# PRG
HOLDINGS BERHAD

ANNUAL REPORT 2022

# 22nd ANNUAL GENERAL MEETING

| Date | Time | Broadcast Venue |
|---|---|---|
| 25 May 2023 | 1.00 p.m. | Unit 4.02, Level 4, Plaza Damansara Block A,<br>Bukit Damansara,<br>50490 Kuala Lumpur, WP Kuala Lumpur |

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# WHAT'S Inside the Book






SUSTAINABILITY
REPORT
pg. 28


FINANCIAL
STATEMENTS
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# PRG Values

## VISION

To be a **PREMIER COMPANY** of choice for our **STAKEHOLDERS** both locally and internationally.

## MISSION

Customer oriented

Innovative products

Creating values for customers and stakeholders

PRG Values
(cont'd)

## PRG stands for

# PREMIER GROUP

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

To achieve 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.

## CORE VALUES

### INTEGRITY

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

### COMMITMENT

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

### COMPETENCY

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

### TEAMWORK

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

### RESPECT

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

### INNOVATION

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

### CUSTOMER

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

# Corporate Information

## BOARD OF DIRECTORS

**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*

**Tan Sri Datuk Seri (Dr) Mazlan bin Lazim**

*Independent Non-Executive Director*

**Datin Arlina binti Ariff**

*Independent Non-Executive Director*

**AUDIT AND RISK MANAGEMENT COMMITTEE**

Lim Chee Hoong (Chairman)
Ji Haitao
Tan Sri Datuk Seri (Dr) Mazlan bin Lazim

**NOMINATION COMMITTEE**

Tan Sri Datuk Seri (Dr) Mazlan bin Lazim (Chairman)
Lim Chee Hoong
Ji Haitao

**REMUNERATION COMMITTEE**

Ji Haitao (Chairman)
Lim Chee Hoong
Tan Sri Datuk Seri (Dr) Mazlan bin Lazim

**LONG TERM INCENTIVE PLAN COMMITTEE**

Dato' Lua Choon Hann (Chairman)
Dato' Wee Cheng Kwan
Lim Chee Hoong
Ji Haitao

**COMPANY SECRETARIES**

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

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

**REGISTERED OFFICE**

Lot 5, Level 10
Menara Great Eastern 2
No. 50 Jalan Ampang
50450 Kuala Lumpur
WP Kuala Lumpur
Tel : (603) 2031 1988
Fax : (603) 2031 9788

**PRINCIPAL PLACE OF BUSINESS**

**Head office:**

Unit 4.02, Level 4
Plaza Damansara Block A
Bukit Damansara
50490 Kuala Lumpur
WP Kuala Lumpur
Tel : (603) 2011 0888
Fax : (603) 2011 8018

**PRINCIPAL BANKERS**

Alliance Islamic Bank Berhad
Bank of Communications (Hong Kong) Limited
Bank Pertanian Malaysia Berhad (Agrobank)
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
United Overseas Bank (Malaysia) Berhad
United Overseas Bank Limited
Vietcombank

**AUDITORS**

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

## Corporate Information (cont'd)

### 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

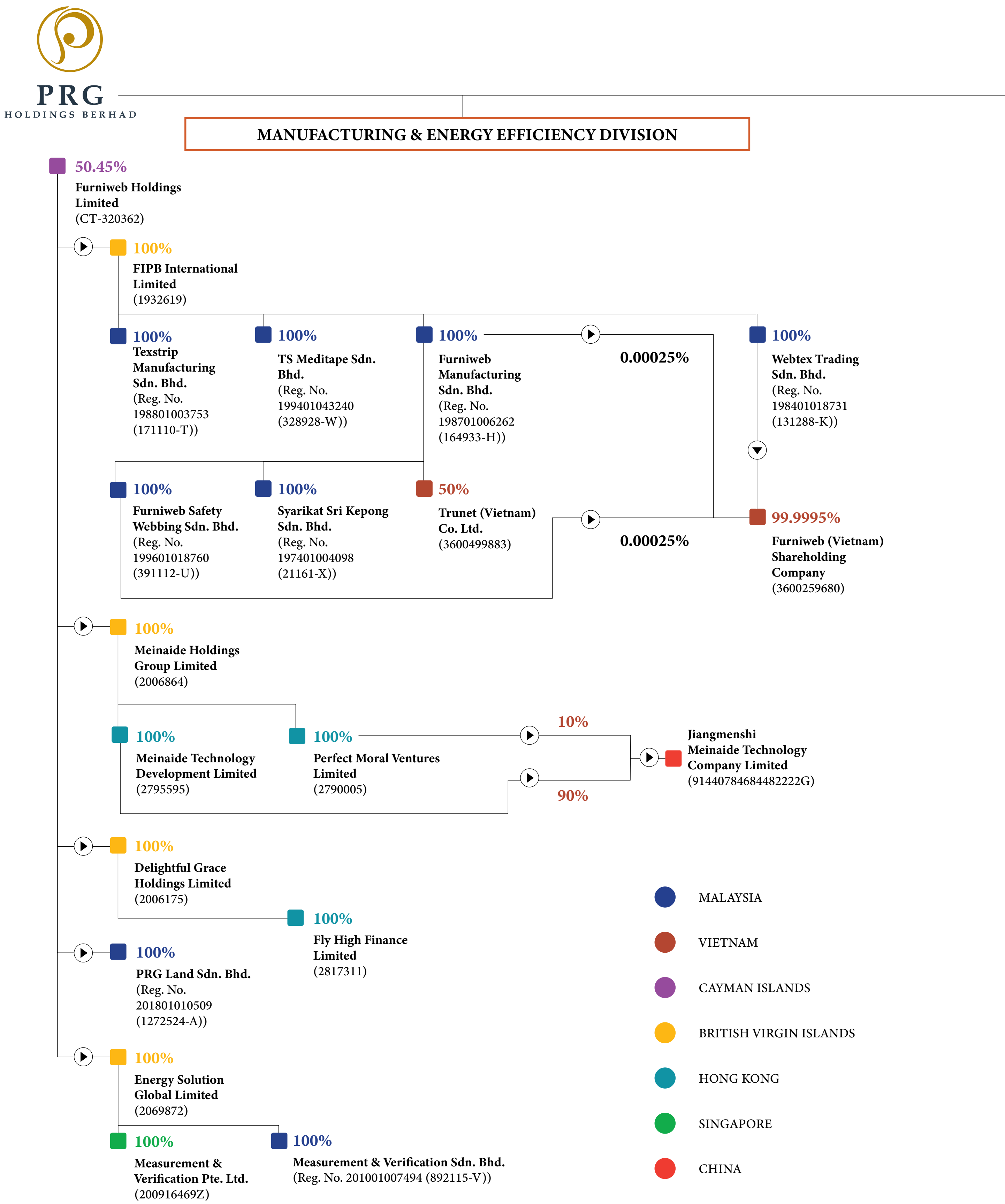
**Main Market of Bursa Malaysia Securities Berhad**
Stock Code : 7168
Stock Name : PRG

### 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 2023)



# Corporate Structure
(as at 31 March 2023)
(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%**
  **Premier Electrify Sdn. Bhd.**
  (Reg. No. 201601031252 (1202193-U))

**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))

- **49%**
  **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))

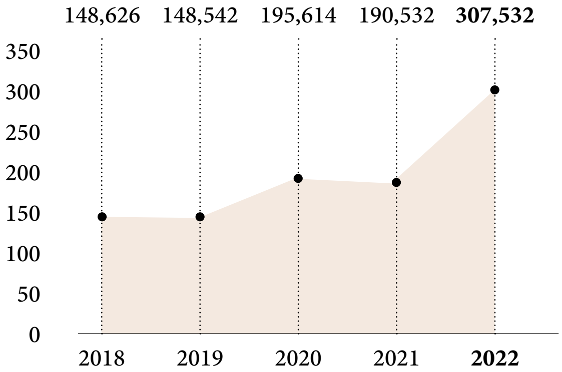
**100%**
**PRG Asset Holdings Sdn. Bhd.**
(Reg. No. 201801009459 (1271473-M))

# Group Financial Highlights

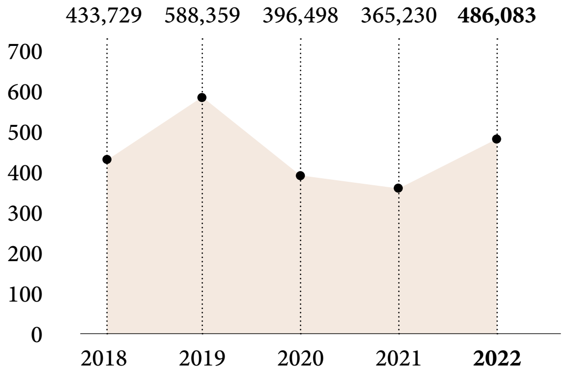
| Financial Year ended 31 December | | 2022 | 2021 | 2020 (restated) | 2019 (restated) | 2018 |
|---|---|---|---|---|---|---|
| **Operating Results** | | | | | | |
| Revenue | RM'000 | **307,532** | 190,532 | 195,614 | 148,542 | 148,626 |
| Profit/(Loss) before Tax | RM'000 | **58,036** | 15,596 | (26,759) | (69,500) | (5,260) |
| Profit/(Loss) attributable to Shareholders | RM'000 | **19,483** | (1,853) | (12,793) | (49,684) | (8,978) |
| **Financial Position** | | | | | | |
| Total Assets | RM'000 | **486,083** | 365,230 | 396,498 | 588,359 | 433,729 |
| Total Borrowings | RM'000 | **65,502** | 57,368 | 61,218 | 32,999 | 46,593 |
| Total Cash and Bank Balances | RM'000 | **71,469** | 37,741 | 34,874 | 23,386 | 35,079 |
| Shareholders' Equity | RM'000 | **169,484** | 150,560 | 153,830 | 158,188 | 131,958 |
| **Financial Ratios** | | | | | | |
| Return On Equity | % | **11.50** | (1.23) | (8.32) | (31.41) | (6.80) |
| Return On Revenue | % | **6.34** | (0.97) | (6.54) | (33.45) | (6.04) |
| Debt/Equity | % | **38.65** | 38.10 | 39.80 | 20.86 | 35.31 |
| Net Gearing Ratio | times | **Net cash** | 0.13 | 0.17 | 0.06 | 0.09 |
| **Share Information** | | | | | | |
| Gross Dividends Per Share | sen | **-** | - | - | - | - |
| Basic Earnings/(Loss) Per Share | sen | **4.54** | (0.43) | (3.05) | (14.42) | (2.93) |
| Net Assets Per Share | sen | **39.47** | 35.06 | 35.82 | 39.26 | 42.52 |

## Group Financial Highlights (cont'd)

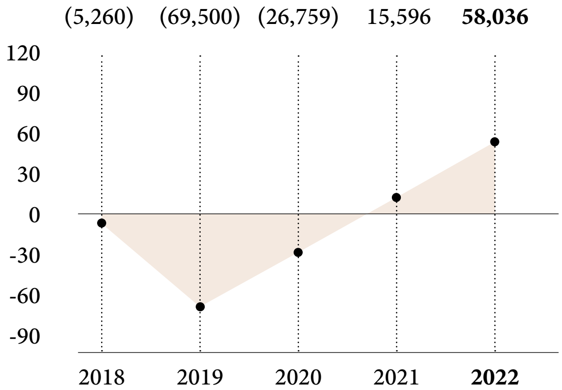
**REVENUE**
(RM'000)



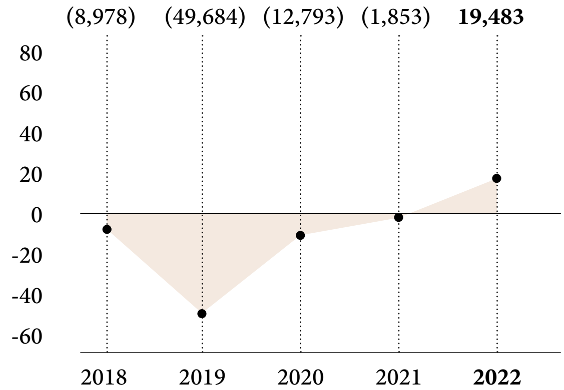

**TOTAL ASSETS**
(RM'000)



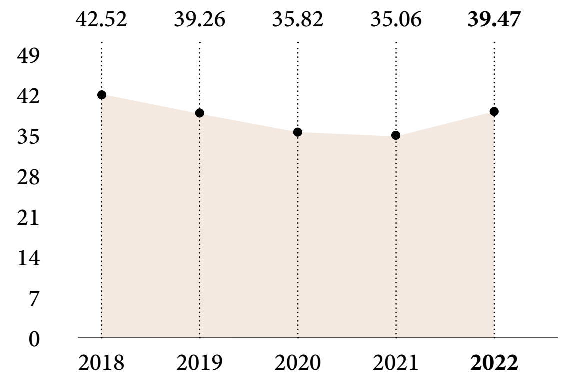

**PROFIT/(LOSS) BEFORE TAX**
(RM'000)



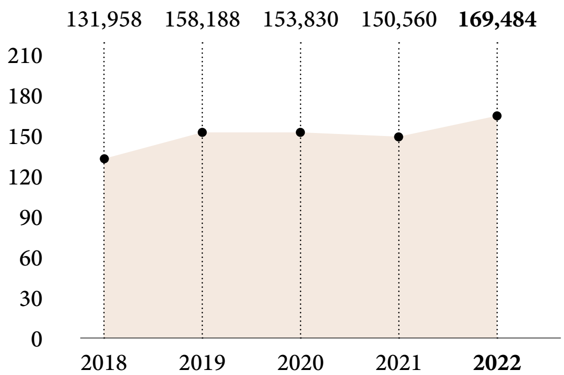

**PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS**
(RM'000)




**NET ASSETS PER SHARE**
(sen)




**SHAREHOLDERS' EQUITY**
(RM'000)



# Management Discussion and Analysis

## Dear valued shareholders,

**On behalf of the Board, I would like to 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 the financial year ended 31 December 2022 ("FY2022"). As the world reopens its borders gradually, the economy and the sentiment are slowly recovering to the pre pandemic level.**

**Dato' Lua Choon Hann**
Group Executive Vice Chairman

### Financial review

The past year has been marked by unprecedented challenges, including the sustained impact of the worldwide pandemic, the intensifying conflict in Ukraine, supply chain disruptions, fluctuating exchange rates, inflationary pressure, and a rise in material costs. Despite these challenges, the Group performed remarkably well and achieved a significant growth in revenue, for FY2022 of RM307.5 million, has increased by RM117.0 million as compared to corresponding period of the financial year ended 31 December 2021 ("FY2021"). The Group also recorded a profit after tax of RM43.1 million, an impressive surge of 453% from last year profit of RM7.8 million. The improvement of results mainly contributed by higher percentage of sales and construction progress of Embayu @ Damansara West ("Embayu Project") project and recognition of progress billing of energy solution contracts from newly acquired energy efficiency division.

The overall gross profit margin of the Group decreased from 34.0% to 29.3%, mainly due to the disposal of security brokerage business, which contributed higher gross profit margin for FY2021 and the closure of the Retail Division. By excluding the impact of the disposal and the closure of the Retail Division, gross profit margin was 28.4% for FY2021.

The other income of the Group decreased from RM17.7 million to RM6.5 million, mainly due to reversal of expenses in FY2021, contributed by the Retail Division which ceased operations in 2021.

The distribution costs of the Group decreased from RM7.6 million to RM4.3 million, mainly due to closure of retail store in Singapore in the second quarter of 2021 and disposal of its security brokerage business in March 2021. Hence, there was no distribution costs incurred by the Retail Division and security brokerage business during the FY2022.

The administrative expenses of the Group decreased from RM49.7 million to RM34.1 million mainly due to one-off impairment loss on assets of RM15.7 million in FY2021.

**Revenue RM307.5 million (FY2022)**
**RM190.5 million (FY2021)**

**"The improvement of results mainly contributed by higher percentage of sales and construction progress of Embayu project and recognition of progress billing of energy solution contracts from newly acquired energy efficiency division"**

## Review of Business Operations and Strategies

### Property Development and Construction

Property development and construction division recorded revenue of RM144.1 million, which is RM89.1 million higher than RM55.0 million recorded in the corresponding period of FY2021. The higher revenue is mainly due to higher revenue contributed by Embayu Project of RM88.2 million (2022: RM131.1 million, 2021: RM42.9 million), which in line with the higher sales and project progress. The increase was also due to new project (Picasso Residence) taken by Premier Construction (International) Sdn. Bhd. in Q1 2022, which has generated a revenue of RM8.3 million in FY2022 (2021: RM Nil).

Increase in gross profit by property development and construction division by RM30.5 million mainly due to higher revenue recognition from Embayu Project. While the gross profit margin was increased from 32.8% to 33.7%, due to revision of gross profit margin from 33.9% to 39.5% for Embayu Project after the awarding of main building works and conversion from Rumah Selangorku ("RSKU") to normal unit in Q4 2021.

**The higher revenue is mainly due to higher revenue contributed by Embayu Project of**

**RM88.2 million**

### Agriculture

Lower revenue was generated from agriculture division in FY2022 (2021: RM2.2 million) and a loss before tax before tax of RM4.5 million was incurred (2021: RM1.9 million), as the site operations were badly affected by raining season in the FY2022.

### Manufacturing

The revenue from the manufacturing division for the FY2022 was approximately RM112.1 million (2021: RM116.2 million), which was decrease of RM4.1 million or 3.5% as compared to FY2021 mainly due to decreased in sales order of certain products.

(i) Elastic textile

For the FY2022, the revenue of elastic textile was approximately RM36.9 million (2021: RM28.3 million), increased by approximately RM8.6 million or 30.4% as compared to FY2021, mainly due to an increase in sales volume from customers in Asia Pacific region, North America and Europe during the financial year.

**Revenue of elastic textile RM36.9 million**

**(2021: RM28.3 million)**

(ii) Webbing

For the FY2022, the revenue of webbing was approximately RM43.2 million (2021: RM47.1 million), decreased by approximately RM3.9 million or 8.3% as compared to FY2021. This was mainly attributable to a lower demand for furniture webbing products from customers in Asia Pacific region during the financial year as the customers have not resumed production capacity to pre-pandemic level. Nonetheless, the revenue of seatbelt webbing increased by RM3.2 million as a result of an increase in sales volume.

# Management Discussion and Analysis (cont'd)

## Manufacturing (Cont'd)

(iii) Other manufacturing products

During the FY2022, the revenue of other manufacturing products was approximately RM32.0 million (2021: RM40.8 million), decreased by approximately RM8.8 million or 21.6% as compared to FY2021, mainly due to a decrease in revenue contributed by both PVC related products and rubber tapes products as compared to FY2021.

The higher profit before tax for manufacturing division for FY2022 was mainly due to impairment losses on goodwill and other assets amounted to RM18.3 million recorded in the preceding year (2021: RM Nil). Despite the slight decrease in revenue, the manufacturing division recorded a profit before tax of RM12.4 million, higher than last year profit before tax (excluding the one-off impairment losses) of RM9.6 million.

## Energy Efficiency

The Group ventured into energy efficiency business in December 2021 by acquiring 37.25% issued share capital of Energy Solution Group Limited ("ESGL"), whose subsidiaries in Singapore and Malaysia mainly provide smart energy saving solution by designing and installing energy-efficient heating, ventilation and air conditioning systems which aims to achieve optimal energy consumption, lower greenhouse gas emissions and reduction in energy cost.

**62.75%**

**The Group further acquired the remaining issued share capital of ESGL**

Subsequently, the Board was of the view that the energy efficiency business has great potential in the future, therefore the Group further acquired the remaining 62.75% issued share capital of ESGL. Upon completion on 29 August 2022, ESGL and its subsidiaries became wholly- owned subsidiaries of Furniweb Holdings Limited ("FHL").

During the FY2022, the revenue of the energy efficiency division, comprising of energy solution contracts and maintenance service contracts, was approximately RM49.8 million (2021: RM Nil).

The energy efficiency division recorded a strong revenue during the FY2022 by securing a few major projects, in particular, Singapore Changi Airport Terminal 2 and data centres projects.

This new division contributed a profit before tax of RM13.0 million in FY2022 (including the share of profit of associates from January to August 2022 of RM3.7 million and a gain on deemed disposal of an associate of RM2.1 million) as compared to last year share of profit from associates of RM0.5 million.

## Retail Division

No revenue was generated from the retail division since the second quarter of 2021 when the Group closed the retail store in Singapore due to the difficulties in operations given the prolonged COVID-19 pandemic and closure of borders.

### Others

The revenue of RM15.0 million for FY2021 was mainly contributed by the security brokerage business disposed by the Group in March 2021 (2022: RM Nil).

## CORPORATE DEVELOPMENT

### (a) Acquisition of the remaining 62.75% stake in ESGL by the 50.45%-owned subsidiary of PRG, FHL

The Group ventured into energy efficiency business in December 2021 by acquiring 37.25% issued share capital of ESGL, whose subsidiaries in Singapore and Malaysia mainly provide smart energy saving solution by designing and installing energy-efficient heating, ventilation and air conditioning systems which aims to achieve optimal energy consumption, lower greenhouse gas emissions and reduction in energy cost.

On 8 June 2022, FHL conditionally agreed to acquire the remaining 62.75% interest in ESGL from Dato' Ng Yan Cheng (the "Vendor") by entering into a sale and purchase agreement which was supplemented by the supplemental agreement dated 13 June 2022 for a total consideration of HKD58,191,840.00 (equivalent to RM31,423,594.00) to be settled partial by consideration shares and partial by cash ("Further Acquisition"). The Further Acquisition was completed on 29 August 2022 and FHL had issued 41,565,600 new shares to the Vendor upon completion (1st tranche of payment). The 2nd tranche of payment of HKD14,547,960.00 (equivalent to approximately RM8,323,000.00) was paid in early March 2023 as per the timeline stipulated in sale and purchase agreement.

Upon completion, ESGL and its subsidiaries became wholly-owned subsidiaries of FHL, and the results of operation and financial position of ESGL and its subsidiaries will be consolidated into the financial statements of the Group.

### (b) Establishment of a long term incentive plan (the "LTIP") of up to 15% of the total number of issued shares in PRG

On 2 June 2022, the listing and quotation of new PRG shares pursuant to LTIP was approved by Bursa Malaysia Securities Berhad subject to the conditions stated in the announcement dated 3 June 2022. The resolutions were duly passed by shareholders of the Company at the extraordinary general meeting on 8 August 2022. The LTIP was implemented on 1 November 2022.

By offering employees stock options, they will have a direct stake in the Group's performance and are incentivised to work towards its success. This can lead to increased motivation, loyalty and productivity among employees. Additionally, this LTIP can be used as a tool to align the interest of management with shareholders, retain top talent, and encourage a culture of accountability and transparency.

## RISK MANAGEMENT & APPROACHES

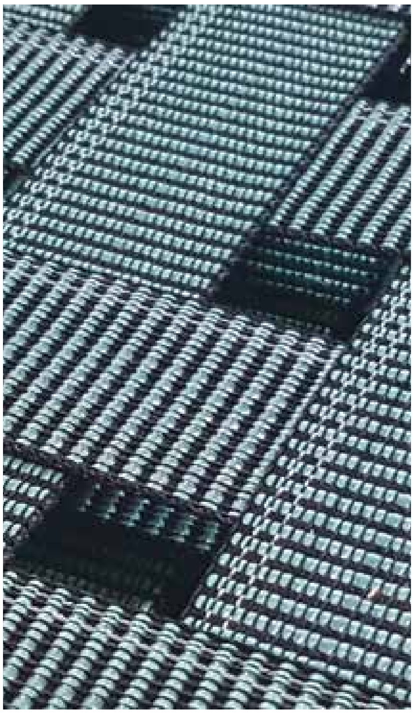
As our group's operating assets are spread across Malaysia, Vietnam, Singapore, Hong Kong and the People's Republic of China, our business, financial conditions and operations rely on the political and regulatory developments of local governments and authorities.

On the external front, although the Omicron coronavirus variant is now having less impact but the Russian–Ukraine crisis can easily derail the recovery engine as it jolted market with high oil prices, disrupted supply-chain and inflated raw material prices across the industries. The sanctions over Russia also caused volatility in the currency market and made our operating environment challenging.

The Group constantly reassesses its risk exposure and seeks to optimise the balance between opportunities and risks, both in operations and strategic direction.

" By offering employees stock options, they will have a direct stake in the Group's performance and are incentivised to work towards its success. "

## Management Discussion and Analysis (cont'd)



### FUTURE PROSPECTS

The property market in Malaysia remains challenging. The recent increases in overnight policy rate in year 2022 will have a significant impact on the property market. Further, the shortage of skilled manpower, increase in construction material prices and labour cost will affect the progress and performance of property development and construction division. The Group will continue to monitor and implement appropriate business strategies and cost rationalisation strategies in order to address the challenges and risks.

The supply chain disruption coupled with the rising costs of material and slow demand remain as the major challenges that affect manufacturing operations. In view of the uncertainty of the global economy, the Group will continue to operate within the constraints, revisit the market demand and pricing strategies, as well as rationalise the cost structure in order to stay competitive in the market.

The agriculture division will continue facing challenges from the operating costs escalation and labour shortages issues. As such, the Group will continue to manage its risks and improve its operating processes as the Group believes that agriculture division will contribute positively to the Group with the anticipation of increasing demand and teak wood prices.

Global energy consumption is expected to continue growing in 2023 amid a slowing economy. The energy prices remaining high and possible contraction in gas and oil supplies from Russia have driven the needs and urgency to reduce energy consumption globally. The Group is of the view that governments will move towards the direction of reducing greenhouse gas emissions by establishing climate change mitigation policies and promoting energy efficiency initiatives. With the support from governments, rising energy costs and the global push for environmental, social and governance initiatives, the Group believes the newly ventured energy efficiency business will contribute positively to the Group's results.

The global economy is facing an increasingly gloomy and uncertain outlook, the Group will remain resilient and vigilant to manage the associated risks in order to maintain the sustainability of the businesses.

