PRG
HOLDINGS BERHAD

ANNUAL REPORT 2020

20th Annual General Meeting

Date	Thursday, 27 May 2021
Time	10.00 a.m.
Broadcast Venue	Lot C601, Capital 3 Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor

DIGITAL VERSION OF ANNUAL REPORT 2020

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The softcopy of the Annual Report 2020 is available on the company's website at http://www.prg.com.my/investor-relations/

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Sustainability Report

PRG Values

PRG stands for
PREMIER GROUP

Our Aim

VISION

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

Our Target

MISSION

- Customer oriented
- Innovative products
- Creating values for customers and stakeholders

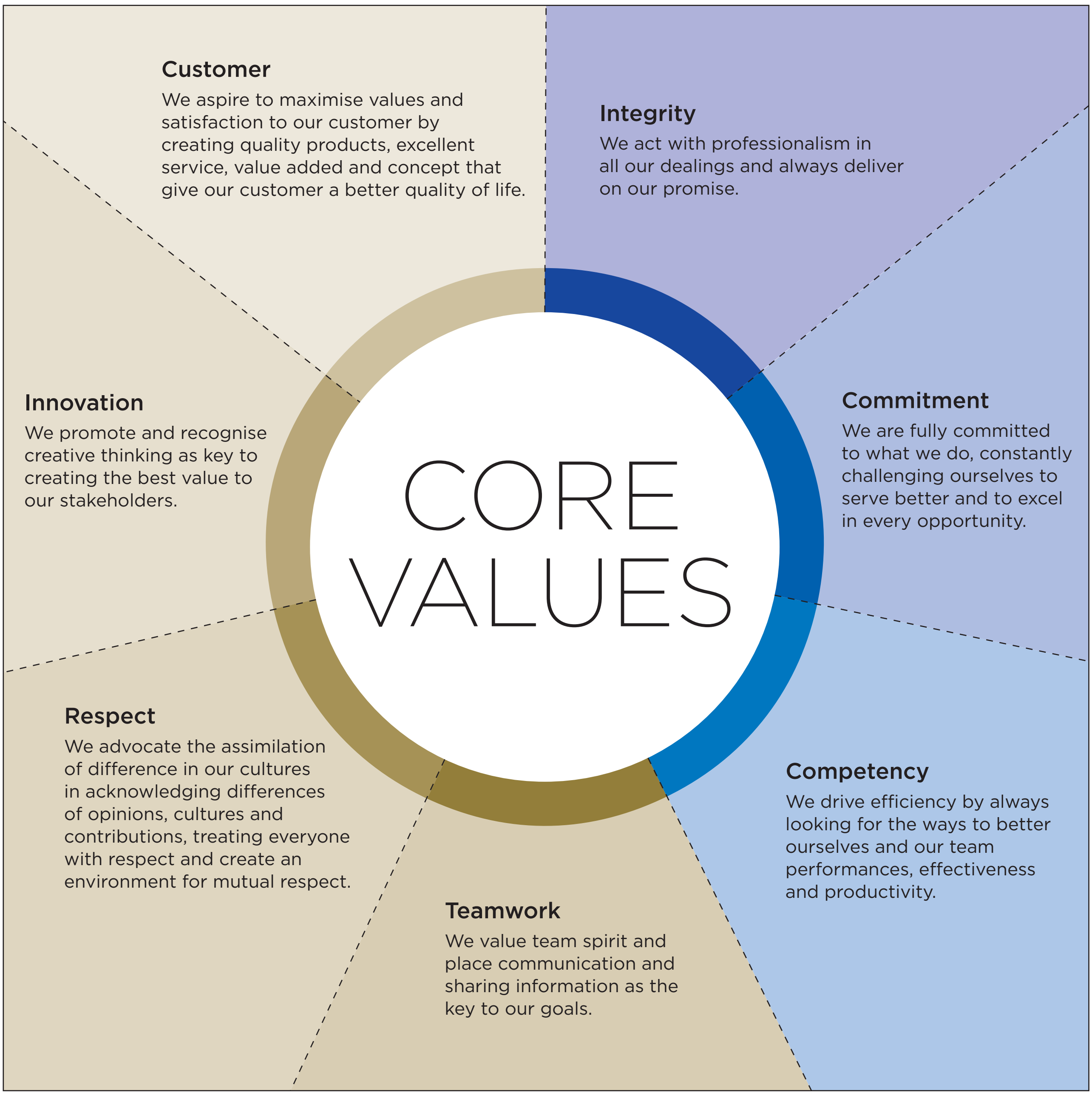
PRG Values
cont'd

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 such ideals, 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.

The Values We Deliver



Corporate Information

BOARD OF DIRECTORS

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

Dato' Lua Choon Hann
Group Executive Vice Chairman

Dato' Wee Cheng Kwan
Managing Director
- Property & Construction

Ng Tzee Penn
Executive Director

Lim Chee Hoong
Independent Non-Executive Director

Ji Haitao
Independent Non-Executive Director

Corporate Information
cont'd

AUDIT AND RISK MANAGEMENT COMMITTEE

Lim Chee Hoong (Chairman)
Dato' Dr. Awang Adek bin Hussin
Ji Haitao

NOMINATION COMMITTEE

Dato' Dr. Awang Adek bin Hussin (Chairman)
Lim Chee Hoong
Ji Haitao

REMUNERATION COMMITTEE

Ji Haitao (Chairman)
Lim Chee Hoong
Dato' Dr. Awang Adek bin Hussin

COMPANY SECRETARIES

Yeoh Chong Keat (MIA 2736)
(SSM PC No. 201908004096)

Lim Fei Chia (MAICSA 7036158)
(SSM PC No. 202008000515)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

Corporate, Property Development & Construction, and Agriculture 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

PRINCIPAL BANKERS

Alliance Islamic Bank Berhad

Bank of Communications (Hong Kong) Limited

China Construction Bank (Asia) Corporation Limited

Hong Leong Bank Berhad

Industrial and Commercial Bank of China Limited

Malayan Banking Berhad

Maybank Singapore Limited

Public Bank Berhad

Public Bank Vietnam

RHB Bank Berhad, Singapore

United Overseas Bank (Malaysia) Berhad

Vietcombank

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.
Reg. No. 197901005880 (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

MAILING ADDRESS

G.P.O. Box 11279
50740 Kuala Lumpur

E-mail: enquiry@prg.com.my
Corporate website: www.prg.com.my

Corporate Structure
(as at 31 March 2021)

PRG HOLDINGS BERHAD

MANUFACTURING & RETAIL DIVISION

- 54.19% Furniweb Holdings Limited (CT-320362)
  - 100% FIPB International Limited (1932619)
    - 100% Texstrip Manufacturing Sdn. Bhd. (Reg. No. 198801003753 (171110-T))
    - 100% TS Meditape Sdn. Bhd. (Reg. No. 199401043240 (328928-W))
    - 100% Furniweb Manufacturing Sdn. Bhd. (Reg. No. 198701006262 (164933-H)) — 0.00025% Furniweb (Vietnam) Shareholding Company
      - 100% Furniweb Safety Webbing Sdn. Bhd. (Reg. No. 199601018760 (391112-U)) — 0.00025% Furniweb (Vietnam) Shareholding Company
      - 100% Syarikat Sri Kepong Sdn. Bhd. (Reg. No. 197401004098 (21161-X))
      - 50% Trunet (Vietnam) Co., Ltd. (3600499883)
    - 100% Webtex Trading Sdn. Bhd. (Reg. No. 198401018731 (131288-K))
      - 99.9995% Furniweb (Vietnam) Shareholding Company (3600259680)
        - 45.06% Furnitech Components (Vietnam) Co., Ltd. (36000691668)
  - 100% Premier Management International Limited (2456353)
    - 100% PP Retail Pte. Ltd. (201812281E)
    - 100% PRG Land Sdn. Bhd. (Reg. No. 201801010509 (1272524-A))
    - 49% Philipp Plein (Thailand) Company Limited (formerly known as Skilltrain Co., Ltd.) (0105559146730)
  - 100% Delightful Grace Holdings Limited (2006175)
    - 100% Fly High Finance Limited (2817311)
  - 100% Meinaide Holdings Group Limited (2006864)
    - 100% Meinaide Technology Development Limited (2795595)
      - 90% Jiangmenshi Meinaide Technology Company Limited (91440784684482222G)
    - 100% Perfect Moral Ventures Limited (2790005)
      - 10% Jiangmenshi Meinaide Technology Company Limited (91440784684482222G)

Corporate Structure

(as at 31 March 2021)
cont'd

PROPERTY DEVELOPMENT & CONSTRUCTION DIVISION

- 100% PRG Property Sdn. Bhd. (Reg. No. 200101025808 (561566-V))
  - 51% Premier Baycity Sdn. Bhd. (Reg. No. 201601018738 (1189674-D))
  - 100% Premier PMC Sdn. Bhd. (Reg. No. 201401015646 (1091731-D))
  - 100% Premier Construction Sdn. Bhd. (Reg. No. 201301031501 (1061330-H))
- 100% PRG Construction Sdn. Bhd. (Reg. No. 201701022717 (1236883-P))
  - 100% Premier Construction (International) Sdn. Bhd. (Reg. No. 201701014030 (1228195-V))
  - 25% Premier Mirach Sdn. Bhd. (Reg. No. 201701023800 (1237966-A))
- 100% Premier JPC Sdn. Bhd. (Re. No. 201701027856 (1242022-P))
  - 60% Premier Aspirasi Development Sdn. Bhd. (Reg. No. 201701026686 (1240852-A))
    - 100% Premier Aspirasi (Batu Gajah) Sdn. Bhd. (Reg. No. 201701028284 (1242450-W))

AGRICULTURE DIVISION

- 100% PRG Asset Sdn. Bhd. (Reg. No. 201701019900 (1234065-P))
  - 100% PRG Agro Sdn. Bhd. (Reg. No. 201701017501 (1231666-P))
  - 100% Premier International Marketing Sdn. Bhd. (Reg. No. 201701012715 (1226880-W))
  - 100% Premier Food Processing Sdn. Bhd. (Reg. No. 201701020989 (1235155-T))

OTHER DIVISIONS

- 100% PRG Healthcare Sdn. Bhd. (Reg. No. 201601031248 (1202189-K))
  - 100% PRG Active Sdn. Bhd. (Reg. No. 201201001488 (975012-V))
  - 26.21% Esther Postpartum Care Sdn. Bhd. (Reg. No. 201601028964 (1199903-M))
- 100% PRG Management Services Sdn. Bhd. (Reg. No. 201701030011 (1244180-T))
- 100% Premier Electrify Sdn. Bhd. (Reg. No. 201601031252 (1202193-U))
- 100% PRG Asset Holdings Sdn. Bhd. (Reg. No. 201801009459 (1271473-M))

MALAYSIA
VIETNAM
CAYMAN ISLANDS
BRITISH VIRGIN ISLANDS
HONG KONG
SINGAPORE
THAILAND
CHINA

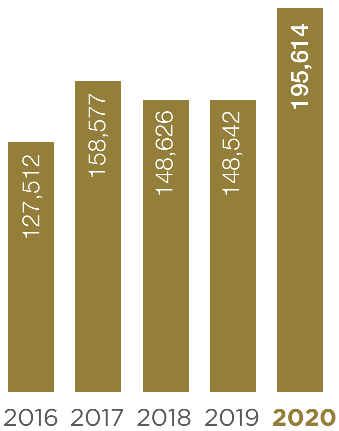
Group Financial Highlights

Financial Year ended 31 December		2020	2019	2018	2017 (restated)	2016 (restated)
Operating Results						
Revenue	**RM'000**	195,614	148,542	148,626	158,577	127,512
(Loss)/Profit before Tax	**RM'000**	(26,718)	(69,500)	(5,260)	6,495	4,806
(Loss)/Profit attributable to Shareholders	**RM'000**	(13,261)	(49,684)	(8,978)	449	3,937
Financial Position						
Total Assets	**RM'000**	397,869	589,689	433,729	432,201	301,001
Total Borrowings	**RM'000**	61,218	32,999	46,593	28,569	50,952
Total Cash and Bank Balances	**RM'000**	34,874	23,386	35,079	42,023	20,504
Shareholders' Equity	**RM'000**	153,969	158,795	131,958	131,665	123,692
Financial Ratios						
Return On Equity	**%**	(8.61)	(31.29)	(6.80)	0.34	3.18
Return On Revenue	**%**	(6.78)	(33.45)	(6.04)	0.28	3.09
Debt/Equity	**%**	39.76	20.78	35.31	21.70	41.19
Net Gearing Ratio	**times**	0.17	0.06	0.09	Net Cash	0.25
Share Information						
Gross Dividends Per Share	**sen**	-	-	-	-	0.50
Basic (Loss)/Earnings Per Share	**sen**	(3.16)	(14.42)	(2.93)	0.15	1.33
Net Assets Per Share	**sen**	35.85	39.41	42.52	43.59	41.53

Group Financial Highlights
cont'd

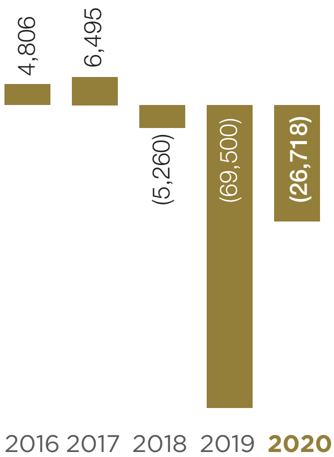
REVENUE

(RM'000)



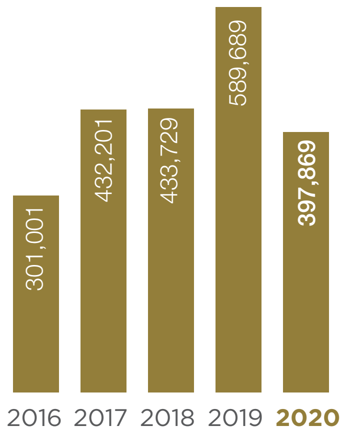
(LOSS)/
PROFIT BEFORE TAX

(RM'000)



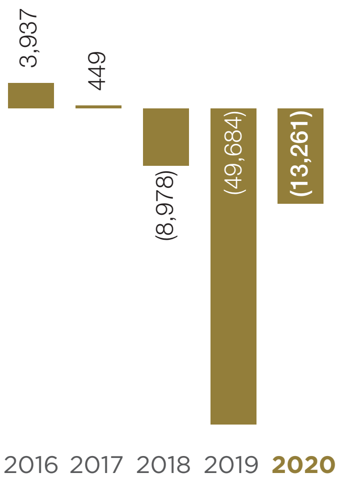
TOTAL ASSETS

(RM'000)



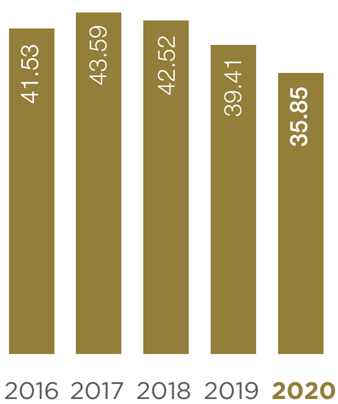
(LOSS)/PROFIT
ATTRIBUTABLE TO
SHAREHOLDERS

(RM'000)



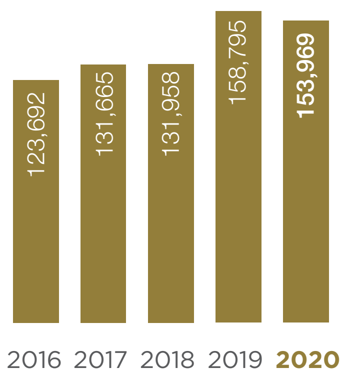
NET ASSETS PER SHARE

(sen)



SHAREHOLDERS' EQUITY

(RM'000)



Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors ("the Board") of PRG Holdings Berhad, I wish to present the annual report of PRG Holdings Berhad ("PRG" or "the Company") for the financial year ended 31 December 2020 ("FY 2020").

Chairman's Statement
cont'd

Dato' Dr. Awang Adek bin Hussin

Independent Non-Executive Chairman

PERFORMANCE REVIEW

For FY2020, PRG and its subsidiaries ("the Group") reported revenue of RM196. 4 million which is RM64.4 million higher than what was reported in the financial year ended 31 December 2019 ("FY2019"). For the same period loss before tax came in at RM32.4 million which is RM34.4 million improvement from FY2019. This was mainly due to a one-off realisation of previously unrealised construction revenue and profit for Picasso Residence and interest income. In addition, there was a revenue and profit recognition from our new property development project Embayu @ Damansara West ("Embayu Project"), as part of the project progress.

Manufacturing segment saw a lower revenue compared to FY2019 due to the lockdown and movement restriction orders implemented by various countries under the COVID-19 pandemic as well as the disruption of production due to the temporary closure of certain plants for two months. Although gross margins improved but overall the segment was affected by one-off goodwill impairment of RM16.3 million for its subsidiary in the People's Republic of China (the "PRC").

Embayu Project had recorded an astonishing sales and bookings of approximately 54% up to December 2020 despite the tough market situation during this pandemic. We believed we are on the right path to provide affordable housing to the middle-income households. Embayu with the right pricing, great location and amenities will remain attractive to genuine house buyers. However, the construction segment saw delay in the work and billing caused by the outbreak of COVID-19 pandemic.

The Group's Agriculture Division has successfully completed the acquisition of 2 parcels of land in Kelantan. We have started to harvest the teak trees and are actively engaging with teakwood buyers from both local and foreign markets. In addition, the group has also secured special approvals from Malaysian authority to export logs to a few selected countries.

54%

Embayu @ Damansara West had recorded an astonishing sales and bookings of approximately up to December 2020

Embayu with the right pricing, great location and amenities will remain attractive to genuine house buyers.

Chairman's Statement
cont'd

The Group is looking at short and medium terms crops planting as an additional income contribution in coming years.

On the retail side, due to the outbreak of COVID-19 pandemic since January 2020, tourists arrival in Singapore and Bangkok decreased significantly and this has deteriorated the overall consumer confidence and spending, thus, our sales has been affected.

Corporate Developments

As part of the Group's continuing effort to streamline our business segments and dispose non-performing business, the Group has disposed of its subsidiary in Vietnam, and a property development company during FY2020.

Outlook

The world economy has been very much affected by the COVID-19 pandemic with no exception to Malaysia. However, we believe that commencing from 2021 onward, the property market will start to recover on the back of positive outlook for the economy, albeit at a gradual and cautious pace.

The present situation of low interest rate, low house prices and incentives introduced by the Malaysia Government presents attractive opportunities for many to acquire property of their likes. Among the initiatives by the Government was the reintroduction of House Ownership Campaign ("HOC"), which include the Real Property Gain Tax exemption, stamp duty exemption, and removal of the 70% margin of financing limit. A six months loan repayment moratorium has also helped. In addition, an Overnight Policy Rate ("OPR") cuts by Bank Negara Malaysia ("Bank Negara") this year to its current low of 1.75% marks an unprecedented move. Management will be taking a very prudent approach before embarking on our next project.

As the global economy recovers, lumber price is slowly creeping up. We expect the Group to see additional revenue in coming years as we will increase the harvesting of teak trees. In addition, the Group is looking into potential agriculture varieties to be planted on the vacant land post harvesting of teak trees. The Group is looking at short and medium terms crops planting as an additional income contribution in coming years.

Chairman's Statement
cont'd

Amidst the uncertain economic situation, the Group shall closely monitor and take conservative steps to sustain the performance of the existing business segments as well as continue to explore business activities which are synergistic to the operation of the Group.

Appreciation

On behalf of the Board, I wish to express our heartfelt gratitude and appreciation to our shareholders, customers, business associates and bankers for your trust and unwavering support in this challenging environment. I would also like to take this opportunity to welcome two new members to our board namely Mr. Ng Tzee Penn and Mr. Ji Haitao We look forward to their contributions to the Group. I would also like to show our gratitude to our outgoing directors namely Mr. Na Chun Wee and Datuk Dr. Wong Lai Sum. We value all the contributions they have given to our Group. We also wish to extend our appreciation to Management and staff for their untiring effort under this trying times. Thank you for standing together with us as we continue to push hard, innovate and deliver value to all our stakeholders. I am confident that 2021 will mark the beginning of a better and brighter future for all.

May you all be safe and healthy.

DATO' DR. AWANG ADEK BIN HUSSIN
Independent Non-Executive Chairman

Management Discussion and Analysis

REVENUE

RM196.4 million

Dato' Lua Choon Hann

Group Executive
Vice Chairman

Dear Valued Shareholders,

I would like to personally thank each and every one of our shareholders, customers, business partners, business associates, bankers and other stakeholders for your continued support and faith in PRG throughout FY2020. It has been an extremely challenging year caused by the worldwide unprecedented crisis and pandemic.

FINANCIAL REVIEW

For the financial year, the Group recorded revenue of RM196.4 million representing RM64.4 million increase as compared to revenue of RM132.0 million recorded in preceding year. Loss before tax for FY2020 was RM32.4 million, representing improvement of RM34.4 million as compared to loss before tax of RM66.8 million recorded in preceding year. The improvement in performance was mainly due to disposal of Premier De Muara Sdn. Bhd. ("PDMSB") and Premier Elastic Webbing & Accessories Co., Ltd. ("PEWA") as part of our Group's strategy of streamlining our operations. Arising from the disposal of PDMSB to third party, the Group has recognised a one-off realisation of previously unrealised intercompany revenue of RM80.5 million, profits of RM3.6 million and interest income of RM12.4 million,

Management Discussion and Analysis
cont'd

which has boosted the performance of the Group. In addition, lower impairment losses on assets of RM44.0 million (2019: RM55.9 million) was recognised during current financial year.

FINANCIAL REVIEW & REVIEW OF STRATEGIES BY SEGMENT

Manufacturing

The Group is a long-established textile and webbing manufacturer in Malaysia and Vietnam. The products are manufactured and sold in Malaysia and Vietnam, and also exported to over 30 countries including the United States, United Kingdom, India, Indonesia, Australia, Sri Lanka and Pakistan. In 2019, the Group has diversified its products to include polyvinyl chloride ("PVC") related products through an acquisition of a group of companies in Hong Kong and the PRC.

The Manufacturing Division recorded a total revenue of RM96.3 million (2019: RM119.6) and loss before tax of RM9.2 million (2019: RM37.3 million) in FY2020. The revenue decreased by approximately RM23.3 million or 19.5% as compared to FY2019, mainly due to the lockdown and movement restrictions order implemented by various countries under the COVID-19 pandemic, resulting in the decrease in sales volume for elastic textile, webbing and PVC related products during the financial year. The temporary closure of certain plants of the Group for approximately two (2) months during the financial year also disrupted the production and delayed the delivery of products to customers.

The loss before tax was improved by RM28.1 million as compared to preceding year mainly due to lower impairment loss on goodwill of RM16.3 million (2019: RM34.5 million) was recognised in FY2020. The impairment loss was based on the best estimate of the management after taking into consideration of the uncertainty of market conditions and operational challenges may continue to be affected by the outbreak of the COVID-19 pandemic.

Setting aside the one-off impairment losses and fair value change of financial assets at fair value through profit or loss, the Manufacturing Division made a profit before tax of approximately RM9.2 million (2019: RM3.0 million) for the financial year mainly due to improvement of gross profit margin in certain subsidiaries resulted from lower raw materials cost as well as effectiveness of the cost rationalisation strategies implemented with the Group.

As part of continuing streamline its Manufacturing Division, the Group has completed the disposal of its non-contributing subsidiary in Vietnam. With the disposal, the Group is able to focus the resources on its core products such as elastic textile and webbing products. The market demand and outlook has also been evaluated cautiously to plan the roll - out of capital expenditure in order to safeguard the assets and liquidity resources of the Group.

In view of the rapid change of global economy, in particular, during the pandemic period, the Manufacturing Division has taken steps to review and adjust its business strategies, revisit the market demand that is severely impacted by global demand and supply disruption to rationalise the pricing strategies, productivity improvement and cost structure review has been carried out to ensure long term sustainability of the Division's businesses.

Management Discussion and Analysis
cont'd

Property Development and Construction

Property Development & Construction Division recorded a revenue of RM96.5 million in FY2020, which was RM90.4 million higher than RM6.1 million recorded in preceding year. The segment's loss before tax of RM4.1 million in FY2020 was improved by RM7.3 million as compared to loss before tax of RM11.4 million recorded in preceding year.

The increase in revenue for FY2020 was mainly due to the recognition of higher progress of Embayu Project and one-off realisation of previously unrealised revenue on intercompany construction works for Picasso Residence upon the disposal of PDMSB to third party. Our new Melaka school project also contributed higher revenue during current financial year.

The improvement in loss before tax for FY2020 as compared to preceding year was mainly due to the one-off realisation of previously unrealised profits on intercompany construction works for Picasso Residence upon the disposal of PDMSB to third party. The higher profit was also contributed by our Embayu Project.

The sales conversion of our Embayu Project was affected by the Movement Control Order ("MCO") as the sales gallery was closed for two (2) months during the MCO period. Furthermore, Embayu Project's construction site was closed from 18 March until mid-June 2020 and was reopened after implementing stricter COVID-19 standard operating procedures. As a result, lower revenue than budgeted was recognised. However, we have now shifted our marketing efforts via social media platforms and enhanced our video conferencing solutions to engage better with our potential customers.

The Property Development & Construction Division will be playing a more prominent role in the Group with the realignment of the strategies and business objective of the Group. Our focus in this Division has shifted to the affordable housing segment as we anticipated the demand for properties priced at RM500,000 and below remains strong. In order to stimulate the property market and provide financial relief to home buyers following the COVID-19 outbreak, the Government has launched the HOC during 2019, and subsequently extended to 31 May 2021. Furthermore, with the introduction of stamp duty holidays during the HOC coupled with the lower interest rates target set by Bank Negara in July 2020, we hope the housing market will be stimulated during these challenging times. The Group strives to continue innovating and staying abreast of current property industry trends. The primary focus of the Group for 2021/2022 is to complete the Embayu Project while exploring other projects, landbank and/or joint venture opportunities with land owners which align with our strategies and business objectives.

The Property Development & Construction Division will be playing a more prominent role in the Group with the realignment of the strategies and business objective of the Group.

Management Discussion and Analysis
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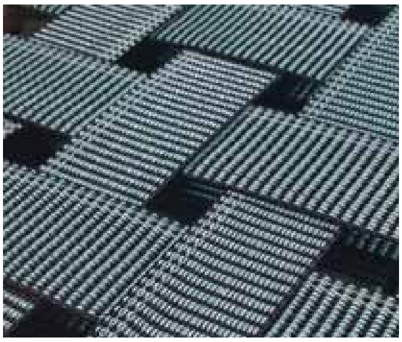

Retail

The Group had ventured into retail business in second quarter of 2019 and became an authorised dealer of the luxurious apparel brand "Philipp Plein" in Singapore, Malaysia, Thailand and a few approved additional territories. The first flagship store was opened in Marina Bay Sands, Singapore in April 2019, which is the first "Philipp Plein" store in South East Asia. The second store which is 49% owned by the Group was opened in IconSiam, Bangkok in Thailand in July 2019.

The revenue of the Retail Division was approximately RM2.7 million (2019: RM6.4 million), a decreased by RM3.7 million or 57.8% as compared to FY2019. This is mainly due to the outbreak of the COVID-19 pandemic, which led to a decrease in tourists' arrival in our Singapore and Thailand stores and deteriorated the overall consumers' spending during FY2020. In addition, the store in Singapore was temporarily closed for two (2) months in the second quarter of 2020 under the 'circuit breaker' lockdown policy implemented by the Singapore government to curb the spread of COVID-19.

Higher loss before tax of RM23.8 million (2019: RM7.7 million) was mainly due to a total of RM18.1 million impairment of property, plant and equipment, right-of-use assets and amount owing by an associate in FY2020. The Management has taken a prudence view for the assessment of impairment losses of retail's assets as we believe that the retail business would not recover until end of 2021, when the vaccination programs are rolled out effectively worldwide.

During the current adverse operating environment caused by the outbreak of COVID-19, the Retail Division has negotiated with landlords for rental concessions, shortened store operational hours, and explored different sales channels such as digital retailing and social media. We have also implemented cost-saving strategies to overcome this challenging time.

Management Discussion and Analysis
cont'd

Agriculture

The Group ventured into agriculture through the acquisition of two parcels of agricultural land planted with teak trees in Gua Musang Kelantan in November 2019. This division started to generate revenues in FY2020.

The agriculture segment recorded revenue of approximately RM0.9 million from the sales of harvested teak logs and loss before tax of RM2.3 million for FY2020. The loss before tax is mainly due to the professional fees and expenses incurred for securing the financing facility and slower harvesting and selling of teak logs activities during current financial year. Harvesting activities were at standstill most part of the year due to the implementation of MCO. The difficulty to access to site for inspection of teak wood by potential buyers during Conditional Movement Control Order ("CMCO") also affected the sales generation during current financial year.

We are confident this newly ventured business can contribute positive income and steady cash flows to our Group. We managed to obtain the export licence of raw logs during the year, allowing us to have exposure to overseas markets which has higher margins. Furthermore, we are also exploring different opportunities with local sawmills to develop various value-added teak wood products. As part of our Group's sustainability business strategies, we will be re-planting with multi-crops after harvesting of the teak logs.

