THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Furniweb Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8480)

MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF A FURTHER 62.75% INTEREST IN ENERGY SOLUTION GLOBAL LIMITED INVOLVING ISSUE OF THE CONSIDERATION SHARES AND THE ADDITIONAL CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EGM

Financial Adviser to the Company

Lego Corporate Finance Limited
力高企業融資有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

八方金融有限公司
OCTAL Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter of advice from Octal to the Independent Board Committee and the Independent Shareholders is set out on pages 35 to 70 of this circular. The letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 33 to 34 of this circular.

A notice convening the EGM to be held at Lot 1883, Jalan KPB9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor, Malaysia on Monday, 8 August 2022 at 2:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. 2:00 p.m. on 6 August 2022) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

30 June 2022

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

In this circular:

(a) All references to Rules and Chapters are references to Rules and Chapters of the GEM Listing Rules unless otherwise stated.

(b) Unless otherwise stated, when translated, each RM amount stated in this circular was translated at the exchange rate of RM1.0 to HK$1.8518 and each SGD amount stated in this circular was translated at the exchange rate of SGD1 to HK$5.75.

(c) Unless the context otherwise requires, the following expressions have the following meanings:

"Additional Consideration Shares"	subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares, up to a maximum of 33,252,480 new Shares to be allotted and issued by the Company to the Vendor each at the Consideration Shares Issue Price if the Vendor can make and has made an Additional Consideration Shares Request which is accepted by the Company in full or in part
"Additional Consideration Shares Request"	has the meaning as defined in "Letter from the Board — Sale and Purchase Agreement — Consideration and payment terms" in this circular
"Agreed Exchange Rate"	SGD1 to HK$5.75, HK$1 to RM0.54 and RM1 to HK$1.8518, being the exchange rates of these currencies agreed between the Vendor and the Company under the Sale and Purchase Agreement
"associate"	has the meaning ascribed to it under the GEM Listing Rules
"Board"	the board of Directors
"Bursa Securities"	Bursa Malaysia Securities Berhad
"Cash Consideration"	the part of the Consideration payable by the Company in cash which may be up to a maximum of 75.00% of the Consideration if no Additional Consideration Shares Request is made by the Vendor
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"close associate"	has the meaning ascribed to it under the GEM Listing Rules
"Company"	Furniweb Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its issued Shares listed on GEM of the Stock Exchange (stock code: 8480)

"Compensation"	has the meaning as defined in "Letter from the Board — Sale and Purchase Agreement — Profit Guarantee by the Vendor" in this circular
"Completion"	the completion of the Further Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the date on which Completion shall take place, which shall be ninety (90) days from the date when all the Conditions Precedent are fulfilled or as the case may be, waived, or such other date as may be agreed upon between the Company and the Vendor
"Conditions Precedent"	the conditions precedent to completion of the Further Acquisition set out in "Letter from the Board — Sale and Purchase Agreement — Conditions Precedent" in this circular
"connected person"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	HK$58,191,840.00 (equivalent to RM31,423,594.00 at the Agreed Exchange Rate), being the consideration payable by the Company to the Vendor for the Sale Shares which shall be satisfied by the Cash Consideration, the Consideration Shares and subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares, if the Vendor can make and has made an Additional Consideration Shares Request which is accepted by the Company in full or in part, the Additional Consideration Shares
"Consideration Balance"	has the meaning as defined in "Letter from the Board — Sale and Purchase Agreement — Consideration and payment terms" in this circular
"Consideration Shares"	the 41,565,600 new Shares to be allotted and issued by the Company to the Vendor each at the Consideration Shares Issue Price
"Consideration Shares Issue"	the allotment and issue of the Consideration Shares and the Additional Consideration Shares to the Vendor under the Sale and Purchase Agreement
"Consideration Shares Issue Price"	HK$0.35, being the issue price per Consideration Share and per Additional Consideration Share
"controlling shareholder"	has the meaning ascribed to it under the GEM Listing Rules

"Cut-Off Date"	a date falling on the sixtieth (60th) days from the date of the Sale and Purchase Agreement (or such other date as may be agreed upon between the Company and the Vendor), being the last day by which the Conditions Precedent must be fulfilled or as the case may be, waived
"Directors"	the Directors of the Company and each a "**Director**"
"EGM"	the extraordinary general meeting of the Company to be convened and held at Lot 1883, Jalan KPB9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor, Malaysia on Monday, 8 August 2022 at 2:00 p.m., notice of which is set out on pages EGM-1 to EGM-3 of this circular for the purpose of considering, and, if thought fit, to approve, among other, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate to issue and allot the Consideration Shares and the Additional Consideration Shares
"Enlarged Group"	the Group as enlarged by the Target Group
"First Acquisition"	the acquisition of 37.25% interest in the Target Company by the Company from Ms. Pua Lay Cheng and Mr. Lee Eng Lock at the Consideration of HK$9,564,496.00 which was completed on 13 December 2021 as announced by the Company in its announcements dated 1 November 2021, 17 November 2021 and 14 December 2021 and constituted a discloseable and connected transaction for the Company
"Further Acquisition"	the acquisition of a further 62.75% interest in the Target Company by the Company through the acquisition of the Sale Shares by the Company from Vendor under the Sale and Purchase Agreement
"FY2019"	financial year ended 31 December 2019
"FY2020"	financial year ended 31 December 2020
"FY2021"	financial year ended 31 December 2021
"FY2022"	financial year ending 31 December 2022
"FY2023"	financial year ending 31 December 2023
"GEM"	GEM of the Stock Exchange
"GEM Listing Committee"	has the meaning ascribed to it under the GEM Listing Rules

"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries from time to time
"Guarantee Period"	the period from 1 January 2022 to 31 December 2023
"Guaranteed Profit"	a consolidated profit after tax of the Target Group to be translated at the Agreed Exchange Rate in the amount of HK$34,500,000.00 for the Guarantee Period guaranteed by the Vendor under the Profit Guarantee, further details are set out in "Letter from the Board — Sale and Purchase Agreement — Profit Guarantee by the Vendor" and "Letter from the Board — Additional information on the terms and conditions of the Sale and Purchase Agreement" in this circular
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Independent Board Committee"	the independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Ho Ming Hon, Dato' Sri Dr. Hou Kok Chung and Dato' Lee Chee Leong, which has been established for the purposes of making recommendations to the Independent Shareholders in respect of the Further Acquisition and the Consideration Shares issue
"Independent Business Valuer"	Roma Appraisals Limited, the independent business valuer appointed by the Company to appraise the market value of the Sale Shares
"Independent Shareholders"	Shareholders, other than the Vendor and his associates, who have no material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate
"Latest Practicable Date"	27 June 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Multiplier"	has the meaning as defined in "Letter from the Board — Sale and Purchase Agreement — Profit Guarantee by the Vendor" in this circular

"M&V MY"	Measurement & Verification Sdn. Bhd., a company incorporated in Malaysia and a direct wholly-owned subsidiary of the Target Company
"M&V SG"	Measurement & Verification Pte. Ltd., a company incorporated in Singapore and a direct wholly-owned subsidiary of the Target Company
"Octal" or "Independent Financial Adviser"	Octal Capital Limited, a corporation licensed by the SFC to carry Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee to the Company to advise the Independent Board Committee and the Independent Shareholders on, among others, the fairness and reasonableness of the Further Acquisition and the Consideration Shares Issue
"PRG"	PRG Holdings Berhad, a public limited liability company incorporated in Malaysia and the issued shares of which are listed on the Main Market of Bursa Malaysia and the controlling shareholder of the Company
"Profit Guarantee"	the guarantee provided by the Vendor to the Company under the Sale and Purchase Agreement guaranteeing the audited consolidated profit after tax of the Target Group will not be less than the Guaranteed Profit for the Guarantee Period, further details are set out in "Letter from the Board — Sale and Purchase Agreement — Profit Guarantee by the Vendor" and "Letter from the Board — Additional information on the terms and conditions of the Sale and Purchase Agreement" in this circular
"Reporting Periods"	three years ended 31 December 2021
"RM"	Malaysian Ringgit, the lawful currency of Malaysia
"Sale and Purchase Agreement"	the conditional sale and purchase agreement entered into by the Company as purchaser and the Vendor as vendor on 8 June 2022 as supplemented by a supplemental agreement dated 13 June 2022 ("**Supplemental Agreement**") made between the same parties in relation to the Further Acquisition

"Sale Shares"	6,275 ordinary shares in the Target Company, representing 62.75% of its issued and paid up share capital, to be acquired by the Company from the Vendor under the Sale and Purchase Agreement
"SFC"	Securities and Futures Commission
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGD"	Singapore dollars, the lawful currency of the Republic of Singapore
"Shareholders"	shareholders of the Company
"Shares"	ordinary share of HK$0.1 each in the issued share capital of the Company
"Specific Mandate"	a specific mandate to issue and allot the Consideration Shares and the Additional Consideration Shares to the Vendor each at the Consideration Shares Issue Price to be sought from the Independent Shareholders at the EGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiaries"	the two wholly-owned subsidiaries of the Target Company, namely M&V SG and M&V MY. The Target Company and the Subsidiaries are collectively referred to as the "**Target Group**"
"Target Company"	Energy Solution Global Limited, a private limited company incorporated in the British Virgin Islands, in which the Company has 37.25% interest as at the date of the Sale and Purchase Agreement
"Target Group Audited Accounts"	the audited consolidated financial statements of the Target Group for the Guaranteed Period
"USD"	United States dollars, the lawful currency of the United States of America
"Vendor"	Dato' Ng Yan Cheng, the vendor of the Sale Shares who is a connected person of the Company for being the father of Mr. Ng Tzee Penn, a non-executive Director
"%"	per cent

FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8480)

Non-executive Directors:
Dato' Lim Heen Peok *(Chairman)*
Mr. Ng Tzee Penn

Executive Directors:
Mr. Cheah Eng Chuan *(Chief Executive Officer)*
Dato' Lua Choon Hann
Mr. Cheah Hannon

Independent Non-executive Directors:
Mr. Ho Ming Hon
Dato' Sri Dr. Hou Kok Chung
Dato' Lee Chee Leong

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
31st Floor, 148 Electric Road
North Point
Hong Kong

30 June 2022

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF A FURTHER 62.75% INTEREST IN ENERGY SOLUTION GLOBAL LIMITED INVOLVING ISSUE OF THE CONSIDERATION SHARES AND THE ADDITIONAL CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

Reference is made to the announcements of the Company dated 1 November 2021, 17 November 2021 and 14 December 2021 in relation to the First Acquisition (i.e. the acquisition by the Company from Ms. Pua Lay Cheng and Mr. Lee Eng Lock of 37.25% interest in the Target Company which was completed on 13 December 2021) and the two announcements of the Company dated 8 June 2022 and 13 June 2022, respectively, in relation to the Further Acquisition. As at the date of this circular, the Company has 37.25% interest in the Target Company.

On 8 June 2022, the Company conditionally agreed to acquire the remaining 62.75% interest in the Target Company (i.e. the Sale Shares) from the Vendor by entering into the Sale and Purchase Agreement with the Vendor, which was supplemented by the Supplemental Agreement.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the Sale and Purchase Agreement; (ii) financial information of the Target Group and the Group; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Further Acquisition and the Consideration Shares Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Further Acquisition and the Consideration Shares Issue; (v) other information as required under the Listing Rules; and (vi) the notice of the EGM.

SALE AND PURCHASE AGREEMENT

Date: 8 June 2022 (as supplemented on 13 June 2022 by the Supplemental Agreement)

Parties:

(1) the Company (as purchaser); and

(2) the Vendor (as vendor)

The Vendor is a connected person of the Company for being the father of Mr. Ng Tzee Penn, a non-executive Director. For details, please see "Letter from the Board — Implications of the GEM Listing Rules — Chapter 20" in this circular.

Subject matter: The Sale Shares, i.e. 6,275 ordinary shares in issue of the Target Company representing 62.75% of the entire ordinary shares in issue of the Target Company which are held by the Vendor.

Conditions Precedent: Completion is subject to the satisfaction of (or waiver), among others, the following Conditions Precedent on or before the Cut-Off Date:

(1) the Company being satisfied with the results of its due diligence investigation in respect of, among others, the Vendor's title to the Sale Shares and the financial and legal due diligence on the Subsidiaries, which shall be completed by the Company within thirty (30) days from the date of the Sale and Purchase Agreement or any other date to be mutually agreed by the Company and the Vendor;

(2) the obtaining by the Company of the approval by the Independent Shareholders at the EGM to the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate;

(3) the GEM Listing Committee granting the listing of, and permission to, deal in the Consideration Shares; and

(4) the obtaining by PRG of the approvals from Bursa Securities and its shareholders to the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate.

The Sale and Purchase Agreement shall become unconditional on the day upon which the Conditions Precedent have been fulfilled or as the case may be, waived.

Consideration and payment terms: The total consideration payable by the Company to the Vendor for the Sale Shares is HK$58,191,840.00 (equivalent to RM31,423,594.00 at the Agreed Exchange Rate) and shall be paid in the following manner:

(1) 25% of the Consideration in the sum of HK$14,547,960.00 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be satisfied by the allotment and issuance of the Consideration Shares (i.e. 41,565,600 new Shares) at an aggregate Consideration Shares Issue Price of HK$14,547,960.00 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) upon Completion;

(2) 25% of the Consideration in the sum of HK$14,547,960.00 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be paid by cash on the date falling six (6) months from the Completion Date;

(3) the remaining 50% of the Consideration in the sum of HK$29,095,920.00 (equivalent to RM15,711,797.00 at the Agreed Exchange Rate) ("**Consideration Balance**") shall be paid as follows:

    (a) If and only if the Target Group achieves the Guaranteed Profit, either:

        i. the Consideration Balance shall be paid by cash within thirty (30) days after the date of issuance of the Target Group Audited Accounts; or

ii. no earlier than the date of the Target Group Audited Accounts and no later than the third day after the date of the Target Group Audited Accounts, the Vendor may make a written request to the Company for a maximum of up to twenty per centum (20%) of the Consideration in the sum of up to HK$11,638,368.00 (equivalent to RM6,284,719.00 at the Agreed Exchange Rate) to be paid by up to a maximum of 33,252,480 new ordinary shares of the Company ("**Additional Consideration Shares**") each to be issued and credited at the Consideration Shares Issue Price (the "**Additional Consideration Shares Request**") subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares and the sole and absolute discretion of the Company to reject or to accept in full or in part the request.

Subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares, if the Additional Consideration Shares Request is made by Vendor and accepted by the Company in full or in part, the Consideration Balance after deducting the aggregate Consideration Shares Issue Price in respect of the Additional Consideration Shares shall be paid by cash within thirty (30) days after the date of issuance of the Target Group Audited Accounts.

(b) If the Target Group fails to achieve the Guaranteed Profit the Vendor shall pay the Company the Compensation which may be applied by the Company to set off against the Consideration Balance and:

i. if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is equal to the Consideration Balance, no Cash Consideration shall be payable by the Company;

ii. if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is more than the Consideration Balance, no Consideration Balance shall be payable by the Company and the Vendor shall pay the Company the excess amount within thirty (30) days after the date of issuance of the Target Group Audited Accounts; or

iii. if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is less than the Consideration Balance, the Company shall pay the Vendor the difference in amount within thirty (30) days after the date of issuance of the Target Group Audited Accounts.

Profit Guarantee by the Vendor: The Vendor guarantees to the Company that, the audited consolidated profit after tax of the Target Group to be translated at the Agreed Exchange Rate for the period from 1 January 2022 to 31 December 2023 (i.e. the Guarantee Period) will not be less than HK$34,500,000.00 (i.e. the Guaranteed Profit). The following items shall be excluded from the computation of the Guaranteed Profit:

(1) items classified as extraordinary or any non-cash item classified as non-recurring; and

(2) gain on disposal of any property, plant and equipment.

Failing the Guaranteed Profit, the Vendor shall compensate the Company as follows ("**Compensation**"):

(1) if the audited consolidated profit after tax of the Target Group for the Guaranteed Period is less than the Guaranteed Profit, the Vendor shall compensate the Company in an amount equal to the shortfall multiple by 2.69 ("**Multiplier**"); or

(2) if the Target Group has audited consolidated loss for the Guaranteed Period, the Vendor shall compensate the Company in an amount equal to the aggregate of the Guaranteed Profit and the absolute amount of such loss and multiple the aggregate amount by 2.69.

The audited consolidated financial statements of the Target Group shall be audited by the auditors to the Company and shall be issued within three (3) months after expiry of the Guaranteed Period.

The Compensation payable by the Vendor to the Company shall be set off against the Consideration Balance as mentioned in paragraph (3)(b) of "Consideration and payment terms" immediately above.

Completion: Completion shall take place within ninety (90) days from the date on which the Conditions Precedent have been fulfilled or as the case may be, waived, or such other date as may be agreed upon between the parties to the Sale and Purchase Agreement.

Post-Completion undertakings by the Vendor: The Vendor undertakes to the Company to obtain the following after the date of the Sale and Purchase Agreement and no later than six (6) months from the Completion Date:

(1) the necessary consent and/or approval of the two banks, which currently providing loan and banking facilities to the Target Group, to the sale and transfer of the Sale Shares to the Company; and

(2) the relevant consents and/or approval of the two banks to replace all securities for the existing loans and banking facilities provided by them to the Target Group with securities to be provided by the Company and/or its subsidiaries, if so required.

In the event of breach of the above undertakings by the Vendor, the Vendor undertakes to maintain the securities provided by him to the two banks prior to the date of the Sale and Purchase Agreement for the loans and banking facilities granted by the two banks to the Target Group and the Vendor shall indemnify the Group, including the Target Group, from and against any damages, losses, costs and expenses as may be suffered or incurred by the Group as a result of or arising from breach by the Vendor of the above undertakings

Additional information on the terms and conditions of the Sale and Purchase Agreement

Cut-Off Date: The Cut-Off Date may be extended subject to mutual consent of the Company and the Vendor to allow more flexibility in the event that additional time is needed to fulfil certain conditions without revoking the Sale and Purchase Agreement and re-entering into another agreement whose terms are substantially the same. As the Latest Practicable Date, to the best knowledge of the Directors, save for the possible delay of the EGM due to the additional time required by PRG to seek its approval from its shareholders on the Further Acquisition, both the Company and the Vendor do not anticipate any materials events which would delay the Cut-Off Date. In the event that the Cut-Off Date has to be extended, the Company will not resubmit the Further Acquisition for Independent Shareholders' approval.

To the best knowledge of the Board, both the Company and the Vendor are of the view that it is in their interests to complete the Further Acquisition without extending the Cut-Off Date.

Completion Date: The Completion Date may be extended subject to mutual consent of the Company and the Vendor to allow more flexibility in the event that additional time is needed to complete the administrative or financing procedures for the Completion without revoking the Sale and Purchase Agreement and re-entering into another agreement whose terms are substantially the same. As the Latest Practicable Date, to the best knowledge of the Directors, both the Company and the Vendor do not anticipate any hurdle for Completion once the Sale and Purchase Agreement becomes unconditional. In the event that the Completion Date has to be extended, the Company will not resubmit the Further Acquisition for Independent Shareholders' approval.

To the best knowledge of the Board, both the Company and the Vendor are of the view that it is in their interests to complete the Further Acquisition without extending the Completion Date.

Additional Consideration Shares Request: In determining whether to reject or accept in full or in part the Additional Consideration Shares Request, the Board will take into account (1) the difference between the Consideration Shares Issue Price and the then market price of the Shares; (2) cash flow position of the Company; and (3) approval from the controlling shareholder, PRG, whose shareholding in the Company will be diluted by any Additional Consideration Shares.

As the Additional Consideration Shares Request can only be made, inter alia, when the Target Group achieves the Guaranteed Profit, there will not be circumstances when the Additional Consideration Shares are used to set off against any Compensation.

Guaranteed Profit: The Guaranteed Profit will exclude any items classified as extraordinary or any non-cash item classified as non-recurring, pursuant to the requirements of Hong Kong Financial Reporting Standard or International Accounting Standard and as so classified in the Target Group Audited Accounts on which the auditors to the Company state their opinion. In the event that there are different views on such classification, the opinions of the Company and auditors to the Company shall prevail.

The terms "Guaranteed Profit", "Profit Guarantee" or "Profit Guarantee by the Vendor" do not mean that the Target Company may achieve the target profit threshold. Such target profit threshold is only relevant for the calculation of the Compensation by the Vendor.

Multiplier: The Multiplier of 2.69 is derived by dividing the theoretical 100% valuation of the Target Company (implied by the Consideration of HK$58,191,840.00 for the 62.75% equity interest in the Target Company) by the Guaranteed Profit.

The Board's view on the fairness and reasonableness of the Multiplier is set out under the paragraph "Letter from the Board — The Consideration".

THE CONSIDERATION

The Consideration was determined after arm's length negotiation between the Vendor and the Company having regard to the value of the Sale Shares appraised by the Independent Business Valuer, audited consolidated net assets of the Target Group at RM17,168,000 (equivalent to approximately HK$31,792,000 at the Agreed Exchange Rate) as at 31 December 2021 as set out in "Letter from the Board — Information on the Target Group" in this circular, the industrial landscape and potential in HVAC-EMS market in Singapore and Malaysia, the potential synergy expected to be brought about by the Further Acquisition as detailed in "Letter from the Board — Reasons for and benefits of the Further Acquisition" in this circular and the Profit Guarantee provided by the Vendor.

The Board has also taken into account the factors set out below.

The Multiplier

The Multiplier of 2.69 is derived by dividing the theoretical 100% valuation of the Target Company (implied by the Consideration of HK$58,191,840.00 for the 62.75% equity interest in the Target Company) by the Guaranteed Profit. The Board is of the view that the Multiplier is fair and reasonable and in the interests of the Company and its Shareholders as a whole because:

(1) While there is no comparable listed on the Stock Exchange, the price/earnings multiple ("**P/E**") of the comparable listed overseas, which have longer history and substantially more sizeable than the Target Group as identified by the Independent Business Valuer, ranged from approximately 10.8 times to 95.5 times.

(2) The Multiplier, whose numerator is the guaranteed net profit of the two years ending 31 December 2023, represents the P/E for the Guaranteed Period. By simple average, the Multiplier can be annualised as 1.345 times, which is significantly lower than the P/E of the comparable as referred to in paragraph (1) above. The Board is of the view that the discount of P/E is attributable to the difference in operating scales, size of revenue and net profit as well as financial position, regional coverage and operating history.

(3) According to the Independent Business Valuer, considering that (i) enterprise value can consider the specific debt structure of the Target Group, (ii) eliminating the effect of differences in taxation and cost of debt across comparable companies given

that the comparable companies selected are listed globally, and (iii) excluding the impact of depreciation and amortization to EBIT (earnings before interest and tax), EV (enterprise value)/EBITDA (earnings before interest, tax, depreciation and amortisation) multiple was adopted over P/E multiple for appraising the business value of the Sale Shares for the Further Acquisition. Please refer to Appendix VII — Valuation Report — 8.4 Business Valuation to this circular for the foregoing disclosure. The Board noted the selection of comparable companies used in the Valuation Report is listed companies and the scale of operation is larger than the Target Company. However, there was no significant correlation regarding the market capitalisation and the EV/EBITDA multiple of the comparable companies. Moreover, the Independent Business Valuer has calculated the standard score of the EV/EBITDA multiple of the comparable companies in view of the large range of those multiples. The Board also noted the EV/EBITDA is adjusted to lower median and with the marketability discount. By referring to the Valuation Report, the Board is of the view that the foregoing adjustments (i) have taken into consideration the Target Company is a local based business; and (ii) are sufficient and appropriate to address the differences between the comparable companies and the Target Company. Based on the above and the factors as set out in this paragraph, the Board considers that the valuation and the Consideration are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

(4) Applying the Multiplier, the Company will collect the entire Consideration back in full by cash if the Target Group fails to record any profit for the Guaranteed Period. The Board is of the view that the business risks associated with the Further Acquisition are sufficiently mitigated and the interests of the Company and its Shareholders are reasonably protected under the compensation arrangement applying the Multiplier.

Premium of the Consideration over net assets of the Target Group and the original costs of investment of the Vendor

Notwithstanding the Consideration represents a premium of approximately HK$38.2 million (or 192%) and HK$48.8 million (or 5.2 times) over the net assets of the Target Group and the original acquisition cost of the Sale Shares by the Vendor, respectively, the Board is of the view that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole because:

(1) The Target Group is primarily a solution provider whose business include mainly design, install and maintain smart energy saving systems. The Target Group does not manufacture hardware equipment which are sourced from respective suppliers. Accordingly, the Target Group did not require substantial property, plant and equipment for its business operations, as shown in Appendix II — Financial Information of the Target Group. Moreover, to the best knowledge of the Board, the core competence of the Target Group lies in the knowledge of regulatory requirements, technical knowhow, competency in solution design, knowledge of various hardware and relationship with equipment suppliers, installation skills and overall project management. Thus, the Target Group does not require significant

amount of capital investments at this stage which accounts for its net asset position. Based on the above, the Directors also do not consider net assets value an appropriate parameter to assess the value of the Sale Shares as well as the business prospects of the Target Group.

(2) According to the Independent Business Valuer, price/book multiple was not adopted in valuing the Sale Shares as it did not reflect the future business potential of the Target Group. Please refer to Appendix VII — Valuation Report — 8.4 Business Valuation to this circular for the foregoing disclosure.

(3) To the best knowledge of the Board, approximately 68% of the original investment costs of the Vendor for the Sale Shares was his initial capital contribution for establishing M&V SG, the major income contributor to the Target Group, in September 2009. The Board is of the view that the premium of the Consideration over the original investment costs is attributable to the business accomplishment and financial position of the Target Group it achieved since its establishment.

(4) To the best knowledge of the Board, approximately 32% of the original investment costs of the Vendor for the Sale Shares was attributable to his acquisition of the remaining 11.75% shareholding (the "**Lee Remaining Shares**") of Mr. Lee Eng Lock (a vendor in the First Acquisition) in the Target Company after the completion of the First Acquisition. The Vendor acquired the Lee Remaining Shares at a consideration of approximately SGD0.52 million (approximately HK$3.02 million) in December 2021. The Consideration attributable to the Lee Remaining Shares is approximately HK$10.9 million, representing a premium of 2.6 times (the "**Lee Remaining Shares Premium**") over the investment costs to the Vendor. Nevertheless, the Board is of the view that the Consideration is fair and reasonable after considering the following factors.

(a) The Company informed every member of its Board, including the independent non-executive Directors and Mr. Ng Tzee Penn, who is a non-executive Director and the son of the Vendor, about the offer from Mr. Lee Eng Lock regarding the Lee Remaining Shares. The Board, excluding Mr. Ng Tzee Penn who is a connected person, made the unanimous vote to reject such offer because the Board had no intention to increase investment in nor acquiring further minority interests in the Target Group at that time which would result in only 49% shareholding of the Company in the Target Group. Thus, the financial results of the Target Group could not be consolidated into the Group.

(b) The Board knew that the Lee Remaining Shares were disposed to the Vendor only after the Company refused to acquire those shares and was subsequently informed by Mr. Lee Eng Lock of such disposal.