**Dato' Lua Choon Hann**
Group Executive Vice Chairman

# PRG Events

## April 2022

### 22 April 2022

Fire Drill


## May 2022

### 11 May 2022

Directors Visit to Embayu Sales Gallery and Site

### 13 May 2022

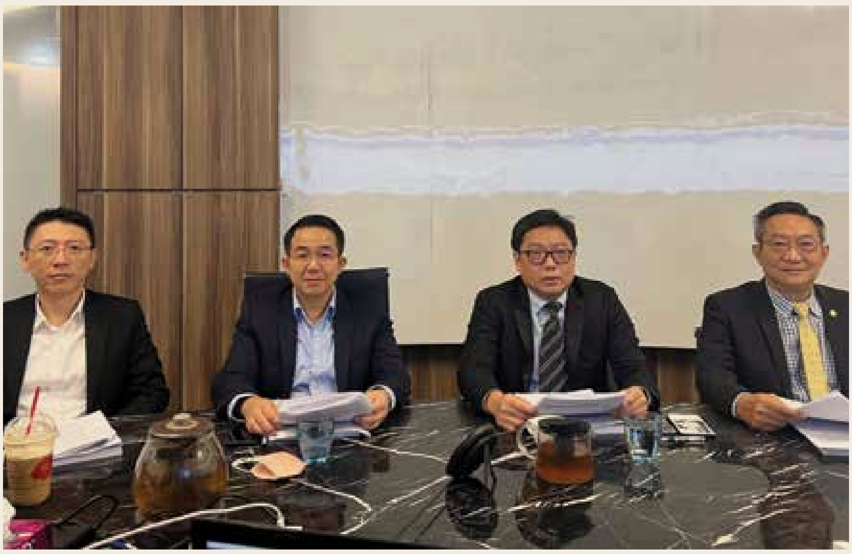
Fire Drill

## June 2022

### 30 June 2022

Furniweb Holdings Limited's 5th Annual General Meeting

PRG Holdings Berhad's 21st Annual General Meeting



PRG Events
(cont'd)

# August 2022

**8 August 2022**

PRG's Extraordinary General Meeting – Proposed Acquisition of The Remaining 62.75% Equity Interest In Energy Solution Global Limited by Furniweb Holdings Limited

FHL's Extraordinary General Meeting – Proposed Acquisition of The Remaining 62.75% Equity Interest In Energy Solution Global Limited

**31 August - 3 September 2022**

Vietnam International Furniture & Home Accessories Fair 2022



## PRG Events (cont'd)


# September 2022

**18-20 Sep 2022**

Directors' Singapore Site Visit (Visit to newly acquired Energy Efficiency Division)


# October 2022

**13 October 2022**

Fire Drill

# Directors' Profile

Malaysian / 46 / Male

## DATO' LUA CHOON HANN

GROUP EXECUTIVE VICE CHAIRMAN

**Date of Appointment:**

1 November 2013

**Academic / Professional Qualification / Membership(s):**

- Bachelor of Law, University of Cardiff

**Board Committee(s):**

- Long Term Incentive Plan Committee (Chairman)

**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 2022:**

8/8

## Directors' Profile (cont'd)

Malaysian / 46 / Male

# DATO' WEE CHENG KWAN

**MANAGING DIRECTOR - PROPERTY & CONSTRUCTION**

### Date of Appointment:

5 August 2013

### Academic / Professional Qualification / Membership(s):

- Bachelor of Civil Engineering, University of Portsmouth (1997 - 1999)

### Board Committee(s):

- Long Term Incentive Plan Committee

### Present Directorship(s):

**Listed entity:**
Nil

**Other public company:**
Nil

### Present Appointment(s):

- Director, Widuri Capital Management Sdn Bhd

### Past Appointment(s):

- Structural Engineer, Chiu Teng Construction Pte. Ltd. (Singapore)
- Engineer, L&M Foundation Specialist Pte. Ltd. (Singapore)

### Number of Board Meetings attended during financial year 2022:

8/8

## Directors' Profile (cont'd)

Singaporean / 46 / Male

# NG TZEE PENN

**EXECUTIVE DIRECTOR**

### 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 2022:

8/8

### Others:

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

Directors' Profile
(cont'd)

Malaysian / 62 / Male

# LIM CHEE HOONG

INDEPENDENT NON-EXECUTIVE DIRECTOR

**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
- Long Term Incentive Plan Committee

**Present Directorship(s):**

**Listed entity:**
- 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, TNL Partners PLT
- 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 2022:**

8/8

## Directors' Profile (cont'd)

Australian / 46 / Male

# JI HAITAO

INDEPENDENT NON-EXECUTIVE DIRECTOR

**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
- Long Term Incentive Plan 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 2022:**

8/8

Malaysian / 61 / Male

# TAN SRI DATUK SERI (DR) MAZLAN BIN LAZIM

## INDEPENDENT NON-EXECUTIVE DIRECTOR

### Date of Appointment:

24 August 2022

### Academic / Professional Qualification / Membership(s):

- Bachelor of Science Resource Economics from Universiti Putra Malaysia (UPM)
- Master of Science in Human Resouces Development from Universiti Putra Malaysia (UPM)
- Conferred Honorary Degree of Doctor of Strategic Management by Open University Malaysia (OUM)

### Board Committee(s):

- Nomination Committee (Chairman)
- Audit and Risk Management Committee
- Remuneration Committee

### Present Directorship(s):

**Listed entity:**

- Microlink Solutions Berhad (March 2022 - present)
- Computer Forms (Malaysia) Berhad (May 2022 - present)
- Ho Hup Construction Company Berhad (August 2022 - present)

**Other public company:**

Nil

### Present Appointment(s):

- Independent Non-Executive Director, Mircrolink Solutions Berhad
- Independent Non-Executive Chairman, Ho Hup Construction Company Berhad
- Independent Non-Executive Chairman, Computer Forms (Malaysia) Berhad
- Advisor, Segastia Sdn. Bhd.
- Members of the Commission, Suruhanjaya Komunikasi Dan Multimedia Malaysia (SKMM) (February 2022 - present)
- Chairman, PBLT Sdn. Bhd. (wholly owned by MOF Inc.) (February 2022 - present)
- Director, Dhaiya Maju Ltat Sdn. Bhd. (DMIA) (January 2022 - present)

### Past Appointment(s):

- Independent Non-Executive Chairman, AHB Holdings Berhad (February 2022 - September 2022)
- Deputy Inspector-General of Police of Malaysia (DIG) (June 2021 - December 2021)
- Various positions in Polis Di Raja Malaysia (PDRM - Royal Malaysian Police) (1986 - 2021)

### Number of Board Meetings attended during financial year 2022:

1/1

## Directors' Profile (cont'd)

Malaysian / 61/ Female

# DATIN ARLINA BINTI ARIFF

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

### Date of Appointment:

20 April 2023

### Academic / Professional Qualification / Membership(s):

- B.A. (Honours) in Economics, Carleton University, Ottawa, Canada (1981-1985)
- Post-Graduate Diploma in Quantitative Development Economics, University of Warwick Coventry, England (1993-1994)
- MSc. in Quantitative Development Economics, University of Warwick Coventry, England (1994-1995)
- Masters in Islamic Finance Practice, INCEIF, Kuala Lumpur, Malaysia (2013-2016)

### Board Committee(s):

Nil

### Present Directorship(s):

**Listed entity:**
Nil

**Other public company:**
Nil

### Present Appointment(s):

Nil

### Past Appointment(s):

- Director, Financial Inclusion Department, Bank Negara Malaysia (September 2000 - July 2022)
- Director, LINK & Regional Office Department, Bank Negara Malaysia (October 2012 - September 2020)
- Director, Human Capital Development Centre, Bank Negara Malaysia (January 2008 - October 2012)
- Deputy Director, Economics Department, Bank Negara Malaysia (April 2006 to January 2008)
- Deputy Director, Monetary Analysis & Strategy Department, Bank Negara Malaysia (September 2000 to April 2006)
- Chief Analyst, SJ Securities Sdn. Bhd. (March 1999 - September 2000)
- Senior Economist, SJ Securities Sdn. Bhd. (August 1997 - February 1999)
- Various position in Bank Negara Malaysia (1985 - 1997)

### Number of Board Meetings attended during financial year 2022:

N/A

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 2022.

All the Independent Non-Executive Directors satisfied the criteria required of an independent director as defined under Bursa Malaysia Securities Berhad's Main Market Listing Requirements, 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 ENG CHUAN

**CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR OF FURNIWEB HOLDINGS LIMITED**

**Malaysian / 76 / 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 - 2019)
- 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**

**Malaysian / 51 / 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 (February 2017 - Present)
- Head of Equity Syndication of Group Investment Banking, Kenanga Investment Bank Berhad (2011 - 2013)
- Head of Equity Capital Markets, RHB Investment Bank Berhad (2007 - 2011)
- Senior Vice President, Institutional Sales, CIMB Securities (February 2006 - December 2006) & Affin-UOB Securities (July 2000 - February 2006)
- Portfolio Management Officer, AMMB Asset Management Sdn. Bhd. (1995 - 2000)

## Management Team (cont'd)

### HO PHEI SUAN

**CHIEF FINANCIAL OFFICER OF FURNIWEB HOLDINGS LIMITED**

**Malaysian / 43 / 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)

### TAN CHOONG WEI

**CHIEF OPERATING OFFICER, PROPERTY DEVELOPMENT DIVISION**

**Malaysian / 44 / 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)

## Management Team (cont'd)

### DATUK YOO WEI HOW

MANAGING DIRECTOR, AGRICULTURE

**Malaysian / 50 / 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.

### KANG BOON LIAN

MANAGING DIRECTOR, ENERGY EFFICIENCY

**Singaporean / 53 / Male**

**Date of Appointment:**

21 October 2013

**Academic / Professional Qualification / Membership(s):**

- BE (Hons) National University of Singapore
- Professional Engineer (P.Eng)
- NEA Registered Energy Efficiency Opportunity Assessor (EEOA)
- NEA Registered Qualified Energy Services Specialist (QuESS)
- BCA Registered Energy Auditor (EA)
- Green Mark Advanced Accredited Professional (GM AAP)
- Singapore Certified Energy Manager (SCEM)

**Present Directorship(s):**

**Listed entity:**
Nil

**Other public company:**
Nil

**Working Experience:**

- Business Development Director, Trane
- Business Development Director, Johnson Controls Inc (JCI)

None of the above 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 the financial year ended 31 December 2022 ("FY2022"). 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 Malaysia Securities Berhad ("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 achieves 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 on 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 the new Energy Efficiency Division which the Group completed its acquisition in August 2022, with operations in Malaysia, Vietnam, China and Singapore.

Furniweb Holdings Limited ("FHL"), a 50.45%-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.

### 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<br>• Training and career development<br>• Talent retention<br>• Employee welfare<br>• Occupational health and safety | • Appraisal meetings<br>• Training programmes<br>• Individual development plans<br>• Circulation of internal memos<br>• Email communications<br>• Employee engagement activities<br>• Festive gatherings<br>• Team building activities<br>• Meetings with the management<br>• Weekly sport activities |

## Sustainability Report (cont'd)

### MATERIALITY ASSESSMENT (CONT'D)

#### Stakeholder Engagement (Cont'd)

| Stakeholder | Key Areas of Concern | Engagement Platform |
|---|---|---|
| **Customers** | • Brand reputation<br>• Products and services quality<br>• Delivery schedule<br>• Customer satisfaction<br>• Data privacy | • Social media<br>• Official website<br>• Launches/Marketing Events<br>• Dedicated sales and marketing personnel to liaise with customers and to follow up with customers' feedback |
| **Shareholders & Investors** | • Financial performance<br>• Business strategies and directions<br>• Compliance with regulations<br>• Corporate governance and transparency<br>• Ethics and integrity | • Annual and quarterly reports<br>• Annual and quarterly results announcements<br>• Annual General Meeting ("AGM")<br>• Extraordinary General Meeting ("EGM")<br>• Announcements on Bursa Securities<br>• Investor relations section of the Company's website<br>• Press release and coverage |
| **Regulators & Authorities** | • Compliance with laws, regulations, guidelines and national policies<br>• Governance compliance<br>• Occupational health and safety | • Emails/ letters<br>• Dialogues with the authorities<br>• Workshops and trainings organised by the relevant regulatory authorities |
| **Vendors/ Suppliers** | • Development of vendor and supplier long-term relationship<br>• Stable quality supply and on time delivery | • Negotiations with vendors/ suppliers<br>• Supplier periodical performance evaluation<br>• New vendor evaluation and registration |
| **Media** | • Company Reputation<br>• Publicity<br>• Business performance | • Ongoing engagement sessions and interviews<br>• AGM and EGM<br>• Press release and coverage<br>• 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 Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), 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 things, 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 and communicate the Group's expectation to promote environmentally and socially responsible practices to the suppliers. To identify and manage environmental and social risks along the supply chain, the Group also performs 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 that are generally obtained prior to certain procurements to ensure the competitiveness of their pricing. Suppliers failed 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.

**"The Group will take all reasonable efforts to conduct appropriate evaluations and assess the background information of the potential suppliers and communicate the Group's expectation to promote environmentally and socially responsible practices to the suppliers."**

#### 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 evaluates the suppliers from time to time and performs tests on samples collected from potential suppliers before engaging 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 GB/T19001-2016/ISO 9001: 2015, GB/T24001-2016/ISO 14001: 2015, IATF 16949:2016, Oeko-Tex® Standard 100 Product Class I & II, ISO 13485: 2016 and BRC Global Standard for Packing Materials Issue 6: August 2019. As the Group is to supply to textile industry, the Oeko-Tex® Standard 100 is widely used in this industry as a uniform global standard of testing and certification. The Oeko-Tex® Standard 100 tests harmful substances at all stages of production, including raw materials, semi-finished products and finished products. Only manufacturers who comply with strict testing and inspection procedures and provide verifiable quality assurance are allowed to place the Oeko-Tex label on their products. The Group's management team members have equipped themselves with risk management knowledge by having attended risk management training, including understanding of ISO 9001 quality management system.

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

The Group secures its intellectual property by using trademarks, confidential information and other applicable forms of legal protection. The Group had registered seven trademarks and eight domain names in Malaysia, Vietnam, Singapore 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 customers' personal data. Data is the valuable asset to 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.

**"The Group had registered seven trademarks and six domain names in Malaysia, Vietnam, Singapore and People's Republic of China which are material in relation to the business."**

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### 2. Environmental (Cont'd)

#### 2.1 Environment Management System (Cont'd)

##### 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. All disposals and handling of the non-hazardous wastes and hazardous wastes produced during the production from the Group are strictly compliance to related laws and regulations in Malaysia and Vietnam.

##### 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 lowering 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.

**"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."**

**"All disposals and handling of the non-hazardous wastes and hazardous wastes produced during the production from the Group are strictly compliance to related laws and regulations in Malaysia and Vietnam."**

# Sustainability Report (cont'd)

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### 2. Environmental (Cont'd)

#### 2.1 Environment Management System (Cont'd)

##### 2.1.2 Use of resources (Cont'd)

**Electricity**

The Group's electricity is mainly consumed by operations of machineries at factories and construction sites, the confinement centres and office daily use. Besides upgrading our facilities with higher energy efficiency, the proper production planning was in place and monthly monitoring on the energy consumption are carried out to manage the use of energy. The Group also carried out the energy saving equipment enhancement where appropriate to achieve high energy efficiency. In the previous financial year, the Group had replaced the traditional light bulbs with electricity-saving light bulbs at the offices and factories to reduce energy consumption.

> "Employees are encouraged to use natural ventilation instead of air-conditioning whenever the conditions are allowed."

In addition, the Group has encouraged employees to use electricity efficiently and the lights are being switched off during lunch and after normal working hours. Employees are encouraged to turn off idle machines and office equipment when they are not in use. The temperature of the office will maintain between 24°C and 26°C and employees are encouraged to use natural ventilation instead of air-conditioning whenever the conditions are allowed. The Group will continually review the energy consumption and seek to further reduce energy consumption and electricity consumption.

Apart from exploring opportunities to further improve energy efficiency, the Group has also taken green initiatives into account for our network related operations and production and we work closely with the energy consultant by exploring opportunities to apply energy-efficient solutions at our plants.

The new energy efficiency business of the Group is using energy efficiency management system to help our customers to optimise energy usage and contribute positively to environmentally-regenerative growth at the corporate and national levels, for the benefit of current and future generations.

**Water**

Water is mainly consumed for dyeing process at factory, 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.

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### 2. Environmental (Cont'd)

#### 2.1 Environment Management System (Cont'd)

##### 2.1.2 Use of resources (Cont'd)

**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;

Engaging employees to use double-side printing and reuse papers on one side in order to reduce paper;

Using 70gsm paper for printing;

Any announcement or information, the management would 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. The Group continues exploring the use of alternative packaging method or use of recycled packaging materials in order to reduce the consumption of packaging 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 to conduct regular assessment to seek better ways to contribute to environmental protection.

##### 2.1.3 Environmental and natural resources

The Group is not involved in any activities that have direct or significant impact on the natural resources in the course of the business operation.

## Sustainability Report (cont'd)

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### 2. Environmental (Cont'd)

#### 2.1 Environment Management System (Cont'd)

#### 2.1.3 Environmental and natural resources (Cont'd)

In consideration of the potential threats of climate change to the communities, the Group has made steady progress in reducing its carbon footprints across its businesses. Emissions of GHG by the Group were mainly contributed by the boiler steam, consumption of electricity of machineries and wastewater. Regular assessments were carried out on the wastewater and steam emission from boiler to ensure the Group's operation does not have negative impact to the 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.

As part of Group's strategy to reduce the emissions, hazardous and non-hazardous wastes as well as electricity and water consumptions, a series of machine upgrades such as dyeing machine and water treatment plant has been planned.

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.

#### 2.1.4 Climate change

Climate change is one of the biggest global challenges faced by the society nowadays. The Group adheres and responds to local government policies and initiatives in the identification and mitigation of significant climate-related issues. Extreme weather may cause physical damage to our assets or impact to our supply chain, increase our repair and maintenance costs, hence directly and indirectly affecting the Group's operational efficiency and financial performance. Although such events might be beyond control, the Group believes that all stakeholders could work together to address climate change.

Apart from the steps and actions as set out above, the Group employs multiple ways to reduce GHG. For instance, 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. The Group will continue to achieve the targets of reducing our own operational GHG emissions and support energy efficiency solutions and technologies.

**"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."**

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### 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 human resource policies are conducive to build a better working environment, more development opportunities and attractive employee benefits which have contributed to employees' satisfaction levels and retention level. The Group aims to provide an enriching environment of a professional and harassment-free working environment. As part of its human resources policies, the Group organises recreational activities, such as team building and training programs, celebration of festivals and annual dinners to strengthen the bond among the employees. The team building and/or celebration of festivals and annual dinners were not organised since year 2020 due to the outbreak of COVID-19, as part of preventive measures of the Group. The Group always adhering to the Standard Operating Procedures ("SOPs") in relation to COVID-19, maintaining social distancing and reducing physical interaction, to protect health and safety of our employees.

##### 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 ("OSHC") 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 OSHC 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.

**"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."**

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### 3. Social (Cont'd)

#### 3.1 Employment (Cont'd)

##### 3.1.1 Health and Safety (Cont'd)

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 strictly adheres 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:

- all visitors must wear a face mask, temperature check and perform self-test before entering into office/factories;
- 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;
- providing hands sanitiser for all employees and visitors;
- adopting work from home for management staff to reduce social contact;
- cleaning and disinfecting offices and factories regularly;
- adopting alternate working day to minimise the number of employees in the office. These arrangements were modified in line with the various phase of the Movement Control Orders ("MCO");
- employees must practice physical distancing at all time;
- leverage on technology by providing the video conferencing tools to reduce or avoid face-to-face interactions; and
- employees are advised not to come to work, and to see doctor immediately, if found any symptoms of the COVID-19;
- performing mandatory COVID-19 testing for all manufacturing staffs and construction workers at project sites.

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### 3. Social (Cont'd)

#### 3.1 Employment (Cont'd)

##### 3.1.1 Health and Safety (Cont'd)

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 FY2022, there was 132 work-days lost due to work-related injury. During the past three years including the current financial year, 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 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 FY2022, the Company had organised our Annual General Meeting and Extraordinary General Meeting with shareholders' remote participation and voting.

##### 3.1.3 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 provides both internal and external trainings for the employees, including specialised trainings for different departments, management trainings as well as soft skills trainings. Moreover, the Group's guidelines are established to assess the performance of employee so as to identify and implement development programs for employees.

The Group also organised some 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.

## Sustainability Report (cont'd)

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### 3. Social (Cont'd)

#### 3.1 Employment (Cont'd)

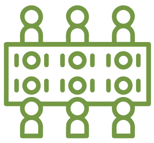
##### 3.1.4 Labour Standards

The Group prohibits child and forced labour. 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. Once any case that violates the relevant labour laws, regulations or standards is found, the relevant employment contract will be immediately terminated and the individuals responsible for the management of human resources will be disciplined accordingly.

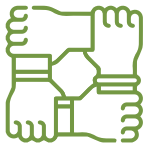
##### 3.1.5 Work-life balance

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

However, the weekly sports activities, annual dinners and team building were not organised since year 2020 due to the outbreak of COVID-19 as part of preventive measures of the Group.

#### 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. The Group has provided training on anti-corruption to all the directors and staff of the Group.

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.

## MATERIAL SUSTAINABILITY MATTERS (CONT'D)

### 3. Social (Cont'd)

#### 3.2 Anti-Corruption (Cont'd)

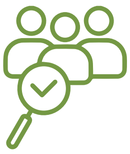
The Group adopted the Anti-Bribery & Corruption Policy pursuant to subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 that set out the Company's responsibilities, and the responsibilities of those working for or with the Company including all directors, officers, employees, consultants and contractors in observing and upholding the Company's position on bribery and corruption. The key business associates, contractors, suppliers, vendors had made their integrity pledge to the Group in FY2022 as part of the Group's effort to comply with Anti-Bribery and Corruption Policy.

#### 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.

# Corporate Governance Overview Statement

The Board of Directors ("Board") of PRG Holdings Berhad ("the Company") subscribes to and ensure that sound corporate governance ("CG") principles and practices 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 2022 ("FY2022"). 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 the FY2022.

**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 Board plays a critical role in setting the appropriate 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. Since the previous financial year, 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 & 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 & 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.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**I. Board Responsibilities (Cont'd)**

The Board is supported by two (2) professional Company Secretaries who are experienced and qualified pursuant to the requirements of the Companies Act 2016. The Board have full and unrestricted access to the Company Secretaries who has vast knowledge and are supported by a dedicated team of company secretarial personnel. During the FY2022, the Company Secretaries have discharged their duties and responsibilities and continue to guide and provide advisory services to the Board, especially on corporate governance related issues and updates on relevant regulatory requirements for compliance with the relevant policies and procedures, law and regulatory requirements and others administrative matters to assist the Board to discharge their duties effectively.

The Board meets on quarterly basis to review the Company's financial, operational and business performance, amongst others. In order to facilitate the Directors' time planning, the annual meeting calendar setting out the scheduled dates for meetings of the Board and Board Committees as well as annual general meeting is prepared and circulated in advance to enable the Directors to plan in advance. Special Board meeting will be convened if urgent matters arise which requires the Board's immediate attention and/or decision. 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.

All the Directors and senior management are required to submit and declare to the Board at every quarter's meeting their interest, if any, whether 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.

A Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the Company shall be counted only to make the quorum at the Board meeting but shall not participate in any discussion while the contract or proposed contract is being considered at the board meeting and shall abstain from voting on the contract or proposed contract.

Details of the attendance recorded by the Directors at the meetings held during the FY2022 were as follows:

| | Board of Directors | Board Committees | | | AGM/ EGM |
|---|---|---|---|---|---|
| | | ARMC | NC | RC | |
| **Non-Executive Directors** | | | | | |
| Lim Chee Hoong | 8/8 | 6/6 | 2/2 | 4/4 | 2/2 |
| Ji Haitao | 8/8 | 6/6 | 2/2 | 4/4 | 2/2 |
| Tan Sri Datuk Seri (Dr) Mazlan bin Lazim[1] *(appointed on 24 August 2022)* | 1/1 | 1/1 | N/A | N/A | N/A |
| Dato' Dr. Awang Adek bin Hussin *(resigned on 30 May 2022)* | 5/5 | - | - | - | N/A |
| Datin Azalina binti Adham[2] *(resigned on 29 June 2022)* | 6/6 | 4/4 | 1/1 | 3/3 | N/A |
| **Executive Directors** | | | | | |
| Dato' Lua Choon Hann | 8/8 | - | - | - | 2/2 |
| Dato' Wee Cheng Kwan | 8/8 | - | - | - | 2/2 |
| Ng Tzee Penn | 8/8 | - | - | - | 0/2 |
| **Total number of meetings held** | 8 | 6 | 2 | 4 | 2 |

Chairman    Member    Non-member

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. Board Responsibilities (Cont'd)

Notes:
ARMC: Audit and Risk Management Committee
NC: Nomination Committee
RC: Remuneration Committee
AGM: Annual General Meeting
EGM: Extraordinary General Meeting
1: Appointed as the Chairman of NC and member of ARMC and RC on 24 August 2022
2: Resigned as the Chairman of NC and member of ARMC and RC on 29 June 2022

The Company Secretary was present at all the meetings held during the FY2022.

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, 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 the FY2022, the resignation of Dato' Dr. Awang Adek bin Hussin and Datin Azalina binti Adham from the Board were recorded with a note 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. The Board acknowledges the regulatory requirements mandating all listed issuers to have one (1) female director by 1 June 2023 and ensures that the requirements are fulfilled by the Company.

**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 ("LTIP") Committee

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**II. Board Composition (Cont'd)**

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 key issues and 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 |
|---|---|
| Tan Sri Datuk Seri (Dr) Mazlan bin Lazim | Chairman, Independent Non-Executive Director |
| Lim Chee Hoong | Member, Independent Non-Executive Director |
| Ji Haitao | Member, Independent Non-Executive Director |

The Nomination Committee met twice during the FY2022 and recorded full attendance of its members.

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' Fit and Proper Policy/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 (3) years. The Constitution of the Company also provides that a newly appointed director must retire and submit himself for re-election at the next annual general meeting following his appointment. Thereafter, he is subject to be re-elected at least once every three (3) years. A Director who is due for retirement shall abstain from 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 the fit and proper criteria set out in the Fit and Proper Policy, besides their skills, experience and other attributes that would continue to contribute to the Board.

During the FY2022, the Nomination Committee undertaken the following activities:

(a) Reviewed the proposed appointment of Tan Sri Datuk Seri (Dr) Mazlan bin Lazim as an Independent Non-Executive Director of the Company and was satisfied, upon reviewed the proposed appointment against the Directors' Fit & Proper Policy with key factors encompassing 'Character and Integrity', 'Experience and Competence', 'Time and Commitment' and assessed the suitability of Tan Sri Datuk Seri (Dr) Mazlan, had recommended the appointment to the Board for approval.

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. Board Composition (Cont'd)

**<u>Nomination Committee (Cont'd)</u>**

During the FY2022, the Nomination Committee undertaken the following activities: (Cont'd)

(b) Conducted annual assessment of the effectiveness and the performance 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.

(c) 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.

(d) Conducted annual assessment on the independence of the Independent Directors in accordance with the MCCG based on established criteria.

(e) 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.

(f) Reviewed the retirement of Directors by rotation at the Company's 21st AGM and recommended their re-election for Boards' consideration.

(g) Reviewed the activities carried out by the Nomination Committee for inclusion in the Annual Report.

(h) 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.

(i) Reviewed the adopted Diversity and Inclusion Policy so as to remain consistent with its objective. No revision was recommended by the Committee.

(j) 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.

(k) Reviewed the succession plan for the Executive Directors and its progress.

(l) Reviewed and recommended the Directors' Fit and Proper Policy to the Board for approval.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

## 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 | Chairman, Independent Non-Executive Director |
| Lim Chee Hoong | Member, Independent Non-Executive Director |
| Tan Sri Datuk Seri (Dr) Mazlan bin Lazim | Member, Independent Non-Executive Director |

The Remuneration Committee held a total of four (4) meetings during the FY2022 and recorded full attendance of its members.

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

The Board has established the Remuneration Policy 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 Remuneration Policy is reviewed by the Remuneration Committee on an annual basis to ensure that it remains relevant and any proposed revision to the Remuneration Policy 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 FY2022, 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 activities carried out by the Remuneration Committee for inclusion in the Annual Report 2022.
(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.
(h) Reviewed and considered the proposed reinstatement of remuneration packages of affected Executive Directors for the Board's approval.