Others

The others segment recorded profit before tax of RM7.1 million for FY2020, which was RM17.4 million higher than the loss before tax of RM10.3 million recorded in the preceding year. This is mainly due to the realisation of previously unrealised interest income of RM12.4 million on intercompany advances upon disposal of PDMSB to third party and current year interest income on advances of RM2.1 million. The higher profit before tax also due to lower finance costs on borrowings incurred in current financial year.

RISK MANAGEMENT & APPROACHES

The Group remains resilient against the upcoming risks and challenges. The Group constantly reassesses its risk exposure and seeks to optimise the balance between opportunities and risks both in operations and strategic direction.

All of our operating assets are situated in Malaysia, Vietnam, Singapore, Hong Kong and the PRC. As such, our business, financial conditions and results of operations whether presently or in the future, depend to a certain extent on the economic, political and regulatory developments of local governments and authorities. Such developments and future uncertainties include, but not limited to, changes in political leadership, risks of war, expropriation and changes in laws and regulations. In particular, any unfavourable changes in government policies on import and export duties and tariffs, foreign exchange controls, restrictions on production, price controls, taxation, environmental protection, employment and health and safety, could materially and adversely impact our business operations, financial conditions and international competitiveness.

Management Discussion and Analysis
cont'd

The outbreak of the COVID-19 has adversely affected the global supply chain. The uncertainty of the global economies, unresolved trade war, volatility in currency, disruption of global supply chain, and the intensifying regional business competition have made our operating environment very challenging.

The Group stays abreast to the changes of geo-political landscape globally and adjust our business strategies accordingly to safeguard the assets of the Group as well as enhancing its return to shareholders by strengthening our business and/or disposing non-contributing businesses.

FUTURE PROSPECTS

The global outlook remains bleak as the pandemic resurgence in many countries poses difficult economy versus health decisions for many governments throughout the world. Also the ongoing trade war, volatility in currency, disruption in global supply chain and the intensifying regional business competition have made our operating environment extremely challenging and difficult to predict. The Global vaccination programme has been rolled out since the beginning of year 2021, the efficacy of the vaccines as well as the speed and coverage of the vaccination programme are vital to the reopening of borders around the world. In view of the increasing pandemic risk, the manufacturing and retail segments are continually reviewing the demand and supply situations and cost mitigation measures to ensure business continuity and longer term sustainability. As the segments reorganise themselves to meet the operating environment of the new normal, the segment are optimistic that they will prevail.

The property market in Malaysia remains challenging with issues such as affordability, slower economic growth, high levels of unsold units as well as the property supply-demand imbalance. Fear over the impact of the COVID-19 pandemic on the economy slowdown and oversupply situation is also delaying big-ticket item purchases as consumers take a wait-and-see approach. The Group will continue its focus on affordable property projects and believe that the affordable properties will be in demand especially in the prime areas of Selangor and Kuala Lumpur. We hope with the OPR reductions and economic stimulus package announced by the Government (including the re-introduction of HOC and stamp duty exemption) will spur a demand in purchase of properties.

In view of the current challenging business environment and further impact by the COVID-19 pandemic, the Group will remain cautious in planning and continuously capitalising its strengths to generate sustainable revenue from its existing or potential new businesses via mergers and acquisitions and/or strategic alliances and solidify strong customer focus to create and deliver sustainable value for our stakeholders.

Dato' Lua Choon Hann
Group Executive Vice Chairman

Directors' Profile

Dato' Dr. Awang Adek bin Hussin

Independent Non-Executive Chairman

Nationality	Age	Gender
Malaysian	**66**	**Male**

Date of Appointment:
18 August 2017

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 company:
Nil

Present Appointment(s):
- Chairman, Universiti Sains Malaysia

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 of Bank Negara Malaysia (1998 - 2001)
- Director General of Labuan Financial Services Authority (1996 - 1998)
- Various Positions in Bank Negara Malaysia (1985 - 1996)
- Lecturer, University Sains Malaysia (1983 - 1985)

Number of Board Meetings attended during financial year 2020:
6/6

Dato' Lua Choon Hann

Group Executive Vice Chairman

Nationality	*Age*	*Gender*
Malaysian	**44**	**Male**

Date of Appointment:
1 November 2013

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

Board Committee(s):
Nil

Present Directorship(s):
Listed entity:
Nil

Other public company:
Nil

Present Appointment(s):
- Executive Director, Furniweb Holdings Limited (April 2017 - Present)

Past Appointment(s):
- Independent Director & Chairman of Audit Committee, Pelikan International Corporate Berhad (April 2013 - September 2019)
- Director, Malaysian Investment Development Authority (2017 - 2018)
- 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 2020:
6/6

Directors' Profile
cont'd

Dato' Wee Cheng Kwan

Managing Director - Property & Construction

Nationality	*Age*	*Gender*
Malaysian	**44**	**Male**

Date of Appointment:
5 August 2013

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

Board Committee(s):
Nil

Present Directorship(s):
Listed entity:
Nil

Other public company:
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 2020:
6/6

Directors' Profile
cont'd

Ng Tzee Penn

Executive Director

Nationality	*Age*	*Gender*
Singaporean	**44**	**Male**

Date of Appointment:
8 May 2020

Academic/Professional Qualification/Membership(s):
- Bachelor of Engineering, National University of Singapore

Board Committee(s):
Nil

Present Directorship(s):
Listed entity:
Nil

Other public company:
Nil

Present Appointment(s):
- EVP, Chief Technical Officer of Tessa Therapeutics Ltd. (January 2016 - present)

Past Appointment(s):
- Director - Global Business Unit (Asia) and Marketing of Spectrum Brands (January 2015 - December 2015)
- Director - Global Program Management and China Sales (August 2006 - December 2014)

Number of Board Meetings attended during financial year 2020:
2/3

Others:
Son of Ng Yan Cheng, the major shareholder of PRG.

Directors' Profile
cont'd

Lim Chee Hoong

Independent Non-Executive Director

Nationality	*Age*	*Gender*
Malaysian	**60**	**Male**

Date of Appointment:
21 July 2003

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 entities:
Choo Bee Metal Industries Berhad
Pelikan International Corporation Berhad

Other public company:
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.
- Independent Non-Executive Director, Pelikan International Corporation Berhad

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 2020:
6/6

Directors' Profile
cont'd

Ji Haitao

Independent Non-Executive Director

Nationality	*Age*	*Gender*
Australian	**44**	**Male**

Date of Appointment:
8 May 2020

Academic/Professional Qualification/Membership(s):
- Bachelor of Commerce, University of Sydney

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

Present Directorship(s):
Listed entity:
Nil

Other public company:
Nil

Present Appointment(s):
- Managing Director of Net Venture Properties (Australia) Pty Ltd (May 2013 - present)

Past Appointment(s):
- Managing Director of D W Link Pty Ltd (February 2007 - July 2011)

Number of Board Meetings attended during financial year 2020:
3/3

Save as disclosed above, none of the Directors has any family relationship with any other Directors and/or other major shareholders of the Company, any conflict of interests with the Company nor any personal interest in any business arrangement involving the Company. The above Directors have no convictions for 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.

All the Independent Non-Executive Directors satisfied the criteria required of an independent director as defined under Bursa Malaysia Securities Berhad ("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.

Management Team

CHEAH HANNON

Director of Corporate Affairs & Executive Director of Furniweb Holdings Limited

Nationality/Age/Gender:
Malaysian/49/Male

Date of Appointment:
1 February 2016

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

Present Directorship(s):
Listed entities:
G Neptune Berhad
Xian Leng Holdings Berhad

Other public company:
Nil

Working Experience:
- Independent Non-Executive Director, Xian Leng Holdings Berhad (Jan 2021 - present)
- Independent Non-Executive Director, G Neptune Berhad (April 2018 - present)
- Independent Non-Executive Director, Minetech Resources Berhad (January 2020 - June 2020)
- 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)

CHEAH ENG CHUAN

Chief Executive Officer & Executive Director of Furniweb Holdings Limited

Nationality/Age/Gender:
Malaysian/74/Male

Date of Appointment:
21 July 2003

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

Present Directorship(s):
Listed entity:
Nil

Other public company:
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 Furniweb Manufacturing Sdn. Bhd., Webtex Trading Sdn. Bhd. and Texstrip Manufacturing Sdn. Bhd.

TAN CHUAN DYI

Chief Operating Officer, Manufacturing - Vietnam & Malaysia of Furniweb Holdings Limited

Nationality/Age/Gender:
Malaysian/49/Male

Date of Appointment:
2 January 2014

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:
Naim Holdings Berhad

Other public company:
Nil

Working Experience:
- Independent Non-Executive Director, Naim Holdings Berhad
- Head of Equity Syndication of Group Investment Banking, Kenanga Investment Bank Berhad
- Head, Equity Capital Markets, RHB Investment Bank Berhad
- 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

Nationality/Age/Gender:
Malaysian/41/Female

Date of Appointment:
2 May 2014

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:
Nil

Other public company:
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)

Management Team
cont'd

TAN CHOONG WEI
Chief Operating Officer,
Property Development Division

Nationality/Age/Gender:
Malaysian/42/Male

Date of Appointment:
4 September 2017

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

Present Directorship(s):
Listed entity:
Nil

Other public company:
Mirame Land Berhad

Working Experience:
- General Manager, PRG Property Sdn. Bhd. (2014 - 2017)
- Senior Vice President, Villamas Sdn. Bhd. (2007 - 2014)
- Assistant Project Manager, Saujana Heights Sdn. Bhd. (2005 - 2007)

DATUK YOO WEI HOW
Managing Director, Agriculture

Nationality/Age/Gender:
Malaysian/48/Male

Date of Appointment:
1 November 2019

Academic/Professional Qualification/Membership(s):
Master in Business Administration

Present Directorship(s):
Listed entity:
Nil

Other public company:
Nil

Working Experience:
- Publicity Officer in Villaraya Holdings Sdn. Bhd.
- Public Relation Manager, Villaraya Holdings Sdn. Bhd.
- Trainer, US Training & Research Sdn. Bhd.
- Advisor for Managing Director, Seri Mutiara Sdn. Bhd.
- Executive Director, Trans Inn Sdn. Bhd.
- Business Development Director, Petrol One Berhad
- Advisor, Smart Crest Sdn. Bhd.
- Co-owner cum Marketing Director, Nature Goodness Food Industry Sdn. Bhd.
- Business Development Director, Oil Hub Sdn. Bhd.

None of the Key Senior Management members has any family relationship with any Directors and/or major shareholders of the Company, any 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 convictions for 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.

Sustainability Report

OVERVIEW

The Group is pleased to present the Sustainability Report which outlines the commitment of the Group towards being a sustainable organisation and endeavours to continuously improve across the three aspects of sustainability in economic, environmental and social ("EES") considerations, risks and opportunities.

This report discloses the material sustainability matters and impacts arising from the activities of the Group during FY2020. For each sustainability matter, the Group has described the measures and performance in the process of managing the matter, guided by the Group's business strategies and policies. The preparation of this report is also guided by the 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. The Group focuses on driving sustainable growth in pursuit of its objectives and is committed to engage the stakeholders and operate with the highest degree of integrity and transparency. With this spirit, the Group strives to meet the expectations and achieve the vision for sustainability. The Group will continue to integrate elements of sustainability into daily operations and communicate its initiatives at all levels within the organisation as the knowledge on sustainability issues and their impacts the business deepens.

GOVERNANCE STRUCTURE

At PRG, the sustainability leadership is led by the Board who 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 Executive Vice Chairman with the assistance of the Executive Directors of each division and the key members of senior management team are responsible for the management and oversight of sustainability matters which are aligned with the Group's business strategy, direction and operation; the implementation of appropriate measures and actions as well as monitoring of key performance indicators, if applicable.

SCOPE OF SUSTAINABILITY STATEMENT AND BASIS

Unless otherwise stated, this Sustainability Report covers the overall EES performance of all the operating divisions of PRG Group, namely the Manufacturing Division, Property Development & Construction Division, Agriculture Division and Retail Division with operations in Malaysia, Vietnam, China, Singapore and Thailand.

Furniweb Holdings Limited ("FHL"), a 54.19%-owned subsidiary of the Company, is the holding company of the subsidiaries operating in the Manufacturing Division. FHL is listed on the GEM of The Stock Exchange of Hong Kong Limited and is subject to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). FHL had published its Environmental, Social and Governance Report in accordance to Environmental, Social and Governance Reporting Guide set out in 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 address and manage the material sustainability matters.

Sustainability Report
cont'd

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 those stated below:-

Stakeholder	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") • 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 • 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 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: 2015, ISO 14001: 2015, IATF 16949:2016, Oeko-Tex® Standard 100 Product Class I & II and ISO 13485:2016. 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.

Sustainability Report
cont'd

The Group had registered six trademarks and six domain names in Malaysia, Vietnam and People's Republic of China 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 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 operation on 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 respective 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 conservation 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 2020;
- Engaging employees to use double-sided printing and reuse papers on one side in order to reduce paper;
- Using 70gsm paper for printing;
- Any announcement or information, the management would notify 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's 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.

Sustainability Report
cont'd

In consider 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.

For our Agriculture division, the process of harvesting the wood and re-planting of commercial crops is in accordance to the Environment Impact Assessment ("EIA") and Environmental Monitoring Plan ("EMP") as stipulated in the National Forestry Act 1984. The vacant land will be re-planted with commercial crops post the wood-harvest. The Group had obtained the permits and approval from the state forestry department and to be renewed annually with the relevant government authorities.

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 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.

The Group also provides the employees with proper personal protective equipment to prevent potential accidents at work and to minimise the impact of occupational hazards on the health of the employees at every job position. The Group provides supplies to the employees, where applicable, including but not limited to: ear plugs, goggles, dust respirators, masks, rubber gloves, boots, insulated shoes, safety belts, etc.

For the Agriculture Division, the Group is strictly adhering with the general health standard operating procedures ("SOPs") and safety SOPs provided by Jabatan Keselamatan dan Kesihatan Pekerjaan ("JKKP"). All staffs and contractors entering to the teakwood farm must comply with the SOPs.

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.

To curb COVID-19, the Group has proactively established a series of SOPs which was strictly aligns with government's prevention and control strategies. The SOPs include:

i. any person who accesses to the workplace must wear a face mask and would be invited for a temperature screening procedure which include registration through MySejahtera application;
ii. providing hands sanitiser for all employees and visitors;
iii. cleaning and disinfecting offices and factories regularly;
iv. employees must practice physical distancing at all time;
v. employees are advised not to come to work, however to see doctor immediately, if found any symptoms of the COVID-19;
vi. employees must notify the head of department or human resource, if he/she has close contact with a confirm or probable positive COVID-19 person;
vii. adopting work from home for management staff to reduce social contact;
viii. adopting alternate working day to minimise the number of employees in the office. These arrangements were modified in line with the various phases of the Movement Control Orders ("MCO");
ix. leverage on technology by providing the video conferencing tools such as Zoom to reduce or avoid face-to-face interactions; and
x. performing mandatory COVID-19 testing for all manufacturing staffs and construction workers at project sites.

The Group is striving to raise employees' safety and health awareness by providing training programs, anti-COVID-19 memos and guidelines to ensure the working environment is healthy, safe and congenial.

During the Financial Year, there were 15 work-days lost due to work-related injury, no serious work injury case and no work-related fatality was recorded. The Group has always put emphasis on the assessment of potential hazards in the plant, and according to the results of the assessment of safety executives, training to enhance occupational health and safety has been strengthened, thereby enhancing the safety awareness and operational skills of employees. The Group has stepped up training for all employees, in particular for the training of the new employees who may lack the awareness of occupational health and safety as well as experience, in order to minimise cases of work injuries.

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.

Sustainability Report
cont'd

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

- briefing for new employees to familiarise with the company environment and departmental requirements;
- first aid training for proper and effective way to handle accidents related to injured employees at work, as well as to strengthen occupational health and safety to prevent unexpected occupational diseases or viruses;
- fire-fighting protection training to enhance the awareness of fire prevention, and fire drill in a proper and effective manner;
- on-the-job trainings based on the needs of respective positions and talents and interests of employees to enhance the employees' work skills and techniques in term of technical and management skills; and
- internal and external trainings for employees, including specialised trainings such as ISO trainings, tax and financial trainings, management trainings as well as soft skills trainings.

During the Financial Year, trainings and guidelines on anti-COVID-19 are provided to employees so that they uphold and maintain appropriate hygiene standards and are competent to perform their duties in a safe and healthy manner at the workplace. The training outlines a series of preventive measures to minimise potential risks of virus transmission, which include clinical features, mode of transmission and incubation period, the proper use of mask, etc. It provides step-by-step procedures for wearing masks, monitoring of body temperature, and performing hand hygiene. The training ensures the employee keep high awareness of the virus and maintain good personal hygiene as well as build up good body resistance.

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 through the adoption of Whistle-Blowing Policy and Guidelines. 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 adopted the Anti-Bribery and Corruption Policy pursuant to subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 that set out the Company's responsibilities, and the responsibilities of those working for or with the Company including all directors, officers, employees, consultants and contractors in observing and upholding the Company's position on bribery and corruption.

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.

COVID-19 RESPONSE

Year 2020 has been a tough year for many of us due to the outbreak of the COVID-19 pandemic. COVID-19 has severely affected the global health, social and economic systems. The Malaysian Government had announced the MCO started from 18 March 2020 which the country was lockdown nationwide and the international borders was closed to control the spread of the coronavirus. However, these measures also disrupted the global supply chains and business operations.

Protection of our employees

The Group had implemented several measures to ensure our employees are able to work in a safe environment where the exposure risks to COVID-19 are minimised.

The details measures taken by the Group were disclosed in Section 3.1.1 of this Statement.

Shift to virtual engagement platforms

In order to ensure the safety of our stakeholders, the Group had moved some of our engagement activities to virtual platforms. In FY2020, the Company had organised our first virtual Extraordinary General Meeting with shareholders remote participation and voting.

Corporate Governance Overview Statement

The Board of Directors of PRG Holdings Berhad ("the Company") ("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 ("the 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 the financial year ended 31 December 2020 ("FY2020"). This Statement is prepared in accordance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") 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 at www.prg.com.my ("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 FY2020.

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 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 day-to-day management of the business of the Group was delegated to Management, headed by the Group Executive Vice Chairman assisted by the Executive Directors.

The Board Charter is a source of reference for the Board on 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. The Board ensures that the Board Charter is reviewed every year so as to remain consistent with the Board's objectives and responsibilities.

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 and Guidelines aims to provide a safe and acceptable platform 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. During FY2020, in line with the Government's commitment to combat corruption, the Company has adopted an Anti-Bribery and Corruption Policy to ensure that the Group uphold and maintain the highest standard of integrity and ethical conduct of its business and operations as well as complying with all applicable laws including the Malaysian Anti-Corruption Commission Act 2009. The Group's Anti-Bribery and Corruption Policy provides, amongst others, guidance to all employees and associates of the Group to prevent bribery and corruption in all business dealings and also related matters such as proper reporting process and procedures. Further details of the Board Charter, Code of Conduct, Whistle Blowing Policy and Guidelines and Anti-Bribery and Corruption 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.

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 has full and unrestricted access to the Company Secretaries who has vast knowledge and are supported by a dedicated team of company secretarial personnel. During FY2020, 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. Board Responsibilities (continued)

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 as well as annual general meeting 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.

On a quarterly basis, all the Directors are required to submit and declare to the Board whether they have any interest, direct or indirect, in any contracts/ transactions involving the Group to facilitate assessment by the Board of any new interest or relationship involving the Directors.

Details of the attendance recorded by the Directors at the meetings held during the financial year ended 31 December 2020 were as follows:

	Board of Directors	Board Committees			AGM	EGM
		ARMC	NC	RC		
Non-Executive Directors						
Dato' Dr. Awang Adek bin Hussin	6/6	5/5	1/1	2/2	1/1	2/2
Lim Chee Hoong	6/6	5/5	1/1	2/2	1/1	2/2
Ji Haitao* *(appointed on 8 May 2020)*	3/3	2/2	N/A	1/1	0/1#	2/2
Datuk Dr Wong Lai Sum *(resigned on 1 June 2020)*	3/3	2/2	1/1	1/1	N/A	N/A
Executive Directors						
Dato' Lua Choon Hann	6/6	-	-	-	1/1	2/2
Dato' Wee Cheng Kwan	6/6	-	-	-	1/1	2/2
Ng Tzee Penn *(appointed on 8 May 2020)*	2/3	-	-	-	0/1#	2/2
Na Chun Wee *(resigned on 7 April 2020)*	1/2	-	-	-	N/A	N/A
Total number of meetings held	6	5	1	2	1	2

Chairman Member Non-member

Notes:
ARMC: Audit and Risk Management Committee
NC: Nomination Committee
RC: Remuneration Committee
AGM: Annual General Meeting
EGM: Extraordinary General Meeting
*: Appointed as the Chairman of RC and member of ARMC and NC on 29 June 2020
#: Mr. Ji Haitao and Mr. Ng Tzee Penn were unable to attend the AGM in person due to the travel restrictions imposed by the Malaysian Government to curb the spread of COVID-19.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. Board Responsibilities (continued)

The Company Secretary was present at all the meetings held during FY2020.

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

II. Board Composition

The Board comprised three (3) Independent Non-Executive Directors including the Chairman, and three (3) Executive Directors including the Group Executive Vice Chairman. The composition of the Board complies with the Bursa Securities' Listing Requirements 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 FY2020, Mr. Na Chun Wee and Datuk Dr. Wong Lai Sum 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 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 the Company retains its competitive advantage.

Board Committees

In order to ensure orderly and effective execution of the roles and responsibilities of the Board, the Board has delegated specific responsibilities to four (4) Committees:-

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

Each Committee operates under their respective approved Terms of References and/or operating procedure which are reviewed intermittently or when required. 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.

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	Chairman of Nomination Committee & Independent Non-Executive Chairman
Lim Chee Hoong	Independent Non-Executive Director
Ji Haitao (Appointed on 29 June 2020)	Independent Non-Executive Director

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

The Nomination Committee met once during the FY2020. The Nomination Committee Members' attendance record is outlined on Page 39 of this Statement.

The process and criteria to identify and nominate candidates for appointment as a Director, and re-election and re-appointment of existing Directors are set out in the Directors' Recruitment Criteria /Board Charter/Terms of Reference of Nomination Committee. The Terms of Reference of Nomination Committee is available at the Company's Website.

The Constitution of the Company requires one-third of the Directors to retire from office and subject themselves to re-election by the shareholders in every annual general meeting at least once every three 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 years. A Director who is due for retirement shall abstain from deliberating and voting on the resolution concerning his re-election as a Director. The Nomination Committee is tasked with the responsibility to review and recommend to the Board the Directors for re-election at the annual general meeting of the Company, having due regard to their skills, experience and other attributes that would continue to contribute to the Board.

During the FY2020, the Nomination Committee undertaken the following activities:

(a) appraised the proposed appointment of Mr. Ji Haitao as an Independent Non-Executive Director of the Company and was satisfied, upon reviewed and assessed the suitability of Mr. Ji against the evaluation criteria and considerations such as his experience in property management and township development, 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) appraised the proposed appointment of Mr. Ng Tzee Penn as a Non-Independent Non-Executive Director of the Company and was satisfied, upon reviewed and assessed the suitability of Mr. Ng against the evaluation criteria and considerations such as his international market exposure and experience, 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 June 2020, following the recommendation from the management, the Nomination Committee, in consultation with the Board reviewed the proposed re-designation of Mr. Ng from a Non-Independent Non-Executive Director to Executive Director.

(c) Conducted annual assessment of the effectiveness of the Board and Board Committees as well as individual Directors facilitated by the Company Secretary. Upon evaluation, the Nomination Committee was satisfied that:

- The size, structure and composition of the Board and Board Committees are 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.

The annual assessment and evaluation were 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) Reviewed the composition of the Board and recommended suitable candidate to fill the membership of Board Committees namely the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee in view of the vacancies in these Committees.

Corporate Governance Overview Statement
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

During the FY2020, the Nomination Committee undertaken the following activities: (continued)

(e) Conducted annual assessment on the independence of the Independent Directors in accordance with the MCCG based on established criteria and recommended to the shareholders for approval the retention of Mr Lim Chee Hoong, the Independent Director who has served for a cumulative term of more than nine (9) years at the Company's Annual General Meeting.

(f) Reviewed the term of office and performance of the Audit and Risk Management Committee and each of its members against the assessment checklist in accordance with the Listing Requirements and was satisfied that the Audit and Risk Management Committee had carried out its duties in accordance with its Terms of Reference.

(g) Reviewed the retirement by rotation of Dato' Wee Cheng Kwan and Mr. Lim Chee Hoong at the Company's 19th AGM and recommended their re-election for Boards' consideration.

(h) Reviewed the retirement of Mr. Ng Tzee Penn and Mr. Ji Haitao, the newly appointed Directors at the Company's 19th AGM and recommended their re-election for Boards' consideration.

(i) Reviewed and recommended for Board's consideration the Report of Nomination Committee for inclusion in the Annual Report.

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

(k) Reviewed the adopted 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 and given the adequacy of the Policy. No revision was recommended by the Committee.

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

(m) Reviewed the succession plan and progress of the Executive Directors.

Long Term Incentive Plan Committee

The Long Term Incentive Plan ("LTIP") Committee was set up in line with the establishment of the Group's long term incentive programme with the objective to retain and award high performance employees in the Group and is governed by the By-Laws.

III. Remuneration

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
Ji Haitao (Appointed on 29 June 2020)	Chairman of Remuneration Committee & Independent Non-Executive Director
Lim Chee Hoong	Independent Non-Executive Director
Dato' Dr. Awang Adek bin Hussin	Independent Non-Executive Chairman

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

III. Remuneration (continued)

The Remuneration Committee held a total of two (2) meetings during the FY2020. The Remuneration Committee members' attendance records are outlined on Page 39 of this Statement.

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

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, the individual's responsibilities, expertise, frequency of meetings and industry benchmarks against similar companies. The RPP is reviewed by the Remuneration Committee on an annual basis to ensure that it remains relevant and any proposed revision to the RPP will be recommended to the Board for approval.

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 of remuneration 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 Board Committees; and
(b) Meeting allowance based on their attendance at the Board and Board Committees meetings.

During the FY2020, the Remuneration Committee undertaken the following activities:

(a) Reviewed and commented on the proposed key results areas and key performance indicators for the Executive Directors of the Company commensurate with the positions, roles and responsibilities assumed by each Executive Director in consideration of the diversify business activities and focus of the Group.
(b) Reviewed the Service Contracts for the Executive Directors of the Company.
(c) Reviewed and deliberated the remuneration packages of the Executive Directors of the Company, taking into consideration the Group's performance.
(d) Reviewed the Directors' fees for the Non-Executive Directors of the Company.
(e) Reviewed the Report of the Remuneration Committee for inclusion in the Annual Report 2020.
(f) 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.
(g) Reviewed the policy on Directors' Remuneration to ensure a transparent, fair and reasonable process in place for determining appropriate remuneration for Directors.

Corporate Governance Overview Statement
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

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 salary, Directors' fees, bonus, other emoluments and benefits-in-kind. Details of the Directors' remuneration for the FY2020 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	499	-	-	191	7	697
Dato' Wee Cheng Kwan	465	-	-	163	-	628
Ng Tzee Penn[1]	26	4	-	-	-	30
Na Chun Wee *(Resigned on 7 April 2020)*	265	-	-	85	-	350
Non-Executive Directors						
Dato' Dr. Awang Adek bin Hussin	-	68	-	6	-	74
Lim Chee Hoong	-	60	-	6	-	66
Ji Haitao[2]	-	30	-	3	-	33
Datuk Dr. Wong Lai Sum *(Resigned on 1 June 2020)*	-	25	-	3	-	28

Notes:

1 Mr. Ng was appointed as Non-Independent Non-Executive Director on 8 May 2020 and was re-designated as Executive Director on 11 June 2020. Hence, his remuneration has been pro-rated accordingly.

2 Appointed as Independent Non-Executive Director on 8 May 2020.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

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

The Audit and Risk Management 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 and Risk Management Committee and this has been incorporated in the Terms of Reference of the Audit and Risk Management Committee.

The Board acknowledged that the Audit and Risk Management Committee should be financially literate and are able understand matters under the purview of the Audit and Risk Management 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 and Risk Management 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 Audit and Risk Management Committee is available at the Company's Website and the activities undertaken by the Audit and Risk Management Committee for the FY2020 are presented in the Audit and Risk Management Report on pages 52 to 56 of this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

II. Risk Management and Internal Control Framework

The Board discharges its responsibilities in the risk governance and oversees functions through the Audit and Risk Management Committee. The Audit and Risk Management Committee, supported by the Risk Management Team comprises the Head of Departments of respective operating divisions, assists Audit and Risk Management Committee in overseeing the risk management matters relating to the activities of the Group. The Audit and 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 and Risk Management 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 Page 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

The Company 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 for release of announcements to the public, corporate website, social media, emails, road shows or events as well as direct interaction with the shareholders at the general meetings of the Company.

II. Conduct of General Meetings

The general meetings are the principal forum for shareholders to dialogue and interact with the Directors of the Company. In order to ensure effective participation and engagement with the shareholders, the members of the Board and senior management attend the general meetings to respond to the questions raised by the shareholders and the shareholders are given opportunities to express their opinions and raise concerns over issues relating to business and affairs of the Company. The Chairman of the Board will chair the general meetings and allow the shareholders or proxy holders to speak and seek clarifications on the resolutions tabled at the meetings.

