ *Property Development Activities* and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

In applying MFRS 15 retrospectively, the Group applied the following practical expedients:

(a) For completed contracts, contracts that begin and end within the same annual reporting period were not restated;

(b) For completed contracts that have variable consideration, rather than estimating variable consideration amounts in the comparative reporting periods, transaction price at the date the contract was completed was used; and

(c) For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised need not be disclosed.

The MFRS 15 adjustments are mainly due to:

(a) Changes to the timing of revenue recognition for construction and property development activities;

(b) Reclassification of excess of revenue earned over the billings on construction and property development contracts to contract assets;

(c) Reclassification of excess of billings over revenue earned on construction and property development contracts, deferred income and customers deposit to contract liabilities; and

(d) Reclassification of property development costs to inventories.

(ii) Adoption of MFRS 9

MFRS 9 replaces FRS 139 *Financial Instruments: Recognition and Measuremen*t for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(a) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

(i) Those to be measured at amortised cost; and

(ii) Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

(i) The Available-For-Sale ('AFS'), Held-To-Maturity ('HTM') and Loans and Receivables ('L&R') financial asset categories were removed.

(ii) A new financial asset category measured at Amortised Cost ('AC') was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(ii) Adoption of MFRS 9 (continued)

(a) Classification of financial assets and financial liabilities (continued)

The following summarises the key changes (continued):

(iii) A new financial asset category measured at Fair Value Through Other Comprehensive Income ('FVTOCI') was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(iv) A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in FRS 139 for the classification of financial liabilities.

However, under FRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

(i) Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and

(ii) The remaining amount of change in the fair value is presented in profit or loss.

(b) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of FRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for receivables from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(ii) Adoption of MFRS 9 (continued)

(c) The MFRS 9 adjustments are mainly due to:

(i) Reclassification of the financial assets and financial liabilities as follows:

	Classification	
	Existing under FRS 139	**New under MFRS 9**
Group		
Financial assets		
Trade and other receivables	L&R	AC
Amounts owing by joint ventures and associates	L&R	AC
Cash and bank balances	L&R	AC
Financial liabilities		
Trade and other payables	OFL	AC
Amounts owing to joint ventures and associates	OFL	AC
Borrowings	OFL	AC

(ii) Additional credit losses to be recognised on trade and other receivables.

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	**Effective Date**
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company is in the process of assessing the impact of implementing these standards, since the effects would only be observable for future years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Recognition of property development revenue, costs estimates and profit recognition

Property development revenue, property development costs and the profit recognition thereof involve significant judgements in determining the satisfaction of performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies. The total costs to complete including sub-contractors' costs can vary with market conditions and may also be incorrectly forecasted due to unforeseen events during development.

(b) Recoverability of trade receivables

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

7. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2017	1,009	6,859	39,341	53,195	3,082	4,641	673	108,800
Additions	-	-	103	7,315	235	-	120	7,773
Disposals	-	-	-	(3,076)	(4)	(1,215)	-	(4,295)
Partial disposal of a subsidiary	-	-	(3,773)	(2,769)	(38)	(59)	-	(6,639)
Written off	-	-	-	-	(14)	-	-	(14)
Reclassifications	-	-	-	619	-	-	(619)	-
Translation adjustments	-	-	(1,313)	(2,247)	(63)	(50)	(12)	(3,685)
At 31 December 2017	1,009	6,859	34,358	53,037	3,198	3,317	162	101,940
Additions	-	-	198	2,907	221	113	1,862	5,301
Disposals	-	-	-	(1,342)	(98)	(1,824)	-	(3,264)
Written off	-	-	-	-	(6)	-	-	(6)
Reclassifications	-	-	-	163	-	-	(163)	-
Translation adjustments	-	-	14	62	1	-	34	111
At 31 December 2018	1,009	6,859	34,570	54,827	3,316	1,606	1,895	104,082

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2017	-	1,482	10,859	41,813	2,232	2,248	-	58,634
Depreciation charge for the financial year	-	88	1,220	2,738	268	633	-	4,947
Disposals	-	-	-	(113)	(4)	(762)	-	(879)
Partial disposal of a subsidiary	-	-	(801)	(2,100)	(28)	(59)	-	(2,988)
Written off	-	-	-	-	(8)	-	-	(8)
Translation adjustments	-	-	(505)	(1,667)	(50)	(39)	-	(2,261)
At 31 December 2017	-	1,570	10,773	40,671	2,410	2,021	-	57,445
Depreciation charge for the financial year	-	88	1,094	2,752	289	458	-	4,681
Disposals	-	-	-	(603)	(55)	(1,235)	-	(1,893)
Written off	-	-	-	-	(4)	-	-	(4)
Translation adjustments	-	-	24	37	2	1	-	64
At 31 December 2018	-	1,658	11,891	42,857	2,642	1,245	-	60,293
Carrying amount								
At 31 December 2017	1,009	5,289	23,585	12,366	788	1,296	162	44,495
At 31 December 2018	1,009	5,201	22,679	11,970	674	361	1,895	43,789

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Motor vehicles RM'000	Total RM'000
Cost		
At 1 January 2017	613	613
Disposals	(613)	(613)
At 31 December 2017	-	-
Accumulated depreciation		
At 1 January 2017	306	306
Depreciation charge for the financial year	56	56
Disposals	(362)	(362)
As at 31 December 2017	-	-
Carrying amount		
At 31 December 2017	-	-
At 31 December 2018	-	-

(a) As at 31 December 2018, freehold land, long-term leasehold land, buildings and certain plant and machinery of the Group with a total carrying amount of RM28,754,000 (2017: RM30,285,000) are pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 20 to the financial statements.

(b) Included in property, plant and equipment of the Group are motor vehicles and plant and machinery acquired under hire purchase arrangements with carrying amounts of RM1,799,000 (2017: RM3,318,000).

(c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2018 RM'000	2017 RM'000
Purchase of property, plant and equipment	5,301	7,773
Financed by hire purchase arrangements	(113)	(793)
Cash payments on purchase of property, plant and equipment	5,188	6,980

8. INTANGIBLE ASSETS

Group	Goodwill RM'000	Computer software RM'000	License RM'000	Total RM'000
Cost				
At 1 January 2017	1,924	624	21	2,569
Additions	-	35	-	35
Written off	-	*	-	*
Partial disposal of a subsidiary	-	(33)	(21)	(54)
Translation adjustments	-	(15)	*	(15)
At 31 December 2017/31 December 2018	1,924	611	-	2,535
Accumulated amortisation				
At 1 January 2017	-	400	21	421
Amortisation charge for the financial year	-	81	-	81
Written off	-	*	-	*
Partial disposal of a subsidiary	-	(33)	(21)	(54)
Translation adjustments	-	(13)	*	(13)
At 31 December 2017/1 January 2018	-	435	-	435
Amortisation charge for the financial year	-	80	-	80
Translation adjustments	-	1	-	1
At 31 December 2018	-	516	-	516
Accumulated impairment loss				
At 31 December 2017/31 December 2018	691	-	-	691
Carrying amount				
At 31 December 2017	1,233	176	-	1,409
At 31 December 2018	1,233	95	-	1,328

* Amount is less than RM1,000.

The carrying amount of goodwill arising from the acquisition of the respective subsidiaries and allocated to the Group's CGU is as follows:

	Group 2018 RM'000	Group 2017 RM'000
Manufacturing of webbings, yarn and furniture components	1,233	1,233

8. INTANGIBLE ASSETS (continued)

(a) For the purpose of impairment testing, the recoverable amount of the CGU is determined based on a "value-in-use" calculation. The value-in-use of the CGU is determined by discounting the future cash flows to be generated from continuing use of the CGU. The value-in-use is derived based on management's cash flow projections for three (3) financial years from 2019 to 2021.

The key assumptions used in the value-in-use calculations are as follows:

(i) The anticipated average annual revenue growth rates used in the cash flow projections of the CGU ranged from 5% to 12% (2017: 5% to 10%) per annum for the years 2019 to 2021.

(ii) Profit margins are projected based on the historical profit margin achieved for the products.

(iii) Pre-tax discount rate of 16.75% (2017: 13.96%) was applied over the projection periods in determining the recoverable amount of the CGU. The discount rate used is pre-tax and reflects the overall weighted average cost of capital of the CGU.

(b) Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to further exceed its recoverable amount.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	**2017 RM'000**
Quoted equity shares - at cost	58,510	69,655
Unquoted equity shares - at cost	5,250	5,000
	63,760	74,655

(a) Incorporation of subsidiaries

During the financial year, the Company incorporated the following subsidiaries:

(i) On 9 March 2018, the Company incorporated and subscribed for one (1) ordinary share representing 100% equity interest in PRG Asset Holdings Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM1.00.

(ii) On 16 March 2018, a wholly-owned subsidiary of the Company, PRG Asset Holdings Sdn. Bhd. incorporated and subscribed for one (1) ordinary share representing 100% equity interest in PRG Land Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM1.00.

(iii) On 11 April 2018, a subsidiary of the Company, Furniweb Holdings Limited ("FHL") incorporated and subscribed for one (1) ordinary share representing 100% equity interest in PP Retail Pte. Ltd., a private company limited by shares in Singapore under the Companies Act (Chapter 50 of the Laws of Singapore) for a total consideration of SGD1.00.

(b) Acquisition of subsidiary

On 9 April 2018, a subsidiary of the Company, FHL acquired one (1) ordinary share representing 100% equity interest in Premier Management International Limited, a limited liability company incorporated in Hong Kong on 25 November 2016 under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), from Liew Ching Hoong for a cash consideration of HKD1.00.

9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Internal reorganisation

On 4 January 2018, the Group undertook an internal reorganisation for the property division. PRG Property Sdn. Bhd. (“PRGPSB”) disposed its entire equity interest in Premier Construction (International) Sdn. Bhd. (“PCISB”) to PRG Construction Sdn. Bhd..

(d) Disposal of 12% equity interest in Furniweb Holdings Limited ("FHL")

On 3 October 2018, the Company has disposed 60,480,000 ordinary shares of Hong Kong Dollar (HKD) 0.10 each (“Sale Shares”) to independent third parties, representing 12% equity interest in FHL at HKD0.50 (equivalent to RM0.26) per Sale Share for a total cash consideration of RM15,909,000. Upon completion of the Proposed Disposal, PRG’s shareholdings in FHL is reduced from 378,000,000 ordinary shares representing 75% to 317,520,000 ordinary shares representing 63%.

The disposal of the above 12% equity interest in FHL resulted in an increase in the Company’s profit for the financial year by RM4,765,000.

The Company’s gain on disposal of RM4,765,000 is reversed at the Group level as charges in a parent’s interest in a subsidiary that do not results in a loss of control are accounted for as equity transaction (i.e. transactions with owners in their capacity as owners).

(e) In the previous financial year:

(i) On 3 March 2017, the Company incorporated and subscribed for 1,000,000 ordinary shares representing 100% equity interest in Furniweb Holdings Limited (“FHL”), a company incorporated in the Cayman Islands, as an exempted company with limited liability. On 21 September 2017, 19,000,000 new ordinary shares of FHL were allotted and issued, credited as fully paid, together with 1,000,000 shares which were allotted and issued earlier on, credited as fully paid, to the Company as a consideration to dispose its entire equity interest in FIPB International Limited (“FIPB”) to FHL.

(ii) On 13 April 2017, the Company incorporated and subscribed for one (1) ordinary share representing 100% equity interest in Premier International Marketing Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM1.00. The one (1) ordinary share was transferred to PRG Agro Sdn. Bhd. (“PRG Agro”) for a total consideration of RM1.00 on 11 July 2017.

(iii) On 22 May 2017, the Company incorporated and subscribed for one (1) ordinary share representing 100% equity interest in PRG Agro, a company incorporated in Malaysia, for a total consideration of RM1.00.

(iv) On 6 June 2017, the Company incorporated and subscribed for one (1) ordinary share representing 100% equity interest in PRG Asset Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM1.00.

(v) On 28 June 2017, the Company incorporated and subscribed for one (1) ordinary share representing 100% equity interest in PRG Construction Sdn. Bhd. (“PRGCSB”), a company incorporated in Malaysia, for a total consideration of RM1.00.

(vi) On 8 August 2017, the Company incorporated and subscribed for one (1) ordinary share representing 100% equity interest in Premier JPC Sdn. Bhd. (“PJPC”), a company incorporated in Malaysia, for a total consideration of RM1.00.

(vii) On 22 August 2017, the Company incorporated and subscribed for one (1) ordinary share representing 100% equity interest in PRG Management Services Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM1.00.

(viii) On 21 April 2017, a wholly-owned subsidiary of the Company, PRGPSB incorporated and subscribed for one (1) ordinary share representing 100% equity interest in PCISB, a company incorporated in Malaysia, for a total consideration of RM1.00.

(ix) On 14 June 2017, a wholly-owned subsidiary of the Company, PRG Agro incorporated and subscribed for one (1) ordinary share representing 100% equity interest in Premier Food Processing Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM1.00.

9. INVESTMENTS IN SUBSIDIARIES (continued)

(e) In the previous financial year (continued):

(x) On 7 July 2017, a wholly-owned subsidiary of the Company, PRGCSB incorporated and subscribed for one (1) ordinary share representing 100% equity interest in Premier Mirach Sdn. Bhd. ("PMSB"), a company incorporated in Malaysia, for a total consideration of RM1.00.