## Corporate Governance Overview Statement (cont'd)

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**III. Remuneration (Cont'd)**

**DIRECTORS' REMUNERATION**

Practice 8.1 of the MCCG requires the detailed disclosure on named basis for the remuneration of individual Directors including the remuneration breakdown of fees, salary, bonus, benefits in-kind and other emoluments. Details of the Directors' remuneration for the FY2022 are set out below:

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Dato' Lua Choon Hann | Executive Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 0 | 478 | 0 | 38 | 164 | 730 |
| 2 | Dato' Wee Cheng Kwan | Executive Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 | 0 | 525 | 0 | 13 | 182 | 770 |
| 3 | Ng Tzee Penn | Executive Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 46 | 0 | 0 | 0 | 46 |
| 4 | Lim Chee Hoong | Independent Director | 70 | 4 | 0 | 0 | 0 | 0 | 74 | 70 | 4 | 0 | 0 | 0 | 0 | 74 |
| 5 | Ji Haitao | Independent Director | 60 | 4 | 0 | 0 | 0 | 0 | 64 | 60 | 4 | 0 | 0 | 0 | 0 | 64 |
| 6 | Tan Sri Datuk Seri (Dr) Mazlan bin Lazim[1] | Independent Director | 21 | 1 | 0 | 0 | 0 | 0 | 22 | 21 | 1 | 0 | 0 | 0 | 0 | 22 |
| 7 | Dato' Dr. Awang Adek bin Hussin[2] | Independent Director | 33 | 3 | 0 | 0 | 0 | 0 | 36 | 33 | 3 | 0 | 0 | 0 | 0 | 36 |
| 8 | Datin Azalina binti Adham[3] | Independent Director | 30 | 3 | 0 | 0 | 0 | 0 | 33 | 30 | 3 | 0 | 0 | 0 | 0 | 33 |

**Notes:**

[1]Appointed as Independent Non-Executive Director on 24 August 2022.

[2]Resigned as Independent Non-Executive Chairman on 30 May 2022.

[3]Resigned as Independent Non-Executive Director on 29 June 2022.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**III. Remuneration (Cont'd)**

**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 s governed by the By-Laws.

The LTIP Committee consists of four (4) members. The composition of the LTIP Committee is set out below:

| Directors | Position |
|---|---|
| Dato' Lua Choon Hann | Chairman, Group Executive Vice Chairman |
| Dato' Wee Cheng Kwan | Member, Managing Director – Property & Construction |
| Lim Chee Hoong | Member, Independent Non-Executive Director |
| Ji Haitao | Member, Independent Non-Executive Director |

**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 three (3) 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 to 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 FY2022 are presented in the Audit and Risk Management Report in this Annual Report.

# Corporate Governance Overview Statement (cont'd)

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

**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 in 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**

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 of the Company 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 meeting allows the shareholders or proxy holders to speak and seek clarifications on the resolutions tabled at the meetings before exercising their voting rights.

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

**II. Conduct of General Meetings (Cont'd)**

During the FY2022, two (2) general meetings were held, namely, the 21st Annual General Meeting ("AGM") held on 30 June 2022 and the Extraordinary General Meetings ("EGM") held on 8 August 2022 respectively to consider the corporate proposals of the Company. In line with the MCCG, the notice of the 21st AGM was issued to the shareholders on 29 April 2022, more than 28 days before the 21st AGM, and beyond the requisite 21 days' notice as prescribed by the Companies Act 2016 and Listing Requirements; likewise, the notice of EGM was issued at least 14 days before the EGM 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 21st AGM and EGM on virtual basis through live streaming from the broadcast venue at the Company's business premise. The voting of the 21st AGM and EGM were 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 said AGM and EGM were 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 28 March 2023.

# 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 2022 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 2022, 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 2022 are tabled as follows:

| | Group (RM'000) | Company (RM'000) |
|---|---|---|
| Audit Fees | 587 | 50 |
| 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 33 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**

There were no proceeds raised from corporate proposal during the financial year.

# 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 nature of risk management framework and internal control systems during the financial year ended 31 December 2022.

This statement is made pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and 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 oversight on this critical area through the Audit and Risk Management Committee of the Board ("ARMC").

Through the ARMC, 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 the 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 of the operating subsidiaries.

- 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.

## Statement on Risk Management And Internal Control (cont'd)

**KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)**

**Risk Management Framework (Cont'd)**

- Key elements of risk management framework: (Cont'd)

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 of key areas 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 updates and 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 is 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 Auditors report directly to the ARMC on improvement measures pertaining to internal control lapses, 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 necessary corrective actions to address control weaknesses are implemented within a defined time frame. The status of implementation is monitored through follow-up audit reviews which are also reported to the ARMC.

The ARMC reviews the internal audit function, the scope of the annual internal audit plan, established on a risk-based approach, as well as the findings within its scope of responsibilities. The ARMC reports and updates to the Board on significant issues reviewed and noted during the internal audit process for the attention of the Board.

## Statement on Risk Management And Internal Control (cont'd)

### KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

**Internal Audit Function (Cont'd)**

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

**Manufacturing Division (Malaysia & Vietnam):**

- Production & quality control including compliance with
  - Environmental regulations
  - Occupational safety & health regulations
- Human resource
- Purchasing & accounts payable
- Inventory
- Finance and Information Technology
- Inventory costing (raw materials, work-in-progress, semi-finished & finished goods)
- Sales & credit control
- Annual stock check
- Related party transactions

**Corporate, Property Development & Construction and Agriculture Divisions:**

- Audit on compliance with organisation policies and standard operating procedures on operational processes in the following departments:
  (i) Finance - record management, Limit of Authority, Asset Management, Finance system & software, cash & bank
  (ii) Information Technology - purchase, disposal & maintenance of IT Assets, expiry of Anti-Virus & other Software, IT Policies
  (iii) Human Resource - recruitment and retention, resignation, termination, career development, salary scale

- Risk-based audit on the identified key risk areas of the Property Development Division including:
  (i) Changes in Government Policies and Regulatory
  (ii) Branding & Market Recognition - New Player with No Track
  (iii) Limited Financial Resources for New Land Bank & Projects
  (iv) Project Management Risk - Non-Performance of Consultant and Contractor
  (v) Authority Approval

- Risk-based audit on the identified key risk areas of the Agriculture Division including:
  (i) Liquidity Risk
  (ii) Strategic Risk
  (iii) Operation Risk
  (iv) Compliance With Government Policies and Regulatory
  (v) Cash Flow Risk

- Risk-based audit on the identified key risk areas of the Construction Division including:
  (i) Cash flow & Liquidity Risk (Operation)
  (ii) Changes in Government Policies and Regulatory Requirement - Renewal of Foreign Worker's Permit
  (iii) Project Management Risk (Delay Risk)
  (iv) Asset Management Risk - Lost & Stolen Machineries/Equipment
  (v) Shortage of Skilled Construction Workers & High Staff

The findings arising from the above reviews have been reported to the Management for their feedback and response and for tabling to ARMC for review and deliberation. Where weaknesses were identified, recommended corrective actions and procedures have been implemented to address and strengthen identified control lapses.

## KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

### Other Key Elements of Internal Control

Other key elements that provide effective internal control include:

- The Group has 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 and are monitor closely for effective comparison and review.
- Standard operating procedures ("SOPs") which includes policies and procedures within the Group are continuously reviewed and updated to remain relevant and effective in line with changing business environment and regulatory requirements.
- Performance reports are provided quarterly to the Directors and discussed at Board meetings. The Board receives from the management reports covering quarterly financial performance, business updates and operations 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' Listing Requirements, the External Auditors have reviewed this statement for inclusion in the Annual Report of the Group for the financial year ended 31 December 2022. 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 28 March 2023.

# 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 ARMC meets the requirements of paragraph 15.09(1)(a) and (b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance ("MCCG").

The Chairman of the ARMC is a member of the Malaysian Institute of Accountants, in compliance with paragraph 15.09(1)(c)(i) of Listing Requirements.

The current composition of the ARMC is as follows:

| Directors | Position |
|---|---|
| Lim Chee Hoong | Chairman, Independent Non-Executive Director |
| Ji Haitao | Member, Independent Non-Executive Director |
| Tan Sri Datuk Seri (Dr) Mazlan bin Lazim | Member, Independent Non-Executive Director |

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

The Board through the Nomination Committee reviews the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual Board Committee effectiveness evaluation.

**MEETINGS AND ATTENDANCE**

The ARMC held a total of six (6) meetings during the financial year ended 31 December 2022. Details of the attendance records are as follows:-

| Directors | Attendance |
|---|---|
| Lim Chee Hoong | **6/6** |
| Ji Haitao | **6/6** |
| Tan Sri Datuk Seri (Dr) Mazlan bin Lazim<br>*(Appointed on 24 August 2022)* | **1/1** |

The Chairman of the Committee shall report to the Board the key issues discussed at each ARMC meeting. Minutes of each meeting of ARMC 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 of ARMC and subsequently presented to the Board of Directors ("Board") for notation.

## Report of the Audit And Risk Management Committee (cont'd)

### ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2022, 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.
- Assessed the key accounting and disclosure implications arising from the COVID-19 pandemic.

**(ii) External Audit**

- Reviewed the External Auditors' audit plan for the financial statement of the Company covering the audit approach, scope of work and area of significant audit attentions, audit reporting timeline and deliverables.
- Reviewed the audit completion report covering the areas of audit emphasis, key audit matters identified by the External Auditors for inclusion in the Auditors' report that requires the exercise of significant judgement by Management, updates on financial reporting and Malaysian Financial Reporting Standards ("MFRS") applicable to the Group and the relevant impact on application of the MFRS.
- Reviewed if any, the difference between the consolidated profit after tax as per the audited results of the Company 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 and critical areas that the Group faces.
- 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 (CONT'D)

### (iv) Risk Management

- Reviewed the key risks identified by the Risk Management Team on quarterly basis and relevant measures and efforts undertaken to mitigate the risks as well as follow-up on the action plans.
- 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) Anti-Bribery and Corruption Policy and Whistleblowing Policy and Guidelines

- Overseen the implementation of the Anti-Bribery and Corruption Policy.
- Overseen the implementation of the Whistleblowing Policy and Guidelines and noted that during the year, there were no wrongful activities and wrongdoings reported through the whistleblowing channel provided either via the hotline number or email.

### (vi) 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 50.45%-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.

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.

## Report of the Audit And Risk Management Committee (cont'd)

**INTERNAL AUDIT FUNCTION (CONT'D)**

During the financial year ended 31 December 2022, the Internal Auditors carried out the following activities:

(a) Prepared the annual audit plan for the Corporate, Manufacturing Division, Property Development & Construction Divisions, Agriculture Division and Energy Efficiency 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 regulations
  - Occupational safety & health regulations
- Human resource
- Purchasing & accounts payable
- Inventory
- Finance and Information Technology
- Inventory costing (raw materials, work-in-progress, semi-finished & finished goods)
- Sales & credit control
- Annual stock check
- Related party transactions

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

- Audit on compliance with organisation policies and standard operating procedures on operational processes in the following departments:
  (i) Finance - record management, Limit of Authority, Asset Management, Finance system & software, cash & bank
  (ii) Information Technology - purchase, disposal & maintenance of IT Assets, expiry of Anti-Virus & other Software, IT Policies
  (iii) Human Resource - recruitment and retention, resignation, termination, career development, salary scale

- Risk-based audit on the identified key risk areas of the Property Development Division including:
  (i) Changes in Government Policies and Regulatory
  (ii) Branding & Market Recognition - New Player with No Track
  (iii) Limited Financial Resources for New Land Bank & Projects
  (iv) Project Management Risk - Non-Performance of Consultant and Contractor
  (v) Authority Approval

# Report of the Audit And Risk Management Committee (cont'd)

## INTERNAL AUDIT FUNCTION (CONT'D)

**(ii) Corporate, Property Development & Construction and Agriculture Divisions: (Cont'd)**

- Risk-based audit on the identified key risk areas of the Agriculture Division including:
  - (i) Liquidity Risk
  - (ii) Strategic Risk
  - (iii) Operation Risk
  - (iv) Compliance With Government Policies and Regulatory
  - (v) Cash Flow Risk

- Risk-based audit on the identified key risk areas of the Construction Division including:
  - (i) Cash flow & Liquidity Risk (Operation)
  - (ii) Changes in Government Policies and Regulatory Requirement - Renewal of Foreign Worker's Permit
  - (iii) Project Management Risk (Delay Risk)
  - (iv) Asset Management Risk - Lost & Stolen Machineries / Equipment
  - (v) Shortage of Skilled Construction Workers & High Staff

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 2022 amounting to RM278,000.

# Financial Statements

# Directors' Report

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are mainly property development, provision of smart energy solving solution and manufacturing and sale of upholstery and safety webbings. The principal activities and details of the subsidiaries are set out in Note 10 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 |
|---|---|---|
| Profit for the financial year | 43,122 | 5,379 |
| Attributable to: | | |
| Owners of the parent | 19,483 | 5,379 |
| Non-controlling interests | 23,639 | - |
| | 43,122 | 5,379 |

## 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 2022.

## 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

The Company did not issue any new shares and 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 issued and fully paid ordinary shares as at 31 December 2022, 417,800 ordinary shares bought for RM87,000 in the previous financial year 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 ordinary shares as at 31 December 2022.

**OPTIONS GRANTED OVER UNISSUED SHARES**

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

**DIRECTORS**

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

PRG Holdings Berhad

| | |
|---|---|
| Dato' Lua Choon Hann | |
| Dato' Wee Cheng Kwan | |
| Lim Chee Hoong | |
| Ji Haitao | |
| Ng Tzee Penn | |
| Tan Sri Datuk Seri (Dr) Mazlan bin Lazim | (appointed on 24 August 2022) |
| Dato' Dr. Awang Adek Bin Hussin | (resigned on 30 May 2022) |
| Datin Azalina Binti Adham | (resigned on 29 June 2022) |

Subsidiaries of PRG Holdings Berhad

| | |
|---|---|
| Au Yeung Yiu Chung | |
| Chan Kwong Pooi | |
| Cheah Eng Chuan | |
| Cheah Hannon | |
| Dato' Lee Chee Leong | |
| 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 | |
| Ho Phei Suan* | |
| Hui Suen Tak | |
| Jim Ka Man | |
| Kang Boon Lian* | |
| Lee Sim Hak | |
| Liew Ching Hoong | |
| Lo Vui Liung* | |
| Ng Tzee Penn | |
| Ng Yan Cheng* | |
| Ong Lock Hoo | |
| Pua Lay Cheng* | |
| Tan Choong Wei | |
| Tan Chuan Dyi | |
| Tao Wah Wai Calvin | |
| Dato' Ang Cheng Siong | |
| Ang Wei Zhen | |
| Dato' Nik Noor Azam Bin Noor Basir | (appointed on 16 February 2022) |
| Datuk Yoo Wei How | (appointed on 30 August 2022) |
| Ang Wei Zhen | (resigned on 13 July 2022) |
| Lee Eng Lock* | (resigned on 31 December 2022) |
| Lai Kong Meng | (resigned on 30 January 2023) |

*Directors of newly acquired subsidiaries

# Directors' Report (cont'd)

## 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 2022 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 1.1.2022/24.8.2022*** | **Bought** | **Disposed** | **Balance as at 31.12.2022** |
| **Shares in the Company** | | | | |
| Direct interests: | | | | |
| Dato' Lua Choon Hann | 32,164,800 | 158,000 | - | 32,322,800 |
| Dato' Wee Cheng Kwan | 6,800,000 | - | - | 6,800,000 |
| Ji Haitao | 1,417,000 | - | - | 1,417,000 |
| Lim Chee Hoong | 154,000 | - | - | 154,000 |
| Tan Sri Datuk Seri (Dr) Mazlan bin Lazim | - | 300,000 | - | 300,000 |
| Indirect interests: | | | | |
| Dato' Lua Choon Hann # | 300,000 | - | - | 300,000 |
| Lim Chee Hoong # | 134,000 | - | - | 134,000 |
| **Shares in a subsidiary, Furniweb Holdings Limited** | | | | |
| Direct interest: | | | | |
| Dato' Lua Choon Hann | 260,000 | - | - | 260,000 |

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

* Date of appointment of Tan Sri Datuk Seri (Dr) Mazlan bin Lazim.

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 33 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**

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Fees | 464 | 214 |
| Short term employee benefits | 5,601 | 14 |
| Defined contribution plans | 826 | - |
| | 6,891 | 228 |

**INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS**

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium effected for any Director and officer of the Group and of the Company was RM53,000 and RM13,000 respectively.

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.

**(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 written off for bad debts or the amounts 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

# Directors' Report (cont'd)

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (CONT'D)

(c) The Directors are not aware of any circumstances: (Cont'd)

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

### (III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

## SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 8 June 2022, Furniweb Holdings Limited ("FHL"), a subsidiary of the Company, had entered into a shares sale agreement with Dato' Ng Yan Cheng to acquire remaining 6,275 ordinary shares representing 62.75% of the issued share capital of Energy Solution Global Limited ("ESGL"), which was an associate to the Group, for a total consideration of HKD51,469,000 (equivalent to approximately RM29,446,000), which comprised of 41,565,600 ordinary shares of the FHL at HKD0.23 per share and HKD41,909,000 (equivalent to approximately RM23,977,000) included in other payables. The acquisition was completed on 29 August 2022.

## Directors' Report (cont'd)

**AUDITORS**

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Statutory audit | 587 | 50 |
| Other services | 24 | 21 |
| | 611 | 71 |

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

**Dato' Lua Choon Hann**
Director

**Dato' Wee Cheng Kwan**
Director

Kuala Lumpur
28 March 2023

# Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 76 to 181 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 2022 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
28 March 2023

**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 76 to 181 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 )
28 March 2023 )

**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 2022 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 76 to 181.

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 2022, 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 and other receivables***

The carrying amount of trade and other receivables has been disclosed in Note 15 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 and other receivables and appropriate forward-looking information.

The determination of whether trade and other receivables are recoverable involves significant management judgement and inherent subjectivity given uncertainty regarding the ability of the trade and other receivables to settle their debts. We focused on the audit risk that the impairment losses on trade and other 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 (Cont'd)**

***a) Recoverability of trade and other receivables (Cont'd)***

***Audit response***

Our audit procedures included the following:

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

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

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

***b) Valuation of biological assets***

The carrying amount of biological assets has been disclosed in Note 19 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 Directors' estimation by reference to inputs used in the cash flow projections prepared by management.

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) evaluated the appropriateness of the methodology used by the management in valuation of biological assets;

(ii) assessed the appropriateness of the key assumptions and relevant inputs used by the management in the valuation model by comparing to the external data as well as the historical data provided to us by the management;

(iii) performed testing by comparing the projected selling price against externally derived data, historical trends and other collaborative evidence available; and

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

***c) Impairment assessment of the carrying amount of goodwill***

The carrying amount of the goodwill of the Group has been disclosed in Note 9 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.

## Independent Auditors' Report to the Members of PRG Holdings Berhad
**(Incorporated in Malaysia)**
**(cont'd)**

**Key Audit Matters (Cont'd)**

***c) Impairment assessment of the carrying amount of goodwill (Cont'd)***

***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) assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on 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.

## Independent Auditors' Report to the Members of PRG Holdings Berhad
(Incorporated in Malaysia)
(cont'd)

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

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 10 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**
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

**Lum Chiew Mun**
03039/04/2023 J
Chartered Accountant

Kuala Lumpur
28 March 2023

# Statements of Financial Position

**as at 31 December 2022**

| | Note | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 7 | 25,272 | 25,191 | 863 | - |
| Right-of-use assets | 8 | 22,144 | 18,248 | - | - |
| Intangible assets | 9 | 15,617 | 1,240 | - | - |
| Investments in subsidiaries | 10 | - | - | 60,921 | 60,921 |
| Investments in associates | 11 | - | 6,383 | - | - |
| Investment in a joint venture | 12 | 1,411 | 931 | - | - |
| Other investment | 13 | - | - | - | - |
| Trade and other receivables | 15 | 61,378 | 61,156 | 77,197 | 100,851 |
| Contract assets | 16 | 1,405 | 4,082 | - | - |
| Deferred tax assets | 14 | 20 | 224 | - | - |
| | | 127,247 | 117,455 | 138,981 | 161,772 |
| **Current assets** | | | | | |
| Inventories | 17 | 36,495 | 61,919 | - | - |
| Biological assets | 19 | 80,168 | 81,048 | - | - |
| Trade and other receivables | 15 | 75,833 | 48,525 | 44,530 | 20,920 |
| Contract assets | 16 | 92,604 | 17,946 | - | - |
| Current tax assets | | 2,267 | 596 | - | - |
| Cash and bank balances | 20 | 71,469 | 37,741 | 125 | 112 |
| | | 358,836 | 247,775 | 44,655 | 21,032 |
| **TOTAL ASSETS** | | 486,083 | 365,230 | 183,636 | 182,804 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the parent** | | | | | |
| Share capital | 21 | 144,530 | 144,530 | 144,530 | 144,530 |
| Treasury shares | 21(b) | (87) | (87) | (87) | (87) |
| Reserves | 22 | 25,041 | 6,117 | 7,391 | 2,012 |
| | | 169,484 | 150,560 | 151,834 | 146,455 |
| **Non-controlling interests** | 10(e) | 82,611 | 51,145 | - | - |
| **TOTAL EQUITY** | | 252,095 | 201,705 | 151,834 | 146,455 |

## Statements of Financial Position
as at 31 December 2022
**(cont'd)**

| | Note | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | 23 | 42,127 | 48,067 | - | - |
| Trade and other payables | 24 | 15,569 | 49 | 5,000 | - |
| Lease liabilities | 25 | 5,802 | 1,875 | - | - |
| Deferred tax liabilities | 14 | 2,338 | 1,260 | - | - |
| | | 65,836 | 51,251 | 5,000 | - |
| **Current liabilities** | | | | | |
| Borrowings | 23 | 23,375 | 9,301 | - | - |
| Trade and other payables | 24 | 129,631 | 94,526 | 26,752 | 34,440 |
| Contract liabilities | 16 | 7,325 | 2,270 | - | - |
| Lease liabilities | 25 | 1,492 | 1,653 | - | - |
| Current tax liabilities | | 6,329 | 4,524 | 50 | 1,909 |
| | | 168,152 | 112,274 | 26,802 | 36,349 |
| **TOTAL LIABILITIES** | | 233,988 | 163,525 | 31,802 | 36,349 |
| **TOTAL EQUITY AND LIABILITIES** | | 486,083 | 365,230 | 183,636 | 182,804 |

*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 2022**

| | Note | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|---|
| Revenue | 28 | 307,532 | 190,532 | - | - |
| Cost of sales | | (217,549) | (125,823) | - | - |
| Gross profit | | 89,983 | 64,709 | - | - |
| Other income | | 6,471 | 17,664 | 6,239 | 64 |
| Distribution costs | | (4,264) | (7,570) | - | - |
| Administrative expenses | | (34,140) | (49,735) | (2,218) | (4,832) |
| Other expenses | | (3,561) | (8,065) | (689) | (338) |
| Interest income | | 3,325 | 3,301 | 2,538 | 2,537 |
| Finance costs | | (4,262) | (2,691) | (282) | (362) |
| Net gains/(losses) on impairment of financial assets | | 353 | (3,025) | 1 | (6,947) |
| Share of profits of associates, net of tax | 11 | 3,669 | 518 | - | - |
| Share of profit of a joint venture, net of tax | 12 | 462 | 490 | - | - |
| Profit/(Loss) before tax | 29 | 58,036 | 15,596 | 5,589 | (9,878) |
| Tax expense | 30 | (14,914) | (7,811) | (210) | (2,024) |
| Profit/(Loss) for the financial year | | 43,122 | 7,785 | 5,379 | (11,902) |
| **Other comprehensive income/(loss), net of tax** | | | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | | | |
| Foreign currency translations | | 1,831 | 3,616 | - | - |
| Realisation of reserves from deemed disposal of an associate | | (189) | - | - | - |
| Realisation reserves from disposal of subsidiaries | | - | (82) | - | - |
| Share of other comprehensive income of associates | 11 | 138 | 51 | - | - |
| Share of other comprehensive income of a joint venture | 12 | 18 | 61 | - | - |
| | | 1,798 | 3,646 | - | - |

## Statements of Profit or Loss and Other Comprehensive Income
for the financial year ended 31 December 2022
**(cont'd)**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| **Item that will not be reclassified subsequently to profit or loss:** | | | | | |
| Fair value loss on equity investment at fair value through other comprehensive income | 13 | - | (4,030) | - | (4,030) |
| Total other comprehensive income/(loss), net of tax | | 1,798 | (384) | - | (4,030) |
| Total comprehensive income/(loss) for the financial year | | 44,920 | 7,401 | 3,579 | (15,932) |
| Profit/(Loss) attributable to: | | | | | |
| - Owners of the parent | | 19,483 | (1,853) | 5,379 | (11,902) |
| - Non-controlling interests | 10(e) | 23,639 | 9,638 | - | - |
| | | 43,122 | 7,785 | 5,379 | (11,902) |
| Total comprehensive income/(loss) attributable to: | | | | | |
| - Owners of the parent | | 20,455 | (4,430) | 5,379 | (15,932) |
| - Non-controlling interests | 10(e) | 24,465 | 11,831 | - | - |
| | | 44,920 | 7,401 | 5,379 | (15,932) |
| Earnings/(Loss) per ordinary share attributable to owners of the parent (sen) | | | | | |
| Basic and diluted | 31 | 4.54 | (0.43) | | |

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

# Statements of Changes In Equity

**for the financial year ended 31 December 2022**

| | | ← Non-distributable | | | → | Distributable | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **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** |
| **Group** | | | | | | | | | |
| Balance as at 1 January 2022 | | 144,530 | (1,325) | (87) | (28,327) | 35,769 | 150,560 | 51,145 | 201,705 |
| Profit for the financial year | | - | - | - | - | 19,483 | 19,483 | 23,639 | 43,122 |
| Foreign currency translations | | - | 911 | - | - | - | 911 | 920 | 1,831 |
| Realisation of reserves from deemed disposal of an associate | | - | (95) | - | - | - | (95) | (94) | (189) |
| Share of other comprehensive income of associates, net of tax | 11 | - | 138 | - | - | - | 138 | - | 138 |
| Share of other comprehensive income of a joint venture, net of tax | 12 | - | 18 | - | - | - | 18 | - | 18 |
| Total comprehensive income | | - | 972 | - | - | 19,483 | 20,455 | 24,465 | 44,920 |
| **Transaction with owners** | | | | | | | | | |
| Dilution on changes in stake in a subsidiary | | - | - | - | - | (1,531) | (1,531) | 7,001 | 5,470 |
| Total transaction with owners | | - | - | - | - | (1,531) | (1,531) | 7,001 | 5,470 |
| Balance as at 31 December 2022 | | 144,530 | (353) | (87) | (28,327) | 53,721 | 169,484 | 82,611 | 252,095 |

