

PRG HOLDINGS BERHAD (541706-V)
(Incorporated in Malaysia)

Minutes of the Extraordinary General Meeting (“EGM” or the “Meeting”) of PRG Holdings Berhad (the “Company”) held at Arcadia II, Level 3, Hotel Armada Petaling Jaya, Lot 6 Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 16 January 2019 at 2.30 p.m.

Directors Present: Dato’ Dr. Awang Adek Bin Hussin (*Independent Non-Executive Chairman*)
Dato’ Lua Choon Hann (*Group Managing Director*)
Dato’ Wee Cheng Kwan (*Managing Director - Property & Construction*)
Datuk Dr. Wong Lai Sum (*Independent Non-Executive Director*)
Mr. Lim Chee Hoong (*Independent Non-Executive Director*)
Mr. Na Chun Wee (*Executive Director*)

In Attendance: Mr. Yeoh Chong Keat (*Company Secretary*)
Ms. Lim Fei Chia (*Company Secretary*)

By invitation: Representatives from TA Securities Holdings Berhad
Mr. Dominic Seah
Mr. Lee Wee How

1. **CHAIRMAN AND QUORUM**

The Chairman of the Board, Dato’ Dr. Awang Adek Bin Hussin presided as the Chairman of the meeting and welcomed all shareholders to the Company’s EGM.

The Chairman proceeded to introduce to the shareholders his fellow Directors and the Secretary on the podium and representatives of TA Securities Holdings Berhad, the Adviser for the Proposed Disposal Mandate, who were in attendance.

Upon confirming the presence of a quorum with the Secretary, the Chairman called the meeting to order.

2. **NOTICE**

The Chairman informed that the Notice convening the EGM had been sent to all the shareholders of the Company and was published in The New Straits Times on 31 December 2018.

There being no objection from the floor, the notice convening the EGM was taken as read.

3. **SHAREHOLDERS’ VOTING RIGHTS AND VOTING PROCEDURE**

The Chairman informed that all shareholders present in person or by proxy or authorised representative or attorney were entitled to vote by poll and shall have one (1) vote for each share held. The Ordinary Resolution tabled for shareholders’ approval at the EGM would be decided on a poll.

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The Chairman further informed that polling would be conducted upon completion of deliberation of the sole item on the agenda to be transacted at the EGM. The Company had appointed VotesApp Sdn Bhd as the Poll Administrator to conduct the polling and All-In Worldwide Sdn Bhd as the Independent Scrutineer to verify the poll results.

In order to facilitate the orderly conduct of the Meeting, a question and answer session would be held after the Meeting had procedurally moved the motion.

Upon the invitation by the Chairman, the representative of VotesApp Sdn Bhd explained to the shareholders the procedures for the conduct of electronic live voting using handheld e-voting devices and a trial sample resolution was demonstrated to the Meeting.

4. **ORDINARY RESOLUTION**

PROPOSED SHAREHOLDERS' MANDATE FOR THE DISPOSAL OF UP TO 60,480,000 ORDINARY SHARES IN FURNIWEB HOLDINGS LIMITED ("FURNIWEB") ("FURNIWEB SHARES"), REPRESENTING UP TO 12% EQUITY INTEREST IN FURNIWEB, TO BUYER(S) TO BE IDENTIFIED AND AT PRICE(S) TO BE DETERMINED LATER IN THE OPEN MARKET AND/OR VIA DIRECT BUSINESS TRANSACTIONS, IN CASH ("PROPOSED DISPOSAL MANDATE")

(For consistency purposes, the abbreviations used in this Minutes are the same as those defined in the Circular to Shareholders dated 31 December 2018 on the Proposed Disposal Mandate, unless otherwise defined herein)

The Chairman proceeded to the first item of the agenda which was to seek shareholders' approval for the Proposed Disposal Mandate.

The Chairman explained that the Proposed Disposal Mandate involves the disposal of up to 60,480,000 ordinary shares in Furniweb ("Disposal Shares"), representing up to 12% equity interest in Furniweb, to buyer(s) to be identified and at price(s) to be determined later in the open market and/or via direct business transactions, in cash. Assuming the full 12% equity interest is disposed pursuant to this mandate, the Company's equity interest in Furniweb will be reduced to 51%.

The disposal price for the Disposal Shares shall not be less than HKD0.3656 (being a price equivalent to the net assets per Furniweb Share of RM0.1946, based on Furniweb's latest announced unaudited interim financial results for the 9-month financial period ended 30 September 2018).