(xi) On 31 July 2017, a wholly-owned subsidiary of the Company, PRGPSB incorporated and subscribed for one (1) ordinary share representing 100% equity interest in Premier Aspirasi Development Sdn. Bhd. ("PADSB"), a company incorporated in Malaysia, for a total consideration of RM1.00. The one (1) ordinary share was transferred to PJPC for a total consideration of RM1.00 on 2 October 2017.

(xii) On 10 August 2017, the wholly-owned subsidiaries of the Company, PRGPSB and PADSB have jointly incorporated and subscribed for ten (10) ordinary shares representing 100% equity interest in Premier Aspirasi (Batu Gajah) Sdn. Bhd. ("PABG"), a company incorporated in Malaysia, with shareholdings of 90% and 10% respectively.

(xiii) On 26 July 2017, Furniweb (Vietnam) Shareholding Company ("FVSC"), a wholly-owned subsidiary of the Group, Scoot Filoot Pty. Ltd. ("Scoot") and Shann Australia Pty. Ltd. ("Shann") entered into a share purchase agreement with Lubra Beteiligungsgesellschaft mbH ("Lubra") to transfer 14.24%, 2.09% and 1.04% equity interest in Furnitech Components (Vietnam) Co., Ltd. ("Furnitech") to Lubra at a consideration of USD9,179 (approximately RM39,000), USD1,347 and USD668 respectively.

Following the completion of the above transfers, Lubra further injected USD1,310,000 to Furnitech. The charter capital of Furnitech was then increased from USD2,600,000 to USD3,910,000. The above transactions were completed on 14 September 2017.

By virtue of the above transactions, the effective equity interest in Furnitech was diluted and reduced to 45.06%. Consequently, Furnitech ceased to be a subsidiary of the Group and became an associate of the Group.

<u>Effects of the partial disposal of Furnitech are as follows</u>:

Carrying amounts of the identifiable assets and liabilities of Furnitech as at the date of partial disposal are as follows:

	2017 RM'000
Property, plant and equipment	3,651
Inventories	3,253
Trade and other receivables	1,165
Deposits placed with financial institutions with original maturity of more than three (3) months	27
Cash and bank balances	4,707
Total identifiable assets	12,803
Trade and other payables	(11,350)
Borrowings	(2,568)
Total identifiable net liabilities	(1,115)

Effects of partial disposal of Furnitech on cash flows are as follows:

	2017 RM'000
Disposal consideration for the subsidiary disposed of, in cash	39
Less: Cash and cash equivalents disposed of	(4,707)
Net cash outflow from partial disposal of Furnitech	(4,668)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(e) In the previous financial year (continued):

(xiii) Effects of the partial disposal of Furnitech are as follows (continued):

The gain on partial disposal of Furnitech in the previous financial year is as follows:

	2017 RM'000
Total identifiable assets	12,803
Total identifiable liabilities	(13,918)
Total identifiable net liabilities	(1,115)
Non-controlling interests	201
Fair value of retained equity interest	(5,566)
	(6,480)
Less: Exchange translation reserve reclassified to profit or loss	(305)
Total identifiable net liabilities and reserve	(6,785)
Less: Proceeds from partial disposal	(39)
Gain on partial disposal	(6,824)

(xiv) On 16 October 2017, PRGPSB disposed its entire 90% equity interest in PABG to PADSB for a cash consideration of RM9.00. The partial disposal resulted in a gain of RM3,000 to the Group.

(xv) On 25 August 2017, PRGCSB, PMSB and CPHL (HK) Limited ("CPHL") (collectively known as "the Parties") entered into a Shareholders' Agreement. The Parties had agreed that CPHL and PRGCSB shall subscribe for such number of shares in PMSB such that their shareholdings in PMSB shall be with CPHL owning 75% and PRGCSB owning 25%.

PMSB had, on 20 September 2017, increased its share capital from RM1.00 to RM100 vide the allotment of additional 75 and 24 new ordinary shares to CPHL and PRGCSB respectively.

On 7 November 2017, PMSB increased its share capital from RM100 to RM1,000,000 vide the allotment of additional 749,925 and 249,975 new ordinary shares to CPHL and PRGCSB respectively.

(xvi) On 27 September 2017, PJPC, PADSB and SPNB Aspirasi Sdn. Bhd. ("SASB") (collectively known as "the Parties") entered into a Shareholders' Agreement ("SA"). The Parties had agreed that SASB and PJPC shall subscribe for such number of shares in PADSB such that their shareholdings in PADSB shall be with SASB owning 51% and PJPC owning 49%. PADSB had, on the same day, increased its share capital from RM1.00 to RM100.00 vide the allotment of additional 51 and 48 new ordinary shares to SASB and PJPC respectively.

9. INVESTMENTS IN SUBSIDIARIES (continued)

(e) In the previous financial year (continued):

(xvii) Internal reorganisations and listing of manufacturing division

- On 28 April 2017 and 21 September 2017, the Group undertook internal reorganisations for the manufacturing division to rationalise the Group's structure in contemplation of the listing of FHL on the GEM of the Stock Exchange of Hong Kong Limited. Details of the reorganisations are set out in the respective announcements dated 28 April 2017 and 21 September 2017.

  Reversal of impairment losses on investments in subsidiaries amounting to RM2,545,000 has been recognised in the previous financial year as a result of the internal reorganisations. The internal reorganisations also resulted in a net gain on disposals of subsidiaries of RM5,235,000 to the Company.

- During the previous financial year, FHL issued 126,000,000 new ordinary shares with par value of HKD0.10 each, by way of public offer and placing, at a price of HKD0.50 per share (hereinafter refer as "Share Offer").

  Pursuant to the written resolutions of the sole shareholder passed on 20 September 2017, conditional upon the share premium account of FHL being credited with the proceeds of the Share Offer, FHL increased its share capital by HKD35,800,000 (approximately RM19,382,000) vide the allotment of an additional 358,000,000 new ordinary shares to the Company by way of capitalisation of the sum of HKD35,800,000 standing to the credit of the share premium account of FHL (hereinafter refer as "Capitalisation Issue").

  The above Share Offer constitute in aggregate 25% of the enlarged share capital in FHL immediately after the completion of the Share Offer and Capitalisation Issue.

  On 16 October 2017, FHL had completed the listing of and quotation for 504,000,000 ordinary shares of HKD0.10 each on the GEM of the Stock Exchange of Hong Kong Limited. Consequently, FHL became a 75% owned subsidiary of the Group.

- On 22 December 2017, the Group undertook an internal reorganisation for the property division. PRG Healthcare Sdn. Bhd. ("PRG Healthcare") disposed its entire equity interest in Premier Electrify Sdn. Bhd. ("PESB") to PRG Agro.

- During the financial year, FVSC has declared a dividend of RM13,132,000 and it has been converted to share capital. The transaction did not have any effect in the effective equity interest held by the Group.

9. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Interests in subsidiaries

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company 2018 %	Company 2017 %	Subsidiaries 2018 %	Subsidiaries 2017 %	Principal activities
Furniweb Holdings Limited *	Cayman Islands	63	75	-	-	Investment holding company
Premier JPC Sdn. Bhd.	Malaysia	100	100	-	-	Investment holding company
PRG Agro Sdn. Bhd.	Malaysia	100	100	-	-	Investment holding company
PRG Asset Sdn. Bhd.	Malaysia	100	100	-	-	Dormant
PRG Construction Sdn. Bhd.	Malaysia	100	100	-	-	Investment holding company
PRG Healthcare Sdn. Bhd.	Malaysia	100	100	-	-	Investment holding company
PRG Management Services Sdn. Bhd.	Malaysia	100	100	-	-	Dormant
PRG Property Sdn. Bhd.	Malaysia	100	100	-	-	Investment holding company
PRG Asset Holdings Sdn. Bhd.	Malaysia	100	-	-	-	Dormant
Subsidiary of Furniweb Holdings Limited						
FIPB International Limited *	British Virgin Islands	-	-	100	100	Investment holding company
Premier Management International Limited *	Hong Kong	-	-	100	-	Investment holding company
Subsidiaries of FIPB International Limited						
Furniweb Manufacturing Sdn. Bhd.	Malaysia	-	-	100	100	Manufacture and sale of upholstery webbings, covered elastic yarn and rigid webbings
Texstrip Manufacturing Sdn. Bhd.	Malaysia	-	-	100	100	Manufacture and marketing of rubber strips and sheets
TS Meditape Sdn. Bhd.	Malaysia	-	-	100	100	Marketing and sale of rubber strips and sheets

9. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Interests in subsidiaries (continued)

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by Company 2018 %	Company 2017 %	Subsidiaries 2018 %	Subsidiaries 2017 %	Principal activities
Subsidiaries of FIPB International Limited (continued)						
Webtex Trading Sdn. Bhd.	Malaysia	-	-	100	100	Investment holding and trading of machinery and accessories
Subsidiaries of Furniweb Manufacturing Sdn. Bhd.						
Furniweb Safety Webbing Sdn. Bhd.	Malaysia	-	-	100	100	Manufacture and sale of safety webbings
Syarikat Sri Kepong Sdn. Bhd.	Malaysia	-	-	100	100	Property holding company
Subsidiaries of Webtex Trading Sdn. Bhd.						
Furniweb (Vietnam) Shareholding Company *	Vietnam	-	-	100	100	Manufacture and sale of upholstery webbings and covered elastic yarn
Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd. *	Vietnam	-	-	43	43	Manufacture and sale of narrow elastic fabrics
Subsidiary of Furniweb (Vietnam) Shareholding Company						
Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd. *	Vietnam	-	-	57	57	Manufacture and sale of narrow fabrics
Subsidiary of Premier Management International Limited						
PP Retail Pte. Ltd. *	Singapore	-	-	100	-	Retail sale of clothing, footwear and ancillary products

9. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Interests in subsidiaries (continued)

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Interest in equity held by Company 2018 %	Company 2017 %	Subsidiaries 2018 %	Subsidiaries 2017 %	Principal activities
Subsidiaries of PRG Property Sdn. Bhd.						
Premier Baycity Sdn. Bhd.	Malaysia	-	-	51	51	Property development and related activities
Premier De Muara Sdn. Bhd.	Malaysia	-	-	60	60	Property development and related activities
Premier Construction (International) Sdn. Bhd.	Malaysia	-	-	-	100	Construction related activities
Premier PMC Sdn. Bhd.	Malaysia	-	-	100	100	Property development and related activities
Premier Construction Sdn. Bhd.	Malaysia	-	-	100	100	Construction related activities
Subsidiaries of PRG Construction Sdn. Bhd.						
Premier Construction (International) Sdn. Bhd.	Malaysia	-	-	100	-	Construction related activities
Subsidiaries of PRG Agro Sdn. Bhd.						
Premier Food Processing Sdn. Bhd.	Malaysia	-	-	100	100	Dormant
Premier International Marketing Sdn. Bhd.	Malaysia	-	-	100	100	Dormant
Premier Electrify Sdn. Bhd.	Malaysia	-	-	100	100	Operator, merchant, promoter agent for sale and distributor of and dealers in electric charging stations for electric vehicles
Subsidiary of PRG Asset Holdings Sdn. Bhd.						
PRG Land Sdn. Bhd.	Malaysia	-	-	100	-	Dormant

* Subsidiaries audited by a member firm of BDO International.

9. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Non-controlling interests in subsidiaries

The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

2018	**Furniweb Holdings Limited**	**Premier De Muara Sdn. Bhd.**	**Premier Baycity Sdn. Bhd.**	**Total**
NCI percentage of ownership interest and voting interest	37%	40%	49%	
Carrying amount of NCI (RM'000)	38,094	2,818	(713)	40,199
Profit/(Loss) allocated to NCI (RM'000)	260	1,165	(527)	898

2017	**Furniweb Holdings Limited**	**Premier De Muara Sdn. Bhd.**	**Premier Baycity Sdn. Bhd.**	**Other individually immaterial subsidiaries**	**Total**
NCI percentage of ownership interest and voting interest	25%	40%	49%		
Carrying amount of NCI (RM'000)	25,419	1,653	(309)	-	26,763
Profit/(Loss) allocated to NCI (RM'000)	2,242	2,754	(277)	(231)	4,488

The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period is as follows:

2018	**Furniweb Holdings Limited RM'000**	**Premier De Muara Sdn. Bhd. RM'000**	**Premier Baycity Sdn. Bhd. RM'000**
Assets and liabilities			
Non-current assets	46,776	4,426	-
Current assets	75,121	246,881	26,775
Non-current liabilities	(12,918)	(53,910)	(5,000)
Current liabilities	(10,317)	(190,351)	(23,230)
Net assets/(liabilities)	98,662	7,046	(1,455)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Non-controlling interests in subsidiaries (continued)

The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period is as follows (continued):

2018	Furniweb Holdings Limited RM'000	Premier De Muara Sdn. Bhd. RM'000	Premier Baycity Sdn. Bhd. RM'000
Results			
Revenue	92,565	45,575	-
Profit/(Loss) for the financial year	926	2,913	(1,075)
Total comprehensive income/(loss)	1,281	2,913	(1,075)
Cash flows used in operating activities	(1,645)	(14,640)	(3,260)
Cash flows (used in)/from investing activities	(2,206)	9,559	3,003
Cash flows (used in)/from financing activities	(1,987)	5,788	250
Net (decrease)/increase in cash and cash equivalents	(5,838)	707	(7)

2017	Furniweb Holdings Limited RM'000	Premier De Muara Sdn. Bhd. RM'000	Premier Baycity Sdn. Bhd. RM'000
Assets and liabilities			
Non-current assets	41,270	5,673	-
Current assets	82,650	270,227	23,698
Non-current liabilities	(11,111)	(59,509)	(5,000)
Current liabilities	(15,203)	(212,259)	(19,328)
Net assets/(liabilities)	97,606	4,132	(630)
Results			
Revenue	109,745	48,803	-
Profit/(Loss) for the financial year	8,574	6,885	(565)
Total comprehensive income/(loss)	5,238	6,885	(565)
Cash flows from/(used in) operating activities	7,151	25,449	(8,844)
Cash flows (used in)/from investing activities	(9,135)	(3,321)	4,715
Cash flows from/(used in) financing activities	24,698	(22,926)	4,226
Net increase/(decrease) in cash and cash equivalents	22,714	(798)	97

10. INVESTMENTS IN ASSOCIATES

	Group 2018 RM'000	Group 2017 RM'000
Unquoted equity shares, at cost	2,973	2,571
Goodwill	6,597	3,244
Share of post-acquisition reserves	(1,569)	(368)
	8,001	5,447
Less: Impairment loss	(118)	-
	7,883	5,447

The details of the associates are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiaries 2018 %	Interest in equity held by subsidiaries 2017 %	Principal activities
Furnitech Components (Vietnam) Co., Ltd. ("Furnitech") * #	Vietnam	45.06	45.06	Manufacture and sale of metal components for furniture
Premier Mirach Sdn. Bhd. **	Malaysia	25	25	Construction related activities
Premier Aspirasi Development Sdn. Bhd. **	Malaysia	49	49	Property development and related activities
Esther Postpartum Care Sdn. Bhd. ("EPC")**	Malaysia	26.21	-	Confinement services

* Audited by a member firm of BDO International.
** Associates are equity accounted based on management accounts for the financial period ended 31 December 2018.
# On 14 September 2017, the charter capital of Furnitech was increased from USD2,600,000 to USD3,910,000. As a result, the Group's effective interest in Furnitech was reduced to 45.06% and Furnitech became an associate since then.

The summarised financial information of the associates are as follows:

2018	Furnitech RM'000	EPC RM'000	Other immaterial associates RM'000	Total RM'000
Assets and liabilities				
Non-current assets	5,588	1,840	1,847	9,275
Current assets	5,741	403	5,298	11,442
Current liabilities	(9,264)	(944)	(5,334)	(15,542)
Net assets	2,065	1,299	1,811	5,175
Carrying amount of the investments in associates (including goodwill)	4,175	3,694	14	7,883

10. INVESTMENTS IN ASSOCIATES (continued)

The summarised financial information of the associates are as follows (continued):

2018	Furnitech RM'000	EPC RM'000	Other immaterial associates RM'000	Total RM'000
Results				
Revenue	5,771	1,643	2,956	10,370
Loss for the financial year	(2,284)	(215)	(343)	(2,842)
Other comprehensive loss	(70)	-	-	(70)
Total comprehensive loss	(2,354)	(215)	(343)	(2,912)
Share of results by the Group for the financial year				
Share of losses by the Group for the financial year	(1,029)	(56)	(84)	(1,169)
Share of other comprehensive loss by the Group for the financial year	(32)	-	-	(32)

2017	Furnitech RM'000	Other immaterial associates RM'000	Total RM'000
Assets and liabilities			
Non-current assets	5,696	-	5,696
Current assets	7,146	2,536	9,682
Current liabilities	(8,433)	(1,677)	(10,110)
Net assets	4,409	859	5,268
Carrying amount of the investments in associates (including goodwill)	5,231	216	5,447
Results			
Revenue	1,550	-	1,550
Loss for the financial year	(643)	(141)	(784)
Other comprehensive loss	(95)	-	(95)
Total comprehensive loss	(738)	(141)	(879)
Share of results by the Group for the financial year			
Share of losses by the Group for the financial year	(290)	(33)	(323)
Share of other comprehensive loss by the Group for the financial year	(45)	-	(45)

10. INVESTMENTS IN ASSOCIATES (continued)

The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:

	Group	
	2018 RM'000	2017 RM'000
Share of net assets	1,404	2,203
Goodwill	6,597	3,244
Less: Impairment	(118)	-
Carrying amount in the statement of financial position	7,883	5,447

11. INVESTMENTS IN JOINT VENTURES

	Group	
	2018 RM'000	2017 RM'000
Unquoted equity shares, at cost	756	570
Goodwill	3,939	-
Share of post-acquisition reserves, net of dividends received	404	539
	5,099	1,109

The details of the joint ventures are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiaries 2018 %	Interest in equity held by subsidiaries 2017 %	Principal activities
Trunet (Vietnam) Co., Ltd. ("TNV")*	Vietnam	50	50	Manufacture and marketing of meat netting
PRG Active Sdn. Bhd. (formerly known as S P Chin Healthcare Sdn. Bhd.) ("PRGA")	Malaysia	55	-	Medical consultation

* Audited by a member firm of BDO International.

The joint ventures, in which the Group participates, are unlisted separate structured entities whose quoted market prices are not available. The contractual arrangement stipulates unanimous consent of all parties over relevant activities of joint ventures and provides the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for liabilities of the joint arrangements resting primarily with the joint ventures. These joint arrangements have been classified as joint ventures and have been included in the consolidated financial statements using the equity method.

11. INVESTMENTS IN JOINT VENTURES (continued)

The summarised financial information of the joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

2018	TNV RM'000	PRGA RM'000	Total RM'000
Assets and liabilities			
Non-current assets	164	50	214
Current assets	2,803	1,986	4,789
Current liabilities	(674)	(2,012)	(2,686)
Net assets	2,293	24	2,317
Proportion of the ownership of the Group	50%	55%	
Carrying amount of the investments in joint ventures (including goodwill)	1,146	3,953	5,099
Results			
Revenue	3,884	3,084	6,968
Profit/(Loss) before tax	782	(106)	676
Tax expense	(117)	(208)	(325)
Profit/(Loss) after tax	665	(314)	351
Other comprehensive loss	(8)	-	(8)
Total comprehensive income/(loss)	657	(314)	343
Share of results by the Group for the financial year			
Share of profit/(loss) by the Group for the financial year	333	(173)	160
Share of other comprehensive loss by the Group for the financial year	(4)	-	(4)
	329	(173)	156
Other information			
Dividend income	291	-	291

11. INVESTMENTS IN JOINT VENTURES (continued)

The summarised financial information of the joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows (continued):

	TNV RM'000
2017	
Assets and liabilities	
Non-current assets	195
Current assets	2,285
Current liabilities	(261)
Net assets	2,219
Proportion of the ownership of the Group	50%
Carrying amount of the investment in a joint venture	1,109
Results	
Revenue	3,644
Profit before tax	681
Tax expense	(118)
Profit after tax	563
Other comprehensive loss	(175)
Total comprehensive income	388
Share of results by the Group for the financial year	
Share of profit by the Group for the financial year	282
Share of other comprehensive loss by the Group for the financial year	(88)
	194
Other information	
Dividend income	440

The reconciliation of net assets of the joint ventures to the carrying amount of the investments in joint ventures are as follows:

	Group	
	2018 RM'000	2017 RM'000
Share of net assets	1,160	1,109
Goodwill	3,939	-
Carrying amount in the statement of financial position	5,099	1,109

The joint ventures had no contingent liabilities and capital commitments as at 31 December 2018 and 31 December 2017.

12. DEFERRED TAX (ASSETS)/LIABILITIES

(a) The deferred tax (assets)/liabilities are made up of the following:

	Group	
	2018 RM'000	2017 RM'000
Balance as at 1 January	(4,820)	(65)
Recognised in profit or loss (Note 26)	603	(4,756)
Exchange differences	-	1
Balance as at 31 December	(4,217)	(4,820)
Presented after appropriate offsetting:		
Deferred tax assets, net	(4,964)	(5,677)
Deferred tax liabilities, net	747	857
	(4,217)	(4,820)

(b) The components and movements of deferred tax (assets)/liabilities during the financial year are as follows:

Deferred tax assets of the Group

	Other deductible temporary differences RM'000	Total RM'000
At 1 January 2017	(564)	(564)
Effects of adoption of MFRS 15	(590)	(590)
Restated balance as at 1 January 2017	(1,154)	(1,154)
Recognised in profit or loss	(4,524)	(4,524)
Exchange differences	1	1
At 31 December 2017/1 January 2018	(5,677)	(5,677)
Recognised in profit or loss	713	713
At 31 December 2018	(4,964)	(4,964)

12. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

(b) The components and movements of deferred tax (assets)/liabilities during the financial year are as follows (continued):

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2017	1,091	(2)	1,089
Recognised in profit or loss	(234)	2	(232)
At 31 December 2017/1 January 2018	857	-	857
Recognised in profit or loss	(114)	4	(110)
At 31 December 2018	743	4	747

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2018 RM'000	2017 RM'000
Malaysian subsidiaries		
Unrecognised tax losses	5,133	2,430
Unabsorbed capital allowances	1,398	870
Other temporary differences	303	160
	6,834	3,460

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised. The deductible temporary differences do not expire under the current tax legislation.

13. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current					
Trade receivables					
Retention sums	(b)	145	-	-	-
Amount owing by an associate		12,428	-	-	-
Amount owing by a subsidiary	(f)(ii)	-	-	52,621	49,953
		12,573	-	52,621	49,953
Less: Impairment loss		-	-	(69)	(91)
		12,573	-	52,552	49,862
Other receivables					
Amount owing by an associate		4,712	-	-	-
		17,285	-	52,552	49,862

13. TRADE AND OTHER RECEIVABLES (continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current					
Trade receivables					
Third parties		54,628	73,272	-	-
Retention sums	(b)	1,399	1,360	-	-
Amount owing by an associate		-	42	-	-
Amount owing by a joint venture		28	40	-	-
	(a)	56,055	74,714	-	-
Less: Impairment loss - third parties	(c)	(1,265)	(811)	-	-
		54,790	73,903	-	-
Other receivables					
Amounts owing by subsidiaries	(f)(i)	-	-	33,764	16,881
Amounts owing by associates		738	4,865	-	-
Amount owing by a joint venture		1,357	78	-	-
Amount owing by a corporate shareholder		12	-	-	-
Other receivables		4,970	1,716	2,040	72
Deposits		19,526	2,060	14,926	1
		26,603	8,719	50,730	16,954
Total trade and other receivables		81,393	82,622	50,730	16,954
Deposits for land acquisition		-	5,179	-	-
Prepayments		2,552	2,297	11	13
Total current		83,945	90,098	50,741	16,967
Grand total		101,230	90,098	103,293	66,829

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from twenty-one (21) days to ninety (90) days (2017: twenty-one (21) days to ninety (90) days) from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) The retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group 2018 RM'000	Group 2017 RM'000
More than one (1) year	145	-
Within one (1) year	1,399	1,360

13. TRADE AND OTHER RECEIVABLES (continued)

(c) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information and significant increase in credit risk.

Lifetime expected loss provision for trade receivables of the Group as at 31 December 2018 are as follows:

	Gross carrying amount RM'000	**Lifetime expected loss RM'000**	**Net carrying amount RM'000**
Collective assessment			
Not past due	24,093	(42)	24,051
Past due			
1 - 30 days	4,154	(61)	4,093
31 - 60 days	278	(12)	266
61 - 90 days	912	(15)	897
Over 90 days	94	(26)	68
	29,531	(156)	29,375
Individual assessment	39,097	(1,109)	37,988
	68,628	(1,265)	67,363

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(d) Movements in the impairment allowance for trade receivables are as follows:

	Group		**Company**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At 1 January	811	89	91	-
Effect of adoption of MFRS 9	-	255	-	91
Restated as at 1 January	811	344	91	91
Charge for the financial year	471	491	-	*
Reversal	(23)	(10)	(22)	-
Exchange differences	6	(14)	-	-
At 31 December	1,265	811	69	91

* Amount is less then RM1,000.

13. TRADE AND OTHER RECEIVABLES (continued)

(e) No expected credit loss is recognised arising from other receivables as it is negligible.

(f) Amounts owing by subsidiaries

(i) The amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(ii) The non-current amount owing by a subsidiary of RM52,621,000 (2017: RM49,953,000) represents a loan, which is unsecured, bears interest at 6.36% (2017: 6.36%) per annum and is payable in cash and cash equivalents upon issuance of certificate for the completion for the development project.

(g) Amounts owing by associates

Included in amounts owing by associates of the Group are loans to an associate amounting to RM4,935,000 (2017: RM4,664,000), which are unsecured, bear interest at 3% (2017: 3%) per annum and are payable in cash and cash equivalents.