## Statements of Changes In Equity
for the financial year ended 31 December 2022
**(cont'd)**

| | | Non-distributable | | | | Distributable | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 |
| **Group** | | | | | | | | | |
| Balance as at 1 January 2021 | | 144,530 | (2,778) | (87) | (24,297) | 36,601 | 153,969 | 46,688 | 200,657 |
| Effects on adoption of the IFRIC Agenda Decision | | - | - | - | - | (139) | (139) | (1,232) | (1,371) |
| Balance as at 1 January 2021 (restated) | | 144,530 | (2,778) | (87) | (24,297) | 36,462 | 153,830 | 45,456 | 199,286 |
| (Loss)/Profit for the financial year | | - | - | - | - | (1,853) | (1,853) | 9,638 | 7,785 |
| Foreign currency translations | | - | 1,423 | - | - | - | 1,423 | 2,193 | 3,616 |
| Realisation of reserves from disposal of subsidiaries | | - | (82) | - | - | - | (82) | - | (82) |
| Fair value loss on equity investment through other comprehensive income | 13 | - | - | - | (4,030) | - | (4,030) | - | (4,030) |
| Share of other comprehensive income of associates, net of tax | 11 | - | 51 | - | - | - | 51 | - | 51 |
| Share of other comprehensive income of a joint venture, net of tax | 12 | - | 61 | - | - | - | 61 | - | 61 |
| Total comprehensive income/(loss) | | - | 1,453 | - | (4,030) | (1,853) | (4,430) | 11,831 | 7,401 |
| **Transactions with owners** | | | | | | | | | |
| Disposal of a non-wholly owned subsidiary | | - | - | - | - | - | - | (11,268) | (11,268) |
| Non-controlling interests acquired in a subsidiary | | - | - | - | - | 1,160 | 1,160 | 5,126 | 6,286 |
| Total transactions with owners | | - | - | - | - | 1,160 | 1,160 | (6,142) | (4,982) |
| Balance as at 31 December 2021 | | 144,530 | (1,325) | (87) | (28,327) | 35,769 | 150,560 | 51,145 | 201,705 |

## Statements of Changes In Equity
**for the financial year ended 31 December 2022**
**(cont'd)**

| | Note | Share capital RM'000 | Treasury shares RM'000 | Fair value reserve RM'000 | Retained earnings RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|---|
| | | ← Non-distributable | | → | Distributable | |
| **Company** | | | | | | |
| Balance as at 1 January 2021 | | 144,530 | (87) | (24,297) | 42,241 | 162,387 |
| Loss for the financial year | | - | - | - | (11,902) | (11,902) |
| Fair value loss on equity investment through other comprehensive income | 13 | - | - | (4,030) | - | (4,030) |
| Total comprehensive loss | | - | - | (4,030) | (11,902) | (15,932) |
| Balance as at 31 December 2021/ 1 January 2022 | | 144,530 | (87) | (28,327) | 30,339 | 146,455 |
| Profit for the financial year | | - | - | - | 5,379 | 5,379 |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive income | | - | - | - | 5,379 | 5,379 |
| Balance as at 31 December 2022 | | 144,530 | (87) | (28,327) | 35,718 | 151,834 |

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

# Statements of Cash Flows

**for the financial year ended 31 December 2022**

| | Note | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Profit/(Loss) before tax | | 58,036 | 15,596 | 5,589 | (9,878) |
| Adjustments for: | | | | | |
| Amortisation of intangible assets | 9 | 241 | 912 | - | - |
| Depreciation of: | | | | | |
| - property, plant and equipment | 7 | 2,015 | 2,844 | - | - |
| - right-of-use assets | 8 | 1,153 | 2,696 | - | - |
| Loss on disposal of subsidiaries | 10(c) | - | 5,241 | - | - |
| Loss on disposal of an associate | | - | 130 | - | - |
| Fair value adjustments on: | | | | | |
| - amounts owing by subsidiaries | | - | - | (6,065) | 2,857 |
| - trade and other receivables | | 26 | (131) | - | - |
| - contract assets | 16(b) | (458) | 620 | - | - |
| - trade and other payable | | 1,390 | - | - | - |
| Gain on deemed disposal of an associate | | (2,105) | - | - | - |
| Inventories written down | 17(a) | 110 | - | - | - |
| Impairment losses on: | | | | | |
| - trade receivables | 15(d) | 253 | 2,869 | - | - |
| - other receivables | 15(e) | 42 | 934 | - | - |
| - contract assets | 16(e) | 11 | 200 | - | - |
| - amounts owing by subsidiaries | 15(e) | - | - | 1,152 | 7,390 |
| - investments in associates | 11(b) | - | 1,894 | - | - |
| - other intangible assets | 9 | - | 3,619 | - | - |
| - goodwill | 9 | - | 12,110 | - | - |
| Gain on bargain purchase on acquisition of associates | | - | (692) | - | - |
| Finance costs | | 4,262 | 2,691 | 253 | 362 |
| Property, plant and equipment written off | 7 | 4 | 535 | - | - |
| Intangible assets written off | 9 | - | 22 | - | - |
| Inventories written off | 17(a) | - | 35 | - | - |
| Net gain on disposals of property, plant and equipment | | (33) | (77) | - | - |
| Interest income | | (3,325) | (3,301) | (2,538) | (2,537) |
| Lease concessions | | - | (1,130) | - | - |
| Lease modification | | - | (11,244) | - | - |
| Other receivables written off | 15 (e) | 1,815 | 4,112 | - | - |
| Reversal of provision for restoration cost | 24(d) | - | (713) | - | - |
| Reversal of inventories written down | 17(b) | (384) | (2,597) | - | - |
| Reversal of impairment losses on: | | | | | |
| - trade receivables | 15(d) | (410) | (135) | - | - |
| - other receivables | 15(e) | (215) | (843) | - | - |
| - contract assets | 16(e) | (34) | - | - | - |
| - amounts owing by subsidiaries | 15(e) | - | - | (1,153) | (443) |
| Share of profits of associates, net of tax | 11 | (3,669) | (518) | - | - |
| Share of profit of a joint venture, net of tax | 12 | (462) | (490) | - | - |
| Net unrealised loss/(gain) on foreign exchange | | 997 | (97) | 527 | (275) |
| Operating profit/(loss) before changes in working capital | | 59,260 | 35,092 | (2,235) | (2,524) |

# Statements of Cash Flows

**for the financial year ended 31 December 2022**
**(cont'd)**

| | Note | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)** | | | | | |
| Operating profit/(loss) before changes in working capital (Cont'd) | | 59,260 | 35,092 | (2,235) | (2,524) |
| Change in inventories | | 27,392 | 2,663 | - | - |
| Change in bank balances held on behalf of clients | | - | 12,360 | - | - |
| Change in trade and other receivables | | (17,098) | (17,881) | (77) | (1) |
| Change in contract assets | | (43,591) | (15,007) | - | - |
| Change in trade and other payables | | 13,386 | (8,357) | 52 | 37 |
| Change in contract liabilities | | 5,090 | (1,037) | - | - |
| Cash generated from/(used in) operations | | 44,439 | 7,833 | (2,260) | (2,488) |
| Tax refunded | | - | 330 | - | - |
| Tax paid | | (16,841) | (3,882) | (2,070) | (114) |
| Net cash from/(used in) operating activities | | 27,598 | 4,281 | (4,330) | (2,602) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Purchase of: | | | | | |
| - property, plant and equipment | 7 | (3,592) | (3,222) | (863) | - |
| - right-of-use assets | 8(c) | (160) | (9) | - | - |
| - intangible assets | 9 | (7) | - | - | - |
| Repayments from/(Advances to) subsidiaries | | - | - | 13,622 | (486) |
| Repayment (to)/from a joint venture | | (25) | (1) | - | - |
| Repayment from associates | | - | 6,095 | - | - |
| Dividends received from a joint venture | 12 | - | 1,035 | - | - |
| Interest received | | 788 | 622 | - | - |
| Proceeds from disposals of property, plant and equipment | | 37 | 205 | - | - |
| Proceeds from disposal of an associate | | - | 94 | - | - |
| Net cash inflow from acquisition of subsidiaries | 10(a) | 24,112 | - | - | - |
| Net cash outflow from disposal of subsidiaries | 10(c) | - | (7,770) | - | - |
| Acquisition of investments in associates | 11(a) | - | (5,187) | - | - |
| Withdrawal of restricted cash | | 527 | - | - | - |
| (Placement)/Withdrawal of deposits with financial institutions with original maturity of more than three (3) months | | (4,528) | 7,295 | - | - |
| Net cash from/(used in) investing activities | | 17,152 | (843) | 12,759 | (486) |

## Statements of Cash Flows

for the financial year ended 31 December 2022
**(cont'd)**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Interest paid | | (2,198) | (1,563) | (253) | (362) |
| Net (repayment to)/advances from shareholders/directors | | (7,882) | 7,225 | (8,162) | 3,086 |
| Proceeds from issuance of shares to non-controlling interests | | - | 6,286 | - | - |
| Drawdowns of borrowings | | 6,206 | 21,509 | - | - |
| Drawdown of lease liabilities | 25 | 1,896 | - | - | - |
| Repayments of borrowings | | (13,049) | (25,595) | - | - |
| Repayments of lease liabilities | | (1,063) | (1,738) | - | - |
| Net cash (used in)/from financing activities | | (16,090) | 6,124 | (8,415) | 2,724 |
| Net increase/(decrease) in cash and cash equivalents | | 28,660 | 9,562 | 14 | (364) |
| Effects of exchange rate changes on cash and cash equivalents | | 579 | (96) | (1) | (32) |
| Cash and cash equivalents as at beginning of financial year | | 30,487 | 21,021 | 112 | 508 |
| Cash and cash equivalents as at end of financial year | 20(d) | 59,726 | 30,487 | 125 | 112 |

## Statements of Cash Flows

**for the financial year ended 31 December 2022**
**(cont'd)**

***RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES***

| | Borrowings** (Note 23) | | Lease liabilities (Note 25) | |
|---|---|---|---|---|
| | Group RM'000 | Company RM'000 | Group RM'000 | Company RM'000 |
| At 1 January 2022 | 56,935 | - | 3,528 | - |
| Cash flows | (6,843) | - | (1,063) | - |
| Non-cash flows: | | | | |
| - Unwinding of interest | - | - | 222 | - |
| - Acquisition of right-of-use assets | - | - | 34 | - |
| - Acquisition of subsidiaries | 15,016 | - | 1,020 | - |
| - Drawdown | - | - | 1,896 | - |
| - Lease modification | - | - | 1,502 | - |
| - Effect of foreign exchange | 125 | - | 155 | - |
| At 31 December 2022 | 65,233 | - | 7,294 | - |
| At 1 January 2021 | 60,946 | - | 17,082 | - |
| Cash flows | (4,086) | - | (1,738) | - |
| Non-cash flows: | | | | |
| - Unwinding of interest | - | - | 573 | - |
| - Acquisition of right-of-use assets | - | - | 366 | - |
| - Disposal of subsidiaries | - | - | (373) | - |
| - Lease concessions | - | - | (1,130) | - |
| - Lease modification | - | - | (11,599) | - |
| - Effect of foreign exchange | 75 | - | 347 | - |
| At 31 December 2021 | 56,935 | - | 3,528 | - |

** Borrowings exclude bank overdraft.

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

# Notes to the Financial Statements

**31 December 2022**

**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.

During the financial year, the registered office of the Company has been changed from Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur to Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur.

During the financial year, the principal place of business of the Company has been changed from Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301, Petaling Jaya, Selangor Darul Ehsan to Unit 4.02, Level 4, Plaza Damansara Block A, Bukit Damansara, 50490 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 December 2022 comprise the Company and its subsidiaries and the interests of the Group in associates and a joint venture. 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 28 March 2023.

**2. PRINCIPAL ACTIVITIES**

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are mainly property development, provision of smart energy solving solution and manufacturing and sale of upholstery and safety webbings. The principal activities and details of the subsidiaries are set out in Note 10 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.

**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 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.

**4. SIGNIFICANT ACCOUNTING POLICIES**

**4.1 Basis of accounting**

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

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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 a joint venture 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.2 Basis of consolidation (Cont'd)

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.

# Notes to the Financial Statements
31 December 2022
(cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 Business combination (Cont'd)

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements 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 rates are as follows:

| | |
|---|---|
| Buildings | 2% - 12.5% |
| Plant and machinery | 10% - 20% |
| Furniture, fittings and office equipment | 10% - 20% |
| Motor vehicles | 10% - 20% |
| Renovation | 20% - 33% |

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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.4 Property, plant and equipment and depreciation (Cont'd)

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

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

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

### 4.5 Leases

(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 | 2 - 7 years |
| Leasehold improvements | 5 years |
| Plant and machinery | 5 years |
| Motor vehicles | 3 - 7 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.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.5 Leases (Cont'd)**

(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.

**4.7 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.7 Investments (Cont'd)

(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 an associate is stated at cost less impairment losses.

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

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

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

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

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

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

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

## Notes to the Financial Statements
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**(cont'd)**

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.7 Investments (Cont'd)

(b) Associates (Cont'd)

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.

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*.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.7 Investments (Cont'd)

(c) Joint arrangements (Cont'd)

<u>Joint venture (Cont'd)</u>

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 an associate 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 associate 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 associate 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 associate 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.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.8 Intangible assets (Cont'd)**

(b) Other intangible assets (Cont'd)

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

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

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.8 Intangible assets (Cont'd)

(b) Other intangible assets (Cont'd)

*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.

### 4.9 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.9 Impairment of non-financial assets (Cont'd)

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.

(b) Property development costs

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

(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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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 fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

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

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

(i) Amortised cost

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

(ii) Fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes to the Financial Statements
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(cont'd)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.12 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Fair value (Cont'd)

Subsequently to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Assets that do not meet the criteria for amortised cost or 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 re-measurement recognised in profit or loss.

(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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.12 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

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.

### 4.13 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.

## Notes to the Financial Statements
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(cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.13 Impairment of financial assets (Cont'd)**

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, interest rate, consumer price index) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised 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, interest rate, consumer price index) 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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 statements 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.15 Income taxes (Cont'd)

(b) Deferred tax (Cont'd)

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

(i) the same taxable entity; or

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

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

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

### 4.16 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.17 Contingent liabilities and contingent assets (Cont'd)

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.

### 4.18 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.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.19 Foreign currencies (Cont'd)**

(b) Foreign currency translations and balances

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

(c) Foreign operations

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

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

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

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

**4.20 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.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.20 Revenue and other income (Cont'd)**

(b) Property development and construction contracts

Contracts with customers include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development and construction contracts is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the cost incurred relative to the total expected cost for satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining performance obligations, transaction price allocation, costs in applying the input method to recognise revenue over time.

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

There is no significant financing component in the revenue arising from property development and construction contracts as the contracts are on normal credit terms not exceeding twelve months.

(c) Dividend income

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

(d) 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.

(e) Interest income

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

(f) 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.

(g) Maintenance service income

Maintenance service income is accounted over time as and when the services are rendered and accepted by customers.

## Notes to the Financial Statements
**31 December 2022**
**(cont'd)**

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.21 Earnings/(Loss) 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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).

# Notes to the Financial Statements
31 December 2022
(cont'd)

## 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 |
|---|---|
| *Annual Improvements to MFRS Standards 2018-2020* | 1 January 2022 |
| *Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)* | 1 January 2022 |
| *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)* | 1 January 2022 |
| *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)* | 1 January 2022 |

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

### 5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

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

| Title | Effective Date |
|---|---|
| MFRS 17 *Insurance Contracts* | 1 January 2023 |
| Amendments to MFRS 17 *Insurance Contracts* | 1 January 2023 |
| *Initial Application of MFRS 17 and MFRS 9 - Comparative Information* (Amendments to MFRS 17 *Insurance Contract)* | 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 |
| *Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)* | 1 January 2023 |
| *Lease liability in a sale and leaseback (Amendments to MFRS 16 Leases)* | 1 January 2024 |
| *Classification of Liabilities as Current or Non-current* (Amendments to MFRS 101 *Presentation of Financial Statements*) | 1 January 2024 |
| *Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)* | 1 January 2024 |
| *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)* | 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 years.

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Recoverability of trade and other receivables

The determination of whether trade and other receivables are recoverable involves significant management judgement in determining the probability of default by trade and other receivables and appropriate forward-looking information (i.e. Gross domestic product growth rate, inflation rate, unemployment rate, interest rate, consumer price index).

(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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## Notes to the Financial Statements
31 December 2022
(cont'd)

### 7. PROPERTY, PLANT AND EQUIPMENT

| | Note | Freehold land RM'000 | Buildings RM'000 | Renovation 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 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| At 1 January 2021 | | 1,009 | 25,113 | - | 42,671 | 4,474 | 1,492 | 177 | 74,936 |
| Additions | | - | 219 | - | 2,270 | 182 | 35 | 516 | 3,222 |
| Disposals | | - | - | - | (640) | (80) | (163) | - | (883) |
| Written off | | - | - | - | - | (1,841) | - | - | (1,841) |
| Reclassification from right-of-use assets | 8 | - | - | - | - | - | 89 | - | 89 |
| Reclassification | | - | - | - | 671 | - | - | (671) | - |
| Translation adjustments | | - | 174 | - | 738 | 43 | 56 | - | 1,011 |
| At 31 December 2021/ 1 January 2022 | | 1,009 | 25,506 | - | 45,710 | 2,778 | 1,509 | 22 | 76,534 |
| Additions | | - | 40 | - | 1,806 | 83 | - | 1,663 | 3,592 |
| Disposals | | - | - | - | (315) | (111) | - | - | (426) |
| Acquisition of subsidiaries | | - | - | 862 | - | 2,814 | 154 | 2 | 3,832 |
| Reclassification to right-of-use assets | 8 | - | - | - | (2,009) | - | - | - | (2,009) |
| Written off | | - | - | - | - | - | - | (4) | (4) |
| Reclassification | | - | - | - | 61 | - | - | (61) | - |
| Translation adjustments | | - | 77 | 20 | 53 | 59 | (16) | - | 193 |
| At 31 December 2022 | | 1,009 | 25,623 | 882 | 45,306 | 5,623 | 1,647 | 1,622 | 81,712 |

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Note | Freehold 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 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Accumulated impairment** | | | | | | | | |
| At 1 January 2021 | | - | - | - | 413 | - | - | 413 |
| Written off | | - | - | - | (420) | - | - | (420) |
| Translation adjustments | | - | - | - | 7 | - | - | 7 |
| At 31 December 2021/ 31 December 2022 | | - | - | - | - | - | - | - |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2021 | | - | 8,243 | 37,169 | 3,087 | 1,216 | - | 49,715 |
| Depreciation charge for the financial year | | - | 569 | 1,504 | 713 | 58 | - | 2,844 |
| Disposals | | - | - | (569) | (34) | (152) | - | (755) |
| Written off | | - | - | - | (1,306) | - | - | (1,306) |
| Reclassification from right-of-use assets | 8 | - | - | - | - | 59 | - | 59 |
| Translation adjustments | | - | 82 | 638 | 23 | 43 | - | 786 |
| At 31 December 2021 | | - | 8,894 | 38,742 | 2,483 | 1,224 | - | 51,343 |

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Note | Freehold land RM'000 | Buildings RM'000 | Renovation 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 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **Accumulated depreciation (Cont'd)** | | | | | | | | | |
| At 1 January 2022 | | - | 8,894 | - | 38,742 | 2,483 | 1,224 | - | 51,343 |
| Depreciation charge for the financial year | | - | 576 | - | 1,209 | 123 | 107 | - | 2,015 |
| Disposals | | - | - | - | (311) | (111) | - | - | (422) |
| Acquisition of subsidiaries | | - | - | 863 | - | 2,588 | 109 | - | 3,560 |
| Reclassification to right-of-use assets | 8 | - | - | - | (204) | - | - | - | (204) |
| Translation adjustments | | - | 37 | 19 | 55 | 55 | (18) | - | 148 |
| At 31 December 2022 | | - | 9,507 | 882 | 39,491 | 5,138 | 1,422 | - | 56,440 |
| **Carrying amount** | | | | | | | | | |
| At 31 December 2021 | | 1,009 | 16,612 | - | 6,968 | 295 | 285 | 22 | 25,191 |
| At 31 December 2022 | | 1,009 | 16,116 | - | 5,815 | 485 | 225 | 1,622 | 25,272 |

As at 31 December 2022, freehold land, buildings and certain plant and machinery of the Group with a total carrying amount of RM15,359,000 (2021: RM15,620,000) are pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 23(a) to the financial statements.

## 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|
| **Company** | | |
| **Cost/Carrying amount** | | |
| At 1 January 2022 | - | - |
| Additions | 863 | 863 |
| At 31 December 2022 | 863 | 863 |

## 8. RIGHT-OF-USE ASSETS

| | Note | 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 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| Cost | | | | | | | |
| At 1 January 2021 | | 21,918 | 5,856 | 21,242 | - | 394 | 49,410 |
| Additions | | - | - | 244 | - | 131 | 375 |
| Reclassification to property, plant and equipment | 7 | - | - | - | - | (89) | (89) |
| Re-measurement | | - | - | (17,912) | - | - | (17,912) |
| Write off | | - | (5,775) | (557) | - | - | (6,332) |
| Translation adjustments | | 197 | 98 | 191 | - | - | 486 |
| At 31 December 2021/ 1 January 2022 | | 22,115 | 179 | 3,208 | - | 436 | 25,938 |
| Additions | | 160 | - | 34 | - | - | 194 |
| Reclassification from property, plant and equipment | 7 | - | - | - | 2,009 | - | 2,009 |
| Acquisition of subsidiaries | | - | - | 999 | - | 2,088 | 3,087 |
| Re-measurement | | - | - | 1,502 | - | - | 1,502 |
| Disposal | | - | - | (789) | - | - | (789) |
| Translation adjustments | | 110 | - | (14) | - | 166 | 262 |
| At 31 December 2022 | | 22,385 | 179 | 4,940 | 2,009 | 2,690 | 32,203 |

## 8. RIGHT-OF-USE ASSETS (CONT'D)

| | Note | 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 impairment** | | | | | | | |
| At 1 January 2021 | | - | 3,785 | 9,776 | - | - | 13,561 |
| Written off | | - | (3,850) | (9,950) | - | - | (13,800) |
| Translation adjustments | | - | 65 | 174 | - | - | 239 |
| At 31 December 2021/31 December 2022 | | - | - | - | - | - | - |
| **Accumulated depreciation** | | | | | | | |
| At 1 January 2021 | | 4,542 | 1,898 | 7,970 | - | 252 | 14,662 |
| Depreciation charge for the financial year | | 430 | 4 | 2,194 | - | 68 | 2,696 |
| Disposals | | - | - | (186) | - | - | (186) |
| Written off | | - | (1,925) | - | - | - | (1,925) |
| Re-measurement | | - | - | (7,607) | - | - | (7,607) |
| Reclassification to property, plant and equipment | 7 | - | - | - | - | (59) | (59) |
| Translation adjustments | | 102 | 33 | (26) | - | - | 109 |
| At 31 December 2021 | | 5,074 | 10 | 2,345 | - | 261 | 7,690 |
| At 1 January 2022 | | 5,074 | 10 | 2,345 | - | 261 | 7,690 |
| Depreciation charge for the financial year | | 439 | 4 | 423 | 100 | 187 | 1,153 |
| Acquisition of subsidiaries | | - | - | 711 | - | 957 | 1,668 |
| Reclassification from property, plant and equipment | 7 | - | - | - | 204 | - | 204 |
| Disposals | | - | - | (789) | - | - | (789) |
| Translation adjustments | | (18) | - | 6 | - | 145 | 133 |
| At 31 December 2022 | | 5,495 | 14 | 2,696 | 304 | 1,550 | 10,059 |
| **Carrying amount** | | | | | | | |
| At 31 December 2021 | | 17,041 | 169 | 863 | - | 175 | 18,248 |
| At 31 December 2022 | | 16,890 | 165 | 2,244 | 1,705 | 1,140 | 22,144 |

## 8. RIGHT-OF-USE ASSETS (CONT'D)

(a) As at 31 December 2022, long-term leasehold land of the Group with a total carrying amount of RM14,567,000 (2021: RM14,747,000) are pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 23(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 RM2,845,000 (2021: RM175,000).

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

| | Group | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| Additions on right-of-use assets | 194 | 375 |
| Additions via lease liabilities (Note 25) | (34) | (366) |
| Cash payments on purchase of right-of-use assets | 160 | 9 |

## 9. INTANGIBLE ASSETS

| | Goodwill<br>RM'000 | Customers relationship<br>RM'000 | Computer software<br>RM'000 | License<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Cost** | | | | | |
| At 1 January 2021 | 65,928 | 5,609 | 450 | 1,669 | 73,656 |
| Disposal of subsidiaries | (634) | - | - | (1,725) | (2,359) |
| Written off | - | - | (37) | - | (37) |
| Translation adjustments | 4,237 | 372 | 1 | 56 | 4,666 |
| At 31 December 2021/1 January 2022 | 69,531 | 5,981 | 414 | - | 75,926 |
| Additions | - | - | 7 | - | 7 |
| Acquisition of subsidiaries | 9,710 | 5,063 | - | - | 14,773 |
| Translation adjustments | (2,270) | (247) | - | - | (2,517) |
| At 31 December 2022 | 76,971 | 10,797 | 421 | - | 88,189 |
| **Accumulated amortisation** | | | | | |
| At 1 January 2021 | - | 1,295 | 415 | - | 1,710 |
| Amortisation charge for the financial year | - | 905 | 7 | - | 912 |
| Written off | - | - | (15) | - | (15) |
| Translation adjustments | - | 100 | - | - | 100 |
| At 31 December 2021/1 January 2022 | - | 2,300 | 407 | - | 2,707 |
| Amortisation charge for the financial year | - | 237 | 4 | - | 241 |
| Translation adjustments | - | (72) | - | - | (72) |
| At 31 December 2022 | - | 2,465 | 411 | - | 2,876 |

## 9. INTANGIBLE ASSETS (CONT'D)

| | Goodwill RM'000 | Customers relationship RM'000 | Computer software RM'000 | License RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Accumulated impairment loss** | | | | | |
| At 1 January 2021 | 52,531 | - | - | - | 52,531 |
| Impairment loss for the financial year | 12,110 | 3,619 | - | - | 15,729 |
| Translation adjustments | 3,657 | 62 | - | - | 3,719 |
| At 31 December 2021/1 January 2022 | 68,298 | 3,681 | - | - | 71,979 |
| Translation adjustments | (2,165) | (118) | - | - | (2,283) |
| At 31 December 2022 | 66,133 | 3,563 | - | - | 69,696 |
| **Carrying amount** | | | | | |
| At 31 December 2021 | 1,233 | - | 7 | - | 1,240 |
| At 31 December 2022 | 10,838 | 4,769 | 10 | - | 15,617 |

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 2022 RM'000 | Group 2021 RM'000 |
|---|---|---|
| Malaysia | 1,233 | 1,233 |
| Singapore | 9,605 | - |
| | 10,838 | 1,233 |

(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 five (5) financial years from 2023.

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

| | 2022 % | 2021 % |
|---|---|---|
| **Average annual revenue growth rates** | | |
| Malaysia | 7.2 | 7.7 |
| China | - | 12.2 |
| Singapore | 6.0 | - |
| **Pre-tax discount rates** | 15.8 - 25.6 | 11.9 - 17.6 |

## 9. INTANGIBLE ASSETS (CONT'D)

(b) Sensitivity to changes in assumptions

Malaysia and Singapore CGU

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.