During the FY2020, three (3) general meetings were held, namely, the 19^{th} AGM held on 29 June 2020 and two (2) EGMs held on 10 June 2020 to consider the corporate proposals of the Company. In line with the MCCG, the notice of the 19^{th} AGM was issued to the shareholders on 29 May 2020, more than 28 days before the 19^{th} AGM, and beyond the requisite 21 days' notice as prescribed by the Companies Act 2016 and Listing Requirements; likewise, the notice of the EGMs was issued at least 14 days before the EGMs in compliance with the said laws and regulations. The notice of general meetings and circular to shareholders provides details of the resolutions proposed along with background information and justifications for undertaking the corporate proposals alongside the recommendations from the Board.

The Company leverage on technology and conducted the EGMs held on 10 June 2020 on fully virtual basis through live streaming from the broadcast venue at the Company's business premise. The voting of the EGMs was conducted by poll in accordance with Paragraph 8.29A of the Listing Requirements of Bursa Securities and the shareholders exercised their voting rights remotely using electronic voting platform. The outcome of the general meetings was announced to Bursa Securities on the same day after the conclusion of the meetings.

This Statement was approved by the Board of Director of the Company on 24 March 2021.

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 2020 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 2020, 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 Companies Act 2016.

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Additional Compliance Information

1. **Audit and Non-Audit Fees**

   The amount of audit fees and non-audit fees paid and payable to the external auditors for the financial year ended 31 December 2020 are tabled as follows:

	Group (RM'000)	Company (RM'000)
Audit Fees	584	46
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 36 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**

   The Company undertook a private placement of up to 40,288,200 new ordinary shares ("Placement Shares") in the Company as announced by the Board on 3 December 2019 ("Private Placement").

   Pursuant to the Private Placement, a total of 26,556,700 Placement Shares have been issued and the total proceeds raised amounting to RM9,555,006.26 have been utilised in the following manner:-

Purposes	Proposed Utilisation (RM'000)	Total Proceeds Received (RM'000)	Actual Utilisation (RM'000)	Deviation (RM'000)
Repayment of borrowings	2,211	-	-	-
Working capital	8,433	3,144	3,144	-
Part payment for the Kelantan Acquisition@	10,600	6,360	6,360	-
Future potential investment/acquisition	1,500	-	-	-
Expenses in relation to the Private Placement	220	51	51	-
Total proceeds	**22,964**	**9,555**	**9,555**	**-**

@ *On 28 December 2018, PRG Agro Sdn Bhd, a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with Alifya Forestry Sdn Bhd for the acquisition of 2 parcels of agriculture land planted with teak trees in Kelantan for a purchase consideration of RM89.20 million, to be satisfied via a combination of cash consideration of RM59.20 million and issuance of 40,295,500 shares of the Company at RM0.7445 each ("Kelantan Acquisition"). The Kelantan Acquisition was approved by the Company's shareholders at the extraordinary general meeting held on 8 October 2019.*

The Private Placement has been completed on 28 August 2020.

Statement On Risk Management and Internal Control

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 guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Institute of Internal Auditors Malaysia and taking into consideration the recommendations of the Malaysian Code on Corporate Governance ("MCCG").

This statement 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 Audit and Risk Management Committee ("ARMC").

  ARMC 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 AND INTERNAL CONTROL SYSTEM (continued)

Risk Management Framework (continued)

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

- 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 ARMC 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 ARMC.

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 Agriculture 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 ARMC 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 ARMC, 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 ARMC.

The ARMC reviews the internal audit function, the scope of the annual internal audit plan, as well as the findings within its scope of responsibilities. The ARMC 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.

Statement On Risk Management and Internal Control
cont'd

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (continued)

Internal Audit Function (continued)

During 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 (Malaysia & Vietnam):

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

Manufacturing Division (China):

- risk assessment - the preliminary assessment of risks posed by different areas including Sales and credit, Purchasing Production, Inventory, Finance and IT, and Human resource.
- process review - base on the result of the preliminary risk assessment, development of audit plan to focus on the higher risk areas, review the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls.

Corporate, Property Development & Construction and Agriculture Divisions:

- Audit on compliance with organisation policies and Standard Operating Procedures ("SOPs") for the following Divisions/ Units:
  (i) Finance & Accounts
  (ii) Human Resource & Admin
  (iii) Strategic or Risk Management in terms of
    - Compliance to Laws & Regulations: Section 17A, Malaysian Anti-Corruption Commission (Amendment) ("MACC") Act 2009
    - Establishment & compliance to new Standard Operating Procedure ("SOPs") due to Pandemic Risk

- Risk-based audit on the identified key risk areas of the Property Development Division including:
  (i) Operation cash flow & liquidity risk - U5 Embayu
  (ii) IT system not well protected
  (iii) Insufficient manpower & lack of resources
  (iv) Joint venture partner risk
  (v) Enforcement of SOPs/ Non-compliance with Corporate Governance or statutory requirements

- Risk-based audit on the identified key risk areas of the Construction Division including:
  (i) Subcontractor and Supplier Risk - Melaka Project
  (ii) Material Trading Risk - unstable material price
  (iii) Credit Risk
  (iv) Change in Interest Rate
  (v) Enforcement of SOPs

- Risk-based audit on the identified key risk areas of the Agriculture Division including:
  (i) Strategic Risk
  (ii) Operation Risk
  (iii) Compliance with government policies and regulations
  (iv) Cash flow and liquidity risk

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (continued)

Corporate, Property Development & Construction and Agriculture Divisions: (continued)

The findings arising from the above reviews have been reported to the Management for their response and subsequently for the ARMC 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.
- SOPs 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 Executive Vice Chairman, 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 2020. 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 24 March 2021.

Report of The Audit and Risk Management Committee

COMPOSITION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

The current composition of the ARMC is as follows:

Directors	Position
Lim Chee Hoong	Chairman of ARMC & Independent Non-Executive Director
Dato' Dr. Awang Adek bin Hussin	Independent Non-Executive Chairman
Ji Haitao *(Appointed on 29 June 2020)*	Independent Non-Executive Director

The Terms of Reference of the ARMC is available on the Company's website.

MEETINGS AND ATTENDANCE

The ARMC held a total of five (5) meetings during the financial year ended 31 December 2020. Details of attendance are as follows:-

Directors	Attendance
Lim Chee Hoong	5 out of 5
Dato' Dr. Awang Adek bin Hussin	5 out of 5
Ji Haitao *(Appointed on 29 June 2020)*	2 out of 2
Datuk Dr. Wong Lai Sum *(Resigned on 1 June 2020)*	2 out of 2

Minutes of each meeting were prepared by the Company Secretary who acts as the secretary to the ARMC and present at all meetings. The Minutes would be tabled for confirmation at the next following meeting and subsequently presented to the Board of Directors ("Board") for notation.

ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2020, the activities carried out by the ARMC in the discharge of its duties included, amongst others, the following: -

(i) Financial Reporting

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

(ii) External Audit

- Reviewed the External Auditors' audit plan covering the audit approach, scope of work and area of significant audit attentions, audit reporting timeline and deliverables.
- Reviewed the audit completion report which detailed the areas of audit emphasis, key audit matters identified by the External Auditors that requires the exercise of significant judgement by Management, updates on financial reporting and Malaysian Financial Reporting Standards ("MFRSs") applicable to the Group and the relevant impact on application of the MFRSs.
- Reviewed the difference between the consolidated profit after tax as per the audited results and the unaudited results announced to Bursa Securities to ensure no variation of more than 10% that warrants immediate disclosure to Bursa Securities.
- Confirmed with the External Auditors that the ARMC has no knowledge of any fraud related matters affecting the Group, actual or potential instances of litigations and claims, ongoing or pending, for or against the Group and breach or non-compliance with laws and regulations.
- Reviewed the extent of assistance provided by Management to the External Auditors without the presence of Management and Executive Directors and discussed significant issues affecting the Group arising from the audit with the External Auditors.
- 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 criteria encompassed audit planning and design, audit execution, audit fees and independence of the External Auditors.

(iii) Internal Audit

- Reviewed staffing requirement of the in-house 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 Agriculture Divisions. The focus of review was placed on identified high risk areas.
- Reviewed the Internal Audit Reports and relevant issues observed as well as recommendations to remedy identified weaknesses and management responses therefrom.
- 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.

Report of The Audit and Risk Management Committee
cont'd

ACTIVITIES DURING THE FINANCIAL YEAR (continued)

(iv) Risk Management

- Reviewed the significant risks identified by the Risk Management Team on quarterly basis and relevant measures and efforts undertaken to mitigate the risks.
- Reviewed and recommended the Risk Management Framework of the Group for the Board's approval.
- Reviewed the assessment report on the effectiveness of the risk and internal control processes of the Company and Group and was satisfied that the Group has in place the relevant risk management processes and internal control systems, amongst others, to manage the risks associated with the business and operations of the Group.

(v) Others

- Reviewed the Statement on Risk Management and Internal Control and the Report of the ARMC for inclusion in the Annual Report.
- Reviewed and updated the Terms of Reference of the ARMC 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 Agriculture 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 of the Group.

Furniweb Holdings Limited ("FHL"), a 54.19%-owned subsidiary of the Company, is the holding company of the subsidiaries operating in the Manufacturing Division. FHL is listed on the GEM of The Stock Exchange of Hong Kong Limited and is subject to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

FHL and its subsidiaries in the Manufacturing Division ("FHL Group") has an in-house internal audit department that carries out regular reviews of the 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 FHL Group to its audit committee. The internal audit report tabled to the audit committee of FHL would be subsequently presented to the ARMC of the Company for notation.

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 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 approaches and the findings were presented to the ARMC on quarterly basis.

INTERNAL AUDIT FUNCTION (continued)

During the financial year ended 31 December 2020, the Internal Auditors carried out the following activities:

(a) Prepared the annual audit plan for the Corporate, Property Development & Construction Divisions and Agriculture Division for review and approval by the ARMC.

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

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

(i) Manufacturing Division (Malaysia & Vietnam):

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

(ii) Manufacturing Division (China):

- risk assessment - the preliminary assessment of risks posed by different areas including Sales and credit, Purchasing Production, Inventory, Finance and IT, and Human resource.
- process review - base on the result of the preliminary risk assessment, development of audit plan to focus on the higher risk areas, review the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls.

(iii) Corporate, Property Development & Construction Divisions and Agriculture Division:

- Audit on compliance with organisation policies and Standard Operating Procedures ("SOPs") for the following Divisions/Units:
  (i) Finance & Accounts
  (ii) Human Resource & Admin
  (iii) Strategic or Risk Management in terms of
    - Compliance to Laws & Regulations: Section 17A, Malaysian Anti-Corruption Commission (Amendment) ("MACC") Act 2009
    - Establishment & compliance to new Standard Operating Procedure ("SOPs") due to Pandemic Risk

- Risk-based audit on the identified key risk areas of the Property Development Division including:
  (i) Operation cash flow & liquidity risk - U5 Embayu
  (ii) IT system not well protected
  (iii) Insufficient manpower & lack of resources
  (iv) Joint venture partner risk
  (v) Enforcement of SOPs/ Non-compliance with Corporate Governance or statutory requirements

Report of The Audit and Risk Management Committee

cont'd

INTERNAL AUDIT FUNCTION (continued)

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

(iii) Corporate, Property Development & Construction Divisions and Agriculture Division: (continued)

- Risk-based audit on the identified key risk areas of the Construction Division including:
  (i) Subcontractor and Supplier Risk - Melaka Project
  (ii) Material Trading Risk - unstable material price
  (iii) Credit Risk
  (iv) Change in Interest Rate
  (v) Enforcement of SOPs

- Risk-based audit on the identified key risk areas of the Agriculture Division including:
  (i) Strategic Risk
  (ii) Operation Risk
  (iii) Compliance with government policies and regulations
  (iv) Cash flow and liquidity risk

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

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2020 amounting to RM279,000.

Financial Statements

Directors' Report

DIRECTORS' REPORT

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 2020.

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 11 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year from continuing operations	(33,265)	(18,311)
Profit for the financial year from discontinued operations	5,710	-
Loss for the financial year	(27,555)	(18,311)
Attributable to:		
Owners of the parent:		
- from continuing operations	(19,018)	(18,311)
- from discontinued operations	5,757	-
	(13,261)	(18,311)
Non-controlling interests	(14,294)	-
	(27,555)	(18,311)

DIVIDEND

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

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 ordinary share capital of the Company was increased from 403,300,521 to 429,857,221 by way of the issuance of 26,556,700 new ordinary shares through private placement at issue price ranging from RM0.16 to RM0.61 per ordinary share for a total cash consideration of RM9,555,000.

The newly issued ordinary shares rank *pari passu* in all respects with the existing ordinary 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 Company has the right to retain, cancel, resell, transfer 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 429,857,221 (2019: 403,300,521) issued and fully paid ordinary shares as at 31 December 2020, 417,800 (2019: 417,800) ordinary shares bought for RM87,000 (2019: RM87,000) are held as treasury shares by the Company.

The number of outstanding ordinary shares in issue after deducting the treasury shares is 429,439,421 (2019: 402,882,721) ordinary shares as at 31 December 2020.

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:

<u>PRG Holdings Berhad</u>

Dato' Dr. Awang Adek Bin Hussin	
Dato' Lua Choon Hann	
Dato' Wee Cheng Kwan	
Lim Chee Hoong	
Ji Haitao	(appointed on 8 May 2020)
Ng Tzee Penn	(appointed on 8 May 2020)
Na Chun Wee	(resigned on 7 April 2020)
Datuk Dr. Wong Lai Sum	(resigned on 1 June 2020)

Directors' Report
cont'd

DIRECTORS (continued)

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

<u>Subsidiaries of PRG Holdings Berhad</u>

Au Yeung Yiu Chung	
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' Wee Cheng Kwan	
Dato' Zainuddin Bin Abd Rahman	
Feng Hui Fen	
Ho Ming Hon	
Hui Suen Tak*	
Jim Ka Man	
Lai Kong Meng	
Lee Sim Hak	
Liew Ching Hoong	
Ong Lock Hoo	
Rangith Jinadasa	
Tan Choong Wei	
Tan Chuan Dyi	
Tao Wah Wai Calvin	
Xie Ling Feng*	
Yang Guang	
Dato' Lee Chee Leong	(appointed on 25 March 2020)
Yim Chi Ho	(appointed on 29 October 2020)
Ng Tzee Penn	(appointed on 28 December 2020)
Jia Yuanbin	(appointed on 1 February 2021)
Qu Weidong	(resigned on 24 January 2020)
Dato' Sri Wee Jeck Seng	(resigned on 10 March 2020)
Lee Sieng Shuen @ Karen Lee	(resigned on 3 April 2020)
Na Chun Wee	(resigned on 7 April 2020)
Lee Joanshien Johanne*	(resigned on 23 October 2020)

* Directors of newly acquired/incorporated subsidiaries.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 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 1.1.2020/ Date of appointment	**Bought**	**Disposed**	**Balance as at 31.12.2020**
Shares in the Company				
Direct interests:				
Dato' Lua Choon Hann	74,877,900	184,600	(41,088,600)	33,973,900
Dato' Wee Cheng Kwan	39,495,400	-	(32,695,400)	6,800,000
Ji Haitao	917,000	-	-	917,000
Lim Chee Hoong	154,000	-	-	154,000
Indirect interests:				
Dato' Lua Choon Hann #	300,000	-	-	300,000
Lim Chee Hoong #	134,000	-	-	134,000

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 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 and remuneration received by certain Directors as Directors of subsidiaries as disclosed in Note 36 to the financial statements.

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.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 36 to the financial statements.

Directors' Report

cont'd

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 2020 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 all known bad debts had been 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, except for the impact arising from the COVID-19 pandemic as disclosed in Note 40(i) to the financial statements.

(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 render the amounts writing off for bad debts or 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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(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 11 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 41 to the financial statements.

AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 are disclosed in Notes 28 and 32 to the financial statements.

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
24 March 2021

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 70 to 190 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 2020 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
24 March 2021

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 70 to 190 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)
24 March 2021)

Dato' Lua Choon Hann

Before me:

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 2020 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 70 to 190.

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 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

a) Recoverability of trade receivables

The carrying amount of trade receivables has been disclosed in Note 16 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 and appropriate forward-looking information.

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.

Independent Auditors' Report

To the Members of PRG Holdings Berhad (Incorporated in Malaysia)
cont'd

Key Audit Matters (continued)

a) Recoverability of trade receivables (continued)

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, incorporating the impact of the COVID-19 pandemic 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.

b) Valuation of biological assets

The carrying amount of biological assets has been disclosed in Note 20 to the financial statements.

The valuation of biological assets is determined by income approach which considers the net present value of all directly attributable net cash flows based on Director's estimation by reference to inputs used in valuation report performed by independent valuers.

We determined this to be a key audit matter as it involves significant judgements and is subject to estimation uncertainty as subjective variables were used to derive the fair value.

Audit response

Our audit procedures included the following:

(i) assessed the reasonableness of assumptions used in the cash flow projections to available sources of data, where applicable;

(ii) reviewed the valuation report prepared by the independent valuers for appropriateness of the valuation methodology and for reasonableness of the assumptions used;

(iii) assessed the competency, independence and integrity of the independent valuers; and

(iv) tested the integrity of the data and inputs used by the independent valuers.

c) Impairment assessment of the carrying amount of goodwill

The carrying amount of the goodwill of the Group has been disclosed in Note 10 to the financial statements.

We determined this to be a key audit matter because the recoverable amount of goodwill requires significant judgement and estimates about the future results and the key assumptions applied to cash flow projections of the cash generating units, including projected growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Key Audit Matters (continued)

c) Impairment assessment of the carrying amount of goodwill (continued)

Audit response

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

(i) compared cash flow projections against recent performance and assessed the reasonableness of assumptions used in the projections to available sources of data, where applicable;

(ii) evaluated the reasonableness of projected growth rates and operating profit margins to historical results as well as market and industry data;

(iii) evaluated the reasonableness of the pre-tax discount rate by comparing to market data and relevant risk factors; and

(iv) performed sensitivity analysis to stress test the key assumptions used in the impairment assessment.

We have determined that there are no key audit matters to be communicated in our auditors' report on 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.

Independent Auditors' Report

To the Members of PRG Holdings Berhad (Incorporated in Malaysia)
cont'd

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 of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the 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, actions taken to eliminate threats or safeguards applied.

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 11 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lum Chiew Mun
03039/04/2021 J
Chartered Accountant

Kuala Lumpur
24 March 2021

Statements of Financial Position

As at 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	24,808	25,799	-	-
Right-of-use assets	9	21,187	36,144	-	-
Intangible assets	10	19,415	32,974	-	-
Investments in subsidiaries	11	-	-	60,921	60,921
Investments in associates	12	1,894	1,934	-	-
Investments in joint ventures	13	1,414	1,111	-	-
Other investments	14	4,030	6,452	4,030	6,452
Trade and other receivables	16	58,113	4,730	94,602	85,660
Deferred tax assets	15	1,466	381	-	-
		132,327	109,525	159,553	153,033
Current assets					
Inventories	18	61,576	59,788	-	-
Biological assets	20	82,060	83,100	-	-
Trade and other receivables	16	54,199	63,350	34,018	40,078
Contract assets	17	7,841	5,625	-	-
Current tax assets		476	585	1	-
Cash and bank balances	21	34,874	23,386	508	130
Bank balances held on behalf of clients	22	24,516	-	-	-
		265,542	235,834	34,527	40,208
Assets classified as held for sale	28	-	244,330	-	-
TOTAL ASSETS		397,869	589,689	194,080	193,241
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	144,530	134,975	144,530	134,975
Treasury shares	23	(87)	(87)	(87)	(87)
Reserves	24	9,526	23,907	17,944	38,677
		153,969	158,795	162,387	173,565
Non-controlling interests	11(g)	46,688	60,748	-	-
TOTAL EQUITY		200,657	219,543	162,387	173,565

Statements of Financial Position

As at 31 December 2020
cont'd

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	25	57,863	20,465	-	-
Trade and other payables	26	12,040	11,990	-	-
Lease liabilities	27	12,477	16,106	-	-
Deferred tax liabilities	15	1,854	1,894	-	-
		84,234	50,455	-	-
Current liabilities					
Borrowings	25	3,355	12,534	-	8,411
Trade and other payables	26	99,368	121,591	31,693	11,265
Contract liabilities	17	3,169	2,109	-	-
Lease liabilities	27	4,605	4,059	-	-
Current tax liabilities		2,481	2,732	-	-
		112,978	143,025	31,693	19,676
Liabilities directly associated with the assets held for sale	28	-	176,666	-	-
TOTAL LIABILITIES		197,212	370,146	31,693	19,676
TOTAL EQUITY AND LIABILITIES		397,869	589,689	194,080	193,241

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 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Continuing operations					
Revenue	31	196,397	132,045	-	-
Cost of sales		(159,713)	(97,591)	-	-
Gross profit		36,684	34,454	-	-
Other income		3,120	3,449	1,387	13,174
Distribution costs		(7,994)	(12,185)	-	-
Administrative expenses		(74,932)	(86,555)	(22,136)	(15,555)
Other expenses		(1,241)	(1,456)	(466)	(721)
Interest income		15,322	479	3,371	2,672
Finance costs		(3,377)	(3,472)	(468)	(1,602)
Share of losses of associates, net of tax	12	(345)	(1,778)	-	-
Share of profit of joint ventures, net of tax	13	335	245	-	-
Loss before tax from continuing operations	32	(32,428)	(66,819)	(18,312)	(2,032)
Taxation	33	(837)	(2,120)	1	-
Loss for the financial year from continuing operations		(33,265)	(68,939)	(18,311)	(2,032)
Discontinued operations					
Profit/(Loss) for the financial year from discontinued operations, net of tax	28	5,710	(4,508)	-	-
Loss for the financial year		(27,555)	(73,447)	(18,311)	(2,032)
Other comprehensive income/(loss), net of tax					
Continuing operations					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translations		1,030	(2,059)	-	-
Realisation of reserves from disposal of a subsidiary		1,393	-	-	-
Share of other comprehensive gain/(loss) of associates	12	11	(49)	-	-
Share of other comprehensive loss of a joint venture	13	(31)	(21)	-	-
		2,403	(2,129)	-	-
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on equity investments at fair value through other comprehensive income	14	(2,422)	(21,875)	(2,422)	(21,875)

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2020
cont'd

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Other comprehensive income/(loss), net of tax (continued)					
Discontinued operations					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translations	28	-	(27)	-	-
Total other comprehensive loss. net of tax		(19)	(24,031)	(2,422)	(21,875)
Total comprehensive loss for the financial year		(27,574)	(97,478)	(20,733)	(23,907)
(Loss)/Profit attributable to:					
Owners of the parent					
- continuing operations		(19,018)	(47,745)	(18,311)	(2,032)
- discontinued operations		5,757	(1,939)	-	-
		(13,261)	(49,684)	(18,311)	(2,032)
Non-controlling interests					
- continuing operations		(14,247)	(21,194)	-	-
- discontinued operations		(47)	(2,569)	-	-
	11(g)	(14,294)	(23,763)	-	-
		(27,555)	(73,447)	(18,311)	(2,032)
Total comprehensive (loss)/income attributable to:					
Owners of the parent					
- continuing operations		(20,138)	(70,802)	(20,733)	(23,907)
- discontinued operations		5,757	(1,956)	-	-
		(14,381)	(72,758)	(20,733)	(23,907)
Non-controlling interests					
- continuing operations		(13,146)	(22,141)	-	-
- discontinued operations		(47)	(2,579)	-	-
	11(g)	(13,193)	(24,720)	-	-
		(27,574)	(97,478)	(20,733)	(23,907)

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2020
cont'd

	Note	Group 2020 RM'000	Group 2019 RM'000
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen)			
Basic and diluted:			
- continuing operations	34	(4.53)	(13.86)
- discontinued operations	34	1.37	(0.56)
		(3.16)	(14.42)

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

Statements of Changes In Equity

For the financial year ended 31 December 2020

Group	Note	Share capital RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Warrants reserve RM'000	Fair value 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 2019		83,289	(2,881)	(87)	3,713	-	47,924	131,958	40,199	172,157
Effects of adoption of MFRS 16		-	-	-	-	-	(229)	(229)	(193)	(422)
Restated balance as at 1 January 2019		83,289	(2,881)	(87)	3,713	-	47,695	131,729	40,006	171,735
Loss for the financial year		-	-	-	-	-	(49,684)	(49,684)	(23,763)	(73,447)
Foreign currency translations, net of tax		-	(1,129)	-	-	-	-	(1,129)	(957)	(2,086)
Fair value loss on equity investments through other comprehensive income	14	-	-	-	-	(21,875)	-	(21,875)	-	(21,875)
Share of other comprehensive loss of associates, net of tax	12	-	(49)	-	-	-	-	(49)	-	(49)
Share of other comprehensive loss of a joint venture, net of tax	13	-	(21)	-	-	-	-	(21)	-	(21)
Total comprehensive loss		-	(1,199)	-	-	(21,875)	(49,684)	(72,758)	(24,720)	(97,478)
Transactions with owners										
Ordinary shares issued pursuant to exercise of warrants	23	21,686	-	-	(2,091)	-	-	19,595	-	19,595
Shares acquired by non-controlling interests		-	-	-	-	-	50,229	50,229	45,462	95,691
Ordinary shares issued pursuant to acquisition of land by a subsidiary	23	30,000	-	-	-	-	-	30,000	-	30,000
Transfer of warrants reserve to retained earnings upon expiry		-	-	-	(1,622)	-	1,622	-	-	-
Total transactions with owners		51,686	-	-	(3,713)	-	51,851	99,824	45,462	145,286
Balance as at 31 December 2019		134,975	(4,080)	(87)	-	(21,875)	49,862	158,795	60,748	219,543

Statements of Changes In Equity

For the financial year ended 31 December 2020
cont'd

Group	Note	Share capital RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Fair value 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 2020		134,975	(4,080)	(87)	(21,875)	49,862	158,795	60,748	219,543
Loss for the financial year		-	-	-	-	(13,261)	(13,261)	(14,294)	(27,555)
Foreign currency translations, net of tax		-	567	-	-	-	567	463	1,030
Realisation of reserves from disposal of a subsidiary		-	755	-	-	-	755	638	1,393
Fair value loss on equity investments through other comprehensive income	14	-	-	-	(2,422)	-	(2,422)	-	(2,422)
Share of other comprehensive gain of associates, net of tax	12	-	11	-	-	-	11	-	11
Share of other comprehensive loss of a joint venture, net of tax	13	-	(31)	-	-	-	(31)	-	(31)
Total comprehensive loss		-	1,302	-	(2,422)	(13,261)	(14,381)	(13,193)	(27,574)
Transactions with owners									
Ordinary shares issued through private placement	23	9,555	-	-	-	-	9,555	-	9,555
Disposal of a non-wholly owned subsidiary		-	-	-	-	-	-	(990)	(990)
Non-controlling interests acquired in a subsidiary		-	-	-	-	-	-	123	123
Total transactions with owners		9,555	-	-	-	-	9,555	(867)	8,688
Balance as at 31 December 2020		144,530	(2,778)	(87)	(24,297)	36,601	153,969	46,688	200,657

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

Statements of Changes In Equity

For the financial year ended 31 December 2020
cont'd

Company	Note	Non-distributable Share capital RM'000	Non-distributable Treasury shares RM'000	Non-distributable Warrants reserve RM'000	Non-distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2019		83,289	(87)	3,713	-	60,962	147,877
Loss for the financial year		-	-	-	-	(2,032)	(2,032)
Fair value loss on equity investments through other comprehensive income	14	-	-	-	(21,875)	-	(21,875)
Total comprehensive loss		-	-	-	(21,875)	(2,032)	(23,907)
Transactions with owners							
Ordinary shares issued pursuant to exercise of warrants	23	21,686	-	(2,091)	-	-	19,595
Ordinary shares issued pursuant to acquisition of land by a subsidiary	23	30,000	-	-	-	-	30,000
Transfer of warrants reserve to retained earnings upon expiry		-	-	(1,622)	-	1,622	-
Total transactions with owners		51,686	-	(3,713)	-	1,622	49,595
Balance as at 31 December 2019		134,975	(87)	-	(21,875)	60,552	173,565

Company	Note	Non-distributable Share capital RM'000	Non-distributable Treasury shares RM'000	Non-distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2020		134,975	(87)	(21,875)	60,552	173,565
Loss for the financial year		-	-	-	(18,311)	(18,311)
Fair value loss on equity investments through other comprehensive income	14	-	-	(2,422)	-	(2,422)
Total comprehensive loss		-	-	(2,422)	(18,311)	(20,733)
Transactions with owners						
Ordinary shares issued through private placement	23	9,555	-	-	-	9,555
Total transactions with owners		9,555	-	-	-	9,555
Balance as at 31 December 2020		144,530	(87)	(24,297)	42,241	162,387