The remaining amounts owing by associates represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(h) Amount owing by a joint venture

The amount owing by a joint venture represents payments made on behalf and commission charges, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(i) Deposits for land acquisition

In the previous financial year, deposits for land acquisition represent an amount of RM5,179,000 paid to Cash Key (Ipoh) Sdn. Bhd. ("Cash Key") pursuant to the Mutual Agreement entered between Cash Key, SASB and Premier Construction Sdn. Bhd. for the proposed development of 213 parcels of land in Daerah Kinta, Perak.

(j) Currency exposure profile

The currency exposure profile of trade and other receivables (exclude deposits for land acquisition and prepayments) are as follows:

	Group		**Company**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Ringgit Malaysia	47,452	62,550	50,730	16,954
United States Dollar	9,225	14,795	-	-
Vietnamese Dong	5,825	5,078	-	-
Hong Kong Dollar	1,968	7	-	-
Singapore Dollar	16,833	-	-	-
Others	90	192	-	-
	81,393	82,622	50,730	16,954

(k) Information on financial risks of trade and other receivables is disclosed in Note 33 to the financial statements.

14. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2018 RM'000	2017 RM'000
Construction contract costs incurred to-date	152,423	121,843
Profit attributable to work performed to-date	20,263	18,101
	172,686	139,944
Less: Progress billings	(206,873)	(193,046)
	(34,187)	(53,102)
Represented by:		
Contract assets		
Cost to obtain a contract	22,640	26,514
Construction contracts	3,085	3,181
	25,725	29,695
Contract liabilities		
Construction contracts	(2,442)	(1,794)
Manufacturing contracts	(127)	-
Property development contracts	(57,343)	(81,003)
	(59,912)	(82,797)
	(34,187)	(53,102)

The costs incurred to date on construction contract include the following charges made during the financial year:

	Group	
	2018 RM'000	2017 RM'000
Employee benefits	1,107	1,576
Rental expenses	64	643
	1,171	2,219

15. INVENTORIES

		Group	
		2018	2017
	Note	RM'000	RM'000
At cost			
Raw materials		10,397	11,051
Work-in-progress		4,472	3,150
Manufactured inventories		5,112	5,485
Other consumables		1,730	1,482
		21,711	21,168
Property development costs	16	183,636	189,527
At net realisable value			
Raw materials		73	81
Work-in-progress		64	58
Manufactured inventories		272	174
		409	313
		205,756	211,008

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM39,682,000 (2017: RM41,021,000). Inventories written down during the financial year amounted to RM429,000 (2017: RM191,000) and are included in cost of sales.

(b) The Group reversed RM317,000 (2017: RM111,000) in respect of inventories written down in previous financial years, which were subsequently not required as the Group was able to sell those inventories above their carrying amounts.

16. PROPERTY DEVELOPMENT COSTS

	Group	
	2018	2017
	RM'000	RM'000
Property development costs at beginning of financial year:		
- leasehold land	144,958	123,389
- development costs	112,113	52,829
- accumulated cost recognised in profit or loss	(67,544)	(17,212)
	189,527	159,006
Costs incurred during the financial year:		
- leasehold land	-	21,569
- development costs	28,902	59,284
	28,902	80,853
Costs recognised in profit or loss during the financial year:		
- leasehold land	(8,119)	(14,149)
- development costs	(26,674)	(36,183)
	(34,793)	(50,332)

16. PROPERTY DEVELOPMENT COSTS (continued)

	Group	
	2018 RM'000	2017 RM'000
Property development costs at end of financial year:		
- leasehold land	144,958	144,958
- development costs	141,015	112,113
- accumulated cost recognised in profit or loss	(102,337)	(67,544)
	183,636	189,527

(a) Included in the leasehold land under development is a piece of land provided by Almaharta Sdn. Bhd. ("ASB"), a third party, pursuant to the Joint Venture Agreement ("JVA") dated 31 December 2013 for the development in Wilayah Persekutuan, Kuala Lumpur.

Pursuant to the JVA, ASB agreed to receive the purchase consideration of the leasehold land on a deferred payment basis progressively subject to the fulfilment of the conditions precedent contained in the JVA. All conditions precedent in accordance to the JVA had been fulfilled and the JVA was deemed unconditional with effect from 30 July 2014.

During the previous financial year, the Group paid the final instalment of RM10,000,000 of the purchase consideration of the leasehold land in accordance with the terms of JVA.

The Group has accrued the remaining amount of RM10,031,000 (2017: RM15,219,000) payable to ASB for the purchase consideration of the leasehold land as disclosed in Note 21(c)(i) to the financial statements.

(b) Included in the leasehold land under development is a piece of land purchased from Baycity Park Sdn. Bhd. ("BPSB") pursuant to the Development Joint Venture Agreement ("DJVA") entered between BPSB and Premier Baycity Sdn. Bhd. for the proposed development of the development land in Subang U5, Selangor.

During the previous financial year, the Group paid RM7,103,000 as part of the purchase consideration of the leasehold land in accordance with the terms of DJVA.

The Group has accrued the remaining amount of RM10,569,000 (2017: RM10,569,000) payable to BPSB for the balance of the purchase consideration of the leasehold land as disclosed in Note 21(c)(ii) to the financial statements.

(c) Included in property development costs is interest expense of RM329,000 (2017: RM1,675,000) capitalised during the financial year at interest rate of 6.36% (2017: 6.36%) per annum.

(d) The leasehold land together with development costs with a total carrying amount of RM26,504,000 (2017: RM167,959,000) have been pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 20 to the financial statements.

17. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	23,067	9,947	501	128
Deposits placed with financial institutions	11,837	26,478	-	-
Investments in short term funds	175	5,598	-	-
	35,079	42,023	501	128

17. CASH AND BANK BALANCES (continued)

(a) Included in the Group's cash and bank balances is an amount of RM1,142,000 (2017: RM651,000) held under the Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2002.

(b) Deposits placed with financial institutions of the Group have maturity periods ranging from 14 days to 180 days (2017: 7 days to 365 days) with interest rates ranging from 1.0% to 5.5% (2017: 1.00% to 6.30%) per annum.

Included in deposits placed with financial institutions of the Group is restricted cash of RM82,000 (2017: RM2,785,000) which represents deposits which are maintained in a designated Debt Service Reserve Account with a licensed bank in connection with banking facilities granted to the Group as disclosed in Note 20 to the financial statements.

(c) Investments in short term funds are placements made in management funds that invest in fixed deposits and short term money market instruments offered by banks or financial institutions licensed under Financial Services Act 2013 or the Islamic Financial Services Act 2013 which allow redemption with a notice period of one (1) to thirty (30) business days.

(d) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Ringgit Malaysia	9,461	11,718	340	125
United States Dollar	12,836	6,549	3	3
Hong Kong Dollar	7,377	19,635	158	-
Vietnamese Dong	3,674	3,941	*	*
Others	1,731	180	-	-
	35,079	42,023	501	128

* Amount is less than RM1,000.

(e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Cash and bank balances				
Cash and bank balances	23,067	9,947	501	128
Deposits placed with financial institutions	11,837	26,478	-	-
Investments in short term funds	175	5,598	-	-
As reported in statements of financial position	35,079	42,023	501	128
Less:				
Bank overdraft (Note 20)	(8,582)	-	-	-
Deposits placed with financial institutions with original maturity of more than three (3) months	(647)	(1,817)	-	-
Restricted cash	(82)	(2,785)	-	-
As reported in statements of cash flows	25,768	37,421	501	128

(f) Information on financial risks of cash and bank balances is disclosed in Note 33 to the financial statements.

18. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2018		2017	
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
Ordinary shares				
Issued and fully paid:				
Balance as at 1 January	302,488	77,730	298,220	74,555
Issued for cash pursuant to exercise of warrants	3,457	1,434	4,268	1,771
Issued for acquisition of a joint venture	4,806	4,125	-	-
Transfer from share premium account pursuant to the Companies Act 2016	-	-	-	1,404
Balance as at 31 December	310,751	83,289	302,488	77,730

(a) During the financial year, the issued and paid-up share capital of the Company was increased from 302,488,174 to 310,751,274 by way of the issuance of 3,457,100 new ordinary shares pursuant to the exercise of Warrants 2014/2019 at an exercise price of RM0.375 per ordinary share for cash and issuance of 4,806,000 new ordinary shares as Consideration Shares for acquisition of 55% of the enlarged share capital of PRGA.

(b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank *pari passu* with regard to the Company's residual assets.

(c) Of the total 310,751,274 (2017: 302,488,174) issued and fully paid ordinary shares as at 31 December 2018, 417,800 (2017: 417,800) ordinary shares bought for RM87,000 (2017: RM87,000) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 310,333,474 (2017: 302,070,374) ordinary shares as at 31 December 2018.

(d) With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, the balance within the share premium account of RM1,404,000 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act 2016 for a transitional period of 24 months from 31 January 2017. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.

(e) Warrants 2014/2019 ("Warrants")

On 7 July 2014, the Company issued 54,320,100 free detachable Warrants pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) Warrant for every one (1) Rights Share subscribed.

The Warrants are constituted by the Deed Poll dated 2 June 2014 ("Deed Poll").

The salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder, at any time during the Exercise Period, to subscribe for one (1) new ordinary share of the Company at the exercise price;

(ii) The exercise price for the Warrants was fixed at RM0.75 per Warrant (adjusted to RM0.375 pursuant to the share split in the financial year ended 31 December 2016);

18. SHARE CAPITAL AND TREASURY SHARES (continued)

(e) Warrants 2014/2019 ("Warrants") (continued)

The salient features of the Warrants are as follows (continued):

(iii) The issue date of Warrants is 7 July 2014 and are valid for exercise for a period of 5 years from its issue date and will expire on 6 July 2019. Any Warrants not exercised by its expiry date will thereafter lapse and cease to be valid for any purpose; and

(iv) The new shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with then existing shares, save and except that the said new shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, prior to the date of allotment of the said new shares.

The movements in Warrants are as follows:

	Number of unexercised Warrants
At 1 January 2018	96,277,026
Exercised	(3,457,100)
At 31 December 2018	92,819,926

As at 31 December 2018, unexercised Warrants of the Company are as follows:

Date issued	Exercise price	No. of Warrants over ordinary shares	Warrants expiry date
7 July 2014	RM0.375	92,819,926	6 July 2019

19. RESERVES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-distributable:					
Share premium	(a)	-	-	-	-
Warrants reserve	(b)	3,713	3,851	3,713	3,851
Exchange translation reserve	(c)	(2,881)	(3,077)	-	-
		832	774	3,713	3,851
Distributable:					
Retained earnings		47,924	53,248	60,962	60,000
		48,756	54,022	64,675	63,851

(a) Share premium

	Note	Group and Company 2018 RM'000	Group and Company 2017 RM'000
Balance as at 1 January		-	1,404
Transfer to share capital pursuant to Companies Act 2016	18(d)	-	(1,404)
Balance as at 31 December		-	-

19. RESERVES (continued)

(b) Warrants reserve

Warrants reserve arose from a renounceable rights issue of 54,320,100 new ordinary shares of RM0.50 each together with 54,320,100 free new detachable warrants in the previous financial year. The fair value of RM0.08 per Warrant is determined using the Black Scholes pricing model based on the following key assumptions:

Share price	RM0.73 per Share
Exercise price	RM0.75 per Warrant
Tenure	5 years
Interest rate	4.25%
Expected volatility of the Company's share price	16.23%

In the previous financial year, the Company undertook a share split exercise involving the subdivision of every one (1) existing Warrant with an exercise price of RM0.75 each into two (2) Warrants with an exercise price of RM0.375 each. Consequently, the fair value had been adjusted to RM0.04 per Warrant.

(c) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

20. BORROWINGS

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Current liabilities					
Secured:					
Term loans	(a)	15,433	2,961	15,060	-
Trade bills		3,097	4,105	-	-
Hire purchase creditors	(b)	613	1,184	-	-
Bank overdraft	17(e)	8,582	-	-	-
		27,725	8,250	15,060	-
Non-current liabilities					
Secured:					
Term loans	(a)	18,642	19,137	-	-
Hire purchase creditors	(b)	226	1,182	-	-
		18,868	20,319	-	-
		46,593	28,569	15,060	-

20. BORROWINGS (continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Total borrowings					
Secured:					
Term loans	(a)	34,075	22,098	15,060	-
Trade bills		3,097	4,105	-	-
Hire purchase creditors	(b)	839	2,366	-	-
Bank overdraft	17(e)	8,582	-	-	-
		46,593	28,569	15,060	-

(a) Term loans of the Group with a total carrying amount of RM5,000,000 (2017: RM7,198,000) are secured by way of:

(i) a charge over the leasehold land under development as disclosed in Note 16(d) to the financial statements; and
(ii) deposits maintained in a designated Debt Service Reserve Account with a licensed bank as disclosed in Note 17(b) to the financial statements.

The term loans of the Group with a total carrying amount of RM14,015,000 (2017: RM14,900,000), trade bills and bank overdraft of the Group are secured by a pledge over the Group's freehold land, long-term leasehold land, buildings and certain plant and machinery with a total carrying amount of RM28,754,000 (2017: RM30,285,000) as disclosed in Note 7 to the financial statements.

Term loan of the Company with a total carrying amount of RM15,060,000 (2017: Nil) is secured over 257,000,000 of shares of Furniweb Holdings Limited with the carrying amount of RM397,990,200.