(c) In the previous financial year, the impairment losses on goodwill of RM12,110,000 were recognised due to the recoverable amounts determined based on the projected cash flows were lower than the carrying amount of the goodwill.

## 10. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2022** | **2021** |
| | **RM'000** | **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

Current financial year

(i) Acquisition of 62.75% equity interest in Energy Solution Global Limited ("ESGL")

On 8 June 2022, FHL had entered into a shares sale agreement with Dato' Ng Yan Cheng to acquire the remaining 6,275 ordinary shares representing 62.75% of the issued share capital of ESGL, which was an associate to the Group, for a total consideration of HKD51,469,000 (equivalent to approximately RM29,446,000), which comprised of 41,565,600 ordinary shares of the FHL at HKD0.23 per share and HKD41,909,000 (equivalent to approximately RM23,977,000) included in other payables. The acquisition was completed on 29 August 2022. Accordingly, the Group's effective equity interest in FHL diluted from 54.19% to 50.45%.

## Notes to the Financial Statements
**31 December 2022**
**(cont'd)**

### 10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (Cont'd)

Current financial year (Cont'd)

(i) Acquisition of 62.75% equity interest in Energy Solution Global Limited ("ESGL") (Cont'd)

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

| | **Fair value recognised on acquisition RM'000** |
|---|---|
| Property, plant and equipment | 272 |
| Right-of-use assets | 1,419 |
| Trade and other receivables | 9,956 |
| Contract assets | 27,341 |
| Inventories | 752 |
| Current tax assets | 7 |
| Cash and bank balances | 24,652 |
| Trade and other payables | (18,124) |
| Loans and borrowings | (15,016) |
| Current tax liabilities | (2,431) |
| Lease liabilities | (1,020) |
| Net identifiable assets | 27,808 |
| Add: Goodwill (Note 9) | 9,710 |
| Add: Intangible assets - fair value adjustment (Note 9) | 5,063 |
| Add: Deferred tax liabilities | (861) |
| Less: Fair value of previously held 37.25% interest | (12,274) |
| Total consideration | 29,446 |
| Satisfied by: | |
| Ordinary shares of the subsidiary | 5,469 |
| Cash consideration (included in other payables) | 8,323 |
| Contingent consideration (included in other payables) | 15,834 |
| Less: Fair value of profit guarantee (included in other payables) | (180) |
| | 29,446 |
| The effect of the acquisition on cash flow is as follows: | |
| Cash consideration paid | - |
| Less: Cash and cash equivalent of subsidiary acquired | 24,112 |
| Net cash inflow of the Group on acquisition | 24,112 |

## 10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Internal reorganisation in the previous financial year

(i) On 9 April 2021, a subsidiary of the Company, PRG Property Sdn. Bhd. acquired two (2) ordinary shares representing 100% equity interest in Premier Electrify Sdn. Bhd. from the Company for a consideration of RM2.00.

(ii) On 30 November 2021, FHL acquired one (1) ordinary share representing 100% equity interest in PRG Land Sdn. Bhd. from Premier Management International Limited ("PMIL") for a consideration of RM1.00.

(c) Disposal of subsidiaries

<u>In the previous financial year, the Group disposed the following subsidiaries</u>

(i) Disposal of Rich Day Global Limited and its subsidiaries

On 23 March 2021, the Board of Directors of a subsidiary, Furniweb Holding Limited has approved the disposal of Rich Day Global Limited and its subsidiaries ("Rich Day"), through its subsidiary, Delightful Grace Holdings Limited to two independent third party purchasers for a total consideration of HKD8,500,000 (approximately RM4,500,000). The disposal of Rich Day was completed on 31 March 2021.

| | RM'000 |
|---|---|
| Property, plant and equipment | 38 |
| Right-of-use assets | 370 |
| Trade and other receivables | 11,365 |
| Bank balance held on behalf of clients | 12,778 |
| Cash and bank balances | 12,317 |
| Trade and other payables | (15,829) |
| Current tax liabilities | (1,887) |
| Lease liabilities | (373) |
| Net identifiable assets | 18,779 |
| Realisation of foreign currency | (82) |
| Goodwill and license | 2,359 |
| Non-controlling interest | (11,077) |
| Translation adjustment | (191) |
| Loss on disposal of subsidiaries | (5,241) |
| Total consideration | 4,547 |
| Cash consideration received | 4,547 |
| Cash and cash equivalents disposed of | (12,317) |
| Net cash outflow arising on disposal | (7,770) |

## Notes to the Financial Statements

**31 December 2022**

**(cont'd)**

### 10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Interests in subsidiaries

The details of the subsidiaries are as follows:

| Name of company | Country of incorporation | Interest in equity held by Company 2022 % | Company 2021 % | Subsidiaries 2022 % | Subsidiaries 2021 % | Principal activities |
|---|---|---|---|---|---|---|
| Furniweb Holdings Limited* | Cayman Islands | 50.45 | 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 | - | - | Provision of management consultancy services, accounting, office administration and general support functions |
| 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 |
| **Subsidiaries of Furniweb Holdings Limited** | | | | | | |
| FIPB International Limited* | British Virgin Islands | - | - | 100 | 100 | Investment holding company |
| Premier Management International Limited*/^ | Hong Kong | - | - | - | 100 | Investment holding company |
| Delightful Grace Holdings Limited* | British Virgin Islands | - | - | 100 | 100 | Investment holding company |
| Meinaide Holdings Group Limited* | British Virgin Islands | - | - | 100 | 100 | Investment holding company |
| PRG Land Sdn. Bhd. | Malaysia | - | - | 100 | 100 | Trading, retail sale of clothing, footwear and ancillary products |
| Energy Solution Global Limited% | British Virgin Islands | - | - | 100 | 37.25 | Investment holding and provision of smart energy saving solution |

## 10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Interests in subsidiaries (Cont'd)

The details of the subsidiaries are as follows (Cont'd):

| Name of company | Country of incorporation | Interest in equity held by Company 2022 % | Company 2021 % | Subsidiaries 2022 % | Subsidiaries 2021 % | 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 sale of rubber strips and square cut rubber threads |
| 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 investment and deriving rental income thereon |
| **Subsidiaries of Webtex Trading Sdn. Bhd.** | | | | | | |
| Furniweb (Vietnam) Shareholding Company[#] | Vietnam | - | - | 100 | 100 | Manufacture and sale of upholstery webbings and covered elastic yarn |
| **Subsidiary of Premier Management International Limited** | | | | | | |
| PP Retail Pte. Ltd.[/] | Singapore | - | - | - | 100 | Retail sale of clothing, footwear and ancillary products |

## Notes to the Financial Statements
**31 December 2022**
**(cont'd)**

**10. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(d) Interests in subsidiaries (Cont'd)

The details of the subsidiaries are as follows (Cont'd):

| Name of company | Country of incorporation | Interest in equity held by Company 2022 % | Company 2021 % | Subsidiaries 2022 % | Subsidiaries 2021 % | Principal activities |
|---|---|---|---|---|---|---|
| **Subsidiary of Delightful Grace Holdings Limited** | | | | | | |
| Fly High Finance Limited* | Hong Kong | - | - | 100 | 100 | Money lending |
| **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 |
| **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 |
| **Subsidiaries of Energy Solution Global Limited** | | | | | | |
| Measurement & Verification Pte. Ltd.@ | Singapore | - | - | 100 | 37.25 | Consultants and suppliers of energy conservation systems in buildings |
| Measurement & Verification Sdn. Bhd.@ | Malaysia | - | - | 100 | 37.25 | Mechanical and electrical consultants, specialist turnkey contractors for clean room and outfitting of industrial premises and design of building automation system |

**10. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(d) Interests in subsidiaries (Cont'd)

The details of the subsidiaries are as follows (Cont'd):

| Name of company | Country of incorporation | Interest in equity held by Company 2022 % | Company 2021 % | Subsidiaries 2022 % | Subsidiaries 2021 % | Principal activities |
|---|---|---|---|---|---|---|
| **Subsidiaries of PRG Property Sdn. Bhd.** | | | | | | |
| Premier Baycity Sdn. Bhd. | Malaysia | - | - | 51 | 51 | Property development and related activities |
| Premier PMC Sdn. Bhd. | Malaysia | - | - | 100 | 100 | Property development and related activities |
| Premier Construction Sdn. Bhd. | Malaysia | - | - | 100 | 100 | Contractor for civil and building construction works, rental of machinery, equipment and etc |
| Premier Electrify Sdn. Bhd.** | Malaysia | - | - | 100 | 100 | Property development, construction and related activities |
| **Subsidiary of PRG Construction Sdn. Bhd.** | | | | | | |
| Premier Construction (International) Sdn. Bhd. | Malaysia | - | - | 100 | 100 | To tender and/or undertake local/overseas property development and construction activities and projects and other related activities and to carry on the business and/or activities advantageous to the company |
| **Subsidiaries of PRG Asset Sdn. Bhd.** | | | | | | |
| Premier Food Processing Sdn. Bhd.** | Malaysia | - | - | 100 | 100 | Manufacture and processing of food products |
| 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 | To undertake agriculture, plantation, logging, forestry and all activities related to the foregoing |

# Notes to the Financial Statements
**31 December 2022**
**(cont'd)**

## 10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Interests in subsidiaries (Cont'd)

The details of the subsidiaries are as follows (Cont'd):

| Name of company | Country of incorporation | Interest in equity held by Company 2022 % | Company 2021 % | Subsidiaries 2022 % | Subsidiaries 2021 % | Principal activities |
|---|---|---|---|---|---|---|
| **Subsidiary of PRG Healthcare Sdn. Bhd.** | | | | | | |
| PRG Active Sdn. Bhd. | Malaysia | - | - | 100 | 100 | Business on medical consultation and cardiovascular services |

* Subsidiaries not audited by BDO PLT or member firms of BDO International.
** Subsidiaries have yet to commence business activities.
% As at 31 December 2021, the subsidiary was 37.25% associate of the Group.
@ As at 31 December 2021, the subsidiaries were 37.25% indirectly-held associates of the Group.
# Subsidiaries audited by member firms of BDO International.
^ Subsidiary has been deregistered on 19 May 2022.
/ Subsidiary has been struck off on 3 October 2022.

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## 10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Non-controlling interests in subsidiaries

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

| | Furniweb Holdings Limited | Premier Baycity Sdn. Bhd. | Total |
|---|---|---|---|
| **2022** | | | |
| NCI percentage of ownership interest and voting interest | 49.55% | 49.00% | |
| Carrying amount of NCI (RM'000) | 63,935 | 18,676 | 82,611 |
| Profit allocated to NCI (RM'000) | 8,672 | 14,967 | 23,639 |
| Total comprehensive income allocated to NCI (RM'000) | 9,498 | 14,967 | 24,465 |
| **2021** | | | |
| NCI percentage of ownership interest and voting interest | 45.81% | 49.00% | |
| Carrying amount of NCI (RM'000) | 47,435 | 3,710 | 51,145 |
| Profit allocated to NCI (RM'000) | 5,598 | 4,040 | 9,638 |
| Total comprehensive income allocated to NCI (RM'000) | 7,791 | 4,040 | 11,831 |

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:

| | Furniweb Holdings Limited RM'000 | Premier Baycity Sdn. Bhd. RM'000 |
|---|---|---|
| **2022** | | |
| **Assets and liabilities** | | |
| Non-current assets | 53,916 | 125 |
| Current assets | 163,720 | 89,120 |
| Non-current liabilities | (34,874) | (92) |
| Current liabilities | (58,039) | (51,039) |
| Net assets | 124,723 | 38,114 |

# Notes to the Financial Statements
31 December 2022
(cont'd)

## 10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Non-controlling interests in subsidiaries (Cont'd)

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: (Cont'd)

| | Furniweb Holdings Limited RM'000 | Premier Baycity Sdn. Bhd. RM'000 |
|---|---|---|
| **2022** | | |
| **Results** | | |
| Revenue | 162,155 | 131,059 |
| Profit for the financial year | 18,167 | 30,544 |
| Other comprehensive income | 1,835 | - |
| Total comprehensive income | 20,002 | 30,544 |
| Cash flows from operating activities | 1,723 | 18,109 |
| Cash flows from/(used in) investing activities | 12,436 | (7,529) |
| Cash flows from/(used in) financing activities | 5,498 | (2,498) |
| Net increase in cash and cash equivalents | 19,657 | 8,082 |
| **2021** | | |
| **Assets and liabilities** | | |
| Non-current assets | 36,565 | 454 |
| Current assets | 98,220 | 51,193 |
| Non-current liabilities | (12,577) | (9,444) |
| Current liabilities | (22,957) | (34,633) |
| Net assets | 99,251 | 7,570 |
| **Results** | | |
| Revenue | 132,902 | 42,825 |
| Profit for the financial year | 5,181 | 8,245 |
| Other comprehensive income | 3,400 | - |
| Total comprehensive income | 8,581 | 8,245 |
| Cash flows from operating activities | 6,766 | 4,037 |
| Cash flows (used in)/from investing activities | (984) | 1,032 |
| Cash flows from/(used in) financing activities | 2,219 | (3,841) |
| Net increase in cash and cash equivalents | 8,001 | 1,228 |

## 11. INVESTMENTS IN ASSOCIATES

| | Group 2022 RM'000 | Group 2021 RM'000 |
|---|---|---|
| Unquoted equity shares, at cost | 1,489 | 6,676 |
| Goodwill | 3,353 | 3,353 |
| Share of post-acquisition reserves | (1,404) | (208) |
| | 3,438 | 9,821 |
| Less: Impairment loss | (3,438) | (3,438) |
| | - | 6,383 |

The details of the associates are as follows:

| Name of company | Country of incorporation | Interest in equity held by subsidiaries 2022 % | Interest in equity held by subsidiaries 2021 % | Principal activities |
|---|---|---|---|---|
| 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") ^ | Thailand | - | 49 | Dormant |
| Energy Solution Global Limited / | British Virgin Islands | - | 37.25 | Investment holding and provision of smart energy saving solution |

* Associates are equity accounted based on management accounts for the financial year ended 31 December 2022.

^ Deemed disposed of on 13 May 2022 as its immediate holding company, PMIL was deregistered on 13 May 2022.

/ The Group has acquired the remaining 62.75% equity interest in the associate on 29 August 2022 and the associate has become a subsidiary of the Group on 29 August 2022 as disclosed in Note 10(a) to the financial statements.

## Notes to the Financial Statements
31 December 2022
(cont'd)

### 11. INVESTMENTS IN ASSOCIATES (CONT'D)

The details of the associates are as follows:

The summarised financial information of the associates are as follows:

| | ESGL RM'000 | EPC RM'000 | Other immaterial associates RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2022** | | | | |
| **Assets and liabilities** | | | | |
| Non-current assets | - | 1,781 | 1 | 1,782 |
| Current assets | - | 949 | 2,402 | 3,351 |
| Current liabilities | - | (4,802) | (4,797) | (9,599) |
| Net liabilities | - | (2,072) | (2,394) | (4,466) |
| Carrying amount of the investments in associates (including goodwill) | - | - | - | - |
| **Results** | | | | |
| Revenue | 56,710 | 6,587 | - | 63,297 |
| Profit/(Loss) for the financial year | 9,851 | (540) | (130) | 9,181 |
| Other comprehensive income | 370 | - | - | 370 |
| Total comprehensive income/(loss) | 10,221 | (540) | (130) | 9,551 |
| **Share of results by the Group for the financial year** | | | | |
| Share of profits by the Group for the financial year | 3,669 | - | - | 3,669 |
| Share of other comprehensive income by the Group for the financial year | 138 | - | - | 138 |
| **2021** | | | | |
| **Assets and liabilities** | | | | |
| Non-current assets | 1,850 | 2,131 | 2 | 3,983 |
| Current assets | 34,060 | 2,038 | 3,958 | 40,056 |
| Non-current liabilities | (6,042) | - | - | (6,042) |
| Current liabilities | (12,732) | (5,767) | (6,751) | (25,250) |
| Net assets/(liabilities) | 17,136 | (1,598) | (2,791) | 12,747 |
| Carrying amount of the investments in associates (including goodwill) | 6,383 | - | - | 6,383 |

## 11. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised financial information of the associates are as follows (Cont'd):

| | ESGL RM'000 | EPC RM'000 | Other immaterial associates RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2021** | | | | |
| **Results** | | | | |
| Revenue | 7,430 | 4,354 | 12,674 | 24,458 |
| Profit/(Loss) for the financial year | 1,390 | (698) | 3,321 | 4,013 |
| Other comprehensive income | 137 | - | - | 137 |
| Total comprehensive income/(loss) | 1,527 | (698) | 3,321 | 4,150 |
| **Share of results by the Group for the financial year** | | | | |
| Share of profits by the Group for the financial year | 518 | - | - | 518 |
| Share of other comprehensive income by the Group for the financial year | 51 | - | - | 51 |

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

| | ESGL RM'000 | EPC RM'000 | Other immaterial associates RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2022** | | | | |
| Share of net (liabilities)/assets | - | (33) | 118 | 85 |
| Goodwill | - | 3,353 | - | 3,353 |
| Less: Impairment loss | - | (3,320) | (118) | (3,438) |
| Carrying amount in the statements of financial position | - | - | - | - |
| **2021** | | | | |
| Share of net (liabilities)/assets | 6,383 | (33) | 118 | 6,468 |
| Goodwill | - | 3,353 | - | 3,353 |
| Less: Impairment loss | - | (3,320) | (118) | (3,438) |
| Carrying amount in the statements of financial position | 6,383 | - | - | 6,383 |

## Notes to the Financial Statements
31 December 2022
(cont'd)

### 11. INVESTMENTS IN ASSOCIATES (CONT'D)

a) On 1 November 2021, PRG announced that FHL as purchaser and Ms. Pua Lay Cheng and Mr. Lee Eng Lock as vendors (the "Vendors") entered into the Share Sale Agreement ("SSA"), pursuant to which the Vendors have conditionally agreed to sell and FHL has conditionally agreed to acquire the 37.25% of issued share capital of ESGL, whose two wholly-owned operating subsidiaries are principally engaging in provision of smart energy solution business at the total consideration of HKD9,564,000 (approximately RM5,187,000). The SSA had been completed on 13 December 2021.

On 8 June 2022 and 13 June 2022, FHL conditionally entered into a SSA and supplemental SSA respectively, to acquire the remaining 62.75% equity interest in ESGL from Dato' Ng Yan Cheng for a total consideration of HKD58,192,000 (equivalent to approximately RM31,424,000). The acquisition was completed on 29 August 2022. The investment in ESGL had been transferred from investments in associates to investments in subsidiaries.

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

| | Group | |
|---|---|---|
| | **2022 RM'000** | **2021 RM'000** |
| At 1 January | 3,438 | 4,788 |
| Charge for the financial year | - | 1,894 |
| Disposal of an associate | - | (3,244) |
| At 31 December | 3,438 | 3,438 |

In the previous financial year, the impairment losses on investments in associates of RM1,894,000 had been recognised due to declining business operations.

### 12. INVESTMENT IN A JOINT VENTURE

| | Group | |
|---|---|---|
| | **2022 RM'000** | **2021 RM'000** |
| Unquoted equity shares, at cost | 570 | 570 |
| Share of post-acquisition reserves, net of dividends received | 841 | 361 |
| | 1,411 | 931 |
| Less: Impairment loss | - | - |
| | 1,411 | 931 |

## 12. INVESTMENT IN A JOINT VENTURE (CONT'D)

The details of the joint venture are as follows:

| Name of company | Country of incorporation | Interest in equity held by a subsidiary 2022 % | Interest in equity held by a subsidiary 2021 % | 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 venture, in which the Group participates, is unlisted separate structured entity whose quoted market prices is not available. The contractual arrangement stipulates unanimous consent of all parties over relevant activities of joint venture 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 arrangement resting primarily with the joint venture. This joint arrangement has been classified as joint venture and has been included in the consolidated financial statements using the equity method.

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

| | 2022 TNV RM'000 | 2021 TNV RM'000 |
|---|---|---|
| **Assets and liabilities** | | |
| Non-current assets | 100 | 80 |
| Current assets | 3,031 | 2,368 |
| Current liabilities | (310) | (587) |
| | 2,821 | 1,861 |
| Proportion of the ownership of the Group | 50% | 50% |
| Carrying amount of the investment in a joint venture | 1,411 | 931 |
| **Results** | | |
| Revenue | 4,747 | 4,053 |
| Profit before tax | 1,085 | 1,096 |
| Tax expense | (161) | (116) |
| Profit after tax | 924 | 980 |
| Other comprehensive income | 36 | 123 |
| Total comprehensive income | 960 | 1,103 |

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**31 December 2022**
**(cont'd)**

## 12. INVESTMENT IN A JOINT VENTURE (CONT'D)

The summarised financial information of the joint venture, adjusted for any differences in accounting policies, are as follows: (Cont'd)

| | 2022<br>TNV<br>RM'000 | 2021<br>TNV<br>RM'000 |
|---|---|---|
| **Share of results by the Group for the financial year** | | |
| Share of profit by the Group for the financial year | 462 | 490 |
| Share of other comprehensive income by the Group for the financial year | 18 | 61 |
| | 480 | 551 |
| **Other information** | | |
| Dividend income | - | (1,035) |

The reconciliation of net assets of the joint venture to the carrying amount of the investment in a joint venture is as follows:

| | 2022<br>TNV<br>RM'000 | 2021<br>TNV<br>RM'000 |
|---|---|---|
| Share of net assets/Carrying amount in the statements of financial position | 1,411 | 931 |

The joint venture had no contingent liabilities and capital commitments as at 31 December 2022 and 31 December 2021.

## 13. OTHER INVESTMENT

| | Group/Company | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| **Financial asset at fair value through other comprehensive income** | | |
| Equity security: Quoted shares outside Malaysia | - | - |

Equity security which is not held for trading for which the Group and the Company have irrevocably elected to recognise at fair value through other comprehensive income. This is a strategic investment 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 value of investment in a quoted share is based on the quoted price in active market.

## 13. OTHER INVESTMENT (CONT'D)

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

| | Group/Company | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Balance as at 1 January | - | 4,030 |
| Fair value changes | - | (4,030) |
| Balance as at 31 December | - | - |

Trading of the quoted share had been suspended since 14 February 2020.

## 14. DEFERRED TAX (ASSETS)/LIABILITIES

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

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Balance as at 1 January | 1,036 | 388 |
| Acquisition of a subsidiary | 861 | - |
| Recognised in profit or loss | 430 | 597 |
| Translation adjustments | (9) | 51 |
| Balance as at 31 December | 2,318 | 1,036 |
| Presented after appropriate offsetting: | | |
| Deferred tax assets, net | (20) | (224) |
| Deferred tax liabilities, net | 2,338 | 1,260 |
| | 2,318 | 1,036 |

(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 1 January 2021 | (1,281) | (185) | (1,466) |
| Recognised in profit or loss | 1,064 | 179 | 1,243 |
| Translation adjustments | - | (1) | (1) |
| At 31 December 2021/1 January 2022 | (217) | (7) | (224) |
| Recognised in profit or loss | 200 | 4 | 204 |
| At 31 December 2022 | (17) | (3) | (20) |

## Notes to the Financial Statements
31 December 2022
**(cont'd)**

### 14. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

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

**Deferred tax liabilities of the Group**

| | Property, plant and equipment RM'000 | Intangible assets RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2021 | 674 | 1,079 | 101 | 1,854 |
| Recognised in profit or loss | 484 | (1,131) | 1 | (646) |
| Translation adjustments | - | 52 | - | 52 |
| At 31 December 2021/ 1 January 2022 | 1,158 | - | 102 | 1,260 |
| Recognised in profit or loss | 191 | - | 35 | 226 |
| Acquisition of subsidiaries | - | 861 | - | 861 |
| Translation adjustments | - | (9) | - | (9) |
| At 31 December 2022 | 1,349 | 852 | 137 | 2,338 |

(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 | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Unabsorbed capital allowances | 502 | 180 |
| Other temporary differences | 18,397 | 19,109 |
| Unused tax losses | | |
| - No expiry date | 475 | 139 |
| - Expires by 31 December 2025 | - | 246 |
| - Expires by 31 December 2026 | - | 90 |
| - Expires by 31 December 2027 | - | 6 |
| - Expires by 31 December 2028 | 806 | - |
| - Expires by 31 December 2029 | 130 | 42 |
| - Expires by 31 December 2030 | 1,999 | 1,998 |
| - Expires by 31 December 2031 | 6,166 | 1,786 |
| - Expires by 31 December 2032 | 959 | - |
| | 29,434 | 23,596 |

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.

## 15. TRADE AND OTHER RECEIVABLES

| | Note | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|---|
| **Non-current** | | | | | |
| **Trade receivables** | | | | | |
| Third parties | | 8,270 | 8,790 | - | - |
| Retention sums | (b) | 439 | 439 | - | - |
| Amount owing by an associate | (g) | 12,428 | 12,428 | - | - |
| **Gross trade receivables** | (a) | 21,137 | 21,657 | - | - |
| Less: Impairment loss | (d) | (13,547) | (13,595) | - | - |
| | | 7,590 | 8,062 | - | - |
| **Other receivables** | | | | | |
| Third parties | (h) | 59,126 | 58,336 | 59,126 | 56,589 |
| Amount owing by a corporate shareholder | | - | 96 | - | - |
| Amounts owing by subsidiaries | (f) | - | - | 23,409 | 49,600 |
| **Gross other receivables** | | 59,126 | 58,432 | 82,535 | 106,189 |
| Less: Impairment loss | (e) | (5,338) | (5,338) | (5,338) | (5,338) |
| | | 53,788 | 53,094 | 77,197 | 100,851 |
| **Total non-current** | | 61,378 | 61,156 | 77,197 | 100,851 |
| **Current** | | | | | |
| **Trade receivables** | | | | | |
| Third parties | | 58,858 | 31,777 | - | - |
| Retention sums | (b) | 2,287 | 931 | - | - |
| Amount owing by a joint venture | (i) | 65 | 99 | - | - |
| **Gross trade receivables** | (a) | 61,210 | 32,807 | - | - |
| Less: Impairment loss - third parties | (d) | (3,288) | (3,310) | - | - |
| | | 57,922 | 29,497 | - | - |
| **Other receivables** | | | | | |
| Amounts owing by subsidiaries | (f) | - | - | 68,068 | 44,536 |
| Amounts owing by associates | (g) | 632 | 634 | - | - |
| Amount owing by a joint venture | (i) | 82 | 57 | - | - |
| Amount owing by a corporate shareholder | | - | 12 | - | - |
| Third parties | | 14,620 | 17,344 | 53 | 1 |
| Deposits | | 1,292 | 788 | - | - |
| **Gross other receivables** | | 16,626 | 18,835 | 68,121 | 44,537 |

# Notes to the Financial Statements
31 December 2022
(cont'd)

## 15. TRADE AND OTHER RECEIVABLES (CONT'D)

| | Note | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|---|
| **Current (Cont'd)** | | | | | |
| **Other receivables (Cont'd)** | | | | | |
| Less: Impairment loss | (e) | (1,162) | (3,150) | (23,630) | (23,630) |
| | | 15,464 | 15,685 | 44,492 | 20,907 |
| **Total trade and other receivables** | | 73,386 | 45,182 | 44,492 | 20,907 |
| Prepayments | | 2,447 | 3,343 | 38 | 13 |
| **Total current** | | 75,833 | 48,525 | 44,530 | 20,920 |
| **Grand total** | | 137,211 | 109,681 | 121,727 | 121,771 |

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from fifteen (15) days to ninety (90) days (2021: 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.