(c) It was until mid-January 2022 when the Board considered to increase the Company's investments in the Target Group by acquiring the entire shareholding of the Vendor in the Target Group and turning the latter into a wholly-owned subsidiary of the Company.

(d) The Consideration was based on the entire 62.75% shareholding held by the Vendor, which is the subject of the Further Acquisition. Therefore, both the Company and the Vendor considered it commercially reasonable to price the Sale Shares in aggregate, i.e. having the same price for each Sale Shares instead of setting one price for the Lee Remaining Shares and another price for the remaining Sale Shares.

(e) To the best knowledge of the Directors, (i) Mr. Lee Eng Lock decided to retire soon after the First Acquisition, therefore he gave no profit guarantee for the Target Group; (ii) Mr. Lee Eng Lock considered the offer reasonable to himself as his costs for the Lee Remaining Shares represented his initial investment in the Target Group; and (iii) the Vendor intended to hold his investments in the Target Group on a long term basis and prepared to commit additional resources for its business development when he acquired the Lee Remaining Shares, notwithstanding the retirement of Mr. Lee Eng Lock as his roles have been succeeded by other senior management.

(f) Despite the commencement of negotiation with Vendor in mid-January 2022, the Sale and Purchase Agreement was signed on 8 June 2022 as supplemented on 13 June 2022 by the Supplemental Agreement, which was over six months after the First Acquisition. During such period, the Board kept close monitoring of the operational and financial performance of the Target Group which, among other factors as disclosed in the paragraphs "Letter from the Board — The Consideration" and "Letter from the Board — Reasons for and Benefits of the Further Acquisition" in this circular, formed the basis for determining the Consideration. Although the Lee Remaining Shares Premium represents 2.6 times over the Vendor's investment costs, it is lower than the average premium of 5.2 times of the Consideration over the total investment costs of the Vendor for the entire Sale Shares. The Board is of the view that (i) the fairness and reasonableness of the Consideration should be assessed based on the entire Consideration and the entire Sale Shares; (ii) the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole based on the foregoing factors; and (iii) the Lee Remaining Shares Premium does not affect the Board's view on the fairness and reasonableness of the Consideration.

Further information regarding the sale of the Lee Remaining Shares and the Group's rejection to acquire those shares are set out in the paragraph "Letter from the Board — Reasons for and Benefits of the Further Acquisition" in this circular.

Operational and financial performance of the Target Group during COVID-19

To the best knowledge of the Board, the revenue of the Target Group in FY2021 has been substantially less than the revenue in FY2020 mainly due to the (i) completion of two major projects by each of the Subsidiaries in FY2020; and (ii) operations and marketing activities being disrupted since the outbreak of the COVID-19 pandemic which adversely impacted the

Target Group's ability in soliciting as well as commencing new projects from mid-2020 to early 2021. However, the re-opening of economy since end of year 2020 has improved the performance of the Target Company in the last quarter of 2021.

According to an independent industry consultant (the "**Independent Industry Consultant**") engaged by the Company, the aggregate revenue of HVAC-EMS industry in Singapore and Malaysia amounted to USD169.4 million in 2016 and USD319.3 million in 2021, representing a CAGR of 13.5% during that period. Nevertheless, the year-on-year growth rate fluctuated during that period, from the highest 30.6% in 2019 to the lowest of -8.8% (i.e. year-on-year decrease) in 2020. These figures demonstrated the adverse impact of COVID-19 on the construction industry in these two countries.

According to the Independent Industry Consultant, the foregoing aggregate revenue of Singapore and Malaysia increased from USD286.6 million in 2019 to USD319.3 million in 2021, representing a CAGR of 5.6%. Such period aligns with the track record period of the Target Group as disclosed in the circular. During that period, the unaudited combined revenue of the Target Group increased from RM28.8 million in 2019 to RM39.2 million in 2021, representing a CAGR of 16.5% which was even higher than the industry average.

Further information about the HVAC-EMS industry in Singapore and Malaysia collected by the Independent Industry Consultant is set out under the paragraph "Letter from the Board — Reasons For and Benefits of the Further Acquisition".

Having taken into account the (i) factors set out in the foregoing paragraphs; (ii) factors set out in this circular under the paragraph "Letter from the Board — Reasons for and Benefits of the Future Acquisition"; (iii) value of the Sale Shares appraised by the Independent Business Valuer and the respective basis; and (iv) basis and opinion of the Independent Financial Adviser as to the fairness and reasonableness of the terms of the Further Acquisition, the Board is of the view that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The Cash Consideration will be funded by internal resources of the Group.

The Consideration Shares and the Additional Consideration Shares will be subject to the obtaining of the Specific Mandate from the Independent Shareholders at the EGM and the granting of their listing approval by the Stock Exchange to be sought by the Company. Please refer to the paragraph headed "Letter from the Board — The Specific Mandate, the Consideration Shares and the Additional Consideration Shares" below in this circular for their further details.

The original acquisition cost of the Sale Shares by the Vendor is RM5,074,000.

SHAREHOLDING STRUCTURE OF THE TARGET COMPANY BEFORE AND IMMEDIATELY AFTER COMPLETION

Set out below is the shareholding structure of the Target Company (i) as at the Latest Practicable Date; and (ii) immediately after the Completion:

	As at the Latest Practicable Date		**Immediately after the Completion**	
Shareholders	*Number of shares held in the Target Company*	*Percentage of shareholding*	*Number of shares held in the Target Company*	*Percentage of shareholding*
The Company	3,725	37.25%	10,000	100.00%
The Vendor *(Note)*	6,275	62.75%	—	—
	10,000	100.00%	10,000	100.00%

Note: The Vendor is a connected person of the Company for being the father of Mr. Ng Tzee Penn, a non-executive Director.

Upon Completion, the Target Company will be a direct wholly-owned subsidiary of the Company, the Subsidiaries will be indirect wholly-owned subsidiaries of the Company and the results of operation and financial position of the Target Group will be consolidated into the financial statements of the Group.

THE SPECIFIC MANDATE, THE CONSIDERATION SHARES AND THE ADDITIONAL CONSIDERATION SHARES

The Specific Mandate and application for listing of the Consideration Shares and the Additional Consideration Shares

The Consideration Shares (i.e. 41,565,600 new Shares) and the Additional Consideration Shares (i.e. 33,252,480 new Shares) will be issued under the Specific Mandate to be obtained from the Independent Shareholders at the EGM.

Separate applications will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Consideration Shares and the Additional Consideration Shares to be issued under the Specific Mandate.

Assuming the maximum number of the Additional Consideration Shares are to be issued, the aggregate nominal value of the Consideration Shares and the Additional Consideration Shares upon their issuance in full will be HK$7,481,808.

Nature of the Consideration Shares and the Additional Consideration Shares

The Consideration Shares and the Additional Consideration Shares shall rank pari passu in all respects among themselves and with the other Shares in issue on the date of their allotment and issue, save and except the Consideration Shares and the Additional Consideration Shares will not be entitled to any rights, dividends, allotments and/or any other forms of distributions that may be declared, made or paid to the Shareholders prior to the respective dates of their allotment and issue.

The Consideration Shares Issue Price

The Consideration Shares and the Additional Consideration Shares will be issued to the Vendor each at the Consideration Shares Issue Price, i.e. HK$0.35 per Consideration Share or as the case may be, per Additional Consideration Share, to be credited as fully paid.

The Consideration Shares are to be issued on the Completion Date. The Additional Consideration Shares, if issued, will be issued within thirty (30) days after the date of issuance of the Target Group Audited Accounts.

The Consideration Shares Issue Price represents:

(1) a premium of approximately 73.27% to the closing price of the Shares of HK$0.202 per Share as quoted on the Stock Exchange on 8 June 2022, being the date of the Sale and Purchase Agreement;

(2) a premium of approximately 74.30% to the average of the closing prices of the Shares of HK$0.2008 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;

(3) a premium of approximately 74.65% to the average of the closing prices of the Shares of HK$0.2004 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;

(4) a premium of approximately 74.13% to the closing price of the Shares of HK$0.201 per Share as quoted on the Stock Exchange on 27 June 2022, being the Latest Practicable Date; and

(5) a premium of approximately 6.64% to the net assets value per Share of the Company as at 31 December 2021.

The Consideration Shares Issue Price was determined after arm's length negotiations between the Company and the Vendor with reference to the recent trading prices of the Shares. The Directors consider that the Consideration Shares Issue Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Percentage of the Consideration Shares and the Additional Consideration Shares to the Shares in issue as at the Latest Practicable Date and the Shares in issue as enlarged by the Consideration Shares and the Additional Consideration Shares

The approximate percentage of the Consideration Shares and the Additional Consideration Shares to (a) the Shares in issue as at the Latest Practicable Date **(Scenario A)**; (b) the total number of Shares in issue as enlarged by the allotment and issue of the Consideration Shares (assuming there will not be any change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of allotment and issue of the Consideration Shares) **(Scenario B)**; and (c) the total number of Shares in issue as enlarged by the allotment and issue of the Consideration Shares and the Additional Consideration Shares (assuming other than the issue of the Consideration Shares, there will not be any change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of allotment and issue of the Additional Consideration Shares) **(Scenario C)** are as follows:

	Scenario A	**Scenario B**	**Scenario C**
Consideration Shares (i.e. 41,565,600 new Shares)	7.42%	6.91%	6.55%
Additional Consideration Shares (i.e. 33,252,480 new Shares)	5.94%	—	5.24%
Total:	13.36% *(note 1)*	6.91% *(note 2)*	11.79% *(note 3)*

Notes:

1. On the basis of 560,000,000 Shares in issue as at the Latest Practicable Date.

2. On the basis of 601,565,600 Shares in issue as enlarged by the issue of the Consideration Shares.

3. On the basis of 634,818,080 Shares in issue as enlarged by the issue of the Consideration Shares and the Additional Consideration Shares.

Moratorium

The Consideration Shares are subject to a moratorium period of twelve (12) months from the Completion Date during which the Vendor shall not be allowed to offer, sell or otherwise dispose of the Consideration Shares or enter into any derivative transaction that has the economic effect of such sale, transfer or disposition of the Consideration Shares.

The Additional Consideration Shares will not be subject to any moratorium.

EFFECT OF SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date **(Scenario A)**; (ii) immediately after the issuance and allotment of the Consideration Shares (assuming there will not be any change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of allotment and issue of the Consideration Shares) **(Scenario B)**; and (iii) immediately after the issuance and allotment of the Additional Consideration Shares (assuming other than the issue of the Consideration Shares, there will not be any change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of allotment and issue of the Additional Consideration Shares) **(Scenario C)**:

	Scenario A		**Scenario B**		**Scenario C**	
Shareholders	*Number of Shares held*	*Approximate percentage of shareholding (Note 1)*	*Number of Shares held*	*Approximate percentage of shareholding (Note 2)*	*Number of Shares held*	*Approximate percentage of shareholding (Note 3)*
The Vendor	—	—	41,565,600	6.91%	74,818,080	11.79%
Dato' Lua Choon Hann *(Note 4)*	260,000	0.04%	260,000	0.04%	260,000	0.04%
PRG *(Note 5)*	303,468,000	54.19%	303,468,000	50.45%	303,468,000	47.80%
Jim Ka Man *(Note 6)*	61,336,000	10.95%	61,336,000	10.20%	61,336,000	9.66%
Other public Shareholders	194,936,000	34.82%	194,936,000	32.40%	194,936,000	30.71%
	560,000,000	100.00%	601,565,600	100.00%	634,818,080	100.00%

Notes:

1. On the basis of 560,000,000 Shares in issue as at the Latest Practicable Date.

2. On the basis of 601,565,600 Shares in issue as enlarged by the issue of the Consideration Shares.

3. On the basis of 634,818,080 Shares in issue as enlarged by the issue of the Consideration Shares and the Additional Consideration Shares.

4. Dato' Lua Choon Hann is an executive Director.

5. PRG is the holding company of the Company.

6. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man was deemed to be interested in 61,336,000 Shares of which 55,024,000 Shares were beneficially owned by her and she was deemed to be interested in 6,312,000 Shares held directly by her spouse under Part XV of the SFO.

As at the Latest Practicable Date, the Company has an authorised share capital of HK$100,000,000 divided into 1,000,000,000 Shares and an issued share capital of 560,000,000 Shares, fully paid or credited as fully paid up. Assuming there will not be any change in the issued share capital of the Company other than the allotment and issue of Consideration Shares and the Additional Consideration Shares, the allotment and issue of Consideration Shares and if issued, the Additional Consideration Shares to the Vendor will not result in a change of control of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the Latest Practicable Date.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding.

The Group is principally engaged in the manufacturing and sale of elastic textile, webbing and polyvinyl chloride related products, and retail sale of garment products prior to the closure of retail stores by the Group in the second quarter of 2021.

INFORMATION ON THE VENDOR

The Vendor is an entrepreneur and private investor who have more than 10 years of experience in the smart energy saving solution business.

The Vendor is a connected person of the Company for being the father of Mr. Ng Tzee Penn, a non-executive Director. For further details, please refer to "Letter from the Board — Implications of the GEM Listing Rules — Chapter 20" in this circular.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 19 July 2021 which principally engaged in investment holding. Its two wholly-owned subsidiaries, i.e. M&V SG and M&V MY were incorporated in Singapore and Malaysia on 7 September 2009 and 8 March 2010 respectively and have been providing smart energy solutions since then. Both M&V SG and M&V MY 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 ("**GHG**"), and reduction in energy cost.

The following table summarises the financial information of the Subsidiaries for the periods indicated below.

	For the year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
	(Note 1)	*(Note 1)*	*(Note 1)*
Revenue	28,842	52,061	39,145
Profit before taxation	864	2,352	3,954
Profit after taxation	587	1,831	3,225

Note:

1. Figures were combined results based on accountants' reports of the Subsidiaries

As at 31 December 2021, the audited consolidated net assets of the Target Group was approximately RM17,168,000 (equivalent to approximately HK$31,792,000 at the Agreed Exchange Rate).

