MINORITY SHAREHOLDERS WATCH GROUP

The Observer

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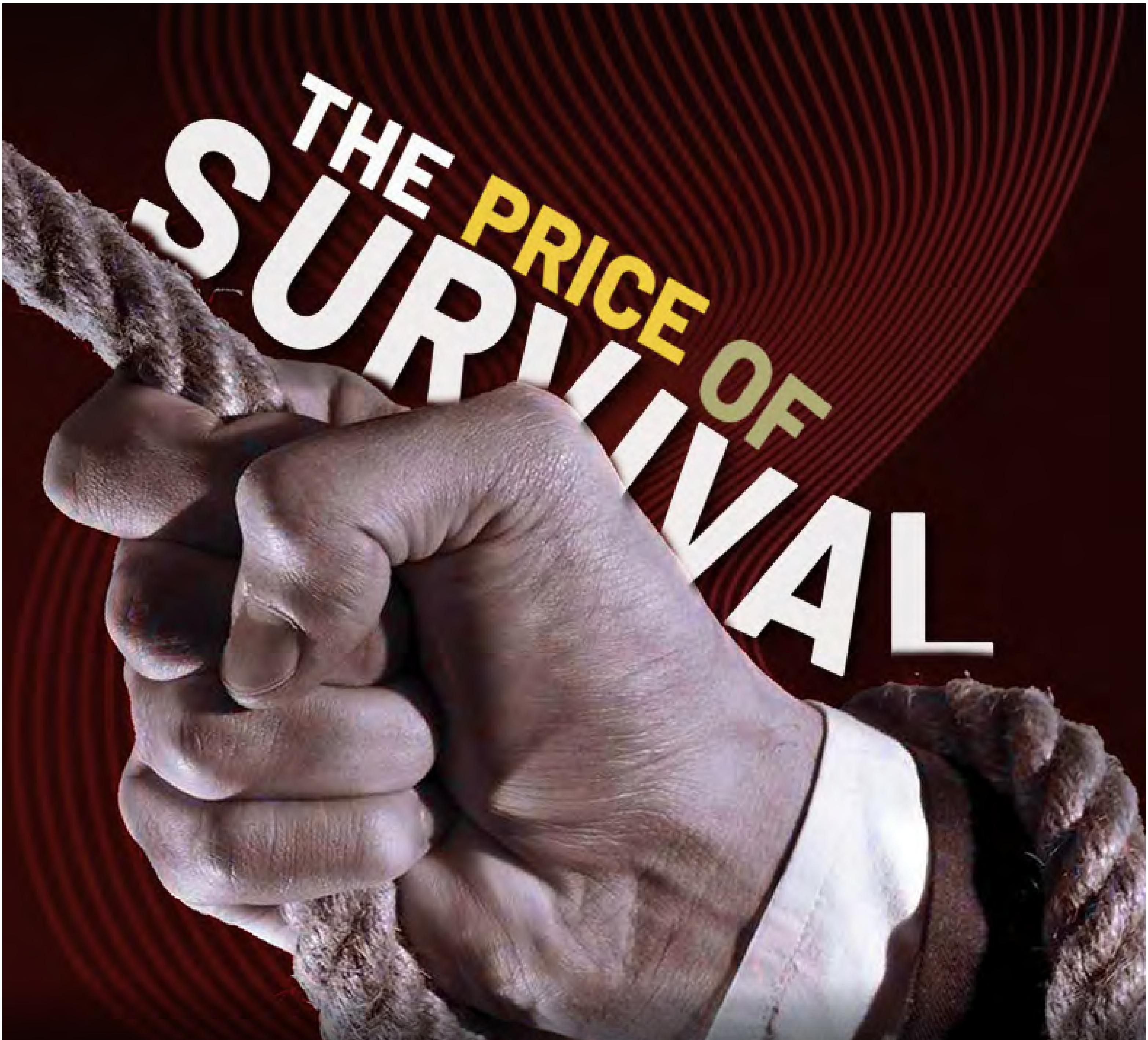

Judicial management may provide PRG with much-needed breathing space, but at what cost to the company and, ultimately, its shareholders?