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

Statements of Cash Flows

For the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax from:					
Continuing operations		(32,428)	(66,819)	(18,312)	(2,032)
Discontinued operations	28	(1,618)	(2,681)	-	-
Adjustments for:					
Amortisation of intangible assets	10	878	495	-	-
Depreciation of:					
- property, plant and equipment	8	2,869	4,072	-	-
- right-of-use assets	9	5,797	4,457	-	-
Fair value adjustments on:					
- amounts owing by subsidiaries		-	-	4,785	1,556
- trade and other receivables		1,875	15	-	-
- trade and other payables		-	(1,782)	-	-
- financial assets at fair value through profit or loss		-	2,593	-	-
Inventories written down	18	3,164	1,612	-	-
Impairment losses on:					
- property, plant and equipment	8	430	-	-	-
- right-of-use assets	9	13,598	-	-	-
- trade receivables	16(d)	1,400	12,592	-	-
- other receivables		8,153	23	5,712	-
- contract assets	17(d)	12	43	-	-
- amounts owing by subsidiaries	16(f)	-	-	8,158	8,214
- amounts owing by associates		4,057	197	-	-
- investments in associates	12	40	4,630	-	-
- investment in a joint venture	13	-	3,903	-	-
- goodwill	10	16,310	34,564	-	-
- assets classified as held for sale	28(h)	-	5,624	-	-
Finance costs		3,609	4,311	468	1,602
Net gain on disposals of:					
- property, plant and equipment		(55)	(22)	-	-
- subsidiaries		-	-	-	(12,916)
Interest income		(15,324)	(520)	(3,371)	(2,672)
Lease concessions		(2,799)	-	-	-
Lease modification		(53)	-	-	-
Property, plant and equipment written off		1	65	-	-
Inventories written off	18	-	72	-	-
Reversal of inventories written down	18	(1,915)	(110)	-	-
Reversal of contract liabilities	17(a)	-	(2,121)	-	-
Reversal of impairment losses on:					
- trade receivables	16(d)	(20)	(373)	-	-
- other receivables		-	-	-	-
- contract assets		(15)	-	-	-
- amounts owing by subsidiaries	16(e)	-	-	(218)	-
Share of losses of associates, net of tax	12	345	1,778	-	-

Statements of Cash Flows

For the financial year ended 31 December 2020
cont'd

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Share of profit of joint ventures, net of tax	13	(335)	(245)	-	-
Realisation of profits upon disposal of a subsidiary		(3,584)	-	-	-
Net unrealised (gain)/loss on foreign exchange		(332)	127	(552)	2
Operating profit/(loss) before changes in working capital		4,060	6,500	(3,330)	(6,246)
Change in inventories		(3,621)	(24,355)	-	-
Change in bank balances held on behalf of clients		(19,379)	-	-	-
Change in trade and other receivables		19,445	(24,911)	1	2,038
Change in contract assets		(2,105)	5,546	-	-
Change in trade and other payables		(42,648)	12,519	(574)	(1,196)
Change in contract liabilities		6,751	5,551	-	-
Cash used in operations		(37,497)	(19,150)	(3,903)	(5,404)
Tax refunded		1,872	1,102	1	1
Tax paid		(2,347)	(2,316)	(1)	(1)
Net cash used in operating activities		(37,972)	(20,364)	(3,903)	(5,404)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of:					
- property, plant and equipment	8	(1,721)	(2,218)	-	-
- right-of-use assets	9(c)	(3,759)	(5,540)	-	-
- intangible assets	10	(7)	(36)	-	-
- biological assets	20(f)	-	(3,676)	-	-
Advances to subsidiaries		-	-	(17,901)	(18,591)
Repayment from a joint venture		20	903	-	-
Advances to associates		(1,128)	(3,080)	-	-
Dividends received from a joint venture	13	-	309	-	-
Interest received		707	380	2	5
Proceeds from disposals of property, plant and equipment		60	114	-	-
Proceeds from partial disposal of a subsidiary		-	15,505	-	15,505
Net cash (outflow)/inflow from acquisition of subsidiaries	11	(2,499)	1,043	-	-
Net cash inflow from disposal of subsidiaries	11	9,458	-	-	-
Acquisition of investments in associates		-	(842)	-	-
Acquisition of equity investments	14	-	(13,401)	-	(13,401)
Deposits placed with financial institutions with original maturity of more than three (3) months		(5,174)	(7,377)	-	-
Placement of restricted cash		-	(845)	-	-
Net cash used in investing activities		(4,043)	(18,761)	(17,899)	(16,482)

Statements of Cash Flows

For the financial year ended 31 December 2020
cont'd

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(2,003)	(2,929)	(295)	(1,377)
Proceeds from issuance of ordinary shares pursuant to exercise of warrants		-	19,595	-	19,595
Proceeds from issuance of ordinary shares through private placement		9,555	-	9,555	-
Proceeds from issuance of shares to non-controlling interests		123	-	-	-
Advances from shareholders		21,190	10,073	21,331	9,920
Drawdowns of borrowings		48,695	41,116	-	23,142
Repayments of borrowings		(20,908)	(41,714)	(8,411)	(29,766)
Repayments of lease liabilities		(2,745)	(3,347)	-	-
Net cash from financing activities		53,907	22,794	22,180	21,514
Net increase/(decrease) in cash and cash equivalents		11,892	(16,331)	378	(372)
Effects of exchange rate changes on cash and cash equivalents		2	(310)	*	1
Cash and cash equivalents as at beginning of financial year		9,127	25,768	130	501
Cash and cash equivalents as at end of financial year	21(e)	21,021	9,127	508	130

* Amount is less than RM1,000.

Statements of Cash Flows

For the financial year ended 31 December 2020
cont'd

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings (Note 25)		Lease liabilities (Note 27)	
	Group RM'000	**Company RM'000**	**Group RM'000**	**Company RM'000**
At 1 January 2020	32,615	8,411	20,165	-
Cash flows	27,787	(8,411)	(2,730)	-
Non-cash flows:				
- Unwinding of interest	-	-	1,380	-
- Acquisition of right-of-use assets	-	-	97	-
- Acquisition of subsidiaries	-	-	518	-
- Lease concessions	-	-	(2,799)	-
- Lease modification	-	-	495	-
- Effect of foreign exchange	544	-	(44)	-
At 31 December 2020**	60,946	-	17,082	-
At 1 January 2019, as previously reported**	38,011	15,060	-	-
Effects of adoption of MFRS 16	(839)	-	7,047	-
At 1 January 2019, as restated	37,172	15,060	7,047	-
Cash flows	(598)	(6,624)	(3,347)	-
Non-cash flows:				
- Unwinding of interest	-	-	1,124	-
- Acquisition of right-of-use assets	-	-	17,141	-
- Acquisition of subsidiaries	-	-	500	-
- Reclassified to liabilities directly associated with assets held for sale	(3,878)	-	(2,206)	-
- Effect of foreign exchange	(81)	(25)	(94)	-
At 31 December 2019**	32,615	8,411	20,165	-

** Borrowings exclude bank overdraft.

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

Notes to 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 2020 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 24 March 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities and details of the subsidiaries are set out in Note 11 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.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 5.1 to the financial statements.

The Group and the Company have also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions* in the current financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

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 7 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.

Notes to the Financial Statements

31 December 2020
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

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.

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* 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combination (continued)

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(a) 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.

4.4 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:

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.

Notes to the Financial Statements
31 December 2020
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases

(i) The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value. The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease terms of right-of-use assets are as follows:

Long-term leasehold land	34 - 78 years
Buildings	3 -7 years
Leasehold improvements	5 years
Plant and machineries	5 years
Motor vehicles	3 - 5 years

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's incremental borrowing rate. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(ii) The Group as lessor

The Group classified its leases as either operating leases or finance leases. Leases where the Group retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group transfers substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

4.6 Contract assets/(liabilities)

A contract asset is recognised when the right to consideration of the Group and of the Company is conditional after transfer of goods or services.

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 liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or has billed the customer, and 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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.

Notes to the Financial Statements

31 December 2020
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments (continued)

(b) Associates (continued)

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.

(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.

<u>Joint venture</u>

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments (continued)

(c) Joint arrangements (continued)

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.

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 associates and a joint venture is the excess of cost of investment over the share of the net fair value of net assets of the associates and joint venture's identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associates and joint venture 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 associates and joint venture'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 associates and joint venture'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.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Intangible assets (continued)

(b) Other intangible assets (continued)

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 administrative 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.

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.

Customer relationships

Customer relationships acquired as part of acquisition of business are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Customer relationships are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method over their estimated useful lives of six (6) to seven (7) years.

Licenses

The Group capitalises licenses acquired through acquisition of a subsidiary. The amount capitalised is the direct costs to obtain the licenses. The licenses have indefinite useful lives as there is no foreseeable limit to the period over which the licenses are expected to generate cash flows. Each license is reviewed annually for impairment and as such is stated at cost less any accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4.10 Inventories

(a) Inventories of raw materials, work-in-progress, trading merchandise, manufactured inventories and other consumables.

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

Cost is determined using the weighted average cost formula. Cost of consumables, trading merchandise 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Inventories (continued)

(b) Property development costs (continued)

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.

(c) Land held for development

Land held for development consists of land on which no significant development work has been undertaken. The land is carried at the lower of cost and net realisable value.

The cost of land held for development consists of cost associated with the acquisition of land. These costs include the purchase price of the land, professional fees, stamp duties, commissions, conversion fee and other relevant levies.

4.11 Biological assets

Biological assets comprised teak trees in timber plantation. Biological assets are measured at fair value less costs to sell. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets. Market prices are obtained from observable market prices (where available), contracted prices or estimated future prices. The costs to sell include the incremental selling costs, including royalty payable to authority. Any gains or losses arising from changes in the fair value less costs to sell net of transfers to produce stocks are recognised net in profit or loss.

4.12 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(a) Financial assets (continued)

(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 statements of profit or loss and other comprehensive income.

(ii) Fair value through profit or 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.

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 financial liabilities at amortised cost. 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(b) Financial liabilities (continued)

(ii) Financial liabilities measured at amortised cost

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 instruments

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.

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

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 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 collectively based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the countries.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information (i.e. Gross domestic product growth rate, inflation rate, unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivable. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment. The individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

Impairment for other receivables, contract assets and intercompany balances are recognised based on the general approach within MFRS 9 using the three-stage model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition (i.e. significant deterioration in the financial instruments' external or internal credit rating). For those in which the credit risk has not increased significantly since initial recognition of the financial asset, 12-month ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

(i) Significant financial difficulties of the debtor; or
(ii) It is probable that the debtor will enter bankruptcy or other financial reorganisation.

The probability of non-payment by other receivables, contract assets and intercompany balances are adjusted by forward-looking information (i.e. Gross domestic product growth rate, inflation rate, unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables, contract assets and intercompany balances.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 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.

4.15 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Income taxes (continued)

(b) Deferred tax (continued)

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.

4.16 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 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.

4.17 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 and of the Company 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 and the Company do 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 and of the Company. The Group and the Company do 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 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.

4.19 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Foreign currencies (continued)

(c) Foreign operations (continued)

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.

4.20 Revenue and other income

(a) Sale of goods

Revenue from the sale of goods is recognised at a point in time when the goods has been transferred, being when the goods have been shipped to the customer's specific location (delivery) and acceptance by customer. 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).

(c) Construction contracts

Revenue from contract works is 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.

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4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.20 Revenue and other income (continued)

(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.

4.21 (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.

4.22 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Operating segments (continued)

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.

4.23 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

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

Title	Effective Date
Amendments to 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
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendment to MFRS 16 *Covid-19-Related Rent Concessions*	1 June 2020 (early adopt)
Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of Amendment to MFRS 16 as described in the following section:

<u>Amendment to MFRS 16 *Covid-19-Related Rent Concessions*</u>

MFRS 16 has been amended to:

(i) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
(ii) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

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

5.1 New MFRSs adopted during the financial year (continued)

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
(iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to MFRS 16 during the financial year ended 31 December 2020 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group did not recognise changes in these lease payments as lease modifications and instead, recognised these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 27(c) to the financial statements.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

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
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023
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 are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial year.

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6. FINANCIAL REPORTING UPDATES

6.1 IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23)

The IFRS Interpretations Committee ("IFRIC") received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 *Borrowing Costs* and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

(i) Any receivable and contract asset that the entity recognises is not a qualifying asset.
(ii) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 31 December 2021.

6.2 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ("IFRIC") issued a final agenda decision on 26 November 2019 regarding "Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)".

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group as at the end of reporting period.

7. 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) 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 and appropriate forward-looking information (i.e. Gross domestic product growth rate, inflation rate, unemployment rate).

7. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Impairment on goodwill

The Group assesses the adequacy of impairment on goodwill on an annual basis. The recoverable amount of the cash-generating units ("CGUs") was determined based on value-in-use calculations which require significant management judgement and estimates about the future results and the key assumptions applied to cash flow projections of the CGUs.

(c) Valuation of biological assets

In measuring the fair value of biological assets, significant management judgement and estimates were required in determining the market price of teak timbers and the discount rate used in the discounted cash flow model.

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8. 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 2019	1,009	6,859	34,570	54,827	3,316	1,606	1,895	104,082
Effects of adoption of MFRS 16	-	(6,859)	-	(2,953)	-	(538)	(778)	(11,128)
Additions	-	-	-	1,029	690	-	499	2,218
Acquisition of subsidiaries	-	-	-	3,936	79	702	-	4,717
Disposals	-	-	-	(28)	(34)	(317)	-	(379)
Written off	-	-	-	(452)	(4)	-	-	(456)
Reclassifications	-	-	-	526	1,090	-	1,616)	-
Reclassification from right-of-use assets	-	-	-	1,835	-	260	-	2,095
Reclassification to assets held for sale	-	-	(9,213)	(17,720)	(755)	(81)	-	(27,769)
Translation adjustments	-	-	(207)	(532)	(11)	(25)	-	(775)
At 31 December 2019/1 January 2020	1,009	-	25,150	40,468	4,371	1,607	-	72,605
Additions	-	-	21	1,331	8	184	177	1,721
Acquisition of a subsidiary	-	-	-	-	101	-	-	101
Disposals	-	-	-	(526)	-	(328)	-	(854)
Written off	-	-	-	-	(1)	-	-	(1)
Reclassification from right-of-use assets	-	-	-	1,118	-	-	-	1,118
Translation adjustments	-	-	(58)	280	(5)	29	-	246
At 31 December 2020	1,009	-	25,113	42,671	4,474	1,492	177	74,936
Accumulated impairment								
At 1 January 2020	-	-	-	-	-	-	-	-
Impairment loss for the financial year	-	-	-	-	430	-	-	430
Translation adjustments	-	-	-	-	(17)	-	-	(17)
At 31 December 2020	-	-	-	-	413	-	-	413

8. 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 2019	-	1,658	11,891	42,857	2,642	1,245	-	60,293
Effects of adoption of MFRS 16	-	(1,658)	-	(1,369)	-	(308)	-	(3,335)
Acquisition of subsidiaries	-	-	-	2,846	69	590	-	3,505
Depreciation charge for the financial year	-	-	1,072	2,481	490	29	-	4,072
Disposals	-	-	-	(23)	(24)	(240)	-	(287)
Written off	-	-	-	(387)	(4)	-	-	(391)
Reclassification from right-of-use assets	-	-	-	989	-	241	-	1,230
Reclassification to assets held for sale	-	-	(5,154)	(11,911)	(603)	(81)	-	(17,749)
Translation adjustments	-	-	(105)	(394)	(11)	(22)	-	(532)
At 31 December 2019/1 January 2020	-	-	7,704	35,089	2,559	1,454	-	46,806
Acquisition of a subsidiary	-	-	-	-	101	-	-	101
Depreciation charge for the financial year	-	-	568	1,814	433	54	-	2,869
Disposals	-	-	-	(526)	-	(323)	-	(849)
Reclassification from right-of-use assets	-	-	-	756	-	-	-	756
Translation adjustments	-	-	(29)	36	(6)	31	-	32
At 31 December 2020	-	-	8,243	37,169	3,087	1,216	-	49,715
Carrying amount								
At 31 December 2019	1,009	-	17,446	5,379	1,812	153	-	25,799
At 31 December 2020	1,009	-	16,870	5,502	974	276	177	24,808

As at 31 December 2020, freehold land, long-term leasehold land, buildings and certain plant and machinery of the Group with a total carrying amount of RM15,824,000 (2019: RM16,225,000) are pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 25(a) to the financial statements.

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9. RIGHT-OF-USE ASSETS

Group	Long-term leasehold land RM'000	Leasehold improvements RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 January 2019	-	-	-	-	-	-
Effects of adoption of MFRS 16	14,794	778	1,975	2,953	538	21,038
Additions	6,484	5,086	17,502	-	271	29,343
Acquisition of subsidiaries	-	-	595	-	-	595
Reclassification to property, plant and equipment	-	-	-	(1,835)	(260)	(2,095)
Reclassification to assets held for sale	(2,873)	-	-	-	(155)	(3,028)
Translation adjustments	(151)	(2)	(11)	-	-	(164)
At 31 December 2019/1 January 2020	18,254	5,862	20,061	1,118	394	45,689
Additions	3,759	-	97	-	-	3,856
Acquisition of a subsidiary	-	-	558	-	-	558
Reclassification to property, plant and equipment	-	-	-	(1,118)	-	(1,118)
Re-measurement	-	-	548	-	-	548
Translation adjustments	(95)	(6)	(22)	-	-	(123)
At 31 December 2020	21,918	5,856	21,242	-	394	49,410
Accumulated impairment						
At 1 January 2020	-	-	-	-	-	-
Impairment loss for the financial year	-	3,784	9,814	-	-	13,598
Translation adjustments	-	1	(38)	-	-	(37)
At 31 December 2020	-	3,785	9,776	-	-	13,561

9. RIGHT-OF-USE ASSETS (continued)

Group	Long-term leasehold land RM'000	Leasehold improvements RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation						
At 1 January 2019	-	-	-	-	-	-
Effects of adoption of MFRS 16	5,125	-	633	1,369	308	7,435
Depreciation charge for the financial year	272	758	2,922	376	129	4,457
Acquisition of subsidiaries	-	-	99	-	-	99
Reclassification to property, plant and equipment	-	-	-	(989)	(241)	(1,230)
Reclassification to assets held for sale	(1,119)	-	-	-	(23)	(1,142)
Translation adjustments	(68)	1	(7)	-	-	(74)
At 31 December 2019/1 January 2020	4,210	759	3,647	756	173	9,545
Depreciation charge for the financial year	385	1,144	4,189	-	79	5,797
Acquisition of a subsidiary	-	-	40	-	-	40
Reclassification to property, plant and equipment	-	-	-	(756)	-	(756)
Translation adjustments	(53)	(5)	94	-	-	36
At 31 December 2020	4,542	1,898	7,970	-	252	14,662
Carrying amount						
At 31 December 2019	14,044	5,103	16,414	362	221	36,144
At 31 December 2020	17,376	173	3,496	-	142	21,187

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9. RIGHT-OF-USE ASSETS (continued)

(a) As at 31 December 2020, long-term leasehold land of the Group with a total carrying amount of RM15,085,000 (2019: RM5,114,000) are pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 25(a) to the financial statements.

(b) Included in right-of-use assets of the Group are motor vehicles and plant and machinery acquired under hire purchase arrangements with carrying amounts of RM143,000 (2019: RM583,000).

(c) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	Group	
	2020 RM'000	**2019 RM'000**
Additions on right-of-use assets	3,856	29,343
Additions via issuance of ordinary shares	-	(6,060)
Additions via lease liabilities (Note 27)	(97)	(17,141)
Amount remained outstanding in other payables	-	(602)
Cash payments on purchase of right-of-use assets	3,759	5,540

10. INTANGIBLE ASSETS

Group	**Goodwill RM'000**	**Customers relationship RM'000**	**Computer software RM'000**	**License RM'000**	**Total RM'000**
Cost					
At 1 January 2019	1,924	-	611	-	2,535
Additions	-	-	36	-	36
Acquisition of subsidiaries (Note 11)	62,184	5,502	-	-	67,686
Reclassification to assets held for sale (Note 28)	-	-	(201)	-	(201)
Translation adjustments	(1,649)	(146)	(3)	-	(1,798)
At 31 December 2019	62,459	5,356	443	-	68,258
Additions	-	-	7	-	7
Acquisition of subsidiaries (Note 11)	634	-	-	1,725	2,359
Translation adjustments	2,835	253	-	(56)	3,032
At 31 December 2020	65,928	5,609	450	1,669	73,656

10. INTANGIBLE ASSETS (continued)

Group	Goodwill RM'000	Customers relationship RM'000	Computer software RM'000	License RM'000	Total RM'000
Accumulated amortisation					
At 1 January 2019	-	-	516	-	516
Amortisation charge for the financial year	-	422	73	-	495
Reclassification to assets held for sale (Note 28)	-	-	(194)	-	(194)
Translation adjustments	-	(9)	(3)	-	(12)
At 31 December 2019/1 January 2020	-	413	392	-	805
Amortisation charge for the financial year	-	855	23	-	878
Translation adjustments	-	27	-	-	27
At 31 December 2020	-	1,295	415	-	1,710
Accumulated impairment loss					
At 1 January 2019	691	-	-	-	691
Impairment loss for the financial year	34,564	-	-	-	34,564
Translation adjustments	(776)	-	-	-	(776)
At 1 January 2020	34,479	-	-	-	34,479
Impairment loss for the financial year	16,310	-	-	-	16,310
Translation adjustments	1,742	-	-	-	1,742
At 31 December 2020	52,531	-	-	-	52,531
Carrying amount					
At 31 December 2019	27,980	4,943	51	-	32,974
At 31 December 2020	13,397	4,314	35	1,669	19,415

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

	Group 2020 RM'000	Group 2019 RM'000
Malaysia	1,233	1,233
China	11,550	26,747
Hong Kong	614	-
	13,397	27,980

10. 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) to six (6) financial years from 2021.

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

	2020 %	2019 %
Average annual revenue growth rates		
Malaysia	7.5	11.8
China	12.5	9.0
Hong Kong	5.5	-
Pre-tax discount rates	12.5 - 15.7	11.8 - 12.9

(b) Sensitivity to changes in assumptions

<u>Malaysia and Hong Kong CGU</u>

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.

<u>China CGU</u>

The sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs with all other variables held constant is as follows:

	Change in assumption	Additional changes in impairment RM'000
Revenue growth rate	1.0%	1,779
Pre-tax discount rate	1.0%	1,072

(c) During the financial year, the impairment losses on goodwill of RM16,310,000 (2019: RM34,564,000) have been recognised due to the recoverable amounts determined based on the projected cash flows were lower than the carrying amount of the goodwill.

11. INVESTMENTS IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000
Quoted equity shares - at cost	55,921	55,921
Unquoted equity shares - at cost	5,000	5,000
	60,921	60,921

(a) Acquisition of subsidiaries

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

(i) On 14 January 2020, PRG Active Sdn. Bhd. ("PRGA") had become a wholly-owned subsidiary of PRG Healthcare Sdn. Bhd. ("PRG Healthcare"), a wholly-owned subsidiary of the Company, upon the completion of the shares sale agreement to acquire remaining 450 ordinary shares of PRGA. Details of the acquisition are described in Note 11(e)(iv) to the financial statements.

(ii) On 15 October 2020, a subsidiary of the Company, Rich Day Global Limited, acquired 8,300,000 ordinary shares representing 100% equity interest in West Bull Securities Limited ("WBSL") (formerly known as RSI Securities Limited), a limited liability company incorporated in Hong Kong, from RSI Capital Limited for a cash consideration of HKD8,500,000 (approximately RM4,549,000).

Goodwill on consolidation arising from the acquisition of WBSL of RM634,000 was accounted for using the acquisition method of accounting.

The fair value of the assets acquired and the liabilities assumed from the acquisition of WBSL are as follows:

	Acquiree's carrying amount RM'000	Fair value recognised on acquisition RM'000
Right-of-use assets	517	517
Intangible assets	259	259
Deferred tax assets	51	51
Trade receivables	823	823
Other receivables, deposits and prepayments	170	170
Bank balances held on behalf of clients	6,184	6,184
Cash and bank balances	2,050	2,050
Trade payables	(7,004)	(7,004)
Other payables, deposits and accruals	(83)	(83)
Lease liabilities	(518)	(518)
Net identifiable assets		2,449
Add: Goodwill		634
Add: Intangible assets - fair value adjustment		1,466
Cash consideration		4,549
Less: Cash and cash equivalent of subsidiary acquired		(2,050)
Net cash outflow of the Group on acquisition		2,499

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11. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Internal reorganisation

On 8 September 2020, a subsidiary of the Company, Premier Management International Limited acquired one (1) ordinary share representing 100% equity interest in PRG Land Sdn. Bhd. from PRG Asset Holdings Sdn. Bhd. for a consideration of RM1.00.

(c) Disposal of 60% equity interest in Premier De Muara Sdn. Bhd. ("PDMSB")

On 26 July 2019, the Company with its subsidiaries, PRG Property Sdn. Bhd. and PDMSB had entered into a conditional share sale agreement with Liveintent Sdn. Bhd. for the disposal of 150,000 ordinary shares representing its entire 60% equity interest in PDMSB by PRG Property Sdn. Bhd. to Liveintent Sdn. Bhd.. Details of the disposal are described in Note 40(ii) to the financial statements.

Upon the completion of the share sale agreement on 2 July 2020, PDMSB ceased to be a subsidiary of the Group.

The carrying amounts of the identifiable assets and liabilities of PDMSB as at the date of disposal are as follows:

	RM'000
Property, plant and equipment	186
Right-of-use assets	229
Intangible assets	1
Deferred tax assets	2,818
Inventories	185,815
Trade and other receivables	42,762
Contract assets	14,403
Current tax assets	606
Restricted cash	200
Cash and bank balances	61
Bank overdraft	(7,137)
Trade and other payables	(170,241)
Contract liabilities	(66,917)
Lease liabilities	(311)
Net identifiable assets	2,475

The gain on disposal of PDMSB during the financial year is as follows:

	RM'000
Net identifiable assets	2,475
Non-controlling interests	(990)
Total net identifiable assets	1,485
Less: Fair value of disposal consideration	(6,911)
Gain on disposal	(5,426)

11. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Disposal of 60% equity interest in Premier De Muara Sdn. Bhd. ("PDMSB") (continued)

The analysis of the net cash flow in respect of the disposal of PDMSB is as follows:

	RM'000
Total disposal consideration	7,200
Less: Deposit collected in previous financial year	(1,000)
Less: Fair value adjustments	(289)
Less: Consideration by cash on payment schedule	(5,911)
Total disposal consideration received	-
Less: Cash and cash equivalents disposed of (Note 28)	7,076
Net cash inflow of the Group on disposal	7,076

(d) Deemed disposal of entire equity interest in Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd. ("PEWA")

On 10 January 2020, subsidiaries of the Company, PEWA, Furniweb Vietnam Shareholdings Co., Ltd. and Webtex Trading Sdn Bhd had entered into a capital transfer agreement with Four K Investment Limited for the sale of entire equity interest of PEWA. Details of the proposed disposal are described in Note 40(iii) to the financial statements.

PEWA ceased to be a subsidiary of the Group during current financial year despite pending completion of the disposal as the power over PEWA, exposure, or rights, to variable returns were passed on to purchaser upon the signing of the capital transfer agreement.

The carrying amounts of the identifiable assets and liabilities of PEWA as at the date of deemed disposal are as follows:

	RM'000
Property, plant and equipment	5,247
Right-of-use assets	1,754
Intangible assets	6
Inventories	3,203
Trade and other receivables	1,359
Current tax assets	39
Cash and bank balances	7,231
Trade and other payables	(7,999)
Contract liabilities	(37)
Lease liabilities	(2,082)
Net identifiable assets	8,721

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11. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Deemed disposal of entire equity interest in Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd. ("PEWA") (continued)

The gain on disposal of PEWA during the financial year is as follows:

	RM'000
Net identifiable assets	8,721
Realisation of exchange translation reserve	1,393
Less: Disposal consideration	(12,016)
Gain on disposal	(1,902)

The analysis of the net cash flow in respect of the disposal of PEWA is as follows:

	RM'000
Total disposal consideration received	12,016
Less: Consideration by cash on payment schedule	(2,403)
Less: Cash and cash equivalents disposed of (Note 28)	(7,231)
Net cash inflow of the Group on disposal	2,382

(e) In the previous financial year:

(i) On 8 April 2019, a subsidiary of the Company, Furniweb Holdings Limited ("FHL") acquired 50,000 ordinary shares representing 100% equity interest in Delightful Grace Holdings Limited ("DGHL"), a limited liability company incorporated in British Virgin Islands, from Au Yeung Yiu Chung for a consideration of HKD1.00.

(ii) On 25 April 2019, a subsidiary of the Company, DGHL acquired one (1) ordinary share representing 100% equity interest in Fly High Finance Limited, a limited liability company incorporated in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), from Au Yeung Yiu Chung for a consideration of HKD1.00.

(iii) On 28 June 2019, a subsidiary of the Company, FHL acquired 50,000 ordinary shares representing 100% equity interest in Meinaide Holdings Group Limited ("MHGL"), a limited liability company incorporated in British Virgin Islands, from Triumph Star Global Limited for a consideration of HKD140,000,000 (approximately RM80,185,000) by way of 56,000,000 Consideration Shares of FHL at HKD2.50 per Consideration Share.

Upon completion of the acquisition, the wholly-owned subsidiaries of MHGL, comprising Meinaide Technology Development Limited, Perfect Moral Ventures Limited and Jiangmenshi Meinaide Technology Company Limited, had become subsidiaries of the Company.

Goodwill on consolidation arising from the acquisition of MHGL of RM62,118,000 was accounted for using the acquisition method of accounting.