The term loans, trade bills and bank overdraft granted to the subsidiaries are guaranteed by the Company as disclosed in Note 23 to the financial statements.

(b) Hire purchase creditors

	Group 2018 RM'000	Group 2017 RM'000
Minimum hire purchase payments:		
- not later than one (1) year	643	1,301
- later than one (1) year but not later than five (5) years	237	1,236
Total minimum hire purchase payments	880	2,537
Less: Future interest charges	(41)	(171)
Present value of hire purchase payments	839	2,366
Repayable as follows:		
Current liabilities		
- not later than one (1) year	613	1,184
Non-current liabilities		
- later than one (1) year but not later than five (5) years	226	1,182
	839	2,366

The hire purchase liabilities are secured by assets acquired under hire purchase arrangements.

20. BORROWINGS (continued)

(c) The currency exposure profile of borrowings are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	28,436	24,076	-	-
United States Dollar	-	478	-	-
Hong Kong Dollar	15,060	-	15,060	-
Vietnamese Dong	3,097	4,015	-	-
	46,593	28,569	15,060	-

(d) The borrowings of the Group and of the Company bear the following interest rates per annum:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Term loans	4.62 - 8.50	3.50 - 6.36	8.5	-
Trade bills	7.00 - 7.80	2.96 - 7.20	-	-
Hire purchase creditors	2.50 - 6.27	2.18 - 4.25	-	-
Bank overdraft	6.90 - 8.92	-	-	-

(e) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 33 to the financial statements.

21. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current					
Other payables	(c)	3,339	9,556	-	-
Current					
Trade payables					
Third parties		20,185	13,097	-	-
Retention sums		6,377	3,693	-	-
Amount owing to a joint venture		-	48	-	-
Amount owing to an associate		2,479	-	-	-
	(a)	29,041	16,838	-	-

21. TRADE AND OTHER PAYABLES (continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Other payables					
Amounts owing to subsidiaries	(b)	-	-	2,851	-
Amounts owing to associates	(b)	163	37	-	-
Other payables	(c)	53,377	35,369	1,766	49
Deposits received from customers		38,857	58,419	-	-
Accruals		28,947	40,133	-	70
		121,344	133,958	4,617	119
Total current liabilities		150,385	150,796	4,617	119
Total liabilities		153,724	160,352	4,617	119

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one (1) month to three (3) months (2016: one (1) month to three (3) months) from the date of invoice. The amount owing to a joint venture included in trade payables is subject to trade terms.

(b) Amounts owing to subsidiaries and associates

The amounts owing to subsidiaries and associates represent advances, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) Other payables

(i) Non-current and current other payables of the Group include amounts of RM1,289,000 and RM8,742,000 respectively (2017: RM9,556,000 and RM5,663,000 respectively), which represent the present value of the remaining unpaid amount for the purchase consideration of the development land as disclosed in Note 16(a) to the financial statements.

(ii) Included in other payables of the Group is an amount of RM10,569,000 (2017: RM10,569,000), which represents the balance of the purchase consideration of the development land as disclosed in Note 16(b) to the financial statements.

(iii) Included in other payables of the Group is an amount of RM38,157,000 (2017: RM57,759,000) paid by the underwriter pursuant to the Promoter and Underwriter Agreement.

(d) The currency exposure profile of trade and other payables are as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Ringgit Malaysia	148,723	153,760	4,617	119
United States Dollar	1,362	2,094	-	-
Vietnamese Dong	3,301	4,058	-	-
Hong Kong Dollar	308	286	-	-
Singapore Dollar	30	-	-	-
Others	-	154	-	-
	153,724	160,352	4,617	119

(e) Information on financial risks of trade and other payables is disclosed in Note 33 to the financial statements.

22. COMMITMENTS

(a) Operating lease commitment

Non-cancellable operating lease rental are as follows:

	Group 2018 RM'000	Group 2017 RM'000
Not later than one (1) year	2,221	474
Later than one (1) year but not later than five (5) years	19,617	1,258
Later than five (5) years	7,296	6,250
	29,134	7,982

The Group's operating lease commitments comprise the followings:

(i) rental of three parcels of land under operating leases to industrial zone owners in Vietnam. The leases will expire in year 2044 and year 2048, with an option to renew the lease at the end of the lease term;

(ii) rental of a factory for a period of three years, with an option to renew the lease at the end of the lease term; and

(iii) rental of shops for a period of five years, with an option to renew the lease at the end of the lease term.

None of the leases included contingent rentals.

(b) Capital commitment

	Group 2018 RM'000	Group 2017 RM'000
Contracted but not provided for		
- Acquisition property, plant and equipment	1,707	-
- Acquisition of agriculture lands	89,200	-
- Acquisition of land for development	-	3,453
- Proposed subscription of shares in Capital World Limited	13,298	-
	104,205	3,453

23. CONTINGENT LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries - unsecured (Note 20)				
- Limit of guarantee	200,678	200,678	200,678	200,678
- Amount utilised	21,092	27,788	21,092	27,788
Corporate guarantees given to third parties for credit limit granted to subsidiaries - unsecured				
- Limit of guarantee	109,250	103,850	109,250	103,850
- Amount utilised	1,590	2,277	1,590	2,277
Corporate guarantee given to a bank for credit facilities granted to an associate - unsecured				
- Limit of guarantee	2,086	2,025	-	2,025
- Amount utilised	2,086	2,025	-	2,025

The Directors are of the view that the chances of the banks and the third parties to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for credit facilities are negligible.

24. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Recognised over time:				
Construction contract	10,452	31	-	-
Property development revenue	45,574	48,801	-	-
Recognised at point in time:				
Sales of goods	92,565	109,745	-	-
Dividend income	-	-	-	26,594
Management fees	28	-	-	-
Others	7	-	-	-
	148,626	158,577	-	26,594

24. REVENUE (continued)

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market, major products and service lines. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group.

31 December 2018	Malaysia RM'000	Asia Pacific (excluding Malaysia) RM'000	Europe RM'000	North America RM'000	Other Countries RM'000	Total RM'000
Major product and service line						
Revenue from property development	45,574	-	-	-	-	45,574
Revenue from construction contracts	10,452	-	-	-	-	10,452
Sales of goods	8,379	58,057	9,243	16,578	308	92,565
Management fees	28	-	-	-	-	28
Others	7	-	-	-	-	7
Revenue from external customers	64,440	58,057	9,243	16,578	308	148,626
31 December 2017						
Major product and service line						
Revenue from property development	48,801	-	-	-	-	48,801
Revenue from construction contracts	31	-	-	-	-	31
Sales of goods	8,667	66,615	16,391	17,143	929	109,745
Revenue from external customers	57,499	66,615	16,391	17,143	929	158,577

25. (LOSS)/PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the (loss)/profit before tax is arrived at:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
After charging:				
Auditors' remuneration:				
- statutory audit	487	453	42	40
- other services	24	14	21	11
Interest expense on:				
- term loans	695	739	91	1
- trade bills	201	494	-	-
- hire purchase creditors	118	177	-	6
- bank overdraft	254	10	-	-
Listing expenses (including fee paid to the auditors of the Group)	-	10,792	-	-
Loss on disposals of subsidiaries	-	-	-	920
Loss on foreign exchange:				
- unrealised	204	653	*	*
- realised	47	1,404	-	395
Management fee expenses	-	-	2,805	-
Rental expenses on:				
- factory	187	187	-	-
- hostel	150	140	-	-
- land	249	362	-	-
- sales gallery	72	-	-	-
- office equipment	38	26	-	-
- motor vehicles	1	-	-	-
and after crediting:				
Fair value adjustments on:				
- loans to subsidiaries	-	-	-	109
- trade and other payables	202	-	-	-
Gain on foreign exchange:				
- unrealised	363	87	132	-
- realised	329	377	7	-
Interest income from:				
- bank balances	76	59	2	8
- deposits placed with financial institutions	496	137	-	-
- investments in short term funds	-	26	-	*
- advances to subsidiaries	-	-	2,668	2,519
- advances to associates	137	36	-	-
Net gain on disposals of:				
- property, plant and equipment	303	876	-	57
Rental income on:				
- buildings	786	107	-	-
- equipment	1,164	717	-	-

* Amount is less than RM1,000.

26. TAX EXPENSE

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current tax expense based on (loss)/profit for the financial year:				
Malaysia				
- current year provision	505	4,944	-	-
- under-provision in prior years	799	52	9	2
Overseas				
- current year provision	913	1,180	-	-
- under-provision in prior years	-	138	-	-
	2,217	6,314	9	2
Deferred tax (Note 12)				
Crystallisation of revaluation surplus	(10)	-	-	-
Origination and reversal of temporary differences	868	(4,693)	-	-
Over-provision in prior years	(255)	(63)	-	-
	603	(4,756)	-	-
	2,820	1,558	9	2

The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the fiscal year.

Tax on each component of other comprehensive income is as follows:

	Group Before tax RM'000	Group Tax effect RM'000	Group After tax RM'000
2018			
Foreign currency translations	392	-	392
Share of other comprehensive loss of an associate	(32)	-	(32)
Share of other comprehensive loss of a joint venture	(4)	-	(4)
	356	-	356
2017			
Foreign currency translations	(3,073)	-	(3,073)
Reclassification of exchange translation reserve to profit or loss upon partial disposal of a subsidiary	(305)	-	(305)
Share of other comprehensive loss of an associate	(45)	-	(45)
Share of other comprehensive loss of a joint venture	(88)	-	(88)
	(3,511)	-	(3,511)

26. TAX EXPENSE (continued)

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

The numerical reconciliations between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	(1,262)	1,559	233	8,536
Tax effects in respect of:				
Effects of different tax rates in:				
- Malaysian jurisdiction	-	(679)	-	-
- foreign jurisdictions	(273)	547	-	-
Non-allowable expenses	4,956	722	1,572	358
Tax incentives	(47)	(338)	-	-
Income not subject to tax	(2,149)	(844)	(1,805)	(8,894)
Deferred tax assets not recognised	809	454	-	-
Share of losses of associates	322	78	-	-
Share of profit of joint ventures	(80)	(68)	-	-
Under/(Over)-provision in prior years:				
- tax expense	799	190	9	2
- deferred tax	(255)	(63)	-	-
	2,820	1,558	9	2

27. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year:

	Group	
	2018	2017
(Loss)/Profit attributable to owners of the parent (RM'000)	(8,978)	449
Weighted average number of ordinary shares in issue (units'000)	305,500	299,146
Basic (loss)/earnings per ordinary share (sen)	(2.939)	0.150

27. (LOSS)/EARNINGS PER ORDINARY SHARE (continued)

(b) Diluted

Diluted (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2018	**2017**
(Loss)/Profit attributable to owners of the parent (RM'000)	(8,978)	449
Weighted average number of ordinary shares in issue (unit'000)	305,500	299,146
Effect of exercise of warrants (unit'000)	50,854	57,518
Adjusted weighted average number of ordinary shares applicable to basic (loss)/earnings per ordinary share (unit'000)	356,354	356,664
Diluted (loss)/earnings per ordinary share (sen)	(2.939)#	0.126

\# The diluted loss per share is same as the basic loss per share because the effect of the assumed conversion of warrants outstanding will be anti-dilutive and the Company has no other dilutive potential ordinary share in issue as at the end of the reporting period.

28. DIVIDENDS

	Group and Company			
	2018		**2017**	
	Gross dividend per share sen	**Amount of dividend net of tax RM'000**	**Gross dividend per share sen**	**Amount of dividend net of tax RM'000**
Final dividend paid in respect of the financial year 31 December 2016	-	-	0.50	1,490

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

29. EMPLOYEE BENEFITS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Wages, salaries and bonuses	29,282	31,100	313	253
Contributions to defined contribution plans	2,597	2,287	-	-
Social security contributions	2,007	2,218	-	-
Other benefits	3,730	4,559	-	-
	37,616	40,164	313	253

Included in employee benefits of the Group are Directors' remuneration amounting to RM8,965,000 (2017: RM7,986,000).

30. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group 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 Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries, associates, joint ventures, corporation in which a Director of an associate (formerly a subsidiary) has interest, Directors and key management personnel.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year which were carried out based on negotiated terms and conditions and mutually agreed with related parties:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Subsidiaries				
Dividend income	-	-	-	26,594
Interest income	-	-	2,668	2,519
Associates				
Business development fee	206	104	-	-
Commission received/receivable	109	50	-	-
Interest income	137	36	-	-
Purchase of goods	(114)	(9)	-	-
Progress billing payable	(2,479)	(96)	-	-
Sales of goods	66	40	-	-
Joint venture				
Commission received/receivable	90	81	-	-
Dividend income	291	440	-	-
Sales of goods	1,446	1,216	-	-
Sales of services	63	-	-	-
Purchase of materials	(67)	(131)	-	-
Rental income	99	179	-	-
Joint venture partner *				
Sale of goods	2,400	4,547	-	-

* The joint venture partner of the Group is Trunet (UK) Limited, a company that owns 50% of Trunet (Vietnam) Co., Ltd., a joint venture.

30. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of the Directors of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Directors' remuneration:				
- Directors of the Company:				
- fees	284	254	284	254
- emoluments other than fees	3,404	3,362	29	-
	3,688	3,616	313	254
- Directors of subsidiaries:				
- fees	271	75	-	-
- emoluments other than fees	5,006	4,295	-	-
	5,277	4,370	-	-
	8,965	7,986	313	254

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM103,000 (2017: RM169,000).