The authority sought from the shareholders under the Proposed Disposal Mandate would be valid for a period of 12 months from the date of the approval at the EGM. The Board would make the necessary announcement(s) to Bursa Securities in due course if and when the Company disposes the Disposal Shares. Further details of the Proposed Disposal Mandate were set out in the Circular to Shareholders dated 31 December 2018.

The Chairman further informed that the Minority Shareholders Watch Group ("MSWG") had via its letter dated 14 January 2019 to the Company raised some questions and sought clarifications from the Company in relation to the Proposed Disposal Mandate, the reply of which MSWG requested to be read to the shareholders at the Meeting.

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Upon the invitation of the Chairman, Mr. Cheah Hannon, the Director of Corporate Affairs presented the Company's replies in response to the questions raised by MSWG which was projected on screen for the shareholders' reference at the Meeting. The questions from MSWG and the Company's replies was summarised and annexed hereto.

Mr. Kok Chi Ken proposed and Mr. Ng Kok Kiong seconded the following motion:

“THAT approval be and is hereby given to the Company to dispose up to 60,480,000 Furniweb Shares for cash to buyer(s) to be identified and at price(s) to be determined later in the open market and/or via direct business transactions, subject to the following:

- (i) The disposal price for the Furniweb Shares shall not be less than HKD0.3656 (being a price equivalent to the net assets per Furniweb Share of RM0.1946, based on Furniweb's latest announced unaudited interim financial results for the 9-month financial period ended 30 September 2018); and
- (ii) The Proposed Disposal Mandate will be valid for a period of 12 months from the date of the shareholders' approval being obtained, at this meeting.

AND THAT the Board of Directors of the Company be and is hereby empowered and authorised to do all acts and things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company, with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities in order to finalise, implement and/or give full effect to the Proposed Disposal Mandate.”

The Chairman then invited the shareholder to raise questions. Among the salient questions raised by certain shareholders and/or proxy holders on the Proposed Disposal Mandate include the basis and justification for the disposal consideration, manner of utilisation of proceeds from the disposal and the mechanism for implementing the Proposed Disposal Mandate.

The Group Managing Director, Dato' Lua Choon Hann responded that pursuant to the Proposed Disposal Mandate, the disposal price(s) of the Disposal Shares and the discount/premium to the market price of Furniweb Shares will be determined at a later date prior to the disposal and after taking into account, amongst others, the prevailing market conditions, the price(s) acceptable to the buyer(s) and the market price movement of Furniweb Shares as traded on the GEM of the Hong Kong Stock Exchange and on a “willing-buyer willing-seller” basis.

The Company will appoint independent securities firms to source for buyer(s) for the Disposal Shares at the highest asking price and in any event shall not be lower than the Minimum Disposal Price of HKD0.3656.

The Chairman added that the basis of determining the proposed disposal price will be reviewed by Management and the Board prior to the Company disposing the Disposal Shares during the mandated period of 12 months from the approval obtained from the shareholders at this Meeting.

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Dato' Lua informed that the manner in which the Company may dispose of the Disposal Shares through the appointed securities firms may include:

- (i) open market disposal(s); or
- (ii) off-market disposal(s)/ direct business transaction(s); or
- (iii) a combination of both of the above.

The shareholders were also briefed on the details of utilisation of the disposal proceeds under the Minimum Scenario, Previous Disposal Price Scenario and Maximum Scenario as set out in the Circular to Shareholders including for future potential investment purpose by the Group.

To the question raised on the contributions of other operating segments, the Group MD informed the shareholders on the overall outlook of the property development activities and mentioned that the Group is strengthening its presence in the property development market by venturing into affordable housing projects with strategic partners. Likewise, the investments into healthcare business by the Group are expected to diversify the stream of income of the Group. The Group Managing Director added that the Proposed Disposal Mandate enables the Company to utilise the proceeds for the Group's operations including the foregoing business activities and will allow the Company to monetise part of its investment in Furniweb.

After addressing all questions and/or noted the remarks from the shareholders, the resolution was put to the Meeting for a vote vide live voting guided by the Poll Administrator.

Based on the poll results displayed on the screen, the Chairman declared the Ordinary Resolution carried as follows:

Resolution	Vote in Favour		Vote Against	
	No. of Shares	%	No. of Shares	%
Proposed Disposal Mandate	183,673,119	100.00	0	0.00

5. **CLOSURE**

There being no further business, the EGM was closed at 3.05 p.m. with a vote of thanks to the Chairman.

READ AND CONFIRMED BY

-SIGNED-

CHAIRMAN

Date: 18 February 2019



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Q&A with MSWG
16 January 2019

Should you have any queries, please contact:

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1) Please explain the rationale behind the disposal of up to 60.48 million shares of Hong Kong Stock Exchange-listed Furniweb Holdings Limited (FHL).