11. INVESTMENTS IN SUBSIDIARIES (continued)

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

(iii) (continued)

The fair value of the assets acquired and the liabilities assumed from the acquisition of MHGL and its subsidiaries are as follows:

	Acquiree's carrying amount RM'000	Fair value recognised on acquisition RM'000
Property, plant and equipment	1,176	1,176
Right-of-use assets	496	496
Inventories	4,217	4,217
Trade receivables	5,280	5,280
Other receivables, deposits and prepayments	6,582	6,582
Cash and bank balances	1,038	1,038
Trade payables	(2,109)	(2,109)
Other payables, deposits and accruals	(3,463)	(3,463)
Lease liabilities	(500)	(500)
Current tax liabilities	(1,497)	(1,497)
Net identifiable assets		11,220
Add: Goodwill		62,118
Add: Intangible assets		5,502
Add: Profit guarantee		2,593
Less: Deferred tax liabilities		(1,248)
Share consideration		80,185
Net cash inflow of the Group on acquisition		1,038

(iv) On 13 December 2019, PRG Healthcare, a wholly-owned subsidiary of the Company had entered into a shares sale agreement with Dr. Bernard Chin Sze Piaw ("Dr Chin") to acquire remaining 450 ordinary shares representing 45% of the issued share capital of PRGA, which was a joint venture to the Group, from Dr Chin for a purchase consideration of RM1.00. Dr Chin had on 16 December 2019 resigned as a Director in PRGA and pursuant to that, PRG Healthcare has obtained control of PRGA. Consequently, the investment in PRGA had been transferred from investment in joint venture to investments in subsidiaries. The details of deemed disposal of the joint venture is disclosed in Note 13 to the financial statements.

Goodwill on consolidation arising from the acquisition of PRGA of RM66,000 was accounted for using the acquisition method of accounting.

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11. INVESTMENTS IN SUBSIDIARIES (continued)

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

(iv) (continued)

The fair value of the assets acquired and the liabilities assumed from the acquisition of PRGA are as follows:

	Acquiree's carrying amount RM'000	Fair value recognised on acquisition RM'000
Property, plant and equipment	36	36
Trade receivables	80	80
Other receivables, deposits and prepayments	*	*
Current tax assets	190	190
Cash and bank balances	5	5
Other payables, deposits and accruals	(377)	(377)
Net identifiable liabilities assumed		(66)
Add: Goodwill		66
Cash consideration		*
Less: Cash and cash equivalent of subsidiary acquired		(5)
Net cash inflow of the Group on acquisition		5

* Amount is less than RM1,000.

(v) On 28 October 2019, a subsidiary of the Company, DGHL incorporated and subscribed for 10,000 ordinary shares representing 100% equity interest in Rich Day Global Limited, a limited liability company incorporated in British Virgin Islands for a total consideration of USD10,000.

(vi) The Group undertook an internal reorganisation for the following subsidiaries:

(a) On 7 November 2019, PRG Asset Sdn. Bhd. ("PRG Asset") acquired 250,000 ordinary shares representing 100% equity interest in PRG Agro Sdn. Bhd. ("PRG Agro") from the Company for a consideration of RM250,000.

(b) On 12 November 2019, PRG Asset acquired 250,000 ordinary shares representing 100% equity interest in Premier International Marketing Sdn. Bhd. from PRG Agro for a consideration of RM250,000.

(c) On 12 November 2019, PRG Asset acquired one (1) ordinary share representing 100% equity interest in Premier Food Processing Sdn. Bhd. from PRG Agro for a consideration of RM1.00.

(d) On 12 November 2019, the Company acquired two (2) ordinary shares representing 100% equity interest in Premier Electrify Sdn. Bhd. from PRG Agro for a consideration of RM2.00.

11. INVESTMENTS IN SUBSIDIARIES (continued)

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

(vii) On 16 January 2019, the Company obtained approval from its shareholders to dispose up to 60,480,000 ordinary shares, representing up to 12% equity interest in FHL, to buyers to be identified and at prices to be determined later in the open market and/or via direct business transactions, in cash ("Disposal Mandate"). The Disposal Mandate from its shareholders is valid for a period of 12 months from 16 January 2019.

On 30 May 2019, the Company has disposed 13,000,000 ordinary shares of HKD0.10 each ("Sale Shares") via direct business transactions, representing 2.58% equity interest in FHL at HKD2.00 (equivalent to RM1.07) per Sale Share for a total cash consideration of HKD26,000,000 (equivalent to RM13,907,000).

On 4 June 2019, the Company has disposed 1,052,000 ordinary shares of HKD0.10 each ("Sale Shares") in the open market, representing 0.21% equity interest in FHL at HKD2.85 (equivalent to RM1.52) per Sale Share for a total cash consideration of HKD2,998,200 (equivalent to RM1,598,000).

Upon completion of the disposal, the Company's shareholdings in FHL is reduced from 317,520,000 ordinary shares representing 63.00% to 303,468,000 ordinary shares representing 60.21%. The disposal of the 2.79% equity interest in FHL resulted in an increase in the Company's profit for the financial year by RM12,916,000.

The Company's gain on disposal of RM12,916,000 is reversed at the Group level as changes in a parent's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction (i.e. transactions with owners in their capacity as owners).

The Disposal Mandate had expired on 15 January 2020.

(viii) On 28 June 2019, FHL acquired 50,000 ordinary shares representing 100% equity interest in MHGL from Triumph Star Global Limited for a consideration of HKD140,000,000 by way of 56,000,000 Consideration Shares of FHL at HKD2.50 per Consideration Share.

Upon completion of the acquisition, total ordinary shares issued of FHL is increased from 504,000,000 to 560,000,000. The Company's shareholdings of 303,468,000 ordinary shares in FHL is diluted from 60.21% to 54.19% immediately after the completion of the acquisition.

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11. 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 2020 %	Company 2019 %	Subsidiaries 2020 %	Subsidiaries 2019 %	Principal activities
Furniweb Holdings Limited*	Cayman Islands	54.19	54.19	-	-	Investment holding company
Premier JPC Sdn. Bhd.	Malaysia	100	100	-	-	Investment holding company
PRG Asset Sdn. Bhd.	Malaysia	100	100	-	-	Investment holding company
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	-	-	Providing management services
PRG Property Sdn. Bhd.	Malaysia	100	100	-	-	Investment holding company
PRG Asset Holdings Sdn. Bhd.	Malaysia	100	100	-	-	Retail sale of clothing, footwear and ancillary products
Premier Electrify Sdn. Bhd.	Malaysia	100	100	-	-	Dormant
Subsidiaries of Furniweb Holdings Limited						
FIPB International Limited*	British Virgin Islands	-	-	100	100	Investment holding company
Premier Management International Limited*	Hong Kong	-	-	100	100	Investment holding company
Delightful Grace Holdings Limited*	British Virgin Islands	-	-	100	100	Investment holding company
Meinaide Holdings Group Limited*	British Virgin Islands	-	-	100	100	Investment holding company

11. 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 2020 %	Company 2019 %	Subsidiaries 2020 %	Subsidiaries 2019 %	Principal activities
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	Trading of medical products
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	Manufacture and sale of narrow elastic fabrics

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11. 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 2020 %	Company 2019 %	Subsidiaries 2020 %	Subsidiaries 2019 %	Principal activities
Subsidiary of Furniweb (Vietnam) Shareholding Company						
Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd.#^	Vietnam	-	-	^	57	Manufacture and sale of narrow elastic fabrics
Subsidiary of Premier Management International Limited						
PP Retail Pte. Ltd.*	Singapore	-	-	100	100	Retail sale of clothing, footwear and ancillary products
PRG Land Sdn. Bhd.	Malaysia	-	-	100	-	Dormant
Subsidiaries of Delightful Grace Holdings Limited						
Fly High Finance Limited*	Hong Kong	-	-	100	100	Money lending
Rich Day Global Limited*	British Virgin Islands	-	-	100	100	Investment holding
Subsidiaries of Meinaide Holdings Group Limited						
Meinaide Technology Development Limited*	Hong Kong	-	-	100	100	Trading and sale of PVC and other plastic products
Perfect Moral Ventures Limited*	Hong Kong	-	-	100	100	Investment holding company

11. 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 2020 %	Company 2019 %	Subsidiaries 2020 %	Subsidiaries 2019 %	Principal activities
Subsidiary of Meinaide Technology Development Limited						
Jiangmenshi Meinaide Technology Company Limited*	China	-	-	90	90	Production and sale of PVC and other plastic products
Subsidiary of Perfect Moral Ventures Limited						
Jiangmenshi Meinaide Technology Company Limited*	China	-	-	10	10	Production and sale of PVC and other plastic products
Subsidiary of Rich Day Global Limited						
West Bull Securities Limited (formerly known as RSI Securities Limited)*	Hong Kong	-	-	100	-	Securities broking and brokering introductory service
Subsidiary of West Bull Securities Limited (formerly known as RSI Securities Limited)*						
Guangxi Xinju Information Consulting Limited Company	China	-	-	100	-	Dormant
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	Property development and related activities
Premier PMC Sdn. Bhd.	Malaysia	-	-	100	100	Property development and related activities
Premier Construction Sdn. Bhd.	Malaysia	-	-	100	100	Construction related activities

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11. 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 2020 %	Company 2019 %	Subsidiaries 2020 %	Subsidiaries 2019 %	Principal activities
Subsidiary of PRG Construction Sdn. Bhd.						
Premier Construction (International) Sdn. Bhd.	Malaysia	-	-	100	100	Construction related activities
Subsidiaries of PRG Asset Sdn. Bhd.						
Premier Food Processing Sdn. Bhd.	Malaysia	-	-	100	100	Dormant
Premier International Marketing Sdn. Bhd.	Malaysia	-	-	100	100	Market, promote and export agriculture, forestry and plantation related products
PRG Agro Sdn. Bhd.	Malaysia	-	-	100	100	Sale of agriculture produce
Subsidiary of PRG Asset Holdings Sdn. Bhd.						
PRG Land Sdn. Bhd.	Malaysia	-	-	-	100	Dormant
Subsidiary of PRG Healthcare Sdn. Bhd.						
PRG Active Sdn. Bhd.	Malaysia	-	-	100	55	Medical consultation

* Subsidiaries not audited by BDO PLT or member firms of BDO International.
\# Subsidiaries audited by member firms of BDO International.
^ Deemed disposal on 15 January 2020.

11. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Non-controlling interests in subsidiaries

The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

2020	**Furniweb Holdings Limited**	**Premier De Muara Sdn. Bhd.***	**Premier Baycity Sdn. Bhd.**	**Total**
NCI percentage of ownership interest and voting interest	45.81%	-	49%	
Carrying amount of NCI (RM'000)	45,787	-	901	46,688
(Loss)/Profit allocated to NCI (RM'000)	(14,756)	(919)	1,381	(14,294)
Total comprehensive (loss)/income allocated to NCI (RM'000)	(13,655)	(919)	1,381	(13,193)

* Premier De Muara Sdn. Bhd. ceased to be a subsidiary of the Group on 2 July 2020. Further details are disclosed in Note 11(c) to the financial statements.

2019	**Furniweb Holdings Limited**	**Premier De Muara Sdn. Bhd.**	**Premier Baycity Sdn. Bhd.**	**PRG Active Sdn. Bhd.**	**Total**
NCI percentage of ownership interest and voting interest	45.81%	40%	49%	45%	
Carrying amount of NCI (RM'000)	59,442	1,908	(592)	(10)	60,748
(Loss)/Profit allocated to NCI (RM'000)	(22,971)	(910)	128	(10)	(23,763)
Total comprehensive (loss)/income allocated to NCI (RM'000)	(23,928)	(910)	128	(10)	(24,720)

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11. 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:

2020	**Furniweb Holdings Limited RM'000**	**Premier Baycity Sdn. Bhd. RM'000**
Assets and liabilities		
Non-current assets	50,614	1,611
Current assets	122,460	40,703
Non-current liabilities	(24,449)	(20,295)
Current liabilities	(52,975)	(20,180)
Net assets	95,650	1,839
Results		
Revenue	99,261	11,371
(Loss)/Profit for the financial year	(32,212)	2,797
Total comprehensive (loss)/income	(29,808)	2,797
Cash flows from operating activities	16,694	481
Cash flows (used in)/from investing activities	(7,612)	552
Cash flows used in financing activities	(3,785)	(796)
Net increase in cash and cash equivalents	5,297	237

2019	**Furniweb Holdings Limited RM'000**	**Premier De Muara Sdn. Bhd. RM'000**	**Premier Baycity Sdn. Bhd. RM'000**	**PRG Active Sdn. Bhd. RM'000**
Assets and liabilities				
Non-current assets	86,702	3,295	266	-
Current assets	117,196	251,446	35,320	306
Non-current liabilities	(28,875)	(56,918)	(20,666)	-
Current liabilities	(49,564)	(193,052)	(16,128)	(411)
Net assets/(liabilities)	125,459	4,771	(1,208)	(105)

11. 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)

2019	Furniweb Holdings Limited RM'000	Premier De Muara Sdn. Bhd. RM'000	Premier Baycity Sdn. Bhd. RM'000	PRG Active Sdn. Bhd. RM'000
Results				
Revenue	125,938	(402)	3,905	-
(Loss)/Profit for the financial year	(50,826)	(2,274)	261	(23)
Total comprehensive (loss)/income	(52,981)	(2,274)	261	(23)
Cash flows from/(used in) operating activities	2,342	(3,326)	(5,764)	569
Cash flows (used in)/from investing activities	(16,124)	3,444	3,698	(898)
Cash flows (used in)/from financing activities	(1,767)	(552)	2,499	-
Net (decrease)/increase in cash and cash equivalents	(15,549)	(434)	433	(329)

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12. INVESTMENTS IN ASSOCIATES

	Group 2020 RM'000	Group 2019 RM'000
Unquoted equity shares, at cost	3,815	3,815
Goodwill	6,597	6,597
Share of post-acquisition reserves	(3,730)	(3,396)
	6,682	7,016
Less: Impairment loss	(4,788)	(4,748)
Less: Reclassification to assets held for sale (Note 28)	-	(334)
	1,894	1,934

The details of the associates are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiaries 2020 %	Interest in equity held by subsidiaries 2019 %	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	26.21	Confinement services
Philipp Plein (Thailand) Company Limited ("PP Thailand") (formerly known as Skilltrain Co., Ltd.) ** #	Thailand	49	49	Retail sale of clothing, footwear and ancillary products

* Audited by a member firm of BDO International.

** Associates are equity accounted based on management accounts for the financial year ended 31 December 2020.

\# On 11 April 2019, a subsidiary of the Company, PP Retail Pte. Ltd. acquired 64,190 ordinary shares representing 49% equity interest in PP Thailand, a limited liability company incorporated in Thailand for a consideration of THB6,419,000 (equivalent to RM842,000).

12. INVESTMENTS IN ASSOCIATES (continued)

The summarised financial information of the associates are as follows:

2020	Furnitech RM'000	EPC RM'000	PP Thailand RM'000	Other immaterial associates RM'000	Total RM'000
Assets and liabilities					
Non-current assets	3,820	2,125	2,553	3	8,501
Current assets	1,503	358	2,336	3,690	7,887
Current liabilities	(7,615)	(3,533)	(7,094)	(5,480)	(23,722)
Net liabilities	(2,292)	(1,050)	(2,205)	(1,787)	(7,334)
Carrying amount of the investments in associates (including goodwill)	-	1,894	-	-	1,894
Results					
Revenue	3,210	6,535	1,454	356	11,555
Loss for the financial year	(3,148)	(901)	(1,938)	(686)	(6,673)
Other comprehensive income	24	-	-	-	24
Total comprehensive loss	(3,124)	(901)	(1,938)	(686)	(6,649)
Share of results by the Group for the financial year					
Share of losses by the Group for the financial year	(345)	-	-	-	(345)
Share of other comprehensive income by the Group for the financial year	11	-	-	-	11

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12. INVESTMENTS IN ASSOCIATES (continued)

The summarised financial information of the associates are as follows (continued):

2019	Furnitech RM'000	EPC RM'000	PP Thailand RM'000	Other immaterial associates RM'000	Total RM'000
Assets and liabilities					
Non-current assets	5,222	3,629	1,991	1,078	11,920
Current assets	4,036	(467)	3,215	600	7,384
Non-current liabilities	-	-	-	(43)	(43)
Current liabilities	(8,515)	(3,291)	(5,247)	(4,687)	(21,740)
Net assets/(liabilities)	743	(129)	(41)	(3,052)	(2,479)
Carrying amount of the investments in associates (including goodwill)	-	1,934	-	-	1,934
Results					
Revenue	8,296	5,487	670	328	14,781
Loss for the financial year	(1,312)	(1,427)	(1,669)	(2,738)	(7,146)
Other comprehensive loss	(10)	-	(90)	-	(100)
Total comprehensive loss	(1,322)	(1,427)	(1,759)	(2,738)	(7,246)
Share of results by the Group for the financial year					
Share of losses by the Group for the financial year	(592)	(374)	(798)	(14)	(1,778)
Share of other comprehensive loss by the Group for the financial year	(5)	-	(44)	-	(49)

12. INVESTMENTS IN ASSOCIATES (continued)

The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:

2020	Furnitech RM'000	EPC RM'000	PP Thailand RM'000	Other immaterial associates RM'000	Total RM'000
Share of net (liabilities)/assets	-	(33)	-	118	85
Goodwill	3,244	3,353	-	-	6,597
Less: Impairment loss	(3,244)	(1,426)	-	(118)	(4,788)
Carrying amount in the statements of financial position	-	1,894	-	-	1,894
2019					
Share of net assets/(liabilities)	334	(33)	-	118	419
Goodwill	3,244	3,353	-	-	6,597
Less: Impairment loss	(3,244)	(1,386)	-	(118)	(4,748)
Less: Reclassification to disposal group classified as held for sale	(334)	-	-	-	(334)
Carrying amount in the statements of financial position	-	1,934	-	-	1,934

Movements in the impairment allowance for investments in associates are as follows:

	Group 2020 RM'000	Group 2019 RM'000
At 1 January	4,748	118
Charge for the financial year	40	4,630
At 31 December	4,788	4,748

During the financial year, the impairment losses on investments in associates of RM40,000 (2019: RM4,630,000) have been recognised due to declining business operations.

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13. INVESTMENTS IN JOINT VENTURES

	Group 2020 RM'000	Group 2019 RM'000
Unquoted equity shares, at cost	570	570
Share of post-acquisition reserves, net of dividends received	844	541
	1,414	1,111
Less: Impairment loss	-	-
	1,414	1,111

The details of the joint ventures are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiaries 2020 %	Interest in equity held by subsidiaries 2019 %	Principal activities
Trunet (Vietnam) Co., Ltd. ("TNV")*	Vietnam	50	50	Manufacture and marketing of meat netting

* 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.

The summarised financial information of the joint ventures, adjusted for any differences in accounting policies, are as follows:

2020	TNV RM'000
Assets and liabilities	
Non-current assets	104
Current assets	3,039
Current liabilities	(315)
Net assets	2,828
Proportion of the ownership of the Group	50%
Carrying amount of the investments in joint ventures (including goodwill)	1,414

13. INVESTMENTS IN JOINT VENTURES (continued)

The summarised financial information of the joint ventures, adjusted for any differences in accounting policies, are as follows (continued):

2020	TNV RM'000
Results	
Revenue	3,549
Profit before tax	750
Tax expense	(81)
Profit after tax	669
Other comprehensive loss	(62)
Total comprehensive income	607
Share of results by the Group for the financial year	
Share of profit by the Group for the financial year	335
Share of other comprehensive loss by the Group for the financial year	(31)
	304
Other information	
Dividend income	-

2019	TNV RM'000	PRGA RM'000	Total RM'000
Assets and liabilities			
Non-current assets	134	36	170
Current assets	2,585	276	2,861
Current liabilities	(498)	(377)	(875)
Net assets/(liabilities)	2,221	(65)	2,156
Proportion of the ownership of the Group	50%	55%	
Carrying amount of the investments in joint ventures (including goodwill)	1,111	-	1,111

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13. INVESTMENTS IN JOINT VENTURES (continued)

The summarised financial information of the joint ventures, adjusted for any differences in accounting policies, are as follows (continued):

2019	**TNV RM'000**	**PRGA RM'000**	**Total RM'000**
Results			
Revenue	4,050	5,569	9,619
Profit/(Loss) before tax	693	(90)	603
Tax expense	(104)	-	(104)
Profit/(Loss) after tax	589	(90)	499
Other comprehensive loss	(42)	-	(42)
Total comprehensive income/(loss)	547	(90)	457
Share of results by the Group for the financial year			
Share of profit/(loss) by the Group for the financial year	294	(49)	245
Share of other comprehensive loss by the Group for the financial year	(21)	-	(21)
	273	(49)	224
Other information			
Dividend income	309	-	309

The reconciliation of net assets of the joint ventures to the carrying amount of the investments in joint ventures are as follows:

	TNV RM'000	**PRGA RM'000**	**Total RM'000**
2020			
Share of net assets	1,414	-	1,414
Goodwill	-	-	-
Less: Impairment loss	-	-	-
Carrying amount in the statements of financial position	-	-	1,414
2019			
Share of net assets/(liabilities)	1,111	(36)	1,075
Goodwill	-	3,939	3,939
Less: Impairment loss	-	(3,903)	(3,903)
Carrying amount in the statements of financial position	1,111	-	1,111

The joint ventures had no contingent liabilities and capital commitments as at 31 December 2020 and 31 December 2019.

13. INVESTMENTS IN JOINT VENTURES (continued)

The details of deemed disposal of a joint venture during the financial year ended 31 December 2019 are as follows:

Group	At date of disposal PRGA RM'000
Cost of investment	4,125
Share of post-acquisition reserves	(222)
Accumulated impairment losses	(3,903)
Share of interest in joint venture	*
Fair value of interest held	*
Fair value gain on disposal	-

* Amount is less than RM1,000.

In the previous financial year, the impairment losses on investments in joint ventures of RM3,903,000 have been recognised due to cessation of business operation.

14. OTHER INVESTMENTS

	Group/Company	
	2020 RM'000	2019 RM'000
Financial assets at fair value through other comprehensive income		
Equity securities:		
Quoted shares outside Malaysia	4,030	6,452

Equity securities which are not held for trading for which the Group and the Company have irrevocably elected to recognise at fair value through other comprehensive income. These are strategic investments for which the Group and the Company consider this classification to be appropriate and relevant. The quoted shares of the Group and the Company are categorised as Level 1 in the fair value hierarchy. Fair values of investments in quoted shares are based on the quoted prices in active market.

The reconciliation of the fair value of the investment in quoted shares are as follows:

	Group/Company	
	2020 RM'000	2019 RM'000
Balance as at 1 January	6,452	-
Addition during the financial year	-	28,327
Fair value changes	(2,422)	(21,875)
Balance as at 31 December	4,030	6,452

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14. OTHER INVESTMENTS (continued)

In the previous financial year, the Group and the Company made the following cash payments for additions on other investments:

	Group/ Company 2019 RM'000
Additions on other investments	28,327
Deposit paid in previous financial year	(14,926)
Cash payments on addition of other investments	13,401

15. DEFERRED TAX (ASSETS)/LIABILITIES

(a) The deferred tax (assets)/liabilities are made up of the following:

	Group	
	2020 RM'000	2019 RM'000
Balance as at 1 January	1,513	(4,217)
Effects of adoption of MFRS 16	-	(17)
Acquisition of a subsidiary	(51)	1,248
Recognised in profit or loss		
- Continuing operations (Note 33)	(1,128)	(109)
- Discontinued operations	-	1,820
Reclassified to assets held for sale (Note 28)	-	2,818
Translation adjustments	54	(30)
Balance as at 31 December	388	1,513

Presented after appropriate offsetting:

Deferred tax assets, net	(1,466)	(381)
Deferred tax liabilities, net	1,854	1,894
	388	1,513

15. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

(b) The components and movements of deferred tax (assets)/liabilities during the financial year are as follows:

Deferred tax assets of the Group

	Unutilised business losses RM'000	Other deductible temporary differences RM'000	Total RM'000
At 31 December 2018/1 January 2019	(1,280)	(3,684)	(4,964)
Effects of adoption of MFRS 16	-	(17)	(17)
Restated balance as at 1 January 2019	(1,280)	(3,701)	(4,981)
Recognised in profit or loss	71	1,711	1,782
Reclassified to assets held for sale	1,194	1,624	2,818
At 31 December 2019/1 January 2020	(15)	(366)	(381)
Recognised in profit or loss	(1,216)	181	(1,035)
Acquisition of a subsidiary	(51)	-	(51)
Translation adjustments	1	-	1
At 31 December 2020	(1,281)	(185)	(1,466)

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Intangible assets RM'000	Others RM'000	Total RM'000
At 31 December 2018/ 1 January 2019	743	-	4	747
Acquisition of subsidiaries	-	1,248	-	1,248
Recognised in profit or loss	(13)	(64)	6	(71)
Translation adjustments	-	(30)	-	(30)
At 31 December 2019/ 1 January 2020	730	1,154	10	1,894
Recognised in profit or loss	(56)	(128)	91	(93)
Translation adjustments	-	53	-	53
At 31 December 2020	674	1,079	101	1,854

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15. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

(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	
	2020 RM'000	2019 RM'000
Unabsorbed capital allowances	2,440	1,863
Other temporary differences	17,696	13,522
Unused tax losses		
- No expiry date	9,161	9,299
- Expired by 31 December 2025	1,586	310
- Expired by 31 December 2026	97	90
- Expired by 31 December 2027	8	-
	30,988	25,084

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

16. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Trade receivables					
Third parties		8,736	-	-	-
Retention sums	(b)	439	145	-	-
Amount owing by an associate	(g)	12,428	12,428	-	-
	(a)	21,603	12,573	-	-
Less: Impairment loss	(d)	(13,724)	(12,573)	-	-
		7,879	-	-	-

16. TRADE AND OTHER RECEIVABLES (continued)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Other receivables					
Third parties		55,926	-	54,052	-
Amount owing by a corporate shareholder		90	107	-	-
Amounts owing by subsidiaries	(f)(ii)	-	-	46,331	85,729
Amount owing by an associate	(g)	-	4,623	-	-
		56,016	4,730	100,383	85,729
Less: Impairment loss	(e)	(5,782)	-	(5,781)	(69)
		50,234	4,730	94,602	85,660
Total non-current		58,113	4,730	94,602	85,660
Current					
Trade receivables					
Third parties		27,014	41,551	-	-
Retention sums	(b)	539	309	-	-
Amount owing by a joint venture	(i)	21	90	-	-
	(a)	27,574	41,950	-	-
Less: Impairment loss - third parties	(d)	(419)	(226)	-	-
		27,155	41,724	-	-
Other receivables					
Amounts owing by subsidiaries	(f)(i)	-	-	50,246	48,364
Amounts owing by associates	(g)	10,872	4,886	-	-
Amount owing by a joint venture	(i)	56	77	-	-
Amount owing by a corporate shareholder		12	12	-	-
Other receivables		18,117	8,851	1	3
Deposits		2,519	5,552	-	-
		31,576	19,378	50,247	48,367
Less: Impairment loss	(e)	(6,627)	(215)	(16,240)	(8,300)
		24,949	19,163	34,007	40,067
Total trade and other receivables		52,104	60,887	34,007	40,067
Prepayments		2,095	2,463	11	11
Total current		54,199	63,350	34,018	40,078
Grand total		112,312	68,080	128,620	125,738

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16. TRADE AND OTHER RECEIVABLES (continued)

(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 (2019: 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	
	2020 RM'000	2019 RM'000
More than one (1) year	439	145
Within one (1) year	539	309

(c) Lifetime expected loss provision for trade receivables of the Group as at 31 December are as follows:

2020	Gross carrying amount RM'000	Lifetime expected loss RM'000	Net carrying amount RM'000
Collective assessment			
Not past due	17,935	(32)	17,903
Past due			
1 - 30 days	4,251	(25)	4,226
31 - 60 days	581	(5)	576
61 - 90 days	443	(6)	437
Over 90 days	4,253	(239)	4,014
	27,463	(307)	27,156
Individual assessment	21,714	(13,836)	7,878
	49,177	(14,143)	35,034
2019			
Collective assessment			
Not past due	23,757	(25)	23,732
Past due			
1 - 30 days	9,541	(17)	9,524
31 - 60 days	3,604	(12)	3,592
61 - 90 days	2,599	(8)	2,591
Over 90 days	2,303	(18)	2,285
	41,804	(80)	41,724
Individual assessment	12,719	(12,719)	-
	54,523	(12,799)	41,724

During the financial year, the Group did not renegotiate the terms of any trade receivables.

16. TRADE AND OTHER RECEIVABLES (continued)

(d) Movements in the impairment allowance for trade receivables are as follows:

	Group 2020 RM'000	Group 2019 RM'000
At 1 January	12,799	1,265
Charge for the financial year	1,400	12,592
Reversal	(20)	(373)
Reclassification to assets held for sale	-	(682)
Written off	(36)	-
Exchange differences	-	(3)
At 31 December	14,143	12,799

(e) Movements in the impairment allowance for other receivables are as follows:

	12-month ECL RM'000	Lifetime ECL RM'000	Lifetime ECL - Credit impaired RM'000	Total RM'000
Group				
At 1 January 2020	215	-	-	215
Charge for the financial year	2,052	6,101	4,057	12,210
Exchange differences	-	-	(16)	(16)
At 31 December 2020	2,267	6,101	4,041	12,409
At 1 January 2019	8	-	-	8
Charge for the financial year	220	-	-	220
Reclassification to assets held for sale	(13)	-	-	(13)
At 31 December 2019	215	-	-	215
Company				
At 1 January 2020	155	-	8,214	8,369
Charge for the financial year	682	13,188	-	13,870
Reversal	(70)	-	(148)	(218)
At 31 December 2020	767	13,188	8,066	22,021
At 1 January 2019	155	-	-	155
Charge for the financial year	-	-	8,214	8,214
At 31 December 2019	155	-	8,214	8,369

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16. TRADE AND OTHER RECEIVABLES (continued)

(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 within next twelve months in cash and cash equivalents.