CORPORATE RESCUE AT WHAT COST?

One development after another, the saga surrounding PRG Holdings Berhad is far from over.

Following a winding-up petition filed by a major shareholder, PRG took the unusual route of seeking temporary protection from further legal action by applying to the High Court of Malaya to be put under judicial management pursuant to the Companies Act 2016 (CA2016).

While judicial management may offer PRG temporary respite and a pathway to recovery, what price must the company—and its shareholders—pay for that breathing space?

How It Started

At the simplest level, the current conundrum has its origin in allegedly undisclosed related-party transactions (RPTs) and a terminated debt settlement between PRG's wholly-owned construction unit, Premier Construction (International) Sdn Bhd (PCI) and Premier De Muara Sdn Bhd (PDM) – a developer allegedly linked to PRG's largest shareholder, Datuk Ng Yan Cheng.

This revolves around PDM owing PCI RM37.17 million for work completed on the Picasso Residence project in Kuala Lumpur. Under the proposed settlement announced on 23 April, PDM would transfer 12 residential units worth RM13.37 million to partially repay the debt, while the remaining RM23.44 million would be negotiated separately.

However, the proposed debt settlement terminated on 19 May due to concerns over the undisclosed relationship between PDM and Ng, who owns a 16.45% stake in PRG. The Board clarified it was unaware of this matter during the stage of negotiation and execution of the Settlement Agreement.

Following the termination of the Settlement Agreement, PCI has demanded the payment of the full sum of RM37.17 million within 14 days from the date of termination.

PCI intensified the effort to recover the outstanding amount from PDM. On 8 June, it sought to recover RM64.24 million in unpaid payments from PDM via a letter of demand, arising from construction work performed for the Picasso residence project. On 9 July, PCI commenced winding-up proceedings against PDM to recover the outstanding amount.

Meanwhile, Ng is not sitting idle. In a move that may be seen as a "retaliation", Ng on 30 June demanded PRG repay RM21.22 million being shareholder advances he provided, within 21 days.

As both parties are at loggerheads, on 22 July, Ng turned the tables by petitioning the High Court to wind up PRG after both parties failed to reach an agreement to restructure the said shareholder advance.

All in all, Ng claimed to have advanced a total of RM89.55 million to PRG and its subsidiaries over the years, with about RM73.1 million still outstanding. He said most of the funding was unsecured and interest-free and had enabled the Group to continue operating when its own cash flow was insufficient.

Ng further rejected allegations that he had acted against PRG's interests, arguing that his financial interests were aligned with the Company's recovery because he risked losing both the outstanding advances and the value of his shareholding if the group failed.

In between, PRG's second-largest shareholder Datuk Sheah Kok Fah who holds an 8.14% stake, entered the fray on 9 June seeking an independent review of the transactions at the PRG AGM on 25 June. This eventually led to the appointment of PKF Covenant Equity Consulting Sdn Bhd on 24 June to review the said RPTs.

Aside from the independent review, Datuk Sheah had somehow been instrumental in pushing for the removal of group managing director Andrew Chan Lim-Fai, who is also Ng's son-in-law.

While PRG rejected Datuk Sheah's proposal to remove Chan at its AGM on 25 June on the basis of insufficient notice period, Chan had eventually resigned on his own accord on 13 July, stating as reason "in the best interest of the company". Chan was immediately succeeded by Singaporean Kang Boon Lian.

PRG's financial performance has been mediocre in the past. It reported its third consecutive year of losses in FY2025 at RM39.8 million, following substantial losses of RM68.1 million in FY2024 and RM11.1 million in FY2023.

The Group's dismal financial health in four of the past five financial years has extended to the latest Q1FY2026 quarter ended 31 March 2026 with a net loss of RM13.99 million driven by asset impairments and lower project contributions.

In essence, what began as a dispute over a proposed debt settlement has since escalated into a wider corporate governance and shareholder conflict involving independent review of related-party transactions, boardroom challenges, a series of winding-up proceedings and potential judicial management.