FINANCIAL EFFECTS OF THE FURTHER ACQUISITION

Earnings

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated in the consolidated financial statements of the Group.

The audited net profit after tax of the Group for the financial year ended 31 December 2021, as extracted from the annual report dated 23 March 2022 of the Company for the year ended 31 December 2021, was approximately RM5.2 million.

As set out in Appendix III to this circular, the M&V SG recorded an audited net profit after tax of approximately SGD1.2 million for the financial year ended 31 December 2021.

As set out in Appendix IV to this circular, the M&V MY recorded an audited loss after tax of approximately RM0.3 million for the financial year ended 31 December 2021.

The Directors consider that the Further Acquisition will bring positive contribution to the earnings of the Enlarged Group but the quantification of such contribution will depend on the future performance of the Target Group.

Assets and liabilities

As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix VI to this circular, the net assets of the Enlarged Group would increase from approximately RM99.3 million to approximately RM107.1 million as a result of the Further Acquisition.

Upon Completion, the Enlarged Group's non-current assets would increase from approximately RM36.6 million to approximately RM53.0 million and its non-current liabilities would increase from approximately RM12.6 million to approximately RM18.5 million. In addition, the Enlarged Group's current assets would increase from approximately RM98.2 million to approximately RM128.4 million and its current liabilities would increase from approximately RM23.0 million to RM55.7 million.

Details of the financial effect of the Further Acquisition on the financial position of the Enlarged Group together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information of the Enlarged Group are set out, for illustration purpose only, in Appendix VI to this circular.

REASONS FOR AND BENEFITS OF THE FURTHER ACQUISITION

It has been the Company's objective to diversify its business amidst the challenging global business environment with resurgence of COVID-19 pandemic. On 13 December 2021, the Company completed the First Acquisition (i.e. its acquisition of 37.25% interest in the Target Company at the Consideration of HK$9,564,496.00). Immediately after the completion of the First Acquisition, Mr. Lee Eng Lock (the vendor in the First Acquisition) held 11.75% in the Target Company while the Vendor in the Further Acquisition held 51% in the Target Company. On 15 December 2021, Mr. Lee Eng Lock sent a notice of sale of the 11.75% shareholding in the Target Company to shareholders of the Target Company with a proposed price of SGD524,956. The Company was entitled to rights of first refusal under clause 15.8 of the shareholders' agreement in respect of the shares of the Target Company to be sold by Mr. Lee Eng Lock. After due consideration and deliberation with the Board, the Company decided to waive the rights of first refusal as the Company was still considering whether and to what extent to make further investment in the Target Company. The Company has issued a notice of waiver of rights of first refusal to shareholders of the Target Company on 28 December 2021, subject to Mr. Lee Eng Lock to ensure that any new shareholder before the registration of the transfer of shares pursuant to the disposal of 11.75% shareholding entering into a deed of adherence to the shareholders' agreement. Subsequently, the Company was informed that the 11.75% shareholding was taken up by the Vendor. Save as disclosed above, there is no change of circumstances since the Company's announcement of the First Acquisition. The Company has started the negotiation since mid-January 2022 to acquire the remaining 62.75% from the Vendor.

The Directors are of the view that the principal business of the Target Group in energy management system of heating, ventilation, and air conditioning systems has tremendous potential in the future. Moreover, the Target Group has proven track record in its existing business. Notwithstanding the impact of COVID-19 on all commercial and industrial operations in Singapore and Malaysia, the Target Group recorded unaudited combined net profit of RM1.8 million and RM3.2 million for FY2020 and FY2021, respectively, versus RM0.6 million for FY2019. The Directors have taken into consideration the financial results of the Target Group and noted the market condition in FY2020 and FY2021 were badly affected by COVID-19. In view of the re-opening of global economy and opening of the borders of Malaysia and Singapore, the Board is of the view that the energy efficiency business has growth potential with the increasing awareness of energy conservation and environmental protection. The Target Group is anticipated to remain the growth momentum. The Vendor guaranteed that the net profit for the Target Group will be in the sum of HK$34.5 million for FY2022 and FY2023 in aggregate. The Vendor will continue to be a director of the Target Company, and oversee the strategic planning and business development of the Target Company. Accordingly, the Directors anticipated that the Target Group will generate sufficient financial resources for its business operations. The industry outlook is discussed further in the paragraphs below.

According to the Independent Industry Consultant engaged by the Company, with the increasing awareness of energy conservation and environmental protection, the revenue of Energy Management System of Heating, Ventilation, and Air Conditioning ("**HVAC-EMS**") market in Singapore and Malaysia is gradually expanding and is expected to reach USD670.3 million by 2026 with a CAGR of 16.0% between 2021 and 2026, however, it was skewed in year 2020 due to global pandemic. In particular, the revenue of HVAC-EMS market in Singapore has grown from USD56.3 million in 2016 to USD113.4 million in 2021 and the market size of HVAC-EMS in Singapore is expected to reach USD235.5 million by 2026; the market size of the HVAC-EMS industry in Malaysia has increased from USD113.1 million in 2016 to USD205.9 million in 2021. As the penetration rate of HVAC-EMS increases in Malaysia, the market size of the HVAC-EMS industry is expected to reach USD434.8 million by 2026. An increasing energy efficiency awareness, increasing stock of commercial and industrial properties, elevated need to upgrade or retrofit buildings, increasing demand for maintenance services, and government support have all driven growth of the HVAC-EMS industry. Further, according to the Independent Industry Consultant engaged by the Company, among the top ten players in the combined Singapore and Malaysia market in terms of revenue, the Target Company ranked ninth with approximately 3.0% market share in terms of revenue in 2021 in the HVAC-EMS market in the combined Singapore and Malaysia market and is the only local player that competes with multinational conglomerates, which proves the Further Acquisition represents a favourable opportunity to the Group given it is expected to bring about a win-win situation since the Company can support the Target Group to achieve business expansion in Malaysia by (i) capitalizing on the Company's commercial networks; and (ii) leveraging on the Company's brand reputation and credibility in Malaysia to obtain more financing facilities, while the Target Group can assist the Group's environmental, social and corporate governance strategy and contribute a new growth sector.

As part of the terms of the Further Acquisition, the Consideration Balance (i.e. 50% of the Consideration) is only payable only if the Guaranteed Profit is met by the Target Group, which provides extra protection to the Group safeguarding the risk of the Target Group not sustaining its expected initial performance and growth.

Given the satisfactory performance of the Target Group, the industrial landscape and potential in HVAC-EMS market in Singapore and Malaysia, the potential synergy expected to be brought about by the Further Acquisition and the extra protection offered by the Profit Guarantee, the Company therefore proceed with the Further Acquisition which represents a good investment opportunity for the Group to venture into the smart energy saving solution business and to diversify its business.

The World Economic Forum's Global Risks Report 2021 identified climate change as the "most impactful risk facing the planet" and that many Asian economies are most vulnerable to the physical risks associated with global warming. It is now imperative that to mitigate climate change risk the world has to reduce the release of greenhouse gases emissions that are warming our planet.

One of the major contributors of carbon emissions comes from cities, as urbanisation in the form of buildings and transportation ramps up greenhouse gas and unless and until net zero emissions are reached, Asia's share of such emissions globally is estimated to as high as 45% One of the effective climate change risk mitigations identified in Asia is electrifying road transport, buildings and industrial operations. Electrification is a massive decarbonisation driver as it replaces other forms of high GHG emissions energy. For example, electric vehicles are at the tipping point towards mainstream adoption as automotive makers in tandem with government support are progressing aggressively to replace fossil fuel dependency. Similarly for buildings and industrial operations, digital technology is providing the capability to switch to electricity powered production and managing its consumption as efficiently as possible.

As such the Company foresees a big opportunity in this emerging green economy and has identified a company with excellent engineering expertise that can spearhead the strategy to position itself competitively in this region.

The Target Company has built up a strong reputation as a smart energy solution provider in Singapore and Malaysia, countries where climate change mitigation policies are shaping up, particularly in the area of energy efficiency. Singapore, for example, promotes energy efficiency through legislation, incentives and public education and works closely with the private sector towards this end. Such holistic policies have brought about a well-defined business opportunity for companies with the relevant expertise and experience. Similarly in Malaysia, with one of the highest energy consumptions per capita in ASEAN, the authorities have a plan to push for a more productive use of energy employing all possible measures and solutions.

The Company is of the view that all governments in the region will have to move in this direction establishing clear climate change strategies and the necessary risk mitigation initiatives. Once these are in place, companies that have innovative solutions will be in the forefront to benefit greatly.

Having considered the above, the Directors (excluding Mr. Ng Tzee Penn who had abstained from voting at the Board meeting approving the Sale and Purchase Agreement and the transactions contemplated thereunder as described in "Letter from the Board — Implications of the GEM Listing Rules — Approval by the Board" below but including the independent non-executive Directors who are members of the Independent Board Committee) consider that the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and that the Further Acquisition involving the Consideration Shares Issue, while not in the ordinary and usual course of business of the Group, is in the interests of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, the Company has no plan to make further investments in the Target Group after the Completion as the Company has evaluated the financial position of the Target Company that the Target Company is able to support its working capital requirement and no further investment is required. In addition, given the Target Company is providing engineering services and is an asset-light business, the Company does not foresee any substantial investment would be required.

The Company also does not have any intention, arrangement, agreement, understanding or negotiation (concluded or otherwise) to downsize or dispose of the existing business. The Company intends to diversify its business to include energy efficiency business, through the Further Acquisition.

IMPLICATIONS OF THE GEM LISTING RULES

The Further Acquisition involving the Consideration Shares Issue

Chapter 19

The Further Acquisition has to be aggregated with the First Acquisition for the purpose of determining its percentage ratios (as defined in the GEM Listing Rules) for both involving an acquisition by the Company of an interest in the same company, i.e. the Target Company, under Rule 19.22 of the GEM Listing Rules. As more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Further Acquisition involving the Consideration Shares Issue, whether alone or when aggregate with the First Acquisition, are more than 25% but less than 100%, the Further Acquisition involving the Consideration Shares Issue constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Chapter 20

The Vendor is a connected person of the Company for being the father of Mr. Ng Tzee Penn, a non-executive Director. The Further Acquisition involving the Consideration Shares Issue therefore constitutes a connected transaction for the Company. The Further Acquisition has to be aggregated with the First Acquisition for the purpose of determining its percentage ratios (as defined in the GEM Listing Rules) for both are connected transactions involving an acquisition by the Company of an interest in the same company, i.e. the Target Company, under Rule 20.79 of the GEM Listing Rules. As more than one of the applicable percentage ratios (as defined in the GEM Listing Rules), other than the profit ratio, in respect of the Further Acquisition involving the Consideration Shares Issue, whether alone or when aggregate with the First Acquisition, are more than 25%, the Further Acquisition involving the Consideration Shares Issue is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Financial Assistance provided by the Vendor to the Group immediately upon Completion

As at the Latest Practicable Date, two banks have provided the Target Group with loan and banking facility of which the Vendor is the guarantor by giving a personal guarantee to the two banks and charging certain of his assets in favour of one of the two banks as collateral to secure the repayment of the amount due by the Target Group to the two banks. The major terms of the loans including the outstanding amount as at 31 May 2022, maturity dates, collaterals, purpose of the loans are set out in the table below. Neither the personal guarantee nor the collateral provided by the Vendor will be discharged immediately or shortly after Completion in order to ensure a smooth transition after Completion.

	Facilities and purpose	Security	Outstanding amount as at 31 May 2022 & facility limit	Maturity date
Maybank Singapore Limited	Overdraft facility, letter of credit, trust receipt, short term advance, banker's guarantee and business credit card for working capital purposes and project financing	First legal charge on 3 properties owned by the Vendor Personal joint and several guarantee for Chiang Siew Tung (deceased), Mr. Lee Eng Lock, Ms. Pua Lay Cheng and the Vendor	SGD2.8 million Facility limit (SGD3.6 million)	Revolving
Maybank Singapore Limited	Term loan for working capital purpose	Personal joint and several guarantee for Mr. Lee Eng Lock, Ms. Pua Lay Cheng and the Vendor	SGD1.6 million Facility limit (SGD2.0 million)	June 2025
United Overseas Bank Limited	Term loan for working capital purpose	Personal joint and several guarantee for Mr. Lee Eng Lock, Ms. Pua Lay Cheng and the Vendor	SGD0.6 million Facility limit (SGD0.9 million)	June 2025
United Overseas Bank Limited	Letter of credit, trust receipt and shipping guarantee	Personal joint and several guarantee for Mr. Lee Eng Lock, Ms. Pua Lay Cheng and the Vendor	SGD0.3 million Facility limit (SGD1.0 million)	Revolving
United Overseas Bank Limited	Short term loan, performance guarantee for working capital and project financing specifically for Terminal 2 Airport Project	Personal joint and several guarantee for Mr. Lee Eng Lock, Ms. Pua Lay Cheng and the Vendor Assignment of contract proceeds	No outstanding amount Facility limit (SGD10.5 million)	Revolving

Upon Completion, M&V SG will become an indirect wholly-owned subsidiary of the Company. The personal guarantee and the collateral provided by the Vendor will immediately upon Completion constitute a provision of financial assistance by a connected person of the Company (i.e. the Vendor) to the Group and a connected transaction for the Company. As the financial assistance is on better terms to the Company and is not secured by any assets of the Group, it is fully exempt from the independent shareholders' approval, annual review and all disclosure requirements pursuant to Rule 20.88 of the GEM Listing Rules.