(ii) In the previous financial year, included in non-current amount owing by a subsidiary of RM55,289,000 represents a loan, which is unsecured, bears interest at 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

Trade amount owing by an associate is non-interest bearing and the normal trade credit terms granted by the Group is thirty (30) days (2019: thirty (30) days) from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

Included in amounts owing by associates of the Group are loans to an associate amounting to RM4,984,000 (2019: RM4,623,000), which are unsecured, bear interest at 3% (2019: 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 within next twelve months in cash and cash equivalents.

(h) Included in non-current other receivables is an amount of RM54,052,000 which is secured by kind of property unit, bears interest at 8% per annum and is payable in cash and cash equivalents upon issuance of certificate for the completion for the development project.

(i) Amount owing by a joint venture

Trade amount owing by a joint venture is non-interest bearing and the normal trade credit terms granted by the Group range from fifteen (15) days to ninety (90) days (2019: fifteen (15) 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.

Non-trade amount owing by a joint venture represents payments made on behalf and commission charges, which are unsecured, interest-free and payable within next twelve months in cash and cash equivalents.

(j) Currency exposure profile

The currency exposure profile of trade and other receivables (exclude prepayments) are as follows:

	Group		**Company**	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Ringgit Malaysia	72,644	6,333	128,533	125,218
United States Dollar	16,434	18,449	-	-
Vietnamese Dong	5,598	3,441	-	-
Hong Kong Dollar	6,211	26,454	-	-
Singapore Dollar	1,424	4,673	76	509
Chinese Renminbi	7,906	6,207	-	-
Pound Sterling	-	60	-	-
	110,217	65,617	128,609	125,727

(k) Information on financial risks of trade and other receivables is disclosed in Note 39 to the financial statements.

17. CONTRACT ASSETS/(LIABILITIES)

	Note	Group 2020 RM'000	Group 2019 RM'000
Contract assets			
Cost to obtain a contract		3,869	1,414
Property development contracts	(b)	-	1,451
Construction contracts	(a)	3,972	2,760
		7,841	5,625
Contract liabilities			
Construction contracts	(a)	-	(950)
Deferred income		(2,360)	(1,159)
Property development contracts	(b)	(809)	-
		(3,169)	(2,109)
		4,672	3,516

(a) Contract assets and contract liabilities from construction contracts

	Group 2020 RM'000	Group 2019 RM'000
Contract assets	3,972	2,760
Contract liabilities	-	(950)
	3,972	1,810
At 1 January	1,810	643
Impairment of contract assets	(12)	(28)
Termination of project	-	2,121
Revenue recognised during the year	4,476	2,084
Progress billings	(2,302)	(3,010)
At 31 December	3,972	1,810

Additions to aggregate costs incurred during the financial year include:

	Group 2020 RM'000	Group 2019 RM'000
Employee benefits	412	912
Hire of plant and machinery	217	45
	629	957

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17. CONTRACT ASSETS/(LIABILITIES) (continued)

(b) Contract assets and contract liabilities from property development contracts

	Group 2020 RM'000	Group 2019 RM'000
Contract assets	-	1,451
Contract liabilities	(809)	-
	(809)	1,451
At 1 January, as previously reported	1,451	(57,343)
Effects of adoption of MFRS 15	-	-
At 1 January, as restated	1,451	(57,343)
Impairment of contract assets	-	(15)
Reversal of impairment loss	15	-
Revenue recognised during the year	17,135	3,503
Progress billings	(19,410)	(5,864)
Reclassification to assets held for sale (Note 28)	-	61,170
At 31 December	(809)	1,451

(c) Contract value yet to be recognised as revenue

Revenue amounting to RM3,169,000 (2019: RM2,109,000) is expected to be recognised within next twelve (12) months relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period.

(d) Movements in the 12-month ECL for contract assets are as follows:

	Group 2020 RM'000	Group 2019 RM'000
At 1 January	43	-
Charge for the financial year	12	43
Reversal of impairment of contract assets	(15)	-
At 31 December	40	43

18. INVENTORIES

	Note	Group 2020 RM'000	Group 2019 RM'000
At cost			
Raw materials		7,224	8,548
Work-in-progress		3,062	3,069
Manufactured inventories		9,870	7,267
Trading merchandise		346	251
Other consumables		1,659	1,408
		22,161	20,543
Agricultural produce		447	6
Property development costs	19	30,639	29,929
Land held for development - leasehold		-	8,660
At net realisable value			
Trading merchandise		1,129	650
Land held for development		7,200	-
		61,576	59,788

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM48,148,000 (2019: RM74,652,000). Inventories written down and written off during the financial year amounted to RM1,704,000 and RM nil (2019: RM1,612,000 and RM72,000) respectively and are included in cost of sales.

Land held for development written down during the financial year amounted to RM1,460,000 (2019: RM nil).

(b) The Group reversed RM1,915,000 (2019: RM110,000) 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.

19. PROPERTY DEVELOPMENT COSTS

	Group 2020 RM'000	Group 2019 RM'000
Property development costs at beginning of financial year:		
- leasehold land	21,569	144,958
- development costs	11,203	141,015
- accumulated cost recognised in profit or loss	(2,843)	(102,337)
	29,929	183,636
Costs incurred during the financial year:		
- development costs	7,960	6,038

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19. PROPERTY DEVELOPMENT COSTS (continued)

	Group 2020 RM'000	2019 RM'000
Costs recognised in profit or loss during the financial year:		
- leasehold land	(961)	(198)
- development costs	(6,289)	8,585
	(7,250)	8,387
Reclassification to assets held for sale (Note 28):		
- leasehold land	-	(123,389)
- development costs	-	(135,850)
- accumulated cost recognised in profit or loss	-	91,107
	-	(168,132)
Property development costs at end of financial year:		
- leasehold land	21,569	21,569
- development costs	19,163	11,203
- accumulated cost recognised in profit or loss	(10,093)	(2,843)
	30,639	29,929

(a) Leasehold land represents costs incurred as a consequence of having right-of-use assets to produce inventories during the financial year in accordance with MFRS 102 *Inventories*.

(b) 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.

In the previous financial year, the leasehold land has been reclassified to assets held for sale.

(c) 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.

The Group has accrued the remaining amount of RM9,310,000 (2019: RM9,308,000) payable to BPSB for the balance of the purchase consideration of the leasehold land as disclosed in Note 26(c)(i) to the financial statements.

(d) Included in property development costs is interest expense of RM284,000 (2019: RM330,000) capitalised during the financial year at interest rate of 6.27% (2019: 6.27%) per annum.

(e) The leasehold land together with development costs with a total carrying amount of RM30,639,000 (2019: RM29,929,000) have been pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 25(a) to the financial statements.

20. BIOLOGICAL ASSETS

	Group 2020 RM'000	Group 2019 RM'000
Balance as at 1 January	83,100	-
Addition during the financial year	-	83,140
Transfer to inventories	(1,040)	(40)
Balance as at 31 December	82,060	83,100

(a) The fair value of the biological assets is stated at Level 3 of the fair value hierarchy.

(b) The biological assets of the Group comprise of teak plantation. In the previous financial year, PRG Agro Sdn. Bhd., an indirectly wholly-owned subsidiary of the Company, had acquired two parcels of agriculture land planted with teak trees in Kelantan.

(c) The current age of teak trees ranges from 17 to 20 years (2019: 16 to 19 years), which are ready to be harvested as agricultural produce.

(d) During the financial year, the Group harvested approximately 1,645.81m^3 (2019: 74.86m^3) of teak trees.

(e) The valuation of biological assets is determined by income approach which considers the net present value of all directly attributable net cash flows based on Directors' estimation by reference to inputs used in valuation report performed by independent valuers. Significant unobservable inputs are used by the independent valuers in determining the fair value of the asset, which include the discount rate used in the discounted cash flow model and adjustment factors to account for the discounted cash flow methods. The resulting fair value based on the income approach is therefore sensitive to these unobservable inputs, and changes to these inputs may result in a significantly higher or lower fair value measurement.

<u>Fair value measurements using significant unobservable inputs</u>

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurement:

	2020	2019
Selling price per m^3	RM1,200	RM1,120
Discount rate	16%	16%

<u>Sensitivity analysis</u>

With all other variables held constant, the Group's loss after taxation for the year would have been impacted as follows:

	2020 RM'000	2019 RM'000
Selling price		
- increase by 1%	(1,151)	(850)
- decrease by 1%	934	850
Discount rate		
- increase by 1%	2,067	1,462
- decrease by 1%	(2,379)	(1,520)

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20. BIOLOGICAL ASSETS (continued)

(f) In the previous financial year, the Group made the following cash payments to purchase biological assets:

	Group 2019 RM'000
Addition on biological assets	83,140
Addition via issuance of ordinary shares	(23,940)
Amount remained outstanding in other payables (Note 26(c)(ii))	(54,724)
Deposit paid in previous financial year	(800)
Cash payments on purchase of biological assets	3,676

21. CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	19,958	13,653	508	130
Deposits placed with financial institutions	14,916	9,733	-	-
	34,874	23,386	508	130

(a) Included in the Group's cash and bank balances is an amount of RM695,000 (2019: RM564,000) held under the Housing Development Account ("HDA") pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2002.

Included in cash and bank balances of the Group is restricted cash of RM727,000 (2019: RM727,000) which represents minimum balances maintained in HDA amounted to RM200,000 (2019: RM200,000) and deposits which are maintained in a designated Debt Service Reserve Account with a licensed bank amounted to RM527,000 (2019: RM527,000) in connection with banking facilities granted to the Group as disclosed in Note 25(a) to the financial statements.

(b) Deposits placed with financial institutions of the Group have maturity periods ranging from 7 days to 365 days (2019: 7 days to 365 days) with interest rates ranging from 0.2% to 5.0% (2019: 1.0% to 5.5%) per annum.

Included in deposits placed with financial institutions of the Group is an amount of RM1,527,000 (2019: RM1,519,000) pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 25(a) to the financial statements

(c) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	4,321	4,594	470	83
United States Dollar	10,508	7,269	7	3
Hong Kong Dollar	5,295	2,198	12	23
Vietnamese Dong	12,651	6,816	-	-
Others	2,099	2,509	19	21
	34,874	23,386	508	130

21. CASH AND BANK BALANCES (continued)

(d) 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	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Cash and bank balances				
Cash and bank balances	19,958	13,653	508	130
Deposits placed with financial institutions	14,916	9,733	-	-
	34,874	23,386	508	130
As reported in statements of financial position				
Less:				
Bank overdraft (Note 25)	(272)	(384)	-	-
Deposits placed with financial institutions with original maturity of more than three (3) months	(12,854)	(7,980)	-	-
Cash and cash equivalent classified as held for sale (Note 28(g))	-	(5,168)		
Restricted cash	(727)	(727)	-	-
As reported in statements of cash flows	21,021	9,127	508	130

(e) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

(f) Information on financial risks of cash and bank balances is disclosed in Note 39 to the financial statements.

22. BANK BALANCES HELD ON BEHALF OF CLIENTS

(a) The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as bank trust account balances under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the ground that it is liable for any loss or misappropriation of the client's monies. The Group is not permitted to use the clients' monies to settle its own obligations.

(b) Bank balances held on behalf of clients are denominated in Hong Kong Dollar.

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23. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2020		2019	
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
Ordinary shares				
Issued and fully paid:				
Balance as at 1 January	403,301	134,975	310,751	83,289
Issued for cash pursuant to exercise of warrants	-	-	52,254	21,686
Issued for acquisition of land by a subsidiary	-	-	40,296	30,000
Issued for cash through private placement	26,556	9,555	-	-
Balance as at 31 December	429,857	144,530	403,301	134,975

(a) During the financial year, the issued ordinary share capital of the Company was increased from 403,300,521 to 429,857,221 by way of the issuance of 26,556,700 new ordinary shares through private placement at issue price ranging RM0.16 to RM0.61 per ordinary share for a total cash consideration of RM9,555,000.

(b) In the previous financial year, the issued share capital of the Company was increased from 310,751,274 to 403,300,521 by way of the issuance of 52,253,747 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 40,295,500 new ordinary shares at RM0.7445 per ordinary share as Consideration Shares for acquisition of two parcels of agriculture land planted with teak trees by a subsidiary of the Company, PRG Agro Sdn. Bhd..

(c) 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 residual assets of the Company.

(d) Of the total 429,857,221 (2019: 403,300,521) issued and fully paid ordinary shares as at 31 December 2020, 417,800 (2019: 417,800) ordinary shares bought for RM87,000 (2019: RM87,000) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 429,439,421 (2019: 402,882,721) ordinary shares as at 31 December 2020.

(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);

(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

23. SHARE CAPITAL AND TREASURY SHARES (continued)

(e) Warrants 2014/2019 ("Warrants") (continued)

The salient features of the Warrants are as follows: (continued)

(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 in previous financial year are as follows:

	Number of unexercised Warrants
At 1 January 2019	92,819,926
Exercised	(52,253,747)
Expired on 6 July 2019	(40,566,179)
At 31 December 2019	-

24. RESERVES

		Group		**Company**	
	Note	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Non-distributable:					
Exchange translation reserve	(a)	(2,778)	(4,080)	-	-
Fair value reserve	(b)	(24,297)	(21,875)	(24,297)	(21,875)
		(27,075)	(25,955)	(24,297)	(21,875)
Distributable:					
Retained earnings		36,601	49,862	42,241	60,552
		9,526	23,907	17,944	38,677

(a) 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.

(b) Fair value reserve

The fair value reserve arose from gain or loss of equity instrument measured at fair value through other comprehensive income.

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25. BORROWINGS

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Current liabilities					
Secured:					
Term loans	(a)	2,558	11,130	-	8,411
Trade bills		525	1,020	-	-
Bank overdraft	21(d)	272	384	-	-
		3,355	12,534	-	8,411
Non-current liabilities					
Secured:					
Term loans	(a)	57,863	20,465	-	-
		61,218	32,999	-	8,411
Total borrowings					
Secured:					
Term loans	(a)	60,421	31,595	-	8,411
Trade bills		525	1,020	-	-
Bank overdraft	21(d)	272	384	-	-
		61,218	32,999	-	8,411

(a) Term loans of the Group with a total carrying amount of RM5,632,000 (2019: RM7,600,000) are secured by way of:

(i) a charge over the leasehold land under development as disclosed in Note 19(d) to the financial statements; and
(ii) deposits maintained in a designated Debt Service Reserve Account with a licensed bank as disclosed in Note 21(a) to the financial statements.

The term loans of the Group with a total carrying amount of RM53,215,000 (2019: RM13,591,000), 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 RM15,824,000 (2019: RM16,225,000) as disclosed in Note 8 to the financial statements and the Group's long-term leasehold land with a total carrying amount of RM15,085,000 (2019: RM5,114,000) as disclosed in Note 9(a) to the financial statements.

The term loans of the Group with a total carrying amount of RM1,574,000 (2019: RM1,993,000) are secured by a pledge over the Group's deposits placed with financial institutions of RM1,527,000 (2019: RM1,519,000) as disclosed in Note 21(b) to the financial statements.

In the previous financial year, term loan of the Group and the Company with a total carrying amount of RM8,411,000 is secured over 285,600,000 of shares of Furniweb Holdings Limited with the carrying amount of RM213,199,000.

The term loans, trade bills and bank overdraft granted to the subsidiaries are guaranteed by the Company amounted to RM21,822,000 (2019: RM27,641,000) as disclosed in Note 30 to the financial statements.

25. BORROWINGS (continued)

(b) The currency exposure profile of borrowings are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Ringgit Malaysia	59,118	21,575	-	-
United States Dollar	226	123	-	-
Hong Kong Dollar	-	8,411	-	8,411
Singapore Dollar	1,874	2,890	-	-
	61,218	32,999	-	8,411

(c) The borrowings of the Group and of the Company bear the following interest rates per annum:

	Group 2020 %	Group 2019 %	Company 2020 %	Company 2019 %
Term loans	3.25 - 7.50	4.97 - 7.50	-	6.0
Trade bills	2.10 - 7.00	3.80 - 7.00	-	-
Bank overdraft	7.39 - 7.64	8.89	-	-

(d) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 39 to the financial statements.

26. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current					
Other payables	(c)	11,314	11,314	-	-
Accruals	(d)	726	676	-	-
		12,040	11,990	-	-
Current					
Trade payables					
Third parties		40,469	35,090	-	-
Retention sums		4,088	4,294	-	-
Amounts owing to associates		1,944	2,053	-	-
	(a)	46,501	41,437	-	-

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26. TRADE AND OTHER PAYABLES (continued)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current					
Other payables					
Amounts owing to subsidiaries	(b)	-	-	600	549
Amounts owing to associates	(b)	43	43	-	-
Amounts owing to. shareholders	(b)	30,871	10,073	30,871	9,920
Other payables	(c)	8,744	63,512	114	701
Deposits received from customers		5,328	1,000	-	-
Accruals	(d)	5,181	5,526	108	95
Redeemable preference shares	(e)	2,700	-	-	-
		52,867	80,154	31,693	11,265
Total current payables		99,368	121,591	31,693	11,265
Total payables		111,408	133,581	31,693	11,265

(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 (2019: one (1) month to three (3) months) from the date of invoice. The amount owing to associates included in trade payables is subject to trade terms.

(b) Amounts owing to subsidiaries, shareholders and associates

The amounts owing to subsidiaries, shareholders and associates represent advances, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

Amounts owing to shareholders of the Group and the Company included a loan from a shareholder of RM8,963,000 (2019: nil) which bears interest at 4.0% per annum, is payable within next twelve months in cash and cash equivalents and is secured over 257,040,000 (2019: RM nil) of shares in Furniweb Holdings Limited held by the Company with carrying amount of RM47,365,000 (2019: RM nil).

(c) Other payables

(i) Included in other payables of the Group is an amount of RM9,310,000 (2019: RM9,308,000), which represents the balance of the purchase consideration of the development land as disclosed in Note 19(c) to the financial statements.
(ii) In the previous financial year, included in other payables of the Group is an amount of RM54,724,000, which represents the remaining unpaid amount for the purchase consideration of biological assets as disclosed in Note 20(f) to the financial statements.

26. TRADE AND OTHER PAYABLES (continued)

(d) Included in accruals of the Group are provision for restoration cost amounting to RM726,000 (2019: RM676,000), which is in respect of the obligation to dismantle and remove refurbishments on the premises and restore them at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate ranged from 4.80% to 7.50% (2019: 4.80% to 7.50%).

A reconciliation of the provision for restoration cost is as follows:

	Group 2020 RM'000	**Group 2019 RM'000**
At 1 January	676	-
Effects of adoption of MFRS 16	-	41
Provision made during the year	50	602
Unwinding of discount	-	33
At 31 December	726	676

(e) The salient features of the redeemable preference shares ("RPS") in a subsidiary are as follows:

(i) tenure of the RPS is 1 year commencing from and including the issuance dates on 12 March 2020 and 4 June 2020;

(ii) the RPS are not convertible to ordinary shares in a subsidiary; and

(iii) the RPS carries a coupon interest rate at 18% per annum which payable up front for the entire tenure.

(f) The currency exposure profile of trade and other payables are as follows:

	Group		**Company**	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Ringgit Malaysia	65,639	105,448	22,730	11,039
United States Dollar	13,030	1,626	-	-
Vietnamese Dong	3,605	2,487	-	-
Hong Kong Dollar	24,555	17,481	8,963	226
Singapore Dollar	2,556	2,371	-	-
Chinese Renminbi	2,023	4,168	-	-
	111,408	133,581	31,693	11,265

(g) Information on financial risks of trade and other payables is disclosed in Note 39 to the financial statements.

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27. LEASE LIABILITIES

The Group as lessee

Group	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Carrying amount					
Balance as at 1 January 2020	2,535	17,314	126	190	20,165
Additions	-	97	-	-	97
Acquisition of subsidiaries (Note 11)	-	518	-	-	518
Lease payments	(162)	(2,373)	(128)	(67)	(2,730)
Interest expense	91	1,281	2	6	1,380
Re-measurement	-	495	-	-	495
Lease concession	-	(2,799)	-	-	(2,799)
Translation adjustments	(46)	2	-	-	(44)
Balance as at 31 December 2020	2,418	14,535	-	129	17,082
Carrying amount					
Balance as at 1 January 2019	-	-	-	-	-
Effects of adoption of MFRS 16	4,818	1,390	629	210	7,047
Additions	-	16,900	-	241	17,141
Acquisition of subsidiaries (Note 11)	-	500	-	-	500
Lease payments	(278)	(2,388)	(527)	(154)	(3,347)
Interest expense	167	916	24	17	1,124
Translation adjustments	(90)	(4)	-	-	(94)
Reclassification to liabilities directly associated with assets held for sale (Note 28)	(2,082)	-	-	(124)	(2,206)
Balance as at 31 December 2019	2,535	17,314	126	190	20,165

Represented by:	2020 RM'000	2019 RM'000
Current liabilities	4,605	4,059
Non-current liabilities	12,477	16,106
	17,082	20,165
Lease liabilities owing to financial institutions	129	316
Lease liabilities owing to non-financial institutions	16,953	19,849
	17,082	20,165

(a) The Group has certain leases of assets with lease term of 12 months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

(b) During the financial year, the Group had total cash outflow for leases of RM2,730,000 (2019: RM3,347,000).

27. LEASE LIABILITIES (continued)

(c) The following are the amounts recognised in profit or loss in relation to lease arrangements during the financial year:

	Group 2020 RM'000	Group 2019 RM'000
Depreciation charge of right-of-use assets		
- included in cost of sales	593	457
- included in administrative expenses	620	1,589
- included in distribution costs	4,584	2,411
Interest expense on lease liabilities		
- included in finance costs	1,380	1,045
- included in discontinued operations	3	79
Expense relating to short-term leases		
- included in administrative expenses	337	207
- included in discontinued operations	1	11
Expense relating to leases of low-value assets (included in administrative expenses)	8	25
Variable lease payments (included in distribution costs):		
- arising from COVID-19 related rent concessions	(2,799)	-
	4,727	5,824

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

Group	Weighted average incremental borrowing rate per annum %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2020						
Lease liabilities						
Fixed rates	2.5% - 7.5%	4,604	4,318	6,117	2,043	17,082
31 December 2019						
Lease liabilities						
Fixed rates	3.7% - 7.9%	4,059	4,254	9,687	2,165	20,165

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27. LEASE LIABILITIES (continued)

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

Group **31 December 2020**	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Lease liabilities	5,681	12,119	2,913	20,713
31 December 2019				
Lease liabilities	5,410	16,547	2,839	24,796

28. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) On 26 July 2019, the Company with its subsidiaries, PRG Property Sdn. Bhd. and Premier De Muara Sdn. Bhd. ("PDMSB") had entered into a conditional share sale agreement with Liveintent Sdn. Bhd. for the proposed disposal of 150,000 ordinary shares representing its entire 60% equity interest in PDMSB by PRG Property Sdn. Bhd. to Liveintent Sdn. Bhd.. Accordingly, the assets and liabilities of PDMSB under property development and construction segment are classified as disposal group classified as held for sale and the financial results of PDMSB are classified as discontinued operations. The disposal was completed on 2 July 2020. Details of the disposal are described in Notes 11(c) and 40(ii) to the financial statements.

(b) On 16 September 2019, an associate of the Group, Furnitech Components (Vietnam) Co., Ltd. ("FCV") had entered into a binding term sheet with an independent third party for the acquisition of entire 100% equity interest in FCV from the current owners of FCV. Accordingly, the investment in FCV under manufacturing segment is classified as disposal group classified as held for sale.

(c) On 4 October 2019, a subsidiary of the Company, Furniweb Holdings Limited ("FHL") had entered into a binding term sheet with an independent third party potential purchaser for the sale of Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd. ("PEWA"), a subsidiary of FHL. Accordingly, the assets and liabilities of PEWA under manufacturing segment are classified as disposal group classified as held for sale and the financial results of PEWA are classified as discontinued operations. The disposal was deemed completed on 10 January 2020. Details of the proposed disposal are described in Notes 11(d) and 40(iii) to the financial statements.

(d) The assets held for sale as at 31 December 2020 are as follows:

	Note	**FCV RM'000**
Assets held for sale		
Investment in an associate	12	-

The carrying amount of investment in FCV as at 31 December 2020 is RM nil.

28. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

(e) The assets and associated liabilities held for sale as at 31 December 2019 are as follows:

	Note	PDMSB RM'000	PEWA RM'000	FCV RM'000	Total RM'000
Assets held for sale					
Property, plant and equipment	8	90	9,930	-	10,020
Intangible assets	10	2	5	-	7
Right-of-use assets	9	132	1,754	-	1,886
Investment in associates	12	-	-	334	334
Deferred tax assets	15	2,818	-	-	2,818
Inventories		168,132	4,578	-	172,710
Trade and other receivables		40,234	2,516	-	42,750
Contract assets		14,511	-	-	14,511
Current tax assets		2,117	39	-	2,156
Cash and bank balances		1,122	1,640	-	2,762
		229,158	20,462	334	249,954
Less: Impairment loss		-	(5,624)	-	(5,624)
		229,158	14,838	334	244,330

	Note	PDMSB RM'000	PEWA RM'000	Total RM'000
Liabilities directly associated with assets held for sale				
Trade and other payables		99,576	2,069	101,645
Contract liabilities		61,170	37	61,207
Lease liabilities	27	124	2,082	2,206
Borrowings		7,730	3,878	11,608
		168,600	8,066	176,666

Included in the above assets are property, plant and equipment with carrying amounts of RM6,107,000 pledged as security for the borrowings classified under liabilities directly associated with assets held for sale.

Included in the above assets are right-of-use assets with carrying amounts of RM132,000 pledged as security for the lease liabilities classified under liabilities directly associated with assets held for sale.

Included in the above assets are cash and bank balances of RM1,048,000 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.

Included in the above liabilities are other payables of RM9,278,000, which represent the present value of the remaining unpaid amount for the purchase consideration of the development land in the inventories under assets held for sale.

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28. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

(f) Analysis of the results of the discontinued operations is as follows:

	2020 PDMSB RM'000	2020 PEWA RM'000	2020 Total RM'000	2019 PDMSB RM'000	2019 PEWA RM'000	2019 Total RM'000
Statement of profit or loss and other comprehensive income						
Revenue	(783)	-	(783)	(402)	16,899	16,497
Cost of sales	(202)	-	(202)	1,334	(18,688)	(17,354)
Gross (loss)/profit	(985)	-	(985)	932	(1,789)	(857)
Other income	52	-	52	978	112	1,090
Distribution costs	4	-	4	(72)	(488)	(560)
Administrative expenses	(459)	-	(459)	(499)	(984)	(1,483)
Other expenses	-	-	-	-	(73)	(73)
Interest income	2	-	2	40	1	41
Finance costs	(232)	-	(232)	(478)	(361)	(839)
(Loss)/Profit before tax	(1,618)	-	(1,618)	901	(3,582)	(2,681)
Taxation	-	-	-	(1,474)	(353)	(1,827)
Loss for the financial year	(1,618)	-	(1,618)	(573)	(3,935)	(4,508)
Gain on disposal of discontinued operations	5,426	1,902	7,328	-	-	-
Profit/(loss) from discontinued operations	3,808	1,902	5,710	(573)	(3,935)	(4,508)
Other comprehensive loss, net of tax						
Foreign currency translations	-	-	-	-	(27)	(27)

28. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

(f) Analysis of the results of the discontinued operations is as follows (continued):

	2020 PDMSB RM'000	2020 PEWA RM'000	2020 Total RM'000	2019 PDMSB RM'000	2019 PEWA RM'000	2019 Total RM'000
Loss before tax is arrived after charging:						
Auditors' remuneration:						
- Statutory audit	17	-	17	14	27	41
- Other services	-	-	-	3	-	3
Amortisation on intangible assets	*	-	*	3	9	12
Depreciation of:						
- property, plant and equipment	19	-	19	40	1,624	1,664
- right-of-use assets	15	-	15	23	63	86
Interest expense on:						
- trade bills	-	-	-	-	285	285
- bank overdraft	229	-	229	475	-	475
- lease liabilities	3	-	3	4	75	79
Impairment losses on other receivables	-	-	-	13	-	13
Realised loss on foreign exchange	-	-	-	-	69	69
Rental expenses on office equipment	1	-	1	11	-	11
And after crediting:						
Unrealised gain on foreign exchange	-	-	-	-	83	83
Interest income from:						
- bank balances	2	-	2	40	1	41
Reversal of impairment loss on trade receivables	-	-	-	338	10	348
Reversal of inventories written down	-	-	-	-	110	110
Fair value adjustment on other payables	-	-	-	478	-	478

* Amount is less than RM1,000.