(b) The retention sums are unsecured, interest-free and are expected to be collected as follows:

| | Group 2022 RM'000 | Group 2021 RM'000 |
|---|---|---|
| More than one (1) year | 439 | 439 |
| Within one (1) year | 2,287 | 931 |

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

| | Gross carrying amount RM'000 | Lifetime expected loss RM'000 | Net carrying amount RM'000 |
|---|---|---|---|
| **2022** | | | |
| Collective assessment | | | |
| Not past due | 46,487 | (300) | 46,187 |
| Past due | | | |
| 1 - 30 days | 5,488 | (73) | 5,415 |
| 31 - 60 days | 2,699 | (110) | 2,589 |
| 61 - 90 days | 2,692 | (50) | 2,642 |
| Over 90 days | 1,752 | (664) | 1,088 |
| | 59,118 | (1,197) | 57,921 |
| Individual assessment | 23,229 | (15,638) | 7,591 |
| | 82,347 | (16,835) | 65,512 |

## 15. TRADE AND OTHER RECEIVABLES (CONT'D)

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

| | Gross carrying amount RM'000 | Lifetime expected loss RM'000 | Net carrying amount RM'000 |
|---|---|---|---|
| **2021** | | | |
| Collective assessment | | | |
| Not past due | 22,069 | (83) | 21,986 |
| Past due | | | |
| 1 - 30 days | 4,224 | (56) | 4,168 |
| 31 - 60 days | 1,246 | (46) | 1,200 |
| 61 - 90 days | 518 | (102) | 416 |
| Over 90 days | 2,764 | (1,038) | 1,726 |
| | 30,821 | (1,325) | 29,496 |
| Individual assessment | 23,643 | (15,580) | 8,063 |
| | 54,464 | (16,905) | 37,559 |

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

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

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| At 1 January | 16,905 | 14,143 |
| Charge for the financial year | 253 | 2,869 |
| Reversal | (410) | (135) |
| Exchange differences | 87 | 28 |
| At 31 December | 16,835 | 16,905 |

(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 2022 | 2,043 | 1,989 | 4,456 | 8,488 |
| Written off | - | - | (1,815) | (1,815) |
| Charge for the financial year | 8 | - | 34 | 42 |
| Reversal | (173) | (42) | - | (215) |
| At 31 December 2022 | 1,878 | 1,947 | 2,675 | 6,500 |

## Notes to the Financial Statements
31 December 2022
(cont'd)

15. **TRADE AND OTHER RECEIVABLES (CONT'D)**

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

| | 12-month ECL RM'000 | Lifetime ECL RM'000 | Lifetime ECL - Credit impaired RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| At 1 January 2021 | 2,267 | 6,101 | 4,041 | 12,409 |
| Written off | - | (4,112) | - | (4,112) |
| Charge for the financial year | 42 | - | 892 | 934 |
| Reversal | (366) | - | (477) | (843) |
| Exchange differences | 100 | - | - | 100 |
| At 31 December 2021 | 2,043 | 1,989 | 4,456 | 8,488 |
| **Company** | | | | |
| At 1 January 2022 | 767 | 20,135 | 8,066 | 28,968 |
| Charge for the financial year | - | 1,152 | - | 1,152 |
| Reversal | - | (1,153) | - | (1,153) |
| At 31 December 2022 | 767 | 20,134 | 8,066 | 28,967 |
| At 1 January 2021 | 767 | 13,188 | 8,066 | 22,021 |
| Charge for the financial year | - | 7,390 | - | 7,390 |
| Reversal | - | (443) | - | (443) |
| At 31 December 2021 | 767 | 20,135 | 8,066 | 28,968 |

(f) Amounts owing by subsidiaries

The amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and receivable within next twelve months in cash and cash equivalents.

(g) Amounts owing by associates

Trade amounts owing by associates are non-interest bearing and the normal trade credit terms granted by the Group is thirty (30) days (2021: thirty (30) days) from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

The remaining amounts owing by associates represent advances and payments made on behalf, which are unsecured, interest-free and receivable within next twelve months in cash and cash equivalents.

(h) Included in non-current other receivables is an amount of RM59,126,000 (2021: RM56,589,000) which is secured by property units, bears interest at 5% (2021:5%) per annum and is receivable in cash and cash equivalents upon issuance of certificate for the completion for the development project.

## 15. TRADE AND OTHER RECEIVABLES (CONT'D)

(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 (2021: 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 receivable 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 | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Ringgit Malaysia | 89,355 | 77,739 | 121,689 | 121,682 |
| United States Dollar | 9,327 | 6,122 | - | - |
| Vietnamese Dong | 3,371 | 4,427 | - | - |
| Hong Kong Dollar | 5,760 | 6,779 | - | - |
| Singapore Dollar | 18,848 | - | - | 76 |
| Chinese Renminbi | 8,031 | 11,162 | - | - |
| Pound Sterling | 72 | 109 | - | - |
| | 134,764 | 106,338 | 121,689 | 121,758 |

(k) Information on financial risks of trade and other receivables is disclosed in Note 36 to the financial statements.

## 16. CONTRACT ASSETS/(LIABILITIES)

| | | Group | |
|---|---|---|---|
| | Note | 2022 RM'000 | 2021 RM'000 |
| **Contract assets** | | | |
| **Non-current** | | | |
| Property development contracts | (b) | 1,405 | 4,082 |
| **Current** | | | |
| Cost to obtain a contract | | 3,180 | 4,999 |
| Costs incurred to fulfil contracts with customers | | 21,843 | - |
| Property development contracts | (b) | 58,503 | 8,820 |
| Construction contracts | (a) | 5,194 | 4,127 |
| Energy solution contracts | (c) | 3,884 | - |
| | | 92,604 | 17,946 |
| **Contract liabilities** | | | |
| Deferred income | | (1,108) | (2,270) |
| Construction contracts | (a) | (6,217) | - |
| | | (7,325) | (2,270) |
| | | 86,684 | 19,758 |

## Notes to the Financial Statements
31 December 2022
(cont'd)

### 16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Contract assets and contract liabilities from construction contracts

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Contract assets | 5,194 | 4,127 |
| Contract liabilities | (6,217) | - |
| | (1,023) | 4,127 |
| At 1 January | 4,127 | 3,972 |
| Impairment of contract assets | (11) | (3) |
| Revenue recognised during the year | 12,833 | 4,072 |
| Progress billings | (17,972) | (3,914) |
| At 31 December | (1,023) | 4,127 |

Additions to aggregate costs incurred during the financial year include:

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Employee benefits | 1,402 | 499 |
| Hire of plant and machinery | 816 | 227 |
| | 2,218 | 726 |

(b) Contract assets from property development contracts

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Contract assets | 59,908 | 12,902 |
| At 1 January | 12,902 | (809) |
| Impairment of contract assets | - | (197) |
| Reversal of impairment loss | 34 | - |
| Revenue recognised during the year | 137,393 | 56,724 |
| Progress billings | (90,879) | (42,196) |
| Fair value adjustment | 458 | (620) |
| At 31 December | 59,908 | 12,902 |

## 16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(c) Contract asset from energy solution contracts

| | Group 2022 RM'000 |
|---|---|
| At 1 January | - |
| Acquisition of subsidiaries | 3,343 |
| Revenue recognised during the year | 541 |
| At 31 December | 3,884 |

No expected credit loss is recognised arising from contract assets from energy solution contracts as it is negligible.

(d) Contract value yet to be recognised as revenue

Revenue amounting to RM7,325,000 (2021: RM2,270,000) 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.

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

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| At 1 January | 240 | 40 |
| Charge for the financial year | 11 | 200 |
| Reversal of impairment of contract assets | (34) | - |
| At 31 December | 217 | 240 |

## 17. INVENTORIES

| | | Group | |
|---|---|---|---|
| | Note | 2022 RM'000 | 2021 RM'000 |
| **At cost** | | | |
| Raw materials | | 10,727 | 11,512 |
| Work-in-progress | | 4,339 | 4,435 |
| Manufactured inventories | | 8,394 | 11,767 |
| Trading merchandise | | 105 | 87 |
| Other consumables | | 2,526 | 2,410 |
| | | 26,091 | 30,211 |
| Agricultural produce | | 462 | 206 |
| Property development costs | 18 | 9,942 | 31,502 |
| | | 36,495 | 61,919 |

## Notes to the Financial Statements
31 December 2022
(cont'd)

### 17. INVENTORIES (CONT'D)

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM57,135,000 (2021: RM58,353,000). Inventories written down during the financial year amounted to RM110,000 (2021: RM Nil) are recognised in cost of sales. In the previous financial year, there were inventories written off amounted to RM35,000 recognised as cost of sales.

(b) The Group reversed RM384,000 (2021: RM2,597,000) in respect of inventories written down in the previous financial years, which were subsequently not required as the Group was able to sell those inventories above their carrying amounts.

### 18. PROPERTY DEVELOPMENT COSTS

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Property development costs at beginning of financial year: | | |
| - leasehold land | 21,569 | 21,569 |
| - development costs | 48,610 | 20,306 |
| - accumulated cost recognised in profit or loss | (38,677) | (12,607) |
| | 31,502 | 29,268 |
| Costs incurred during the financial year: | | |
| - leasehold land | 1,266 | - |
| - development costs | 59,480 | 28,305 |
| | 60,746 | 28,305 |
| Costs recognised in profit or loss during the financial year: | | |
| - development costs | (82,306) | (26,070) |
| | (82,306) | (26,070) |
| Property development costs at end of financial year: | | |
| - leasehold land | 22,835 | 21,569 |
| - development costs | 108,090 | 48,610 |
| - accumulated cost recognised in profit or loss | (120,983) | (38,677) |
| | 9,942 | 31,502 |

(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 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 RM10,839,000 (2021: RM9,264,000) payable to BPSB for the balance of the purchase consideration of the leasehold land as disclosed in Note 24(c) to the financial statements.

## 18. PROPERTY DEVELOPMENT COSTS (CONT'D)

(c) In the previous financial year, leasehold land together with development costs with a total carrying amount of RM31,502,000 have been pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 23(a) to the financial statements.

## 19. BIOLOGICAL ASSETS

| | Group | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| Balance as at 1 January | 81,048 | 82,060 |
| Transfer to inventories | (880) | (1,012) |
| Balance as at 31 December | 80,168 | 81,048 |

(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 and mahogany plantation. In prior years, PRG Agro Sdn. Bhd., an indirectly wholly-owned subsidiary of the Company, had acquired two parcels of agriculture land planted with teak and mahogany trees in Kelantan.

(c) The current age of teak and mahogany trees ranges from 20 to 23 years (2021: 19 to 22 years), which are ready to be harvested as agricultural produce.

(d) During the financial year, the Group harvested approximately 1,623m$^3$ (2021: 1,865m$^3$) 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 cash flow projections report prepared by the management. Significant unobservable inputs are used by Directors 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:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| Selling price per m$^3$ of teak trees | RM1,200 | RM1,500 |
| Selling price per m$^3$ of mahogany trees | RM3,200 | RM3,200 |
| Discount rate | 16% | 16% |

## 19. BIOLOGICAL ASSETS (CONT'D)

(e) (Cont'd)

Sensitivity analysis

With all other variables held constant, the Group's profit/(loss) after tax for the year would have been impacted as follows:

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Selling price | | |
| - increase by 1% | 1,027 | 878 |
| - decrease by 1% | (967) | (606) |
| Discount rate | | |
| - increase by 1% | (972) | (904) |
| - decrease by 1% | 1,054 | 1,203 |

## 20. CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Cash and bank balances | 56,308 | 27,044 | 125 | 112 |
| Deposits placed with financial institutions | 15,161 | 10,697 | - | - |
| | 71,469 | 37,741 | 125 | 112 |

(a) Included in the Group's cash and bank balances is an amount of RM4,053,000 (2021: RM1,210,000) 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 RM200,000 (2021: RM727,000) which represents minimum balances maintained in HDA amounted to RM200,000 (2021: RM200,000). In the previous financial year, the Group also maintained deposits in a designated Debt Service Reserve Account with a licensed bank amounted to RM527,000 in connection with banking facilities granted to the Group as disclosed in Note 23(a) to the financial statements.

(b) Deposits placed with financial institutions of the Group have maturity periods ranging from 7 days to 365 days (2021: 7 days to 365 days) with interest rates ranging from 0.2% to 6.2% (2021: 0.2% to 5.0%) per annum.

## 20. CASH AND BANK BALANCES (CONT'D)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| Ringgit Malaysia | 15,270 | 4,281 | 90 | 79 |
| United States Dollar | 7,142 | 18,444 | 12 | 7 |
| Hong Kong Dollar | 6,007 | 2,486 | 7 | 8 |
| Vietnamese Dong | 14,775 | 10,567 | - | - |
| Singapore Dollar | 25,113 | - | 16 | - |
| Others | 3,162 | 1,963 | - | 18 |
| | 71,469 | 37,741 | 125 | 112 |

(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 | |
|---|---|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| **Cash and bank balances** | | | | |
| Cash and bank balances | 56,308 | 27,044 | 125 | 112 |
| Deposits placed with financial institutions | 15,161 | 10,697 | - | - |
| **As reported in statements of financial position** | 71,469 | 37,741 | 125 | 112 |
| Less: | | | | |
| Bank overdraft (Note 23) | (269) | (433) | - | - |
| Deposits placed with financial institutions with original maturity of more than three (3) months | (11,274) | (6,094) | - | - |
| Restricted cash | (200) | (727) | - | - |
| **As reported in statements of cash flows** | 59,726 | 30,487 | 125 | 112 |

(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 36 to the financial statements.

## Notes to the Financial Statements
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**(cont'd)**

### 21. SHARE CAPITAL AND TREASURY SHARES

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Number of shares ('000) | RM'000 | Number of shares ('000) | RM'000 |
| **Ordinary shares** | | | | |
| **Issued and fully paid:** | | | | |
| Balance as at 1 January/31 December | 429,857 | 144,530 | 429,857 | 144,530 |

(a) 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.

(b) Of the total 429,857,221 issued and fully paid ordinary shares as at 31 December 2022, 417,800 ordinary shares bought for RM87,000 in the prior financial year 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 ordinary shares as at 31 December 2022.

### 22. RESERVES

| | Note | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|---|
| **Non-distributable:** | | | | | |
| Exchange translation reserve | (a) | (353) | (1,325) | - | - |
| Fair value reserve | (b) | (28,327) | (28,327) | (28,327) | (28,327) |
| | | (28,680) | (29,652) | (28,327) | (28,327) |
| **Distributable:** | | | | | |
| Retained earnings | | 53,721 | 35,769 | 35,718 | 30,339 |
| | | 25,041 | 6,117 | 7,391 | 2,012 |

(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.

## 23. BORROWINGS

| | Note | Group 2022 RM'000 | Group 2021 RM'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| **Secured:** | | | |
| Term loans | | 7,807 | 6,994 |
| Trust receipts | | 15,299 | - |
| Trade bills | | - | 1,874 |
| Bank overdraft | | 269 | 433 |
| | | 23,375 | 9,301 |
| **Non-current liabilities** | | | |
| **Secured:** | | | |
| Term loans | | 42,127 | 48,067 |
| | | 65,502 | 57,368 |
| **Total borrowings** | | | |
| **Secured:** | | | |
| Term loans | (a) | 49,934 | 55,061 |
| Trust receipts | | 15,299 | - |
| Trade bills | | - | 1,874 |
| Bank overdraft | 20(d) | 269 | 433 |
| | | 65,502 | 57,368 |

(a) In the previous financial year, term loans of the Group with a total carrying amount of RM2,326,000 were secured by way of:

(i) a charge over the leasehold land under development as disclosed in Note 18(c) to the financial statements; and

(ii) deposits maintained in a designated Debt Service Reserve Account with a licensed bank as disclosed in Note 20(a) to the financial statements.

The charges have been fully satisfied during the current financial year.

The term loans of the Group with a total carrying amount of RM49,934,000 (2021: RM52,735,000), trade bills and bank overdraft of the Group are secured by:

(i) a pledge over the Group's freehold land, buildings and certain plant and machinery with a total carrying amount of RM15,359,000 (2021: RM15,620,000) as disclosed in Note 7 to the financial statements;

(ii) a pledge over the Group's long-term leasehold land with a total carrying amount of RM14,567,000 (2021: RM14,747,000) as disclosed in Note 8(a) to the financial statements; and

(iii) existing continuing joint and several personal guarantee for all monies by directors of the Company's subsidiaries.

The term loans, trade bills and bank overdraft granted to the subsidiaries are guaranteed by the Company amounted to RM9,753,000 (2021: RM18,996,000) as disclosed in Note 27 to the financial statements.

## 23. BORROWINGS (CONT'D)

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

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Ringgit Malaysia | 44,507 | 55,494 |
| United States Dollar | - | 1,874 |
| Singapore Dollar | 20,995 | - |
| | 65,502 | 57,368 |

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

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | % | % |
| Term loans | 2.50 - 4.97 | 3.36 - 6.25 |
| Trust receipts | 5.13 - 6.35 | - |
| Trade bills | - | 2.10 - 2.15 |
| Bank overdraft | 8.39 - 8.64 | 7.39 - 7.64 |

(d) Information on financial risks of borrowings and its remaining maturities are disclosed in Note 36 to the financial statements.

## 24. TRADE AND OTHER PAYABLES

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-current** | | | | | |
| Other payable | (c) | 15,569 | - | - | - |
| Accruals | (d) | - | 49 | - | - |
| Amount owing to a subsidiary | (b) | - | - | 5,000 | - |
| | | 15,569 | 49 | 5,000 | - |
| **Current** | | | | | |
| **Trade payables** | | | | | |
| Third parties | | 30,637 | 16,575 | - | - |
| Retention sums | | 10,918 | 7,607 | - | - |
| | (a) | 41,555 | 24,182 | - | - |

## 24. TRADE AND OTHER PAYABLES (CONT'D)

| | Note | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|---|
| **Other payables** | | | | | |
| Amounts owing to subsidiaries | (b) | - | - | 397 | 500 |
| Amounts owing to associates | (b) | 682 | 1,682 | - | - |
| Amounts owing to shareholders | (b) | 31,335 | 38,206 | 26,042 | 33,680 |
| Other payables | (c) | 33,290 | 16,414 | 137 | 117 |
| Deposits received from customers | | 9,151 | 4,662 | - | - |
| Accruals | (d) | 13,618 | 4,931 | 176 | 143 |
| Dividend payable | | - | 4,449 | - | - |
| | | 88,076 | 70,344 | 26,752 | 34,440 |
| **Total current payables** | | 129,631 | 94,526 | 26,752 | 34,440 |
| **Total payables** | | 145,200 | 94,575 | 31,752 | 34,440 |

(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 (2021: one (1) month to three (3) months) from the date of invoice.

(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, except for:

i) Non-current amount owing to a subsidiary of RM5,000,000 (2021: RM Nil) is loan from a subsidiary, which bears interest at 6% and is payable after twelve months in cash and cash equivalents; and

ii) Amounts owing to shareholders of the Group and the Company included a loan from a shareholder of RM10,643,000 and RM2,285,000 respectively (2021: RM14,201,000 and RM9,601,000 respectively) which bears interest at 4.0% - 6.0% (2021: 4.0%) per annum and is payable within next twelve months in cash and cash equivalents.

(c) Other payables

Included in non-current other payables is an amount of RM15,569,000 (2021: RM Nil), which represents contingent consideration less profit guarantee payable to Dato' Ng Yan Cheng (the "Vendor"). Pursuant to the sale and purchase agreement, the profit guarantee for ESGL's profit after tax for the two years ended 31 December 2023 shall not be less than HKD34,500,000. In the event of guaranteed profit cannot be met, the shortfall amount, after multiplying by a factor, will be paid to the Company. The fair value of profit guarantee of ESGL was RM180,000 (equivalent to HKD315,000) and RM93,000 (equivalent to HKD164,000) at the completion date of the acquisition and 31 December 2022 respectively based on valuation performed by an independent qualified professional valuer not connected to the Group, by using probabilistic approach.

Included in other payables of the Group is an amount of RM10,839,000 (2021: RM9,264,000), which represents the balance of the purchase consideration of the development land as disclosed in Note 18(b) to the financial statements. Included in current other payables is an amount of RM8,323,000 (equivalent to HKD14,548,000) due to the Vendor which represents 25% of the total consideration of the acquisition of subsidiaries as disclosed in Note 10(a). It shall be paid by cash the date falling six (6) months from the completion date of the acquisition.

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(cont'd)

### 24. TRADE AND OTHER PAYABLES (CONT'D)

(d) Included in accruals of the Group are provision for restoration cost amounting to RM49,000 (2021: RM49,000), 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. In previous financial year, the liabilities for restoration were recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 4.80%.

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

| | Group | |
|---|---|---|
| | **2022 RM'000** | **2021 RM'000** |
| At 1 January | 49 | 726 |
| Provision made during the year | - | 22 |
| Reversal of provision of restoration cost | - | (713) |
| Translation adjustment | - | 14 |
| At 31 December | 49 | 49 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 RM'000** | **2021 RM'000** | **2022 RM'000** | **2021 RM'000** |
| Ringgit Malaysia | 84,604 | 85,816 | 29,466 | 24,840 |
| United States Dollar | 1,707 | 1,759 | - | - |
| Vietnamese Dong | 2,094 | 3,794 | - | - |
| Hong Kong Dollar | 43,792 | 1,153 | 2,285 | 9,600 |
| Singapore Dollar | 11,500 | 1 | - | - |
| Chinese Renminbi | 1,503 | 2,052 | - | - |
| | 145,200 | 94,575 | 31,751 | 34,440 |

(f) Information on financial risks of trade and other payables is disclosed in Note 36 to the financial statements.

## 25. LEASE LIABILITIES

**The Group as lessee**

| | Long-term leasehold land RM'000 | Buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Carrying amount** | | | | | |
| Balance as at 1 January 2022 | 2,444 | 906 | - | 178 | 3,528 |
| Additions | - | 34 | - | - | 34 |
| Drawdown | - | - | 1,896 | - | 1,896 |
| Lease payments | (170) | (476) | (293) | (124) | (1,063) |
| Interest expense | 90 | 47 | 66 | 19 | 222 |
| Re-measurement | - | 1,502 | - | - | 1,502 |
| Acquisition of subsidiaries | - | 296 | - | 724 | 1,020 |
| Translation adjustments | 138 | 5 | - | 12 | 155 |
| Balance as at 31 December 2022 | 2,502 | 2,314 | 1,669 | 809 | 7,294 |

| | Long-term leasehold land RM'000 | Buildings RM'000 | Motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **Carrying amount** | | | | |
| Balance as at 1 January 2021 | 2,418 | 14,535 | 129 | 17,082 |
| Additions | - | 244 | 122 | 366 |
| Lease payments | (160) | (1,499) | (79) | (1,738) |
| Interest expense | 88 | 479 | 6 | 573 |
| Re-measurement | - | (11,599) | - | (11,599) |
| Disposal of subsidiaries | - | (373) | - | (373) |
| Lease concession | - | (1,130) | - | (1,130) |
| Translation adjustments | 98 | 249 | - | 347 |
| Balance as at 31 December 2021 | 2,444 | 906 | 178 | 3,528 |

# Notes to the Financial Statements
**31 December 2022**
**(cont'd)**

## 25. LEASE LIABILITIES (CONT'D)

| | 2022 RM'000 | 2021 RM'000 |
|---|---|---|
| Represented by: | | |
| Current liabilities | 1,492 | 1,653 |
| Non-current liabilities | 5,802 | 1,875 |
| | 7,294 | 3,528 |
| Lease liabilities owing to financial institutions | 1,836 | 178 |
| Lease liabilities owing to non-financial institutions | 5,458 | 3,350 |
| | 7,294 | 3,528 |

(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 RM2,226,000 (2021: RM2,616,000).

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

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Depreciation charge of right-of-use assets | | |
| - included in cost of sales | 441 | 1,051 |
| - included in administrative expenses | 659 | 824 |
| - included in distribution costs | 54 | 1,624 |
| Interest expense on lease liabilities (included in finance costs) | 222 | 573 |
| Expense relating to short-term leases (included in administrative expenses) | 773 | 283 |
| Expense relating to leases of low-value assets (included in administrative expenses) | 8 | 13 |
| Variable lease payments (included in distribution costs): | | |
| - arising from COVID-19 related rent concessions | - | (1,130) |
| | 2,157 | 3,238 |

## 25. LEASE LIABILITIES (CONT'D)

(d) The following are total cash outflows for leases as a lessee :

| | Group 2022 RM'000 | Group 2021 RM'000 |
|---|---|---|
| Included in net cash from operating activities: | | |
| Payment relating to short-term leases and low value assets | 781 | 296 |
| Interest paid in relation to lease liabilities | 222 | 573 |
| Included in net cash from investing activities: | | |
| Purchase of right-of-use assets | 160 | 9 |
| Included in net cash from financing activities: | | |
| Payment of lease liabilities | 1,063 | 1,738 |
| Total cash outflows for leases | 2,226 | 2,616 |

(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:

| | Weighted average incremental borrowing per annum % | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **31 December 2022** | | | | | |
| Lease liabilities | 1.9% - 6.3% | 1,840 | 1,745 | 5,283 | 8,868 |
| **31 December 2021** | | | | | |
| Lease liabilities | 2.5% - 3.6% | 449 | 967 | 3,132 | 4,548 |

## 26. COMMITMENTS

Capital commitment

| | Group 2022 RM'000 | Group 2021 RM'000 |
|---|---|---|
| Contracted but not provided for | | |
| - Acquisition of property, plant and equipment | 3,875 | 4,115 |

## Notes to the Financial Statements

**31 December 2022**

**(cont'd)**

### 27. CONTINGENT LIABILITIES

| | Group 2022 RM'000 | Group 2021 RM'000 |
|---|---|---|
| Corporate guarantees given to banks for credit facilities granted to subsidiaries | | |
| - unsecured (Note 23) | | |
| - Limit of guarantee | 21,800 | 64,637 |
| - Amount utilised | 9,753 | 18,996 |
| Corporate guarantees given to third parties for credit limit granted to subsidiaries | | |
| - unsecured | | |
| - Limit of guarantee | 122,500 | 119,250 |
| - Amount utilised | 845 | 625 |

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.