(d) Transactions with corporation in which a Director of an associate (formerly a subsidiary) has interest

The aggregate value of transactions and outstanding balances relating to corporation in which a Director of an associate (formerly a subsidiary) has interest were as follows:

	Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Shann Australia Pty. Ltd.				
- Sales	639	1,496	-	407

The Group sells goods to Shann Australia Pty. Ltd., a company that owns 3.27% (2017: 3.27%) of Furnitech Components (Vietnam) Co., Ltd., an associate (formerly a subsidiary) of the Group.

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with related parties.

31. OPERATING SEGMENTS

PRG Holdings Berhad and its subsidiaries are principally engaged in the manufacturing and sale and marketing of webbings, yarn, furniture components, rubber strips and fabrics as well as being involved in property development, construction and healthcare.

The Group has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements and which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Manufacturing

The manufacture and sale and marketing of rubber strips and sheets and narrow elastic fabrics, upholstery webbings, covered elastic yarn, rigid webbings, safety webbings, metal components for furniture and trading.

(ii) Property development and construction

Development and construction of residential and commercial properties.

(iii) Healthcare

Investments in healthcare related businesses.

Other operating segments that do not constitute reportable segments comprise operations related to investment holding.

In the previous financial year, the Group has changed its basis of segmentation for investment holding companies. The segmentation for the respective investment holding companies will be determined by the segment of its respective subsidiaries.

The above change is in line with the manner the internal management reporting and operating results were reviewed by the Group's management to make decisions about the resources to be allocated to the segments and to assess their performance.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

31. OPERATING SEGMENTS (continued)

2018	Manufacturing RM'000	Property development & construction RM'000	Healthcare RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
Revenue from external customers	92,565	56,061	-	-	-	148,626
Inter-segment revenue	252	33,313	-	-	(33,565)	-
Total revenue	**92,817**	**89,374**	**-**	**-**	**(33,565)**	**148,626**
Finance costs	(879)	(527)	-	(91)	229	(1,268)
Interest income	880	56	-	2,670	(2,897)	709
Net finance income/(expense)	1	(471)	-	2,579	(2,668)	(559)
Amortisation of intangible assets	(20)	(60)	-	-	-	(80)
Depreciation of property, plant and equipment	(3,009)	(1,679)	-	-	7	(4,681)
Segment profit/(loss) before tax	**1,690**	**(2,322)**	**(998)**	**(3,630)**	**-**	**(5,260)**
- Net gain on disposals of property, plant and equipment	172	187	-	-	(56)	303
- Net gain on disposals of subsidiaries	-	-	-	4,765	(4,765)	-
- Share of profit of joint ventures	332	-	(172)	-	-	160
- Share of losses of associates	(1,029)	(84)	(56)	-	-	(1,169)
- Impairment losses on trade receivables	(48)	(423)	-	-	-	(471)
- Inventories written down	(429)	-	-	-	-	(429)
- Reversal of inventories written down	317	-	-	-	-	317
- Reversal of impairment losses on trade receivables	23	-	-	-	-	23
- Net unrealised gain on foreign exchange	19	-	-	132	8	159
Capital expenditure	4,819	535	-	-	(53)	5,301
Investments in associates	4,175	14	3,694	-	-	7,883
Investments in joint ventures	1,146	-	3,953	-	-	5,099
Segment assets	**120,776**	**281,315**	**8,921**	**104,044**	**(89,167)**	**425,889**
Segment liabilities	**22,050**	**299,401**	**8,423**	**19,677**	**(89,322)**	**260,229**

31. OPERATING SEGMENTS (continued)

2017	Manufacturing RM'000	Property development & construction RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue					
Revenue from external customers	109,745	48,832	-	-	158,577
Inter-segment revenue	6,005	45,275	26,594	(77,874)	-
Total revenue	**115,750**	**94,107**	**26,594**	**(77,874)**	**158,577**
Finance costs	(1,257)	(338)	(7)	182	(1,420)
Interest income	481	92	2,527	(2,842)	258
Net finance (expense)/income	(776)	(246)	2,520	(2,660)	(1,162)
Amortisation of intangible assets	(22)	(59)	-	-	(81)
Depreciation of property, plant and equipment	(3,324)	(1,567)	(56)	-	(4,947)
Segment profit/(loss) before tax	**6,426**	**677**	**(608)**	**-**	**6,495**
- Net gain on disposals of property, plant and equipment	32	787	57	-	876
- Net gain on disposals of subsidiaries	6,824	3	-	-	6,827
- Share of profit of a joint venture	282	-	-	-	282
- Share of losses of associates	(290)	(33)	-	-	(323)
- Impairment losses on trade receivables	(267)	(224)	-	-	(491)
- Inventories written down	(191)	-	-	-	(191)
- Reversal of inventories written down	111	-	-	-	111
- Reversal of impairment losses on trade receivables	10	-	-	-	10
- Net unrealised loss on foreign exchange	(566)	-	*	-	(566)
Capital expenditure	2,049	5,759	-	-	7,808
Investments in associates	5,231	216	-	-	5,447
Investment in a joint venture	1,109	-	-	-	1,109
Segment assets	**123,142**	**301,927**	**66,958**	**(66,743)**	**425,284**
Segment liabilities	**24,961**	**313,509**	**119**	**(66,871)**	**271,718**

* Amount is less than RM1,000.

31. OPERATING SEGMENTS (continued)

Reconciliations of reportable profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2018 RM'000	2017 RM'000
(Loss)/Profit for the financial year		
Total (loss)/profit for reportable segments	(5,260)	6,495
Tax expense	(2,820)	(1,558)
Group's (loss)/profit for the financial year	(8,080)	4,937
Assets		
Total assets for reportable segments	425,889	425,284
Tax assets	7,840	6,917
Group's assets	433,729	432,201
Liabilities		
Total liabilities for reportable segments	260,229	271,718
Tax liabilities	1,343	2,055
Group's liabilities	261,572	273,773

Geographical information

With the exception of a manufacturing facility and sales office set up in Vietnam, the entire Group's active business operations are located in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers from which the sales transactions originated.

Segment assets are based on the geographical location of the Group's assets. The non-current assets do not include investments in associates, investments in joint ventures and deferred tax assets.

	2018 RM'000	2017 RM'000
Revenue from external customers		
Malaysia	64,440	57,499
Asia Pacific (excluding Malaysia)	58,057	66,615
Europe	9,243	16,391
North America	16,578	17,143
Others	308	929
	148,626	158,577

31. OPERATING SEGMENTS (continued)

Geographical information (continued)

	2018 RM'000	2017 RM'000
Non-current assets		
Malaysia	29,376	31,974
Asia Pacific (excluding Malaysia)	15,741	13,930
	45,117	45,904

Major customer

There is no customer with revenue equal to or more than ten percent (10%) of the revenue of the Group.

32. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from the financial year ended 31 December 2017.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group regularly reviews the gearing ratio to ensure they are at acceptable levels and within industry norms. Net debts are calculated as total borrowings less cash and bank balances. Capital represents equity attributable to the owners of the parent. A detailed calculation of the net debt is shown below:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Borrowings	46,593	28,569	15,060	-
Less: Cash and bank balances	(35,079)	(42,023)	(501)	(128)
Net debt/(cash)	11,514	(13,454)	14,559	(128)
Total capital	131,958	131,665	147,877	141,494
Gearing ratio	9%	#	10%	#

Not applicable as the Group and the Company were in a net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement during the financial year ended 31 December 2018.

32. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments

	2018 RM'000	2017 RM'000
Group		
Financial assets		
Amortised cost		
Trade and other receivables, net of deposits for land acquisition and prepayments	81,393	82,622
Cash and bank balances	35,079	42,023
	116,472	124,645
Financial liabilities		
Amortised cost		
Trade and other payables	153,724	160,352
Borrowings	46,593	28,569
	200,317	188,921
Company		
Financial assets		
Amortised cost		
Other receivables, net of prepayments	50,730	16,954
Cash and bank balances	501	128
	51,231	17,082
Financial liabilities		
Amortised cost		
Other payables	4,617	119
Borrowings	15,060	-
	19,677	119

(c) Fair value information

The carrying amounts of cash and banks, short term receivables and payables, short term borrowings are reasonable approximation of fair values due to their short-term nature of these financial instruments.

The fair values of long term receivables and payables, long term borrowings are estimated by discounting the expected future cash flows at market incremental lending rates for similar types of financial instruments.

Fair value of the borrowings of the Group and the Company are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

Fair value of long term receivables and payables of the Group and the Company are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objectives of the Group are to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to foreign currency risk, interest rate risk, liquidity and cash flow risks and credit risk. Information on the management of the related exposures is detailed below:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange rate risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Hong Kong Dollar ("HKD") and Singapore Dollar ("SGD").

The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. Information regarding the currency exposure profile of cash and bank balances is disclosed in Note 17 to the financial statements.

The Group does not hedge these exposures by purchasing or selling forward currency contracts at present. However, the management keeps this policy under review.

In respect of its overseas subsidiaries, the Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the subsidiary is located or by borrowing in currencies that match the future revenue stream to be generated from its subsidiaries.

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Group's and of the Company's profit after tax to a reasonably possible change in the USD and HKD exchange rates against the Ringgit Malaysia ("RM") respectively, with all other variables held constant. 10% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes outstanding balances denominated in foreign currencies.

		Group		Company	
		2018 RM'000 Loss after tax	**2017 RM'000 Profit after tax**	**2018 RM'000 Profit after tax**	**2017 RM'000 Profit after tax**
USD/RM	- strengthen by 10% (2017: 10%)	(1,931)	1,427	-	-
	- weaken by 10% (2017: 10%)	1,931	(1,427)	-	-
SGD/RM	- strengthen by 10% (2017: 10%)	(1,140)	-	1,019	-
	- weaken by 10% (2017: 10%)	1,140	-	(1,019)	-
HKD/RM	- strengthen by 10% (2017: 10%)	986	-	(992)	-
	- weaken by 10% (2017: 10%)	(986)	-	992	-

Sensitivity analysis of other currencies are not disclosed as the fluctuation of these foreign exchange rates against the Group's functional currency would not be significant.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's deposits placed with financial institutions and borrowings are exposed to a risk of changes in their fair values due to changes in market interest rates. The Group's and the Company's borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not exposed to interest rate risk.

The Group and the Company borrow for operations at fixed and variable rates using hire purchase, term loans, trade financing facilities and bank overdraft. There is no formal hedging policy with respect to interest rate exposure.

The following tables set out the carrying amounts, the average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

Group	**Note**	**Average effective interest rate %**	**Total RM'000**	**Within 1 year RM'000**	**1 - 2 years RM'000**	**2 - 3 years RM'000**	**3 - 4 years RM'000**	**4 - 5 years RM'000**	**More than 5 years RM'000**
At 31 December 2018									
Fixed rate									
Amounts owing by associates	13								
- USD		3.00	4,899	187	4,712	-	-	-	-
- VND		3.00	36	36	-	-	-	-	-
Deposits placed with financial institutions	17								
- RM		3.65 - 3.85	1,467	1,467	-	-	-	-	-
- USD		2.30 - 2.45	868	868	-	-	-	-	-
- VND		4.50 - 5.50	3,094	3,094	-	-	-	-	-
- HKD		2.00 - 2.10	6,408	6,408	-	-	-	-	-
Investments in short term funds	17	3.41 - 3.58	175	175	-	-	-	-	-
Hire purchase creditors	20	2.66 - 2.77	(839)	(613)	(193)	(33)	-	-	-
Floating rate									
Trade bills	20								
- VND		7.00 - 7.80	(3,097)	(3,097)	-	-	-	-	-
Term loans	20								
- RM		4.62 - 6.27	(19,015)	(374)	(2,462)	(2,076)	(1,701)	(457)	(11,945)
- HKD		8.50	(15,060)	(15,060)	-	-	-	-	-

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk (continued)

The following tables set out the carrying amounts, the average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk (continued):

Group	Note	Average effective interest rate %	Total RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
At 31 December 2017									
Fixed rate									
Amounts owing by associates	13								
- USD		3.00	4,606	4,606	-	-	-	-	-
- VND		3.00	58	58	-	-	-	-	-
Deposits placed with financial institutions	17								
- RM		2.55 - 3.60	4,098	4,098	-	-	-	-	-
- USD		1.50	963	963	-	-	-	-	-
- VND		5.40 - 6.30	2,103	2,103	-	-	-	-	-
- HKD		1.00	19,314	19,314	-	-	-	-	-
Investments in short term funds	17	3.22	5,598	5,598	-	-	-	-	-
Hire purchase creditors	20	2.18 - 4.25	(2,366)	(1,184)	(862)	(257)	(63)	-	-
Floating rate									
Trade bills	20								
- USD		2.96	(90)	(90)	-	-	-	-	-
- VND		5.40 - 7.20	(4,015)	(4,015)	-	-	-	-	-
Term loans	20								
- RM		4.62 - 6.36	(21,710)	(2,573)	(810)	(2,071)	(2,092)	(1,732)	(12,432)
- USD		3.50	(388)	(388)	-	-	-	-	-