The Price to Pay

Governed by Sections 403 to 430 of the CA2016, judicial management is a structured corporate rescue mechanism designed to help financially distressed companies regain stability. By temporarily halting creditor actions, it gives companies the breathing space needed to reorganise their operations and restructure their liabilities.

At the heart of the process is the appointment of independent judicial managers, who assume control of the company's affairs to assess its financial position, evaluate the viability of a rescue plan and implement a restructuring strategy that serves the interests of creditors and the company as a whole.

While some may view the grant of a judicial management order (JMO) as signalling business as usual, the legal and commercial consequences are far more profound.

Once a JMO takes effect, the company benefits from a six-month statutory moratorium, subject to further extension, during which creditors are generally restrained from commencing or continuing legal proceedings, enforcement actions or winding-up proceedings without the leave of the Court. This moratorium is intended to preserve the company's assets and provide the judicial manager with the time and stability necessary to formulate and execute a restructuring plan.

Perhaps the most significant consequence is the transfer of corporate control.

Prior to the JMO, the board of directors and management exercised full authority over the company's affairs and operations. Once the order is granted, those powers are effectively displaced. The board and management become *functus officio* (no longer have the authority) in relation to the management of the company, with control over its affairs, business and property vesting entirely in the judicial manager.

The judicial manager is entrusted to exercise all powers and perform all duties that would otherwise fall upon the directors under the CA2016 and the company's constitution. In practical terms, the board no longer directs the company's affairs; strategic and operational decision-making rests with the judicial manager for the duration of the judicial management.

The implications extend well beyond a change in management. Judicial management inevitably introduces a prolonged period of uncertainty over the company's future. The restructuring process may take months, and in complex cases, years before a definitive outcome is achieved, subject to the approval of creditors and the Court.

What's Left for Minority Shareholders After Judicial Management?

For minority shareholders, this uncertainty is acute.

In many restructurings, preserving enterprise value and maximising recoveries for creditors take precedence over shareholder returns. Unlike secured creditors, whose interests are protected through the restructuring process, shareholders rank at the bottom of the corporate capital structure. Their economic interests are residual, meaning any recovery depends on value remaining after creditors' claims have been satisfied.

More importantly, minority shareholders exert limited influence over the judicial management process. The judicial manager owes statutory duties to the company and must formulate proposals for creditors' approval. Creditors ultimately determine whether the restructuring proposal proceeds. Minority shareholders therefore find themselves in the uncomfortable position of being directly affected by decisions over which they have little meaningful control.

For listed companies such as PRG, the impacts are consequential. Judicial management affects market confidence, prolongs uncertainty over the company's future, delays strategic decisions and, subject to the eventual restructuring, potentially dilutes existing equity interests. While judicial management is intended to rescue the company, it does not necessarily preserve shareholder value.

Ultimately, judicial management is a mechanism structured to save the corporate entity not to safeguard shareholders' investments.

For minority shareholders, the question is beyond whether PRG survives, but whether there will be meaningful value left for them when the rescue process finally comes to an end.

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MSWG
AGM/EGM WEEKLY WATCH

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

QUICK-TAKE

Date & Time	Company	Quick-take	Voting Position
10.08.26 (Mon) 10.00 am	DXN Holdings Bhd (AGM)	DXN delivered revenue of RM1.9 billion in FY2026, a marginal 0.5% decline from RM1.91 billion in the prior year, driven by forex translation effects from a stronger ringgit. Excluding the currency effects, the Group achieved underlying constant currency growth of 12.1% y-o-y. Net profit attributable to owners of the company declined to RM271.52 million from RM328.07 million in FY2025, affected by investments in new markets, higher marketing expenses, forex losses and a one-off indirect tax refund recognised in the previous year. It paid a dividend of 3.2 sen in FY2026, being 0.5 sen lower than 3.7 sen in FY2025.	MSWG will vote "FOR" all resolutions tabled in the meeting.
12.08.26 (Wed) 10.00 am	Computer Forms (Malaysia) Berhad (AGM)	CFM reported a challenging FPE2026 as annualised revenue declined 54% to RM12.7 million from RM27.5 million in FY2024, mainly due to weaker market demand and the Group's strategic exit from low-margin contracts amid the structural decline in traditional printing. Meanwhile, the Group recorded a loss before tax of RM0.54 million in FPE2026. The result was supported by a RM3.51 million net gain from the reversal of expected credit losses on fixed deposits and a RM1.86 million gain on the disposal of assets	MSWG will vote "FOR" all resolutions tabled in the meeting.