### 28. REVENUE

| | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|
| **Revenue from contracts with customers** | | | | |
| **Recognised over time:** | | | | |
| Construction contract | 53,500 | 12,072 | - | - |
| Property development revenue | 131,059 | 42,825 | - | - |
| Maintenance services | 6,386 | - | - | - |
| **Recognised at point in time:** | | | | |
| Sales of goods | 113,632 | 133,248 | - | - |
| Management fees | 1,464 | 2,124 | - | - |
| Others | 1,491 | 263 | - | - |
| | 307,532 | 190,532 | - | - |

## 28. REVENUE (CONT'D)

*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.

| | Malaysia RM'000 | Asia Pacific (excluding Malaysia) RM'000 | Europe RM'000 | North America RM'000 | Other countries RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | |
| **Major product and service line** | | | | | | |
| Revenue from property development | 131,060 | - | - | - | - | 131,060 |
| Revenue from construction contracts | 11,447 | 42,053 | - | - | - | 53,500 |
| Revenue from maintenance services | - | 6,386 | - | - | - | 6,386 |
| Sales of goods | 6,746 | 75,054 | 8,478 | 22,183 | 1,170 | 113,631 |
| Management fees | 1,464 | - | - | - | - | 1,464 |
| Others | 203 | 1,288 | - | - | - | 1,491 |
| Revenue from external customers | 150,920 | 124,781 | 8,478 | 22,183 | 1,170 | 307,532 |
| **31 December 2021** | | | | | | |
| **Major product and service line** | | | | | | |
| Revenue from property development | 42,825 | - | - | - | - | 42,825 |
| Revenue from construction contracts | 12,072 | - | - | - | - | 12,072 |
| Sales of goods | 8,438 | 96,899 | 5,352 | 15,468 | 7,091 | 133,248 |
| Management fees | 2,124 | - | - | - | - | 2,124 |
| Others | 263 | - | - | - | - | 263 |
| Revenue from external customers | 65,722 | 96,899 | 5,352 | 15,468 | 7,091 | 190,532 |

## Notes to the Financial Statements
31 December 2022
**(cont'd)**

### 29. PROFIT/(LOSS) BEFORE TAX

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 RM'000** | **2021 RM'000** | **2022 RM'000** | **2021 RM'000** |
| **After charging:** | | | | |
| Auditors' remuneration: | | | | |
| - statutory audit | 587 | 524 | 50 | 49 |
| - other services | 24 | 9 | 21 | 6 |
| Interest expense on: | | | | |
| - term loans | 3,499 | 1,484 | - | - |
| - trade bills | 19 | 49 | - | - |
| - lease liabilities | 222 | 573 | - | - |
| - bank overdraft | 33 | 30 | - | - |
| - unwinding for other payables | - | 22 | - | - |
| - redeemable preference shares | - | 146 | - | - |
| - loan from a subsidiary | - | - | 30 | - |
| - shareholder advance | 489 | 387 | 253 | 362 |
| Loss on disposals of: | | | | |
| - property, plant and machinery | - | 4 | - | - |
| - subsidiaries | - | 5,241 | - | - |
| - an associate | - | 130 | - | - |
| Loss on foreign exchange: | | | | |
| - unrealised | 1,008 | 197 | 527 | - |
| - realised | 490 | 354 | - | - |
| Management fee expenses | - | - | 1,090 | 900 |
| Rental expenses on: | | | | |
| - short term leases | 774 | 283 | - | - |
| - low value assets | 8 | 13 | - | - |
| **and after crediting:** | | | | |
| Gain on foreign exchange: | | | | |
| - unrealised | 11 | 294 | - | 275 |
| - realised | 926 | 939 | - | - |
| Interest income from: | | | | |
| - bank balances | 86 | 30 | 1 | - |
| - deposits placed with financial institutions | 702 | 586 | - | - |
| - cash client | - | 5 | - | - |
| - advances to other receivable | 2,537 | 2,680 | 2,537 | 2,537 |
| Gain on bargain purchase on acquisition of associates | - | 692 | - | - |
| Forfeiture income | 11 | 565 | - | - |
| Gain on disposals of property, plant and equipment | 33 | 81 | - | - |
| Waiver of debts | - | 65 | - | - |
| Rental income | 736 | 1,076 | - | - |

## 30. TAX EXPENSE

| | Group 2022 RM'000 | Group 2021 RM'000 | Company 2022 RM'000 | Company 2021 RM'000 |
|---|---|---|---|---|
| Current tax expense based on profit/(loss) for the financial year: | | | | |
| Malaysia | | | | |
| - current year provision | 11,653 | 3,402 | 232 | 312 |
| - under/(over) provision in prior years | 341 | 1,594 | (22) | 1,712 |
| Overseas | | | | |
| - current year provision | 2,494 | 2,218 | - | - |
| - over provision in prior years | (4) | - | - | - |
| | 14,484 | 7,214 | 210 | 2,024 |
| Deferred tax (Note 14) | | | | |
| Origination and reversal of temporary differences | 317 | (256) | - | - |
| Under provision in prior years | 113 | 853 | - | - |
| | 430 | 597 | - | - |
| | 14,914 | 7,811 | 210 | 2,024 |

The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 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 |
|---|---|---|---|
| **2022** | | | |
| Foreign currency translations | 1,831 | - | 1,831 |
| Realisation of reserves from deemed disposal of an associate | (189) | - | (189) |
| Share of other comprehensive income of an associate | 138 | - | 138 |
| Share of other comprehensive income of a joint venture | 18 | - | 18 |
| | 1,798 | | 1,798 |
| **2021** | | | |
| Change in the fair value of equity investment at fair value through other comprehensive income | (4,030) | - | (4,030) |
| Realisation of reserves upon disposal of subsidiaries | (82) | - | (82) |
| Foreign currency translations | 3,616 | - | 3,616 |
| Share of other comprehensive income of an associate | 51 | - | 51 |
| Share of other comprehensive income of a joint venture | 61 | - | 61 |
| | (384) | - | (384) |

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**(cont'd)**

**30. TAX EXPENSE (CONT'D)**

Tax on each component of other comprehensive income is as follows (Cont'd):

| | Company | | |
|---|---|---|---|
| | Before tax RM'000 | Tax effect RM'000 | After tax RM'000 |
| **2021** | | | |
| Change in the fair value of equity investment at fair value through other comprehensive income | (4,030) | - | (4,030) |

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 profit/(loss) before tax multiplied by the applicable tax rates of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Tax at Malaysian statutory tax rate of 24% (2021: 24%) | 13,929 | 3,743 | 1,341 | (2,371) |
| Tax effects in respect of: | | | | |
| Effects of different tax rates in foreign jurisdictions | (1,208) | (1,753) | - | - |
| Non-allowable expenses | 4,261 | 8,381 | 391 | 3,413 |
| Tax incentives | (195) | (200) | - | - |
| Income not subject to tax | (2,675) | (6,368) | (1,500) | (730) |
| Deferred tax assets not recognised | 1,354 | 1,822 | - | - |
| Crystalisation of deferred tax liabilities | (10) | (10) | - | - |
| Utilisation of previously unrecognised deferred tax assets | - | (9) | - | - |
| Share of profits of associates | (881) | (124) | - | - |
| Share of profit of a joint venture | (111) | (118) | - | - |
| Under/(Over) provision in prior years: | | | | |
| - tax expense | 337 | 1,594 | (22) | 1,712 |
| - deferred tax | 113 | 853 | - | - |
| | 14,914 | 7,811 | 210 | 2,024 |

## 31. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic

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

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| Profit/(Loss) attributable to owners of the parent (RM'000) | 19,483 | (1,853) |
| Weighted average number of ordinary shares in issue (units'000) | 429,439 | 429,439 |
| Basic earnings/(loss) per ordinary share (sen) | 4.54 | (0.43) |

(b) Diluted

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

## 32. EMPLOYEE BENEFITS

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 RM'000** | **2021 RM'000** | **2022 RM'000** | **2021 RM'000** |
| Wages, salaries and bonuses | 26,762 | 25,556 | 290 | 242 |
| Contributions to defined contribution plans | 2,038 | 2,053 | - | - |
| Social security contributions | 1,171 | 1,159 | - | - |
| Other benefits | 3,968 | 3,081 | 13 | 11 |
| | 33,939 | 31,849 | 303 | 253 |

Included in employee benefits of the Group and the Company are Directors' remuneration amounting to RM6,891,000 and RM228,000 (2021: RM5,601,000 and RM242,000) respectively.

# Notes to the Financial Statements
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(cont'd)

## 33. 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, a joint venture, 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 | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| **Subsidiaries** | | | | |
| Management fees payable | - | - | - | 900 |
| **Associates** | | | | |
| Rental income | - | 60 | - | - |
| Progress billing payable | - | (289) | - | - |
| Sales of goods | - | 4 | - | - |
| **Joint venture** | | | | |
| Commission received/receivable | 111 | 92 | - | - |
| Dividend income | - | 1,035 | - | - |
| Sales of goods | 713 | 789 | - | - |
| Sales of services | 77 | 57 | - | - |
| Purchase of materials | (90) | (83) | - | - |
| Rental income | 108 | 94 | - | - |
| **Joint venture partner *** | | | | |
| Sale of goods | 1,391 | 1,479 | - | - |

* 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.

**33. RELATED PARTY DISCLOSURES (CONT'D)**

(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 (cont'd):

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| **Directors of the Company and close family member of the Directors** | | | | |
| Progress billing | 1,244 | - | - | - |
| Rental expenses | (174) | - | - | - |
| Sales of goods | - | 429 | - | - |
| Interest payable | - | - | (234) | (362) |
| **Director of subsidiary company** | | | | |
| Progress billing | 198 | - | - | - |
| Sales of goods | - | 2 | - | - |

(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 | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Directors' remuneration: | | | | |
| - Directors of the Company: | | | | |
| - fees | 314 | 231 | 214 | 231 |
| - emoluments other than fees | 1,429 | 1,208 | 14 | 11 |
| | 1,743 | 1,439 | 228 | 242 |
| - Directors of subsidiaries: | | | | |
| - fees | 150 | - | - | - |
| - emoluments other than fees | 4,998 | 4,162 | - | - |
| | 5,148 | 4,162 | - | - |
| | 6,891 | 5,601 | 228 | 242 |

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM51,000 (2021: RM13,000).

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(cont'd)

## 33. RELATED PARTY DISCLOSURES (CONT'D)

(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 | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Shann Australia Pty. Ltd. | | | | |
| - Sales | - | 1,619 | - | - |

The Group sells goods to Shann Australia Pty. Ltd., a company that previously owned 3.27% of Furnitech Components (Vietnam) Co., Ltd., a former 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.

## 34. OPERATING SEGMENTS

The Group determines its operating segments based on 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 Group has arrived at five (5) 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

Principally engaged in the manufacturing and sale of elastic textile, webbing, rubber tape and polyvinyl chloride ("PVC") related products.

(ii) Retail

Principally engaged in the retail sale of clothing, footwear and ancillary accessories prior to the closure of retail store by the Group in the second quarter of 2021.

(iii) Energy efficiency

Principally engaged in the provision of smart energy solution and solving solution.

(iv) Property development and construction

Development and construction of residential and commercial properties.

(v) Agriculture

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

**34. OPERATING SEGMENTS (CONT'D)**

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

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

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.

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## 34. OPERATING SEGMENTS (CONT'D)

| | Manufacturing RM'000 | Retail RM'000 | Energy efficiency RM'000 | Property development and construction RM'000 | Agriculture RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Revenue from external customers | 112,145 | - | 49,754 | 144,146 | 1,231 | 256 | - | 307,532 |
| Inter-segment revenue | 2,788 | - | 211 | 1,413 | - | 5,003 | (9,415) | - |
| **Total revenue** | **114,933** | - | **49,965** | **145,559** | **1,231** | **5,259** | **(9,415)** | **307,532** |
| Finance costs | (602) | - | (65) | (328) | (3,014) | (253) | - | (4,262) |
| Interest income | 723 | - | 5 | 59 | - | 2,538 | - | 3,325 |
| Net finance income/(expense) | 121 | - | (60) | (269) | (3,014) | 2,285 | - | (937) |
| Amortisation of intangible assets | (3) | - | (237) | (1) | - | - | - | (241) |
| Depreciation of | | | | | | | | |
| - property, plant and equipment | (1,511) | - | (73) | (425) | (6) | - | - | (2,015) |
| - right-of-use assets | (551) | - | (307) | (14) | (281) | - | - | (1,153) |
| **Segment profit/(loss) before tax** | **12,364** | - | **13,018** | **40,695** | **(4,501)** | **(3,540)** | - | **58,036** |
| - Gain on deemed disposal of an associate | - | - | 2,015 | - | - | - | - | 2,015 |
| - Share of profit of a joint venture | 462 | - | - | - | - | - | - | 462 |
| - Share of profits of associates | - | - | 3,669 | - | - | - | - | 3,669 |

## 34. OPERATING SEGMENTS (CONT'D)

| | Manufacturing RM'000 | Retail RM'000 | Energy efficiency RM'000 | Property development and construction RM'000 | Agriculture RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| **Segment profit/(loss) before tax (Cont'd)** | | | | | | | | |
| - Impairment losses on trade and other receivables | (113) | - | - | (182) | - | - | - | (295) |
| - Inventories written down | (110) | - | - | - | - | - | - | (110) |
| - Reversal of inventories written down | 384 | - | - | - | - | - | - | 384 |
| - Reversal of impairment losses on trade and other receivables | 178 | - | - | 360 | 87 | - | - | 625 |
| - Net unrealised (loss)/gain on foreign exchange | (473) | - | - | - | - | (524) | - | (997) |
| Capital expenditure | 2,912 | - | 11 | 7 | - | 863 | - | 3,793 |
| Investment in a joint venture | 1,411 | - | - | - | - | - | - | 1,411 |
| **Segment assets** | **132,645** | **-** | **77,531** | **126,050** | **91,411** | **56,159** | **-** | **483,796** |
| **Segment liabilities** | **23,785** | **-** | **35,060** | **69,116** | **45,196** | **52,164** | **-** | **225,321** |

## 34. OPERATING SEGMENTS (CONT'D)

| | Manufacturing RM'000 | Retail RM'000 | Property development and construction RM'000 | Agriculture RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | |
| **Revenue** | | | | | | | |
| Revenue from external customers | 116,160 | 2,197 | 54,972 | 2,227 | 14,976 | - | 190,532 |
| Inter-segment revenue | 8,111 | 200 | 2,313 | - | - | (10,624) | - |
| **Total revenue** | **124,271** | **2,397** | **57,285** | **2,227** | **14,976** | **(10,624)** | **190,532** |
| Finance costs | (562) | (507) | (508) | (747) | (367) | - | (2,691) |
| Interest income | 602 | - | 156 | - | 2,543 | - | 3,301 |
| Net finance income/(expense) | 40 | (507) | (352) | (747) | 2,176 | - | 610 |
| Amortisation of intangible assets | (2) | (3) | (2) | - | (905) | - | (912) |
| Depreciation of: | | | | | | | |
| - property, plant and equipment | (1,437) | (628) | (777) | (2) | - | - | (2,844) |
| - right-of-use assets | (1,404) | (1,463) | (299) | (290) | (79) | 839 | 2,696 |
| **Segment (loss)/profit before tax** | **(8,675)** | **8,599** | **10,709** | **(1,900)** | **6,863** | **-** | **15,596** |
| - Net gain/(loss) on disposals of property, plant and equipment | 3 | (3) | 77 | - | - | - | 77 |
| - Loss on disposal of an associate | (130) | - | - | - | - | - | (130) |
| - Loss on disposal of subsidiaries | (5,241) | - | - | - | - | - | (5,241) |
| - Share of profit of a joint venture | 490 | - | - | - | - | - | 490 |
| - Share of profits of associates | 518 | - | - | - | - | - | 518 |
| - Impairment losses on investments in associates | - | - | - | - | (1,894) | - | (1,894) |

## 34. OPERATING SEGMENTS (CONT'D)

| | Manufacturing RM'000 | Retail RM'000 | Property development and construction RM'000 | Agriculture RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | |
| **Segment loss before tax (Cont'd)** | | | | | | | |
| - Impairment losses on goodwill | (12,110) | - | - | - | - | - | (12,110) |
| - Impairment losses on other intangible assets | (3,619) | - | - | - | - | - | (3,619) |
| - Impairment losses on trade and other receivables | (2,578) | (72) | (1,053) | (100) | - | - | (3,803) |
| - Impairment losses on contract assets | - | - | (200) | - | - | - | (200) |
| - Inventories written off | (35) | - | - | - | - | - | (35) |
| - Reversal of inventories written down | 677 | 1,920 | - | - | - | - | 2,597 |
| - Reversal of impairment losses on trade and other receivables | 337 | 477 | 131 | 33 | - | - | 978 |
| - Net unrealised (loss)/gain on foreign exchange | (148) | - | - | - | 245 | - | 97 |
| Capital expenditure | 3,167 | - | 21 | 43 | - | - | 3,231 |
| Investments in associates | 6,383 | - | - | - | - | - | 6,383 |
| Investment in a joint venture | 931 | - | - | - | - | - | 931 |
| **Segment assets** | **135,124** | **25** | **86,694** | **92,135** | **50,432** | **-** | **364,410** |
| **Segment liabilities** | **30,460** | **1,301** | **46,778** | **45,253** | **33,949** | **-** | **157,741** |

## 34. OPERATING SEGMENTS (CONT'D)

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

| | 2022 RM'000 | 2021 RM'000 |
|---|---|---|
| **Profit for the financial year** | | |
| Total profit for reportable segments | 58,036 | 15,596 |
| Tax expense | (14,914) | (7,811) |
| Group's profit for the financial year | 43,122 | 7,785 |
| **Assets** | | |
| Total assets for reportable segments | 483,796 | 364,410 |
| Tax assets | 2,287 | 820 |
| Group's assets | 486,083 | 365,230 |
| **Liabilities** | | |
| Total liabilities for reportable segments | 225,321 | 157,741 |
| Tax liabilities | 8,667 | 5,784 |
| Group's liabilities | 233,988 | 163,525 |

**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, investment in a joint venture and deferred tax assets.

| | 2022 RM'000 | 2021 RM'000 |
|---|---|---|
| **Revenue from external customers** | | |
| Malaysia | 150,920 | 65,722 |
| Asia Pacific (excluding Malaysia) | 124,781 | 96,899 |
| Europe | 8,478 | 5,352 |
| North America | 22,183 | 15,468 |
| Others | 1,170 | 7,091 |
| | 307,532 | 190,532 |

## 34. OPERATING SEGMENTS (CONT'D)

**Geographical information (Cont'd)**

| | 2022 RM'000 | 2021 RM'000 |
|---|---|---|
| **Non-current assets** | | |
| Malaysia | 39,757 | 38,423 |
| Asia Pacific (excluding Malaysia) | 23,276 | 6,256 |
| | 63,033 | 44,679 |

**Major customer**

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

## 35. 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 2021.

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 2022 and 31 December 2021.

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 | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Borrowings | 65,502 | 57,368 | - | - |
| Less: Cash and bank balances | (71,469) | (37,741) | (125) | (112) |
| Net (cash)/debt | (5,967) | 19,627 | (125) | (112) |
| Total capital | 252,095 | 201,705 | 151,834 | 146,455 |
| Gearing ratio | * | 10% | * | * |

* Gearing ratio is not presented as the Group and the Company is in net cash position as at the end of reporting period.

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**(cont'd)**

## 35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Capital management (Cont'd)

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 2022.

(b) Categories of financial instruments

| | **2022 RM'000** | **2021 RM'000** |
|---|---|---|
| **Group** | | |
| **Financial assets** | | |
| **Amortised cost** | | |
| Trade and other receivables, net of prepayments | 134,764 | 106,338 |
| Cash and bank balances | 71,469 | 37,741 |
| | 206,233 | 144,079 |
| **Financial liabilities** | | |
| **Amortised cost** | | |
| Trade and other payables | 145,200 | 94,575 |
| Borrowings | 65,502 | 57,368 |
| | 210,702 | 151,943 |
| **Company** | | |
| **Financial assets** | | |
| **Amortised cost** | | |
| Other receivables, net of prepayments | 121,689 | 121,758 |
| Cash and bank balances | 125 | 112 |
| | 121,814 | 121,870 |
| **Financial liabilities** | | |
| **Amortised cost** | | |
| Other payables | 31,752 | 34,440 |

(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.

**35. FINANCIAL INSTRUMENTS (CONT'D)**

(c) Fair value information (Cont'd)

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.

**36. 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 and amount owing to a shareholder 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"), Singapore Dollar ("SGD") and Hong Kong Dollar ("HKD").

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 20 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/(loss) after tax to a reasonably possible change in the USD, SGD and HKD exchange rates against the Ringgit Malaysia ("RM") respectively, with all other variables held constant. 10% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

## Notes to the Financial Statements
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(cont'd)

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Foreign currency risk (Cont'd)

The sensitivity analysis includes outstanding balances denominated in foreign currencies.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022<br>RM'000<br>Profit<br>after tax | 2021<br>RM'000<br>Profit<br>after tax | 2022<br>RM'000<br>Profit<br>after tax | 2021<br>RM'000<br>Loss<br>after tax |
| USD/RM | - strengthen by 10% (2021: 10%) | 1,122 | 1,594 | - | - |
| | - weaken by 10% (2021: 10%) | (1,122) | (1,594) | - | - |
| SGD/RM | - strengthen by 10% (2021: 10%) | (873) | - | - | - |
| | - weaken by 10% (2021: 10%) | 873 | - | - | - |
| HKD/RM | - strengthen by 10% (2021: 10%) | (156) | (729) | (173) | 709 |
| | - weaken by 10% (2021: 10%) | 156 | 729 | 173 | (709) |

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, trust receipts, term loans, trade financing facilities and bank overdraft. There is no formal hedging policy with respect to interest rate exposure.

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(ii) Interest rate risk (Cont'd)

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:

| | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **At 31 December 2022** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Other receivables | 15(h) | 5.00 | 59,126 | - | 59,126 | - | - | - | - |
| Deposits placed with financial institutions | 20 | | | | | | | | |
| - RM | | 1.90 - 4.97 | 1,977 | 1,977 | - | - | - | - | - |
| - USD | | 0.20 | 1 | 1 | - | - | - | - | - |
| - VND | | 2.90 - 6.20 | 13,183 | 13,183 | - | - | - | - | - |
| Amount owing to a shareholder | | | | | | | | | |
| - RM | 24(b) | 4.00 - 6.00 | (8,358) | (8,358) | - | - | - | - | - |
| - HKD | 24(b) | 4.00 | (2,285) | (2,285) | - | - | - | - | - |
| **Floating rate** | | | | | | | | | |
| Trust receipts | | | | | | | | | |
| - SGD | 23 | 5.13 - 6.35 | (15,299) | (15,299) | - | - | - | - | - |
| Term loans | | | | | | | | | |
| - RM | 23 | 3.43 - 4.97 | (44,238) | (5,582) | (5,778) | (6,076) | (6,356) | (6,650) | (13,796) |
| - SGD | | 2.50 - 3.00 | (5,696) | (2,225) | (3,471) | - | - | - | - |
| Bank overdraft | | | | | | | | | |
| - RM | 23 | 8.39 - 8.64 | (269) | (269) | - | - | - | - | - |

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(ii) Interest rate risk (Cont'd)

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 (Cont'd):

| | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **At 31 December 2021** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Other receivables | 15(h) | 5.00 | 56,589 | - | 56,589 | - | - | - | - |
| Deposits placed with financial institutions | 20 | | | | | | | | |
| - RM | | 2.00 - 2.59 | 90 | 90 | - | - | - | - | - |
| - USD | | 0.20 | 1,256 | 1,256 | - | - | - | - | - |
| - VND | | 3.20 - 5.00 | 9,351 | 9,351 | - | - | - | - | - |
| Amount owing to a shareholder | | | | | | | | | |
| - RM | 24(b) | 4.00 | (4,600) | (4,600) | - | - | - | - | - |
| - HKD | 24(b) | 4.00 | (9,601) | (9,601) | - | - | - | - | - |
| **Floating rate** | | | | | | | | | |
| Trade bills | | | | | | | | | |
| - USD | 23 | 2.10 - 2.15 | (1,874) | (1,874) | - | - | - | - | - |
| Term loans | | | | | | | | | |
| - RM | 23 | 3.36 - 6.25 | (55,061) | (6,994) | (5,751) | (6,008) | (6,280) | (6,562) | (23,466) |
| Bank overdraft | | | | | | | | | |
| - RM | 23 | 7.39 - 7.64 | (433) | (433) | - | - | - | - | - |

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) Interest rate risk (Cont'd)

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 (Cont'd):

| | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | | |
| **At 31 December 2022** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Other receivables | 15(h) | 5.00 | 59,126 | - | 59,126 | - | - | - | - |
| Amount owing to a shareholder | 24(b) | 4.00 | (2,285) | (2,285) | - | - | - | - | - |
| Amount owing to a subsidiary | 24(b) | 6.00 | (5,000) | - | (5,000) | - | - | - | - |
| **At 31 December 2021** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Other receivables | 15(h) | 5.00 | 56,589 | - | 56,589 | - | - | - | - |
| Amount owing to a shareholder | 24(b) | 4.00 | (9,601) | (9,601) | - | - | - | - | - |

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## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

Sensitivity analysis for fixed rate instruments as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates. The following table demonstrates the sensitivity analysis of the floating rate instruments 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 | |
|---|---|---|---|---|
| | 2022<br>RM'000<br>Profit<br>after tax | 2021<br>RM'000<br>Profit<br>after tax | 2022<br>RM'000<br>Profit<br>after tax | 2021<br>RM'000<br>Loss<br>after tax |
| Increase by 0.5% (2021: 0.5%) | 191 | 218 | - | - |
| Decrease by 0.5% (2021: 0.5%) | (191) | (218) | - | - |

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 2022** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 129,631 | 15,569 | - | 145,200 |
| Borrowings | 25,376 | 33,351 | 15,392 | 74,119 |
| Total undiscounted financial liabilities | 155,007 | 48,920 | 15,392 | 219,319 |

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Liquidity and cash flow risks (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

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 (Cont'd).

| | 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 2021** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 94,526 | 49 | - | 94,575 |
| Borrowings | 11,461 | 30,777 | 26,155 | 68,393 |
| Total undiscounted financial liabilities | 105,987 | 30,826 | 26,155 | 162,968 |
| **Company** | | | | |
| **As at 31 December 2022** | | | | |
| **Financial liabilities** | | | | |
| Other payables | 26,752 | 5,000 | - | 31,752 |
| Total undiscounted financial liabilities | 26,752 | 5,000 | - | 31,752 |
| **As at 31 December 2021** | | | | |
| **Financial liabilities** | | | | |
| Other payables | 34,440 | - | - | 34,440 |
| Total undiscounted financial liabilities | 34,440 | - | - | 34,440 |

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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 44% (2021: 40%) of the Group's trade receivables and 78% (2021: 74%) of Group's other receivables as at reporting date were due from nine (9) (2021: five (5)) major trade customers and one (1) (2021: one (1)) major non-trade customer respectively.

The Company has no significant concentration of credit risk except for the amounts owing by subsidiaries and a third party constituting approximately 56% and 44% respectively (2021: 58% and 42%) 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:

| | Group | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | RM'000 | % of total | RM'000 | % of total |
| **By country** | | | | |
| Malaysia | 30,623 | 47% | 19,742 | 53% |
| Asia Pacific (excluding Malaysia) | 29,811 | 45% | 14,532 | 39% |
| Europe | 1,124 | 2% | 889 | 2% |
| North America | 3,932 | 6% | 2,375 | 6% |
| Other countries | 22 | * | 21 | * |
| | 65,512 | 100% | 37,559 | 100% |

* Amount is less than 1%

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Credit risk (Cont'd)

Credit risk concentration profile (Cont'd)

| | Group | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | RM'000 | % of total | RM'000 | % of total |
| **By industry sectors** | | | | |
| Manufacturing | 18,456 | 28% | 19,599 | 52% |
| Energy efficiency | 17,120 | 26% | - | - |
| Management services | 4,026 | 6% | 3,889 | 11% |
| Agriculture | 223 | * | 425 | 1% |
| Property development and construction | 25,687 | 39% | 13,646 | 36% |
| | 65,512 | 100% | 37,559 | 100% |

* Amount is less than 1%

At the end of the reporting period, approximately 66% (2021: 40%) of the Group's trade receivables were due from nine (9) (2021: five (5)) major customers located in Malaysia, Asia Pacific (excluding Malaysia), Europe and North America.