Approval by the Board

The Vendor is the father of Mr. Ng Tzee Penn, a non-executive Director. Mr. Ng Tzee Penn is regarded as having a material interest (or as the case may be, potential conflict of interest) in the Sale and Purchase Agreement and the transactions contemplated thereunder. At the meeting of the Board approving the Sale and Purchase Agreement and the transactions contemplated thereunder, Mr. Ng Tzee Penn had abstained from voting on the resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established for the purposes of giving recommendations to the Independent Shareholders on, among others, the fairness and reasonableness of the Sale and Purchase Agreement and the transactions contemplated thereunder. Octal has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement of the Independent Shareholders to attend and vote at the EGM, the Company's register of Shareholders will be closed from Wednesday, 3 August 2022 to Monday, 8 August 2022 (both days inclusive) during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 2 August 2022.

EGM AND VOTING

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM to be held at Lot 1883, Jalan KPB9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor, Malaysia on Monday, 8 August 2022 at 2:00 p.m. for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate. The voting at the EGM will be taken by poll.

At the EGM, any Shareholders with a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder are required to abstain from voting on the proposed resolution to be put forward to the Independent Shareholders at the EGM for approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate. Therefore, the Vendor and his associates shall abstain from voting on the ordinary resolution to be put forward at the EGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder. PRG is not an associate of the Vendor despite the Vendor is interested in 13.74% of the entire issued share capital of PRG. PRG may vote on the ordinary resolution to be put forward at the EGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

A form of proxy for use in connection with the EGM is also enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than 48 hours (i.e. 2:00 p.m. on 6 August 2022) before the time appointed for holding of the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

RECOMMENDATION

Your attention is drawn to (i) the advice of the Independent Board Committee set out in its letter set out on pages 33 to 34 of this circular; and (ii) the letter from Octal to the Independent Board Committee and the Independent Shareholders set out on pages 35 to 70 of this circular in respect of the Further Acquisition and the principal factors considered by Octal in formulating its advice.

The Board (excluding Mr. Ng Tzee Penn who had abstained from voting at the Board meeting approving the Sale and Purchase Agreement and the transactions contemplated thereunder as described in "Letter from the Board — Implications of the GEM Listing Rules — Approval by the Board" above but including the independent non-executive Directors who are members of the Independent Board Committee) considers that the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Sale and Purchase Agreement, while not in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular.

Yours faithfully
For and on behalf of
Furniweb Holdings Limited
Dato' Lim Heen Peok
Chairman

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular.

FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8480)

30 June 2022

To the Independent Shareholders

Dear Sir or Madam

MAJOR AND CONNECTED TRANSACTION: ACQUISITION OF A FURTHER 62.75% INTEREST IN ENERGY SOLUTION GLOBAL LIMITED INVOLVING ISSUE OF THE CONSIDERATION SHARES AND THE ADDITIONAL CONSIDERATION SHARES UNDER SPECIFIC MANDATE

We refer to the circular dated 30 June 2022 ("**Circular**") of the Company of which this letter forms part. Terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

Since the Further Acquisition involving the Consideration Shares Issue constitutes a major and connected transaction for the Company under the GEM Listing Rules, the Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in our opinion, the terms of the Further Acquisition involving the Consideration Shares Issue on terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Octal has been appointed as the independent financial adviser to the Independent Board Committee in respect of the Further Acquisition involving the Consideration Shares Issue.

We wish to draw your attention to (i) the Letter from the Board as set out on pages 7 to 32 of the Circular; (ii) the Letter from Octal as set on pages 35 to 70 of the Circular; and (iii) the additional information as set out in the appendices to the Circular.

We consider that the Further Acquisition involving the Consideration Shares Issue is not in the ordinary and usual course of business of the Group. Having taken into account the terms and conditions of the Sale and Purchase Agreement and the advice from Octal, we consider that the terms and conditions of the Further Acquisition involving the Consideration Shares Issue on terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Further Acquisition involving the Consideration Shares Issue to be proposed at the EGM.

Yours faithfully,
Independent Board Committee
Mr. Ho Ming Hon
Dato' Sri Dr. Hou Kok Chung
Dato' Lee Chee Leong

The following is a full text of the letter from Octal to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

八方金融有限公司
OCTAL Capital Limited

801–805, 8/F, Nan Fung Tower
88 Connaught Road Central
Hong Kong

30 June 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF A FURTHER 62.75% INTEREST IN ENERGY SOLUTION GLOBAL LIMITED INVOLVING ISSUE OF THE CONSIDERATION SHARES AND THE ADDITIONAL CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Further Acquisition, particulars of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Group to the Shareholders dated 30 June 2022 (the "**Circular**"), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

Reference is made to the announcements of the Company dated 1 November 2021, 17 November 2021 and 14 December 2021 in relation to the acquisition by the Company of 37.25% interest in the Target Company which was completed on 13 December 2021 and the two announcements of the Company dated 8 June 2022 and 13 June 2022, in relation to the Further Acquisition. As at the Latest Practicable Date, the Company has 37.25% interest in the Target Company. On 8 June 2022, the Company conditionally agreed to acquire the remaining 62.75% interest in the Target Company (i.e. the Sale Shares) by entering into the Sale and Purchase Agreement with the Vendor at the Consideration of HKD58.2 million (equivalent to RM31.4 million at the Agreed Exchange Rate), which was supplemented by the Supplemental Agreement.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ho Ming Hon, Dato'Sri Dr. Hou Kok Chung and Dato'Lee Chee Leong, has been formed to advise the Independent Shareholders on whether the terms and conditions of the Further Acquisition involving the Consideration Shares Issue are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole, and advise the Independent Shareholders as to voting. We, Octal Capital Limited, have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee in accordance with the GEM Listing Rules to advise the Independent Board Committee and the Independent Shareholders in these regards and to give our opinion for the Independent Board Committee's consideration when making their recommendations to the Independent Shareholders.

As at the Latest Practicable Date, we are not connected with the Group, the Vendor, or where applicable, any of the respective substantial shareholders, directors or chief executives, or any of their respective subsidiaries or associates pursuant to Rule 17.96 of the GEM Listing Rules. During the last two years, there has been no other engagement entered into between the Group and Octal Capital Limited. We are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the terms and conditions of the Further Acquisition involving the Consideration Shares Issue.

Apart from normal professional fees payable to us by the Group in connection with these appointments, no arrangement exists whereby we will receive any fees or benefits from the Group or the directors, chief executive and substantial shareholders of the Group, or any of its respective subsidiaries or associates that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser pursuant to Rule 17.96 of the GEM Listing Rules.

In formulating our opinion, we have relied on (i) the Company's annual report for the year ended 31 December 2021 (the "**2021 Annual Report**"); (ii) the Company's first quarterly report for the three months ended 31 March 2022 (the "**2022 First Quarterly Report**"); (iii) the Sale and Purchase Agreement; (iv) the announcements of the Company dated 1 November 2021, 17 November 2021 and 14 December 2021 in relation to the First Acquisition; (v) the two announcements of the Company dated 8 June 2022 and 13 June 2022 respectively in relation to the Further Acquisition; (vi) the information and facts contained or referred to in the Circular; (vii) the information supplied by the Group; (viii) the opinions expressed by and the representations of the professional parties engaged by the Group; and (ix) our review of the relevant public information. We have also relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the Directors and management of the Group regarding the Further Acquisition, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and management of the Group in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to either suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular or to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Group. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group and their respective subsidiaries or associates nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Further Acquisition, we have considered the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in the manufacturing and sale of elastic textile, webbing and polyvinyl chloride related products. Set out below is a summary of the consolidated financial information of the Group for (i) FY2020 and FY2021 as extracted from the 2021 Annual Report; and (ii) the three months ended 31 March 2021 ("**1Q2021**") and the three months ended 31 March 2022 ("**1Q2022**") as extracted from the 2022 First Quarterly Report:

	FY2020	**FY2021**	**1Q2021**	**1Q2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	**99,261**	**132,902**	**49,315**	**30,083**
— Manufacturing	*95,711*	*115,930*	*32,626*	*30,019*
— Retail	*2,940*	*1,767*	*642*	*—*
— Others	*610*	*15,205*	*16,047*	*64*
Gross profit	29,247	46,226	26,289	8,223
Gross profit margin	29.5%	34.8%	53.3%	27.3%
Share of (loss)/profit from joint venture and associates, net of tax	(10)	1,008	81	1,336
(Loss)/Profit for the year/period	**(32,212)**	**5,181**	**9,435**	**2,911**

For FY2020 and FY2021

Revenue of the Group increased by approximately 33.9% from approximately RM99.3 million for FY2020 to approximately RM132.9 million for FY2021. Revenue generated from the sale of elastic textile, webbing and other manufacturing products accounted for approximately 24.4%, 40.6% and 35.0% of the Group's manufacturing division, which contributed to approximately 87.2% of the Group's total revenue for FY2021. Revenue of the manufacturing division increased by approximately 21.1% to approximately RM115.9 million for FY2021 as compared to approximately RM95.7 million for FY2020 due to the reopening of economy and recovery from the impact of COVID-19 pandemic. The revenue of the retail division, which contributed to approximately 1.3% of the Group's total revenue in FY2021, decreased by approximately 39.9% to approximately RM1.8 million as compared to approximately RM2.9 million in FY2020, mainly due to the closure of retail store in

Singapore in the second quarter of 2021. The remaining approximately 11.5% of the Group's revenue was contributed by the underwriting fees, brokerage fees and financial advisor fees from security brokerage business which the Group acquired in the fourth quarter of 2020. The security brokerage business was subsequently disposed in March 2021 in order to conserve funds and resources amid the economic uncertainties.

The gross profit margin of the Group improved from approximately 29.5% for FY2020 to approximately 34.8% for FY2021, mainly due to the higher gross profit margin contributed by the security brokerage business. Excluding the disposed security brokerage business in March 2021, the gross profit margin of the Group was only approximately 26.9%, which was lower than that of approximately 29.5% for FY2020 due to the higher cost of sales during FY2021. Share of profit from joint venture and associates amounted to approximately RM1.0 million in FY2021, while it recorded a slight loss in FY2020. Such turnaround was mainly attributed to the share of profit from the Target Group, 37.25% equity interest of which was acquired by the Company in the First Acquisition and disposal of a loss-making associate in Vietnam, which engaged in manufacturing and sales of metal components for furniture in June 2021.

Profit for FY2021 amounted to approximately RM5.2 million, which was improved from a loss of approximately RM32.2 million for FY2020. It was mainly arisen from (i) approximately RM9.9 million profit generated by the security brokerage business; (ii) profit from the retail division of approximately RM8.4 million mainly due to one-off recognition of reversal of lease liabilities and provision for restoration costs arising from early termination of lease agreement with landlord of the retail store in Singapore and decrease in operational expenses during the year, whereas the retail division recorded a loss amounting to approximately RM23.7 million for FY2020; (iii) share of profit and gain on bargain purchase of associates of approximately RM1.2 million; and (iv) the improved gross profit of the manufacturing division during the year. These amounts were offset with the loss on disposal of the security brokerage subsidiaries of approximately RM5.2 million.

For 1Q2021 and 1Q2022

Revenue of the Group decreased by approximately 39.0% from approximately RM49.3 million for 1Q2021 to approximately RM30.1 million for 1Q2022. Such decrease was primarily attributable to the disposal of security brokerage business which contributed revenue of approximately RM16.0 million for 1Q2021 and lower revenue contributed by the manufacturing division given the lower sales orders during 1Q2022.

The gross profit margin of the Group dropped from approximately 53.3% for 1Q2021 to approximately 27.3% for 1Q2022. Such drop was largely due to the disposal of security brokerage business in 2021, which contributed higher gross profit margin in 1Q2021 and an increase in raw material costs in general in 1Q2022.

Profit for the period decreased from approximately RM9.4 million for 1Q2021 to approximately RM2.9 million for 1Q2022, primarily attributable to the decrease in gross profit as mentioned above, despite partially offset by the increase in share of profit from associates.

	As at 31 December 2021 *RM'000* (audited)
Property, plant and equipment	19,910
Right-of-use assets	8,093
Intangible assets	1,239
Other non-current assets	7,323
Total non-current assets	**36,565**
Inventories	30,211
Trade and other receivables	33,188
Cash and bank balances	28,265
Other current assets	6,557
Total current assets	**98,221**
Total assets	**134,786**
Trade and other payables	16,990
Contract liabilities	2,270
Current tax liabilities	2,518
Bank borrowings	875
Other current liabilities	304
Total current liabilities	**22,957**
Bank borrowings	8,311
Lease liabilities	3,028
Deferred tax liabilities	1,238
Total non-current liabilities	**12,577**
Total liabilities	**35,534**
Total equity	**99,252**
Current ratio [1]	**4.28x**

Note:

1. Being current assets divided by current liabilities

As at 31 December 2021, total assets of the Group were approximately RM134.8 million which mainly comprised of (a) trade and other receivables of approximately RM33.2 million; (b) inventories of approximately RM30.2 million; and (c) cash and bank balances of approximately RM28.3 million, whilst total liabilities of the Group were approximately RM35.5 million, which mainly included (a) trade and other payables of approximately RM17.0 million; and (b) bank borrowings of approximately RM9.2 million. As at 31 December 2021, the Group had net current assets of approximately RM75.3 million with a current ratio of approximately 4.28 times. The Group had a net cash position as at 31 December 2021.

2. Background information of the Target Group

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 19 July 2021 which principally engaged in investment holding. Its two wholly-owned subsidiaries, i.e. M&V SG and M&V MY, were incorporated in Singapore and Malaysia on 7 September 2009 and 8 March 2010 respectively.