Date & Time	Company	Quick-take	Voting Position
		Looking ahead, CFM is accelerating its transition towards digital software services and strategic real estate investments while continuing to rationalise its legacy printing business.	

POINTS OF INTEREST

<table>
<tr><th>Company</th><th>Points/Issues to Be Raised</th></tr>
<tr><td>DXN Holdings Bhd
(AGM)</td><td>On a constant currency basis, DXN recorded strong revenue growth in several key markets during FY2026, with Peru (+18.7%), Bolivia (+35.7%) and India (+15.3%) delivering double-digit growth (page 26 of AR2026).

a) Peru and Bolivia are DXN’s two largest markets in Latin America. However, Peru’s economy expanded by only 3.4% in 2025, while Bolivia’s economy contracted by 1.6% (Source: World Bank).

What were the key drivers behind DXN’s significantly stronger revenue growth relative to the underlying economic performance of these markets?

b) Bolivia is facing a severe economic and political crisis, arising from dwindling foreign reserves, elevated inflation and subsidy cuts. The International Monetary Fund (IMF) projects Bolivia’s economy to contract by 3.3% in 2026.

Amid the political and economic crisis, as well as a weaker consumer spending environment, how will these impact DXN’s sales, profitability and long-term growth prospects in Bolivia?

c) DXN has established one manufacturing facility and three cultivation units in Bolivia. What is DXN’s cumulative investment in Bolivia to date? In addition, what further capital commitments or expansion plans has the Group approved for its Bolivian operations over the next three to five years?

d) In June 2026, Bolivia ended its 15-year exchange rate peg, resulting in a sharp depreciation of the Bolivian boliviano, which has weakened by approximately 87% against the US dollar (from 6.86 bolivianos to 12.83 bolivianos) as of 3 August 2026.

Approximately 16% (FY2025: 24%) of the Group’s cash and bank balances are denominated in Bolivian bolivianos and are intended to fund working capital and future expansion in Bolivia (page 245, Note 10, AR2026).

i. Given the significant currency depreciation, what is the estimated financial impact on the Group’s earnings, net assets and shareholders’ equity?</td></tr>
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	ii. Has the Group recognised, or does it expect to recognise, any material foreign exchange losses or impairment arising from its Bolivian operations? iii. What measures is management taking to mitigate currency risk and preserve the value of its cash balances and investments in Bolivia?
Computer Forms (Malaysia) Berhad (AGM)	1. The Group recorded a loss before tax of RM0.54 million in FPE2026. The result was supported by a RM3.51 million net gain from the reversal of expected credit losses on fixed deposits and a RM1.86 million gain on the disposal of assets. (page 5 of AR 2026) a) The Group's underlying operating performance remained weak. When does management expect the Group's core operating businesses to return to sustainable profitability? b) What are the key earnings drivers over the next two financial years? Which business segments are expected to contribute most to the recovery? 2. Other receivables jumped significantly to RM101.55 million in FPE2026 from RM25.66 million in FY2024, mainly due to refundable deposits paid for the acquisition of new industrial properties, namely a detached factory and a double-storey factory with a warehouse. (page 7 and 106 of AR 2026) a) What is the rationale for acquiring these industrial properties? How do they support the Group's long-term business strategy? b) What are the purchase prices and land and build-up areas of each property? What is the expected timeline for completing these acquisitions? c) Who are the vendors of these properties? Are any of the acquisitions related party transactions or do they involve directors, major shareholders or persons connected to them?

DISCLOSURE OF INTERESTS
With regard to the companies mentioned, MSWG holds a minimum number of shares in all the companies covered in this newsletter.