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28. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

(g) Analysis of the cash flows of the discontinued operations is as follows:

	2020 PDMSB RM'000	2020 PEWA RM'000	2020 Total RM'000	2019 PDMSB RM'000	2019 PEWA RM'000	2019 Total RM'000
Statement of cash flows						
Net cash from/(used in) operating activities	2	5,591	5,593	(3,326)	374	(2,952)
Net cash from/(used in) investing activities	-	-	-	3,444	(183)	3,261
Net cash (used in)/from financing activities	(270)	-	(270)	(552)	423	(129)
Net (decrease)/increase in cash and cash equivalents	(268)	5,591	5,323	(434)	614	180
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-	(20)	(20)
Cash and cash equivalents at beginning of financial year	(6,808)	1,640	(5,168)	(6,374)	1,046	(5,328)
Cash and cash equivalents at the date of disposal/ end of financial year *	(7,076)	7,231	155	(6,808)	1,640	(5,168)

* Amount included bank overdraft and excluded restricted cash.

(h) In the previous financial year, the impairment losses on assets held for sale of RM5,624,000 have been recognised as the carrying amount is lower than its fair value less costs to sell.

29. COMMITMENTS

(a) Capital commitment

	Group 2020 RM'000	Group 2019 RM'000
Contracted but not provided for		
- Acquisition of property, plant and equipment	710	-

30. CONTINGENT LIABILITIES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Corporate guarantees given to banks for				
credit facilities granted to subsidiaries				`
- unsecured (Note 25)				
- Limit of guarantee	64,637	196,860	186,150	196,860
- Amount utilised	21,822	27,641	21,822	27,641
Corporate guarantees given to third parties				
for credit limit granted to subsidiaries				
- unsecured				
- Limit of guarantee	119,250	119,250	119,250	119,250
- Amount utilised	797	438	896	438
Corporate guarantee given to a bank for				
credit facilities granted to an associate				
- unsecured				
- Limit of guarantee	2,007	2,046	-	-
- Amount utilised	319	2,046	-	-

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.

31. REVENUE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers				
Recognised over time:				
Construction contract	4,476	2,085	-	-
Property development revenue	91,903	3,904	-	-
Recognised at point in time:				
Sales of goods	99,865	125,996	-	-
Management fees	90	50	-	-
Others	63	10	-	-
	196,397	132,045	-	-

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31. 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 2020	**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	91,903	-	-	-	-	91,903
Revenue from construction contracts	4,476	-	-	-	-	4,476
Sales of goods	10,883	66,508	6,097	15,309	1,068	99,865
Management fees	90	-	-	-	-	90
Others	63	-	-	-	-	63
Revenue from external customers	107,415	66,508	6,097	15,309	1,068	196,397
31 December 2019						
Major product and service line						
Revenue from property development	3,904	-	-	-	-	3,904
Revenue from construction contracts	2,085	-	-	-	-	2,085
Sales of goods	9,035	90,808	7,773	16,760	1,620	125,996
Management fees	50	-	-	-	-	50
Others	10	-	-	-	-	10
Revenue from external customers	15,084	90,808	7,773	16,760	1,620	132,045

32. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

Other than those disclosed elsewhere in the financial statements, the loss before tax is arrived at:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
After charging:				
Auditors' remuneration:				
- statutory audit	550	583	46	44
- other services	24	19	21	16
Interest expense on:				
- term loans	1,346	2,324	295	1,602
- trade bills	58	36	-	-
- lease liabilities	1,380	1,045	-	-
- bank overdraft	20	34	-	-
- unwinding for other payables	51	33	-	-
- redeemable preference shares	343	-	-	-
- shareholder advance	173	-	173	-
- subscription of shares	6	-	-	-
Loss on foreign exchange:				
- unrealised	112	308	2	28
- realised	783	643	411	533
Management fee expenses	-	-	1,703	3,660
Rental expenses on:				
- plant and machinery	78	-	-	-
- hostel	25	6	-	-
- office/sales gallery	238	207	-	-
- office equipment	4	19	-	-
and after crediting:				
Gain on foreign exchange:				
- unrealised	777	98	554	26
- realised	129	133	-	50
Interest income from:				
- bank balances	29	60	2	4
- deposits placed with financial institutions	433	279	-	-
- advances to subsidiaries	-	-	1,334	2,668
- advances to associates	142	140	-	-
- advances to other receivable	2,278	-	2,035	-
- realisation of interest income on a subsidiary disposed of	12,440	-	-	-
Net gain on disposals of:				
- property, plant and equipment	57	22	-	-
- subsidiaries	7,328	-	-	12,916
Rental income on:				
- equipment	1,225	789	-	-

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33. TAXATION

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current tax expense based on (loss)/profit for the financial year:				
Malaysia				
- current year provision	530	514	-	-
- (over)/under provision in prior years	(45)	(64)	(1)	-
Overseas				
- current year provision	882	1,698	-	-
- (over)/under provision in prior years	(156)	81	-	-
	1,211	2,229	(1)	-
Deferred tax (Note 15)				
Origination and reversal of temporary differences	(1,019)	(113)	-	-
(Over)/Under provision in prior years	(109)	4	-	-
	(1,128)	(109)	-	-
Real properties gain tax	754	-	-	-
	837	2,120	(1)	-

The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 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
2020			
Change in the fair value of equity investments at fair value through other comprehensive income	(2,422)	-	(2,422)
Realisation of reserves upon disposal of a subsidiary	1,393	-	1,393
Foreign currency translations	1,030	-	1,030
Share of other comprehensive income of an associate	11	-	11
Share of other comprehensive loss of a joint venture	(31)	-	(31)
	(19)	-	(19)
2019			
Change in the fair value of equity investments at fair value through other comprehensive income	(21,875)	-	(21,875)
Foreign currency translations	(2,086)	-	(2,086)
Share of other comprehensive loss of an associate	(49)	-	(49)
Share of other comprehensive loss of a joint venture	(21)	-	(21)
	(24,031)	-	(24,031)

33. TAXATION (continued)

Tax on each component of other comprehensive income is as follows (continued):

	Company Before tax RM'000	Company Tax effect RM'000	Company After tax RM'000
2020			
Change in the fair value of equity investments at fair value through other comprehensive income	(2,422)	-	(2,422)
2019			
Change in the fair value of equity investments at fair value through other comprehensive income	(21,875)	-	(21,875)

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 multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(7,783)	(16,036)	(4,395)	(488)
Tax effects in respect of:				
Effects of different tax rates in:				
- foreign jurisdictions	(597)	(219)	-	-
Non-allowable expenses	11,846	19,879	5,536	4,290
Tax incentives	(444)	(22)	-	-
Income not subject to tax	(4,039)	(4,323)	(1,141)	(3,802)
Deferred tax assets not recognised	2,007	2,453	-	-
Crystalisation of deferred tax liabilities	(10)	-	-	-
Effects of gain subject to real property gain tax	754	-	-	-
Deferred tax recognised on previously unrecognised tax losses	(564)	-	-	-
Utilisation of previously unrecognised deferred tax asset	(26)	-	-	-
Share of losses of associates	83	426	-	-
Share of profit of joint ventures	(80)	(59)	-	-
(Over)/Under provision in prior years:				
- tax expense	(201)	17	(1)	-
- deferred tax	(109)	4	-	-
	837	2,120	(1)	-

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34. (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	
	2020	**2019**
(Loss)/Profit attributable to owners of the parent (RM'000)		
- Continuing operations	(19,018)	(47,745)
- Discontinued operations	5,757	(1,939)
	(13,261)	(49,684)
Weighted average number of ordinary shares in issue (units'000)	419,418	344,573
Basic (loss)/earnings per ordinary share (sen)		
- Continuing operations	(4.53)	(13.86)
- Discontinued operations	1.37	(0.56)
	(3.16)	(14.42)

(b) Diluted

The diluted (loss)/earnings per ordinary share equal basic (loss)/earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the financial year:

35. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Wages, salaries and bonuses	26,468	31,703	205	232
Contributions to defined contribution plans	2,346	2,654	-	-
Social security contributions	1,158	1,868	-	-
Other benefits	2,784	3,926	12	12
	32,756	40,151	217	244

Included in employee benefits of the Group and the Company are Directors' remuneration amounting to RM7,096,000 and RM217,000 (2019: RM10,803,000 and RM232,000) respectively.

36. 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 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	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Subsidiaries				
Interest income	-	-	1,334	2,668
Associates				
Business development fee	77	211	-	-
Commission received/receivable	70	172	-	-
Interest income	142	140	-	-
Purchase of goods	(79)	-	-	-
Progress billing payable	(293)	(507)	-	-
Sales of goods	59	543	-	-
Joint venture				
Commission received/receivable	88	91	-	-
Dividend income	-	309	-	-
Sales of goods	636	1,241	-	-
Sales of services	62	134	-	-
Purchase of materials	(94)	(60)	-	-
Rental income	51	101	-	-
Joint venture partner *				
Sale of goods	1,461	2,207	-	-

* The joint venture partner of the Group is Trunet (UK) Limited, a company that owns 50% of Trunet (Vietnam) Co., Ltd., a joint venture of the Group.

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36. RELATED PARTY DISCLOSURES (continued)

(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 (continued):

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Directors of the Company and close family member of the Directors				
Progress billing	113	113	-	-
Discount allowed	(34)	(113)	-	-
Loan	(9,342)	-	(9,342)	-
Interest payable	(173)	-	(173)	-
Director of subsidiary company				
Progress billing	56	57	-	-
Discount allowed	(16)	(57)	-	-

(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 of the Company.

The remuneration of the Directors of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Directors' remuneration:				
- Directors of the Company:				
- fees	187	210	187	210
- emoluments other than fees	1,713	2,999	30	22
	1,900	3,209	217	232
- Directors of subsidiaries:				
- fees	306	322	-	-
- emoluments other than fees	4,890	7,272	-	-
	5,196	7,594	-	-
	7,096	10,803	217	232

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM10,000 (2019: RM22,000).

36. RELATED PARTY DISCLOSURES (continued)

(d) Transactions with corporation in which a Director of an associate has interest

The aggregate value of transactions and outstanding balances relating to corporation in which a Director of an associate has interest were as follows:

	Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Shann Australia Pty. Ltd.				
- Sales	768	701	-	255

The Group sells goods to Shann Australia Pty. Ltd., a company that owns 3.27% (2019: 3.27%) of Furnitech Components (Vietnam) Co., Ltd., an associate of the Group.

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with related parties.

37. 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, retail and healthcare.

The Group has arrived at four (4) 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 manufacturing 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, PVC and other plastic products and trading.

(ii) Retail

Principally engaged in the retail sale of clothing, footwear and ancillary accessories.

(iii) Property development and construction

Development and construction of residential and commercial properties.

(iv) Agriculture

Principally engaged in the harvesting and selling of teak logs activities.

Other operating segments that do not constitute reportable segments comprise operations related to investment holding and healthcare.

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37. OPERATING SEGMENTS (continued)

The segmentation for the respective investment holding companies will be determined by the segment of its respective subsidiaries.

The above 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.

37. OPERATING SEGMENTS (continued)

2020	Manufacturing RM'000	Retail RM'000	Property development & construction RM'000	Agriculture RM'000	Others RM'000	Elimination RM'000	Continuing operations Total RM'000	Discontinued operations Total RM'000	Total RM'000
Revenue									
Revenue from external customers	96,320	2,696	96,531	850	-	-	196,397	(783)	195,614
Inter-segment revenue	218	305	4,371	-	-	(4,894)	-	-	-
Total revenue	**96,538**	**3,001**	**100,902**	**850**	**-**	**(4,894)**	**196,397**	**(783)**	**195,614**
Finance costs	(589)	(1,412)	(533)	(390)	(468)	15	(3,377)	(232)	(3,609)
Interest income	583	10	1,348	1	14,477	(1,097)	15,322	2	15,324
Net finance (expense) /income	(6)	(1,402)	815	(389)	14,009	(1,082)	11,945	(230)	11,715
Amortisation of intangible assets	(857)	(7)	(14)	-	-	-	(878)	-	(878)
Depreciation of									
- property, plant and equipment	(1,356)	(347)	(1,166)	-	-	-	(2,869)	-	(2,869)
- right-of-use assets	(1,598)	(4,483)	(603)	(219)	-	1,106	(5,797)	-	(5,797)
Segment (loss)/profit before tax	**(9,221)**	**(23,832)**	**(4,123)**	**(2,345)**	**7,093**	**-**	**(32,428)**	**5,710**	**(26,718)**
- Net gain on disposals of property, plant and equipment	55	-	-	-	-	-	55	-	55
- Net gain on disposals of subsidiaries	-	-	-	-	-	-	-	7,328	7,328
- Share of profit/(loss) of joint ventures	335	-	-	-	-	-	335	-	335
- Share of losses of associates	(345)	-	-	-	-	-	(345)	-	(345)
- Impairment losses on investments in associates	-	-	-	-	(40)	-	(40)	-	(40)
- Impairment losses on property, plant and equipment	-	(430)	-	-	-	-	(430)	-	(430)

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37. OPERATING SEGMENTS (continued)

2020	Manufacturing RM'000	Retail RM'000	Property development & construction RM'000	Agriculture RM'000	Others RM'000	Elimination RM'000	Continuing operations Total RM'000	Discontinued operations Total RM'000	Total RM'000
Segment loss before tax (continued)									
- Impairment losses on right-of-use assets	-	(13,598)	-	-	-	-	(13,598)	-	(13,598)
- Impairment losses on goodwill	(16,310)	-	-	-	-	-	(16,310)	-	(16,310)
- Impairment losses on trade and other receivables	(2,153)	(1)	(1,588)	-	(5,811)	-	(9,553)	-	(9,553)
- Impairment losses on amounts owing by associates	-	(4,054)	(3)	-	-	-	(4,057)	-	(4,057)
- Inventories written off	(7)	(1,697)	(1,460)	-	-	-	(3,164)	-	(3,164)
- Reversal of inventories written down	925	990	-	-	-	-	1,915	-	1,915
- Reversal of impairment losses on trade receivables	20	-	-	-	-	-	20	-	20
- Net unrealised (loss)/gain on foreign exchange	(221)	-	-	-	553	-	332	-	332
Capital expenditure	1,819	2	5	3,759	-	-	5,585	-	5,585
Investments in associates	-	-	-	-	1,894	-	1,894	-	1,894
Investments in joint ventures	1,414	-	-	-	-	-	1,414	-	1,414
Segment assets	**163,801**	**7,950**	**75,601**	**93,525**	**55,050**	**-**	**395,927**	**-**	**395,927**
Segment liabilities	**55,349**	**17,773**	**43,600**	**45,054**	**31,101**	**-**	**192,877**	**-**	**192,877**

37. OPERATING SEGMENTS (continued)

2019 (Restated)	Manufacturing RM'000	Retail RM'000	Property development & construction RM'000	Agriculture RM'000	Others RM'000	Elimination RM'000	Continuing operations Total RM'000	Discontinued operations Total RM'000	Total RM'000
Revenue									
Revenue from external customers	119,561	6,376	6,108	-	-	-	132,045	16,497	148,542
Inter-segment revenue	17,582	-	8,144	-	-	(25,726)	-	-	-
Total revenue	**137,143**	**6,376**	**14,252**	**-**	**-**	**(25,726)**	**132,045**	**16,497**	**148,542**
Finance costs	(898)	(939)	(399)	-	(1,602)	366	(3,472)	(839)	(4,311)
Interest income	726	1	152	-	2,672	(3,072)	479	41	520
Net finance (expense)/income	(172)	(938)	(247)	-	1,070	(2,706)	(2,993)	(798)	(3,791)
Amortisation of intangible assets	(426)	(5)	(52)	-	-	-	(483)	(12)	(495)
Depreciation of									
- property, plant and equipment	(1,181)	(231)	(996)	-	-	-	(2,408)	(1,664)	(4,072)
- right-of-use assets	(1,363)	(3,068)	(1,045)	(13)	-	1,118	(4,371)	(86)	(4,457)
Segment loss before tax	**(37,348)**	**(7,688)**	**(11,376)**	**(94)**	**(10,313)**	**-**	**(66,819)**	**(2,681)**	**(69,500)**
- Net gain/(loss) on disposals of property, plant and equipment	59	-	(37)	-	-	-	22	-	22
- Net gain on disposals of subsidiaries	-	-	-	-	12,916	(12,916)	-	-	-
- Share of profit/(loss) of joint ventures	294	-	-	-	(49)	-	245	-	245
- Share of losses of associates	(591)	(798)	(15)	-	(374)	-	(1,778)	-	(1,778)
- Impairment losses on investments in associates	(3,244)	-	-	-	(1,386)	-	(4,630)	-	(4,630)

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37. OPERATING SEGMENTS (continued)

2019 (Restated)	Manufacturing RM'000	Retail RM'000	Property development & construction RM'000	Agriculture RM'000	Others RM'000	Elimination RM'000	Continuing operations Total RM'000	Discontinued operations Total RM'000	Total RM'000
Segment loss before tax (continued)									
- Impairment losses on investments in joint ventures	-	-	-	-	(3,903)	-	(3,903)	-	(3,903)
- Impairment losses on disposal group classified as held for sale	-	-	-	-	-	-	-	(5,624)	(5,624)
- Impairment losses on goodwill	(34,498)	-	-	-	(66)	-	(34,564)	-	(34,564)
- Impairment losses on trade and other receivables	(18)	-	(12,581)	(3)	-	-	(12,602)	(13)	(12,615)
- Impairment losses on amounts owing by associates	-	-	(3)	-	(194)	-	(197)	-	(197)
- Fair value loss on financial assets at FVTPL	(2,593)	-	-	-	-	-	(2,593)	-	(2,593)
- Inventories written off	(67)	-	-	(5)	-	-	(72)	-	(72)
- Reversal of inventories written down	110	-	-	-	-	-	110	-	110
- Reversal of impairment losses on trade receivables	25	-	-	-	-	-	25	348	373
- Reversal of contract liabilities	-	-	2,121	-	-	-	2,121	-	2,121
- Net unrealised (loss)/gain on foreign exchange	(271)	39	-	-	(2)	24	(210)	83	(127)
Capital expenditure	1,530	22,829	137	89,804	-	-	114,300	437	114,737
Investments in associates	-	-	-	-	1,934	-	1,934	334	2,268
Investments in joint ventures	1,111	-	-	-	-	-	1,111	-	1,111
Segment assets	**155,628**	**32,427**	**57,188**	**90,198**	**8,952**	**-**	**344,393**	**239,356**	**583,749**
Segment liabilities	**44,366**	**21,176**	**49,280**	**54,895**	**19,137**	**-**	**188,854**	**176,666**	**365,520**

37. OPERATING SEGMENTS (continued)

Reconciliations of reportable profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2020 RM'000	2019 RM'000
Loss for the financial year		
Total loss for reportable segments	(26,718)	(69,500)
Tax expense	(837)	(3,947)
Group's loss for the financial year	(27,555)	(73,447)
Assets		
Total assets for reportable segments	395,927	583,749
Tax assets	1,942	5,940
Group's assets	397,869	589,689
Liabilities		
Total liabilities for reportable segments	192,877	365,520
Tax liabilities	4,335	4,626
Group's liabilities	197,212	370,146

Geographical information

With the exception of manufacturing facilities and sales offices set up in Vietnam, China and Singapore, 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 financial instruments, investments in associates, investments in joint ventures and deferred tax assets.

	2020 RM'000	2019 RM'000
Revenue from external customers		
Malaysia	107,415	15,085
Asia Pacific (excluding Malaysia)	66,508	90,808
Europe	6,097	7,773
North America	15,309	16,759
Others	1,068	1,620
	196,397	132,045

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37. OPERATING SEGMENTS (continued)

Geographical information (continued)

	2020 RM'000	2019 RM'000
Non-current assets		
Malaysia	37,586	66,480
Asia Pacific (excluding Malaysia)	27,824	28,437
	65,410	94,917

Major customer

There is no customer with revenue equal to or more than ten percent (10%) of the revenue of the Group.

38. 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 2019.

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 2020 and 31 December 2019.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Borrowings	61,218	32,999	-	8,411
Less: Cash and bank balances	(34,874)	(23,386)	(508)	(130)
Net debt	26,344	9,613	(508)	8,281
Total capital	153,969	158,795	162,387	173,566
Gearing ratio	17%	6%	-	5%

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 of more than 25% of the issued 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 2020.

38. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments

	2020 RM'000	2019 RM'000
Group		
Financial assets		
Amortised cost		
Trade and other receivables, net of prepayments	110,217	65,617
Cash and bank balances	34,874	23,386
Fair value through other comprehensive income		
Other investments	4,030	6,452
	149,121	95,455
Financial liabilities		
Amortised cost		
Trade and other payables	111,408	133,581
Borrowings	61,218	32,999
	172,626	166,580
Company		
Financial assets		
Amortised cost		
Other receivables, net of prepayments	128,609	125,727
Cash and bank balances	508	130
Fair value through other comprehensive income		
Other investments	4,030	6,452
	133,147	132,309
Financial liabilities		
Amortised cost		
Other payables	31,693	11,265
Borrowings	-	8,411
	31,693	19,676

(c) Fair value information

The carrying amounts of cash and bank balances, short term receivables and payables and borrowings are reasonable approximation of fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

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38. FINANCIAL INSTRUMENTS (continued)

(c) Fair value information (continued)

The fair values of long term receivables and payables are estimated by discounting the expected future cash flows at weighted average cost of capital, which is similar to the market incremental lending rate offered by financial institution and hence, the carrying amounts of the financial instruments are reasonable approximation of fair value.

Fair value of the borrowings, long term receivables and payables of the Group and of 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.

39. 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 21 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, HKD and SGD 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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Foreign currency risk (continued)

The sensitivity analysis includes outstanding balances denominated in foreign currencies.

		Group		Company	
		2020 RM'000 Loss after tax	**2019 RM'000 Loss after tax**	**2020 RM'000 Loss after tax**	**2019 RM'000 Profit after tax**
USD/RM	- strengthen by 10% (2019: 10%)	(1,040)	(1,781)	-	-
	- weaken by 10% (2019: 10%)	1,040	1,781	-	-
SGD/RM	- strengthen by 10% (2019: 10%)	(1)	(1)	(7)	(40)
	- weaken by 10% (2019: 10%)	1	1	7	40
HKD/RM	- strengthen by 10% (2019: 10%)	680	655	723	655
	- weaken by 10% (2019: 10%)	(680)	(655)	(723)	(655)

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.

(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.

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39. 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:

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 2020									
Fixed rate									
Other receivables	16(h)	8.00	54,052	-	54,052	-	-	-	-
Amounts owing by associates	16(g)								
- USD		3.00	4,984	4,984	-	-	-	-	-
Deposits placed with financial institutions	21								
- RM		2.00 - 2.59	881	881	-	-	-	-	-
- USD		0.20	520	520	-	-	-	-	-
- VND		3.20 - 5.00	11,988	11,988	-	-	-	-	-
- SGD		0.60	1,527	1,527	-	-	-	-	-
Amount owing to a shareholder		4.00	(8,963)	(8,963)	-	-	-	-	-
Floating rate									
Trade bills	25								
- USD		2.10 - 3.80	(225)	(225)	-	-	-	-	-
- SGD		7.00	(300)	(300)	-	-	-	-	-
Term loans	25								
- RM		3.36 - 6.25	(58,847)	(1,800)	(11,265)	(5,887)	(6,151)	(6,429)	(27,315)
- SGD		7.50	(1,574)	(757)	(817)	-	-	-	-
Bank overdraft									
- RM	25	7.39 - 7.64	(272)	(272)	-	-	-	-	-

39. 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 2019									
Fixed rate									
Amounts owing by associates - USD	16(g)	3.00	4,623	-	4,623	-	-	-	-
Deposits placed with financial institutions	21								
- RM		3.12 - 3.36	1,133	1,133	-	-	-	-	-
- USD		1.45	762	762	-	-	-	-	-
- VND		4.80 - 7.20	6,319	6,319	-	-	-	-	-
- SGD		0.60	1,519	1,519	-	-	-	-	-
Floating rate									
Trade bills	25								
- USD		3.80	(122)	(122)	-	-	-	-	-
- EUR		7.00	(898)	(898)	-	-	-	-	-
Term loans	25								
- RM		4.97-6.30	(21,191)	(1,993)	(2,348)	(4,507)	(460)	(483)	(11,400)
- SGD		7.50	(1,993)	(726)	(1,267)	-	-	-	-
- HKD		6.00	(8,411)	(8,411)	-	-	-	-	-
Bank overdraft									
- RM	25	8.89	(384)	(384)	-	-	-	-	-

Notes to the Financial Statements
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39. 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 2020									
Fixed rate									
Other receivables	16(h)	8.00	54,052	-	54,052	-	-	-	-
Amount owing to a shareholder		4.00	(8,963)	(8,963)	-	-	-	-	-
At 31 December 2019									
Fixed rate									
Amount owing by a subsidiary									
- RM	16(f)	6.36	55,289	-	-	55,289	-	-	-
Term loan									
- HKD	25	6.00	(8,411)	(8,411)	-	-	-	-	-

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Interest rate risk (continued)

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	
	2020 RM'000 Loss after tax	2019 RM'000 Loss after tax	2020 RM'000 Loss after tax	2019 RM'000 Profit after tax
Increase by 0.5% (2019: 0.5%)	(14)	71	(171)	(178)
Decrease by 0.5% (2019: 0.5%)	14	(71)	171	178

The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

(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 of 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 2020				
Financial liabilities				
Trade and other payables	99,368	13,345	-	112,713
Borrowings	5,713	44,049	24,108	73,870
Total undiscounted financial liabilities	105,081	57,394	24,108	186,583

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Liquidity and cash flow risks (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

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 (continued).

	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 2019				
Financial liabilities				
Trade and other payables	121,591	13,295	-	134,886
Borrowings	14,087	12,109	16,645	42,841
Total undiscounted financial liabilities	135,678	25,404	16,645	177,727
Company				
As at 31 December 2020				
Financial liabilities				
Other payables	31,693	-	-	31,693
Borrowings	-	-	-	-
Total undiscounted financial liabilities	31,693	-	-	31,693
As at 31 December 2019				
Financial liabilities				
Other payables	11,265	-	-	11,265
Borrowings	8,919	-	-	8,919
Total undiscounted financial liabilities	20,184	-	-	20,184

39. 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 21% (2019: 35%) of the Group's trade receivables as at reporting date were due from six(6) (2019: five (5)) major customers.

The Company has no significant concentration of credit risk except for the amounts owing by subsidiaries constituting approximately 62% (2019: 99%) 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:

	2020		2019	
	RM'000	**% of total**	**RM'000**	**% of total**
By country				
Malaysia	13,895	40%	3,540	9%
Asia Pacific (excluding Malaysia)	19,716	56%	34,409	82%
Europe	368	1%	1,243	3%
North America	1,055	3%	2,069	5%
Other countries	-	-	463	1%
	35,034	100%	41,724	100%

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Credit risk (continued)

Credit risk concentration profile (continued)

	2020		2019	
	RM'000	% of total	RM'000	% of total
By industry sectors				
Manufacturing	20,439	58%	31,883	76%
Retail	-	-	10	*
Agriculture	51	*	-	-
Property development and construction	14,544	42%	9,831	24%
	35,034	100%	41,724	100%

* Amount is less than 1%

At the end of the reporting period, approximately 21% (2019: 35%) of the Group's trade receivables were due from 6 (2019: five (5)) major customers located in Malaysia, Asia Pacific (excluding Malaysia), Europe and North America.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO until 31 March 2021.

Since then, the Group has experienced significant disruption to its operations in the following respects:

(a) Decreased demand for certain products and services from the manufacturing segment as a consequence of social distancing requirements and recommendations; and

(b) Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for the primary products and services of the Group.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continuing monitor its fund and operational needs.

(ii) On 18 June 2019, PRG Property Sdn. Bhd. ("PRG Property"), a wholly-owned subsidiary of the Company, had received a letter of intent from Liveintent Sdn. Bhd. ("Liveintent") for a conditional offer to purchase 150,000 ordinary shares in Premier De Muara Sdn. Bhd. ("PDMSB"), representing 60% equity interest in PDMSB. On 26 July 2019, the Company, PRG Property and PDMSB had entered into a conditional share sale agreement ("SSA") with Liveintent for the proposed disposal of 150,000 ordinary shares representing 60% equity interest in PDMSB by PRG Property to Liveintent for a cash consideration of RM7,200,000.

On 19 February 2020, the Company, PRG Property, PDMSB and Liveintent had executed a supplemental agreement to vary the clauses in relation to the manner of payment of the consideration and to extend the Cut-Off Date for a further period of 6 months to fulfil the Conditions Precedent as stated in the SSA.

On 10 June 2020, a fully virtual Extraordinary General Meeting was held and the ordinary resolution for the proposed disposal of PDMSB was duly passed by the shareholders of the Company.

The disposal of PDMSB was completed on 2 July 2020 in accordance with the fulfilment of the Conditions Precedent of the SSA and supplemental agreement.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(iii) On 4 October 2019, the Company announced that FHL had entered into a binding term sheet with an independent third party potential purchaser on 4 October 2019 for the sale of Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd. ("PEWA"), a subsidiary of FHL, principally engaged in the manufacture and sale of narrow elastic fabrics. A deposit of USD193,000 was paid by the potential purchaser to FHL and the balance consideration will be determined at a later stage by the parties. The proposed disposal is subject to, among others, the signing of a definitive capital transfer agreement, the terms of which are to be agreed by FHL and the potential purchaser.