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk (continued)

The following tables set out the carrying amounts, the average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk (continued):

Company	**Note**	**Average effective interest rate %**	**Total RM'000**	**Within 1 year RM'000**	**1 - 2 years RM'000**	**2 - 3 years RM'000**	**3 - 4 years RM'000**	**4 - 5 years RM'000**	**More than 5 years RM'000**
At 31 December 2018									
Fixed rate									
Amount owing by a subsidiary	13								
- RM		6.36	52,551	-	52,551	-	-	-	-
Term loan	20								
- HKD		8.50	(15,060)	(15,060)	-	-	-	-	-
At 31 December 2017									
Fixed rate									
Amounts owing by subsidiaries	13								
- RM		6.36	49,953	-	49,953	-	-	-	-

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of reporting period changed by 50 basis points with all other variables held constant:

	Group		**Company**	
	2018 RM'000 Loss after tax	**2017 RM'000 Profit after tax**	**2018 RM'000 Profit after tax**	**2017 RM'000 Profit after tax**
Increase by 0.5% (2017: 0.5%)	(80)	31	142	189
Decrease by 0.5% (2017: 0.5%)	80	(31)	(142)	(189)

The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2018				
Financial liabilities				
Trade and other payables	150,385	3,339	-	153,724
Borrowings	28,748	8,380	13,440	50,568
Total undiscounted financial liabilities	179,133	11,719	13,440	204,292
As at 31 December 2017				
Financial liabilities				
Trade and other payables	150,796	9,556	-	160,352
Borrowings	9,385	11,260	18,264	38,909
Total undiscounted financial liabilities	160,181	20,816	18,264	199,261
Company				
As at 31 December 2018				
Financial liabilities				
Other payables	4,617	-	-	4,617
Borrowings	15,858	-	-	15,858
Total undiscounted financial liabilities	20,475	-	-	20,475
As at 31 December 2017				
Financial liabilities				
Other payables	119	-	-	119
Total undiscounted financial liabilities	119	-	-	119

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and the Group regularly follows up on receivables outstanding beyond their stipulated time threshold for payments. The Group does not require collateral in respect of financial assets.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group mitigates its credit risk in trade receivables arising from the sale of development properties by maintaining its name as the registered owner of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financing by the purchaser's end-financier.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any individual customer or counterparty except that 12% (2017: 12%) of the Group's trade receivables as at reporting date were due from seven (7) (2017: seven (7)) major customers.

The Company has no significant concentration of credit risk except for the amounts owing by subsidiaries constituting approximately 84% (2017: 100%) of the total receivables of the Company.

The Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period are as follows:

	2018		2017	
	RM'000	**% of total**	**RM'000**	**% of total**
By country				
Malaysia	40,817	75%	59,576	81%
Asia Pacific (excluding Malaysia)	8,916	16%	7,931	10%
Europe	2,081	4%	3,568	5%
North America	2,976	5%	2,789	4%
Others	-	-	39	*
	54,790	100%	73,903	100%

* Amount is less than 1%.

	2018		2017	
	RM'000	**% of total**	**RM'000**	**% of total**
By industry sectors				
Manufacturing	14,525	27%	14,978	20%
Property development and construction	40,265	73%	59,628	80%
	54,790	100%	74,606	100%

At the end of the reporting period, approximately 12% (2017: 12%) of the Group's trade receivables were due from six (6) (2017: five (5)) major customers located in Malaysia, Asia Pacific (excluding Malaysia), Europe and North America.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 4 May 2018, PRG Healthcare Sdn. Bhd. (formerly known as PRG Ventures Sdn. Bhd.) ("PRGH"), a wholly-owned subsidiary of the Company entered into a shares sale agreement for the proposed acquisition of 55% of the enlarged share capital of PRG Active Sdn. Bhd. (formerly known as S P Chin Healthcare Sdn. Bhd.) for a purchase consideration of approximately RM4.125 million ("SSA"). The Proposed S P Chin Acquisition was completed on 16 July 2018 following the fulfilment of all the conditions precedent of the SSA and the issuance of 4,806,000 Consideration Shares to the Vendors.

Accordingly, PRG Active Sdn. Bhd. (formerly known as S P Chin Healthcare Sdn. Bhd.) has became an indirect 55%-owned joint venture of the Company.

(ii) On 13 July 2018, PRG Healthcare Sdn. Bhd. (formerly known as PRG Ventures Sdn. Bhd.) ("PRGH"), a wholly-owned subsidiary of the Company entered into a shares sale agreement (“SSA”) with Lin, Shen-Yi (“LSY”) and Loh Pui San (“LPS”) (LSY & LPS shall collectively be referred to as the “Vendors”), Tee Swee Guan (“TSG”), ZA 28 Group Sdn. Bhd. (“ZA”) and Goldbest Venture Sdn. Bhd. (“GV”) (PRGH, TSG, ZA & GV shall collectively be referred to as the “Purchasers”) in respect of the sale and purchase of 1,152,349 ordinary shares equivalent to 41.2% of the issued and paid-up capital of Esther Postpartum Care Sdn. Bhd. (“EPC”), upon the terms and conditions stipulated in the SSA. In conjunction with the SSA, PRGH has on 13 July 2018 entered into a shareholders agreement (“SA”) with the Vendors, TSG, ZA and GV to amongst others, set out the terms governing their relationships as shareholders in EPC and in respect of the management of EPC. Simultaneously with the SSA, the Purchasers have on 13 July 2018 entered into a call option agreement (“COA”) with EPC for the option to subscribe 430,785 new EPC shares equivalent to 13.33% of the enlarged issued and paid up share capital of EPC. The SSA, SA and COA shall collectively be referred to as the “Proposals”.

The Proposals are completed on 11 October 2018 following the fulfilment of all the completion obligation of the SSA, SA and COA by respective Parties.

The effective shareholding of PRGH in EPC shall be 26.21% following the completion of the SSA and COA.

(iii) On 3 October 2018, the Company has disposed 60,480,000 ordinary shares of Hong Kong Dollar (HKD) 0.10 each (“Sale Shares”) to independent third parties, representing 12% equity interest in FHL for a total cash consideration of HKD0.50 (equivalent to RM0.26) per Sale Share. Upon completion of the Proposed Disposal, PRG’s shareholdings in FHL were reduced from 378,000,000 ordinary shares representing 75% to 317,520,000 ordinary shares representing 63%.

35. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(i) On 21 December 2018, the Company announced that it had entered into a conditional Subscription and Options Agreement with Capital World Limited in relation to the proposed subscription of 265,000,000 new Capital World shares and an option to further subscribe for up to 44,000,000 new Capital World shares by PRG. Following the fulfilment of all the relevant conditions of the Agreement, the Subscription was completed on 14 March 2019.

(ii) On 12 March 2019, a sale and purchase agreement (“S&P Agreement”) was entered into among Furniweb Holdings Limited ("FHL"), Triumph Star Global Limited (the “Vendor”) and Ms. Jim Ka Man, the guarantor. Pursuant to the S&P Agreement, FHL has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the entire issued share capital of Meinaide Holdings Group Limited for the consideration of HKD140,000,000, which shall be satisfied by FHL by way of allotment and issue of 56,000,000 shares of FHL at the issue price of HKD2.50 per share to the Vendor or its nominee credited as fully paid upon completion in accordance with the terms and conditions of the S&P Agreement.

LIST OF
GROUP PROPERTIES

Address	Owner	Description	Age of building	Tenure / Expiry	Existing Use	Land Area (Sq ft.)	Carrying Value as at 31/12/2018 (RM'000)	Date of Valuation (* Date of Acquisition)
Title No. H.S. (M) 967, P.T. No. 208, Mukim of Cheras, District of Hulu Langat, Selangor	FMSB	Land and a 1 ½ - storey detached office cum factory building and ancillary buildings	26	Leasehold (60 years)/ 11 Feb 2075^	Industrial	51,905	3,025	#31/7/2017
Title No. H.S. (M) 943, P.T. No. 7179, Mukim of Cheras, District of Hulu Langat, Selangor	SSKSB FMSB	Land and a 2-storey detached factory building	26	Leasehold (60 years)/ 11 Feb 2075^	Industrial	56,253	3,417	#31/7/2017
Title No. H.S. (M) 1594, P.T. No. 2374, Kg. Bharu Balakong, Mukim of Cheras, District of Hulu Langat, Selangor	FMSB	Land, a purpose-built 2-storey detached factory, 3-storey office building and ancillary buildings	10	Leasehold (99 years)/ 3 Jul 2083	Industrial	87,123	8,205	#31/7/2017
No. 18, Road 3A, Bien Hoa Industrial Zone II, Long Binh Ward, Bien Hoa City, Dong Nai Province, Vietnam	FVSC	Two-level office, two workshops, a warehouse, a canteen and a security booth	20	Lease (47 years)/ 16 Jan 2044	Industrial	150,544	2,023	#31/7/2017
Title No. H.S. (D) 37374, P.T. No. 4886, Mukim and District of Klang, Selangor Address : No. 46, Jalan Harum 25/49, Seksyen 25, 40400 Shah Alam, Selangor	Texstrip	3 storey compact terrace house	35	Freehold	Residential	840	73	#31/7/2017
Title No. GM 8265, Lot 87591, Mukim and District of Klang, Selangor	Texstrip	Land and a single-storey industrial building with a double-storey office annex	28	Freehold	Industrial	50,515	2,089	#31/7/2017
HS(D) 111073, PT No. 9, Mukim Damansara, Daerah Petaling, Negeri Selangor Address: Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor	PRGPSB	Corporate Office	5	Freehold	Commercial	8,541	5,042	*1/11/2014
PN 45266, 141 Section 88, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	PDMSB	Residential properties under construction	5	Leasehold (99 years)/ 17 Feb 2108	Residential	153,999	171,418	*30/7/2014

Address	Owner	Description	Age of building	Tenure / Expiry	Existing Use	Land Area (Sq ft.)	Carrying Value as at 31/12/2018 (RM'000)	Date of Valuation (* Date of Acquisition)
Street No. 8, Nhon Trach Industrial Zone 1, Nhon Trach District, Dong Nai Province, Vietnam	PEWA	One 2-level office, two 1-level workshops, one 3-level workshop, a canteen, two security booths, a parking area and a power station	16	Lease (46 years)/ 22 Jan 2048	Industrial	280,755	4,633	#31/7/2017
PT 46025, H.S. (M) 13499, Seksyen U5, Mukim Sungai Buloh, Daerah Petaling, 40150 Shah Alam	PBSB	Residential properties under construction	2	Leasehold (99 years)/ 16 Feb 2105	Residential	282,606	26,504	18/8/2016

There were no revaluation on the land and properties owned by the Group for the financial year ended 31 December 2018.

^ Land premium was paid for an extension of sixty (60) years on 12 February 2015 and subject to perfection of the documentation by authorities.

The market value from the recent valuation was not recorded in the financial statements as the land and buildings of the Group are measured at cost.

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

Total number of issued shares	:	322,993,074
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote for each share held

Category	No. of Shareholders	%	No. of Shares	%
Less than 100	114	11.06	4,829	0.00
100 - 1000	206	19.98	53,032	0.02
1001 - 10000	326	31.62	1,661,723	0.51
10001 - 100000	265	25.70	8,971,372	2.78
100001 and below 5%	117	11.35	250,066,718	77.42
5% and above	3	0.29	62,235,400	19.27
Total	1,031	100.00	322,993,074	100.00

* Excluding 417,800 treasury shares.

DIRECTORS' SHAREHOLDINGS
(As per Register of Directors' Shareholdings)

	Direct		Indirect	
Name of Director	No. of Shares Held	%	No. of Shares Held	%
Dato' Dr. Awang Adek bin Hussin	-	-	-	-
Dato' Lua Choon Hann	56,375,500[(a)]	17.45	262,000[(b)]	0.08
Dato' Wee Cheng Kwan	39,870,400[(a)]	12.34	-	-
Lim Chee Hoong	154,000	0.05	154,000[(b)]	0.05
Datuk Dr. Wong Lai Sum	-	-	-	-
Na Chun Wee	-	-	-	-

Notes:
(a) Held through nominees company/ies.
(b) Disclosure of interest held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per Register of Substantial Shareholders' Shareholdings)

	Direct		Indirect	
Name of Substantial Shareholder	No. of Shares Held	%	No. of Shares Held	%
Dato' Lua Choon Hann	56,375,500[(a)]	17.45	262,000[(b)]	0.08
Dato' Wee Cheng Kwan	39,870,400[(a)]	12.34	-	-
Ng Yan Cheng	27,587,600	8.54	2,178,600[(c)]	0.67
Wang Jing	26,232,800[(a)]	8.12	-	-
Pacific Vintage Sdn. Bhd.	25,288,600[(a)]	7.83	-	-

Notes:
(a) Held through nominees company/ies.
(b) Disclosure of interest held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.
(c) Held through Kenanga Nominees (Asing) Sdn. Bhd. Exempt An for Guotai Junan Securities (Hong Kong) Limited. Deemed interested pursuant to Section 8(4)(c) of the Companies Act 2016.