M&V SG

According to its website, M&V SG, being one of the Energy Services Companies (**"ESCO"**) accredited by the National Environment Agency, provides smart energy saving solution by designing and installing Energy Management System of heating, ventilation and air conditioning ("**HVAC–EMS**") systems which aims to achieve optimal energy consumption, lower greenhouse gas emissions and energy cost. M&V SG processes credentials including Singapore Green Building Services Certificate issued by Singapore Green Building Council (SGBC) and bizSAFE Level Star issued by Wish Council. As at the Latest Practicable Date, M&V SG had 73 employees.

Below is the key financial information of M&V SG extracted from Appendix III to the Circular:

	FY2019	**FY2020**	**FY2021**
	SGD'000	*SGD'000*	*SGD'000*
	(audited)	(audited)	(audited)
Revenue	8,886	16,922	12,488
Gross profit	3,288	3,049	4,236
Profit after taxation	445	835	1,152

The revenue generated by M&V SG in FY2019, FY2020 and FY2021 were approximately SGD8.9 million, SGD16.9 million and SGD12.5 million respectively. For FY2020, the revenue significantly increased by approximately SGD8.0 million (or 90.4%) compared to FY2019, which was mainly due to the increase in new contracts obtained, and the substantial progresses of completion of a government project and a private sector project. As major work of these two projects was performed in FY2020, revenue in FY2021 decreased by approximately SGD4.4 million (or 26.2%) compared to FY2020. The lockdown measures in Singapore from April 2020 to June 2020 related to COVID-19 have affected the marketing activities. The number of projects secured in FY2020 decreased substantially which in turn affected revenue recognition in FY2021. However, the re-opening of economy since end of year 2020 has improved the performance in the last quarter of 2021.

Gross profit for FY2019, FY2020 and FY2021 amounted to approximately SGD3.3 million, SGD3.0 million and SGD4.2 million, with gross profit margin of approximately 37.0%, 18.0%, and 33.9% respectively. Gross profit margin in FY2020 reduced as compared to FY2019 was mainly due to lockdown measures in Singapore during the year to curb the spread of COVID-19. During the lockdown, skilled staffs and workers were required to be maintained, fixed overhead such as salaries remained steady despite restriction on business activities. Also, delivery of services and work progress were deferred due to the inability to perform site works per during lockdown, which lowered the gross profit margin in FY2020. For FY2021, gross profit margin increased as compared to FY2020, which was mainly due to gradual recovery of business operations from pandemic.

Profit after taxation for FY2020 increased significantly by approximately SGD390,000 (or 87.6%), from approximately SGD445,000 for FY2019 to approximately SGD835,000 for FY2020, primarily attributable to substantial progresses of completion of two major projects in FY2020 which contributed to significant increase in revenue. Profit after taxation for FY2021 further increased by approximately SGD317,000 (or 38.0%), from approximately SGD835,000 for FY2020 to approximately SGD1,152,000 for FY2021, which was resulted from the increase in gross profit margin during the year due to recovery of business operations from pandemic.

	As at 31 December 2021 *SGD'000* (audited)
Property, plant and equipment	41
Right-of-use assets	585
Total non-current assets	**626**
Inventories	206
Trade and other receivables	5,385
Contract cost	1,128
Cash and bank balances	5,583
Total current assets	**12,302**
Total assets	**12,928**
Trade and other payables	2,993
Contract liabilities	747
Current tax liabilities	421
Lease liabilities	186
Bank borrowings	1,222
Total current liabilities	**5,569**
Lease liabilities	179
Bank borrowings	1,734
Total non-current liabilities	**1,913**
Total liabilities	**7,482**
Total equity	**5,446**
Current ratio [1]	**2.21x**

Note:

1. Being current assets divided by current liabilities

As at 31 December 2021, total assets of M&V SG were approximately SGD12.9 million which mainly comprised of (a) trade and other receivables of approximately SGD5.4 million; (b) cash and bank balances of approximately SGD5.6 million; and (c) contract cost of approximately SGD1.1 million, whilst total liabilities of M&V SG were approximately SGD7.5 million, which mainly included (a) trade and other payables of approximately SGD3.0 million; and (b) bank borrowings of approximately SGD3.0 million, which represent the banking facilities granted by two banks for which the Vendor provides personal guarantee and collateral using certain of his assets as collateral. For details, please refer to the paragraph headed "Financial Assistance provided by the Vendor to the Group immediately upon Completion" in the Letter from the Board. As at 31 December 2021, M&V SG had net assets of approximately SGD5.4 million with a current ratio of approximately 2.21 times. M&V SG had a net cash position as at 31 December 2021.

M&V MY

According to the information provided by the Target Group, M&V MY has been accredited as ESCO by Suruhanjaya Tenaga Energy Commission, being a statutory body established under the Energy Commission Act 2001 in Malaysia. M&V MY mainly provides electricity maintenance services in Malaysia. As at the Latest Practicable Date, M&V MY had 9 employees.

Below is the key financial information of M&V MY extracted from Appendix IV to the Circular:

	FY2019	**FY2020**	**FY2021**
	RM'000	*RM'000*	*RM'000*
	(audited)	(audited)	(audited)
Revenue	1,861	496	585
Gross profit	270	82	97
Net loss	(764)	(713)	(332)

The revenue generated by M&V MY in FY2019, FY2020 and FY2021 were approximately RM1,861,000, RM496,000 and RM585,000 respectively. The reason for higher revenue in FY2019 was mainly the substantial progress of two major private sector projects performed in FY2019. For FY2020, the revenue significantly reduced by approximately RM1,365,000 (or 73.3%) compared to FY2019, which was mainly due to substantial progresses of completion of two major private sector projects were performed in FY2019 and various lockdown measures implemented by Malaysia government during the pandemic in FY2020 which restricted or prohibited the carrying out of business activities.

For FY2021, the revenue slightly increased by approximately RM89,000 (or 17.9%) compared to FY2020 as more new service and maintenance contracts were secured. The lockdown measures in Malaysia during the pandemic restricted or prohibited the carrying out of business activities. The team from M&V SG was unable to travel to Malaysia during the pandemic and thus hindered business development and marketing activities, which resulted in the decrease in revenue in FY2020 and FY2021.

Gross profit of M&V MY for FY2019, FY2020 and FY2021 amounted to approximately RM270,000, RM82,000 and RM97,000 respectively, with gross profit margin of approximately 14.5%, 16.5%, and 16.6% respectively. Gross profit margin in FY2020 increased when compared to FY2019, which was mainly due to increase in product sales with higher gross profit. Gross profit margin in FY2021 remained stable compared to FY2020.

Net loss of M&V MY for FY2020 slightly reduced by approximately RM51,000 (or 6.7%), from approximately RM764,000 for FY2019 to approximately RM713,000 for FY2020. Net loss for FY2021 further decreased by approximately RM381,000 (or 53.4%), from approximately RM713,000 for FY2020 to approximately RM332,000, which was mainly due to lower operating expenses as a result of lockdown measures implemented during the pandemic and therefore reduced administrative expenses.

	As at 31 December 2021 *RM'000* (audited)
Property, plant and equipment	138
Right-of-use assets	97
Total non-current assets	**235**
Inventories	19
Trade and other receivables	64
Current tax recoverable	204
Time deposit maturing over three months	532
Cash and bank balances	51
Total current assets	**870**
Total assets	**1,105**

	As at 31 December 2021 *RM'000* (audited)
Trade and other payables	40
Amount due to a fellow subsidiary	736
Lease liabilities	30
Total current liabilities	**806**
Lease liabilities	39
Total non-current liability	**39**
Total liabilities	**845**
Total equity	**260**
Current ratio [1]	**1.08x**

Note:

1. Being current assets divided by current liabilities

As at 31 December 2021, total assets of M&V MY were approximately RM1.1 million which mainly comprised of (a) time deposit of approximately RM0.5 million; and (b) current tax recoverable of approximately RM0.2 million, whilst total liabilities of M&V MY were approximately RM0.8 million, which mainly included an amount due to a fellow subsidiary of approximately RM0.7 million. As at 31 December 2021, M&V MY had net assets of approximately RM0.3 million with a current ratio of approximately 1.08 times. M&V MY had no borrowings as at 31 December 2021.

3. Reasons for and benefits of the Further Acquisition

With the increasing public awareness of energy conservation and environmental protection in recent years, various countries have shown utmost concerns regarding the impact of climate change and been seeking measures to reduce their country-wide impact to the global issue. Singapore has promoted energy efficiency through legislation, incentives and public education and worked closely with the private sector to achieve net zero carbon emission. Such holistic campaigns as the Singapore Green Plan 2030 have brought about well-defined business opportunities for HVAC-EMS companies to expand leveraging their relevant expertise and experience. Similarly, in Malaysia, with one of the highest energy consumptions per capita in ASEAN, the local authorities have enacted similar plans to push forward a more productive use of energy employing all possible measures and solutions.

Meanwhile, an increasing stock of commercial and industrial properties as well as elevated demand for energy-saving upgrade or refurbishment of buildings in Singapore and Malaysia also act as the major drivers of the HVAC-EMS industry. According to the independent industry consultant, the stock of commercial properties in Singapore increased from approximately 13.8 million square meters in 2016 to approximately 14.3 million square meters in 2020, representing a CAGR of approximately 0.9%, and is estimated to grow steadily in the next five to ten years, whereas the stock of commercial properties in Malaysia grew from approximately 35.4 million square meters in 2016 to approximately 40.0 million square meters in 2020, representing a CAGR of approximately 3.1%, and also is expected to grow steadily in the following years. After the energy management system is installed, regular upgrades of smart solutions and the routine maintenance of hardware and software are required.

According to the independent industry consultant engaged by the Company, the Target Company ranked ninth with approximately 3.0% market share in terms of revenue in 2021 in the combined Singapore and Malaysia HVAC-EMS market and is the only local player that competes with multinational conglomerates.

Since its listing in October 2017, the Group has been actively seeking opportunities to diversify its business to broaden revenue source and diversify business risk. It has previously attempted to expand into different sectors such as securities brokerage and retail businesses.

After the First Acquisition, the Group became more optimistic and confident in the prospect of the Target Company. According to the financial information of M&V SG as set out in Appendix III, the revenue and net profit of M&V SG have grown at compound annual growth rate ("**CAGR**") of approximately 18.6% and 60.9% respectively for the past three years. There was an approximately 26.2% decline in revenue in FY2021, largely due to lockdowns of Singapore amid COVID-19 pandemic, causing major halts of projects and thus generation of revenue. However, as lockdowns are gradually uplifted while COVID-19 pandemic gradually gets under control in Singapore, it is believed that the business performance will pick up from 2022 onwards. In addition, according to the information provided by the Target Group, the value of outstanding contracts of M&V SG has grown in a CAGR of approximately 58.5% from approximately SGD23.8 million as at 31 December 2019 to approximately SGD59.8 million as at 31 December 2021. The Board also noted that the contracts are rewarded to M&V SG by different major large corporations and government departments of Singapore, including Changi Airport Group, in respect of installation of chilled-water plant and air handling facilities. These contracts are not only expected to generate attractive revenues for the Target Company in the coming few years, but also to further enhance its reputation as an ESG-focused corporation, and achieve a sustainable development in this field as the Target Company establishes long-term relationships with the sizable and renowned companies in the respective regions. Although the business scale and recent financial performance of M&V MY has not been as strong as that of M&V SG, upon the Further Acquisition, M&V MY can benefit from the extensive business connections of the Group in Malaysia, where the Group has headquartered for decades. Based on above and in particular the increasing awareness of energy conservation and environmental protection according to the independent industry consultant, despite the financial results of the Target Group for FY2021 were adversely affected by COVID-19, the Directors are of the view that with the re-opening of global economy and opening of the borders of Malaysia and Singapore, the energy efficiency business could be with growth potential in long term perspective.

Taking into account (i) the Group has been actively pursued business diversification strategy since listing; (ii) increasing environmental protection awareness and favourable government policies in Singapore and Malaysia; and (iii) market position and growth of scale of orders on hand of the Target Company, we concur with the Directors that the commercial rationale behind the Further Acquisition are fair and reasonable.

4. Principal terms of the Sale and Purchase Agreement

Set out below is a summary of the principal terms of the Sale and Purchase Agreement. Independent Shareholders are advised to read further details of the Sale and Purchase Agreement set out in the Letter from the Board:

Date:	8 June 2022 (as supplemental on 13 June 2022 by the Supplemental Agreement)
Parties:	(1) the Company (as purchaser); and (2) the Vendor (as vendor)
Subject matter:	The Sale Shares, i.e. 6,275 ordinary shares in issue of the Target Company representing 62.75% of the entire ordinary shares in issue of the Target Company which are held by the Vendor.
Consideration and payment terms:	The total consideration payable by the Company to the Vendor for the Sale Shares is HK$58,191,840.00 (equivalent to RM31,423,594.00 at the Agreed Exchange Rate) and shall be paid in the following manner: (1) 25% of the Consideration in the sum of HK$14,547,960.00 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be satisfied by the allotment and issuance of the Consideration Shares (i.e. 41,565,600 new Shares) at an aggregate Consideration Shares Issue Price of HK$14,547,960.00 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) upon Completion; (2) 25% of the Consideration in the sum of HK$14,547,960.00 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be paid by cash on the date falling six (6) months from the Completion Date;

(3) the remaining 50% of the Consideration in the sum of HK$29,095,920.00 (equivalent to RM15,711,797.00 at the Agreed Exchange Rate) ("**Consideration Balance**") shall be paid as follows:

(a) If and only if the Target Group achieves the Guaranteed Profit, either:

i. the Consideration Balance shall be paid by cash within thirty (30) days after the date of issuance of the Target Group Audited Accounts; or

ii. no earlier than the date of the Target Group Audited Accounts and no later than the third day after the date of the Target Group Audited Accounts, the Vendor may make a written request to the Company for a maximum of up to twenty per centum (20%) of the Consideration in the sum of up to HK$11,638,368.00 (equivalent to RM6,284,719.00 at the Agreed Exchange Rate) to be paid by up to a maximum of 33,252,480 new ordinary shares of the Company ("**Additional Consideration Shares**") each to be issued and credited at the Consideration Shares Issue Price (the "**Additional Consideration Shares Request**") subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares and the sole and absolute discretion of the Company to reject or to accept in full or in part the request.

Subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares, if the Additional Consideration Shares Request is made by Vendor and accepted by the Company in full or in part, the Consideration Balance after deducting the aggregate Consideration Shares Issue Price in respect of the Additional Consideration Shares shall be paid by cash within thirty (30) days after the date of issuance of the Target Group Audited Accounts.

(b) If the Target Group fails to achieve the Guaranteed Profit the Vendor shall pay the Company the Compensation which may be applied by the Company to set off against the Consideration Balance and:

i. if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is equal to the Consideration Balance, no Cash Consideration shall be payable by the Company;

ii. if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is more than the Consideration Balance, no Consideration Balance shall be payable by the Company and the Vendor shall pay the Company the excess amount within thirty (30) days after the date of issuance of the Target Group Audited Accounts; or

iii. if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is less than the Consideration Balance, the Company shall pay the Vendor the difference in amount within thirty (30) days after the date of issuance of the Target Group Audited Accounts.

Profit Guarantee by the Vendor: The Vendor guarantees to the Company that, the audited consolidated profit after tax of the Target Group to be translated at the Agreed Exchange Rate for the period from 1 January 2022 to 31 December 2023 (i.e. the Guarantee Period) will not be less than HK$34,500,000.00 (i.e. the Guaranteed Profit). The following items shall be excluded from the computation of the Guaranteed Profit:

(1) items classified as extraordinary or any non-cash item classified as non-recurring; and

(2) gain on disposal of any property, plant and equipment.

Failing the Guaranteed Profit, the Vendor shall compensate the Company as follows ("**Compensation**"):

(1) if the audited consolidated profit after tax of the Target Group for the Guaranteed Period is less than the Guaranteed Profit, the Vendor shall compensate the Company in an amount equal to the shortfall multiple by 2.69 ("**Multiplier**"); or

(2) if the Target Group has audited consolidated loss for the Guaranteed Period, the Vendor shall compensate the Company in an amount equal to the aggregate of the Guaranteed Profit and the absolute amount of such loss and multiple the aggregate amount by 2.69.

The audited consolidated financial statements of the Target Group shall be audited by the auditors to the Company and shall be issued within three (3) months after expiry of the Guaranteed Period.

The Compensation payable by the Vendor to the Company shall be set off against the Consideration Balance as mentioned in paragraph (3)(b) of "Consideration and payment terms" immediately above.

Cut-off Date: The Cut-Off Date may be extended subject to mutual consent of the Company and the Vendor to allow more flexibility in the event that additional time is needed to fulfil certain conditions without revoking the Sale and Purchase Agreement and re-entering into another agreement whose terms are substantially the same. As the Latest Practicable Date, to the best knowledge of the Directors, save for the possible delay of the EGM due to the additional time required by PRG to seek its approval from its shareholders on the Further Acquisition, both the Company and the Vendor do not anticipate any materials events which would delay the Cut-Off Date. In the event that the Cut-Off Date has to be extended, the Company will not resubmit the Further Acquisition for Independent Shareholders' approval.

To the best knowledge of the Board, both the Company and the Vendor are of the view that it is in their interests to complete the Further Acquisition without extending the Cut-Off Date.

Completion Date:	The Completion Date may be extended subject to mutual consent of the Company and the Vendor to allow more flexibility in the event that additional time is needed to complete the administrative or financing procedures for the Completion without revoking the Sale and Purchase Agreement and re-entering into another agreement whose terms are substantially the same. As the Latest Practicable Date, to the best knowledge of the Directors, both the Company and the Vendor do not anticipate any hurdle for Completion once the Sale and Purchase Agreement becomes unconditional. In the event that the Completion Date has to be extended, the Company will not resubmit the Further Acquisition for Independent Shareholders' approval. To the best knowledge of the Board, both the Company and the Vendor are of the view that it is in their interests to complete the Further Acquisition without extending the Completion Date.
Additional Consideration Shares Request:	In determining whether to reject or accept in full or in part the Additional Consideration Shares Request, the Board will take into account (1) the difference between the Consideration Shares Issue Price and the then market price of the Shares; (2) cash flow position of the Company; and (3) approval from the controlling shareholder, PRG, whose shareholding in the Company will be diluted by any Additional Consideration Shares. As the Additional Consideration Shares Request can only be made, inter alia, when the Target Group achieves the Guaranteed Profit, there will not be circumstances when the Additional Consideration Shares are used to set off against any Compensation.
Guaranteed Profit:	The Guaranteed Profit will exclude any items classified as extraordinary or any non-cash item classified as non-recurring, pursuant to the requirements of Hong Kong Financial Reporting Standard or International Accounting Standard and as so classified in the Target Group Audited Accounts on which the auditors to the Company state their opinion. In the event that there are different views on such classification, the opinions of the Company and auditors to the Company shall prevail.

Multiplier:	The multiplier of 2.69 (the "**Multiplier**") is derived by dividing the theoretical 100% valuation of the Target Company (implied by the Consideration of HK$58,191,840.00 for the 62.75% equity interest in the Target Company) by the Guaranteed Profit. The Board's view on the fairness and reasonableness of the Multiplier is set out under the paragraph "Letter from the Board — The Consideration".

5. Basis of the Consideration

As disclosed in the Letter from the Board, the Consideration was, inter alia, determined after arm's length negotiation between the Vendor and the Company having regard to the value of the Sale Shares (the "**Valuation**") appraised by Roma Appraisals Limited (the "**Independent Valuer**"). Independent Shareholders' attention is drawn to the full text of the Valuation Report as set out in Appendix VII to the Circular.

Valuation of the Target Group

In order to assess the fairness and reasonableness of the Consideration, we have obtained and reviewed the valuation report in relation to the valuation of the Target Company (the "**Valuation Report**") and the underlying basis and assumptions prepared by the Independent Valuer. As stated in the Valuation Report, the fair value of 62.75% equity interest of the Target Company as at 31 December 2021 (the "**Valuation Date**") is estimated to be approximately HK$64.3 million. Accordingly, the Consideration represents a discount of approximately 9.5% to such value.

Scope of work

We have reviewed the terms of engagement of the Independent Valuer and consider that its scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might adversely impact on the degree of assurance given by the Valuation Report. Furthermore, we noted that the Valuation Report is prepared in accordance with International Valuation Standards published by the International Valuation Standards Council in 2022.

Qualification, experience and independence of the Independent Valuer

We have assessed the qualification, experience and independence of the Independent Valuer in relation to the preparation of the Valuation Report. We understand that Ken Yue and Kenny Li, being the Executive Director and Director of the Independent Valuer respectively, are persons-in-charge of the Valuation Report, who have over 20 years and 10 years of experience in the valuation and advisory industry respectively. We have also obtained information on the Independent Valuer's track records on other valuations and noted that the Independent Valuer has provided a wide range of valuation services to numerous companies listed on the Stock Exchange in the past. The Independent Valuer has also confirmed that it is independent from the Group, the Target Group and their respective associates. Based on the above, we are satisfied with the qualification and experience of the Independent Valuer for the purpose of the Valuation.

Basis and major assumptions adopted by the Independent Valuer

We have enquired with and were advised by the Independent Valuer that it had performed necessary due diligence works for the preparation of the Valuation Report, which included, among others, review of financial statements of the Target Group and discussion with the management of the Group and/or the Target Group in relation to its development, operations, prospect, and other relevant information.

According to the Valuation Report, the Valuation has been conducted on market value basis defined as "the estimated amount of which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". We also noted that the Independent Valuer has made major assumptions based on its experience in valuing businesses of similar nature, including but not limited to that (i) there will be no major change in the political, legal, economic or financial condition in the localities in which the Target Company operates, which would adversely affect the revenues attributable to and profitability of the Target Company; (ii) since the Target Company was incorporated on 19 July 2021 and the full year financial statement was unavailable, the Valuation therefore relied on the audited consolidated statement of financial position of the Target Company as at 31 December 2021 with unaudited combined statement of profit and loss for FY2021 of M&V SG and M&V MY, the unaudited combined results were assumed to be representative of the consolidated annual profit or loss of the Target Company; and (iii) all relevant legal approvals and business certificates or licenses to operate the business in the localities where the Subsidiaries operate or intend to operate would be officially obtained and renewable upon expiry with minimal costs.

Selection of valuation methodology

We have further discussed with the Independent Valuer on the selection of valuation methodology. In arriving at the Valuation, the Independent Valuer made reference to three generally accepted approaches, namely the market-based approach, asset-based approach and income-based approach. Please refer to the Valuation Report as set out in Appendix VII to the Circular for the key features of these three different valuation approaches.

According to the Valuation Report, the market-based approach was adopted for the Valuation. We understand from the Independent Valuer that in determining the appropriate valuation approach, the Independent Valuer has considered the merits and limitations of the aforesaid valuation methodologies, the operation and financial information of the Target Group as at the Valuation Date and also the availability and reliability of the information provided. As advised by the Independent Valuer, since the Target Company is a private company, income-based approach is one of the possible approaches to be considered. However, it was not adopted because the Independent Valuer had not obtained any financial forecast with concrete business plan from the Target Company for valuation purpose, and valuation result would be greatly sensitive to any change in assumptions. Secondly, asset-based approach was also not considered because it could not capture the future earning potential of the Target Company and therefore it could not reflect the market value of the Target Company. When considering the market-based approach, the Independent Valuer noted that there is a group of listed companies which engaged in similar business operation as the Target Group. Such comparable companies provided a benchmark of valuation multiples for the assessment of the Target Group. The market-based approach also has the merit of capturing the market sentiment to infer an objective valuation as publicly available data is used which reflects the market consensus on the pricing of similar business. As such, the Independent Valuer considers, and we concur, that it is most appropriate to adopt market-based approach to assess the Target Group. Based on our enquiries with the Independent Valuer, we understand that the market-based approach is one of the commonly adopted approaches for valuing companies of similar nature.

In identifying comparable companies, the Independent Valuer has considered the following selection criteria: (i) the companies are principally engaged in the provision of HVAC–EMS systems; (ii) the companies have operating histories and listed for over three years; and (iii) the financial information of the companies and the details of the transactions are available to the public. Based on the above criteria, the Independent Valuer has identified comparable companies (the "**Comparable Companies**"). We have discussed with the Independent Valuer on such selection criteria and reviewed the scope of business of the Comparable Companies. We noted that the Comparable Companies are listed companies whereas the Target Company is a private company. In order to address this issue, the Independent Valuer appropriately adopted a discount for lack of marketability (the "**DLOM**") to adjust for the lack of ability of converting shares of the Target Company into immediate cash, we consider it a reasonable adjustment for making appropriate comparison.

We noted that all Comparable Companies operate in the US, Canada and Europe while the businesses of the Target Group are in Malaysia and Singapore. We understand that the Independent Valuer was unable to identify any comparable companies that (i) are listed on stock exchanges in Asia such as Hong Kong, Malaysia, Singapore and PRC; and (ii) fit the selection criteria, after due attempt.

We have also performed our own search on the Comparable Companies selected by the Independent Valuer and we are of the view that all of the Comparable Companies fit the selection criteria and are fair and representative for the purpose of valuation multiples analysis by the Independent Valuer.

We noted that the Independent Valuer has considered various multiples, such as the earning-based multiples (e.g. enterprise value to earnings before interest, tax, depreciation and amortisation and price-to-earnings) and assets-based multiples (e.g. price-to-book). Asset-based multiples reflect the market value in relation to the operating assets owned by a company. However, when a company operates at its normal earnings level, the use of assets-based multiples may not be an effective measure of the earnings capability of the company. In addition, the assets-based multiples may be affected by the different accounting policies on the depreciation and amortisation of assets. Furthermore, since the Subsidiaries are engaged in provision of services which is asset-light in nature, we concur with the Independent Valuer that price-to-book multiple is not appropriate as it is generally effective in valuing asset-intensive companies.

As advised by the Independent Valuer, since earnings reported by the Subsidiaries for FY2021 can sufficiently reflect its normal operating performance, earnings multiples can provide better estimation of the company value on the basis of its earnings capability. Thus, the Independent Valuer has adopted earnings-based multiples in the Valuation and considered that the use of enterprise value to earnings before interest, tax, depreciation and amortization (“**EV/EBITDA**”) multiple is appropriate since the comparable companies (i) operate and are listed in various countries with different tax systems; (ii) have different costs of debt; and (iii) different accounting policies on the depreciation and amortization of the property, plant and equipment of the Comparable Companies.

In arriving at the Valuation of approximately HK$64.3 million, the Independent Valuer firstly derived the estimated 100% enterprise value of the Target Company by multiplying the earnings before interest, tax, depreciation and amortisation of the Target Company for FY2021 by the median of EV/EBITDA multiple of the Comparable Companies, and then adjusted for (i) a control premium (the “**Control Premium**”) of 20.2%; (ii) cash and debt positions (including lease liabilities) of the Target Company; (iii) a discount for lack of marketability (the “**DLOM**”) of 15.8%; and (iv) 62.75% equity interest in the Target Company.