## 37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 8 June 2022, FHL had entered into a shares sale agreement with Dato' Ng Yan Cheng to acquire remaining 6,275 ordinary shares representing 62.75% of the issued share capital of ESGL, which was an associate to the Group, for a total consideration of HKD51,469,000 (equivalent to approximately RM29,446,000), which comprised of 41,565,600 ordinary shares of the FHL at HKD0.23 per share and HKD41,909,000 (equivalent to approximately RM23,977,000) included in other payables. The acquisition was completed on 29 August 2022.

# List of Group Properties

| Address | Owner | Description | Age of building | Tenure / Expiry | Existing Use | Land Area (Sq ft.) | Carrying Value as at 31/12/2022 (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 | 30 | Leasehold (60 years)/ 11 Feb 2075 ^ | Industrial | 51,905 | 3,017 | #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 | 30 | Leasehold (60 years)/ 26 October Feb 2081 | Industrial | 56,253 | 3,065 | #31/7/2017 |
| Title No. H.S. (M) 1594, P.T. No. 2374, Kg. Bharu Balakong, Mukim of Cheras, District of Hulu Langat, Selangor | FMSB | Land, a purpose-built 2-storey detached factory, 3-storey office building and ancillary buildings | 14 | Leasehold (99 years)/ 3 Jul 2083 | Industrial | 87,123 | 7,476 | #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 | 24 | Lease (47 years)/ 16 Jan 2044 | Industrial | 150,544 | 1,766 | #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 | 39 | Freehold | Residential | 840 | 65 | #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 | 32 | Freehold | Industrial | 50,515 | 2,018 | #31/7/2017 |
| HS(D) 111073, PT No. 9, Mukim Damansara, Daerah Petaling, Negeri Selangor Address: Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor | PRGPSB | Corporate Office | 9 | Freehold | Commercial | 8,541 | 4,602 | *1/11/2014 |

# List of Group Properties (cont'd)

| Address | Owner | Description | Age of building | Tenure / Expiry | Existing Use | Land Area (Sq ft.) | Carrying Value as at 31/12/2022 (RM'000) | Date of Valuation (* Date of Acquisition) |
|---|---|---|---|---|---|---|---|---|
| PT 46025, H.S. (M) 13499, Seksyen U5, Mukim Sungai Buloh, Daerah Petaling, 40150 Shah Alam | PBSB | Residential properties under construction | 6 | Leasehold (99 years)/ 2 November 2121@ | Residential | 282,606 | 118,616 | 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 | 6,354 | 28/11/2019 |
| 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 | 3,188 | 28/11/2019 |

There were no revaluation on the land and properties owned by the Group for the financial year ended 31 December 2022.

^ 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.

@ Land premium was paid to authority for an extension to 2 November 2121.

# Analysis of Shareholdings
**as at 31 March 2023**

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

| Category | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| Less than 100 | 123 | 2.88 | 5,024 | 0.00 |
| 100-1,000 | 385 | 9.03 | 154,406 | 0.04 |
| 1,001-10,000 | 1,390 | 32.59 | 8,846,411 | 2.06 |
| 10,001-100,000 | 1,895 | 44.43 | 46,280,238 | 10.78 |
| 100,001 and below 5% | 463 | 10.86 | 256,800,342 | 59.80 |
| 5% and above | 9 | 0.21 | 117,353,000 | 27.33 |
| Total | 4,265 | 100.00 | 429,439,421 | 100.00 |

* Excluding 417,800 treasury shares.

**DIRECTORS' SHAREHOLDINGS**
*(As per Register of Directors' Shareholdings)*

| Name of Director | Direct No. of Shares Held | Direct % | Indirect No. of Shares Held | Indirect % |
|---|---|---|---|---|
| **Shares in the Company** | | | | |
| Dato' Lua Choon Hann | 32,322,800[a] | 7.53 | 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 | 1,417,000 | 0.33 | - | - |
| Tan Sri Datuk Seri (Dr) Mazlan bin Lazim | 300,000 | 0.07 | - | - |
| **Shares in a subsidiary, Furniweb Holdings Limited** | | | | |
| Dato' Lua Choon Hann | 260,000 | 0.04 | - | - |

*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 Shareholder | Direct No. of Shares Held | Direct % | Indirect No. of Shares Held | Indirect % |
|---|---|---|---|---|
| Ng Yan Cheng | 56,797,400[a] | 13.23 | 2,178,600[b] | 0.51 |
| Dato' Lua Choon Hann | 32,322,800[a] | 7.53 | - | - |
| 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 2023
**(cont'd)**

**TOP 30 SHAREHOLDERS**

| | Shareholder | No. of Shares | Percentage % |
|---|---|---|---|
| 1 | CITIGROUP NOMINEES (ASING) SDN BHD<br>BENEFICIARY: EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN) | 29,209,800 | 6.80 |
| 2 | CIMB GROUP NOMINEES (ASING) SDN. BHD.<br>BENEFICIARY: EXEMPT AN FOR DBS BANK LTD (SFS-PB) | 28,182,800 | 6.56 |
| 3 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LUA CHOON HANN | 19,795,400 | 4.61 |
| 4 | SY DIOCELDO SY | 16,529,580 | 3.85 |
| 5 | NG YAN CHENG | 16,257,200 | 3.79 |
| 6 | NG YAN CHENG | 11,330,400 | 2.64 |
| 7 | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>BENEFICIARY: PLEDGED SECURITIES ACCOUNT<br>- AMBANK (M) BERHAD FOR LUA CHOON HANN (SMART) | 7,584,800 | 1.77 |
| 8 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR WEE CHENG KWAN | 6,800,000 | 1.58 |
| 9 | TEH PIAK HUAT | 5,350,000 | 1.25 |
| 10 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR YAU KOK SENG (001) | 5,097,100 | 1.19 |
| 11 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR SHEAH KOK FAH (7000808) | 5,000,000 | 1.16 |
| 12 | RHB NOMINEES (TEMPATAN) SDN BHD<br>BENEFICIARY: OSK CAPITAL SDN BHD FOR LUA CHOON HANN | 4,662,500 | 1.09 |
| 13 | CGS-CIMB NOMINEES (ASING) SDN BHD<br>BENEFICIARY: EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE)<br>PTE. LTD. (RETAIL CLIENTS) | 4,114,100 | 0.96 |
| 14 | TEH HWA POH | 4,027,100 | 0.94 |
| 15 | ONG PEI BOON | 3,923,500 | 0.91 |
| 16 | ONG LOCK HOO | 3,550,000 | 0.83 |
| 17 | TEO CHIN SIONG | 3,550,000 | 0.83 |
| 18 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR<br>JAMES JR LEE WENG KEI (MY3350) | 3,327,300 | 0.77 |
| 19 | QIAN QING | 3,140,400 | 0.73 |
| 20 | HLIB NOMINEES (TEMPATAN) SDN BHD<br>BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR LEE SIM HAK (M) | 2,800,000 | 0.65 |
| 21 | ATAT HOLDINGS SDN. BHD. | 2,770,100 | 0.65 |
| 22 | ZHANG SHUAI | 2,749,400 | 0.64 |
| 23 | CHOY WEE CHIAP | 2,664,000 | 0.62 |
| 24 | TI LIAN KER | 2,580,100 | 0.60 |
| 25 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR SHEAH KOK FAH | 2,546,000 | 0.59 |
| 26 | HSBC NOMINEES (ASING) SDN BHD<br>BENEFICIARY: EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING) | 2,400,000 | 0.56 |
| 27 | NG KHANG CHYI | 2,206,000 | 0.51 |
| 28 | KENANGA NOMINEES (ASING) SDN BHD<br>BENEFICIARY: EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG)<br>LIMITED (CLIENT ACCOUNT) | 2,178,600 | 0.51 |
| 29 | LEE JAM | 2,177,100 | 0.51 |
| 30 | CHOONG YOKE CHING | 2,090,000 | 0.49 |
| | | 208,593,280 | 48.59 |

# Notice of Twenty-Second Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Second Annual General Meeting ("AGM") of PRG Holdings Berhad ("PRG" or "the Company") will be conducted on a virtual basis through live streaming from the Broadcast Venue at Unit 4.02, Level 4, Plaza Damansara Block A, Bukit Damansara, 50490 Kuala Lumpur on Thursday, 25 May 2023, at 1.00 p.m. for the following purposes:-

**ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees and allowances to the Non-Executive Directors of up to RM325,000 from 26 May 2023 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 and being eligible, have offered themselves for re-election:-

   (i) Ng Tzee Penn ***Resolution 2***
   (ii) Ji Haitao ***Resolution 3***

4. To re-elect the following Directors who retire in accordance with Clause 99 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (i) Tan Sri Datuk Seri (Dr) Mazlan bin Lazim ***Resolution 4***
   (ii) Datin Arlina binti Ariff ***Resolution 5***

5. To re-appoint Messrs. BDO PLT as the Company's Auditors and to authorise the Directors to fix their remuneration. ***Resolution 6***

**SPECIAL BUSINESS**

To consider and if thought fit, to pass with or without modification(s), the following resolutions:-

**6. ORDINARY RESOLUTION**
**AUTHORITY FOR DIRECTORS TO ISSUE SHARES** ***Resolution 7***

"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") ("Listing Requirements") and the approvals of the relevant governmental and/or regulatory authorities (if applicable), the Directors be and are hereby empowered to issue and allot new shares in the Company at any time, to such person or persons at such price, 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 does not exceed 10% of the total number of issued shares of the Company at the time of issue.

THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 60(a) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016.

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 AGM of the Company."

**7. ORDINARY RESOLUTION**
**PROPOSED SHARE BUY-BACK AUTHORITY** ***Resolution 8***

"THAT subject to the Companies Act 2016, provisions of the Constitution of the Company and the Listing Requirements 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:-

(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 AGM 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 AGM 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 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."

## Notice of Twenty-Second Annual General Meeting (cont'd)

**8. ORDINARY RESOLUTION**
**PROPOSED GRANTING OF LTIP AWARDS TO TAN SRI DATUK SERI (DR) MAZLAN BIN LAZIM** ***Resolution 9***

"THAT the Board be and is hereby authorised, at any time and from time to time during the existence of the Long Term Incentive Plan ("LTIP"), to offer and grant to Tan Sri Datuk Seri (Dr) Mazlan bin Lazim, being the Independent Non-Executive Director of the Company, options to subscribe for such number of new ordinary shares in the Company ("PRG Shares") to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the LTIP, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued PRG Shares (excluding treasury shares, if any), does not exceed 10% of the Share Option Plan ("SOP") Awards and Share Grant Plan ("SGP") Awards ("LTIP Awards") granted, and subject always to such terms and conditions of the LTIP as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new PRG Shares to Tan Sri Datuk Seri (Dr) Mazlan bin Lazim pursuant to the exercise of SOP options under the LTIP."

**9. ORDINARY RESOLUTION**
**PROPOSED GRANTING OF LTIP AWARDS TO DATO' NG YAN CHENG** ***Resolution 10***

"THAT the Board be and is hereby authorised, at any time and from time to time during the existence of the LTIP, to offer and grant to Dato' Ng Yan Cheng, being the major shareholder of the Company, options to subscribe for such number of new PRG Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the LTIP, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued PRG Shares (excluding treasury shares, if any), does not exceed 10% of the LTIP Awards granted, and subject always to such terms and conditions of the LTIP as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new PRG Shares to Dato' Ng Yan Cheng pursuant to the exercise of SOP options and/or vesting of SGP Awards under the LTIP."

**10. ORDINARY RESOLUTION**
**PROPOSED GRANTING OF LTIP AWARDS TO DATIN ARLINA BINTI ARIFF** ***Resolution 11***

"THAT the Board be and is hereby authorised, at any time and from time to time during the existence of the LTIP, to offer and grant to Datin Arlina binti Ariff, being the Independent Non-Executive Director of the Company, options to subscribe for such number of new PRG Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the LTIP, provided that the allocation to any eligible participant who, either singly or collectively through person connected with her, holds 20% or more of the total number of issued PRG Shares (excluding treasury shares, if any), does not exceed 10% of the LTIP Awards granted, and subject always to such terms and conditions of the LTIP as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new PRG Shares to Datin Arlina binti Ariff pursuant to the exercise of SOP options under the LTIP."

## Notice of Twenty-Second Annual General Meeting (cont'd)

11. 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
27 April 2023

**NOTES:**

1. The Company's Twenty-Second AGM will be conducted on a virtual basis from the Broadcast Venue. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the Twenty-Second AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to participate and vote remotely at the Twenty-Second AGM via the remote participation and voting facilities provided by the Poll Administrator of the Company, ARB Weemeet Sdn. Bhd..

   **Please refer to the Administrative Guide for the Twenty-Second 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 18 May 2023 (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 proportion 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 Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof. Alternatively, the Form of Proxy can be submitted electronically to *arbwemeet@arbberhad.com* not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof. Kindly refer to the Administrative Guide for the Twenty-Second AGM on the procedures for electronic lodgement of the Form of Proxy.

# Notice of Twenty-Second Annual General Meeting (cont'd)

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 Listing Requirements, all resolutions set out in the Notice of this meeting will be put to vote by way of poll.

9. Personal Data Privacy

   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.

**EXPLANATORY NOTES**

10. Audited Financial Statements for year ended 31 December 2022

    The Audited Financial Statements for the financial year ended 31 December 2022 are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under the first item of the Agenda and do not require shareholders' approval. As such, this item will not be put forward for voting by shareholders of the Company.

11. Directors' fees and allowances to the Non-Executive Directors

    Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. The estimated amount of Directors' fees and benefits payable to the Non-Executive Directors from the date immediately after this AGM until the conclusion of the next AGM of the Company takes into consideration the size of the Board and the estimated number of meetings of the Board to be held during the period.

12. Re-election of Directors

    Mr. Ng Tzee Penn and Mr. Ji Haitao are retiring in accordance with Clause 92 of the Company's Constitution, while Tan Sri Datuk Seri (Dr) Mazlan bin Lazim and Datin Arlina binti Ariff are retiring pursuant to Clause 99 of the Company's Constitution. All the retiring Directors, being eligible, have offered themselves for re-election.

    The Board had through the Nomination Committee ("NC") carried out fit and proper assessment on the retiring Directors and agreed that they met the criteria as set out in the Directors' Fit and Proper Policy on character and integrity, experience and competence, time and commitment to effectively discharge their role as Directors. The NC had also noted the Directors Evaluation conducted encompassing fit and proper assessment on the Directors of the Company and satisfied that the Directors including the retiring Directors have effectively discharge their role as Directors of the Company.

13. Re-appointment of Auditors

    The Board had through the Audit and Risk Management Committee performed an annual evaluation on the performance, independence and objectivity of the External Auditors, Messrs. BDO PLT. The Board is satisfied with the service and performance of the External Auditors for the financial year ended 31 December 2022 and recommends to the shareholders for approval the re-appointment of Messrs. BDO PLT at the AGM.

14. Authority for the Directors to issue shares

    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 the 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 authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

## Notice of Twenty-Second Annual General Meeting (cont'd)

14. Authority for the Directors to issue shares (Cont'd)

The General Mandate procured and approved in the preceding year 2022 which was not exercised by the Company during the year, will expire at the Twenty-Second AGM of the Company.

With the renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investments, projects, working capital and/or corporate proposals including placement of shares without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

15. Proposed Share Buy-Back Authority

This proposed resolution, if passed, will renew the authority given to 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 AGM of the Company. Please refer to the Share Buy-Back Statement for further details of the Proposed Share Buy-Back Authority.

16. Proposed Granting of LTIP Awards

The LTIP of the Company which comprises a SOP and SGP of up to 15% of the total number of issued shares in the Company (excluding treasury shares, if any) for eligible Directors and employees of the Company and its non-dormant subsidiaries, was implemented on 1 November 2022.

Tan Sri Datuk Seri (Dr) Mazlan bin Lazim, Dato' Ng Yan Cheng and Datin Arlina binti Ariff are persons eligible to participate in the LTIP and are deemed interested in the resolutions to the extent of their respective allocation of LTIP Awards and accordingly have abstained and shall continue to abstain from deliberation and voting in respect of their direct and indirect interest in the Company in the respective allocation to them.

**STATEMENT ACCOMPANYING NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING**
(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

No individual is standing for election as Director at the Twenty-Second Annual General Meeting of the Company.

**PRG**
HOLDINGS BERHAD
(Registration No. 200101005950 (541706-V))
(Incorporated in Malaysia)

## ADMINISTRATIVE GUIDE

| | | |
|---|---|---|
| **General Meeting** | : | **Twenty-Second Annual General Meeting ("22nd AGM")** |
| **Day, Date, and Time of Meeting** | : | Thursday, 25 May 2023 at 1.00 p.m. |
| **Broadcast Venue** | : | Unit 4.02, Level 4, Plaza Damansara Block A, Bukit Damansara, 50490 Kuala Lumpur |
| **Remote Participation and Voting Facilities** | : | Cloud AGM Platform operated by ARB Wemeet Sdn. Bhd. at *https://member.arbwemeet.com* |
| **Domain Registration Numbers with MYNIC** | : | D1A457700 |

The 22nd AGM of the Company will be held and conducted on a virtual basis through live streaming from the Broadcast Venue for remote participation and voting ("RPV") via Cloud AGM Platform operated by ARB Wemeet Sdn. Bhd. ("ARB Wemeet") at its website at *https://member.arbwemeet.com*.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of shareholders and proxies. Hence, please ensure that internet connectivity throughout the duration of the 22nd AGM is maintained.

### ENTITLEMENT TO PARTICIPATE AND VOTE REMOTELY

Shareholders whose names appear in the Record of Depositors (**"ROD"**) as at 18 May 2023 shall be eligible to attend, participate and vote remotely in the 22nd AGM, or appoint proxy(ies)/corporate representative(s) to attend, participate and/or vote on his/her behalf.

### PROCEDURES TO PARTICIPATE VIA RPV FACILITIES

Please follow the procedures to participate via the RPV facilities as summarised below:-

### BEFORE THE 22ND AGM

| **A:** | **REGISTRATION** | |
|---|---|---|
| | **Description** | **Procedure** |
| i. | Shareholders to Register with ARB Wemeet<br>- Individual Shareholders | a. Access website at *https://member.arbwemeet.com*.<br>b. Select **"*Sign Up*"** to sign up as user.<br>c. Read and accept the 'Privacy Policy' and 'Terms & Conditions'. Then select **"*Next*"**.<br>d. Fill-in your details – (i) ensure your email address is valid & (ii) create your own password, (iii) add the CDS account then click **"OK"**<br>e. Registration as user completed.<br>f. An email notification will be sent to you.<br>g. Click the link in the email to verify the account.<br><br>*Note:*<br>*If you have already signed up/registered as a user with ARB Wemeet, you are not required to register again.* |

## Administrative Guide (cont'd)

| B: | APPOINTMENT AND REGISTRATION OF PROXY | |
|---|---|---|
| | **Description** | **Procedure** |
| i. | Submit Proxy Form (hard copy)<br><br>- Individual Shareholder<br>- Corporate Shareholder<br>- Authorised Nominee<br>- Exempt Authorised Nominee | a. The appointment of proxy(ies) or corporate representative(s) may be made vide a hardcopy form or electronic means.<br><br>b. For submission of Form of Proxy in hardcopy, please ensure that the original copy of Form of Proxy is deposited at the registered office of the Company at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 22nd AGM i.e. latest by 23 May 2023 at 1.00 p.m..<br><br>c. For body corporate, the original copy of Certificate of Appointment of Corporate Representative/ Power of Attorney/ other documents evidencing the appointment (i.e Corporate Representative's NRIC No., e-mail address and contact number) must be submitted to the registered office of the Company at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur no later than 23 May 2023 at 1.00 p.m..<br><br>d. The submitted Form of Proxy and Certificate of Appointment of Corporate Representative/ Power of Attorney/ other documents evidencing the appointment will be verified.<br><br>e. After verification, the proxy(ies) and corporate representative(s) will receive email notification. (Please refer to the steps stated in the email notification in order to participate in the Meeting.)<br><br>f. Please click the "WeMeet" button in the notification email and you will be directed to the login page at *https://member.arbwemeet.com*.<br><br>g. Login with your email and you will be prompted to change password. |
| ii. | Submit Proxy Form via Electronic Means | a. For submission of Form of Proxy electronically, please send the duly signed Form of Proxy or Certificate of Appointment of Corporate Representative/ Power of Attorney/ other documents evidencing the appointment (i.e Corporate Representative's NRIC Nos., e-mail address and contact number) to *arbwemeet@arbberhad.com*, no later than 23 May 2023 at 1.00 p.m..<br><br>b. After verification, proxy(ies) and corporate representative will receive email notification.<br><br>c. Please refer to the steps stated in the email notification in order to participate in the Meeting.<br><br>d. Please click the "WeMeet" button in the notification email and you will be directed to the login page at *https://member.arbwemeet.com*.<br><br>e. Login with your email and you will be prompted to change password. |

## Administrative Guide
## (cont'd)

| B: | APPOINTMENT AND REGISTRATION OF PROXY | |
|---|---|---|
| | **Description** | **Procedure** |
| iii | Revocation of Proxy | For revocation of proxy(ies), please email to *arbwemeet@arbberhad.com* no later than 23 May 2023 at 1.00 p.m.. |

**ON THE DAY OF 22nd AGM**

1. Log in to *https://member.arbwemeet.com* with your registered email address and password.
2. Cloud AGM Platform will be opened for log in one (1) hour before the commencement of the Meeting.
3. Log in and select the general meeting event that you are attending. On the main page, you are able to access the following:-

| | Description | Procedure |
|---|---|---|
| i. | Live Streaming | Click on the live streaming link to view the live streaming. |
| ii. | Submission of Question (real-time) | a. Select "***Ask Question***" button to pose a question.<br>b. Type in your question and select "***Submit***".<br><br>*Note:*<br>*The Company will endeavour to respond to the questions submitted during the Meeting.* |
| iii. | Online Remote Voting | a. On the main page, scroll down and select "***Select CDS Account & Vote Now***".<br>b. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected votes. Select "***Next***" to continue voting for all resolutions.<br>c. After you have completed voting, a Voting Summary page will appear to show all the resolutions with your voting choices. Select "***Finish Voting***" to submit your votes.<br>d. To change your votes, re-select your voting choices in "***View My Vote***" before the end of the voting section. |
| iv. | View Voting Results | On the main page, scroll down and select "***View My Vote***". |
| v. | End of Cloud AGM Platform | Upon the announcement by the Chairman of the closure of the 22nd AGM, the live streaming will end. |

**POLL VOTING PROCEDURE**

Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 22nd AGM will be conducted by poll. The Company has appointed ARB Wemeet Sdn. Bhd. as the Poll Administrator to conduct the polling process and Aegis Communication Sdn. Bhd. as the Independent Scrutineers to verify the results of the poll.

**NO E-VOUCHER, GIFT, AND FOOD VOUCHER**

There will be no distribution of e-voucher, gift, or food voucher for the 22nd AGM.

**ENQUIRY**

For enquiries relating to RPV facilities or issues encountered during registration, log in, connecting to the live streaming and online voting facilities, please contact ARB Wemeet helpdesk during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:-

| | | |
|---|---|---|
| Telephone No. | : | 03-2276 1143 |
| Email | : | *supportsales@arbberhad.com* |

**PRG**

HOLDINGS BERHAD

(Registration 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)

being a member of **PRG HOLDINGS BERHAD** ("Company"), do hereby appoint

| Full name and NRIC/Passport No. | Address | Proportion of shareholding (%) to be represented |
|---|---|---|
| | | |
| **Contact No.** | **Email Address** | |
| | | |

*and/or failing him/her,

| Full name and NRIC/Passport No. | Address | Proportion of shareholding (%) to be represented |
|---|---|---|
| | | |
| **Contact No.** | **Email Address** | |
| | | |

or failing him/her, *the Chairman of the meeting as *my/our proxy(ies) to vote for me/us on my/our behalf at the Twenty-Second Annual General Meeting of the Company to be conducted on a virtual basis through live streaming from the Broadcast Venue at Unit 4.02, Level 4, Plaza Damansara Block A, Bukit Damansara, 50490 Kuala Lumpur on Thursday, 25 May 2023, at 1.00 p.m. or at any adjournment thereof on the following resolutions referred to in the Notice of Twenty-Second Annual General Meeting:-

| No. | RESOLUTIONS | FOR | AGAINST |
|---|---|---|---|
| 1. | To approve the payment of Directors' fees and allowances to the Non-Executive Directors of up to RM325,000 from 26 May 2023 until the next Annual General Meeting of the Company. | | |
| 2. | To re-elect Ng Tzee Penn who retires in accordance with Clause 92 of the Company's Constitution. | | |
| 3. | To re-elect Ji Haitao who retires in accordance with Clause 92 of the Company's Constitution. | | |
| 4. | To re-elect Tan Sri Datuk Seri (Dr) Mazlan bin Lazim who retires in accordance with Clause 99 of the Company's Constitution. | | |
| 5. | To re-elect Datin Arlina binti Ariff who retires in accordance with Clause 99 of the Company's Constitution. | | |
| 6. | To re-appoint Messrs. BDO PLT as the Company's Auditors and to authorise the Directors to fix their Remuneration. | | |
| 7. | Authority for the Directors to issue shares. | | |
| 8. | Proposed Share Buy-Back Authority. | | |
| 9. | Proposed Granting of LTIP Awards to Tan Sri Datuk Seri (Dr) Mazlan bin Lazim. | | |
| 10. | Proposed Granting of LTIP Awards to Dato' Ng Yan Cheng. | | |
| 11. | Proposed Granting of LTIP Awards to Datin Arlina binti Ariff. | | |

*(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.*

*Dated this__________day of____________2023*

________________________________
Signature or Common Seal of Shareholder(s)

**Notes:**

1. The Company's Twenty-Second Annual General Meeting ("AGM") will be conducted on a virtual basis from the Broadcast Venue. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the Twenty-Second AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to participate and vote remotely at the Twenty-Second AGM via the remote participation and voting facilities provided by the Poll Administrator of the Company, ARB Weemeet Sdn. Bhd..

   **Please refer to the Administrative Guide for the Twenty-Second 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 18 May 2023 (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 proportion 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.

*fold here*

**Affix Stamp**

THE COMPANY SECRETARY
**PRG HOLDINGS BERHAD**
(Reg. No. 200101005950 (541706-V))
c/o Archer Corporate Services Sdn. Bhd.
Lot 5, Level 10 Menara Great Eastern 2
No. 50, Jalan Ampang
50450 Kuala Lumpur
WP Kuala Lumpur
Malaysia

*fold here*

6. To be valid, the original Form of Proxy, duly completed must be deposited at the registered office of the Company at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof. Alternatively, the Form of Proxy can be submitted electronically to *arbwemeet@arbberhad.com* not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof. Kindly refer to the Administrative Guide for the Twenty-Second AGM on the procedures for electronic lodgement of the Form of Proxy.

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 Listing Requirements, 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.

PRG
HOLDINGS BERHAD

(Reg. No. 200101005950 (541706-V))

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