The Board is of the view that the Proposed Disposal Mandate will allow PRG to monetise part of its investment in Furniweb while allowing PRG to continue participating in the future operations and plans of Furniweb through its remaining equity interest in Furniweb. The Proposed Disposal Mandate will also enable PRG to use the proceeds for PRG Group's operations and to enhance its financial position. In addition, the disposal pursuant to the Proposed Disposal Mandate may further broaden Furniweb's shareholder base.



2) What are the valuations comparable to similar businesses to FHL in the market?

Company	Sector (Consumer Goods)	Last Price 14/1/2019	P/E (x)	P/B (x)	Market Cap (HKD)
TEXWINCA HOLD	Production and sales of dyed yarns & knitted fabrics	2.80	12.73	0.74	3.87 B
BEST PACIFIC	Lingerie material manufacturer, with a focus on elastic fabric, elastic webbing and lace	1.93	6.55	0.87	2.01 B
FOUNTAIN SET	Knitted fabric manufacturer	1.21	9.31	0.43	1.46 B
NAMESON HLDGS	Knitwear manufacturer	0.63	4.11	0.59	1.44 B
FURNIWEB	Covered elastic yarn and furniture webbing producer	2.60	61.78	6.95	1.31 B
C TAIFENG BED	Furniture company	1.08	2.84	0.36	1.08 B
YANGTZEKIANG	OEM/ODM garment manufacturer	3.38	18.78	0.56	699 M
SPEEDY GLOBAL	Garment manufacturer	1.82	13.00	0.22	556 M
VICTORY CITY	Knitted fabric manufacturer	0.103	1.36	0.08	533 M
TAI PING CARPET	Carpet manufacturer	1.41	1.54	0.62	299 M
SECTOR AVERAGE			13.2	1.14	-



- 3) **As stated on page 6 of the circular to shareholders (Circular) to obtain shareholders' mandate for the disposal of up to 12% equity interest in FHL (Disposable Shares), the Company plans to utilize between RM2 million and RM66.04 million from disposal proceeds, under the scenarios of previous disposal price and maximum respectively, for future potential investment and acquisition.**

What are the sectors that the Company are considering to invest in the future?

PRG Group is in the midst of exploring various investment opportunities which will be announced (if required) as and when the Group enters into any such agreement. Such investment opportunities shall include future business investment and expansion of the Group's principal activities and/or business which are complementary to its existing business as and when the opportunity arises.

Announcement(s) will be made and/or approval will be sought from PRG's shareholders for PRG Group's future potential investment/acquisition, if required.



4) As stated on page 8 of the Circular, the Disposal Shares are expected to have an effect on the earnings and earnings per share of the Company for the financial year ended 31 December 2019.

Given that manufacturing was the only profitable segment for the Company in third quarter results ended 30 September 2018, while other business segments such as property and healthcare were loss-making, what is the overall outlook and prospect for the company in FY2019?

(i) Property Segment

For our property segment, we are planning to launch our Subang U5 project this year. Subang U5 is an affordable apartment project that comprises 650 units which has a GFV of approximately RM250 million.

Another project will be the housing project in Batu Gajah, which is part of a collaboration with Syarikat Perumahan Negara Bhd (SPNB).

(ii) Construction Segment

As for PRG's construction segment, we are currently focusing on our own property projects, by providing efficient building works and plans prior to execution of the project.



(cont. from previous page, Question 4)

(iii) Healthcare Segment

In 2018, PRG has ventured into healthcare industry, with notable acquisitions of 55% equity interest in PRG Active Sdn. Bhd. (formerly known as S P Chin Healthcare Sdn. Bhd.) and 26.21% equity interest in Esther Postpartum Care Sdn. Bhd..

The Group's ventures into healthcare business as part of the Group's vertical integration along the value chain in the wellness segment of the healthcare industry which is thriving and has opportunity for growth. The investments into healthcare business are expected to diversify the stream of income of the Group and compensate for business cycle fluctuations.

For 2018, the healthcare segment is still a relatively insignificant revenue contributor to the group's business.



5) What is the total gross development value (GDV) and take-up rates of the three property projects in Klang Valley and Perak?

The GDV for Picasso Residence is RM719.5 million; its current take up rate stands at 58%.

The GDV for Subang U5 project is RM250.0 million; we expect to launch it this year.

The construction contract value for Batu Gajah project, which is a collaboration with SPNB, stands at RM35.6 million.



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Thank You