On 13 January 2020, PRG announced that PEWA, Furniweb Vietnam Shareholdings Co., Ltd. ("Furniweb Vietnam") (an indirect wholly-owned subsidiary of FHL) and Webtex Trading Sdn. Bhd. ("Webtex") (an indirect wholly-owned subsidiary of FHL) had on 10 January 2020 entered into a capital transfer agreement with Four K Investment Limited for the transfer of the entire registered and paid-in charter capital of USD2,100,000 of PEWA, which is contributed and held as 57.14% by Furniweb Vietnam and 42.86% by Webtex for a cash consideration of USD2,946,000 (equivalent to approximately RM12,028,000).

The completion of the disposal is pending the reconciliation and settlement of intercompany loans and debts owed by PEWA.

(iv) On 4 December 2019, the Company announced that PRG Asset Sdn. Bhd. ("PRG Asset") had on even date entered into a subscription agreement with MSK Plantation Sdn. Bhd. ("MSK") and Teh Choon Yean. MSK is principally involved in the business of mixed farming mainly on plantation estate and tropical fruit orchard management. Pursuant to the subscription agreement, PRG Asset had agreed to subscribe for 510 ordinary shares in MSK representing 51% of the equity interests in MSK at the subscription price of RM450.

On 10 February 2020, 30 April 2020 and 1 September 2020, the Company announced that PRG Asset, MSK and Teh Choon Yean had mutually agreed in writing to extend the period for fulfilment of the Conditions Precedent stipulated in the subscription agreement for a further period from 5 February 2020 to 5 May 2020, 6 May 2020 to 6 August 2020 and 6 August 2020 to 31 December 2020 respectively.

On 5 February 2021, the Company announced that all parties have mutually agreed in writing on 5 February 2021 to terminate the subscription agreement due to non-fulfilment of the Conditions Precedent stipulated in the subscription agreement.

(v) On 13 December 2019, PRG Healthcare Sdn. Bhd. ("PRG Healthcare"), a wholly-owned subsidiary of the Company had entered into a shares sale agreement with Bernard Chin Sze Piaw ("Dr Chin") to acquire 450 ordinary shares representing 45% of the issued share capital of PRG Active Sdn. Bhd. ("PRGA") from Dr Chin for a purchase consideration of RM1.00. Dr Chin had on 16 December 2019 resigned as a Director in PRGA and pursuant to that, PRG Healthcare has obtained control of the PRGA and the investment in PRGA had been transferred from investment in joint venture to investments in subsidiaries.

Upon completion of the shares sale agreement on 14 January 2020, PRGA has become a wholly-owned subsidiary of PRG Healthcare.

(vi) On 18 December 2019, the Company announced that FHL's wholly-owned subsidiary, Rich Day Global Limited had on 17 December 2019 proposed to acquire the entire issued share capital of West Bull Securities Limited ("WBSL") (formerly known as RSI Securities Limited) for a total consideration of HKD8,500,000 (approximately RM4,549,000) from RSI Capital Limited ("RSI Capital"). Rich Day Global Limited had on 18 December 2019 entered into an agreement with RSI Capital (as the vendor) and Cheung Hoi Tik Eddie (as the guarantor) for the acquisition.

On 15 October 2020, the acquisition of WBSL was completed and WBSL had become a wholly-owned subsidiary of the Company.

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40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(vii) On 17 January 2020, the Company announced that PRG Asset Sdn. Bhd. ("PRG Asset") had on even date issued an Information Memorandum to sophisticated investors within the meaning of Section 230 of the Capital Markets and Services Act 2007 for the proposed issuance of irredeemable cumulative convertible preference shares ("ICCPS"). The issuance of ICCPS involves the issuance of up to 30,000,000 ICCPS at an issue price of RM1.00 each. The ICCPS bears a maturity period of 3 years (from the date of ICCPS issue respectively, or until 16 January 2023, whichever is earlier) and a dividend rate of 8% per annum. The ICCPS shall not be listed or quoted on the Main Market of Bursa Securities. The ICCPS are convertible into new ordinary shares of PRG Asset ("PRG Asset Shares") on the basis of 1 PRG Asset Share for every 1 ICCPS held by the subscriber on the maturity date of the ICCPS. Upon conversion, all the ICCPS shall become PRG Asset Shares and rank equally in all respects with PRG Asset Shares.

On 5 November 2020, the Company announced that after due consideration, PRG Asset decided to terminate the issuance of ICCPS due to lack of investors participation.

(viii) On 3 December 2019, the Company announced on the Proposed Private Placement of 40,288,200 Placement Shares representing up to 10% of the total number of 402,882,721 issued shares of the Company (excluding 417,800 treasury shares). Bursa Malaysia Securities Berhad had, vide its letter dated 10 December 2019, approved the listing of and quotation for the Placement Shares to be issued pursuant to the Private Placement. The Proposed Private Placement is valid for 6 months from 10 December 2019 and is expiring on 9 June 2020.

On 24 February 2020, a total number of 5,737,700 of PRG shares were alloted and issued pursuant to the Private Placement, representing 14.24% of the Placement Shares for a total cash consideration of RM3,499,997.00 at issue price of RM0.61 per share.

On 4 March 2020, a total number of 6,091,200 of PRG shares were alloted and issued pursuant to the Private Placement, representing 15.22% of the Placement Shares for a total cash consideration of RM3,500,003.52 at issue price of RM0.5746 per share.

On 27 May 2020, a further number of 2,727,800 of PRG shares were alloted and issued pursuant to the Private Placement, representing 6.77% of the Placement Shares for a total cash consideration of RM500,005.74 at issue price of RM0.1833 per share.

Bursa Malaysia Securities Berhad had, vide its letter dated 1 June 2020, granted the Company an extension of time until 30 August 2020 to complete the implementation of Private Placement subsequent to the submission of application for extension of time by the Company on 22 May 2020.

On 14 July 2020, a total number of 7,000,000 of PRG shares were alloted and issued pursuant to the Private Placement, representing 17.37% of the Placement Shares for a total cash consideration of RM1,120,000.00 at issue price of RM0.16 per share.

On 18 August 2020, another 5,000,000 of PRG shares were alloted and issued pursuant to the Private Placement, representing 12.41% of the Placement Shares for a total cash consideration of RM935,000.00 at issue price of RM0.187 per share.

On 28 August 2020, the Company announced that a total number of 26,556,700 Placement Shares had been placed out and there will be no further share issuance under the Private Placement.

(ix) On 26 August 2020, the Company announced that Premier Construction Sdn. Bhd. ("PCSB") had on even date entered into a sale & purchase agreement ("SPA") with Semangat Hikmat Sdn Bhd ("SHSB") for the disposal of Batu Gajah Land for a total consideration of RM7,200,000. The Conditions Precedent of the SPA has not been completed.

41. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 23 March 2021, the Board of FHL had approved the disposal of Rich Day Global Limited through its wholly-owned subsidiary, Delightful Grace Holdings Limited, to two independent third party purchasers for a total consideration of HKD8,500,000 (approximately RM4,400,000).

List of Group Properties

Address	Owner	Description	Age of building	Tenure / Expiry	Existing Use	Land Area (Sq ft.)	Value as at 31/12/2020 (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	28	Leasehold (60 years)/ 11 Feb 2075^	Industrial	51,905	2,850	#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	28	Leasehold (60 years)/ 11 Feb 2075^	Industrial	56,253	3,241	#31/7/2017
Title No. H.S. (M) 1594, P.T. No. 2374, Kg. Bharu Balakong, Mukim of Cheras, Langat, Selangor	FMSB	Land, a purpose built 2-storey detached factory, 3-storey office building and ancillary buildings	12	Leasehold (99 years)/ 3 Jul 2083	Industrial	87,123	7,840	#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	22	Lease (47 years)/ 16 Jan 2044	Industrial	150,544	1,800	#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	37	Freehold	Residential	840	69	#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	30	Freehold	Industrial	50,515	2,029	#31/7/2017

List of Group Properties
cont'd

Address	Owner	Description	Age of building	Tenure / Expiry	Existing Use	Land Area (Sq ft.)	Value as at 31/12/2020 (RM'000)	Date of Valuation (* Date of Acquisition)
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	7	Freehold	Commercial	8,541	4,822	*1/11/2014
PT 46025, H.S. (M) 13499, Seksyen U5, Mukim Sungai Buloh, Daerah Petaling, 40150 Shah Alam	PBSB	Residential properties under construction	4	Leasehold (99 years)/ 16 Feb 2105	Residential	282,606	31,781	18/8/2016
PT 12, H.S.(D) 27062, Daerah Jajahan Kecil Lojing, Mukim Blau, 18300 Gua Musang, Kelantan	PRG Agro	Plantation land	-	Leasehold (50 years)/ 7 Aug 2066	Agriculture	227.79 hectares	6,645	28 Nov 2019
PT 96, H.S.(D) 27403, Daerah Jajahan Kecil Lojing, Mukim Blau, 18300 Gua Musang, Kelantan	PRG Agro	Plantation land	-	Leasehold (50 years)/ 21 June 2053	Agriculture	137 hectares	3,397	28 Nov 2019

There were no revaluation on the land and properties owned by the Group for the financial year ended 31 December 2020.

^ *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 31 March 2021

Total number of issued shares	:	429,439,421
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote for each share held

Category	No. of Shareholders	%	No. of Shares	%
Less than 100	123	2.55	5,024	0.00
100-1000	411	8.54	172,906	0.04
1001-10000	1747	36.28	11,065,871	2.58
10001-100000	2095	43.51	81,377,778	18.95
100001 and below 5%	437	9.08	273,710,342	63.74
5% and above	2	0.04	63,107,500	14.70
Total	4815	100.00	429,439,421	100.00

* Excluding 417,800 treasury shares.

DIRECTORS' SHAREHOLDINGS

(As per Register of Directors' Shareholdings)

Name of Directors	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
Dato' Dr. Awang Adek bin Hussin	-	-	-	-
Dato' Lua Choon Hann	33,973,900[(a)]	7.91	300,000[(b)]	0.07
Dato' Wee Cheng Kwan	6,800,000[(a)]	1.58	-	-
Lim Chee Hoong	154,000	0.04	134,000[(b)]	0.03
Ng Tzee Penn	-	-	-	-
Ji Haitao	917,000	0.21	-	-

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)

Name of Substantial Shareholders	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
Ng Yan Cheng	56,797,400[(a)]	13.23	2,178,600[(b)]	0.51
Dato' Lua Choon Hann	33,973,900[(a)]	7.91	-	-
Wang Jing	28,232,800[(a)]	6.57	-	-

Notes:

(a) Held through nominees company/ies.

(b) 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.

Analysis of Shareholdings
As At 31 March 2021
cont'd

TOP 30 SHAREHOLDERS

	Shareholders	No. of Shares	Percentage %
1	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	34,924,700	8.13
2	CIMB GROUP NOMINEES (ASING) SDN. BHD. BENEFICIARY : EXEMPT AN FOR DBS BANK LTD (SFS-PB)	28,182,800	6.56
3	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LUA CHOON HANN	19,795,400	4.61
4	NG YAN CHENG	16,257,200	3.79
5	SY DIOCELDO SY	15,457,980	3.60
6	NG YAN CHENG	11,330,400	2.64
7	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LUA CHOON HANN (SMART)	7,318,800	1.70
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB FOR WEE CHENG KWAN (PBCL-0G0659)	6,800,000	1.58
9	CH'NG THEAM SIEW	5,600,000	1.30
10	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR PACIFIC VINTAGE SDN BHD	5,209,900	1.21
11	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YAU KOK SENG (001)	5,097,100	1.19
12	SOW SIAN	5,000,000	1.16
13	RHB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : OSK CAPITAL SDN BHD FOR LUA CHOON HANN	4,662,500	1.09
14	ONG LOCK HOO	3,550,000	0.83
15	TI LIAN KER	3,273,100	0.76
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR JAMES JR LEE WENG KEI (MY3350)	3,227,300	0.75
17	KENANGA NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	3,175,500	0.74
18	QIAN QING	3,140,400	0.73
19	HLB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SHEAH KOK FAH	3,050,000	0.71
20	HLIB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEE SIM HAK (M)	3,000,000	0.70
21	ZHANG SHUAI	2,749,400	0.64
22	CHOY WEE CHIAP	2,664,000	0.62
23	CARTABAN NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	2,323,900	0.54
24	NG KHANG CHYI	2,206,000	0.51
25	KENANGA NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	2,178,600	0.51
26	LEE JAM	1,877,100	0.44
27	TA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LAI SOO KOW	1,793,000	0.42
28	CITIGROUP NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	1,730,800	0.40
29	KENANGA INVESTMENT BANK BERHAD BENEFICIARY : IVT (EDSP-CKY)	1,704,900	0.40
30	CGS-CIMB NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,681,100	0.39
		208,961,880	48.65

Notice of Twentieth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twentieth (20th) Annual General Meeting ("AGM") of PRG Holdings Berhad ("PRG" or "the Company") will be conducted on a fully virtual basis through live streaming from the broadcast venue at Lot C601, Capital 3 Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor on Thursday, 27 May 2021 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon. ***Please refer to Note (9)***

2. To approve the payment of Directors' fees and benefits to the Non-Executive Directors of up to RM282,000 from 28 May 2021 until the next AGM of the Company. ***Resolution 1***

3. To re-elect the following Directors who retire in accordance with Clause 92 of the Company's Constitution:-

   (i) Dato' Dr Awang Adek bin Hussin ***Resolution 2***
   (ii) Dato' Lua Choon Hann ***Resolution 3***

4. To re-appoint 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 modification(s), the following resolutions:

5. **ORDINARY RESOLUTION**
   RETENTION OF MR LIM CHEE HOONG AS INDEPENDENT NON-EXECUTIVE DIRECTOR ***Resolution 5***

   "THAT in accordance with the Malaysian Code on Corporate Governance, Mr Lim Chee Hoong be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next Annual General Meeting, subject to the provisions of the relevant regulatory authorities."

6. **ORDINARY RESOLUTION**
   AUTHORITY FOR DIRECTORS TO ISSUE SHARES ***Resolution 6***

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes 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 ten per cent (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 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 Annual General Meeting of the Company."

7. **ORDINARY RESOLUTION**
   PROPOSED SHARE BUY-BACK AUTHORITY ***Resolution 7***

   "THAT subject to the Companies Act 2016, provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Securities and approvals of any other relevant authorities, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares of the Company through Bursa Securities ("Proposed Share Buy-Back Authority"), provided that:-

Notice of Twentieth Annual General Meeting
cont'd

(i) the maximum number of ordinary shares purchased and/or held as treasury shares by the Company shall not exceed 10% of the total number of issued shares of the Company;

(ii) the maximum amount of funds to be utilised shall not exceed the retained profits of the Company; and

(iii) upon completion of the purchase(s) of its shares by the Company, the shares shall be dealt with in the following manner:-

(a) to cancel the shares so purchased; or
(b) to retain the shares so purchased as treasury shares (which may be dealt with in accordance with Section 127(7) of the Companies Act 2016); or
(c) to retain part of the shares so purchased as treasury shares and cancel the remainder.

AND THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at that meeting, either unconditionally or subject to conditions;
(b) the expiry of the period within which the next Annual General Meeting is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever so occurs first, but not to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date, and in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things and to execute, sign and deliver all such documents as they may deem necessary or expedient in the best interest of the Company, with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities to give effect to the Proposed Share Buy-Back Authority."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

YEOH CHONG KEAT (MIA 2736)
(SSM PC NO. 201908004096)

LIM FEI CHIA (MAICSA 7036158)
(SSM PC NO. 202008000515)

Company Secretaries

Kuala Lumpur
28 April 2021

Notice of Twentieth Annual General Meeting

cont'd

NOTES:

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) ***WILL NOT BE ALLOWED*** to be physically present at the broadcast venue on the day of the 20th AGM.

   Shareholders or proxies are to participate and vote remotely at the 20th AGM via the remote participation and voting facilities provided by the Poll Administrator, Al Smartual Learning Sdn Bhd.

   Please refer to the Administrative Guide for the 20th AGM and follow the procedures provided in order to participate and vote remotely at the AGM.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 May 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.

3. 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.

4. 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.

5. 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.

6. To be valid, the original Form of Proxy, 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.

7. If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.

8. 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.

9. <u>Audited Financial Statements for year ended 31 December 2020</u>

   The Audited Financial Statements for the financial year ended 31 December 2020 are laid in accordance with Section 340(1)(a) of the Companies Act 2016 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.

10. <u>Personal Data Privacy</u>

    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 and/or its agents the 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.

Notice of Twentieth Annual General Meeting
cont'd

EXPLANATORY NOTES ON SPECIAL BUSINESS:

11. Retention of Independent Non-Executive Director (Resolution 5)

    The proposed resolution is to seek the shareholders' approval to retain Mr Lim Chee Hoong, who has served the Board as Independent Non-Executive Director of the Company for more than 12 years. 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. The following justifications have been considered by the Board in arriving at its view and recommendation:-

    (i) Confirmation and declaration by Mr Lim that he fulfills the criteria of an Independent Director prescribed under Paragraph1.01 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.

12. Authority for the Directors to issue shares (Resolution 6)

    This proposed resolution, if passed, will renew the authority given to and empower the Directors of the Company to issue and allot new shares in the Company at any time, 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 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 will enable the Company to raise funds expeditiously for the purpose of funding future investment, working capital and/or corporate proposals without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

    The Company undertook a private placement of up to 40,288,200 new ordinary shares ("Placement Shares") in the Company as announced by the Board on 3 December 2019 ("Private Placement").

    Pursuant to the Private Placement, a total of 26,556,700 Placement Shares have been issued and the total proceeds raised amounting to RM9,555,006.26 have been utilised in the following manner:-

Purposes	Proposed Utilisation (RM'000)	Total Proceeds Received (RM'000)	Actual Utilisation (RM'000)	Deviation (RM'000)
Repayment of borrowings	2,211	-	-	-
Working capital	8,433	3,144	3,144	-
Part payment for the Kelantan Acquisition@	10,600	6,360	6,360	-
Future potential investment/ acquisition	1,500	-	-	-
Expenses in relation to the Private Placement	220	51	51	-
Total proceeds	**22,964**	**9,555**	**9,555**	**-**

@ *On 28 December 2018, PRG Agro Sdn Bhd, a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with Alifya Forestry Sdn Bhd for the acquisition of 2 parcels of agriculture land planted with teak trees in Kelantan for a purchase consideration of RM89.20 million, to be satisfied via a combination of cash consideration of RM59.20 million and issuance of 40,295,500 shares of the Company at RM0.7445 each ("Kelantan Acquisition"). The Kelantan Acquisition was approved by the Company's shareholders at the extraordinary general meeting held on 8 October 2019.*

The Private Placement has been completed on 28 August 2020.

13. Proposed Share Buy-Back Authority (Resolution 7)

    This proposed resolution, if passed, will empower the Directors of the Company to purchase its own shares and/or hold up to 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next annual general meeting of the Company. Please refer to the Share Buy-Back Statement for further details of the Proposed Share Buy-Back Authority.

STATEMENT ACCOMPANYING NOTICE OF THE 20TH 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 20th Annual General Meeting of the Company.

Administrative Guide for the Twentieth ("20th")

Annual General Meeting ("AGM" or "the Meeting")

Date	:	Thursday, 27 May 2021
Time	:	10.00 a.m.
Broadcast Venue	:	Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor
Meeting Platform	:	www.agm.virtualeagm.com

1. Virtual Meeting

1.1 As a precautionary measure amid the Covid-19 pandemic and having regard to the well-being of all parties concerned, PRG Holdings Berhad ("the Company") have decided that the 20th AGM will be conducted entirely virtual through live streaming from the Broadcast Venue and online remote voting via Remote Participation and Voting ("RPV") facilities via the Smartual e-Portal ("e-Portal").

1.2 Please ensure that you are connected to the internet at all times in order to participate and/or vote at the Meeting. The quality of the connectivity to the Meeting for the live webcast and online remote voting is dependent on the bandwidth and stability of the internet connection of the participants.

2. Entitlement to Participate and Vote

2.1 Only depositors whose names appear on the Record of Depositors as at 20 May 2021 shall be entitled to participate and/or vote at the 20th AGM or appoint proxy(ies)/corporate representative(s) to participate and/or vote on his/her behalf.

3. Appointment of Proxy

3.1 If you are unable to attend and participate at the 20th AGM via RPV facilities, you may appoint a proxy(ies) or the Chairman of the AGM as your proxy and indicate the voting instructions in the Form of Proxy in accordance with the instructions stated therein.

3.2 Please ensure that the original copy of Form of Proxy is deposited at the Company's registered office at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the 20th AGM i.e. latest by 25 May 2021 at 10.00 a.m..

3.3 The lodging of the Form of Proxy will not preclude you from personally participating remotely and voting at the Meeting should you subsequently wish to do so. If you wish to personally participate remotely at the Meeting after your submission of the Form of Proxy, please register as a user of the e-Portal at least twenty-four (24) hours before the AGM (refer to (A) in Appendix I). Please note that upon your registration to personally participate remotely and vote at the Meeting, any previous Form of Proxy submitted by you will be deemed revoked.

3.4 For body corporate, the original copy of Certificate of Appointment of Corporate Representative/ Power of Attorney/ other documents evidencing the appointment must be submitted to the Company's registered office at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, Wilayah Persekutuan no later than 25 May 2021 at 10.00 a.m..

3.5 All appointed proxy(ies) or Corporate Representative(s) **NEED NOT** register before the Meeting for remote participation and voting at the e-Portal. Upon successful processing of the Form of Proxy, Certificate of Appointment of Corporate Representative/ Power of Attorney/ other documents evidencing the appointment, the appointed proxy(ies) or Corporate Representative(s) will receive the login credentials from the Poll Administrator to participate remotely and vote at the Meeting.

4. Submission of Questions

4.1 Shareholders or proxies may submit their questions relating to the resolutions tabled at the Meeting via the real time submission of typed texts through the designated text box in the e-Portal before or during the live streaming of the 20th AGM. The Company will endeavour to respond to the questions submitted by the shareholders or proxies at the Meeting.

4.2 If you participate at the Meeting, you will be able to view a live webcast of the Meeting, submit questions and/or cast your votes in real time whilst the Meeting is in progress.

5. Voting Procedure

5.1 Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the Meeting will be conducted by poll. The Company has appointed AI Smartual Learning Sdn Bhd as the Poll Administrator to conduct the poll by way of electronic voting (e-Voting) and Aegis Communication Sdn Bhd as Independent Scrutineer to verify the poll results.

5.2 For the purpose of the Meeting, e-Voting can be carried out using personal smart mobile phones, tablets, personal computers or laptops.

5.3 The voting session will commence as soon as the Chairman of the Meeting calls for the voting to be opened until such time when the Chairman announces the closure of the voting.

6. Remote Participation and Voting (“RPV”)

6.1 Kindly follow the steps as set out in **Appendix I** to register for RPV.

Appendix I

Smartual E-Portal User Guide

BEFORE THE AGM

(A) Register as a user of Smartual e-Portal (“e-Portal”)
[if you are already a registered user of the e-Portal, please proceed to (B)]

Step 1 - Visit www.agm.virtualeagm.com

Step 2 - Register as a user. You are required to fill in your details and to upload a copy of your MyKad (front and back) or passport.

Step 3 - Upon successful verification, a notification email will be sent to your registered email within one (1) working day by the Poll Administrator.

Step 4 - Log in to e-Portal and verify your user account within one (1) day from the receipt of the notification email.

Notes:
1) This is a **ONE-TIME Registration**. If you are already a registered user of the e-Portal, you need not register again.
2) Your email address will be your User ID for login to the e-Portal.
3) All users must submit their registration as user of the e-Portal latest by **Tuesday, 25 May 2021 at 10.00 a.m.**.

ON THE AGM DAY ON THURSDAY, 27 MAY 2021 AT 10.00 A.M.

(A) Joining the Live Stream Meeting

Step 1 - For shareholders, log in to www.agm.virtualeagm.com with your registered User ID (email address) and password. For proxy holders and the Corporate/Authorised Representative, use the login credentials sent to you via email before the Meeting to log in.

Step 2 - Look for **“PRG Holdings Berhad”** under Company Name **and “20th AGM on Thursday, 27 May 2021 at 10.00 a.m. - Live Stream Meeting”** under the View Events page and click “view details” and click “next” after accepting the disclaimer.

Notes:
1) Please use **GOOGLE CHROME** to get maximum functionality.
2) You can log in thirty (30) minutes before the commencement of the 20th AGM. i.e. From 9.30 a.m. on Thursday, 27 May 2021.
3) You may submit your question relating to the resolutions tabled at the Meeting during the 20th AGM using the designated text box in the e-Portal. The Company will endeavour to respond to your question during the Meeting.
4) The quality of the live streaming is dependent on the stability of the internet connection at the location of the participants.

(B) Remote Online Voting during the AGM (e-Voting)
Step 1 - If you have already logged on to the e-Portal and accessing the Meeting, click "Watch Live" in the View Events page. **Step 2** - Cast your votes by clicking on "Vote" button under the "Action" and review your casted votes before submission. **Notes:** 1) The voting session will commence as soon as the Chairman of the Meeting calls for the voting to be opened until such time when the Chairman announces the closure of the voting. 2) If you are a proxy and the shareholder who appointed you has indicated how the votes are to be casted, then the shareholder's indicated votes in the Form of Proxy will be recorded accordingly. 3) The access to e-Voting will close after the Chairman of the Meeting announces the closure of the voting. 4) A copy of your submitted e-Voting can be accessed via My Records. Please refer to the left navigation panel in the e-Portal.
(C) End of the Remote Participation
The live streaming of the Meeting will end upon the announcement by the Chairman of the closure of the 20th AGM.

Enquiry

If you have any enquiries prior to the 20th AGM, please contact the following persons during office hours from Monday to Friday from 9.00 a.m. to 5.00 p.m. (except public holidays): -

Share Registrar

Bina Management (M) Sdn Bhd

Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

Contact person : Encik Mohd Irfan Hashriq Bin Remely
Telephone no. : 603 - 7784 3922
Email : team2@binamg168.com

e-Services Assistance

If you have any enquiry relating to your registration or access to the e-Portal, please contact the following persons during office hours from Monday to Friday from 9.00 a.m. to 5.00 p.m. (except public holidays):-

Poll Administrator

AI Smartual Learning Sdn. Bhd.

1-23-5, Menara Bangkok Bank, Berjaya Central Bank, Jalan Ampang,
50430 Kuala Lumpur, Malaysia

Contact Person : Mr David Cheng
Telephone No. : 6017 - 937 1579
Email : enquiry@virtualeagm.com

PRG
HOLDINGS BERHAD
(Reg. No. 200101005950 (541706-V))
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	
Contact No.	

FORM OF PROXY

*I/We ____ NRIC/Passport/Registration No.____
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

email address: ____ and mobile phone no.____

being a member of **PRG HOLDINGS BERHAD** (“Company”), do hereby appoint ____

____
(FULL NAME IN BLOCK LETTERS AND NRIC / PASSPORT NO.)

of ____
(FULL ADDRESS)

email address: ____ and mobile phone no.____

or failing him/her ____
(FULL NAME IN BLOCK LETTERS AND NRIC / PASSPORT NO.)

of ____
(FULL ADDRESS)

email address: ____ and mobile phone no.____

#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 **Twentieth (20th) Annual General Meeting** of the Company to be conducted on a fully virtual basis through live streaming from the broadcast venue at Lot C601, Capital 3 Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor on Thursday, 27 May 2021 at 10.00 a.m. or at any adjournment thereof on the following resolutions referred to in the Notice of 20th Annual General Meeting.

The proportion of *my/our shareholdings 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 to the Non-Executive Directors of up to RM282,000 from 28 May 2021 until the next AGM of the Company.		
2.	To re-elect Dato’ Dr Awang Adek bin Hussin who retires in accordance with Clause 92 of the Company’s Constitution.		
3.	To re-elect Dato’ Lua Choon Hann who retires in accordance with Clause 92 of the Company’s Constitution.		
4.	To re-appoint BDO PLT as the Company’s Auditors and to authorise the Directors to fix their remuneration.		
5.	To retain Mr Lim Chee Hoong as Independent Non-Executive Director.		
6.	Authority for Directors to issue shares.		
7.	Proposed Share Buy-Back Authority.		

(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.)

* *Delete if not applicable.*
\# *If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words “or failing him/her, the Chairman of the meeting” and insert the name(s) of the proxy(ies) you wish to appoint in the space(s) provided.*

Dated this__________day of__________2021

____
Signature or Common Seal of Shareholder

Notes:

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) ***WILL NOT BE ALLOWED*** to be physically present at the broadcast venue on the day of the 20th AGM.

   Shareholders or proxies are to participate and vote remotely at the 20th AGM via the remote participation and voting facilities provided by the Poll Administrator, Al Smartual Learning Sdn Bhd.

   Please refer to the Administrative Guide for the 20th AGM and follow the procedures provided in order to participate and vote remotely at the AGM.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 May 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.

3. 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.

4. 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.

5. 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.

Affix Stamp

THE COMPANY SECRETARY
PRG HOLDINGS BERHAD
(Reg. No. 200101005950 (541706-V))

c/o Archer Corporate Services Sdn. Bhd.
Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

6. To be valid, the original Form of Proxy, 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.

7. If the appointor is a corporation the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.

8. 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.

9. 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 and/or its agents the 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.

www.prg.com.my

PRG
HOLDINGS BERHAD
(Reg. No. 200101005950 (541706-V))

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