TOP 30 SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	CIMB GROUP NOMINEES (ASING) SDN. BHD. BENEFICIARY : EXEMPT AN FOR DBS BANK LTD (SFS-PB)	26,182,800	8.11
2	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LUA CHOON HANN	19,795,400	6.13
3	NG YAN CHENG	16,257,200	5.03
4	SY DIOCELDO SY	15,739,180	4.87
5	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHEAH ENG CHUAN (CHE1991C)	15,527,716	4.81
6	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR PACIFIC VINTAGE SDN BHD	12,900,800	3.99
7	NG YAN CHENG	11,330,400	3.51
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LUA CHOON HANN	10,932,000	3.38
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR WEE CHENG KWAN (PBCL-0G0659)	8,700,000	2.69
10	JF APEX NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LUA CHOON HANN (MARGIN)	8,600,200	2.66
11	HO BUN HOI	8,518,100	2.64
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR PACIFIC VINTAGE SDN BHD	7,937,800	2.46
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB FOR WEE CHENG KWAN (PB)	6,695,880	2.07
14	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WEE CHENG KWAN	5,833,200	1.81
15	TI LIAN KER	5,687,700	1.76
16	ONG LOCK HOO	5,309,700	1.64
17	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YAU KOK SENG (001)	5,200,000	1.61
18	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT- AMBANK (M) BERHAD FOR LUA CHOON HANN (SMART)	5,168,800	1.60
19	JF APEX NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHEN SZE MIN (MARGIN)	4,925,000	1.52
20	HLB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEE SIM HAK	4,600,000	1.42
21	M & A NOMINEE (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WEE CHENG KWAN (M&A)	4,400,000	1.36
22	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	4,306,600	1.33
23	AFFIN HWANG NOMINEES (TEMPATAN) SDN .BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WEE CHENG KWAN	4,260,000	1.32
24	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WEE CHENG KWAN	4,155,320	1.29
25	LEE LIP KHANG	3,878,400	1.20
26	JF APEX NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR PACIFIC VINTAGE SDN BHD (MARGIN)	3,800,000	1.18
27	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LUA CHOON HANN	3,397,300	1.05
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR WEE CHENG KWAN	3,376,000	1.05
29	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LUA CHOON HANN (MGN-LCH0024M)	3,196,000	0.99
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHENG VOON SZE @ TEE VOON SZE	3,145,591	0.97
		243,757,087	75.45

ANALYSIS OF
WARRANTS HOLDINGS
AS AT 29 MARCH 2019

Total Number of Warrants Issued : 80,160,326
Exercise Price of Warrants : RM0.375

Category	No. of Warrant Holders	%	No. of Warrants Held	%
Less than 100	19	6.19	628	0.00
100 - 1000	29	9.45	13,394	0.02
1001 - 10000	102	33.22	462,650	0.57
10001 - 100000	101	32.90	3,479,640	4.34
100001 and below 5%	52	16.94	30,482,796	38.03
5% and above	4	1.30	45,721,218	57.04
Total	307	100.00	80,160,326	100.00

DIRECTORS' WARRANTS HOLDINGS
(As per Register of Directors' Warrants Holdings)

	Direct		Indirect	
Name of Director	No. of Warrants Held	%	No. of Warrants Held	%
Dato' Dr. Awang Adek bin Hussin	-	-	-	-
Dato' Lua Choon Hann	21,630,300[(a)]	26.98	38,000[(b)]	0.05
Dato' Wee Cheng Kwan	-	-	-	-
Lim Chee Hoong	-	-	-	-
Datuk Dr. Wong Lai Sum	-	-	-	-
Na Chun Wee	-	-	-	-

Notes:
(a) Held through nominee company/ies.
(b) Disclosure of interest held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

TOP 30 WARRANTS HOLDERS

	Name of Warrants holders	No. of Warrants	%
1	TI LIAN KER	19,927,300	24.86
2	LUA CHOON HANN	12,816,600	15.99
3	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LUA CHOON HANN	7,801,800	9.73
4	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHEAH ENG CHUAN (CHE1991C)	5,175,518	6.46
5	PANG CHEW WEI	3,087,700	3.85
6	TEH CHOON YEAN	2,572,600	3.21
7	TEH CHOON YEAN	2,171,100	2.71
8	ONG LOCK HOO	2,061,524	2.57
9	LEE JAM	1,706,000	2.13
10	TEH CHOON YEAN	1,514,900	1.89
11	LEE SIM HAK	1,340,012	1.67
12	PANG CHEW WEI	1,253,000	1.56
13	CHUNG YUK PHIN	1,135,700	1.42
14	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YAU KOK SENG (001)	1,000,000	1.25
15	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHEN SZE MIN (001)	911,480	1.14
16	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR PACIFIC VINTAGE SDN BHD	908,600	1.13
17	ANG CHIN BOON	775,700	0.97
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHEW SENG GUAN (E-TJJ)	702,300	0.88
19	CHUNG YUK PHIN	664,000	0.83
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR LUA CHOON HANN (M68121)	655,000	0.82
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : OOI CHEE MENG	533,000	0.66
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR PANG CHEW WEI (E-BPJ)	460,000	0.57
23	SOPHIE GOH SU ANN	427,800	0.53
24	PANG KIM CHOON	397,600	0.50
25	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LUA CHOON HANN	356,900	0.45
26	KINTEX (K.L) SDN BHD	337,020	0.42
27	CHA MEI YEN	316,500	0.39
28	HOU KOK CHUNG	315,000	0.39
29	LIEW SOON YEW	294,000	0.37
30	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR CHEW SENG GUAN	292,400	0.36
		71,911,054	89.71

NOTICE OF
EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting ("AGM") of PRG Holdings Berhad ("PRG" or "the Company") will be held at Arcadia II, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 19 June 2019 at 2.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' and Auditors' Reports thereon. *Please refer to Note 8*

2. To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors up to RM314,000 from 20 June 2019 until the next AGM of the Company. *Resolution 1*

3. To re-elect the following Directors who retire in accordance with Article 84 of the Company's Constitution:

   (i) Dato' Lua Choon Hann; and *Resolution 2*
   (ii) Datuk Dr. Wong Lai Sum. *Resolution 3*

4. To re-appoint Messrs BDO PLT as the Company's Auditors and to authorise the Directors to fix their remuneration. *Resolution 4*

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:

5. **ORDINARY RESOLUTION** *Resolution 5*
   RETENTION OF LIM CHEE HOONG AS INDEPENDENT DIRECTOR

   "THAT in accordance with the Malaysian Code on Corporate Governance ("MCCG"), Lim Chee Hoong who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next AGM, subject to the provisions of the relevant regulatory authorities."

6. **ORDINARY RESOLUTION** *Resolution 6*
   AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue new shares in the Company at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

7. **ORDINARY RESOLUTION** *Resolution 7*
   PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

   "THAT subject always to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors from time to time through Bursa Securities, subject to the following:

a) The aggregate number of shares which may be purchased by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time;

b) The maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the retained earnings of the Company. The audited retained earnings of the Company as at 31 December 2018 stood at RM61.0 million;

c) The authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

   i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed, at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
   ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
   iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

   whichever is earlier;

d) Upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manners:

   i) to cancel the shares so purchased;
   ii) to retain the shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act);
   iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
   iv) in any other manner as may be permitted and prescribed by the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps and to do all acts and things as may be required (including executing all documents) to implement, finalise and give full effect to the purchase of the Company's own shares, with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as may be deemed necessary or expedient by the Board of Directors and in the best interests of the Company."

8. **ORDINARY RESOLUTION** *Resolution 8*
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"THAT subject always to the provisions of the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, details as set out in Section 2.3 of Part B of the Circular to Shareholders dated 19 April 2019 with the specified classes of related parties mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT the approval shall continue to be in force until:

(i) the conclusion of the next AGM of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier;

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

9. **SPECIAL RESOLUTION** *Resolution 9*
PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")

"THAT approval be and is hereby given to the Company to revoke the existing Constitution of the Company in its entirety and in place thereof, a new Constitution as set out in Appendix II of the Circular to Shareholders dated 19 April 2019 be and is hereby adopted as the Constitution of the Company with immediate effect;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in order to give full effect to the Proposed Adoption, with full power to assent to any conditions, modification, and/or amendments as may be required by the relevant authorities."

10. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Constitution.

BY ORDER OF THE BOARD

YEOH CHONG KEAT (MIA 2736)
LIM FEI CHIA (MAICSA 7036158)
Company Secretaries

Kuala Lumpur
19 April 2019

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 June 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.

2. A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.

3. Where a member appoints two (2) proxies, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.

4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. To be valid, the original proxy form, duly completed must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

6. If the appointor is a corporation the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of this meeting will be put to vote by way of poll.

8. The Audited Financial Statements for the financial year ended 31 December 2018 are laid in accordance with Section 340(1)(a) of the Act for discussion only and do not require shareholders’ approval. As such, this item will not be put forward for voting by shareholders of the Company.

Explanatory Notes on Special Business

9. Retention of Independent Non-Executive Director

   The proposed resolution is to seek shareholders’ approval to retain Mr. Lim Chee Hoong as Independent Non-Executive Director of the Company. The Board of Directors have assessed the independence of Mr. Lim and is satisfied that there were no issues of independence as he continues to provide unbiased, objective and independent views and judgement in Board deliberations. In arriving at its view, the Board has considered the following factors:

   (i) Confirmation and declaration by Mr. Lim that he fulfills the criteria of an Independent Director prescribed under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities;
   (ii) Confirmation and declaration by Mr. Lim that he has no conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
   (iii) Mr. Lim is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiary companies; and
   (iv) He has not been involved in any business or other relationship which could hinder the exercise of independent judgement and objectivity to act in the best interests of the Company.

10. Authority for the Directors to issue shares

    This proposed resolution, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time, at such price, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit (“General Mandate”), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the number of shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

    The General Mandate procured and approved in the preceding year 2018 which was not exercised by the Company during the year, will expire at the 2019 AGM of the Company.

    With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders’ approval when such opportunities or needs arise.

11. Proposed Renewal of Authority for Share Buy-Back

    This proposed resolution, if passed, will allow the Company to purchase its own shares up to 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company. For further information on the Proposed Renewal of Authority for Share Buy-Back, please refer to Part A of the Circular to Shareholders dated 19 April 2019 despatched together with the Company's Annual Report 2018.

12. Proposed Shareholders' Mandate

    This proposed resolution, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in Part B of the Circular to Shareholders dated 19 April 2019 despatched together with the Company's Annual Report 2018. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company.

13. Proposed Adoption

    This proposed resolution, if passed, will streamline the Constitution of the Company with the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Securities, and to provide clarity to certain provision thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency. For further information on the Proposed Adoption, please refer to Part C of the Circular to Shareholders dated 19 April 2019 despatched together with the Company's Annual Report 2018.

14. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/ or processed in connection with the foregoing.

STATEMENT ACCOMPANYING NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

No individual is standing for election as Director at the forthcoming Eighteenth Annual General Meeting of the Company.

PRG
HOLDINGS BERHAD

PROXY FORM

No. of Shares held	
CDS Account No.	
Contact No.	

I/We____NRIC/Passport/Company No.______________________________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being member/members of **PRG HOLDINGS BERHAD**, do hereby appoint______________________________________

____
(FULL NAME IN BLOCK LETTERS AND NRIC / PASSPORT NO.)

of ____
(FULL ADDRESS)

or failing him/her ____
(FULL NAME IN BLOCK LETTERS AND NRIC / PASSPORT NO.)

of ____
(FULL ADDRESS)

or failing him/her, the Chairman of the meeting as my/our proxy(ies) to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Arcadia II, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 19 June 2019 at 2.00 p.m. or at any adjournment thereof on the following resolutions referred to in the Notice of Eighteenth Annual General Meeting.

The proportion of *my/our holdings to be represented by *my/our proxy(ies) are as follows:

First Proxy: ____________ %	Second Proxy: __________ %

My/Our proxy(ies) is/are to vote as indicated hereunder:

RESOLUTIONS		*FOR	*AGAINST
1.	To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors up to RM314,000 from 20 June 2019 until the next AGM of the Company		
2.	To re-elect Dato' Lua Choon Hann who retires in accordance with Article 84 of the Company's Constitution		
3.	To re-elect Datuk Dr. Wong Lai Sum who retires in accordance with Article 84 of the Company's Constitution		
4.	To re-appoint Messrs BDO PLT as the Company's Auditors and to authorise the Directors to fix their remuneration		
5.	To retain Lim Chee Hoong as Independent Director		
6.	Authority for the Directors to issue shares		
7.	Proposed Renewal of Authority for Share Buy-Back		
8.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9.	Proposed Adoption of a New Constitution of the Company		

* Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

Dated this ______ day of _____________ 2019

____

Signature or Common Seal of Shareholder(s)

Notes:

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 June 2019 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.

(ii) A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.

(iii) Where a member appoints two (2) proxies, the member shall specify the proportions of his/her shareholdings to be represented by each proxy failing which, the appointment shall be invalid.

(iv) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(v) To be valid, the original proxy form, duly completed must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

(vi) If the appointor is a corporation the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

(vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of this meeting will be put to vote by way of poll.

(viii) The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/or processed in connection with the foregoing.

Affix Stamp

The Company Secretaries
PRG HOLDINGS BERHAD (541706-V)

c/o Archer Corporate Services Sdn. Bhd.
Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

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Selangor Darul Ehsan.

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