Below is the summary of the calculation of the Valuation extracted from the Valuation Report as set out in Appendix VII to the Circular:

EBITDA as at the date of Valuation (RM)	4,132,256
Multiplied by: Adjusted median of EV/EBITDA multiple	11.69
Market value of 100% equity interest of the Target Company (in minority basis) (RM)	48,321,723
Multiplied by: Adjustment for control premium	(1 + 20.20%)
Market value of 100% equity interest of the Target Company before adjustments on net debt (RM)	58,082,711
Add: Net debt (RM)	7,604,000
Market value of 100% equity interest of the Target Company before adjustments on marketability discount (RM)	65,686,711
Multiplied by: Adjustment for marketability discount	(1 - 15.80%)
Market value of 100% equity interest of the Target Company (RM)	55,308,211
Market value of 100% equity interest of the Target Company (HKD)	102,419,744
Multiplied by: Adjustment for 62.75% equity interest	62.75%
Market value of 62.75% equity interest of the Target Company (HKD) (Rounded)	64,268,000

We have discussed with the Independent Valuer in relation to the adoption of the Control Premium and DLOM. As advised by the Independent Valuer, the equity value of the Target Company inferred from the EV/EBITDA multiple of the Comparable Companies is presented on non-controlling basis. Since the Company will gain control of the Target Company after the Further Acquisition, a control premium shall be considered in the course of valuation. The Independent Valuer adopted Control Premium of 20.2% based on Mergerstat Control Premium Study (the "**Mergerstat Study**"). For our due diligence purpose, we have reviewed Mergerstat Study obtained by the Independent Valuer and noted that the Control Premium was the median of invested capital control premiums of a list of 136 acquisitions of majority control and/or privatisations globally in 2021 based on Mergerstat Study 4th Quarter 2021.

As for the DLOM, since the Target Company is a private company whose shares are not publicly traded in the open market, a discount for lack of marketability shall be considered in the course of valuation to discount for lack of ability of converting shares of the Target Company into immediate cash. We understand from the Independent Valuer that the DLOM was adopted with reference to Stout Restricted Stock Study (the "**Stout Study**"), a thoroughly vetted, restrictedly sourced discount for DLOM database that provides empirical support to quantify marketability discounts used in valuation. For our due diligence purpose, we have reviewed the result of the Stout Study obtained by the Independent Valuer and noted that the adopted DLOM of 15.8% is the median of the transaction discounts of 763 private company transactions globally over since 1980.

Based on our review on the Valuation Report and our discussion with the Independent Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology and the principal basis and assumptions adopted in arriving at the Valuation.

We note that the Consideration represents premium over the net assets of the Target Group and the original acquisition cost of the Sale Shares by the Vendor. However, the Target Group operates as an asset-light business which mainly relies on its expertise and technical knowhow to generate revenue. The net asset value of the Target Group primarily consisting of trade and other receivables and cash and bank balance may not be appropriate in determining the Consideration. In respect of the original acquisition cost of the Sales Shares by the Vendor, we understand that the Vendor established M&V SG, being the major income contributor of the Target Group in 2009, whereas its acquisition cost of the Sales Shares mainly represents the exchange of its original shareholding in M&V SG into its shareholding in the Target Company.

Based on above, we are of the view that (i) the Valuation was arrived at after due and careful consideration while the Consideration is set at a discount to the Valuation; and (ii) the net asset value of the Target Group and the original acquisition cost of the Sales Shares by the Vendor may not reflect the fair value of the Target Group, we concur with the view of the Directors that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

We are of the view that the Valuation was arrived at after due and careful consideration while the Consideration is set at a discount to the Valuation, we concur with the view of the Directors that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

6. The Issue Price

(i) The Consideration Shares and the Additional Consideration Shares

Pursuant to the Sale and Purchase Agreement, 25% of the Consideration in the amount of approximately HK$14,547,960.00 (equivalent to approximately RM7,855,898.50) is to be satisfied by the issue and allotment of 41,565,600 Consideration Shares at the Issue Price of HK$0.35 per Consideration Share by the Company to the Vendor at Completion.

In respect of the Additional Consideration Shares, if the Company achieves the Guaranteed Profit, the Vendor may make a written request to the Company for a maximum of up to twenty per centum (20%) of the Consideration in the sum of up to HK$11,638,368.00 (equivalent to RM6,284,719.00 at the Agreed Exchange Rate) to be paid by up to a maximum of 33,252,480 Additional Consideration Shares at the Issue Price of HK$0.35, subject to the sole and absolute discretion of the Company to reject or to accept in full or in part the request.

As disclosed in the Letter from the Board, the Issue Price was determined after arm's length negotiation between the Company and the Vendor with reference to the recent price performance of the Shares and the Prevailing market conditions:

(a) Price comparison of the Issue Price

The Issue Price of HK$0.35 per Consideration Share represents:

(1) a premium of approximately 73.27% to the closing price of the Shares of HK$0.202 per Share as quoted on the Stock Exchange on 8 June 2022, being the date of the Sale and Purchase Agreement;

(2) a premium of approximately 74.30% to the average of the closing prices of the Shares of approximately HK$0.2008 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;

(3) a premium of approximately 74.65% to the average of the closing prices of the Shares of approximately HK$0.2004 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;

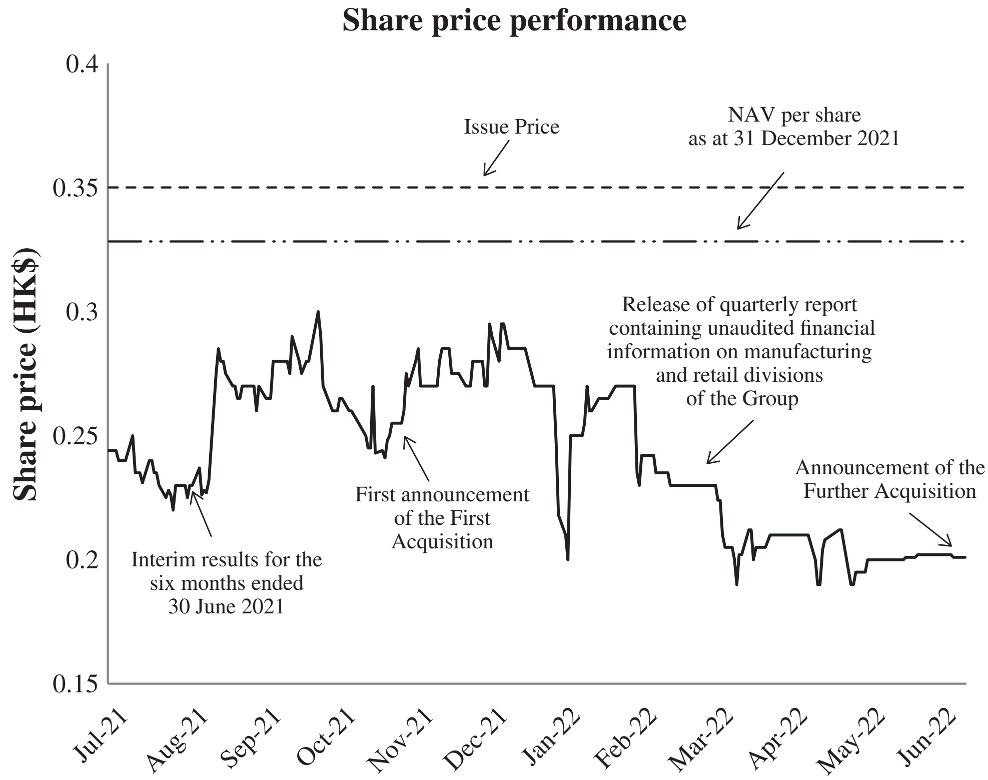
(4) a premium of approximately 74.56% to the average of the closing prices of the Shares of approximately HK$0.2005 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;

(5) a premium of approximately 74.13% to the closing price of the Shares of HK$0.201 per Share as quoted on the Stock Exchange on 27 June 2022, being the Latest Practicable Date; and

(6) a premium of approximately 6.64% to net asset value of the Company (the "**NAV**") per Share as at 31 December 2021.

(b) Analysis of the historical Share price performance

In accessing the fairness and reasonableness of the Issue Price, we have performed a review on the daily closing prices of the Shares as quoted on the Stock Exchange for the period from 1 July 2021 to the Last Trading Day, being approximately one year preceding the Last Trading Day, and up to the Latest Practicable Date (the "**Review Period**"). We consider the duration of the Review Period appropriate because a shorter period may not sufficiently illustrate a meaningful historical trend for proper assessment, while a longer period may include outdated data that is less relevant given the dynamic financial markets. Therefore, we consider that the duration of the Review Period of approximately twelve months reasonable so as to reflect the general trend and recent market valuation based on the closing price of the Shares on the Stock Exchange.



Source: Stock Exchange (www.hkex.com.hk)

As illustrated above, during the Review Period, the Share price fluctuated between HK$0.19 (on 23 March, 26 April, 27 April, 10 May and 11 May 2022) (the "**Lowest Closing Price**") and HK$0.30 (on 28 September 2021) (the "**Highest Closing Price**") per Share. The average closing price of the Shares during the Review Period was approximately HK$0.244 per Share (the "**Average Closing Price**").

At the beginning of the Review Period, the closing price of the Shares experienced a drop from HK$0.244 on 2 July 2021 to HK$0.22 on 29 July 2021. Subsequent to the publication of the Company's interim results announcement for the six months ended 30 June 2021 on 6 August 2021, the closing price of the Shares rebounded back to HK$0.3 on 28 September 2021 and dropped back to HK$0.241 on 26 October 2021. After the release of the first announcement of the First Acquisition on 1 November 2021, the closing price of the Shares rebounded back to HK$0.295 on 9 December 2021. The Shares then exhibited a significant drop to HK$0.21 on 10 January 2022 and rebounded to HK$0.27 on 31 January 2022. Following the release of the Company's announcement in respect of the quarterly report containing unaudited financial information on manufacturing and retail divisions of the Group on 28 February 2022, the closing price of the Shares tumbled from HK$0.23 on that day to HK$0.19 on 23 March 2022, being the date of publication of the annual results announcement of the Company for FY2021.

Further, the closing price of the Shares was hovering between HK$0.19 and HK$0.21 prior to the publication of the announcement of the Further Acquisition.

The Share price closed at HK$0.202 per Share on 8 June 2022, being the Last Trading Day. Since then and up to the Latest Practicable Date, the Share price fluctuated between HK$0.19 and HK$0.30 per Share. As at the Latest Practicable Date, the Share price closed at HK$0.201 per Share, representing a discount of approximately 42.57% to the Issue Price.

The Issue Price of HK$0.35 per Consideration Share represents a premium of approximately (i) 84.21% over the Lowest Closing Price of HK$0.19 per Share; (ii) 16.67% over the Highest Closing Price of HK$0.30 per Share; (iii) 43.44% over the Average Closing Price of approximately HK$0.244 per Share; and (iv) approximately 6.64% over the NAV per Share as at 31 December 2021.

(c) Liquidity Analysis

Set out below are details of monthly trading volumes and the percentage of the Shares' average daily trading volume relative to the total number of issued Shares as at the end of the month during the Review Period:

Month	**Total volume of Shares traded** *(Shares)*	**Number of trading days** *(days)*	**Average daily volume** *(Shares)*	**Number of issued Shares as at the end of the month** *(Shares)*	**% of average daily trading volume to the then total number of issued Shares as at the end of the month** *(%)*
2021					
July	20,572,000	21	979,619	560,000,000	0.175
August	40,696,000	22	1,849,818	560,000,000	0.330
September	7,116,000	21	338,857	560,000,000	0.061
October	9,856,000	18	547,556	560,000,000	0.098
November	2,636,000	22	119,818	560,000,000	0.021
December	8,588,000	22	390,364	560,000,000	0.070
2022					
January	9,252,000	21	440,571	560,000,000	0.079
February	868,000	17	51,059	560,000,000	0.009
March	2,076,000	23	90,261	560,000,000	0.016
April	1,396,000	18	77,556	560,000,000	0.014
May	84,000	18	4,667	560,000,000	0.001
June	212,000	18	11,778	560,000,000	0.002

Source: Stock Exchange (www.hkex.com.hk)

As shown in the table above, the average daily volume of the Shares has been generally thin during the Review Period, with average trading volume between approximately 0.001% to approximately 0.330% to the then total number of issued Shares as at the end of their respective month. The highest average daily volume was approximately 40,696,000 Shares in August 2021, representing approximately 0.330% of the number of issued Shares.

(d) Analysis of comparable transactions

To further assess the fairness and reasonableness of the Issue Price, we have, on a best effort basis, researched and identified an exhaustive list of transactions in relation to acquisitions involving the issue of consideration shares conducted by companies listed on the Stock Exchange (the "**Comparable Transactions**") as announced during the period from 1 April 2022 to the Latest Practicable Date (being approximately three months prior to the Last Trading Day) (the "**Comparable Period**"). Considering that recent transactions are more relevant and that sufficient sample size is required to assess the fairness and reasonableness of the Issue Price, we are of the view that the Comparable Period of approximately three months is reasonable and that the exhaustive list of twelve Comparable Transactions during the Comparable Period is sufficient for such assessment. Based on the aforesaid criteria, we have identified an exhaustive list of twelve Comparable Transactions.

Independent Shareholders should note that the principal business, market capitalisation, profitability and prospects of the Company are not the same as, or even substantially vary from, those of the Comparable Transactions and their respective issuers. Notwithstanding the above, the table below demonstrates the pricing of issues of consideration shares for acquisition purposes under recent market sentiment and provides a general reference for assessing the fairness and reasonableness of the Issue Price.

We consider the Comparable Transactions fair and representative given (i) the Comparable Transactions adequately cover the prevailing market conditions and sentiments of the capital market in Hong Kong; (ii) the Comparable Transactions identified during the Comparable Period represent recent structures of consideration shares issued as consideration for acquisitions by companies listed on the Stock Exchange; (iii) the similarity of the nature of the consideration shares; and (iv) the sufficient sample size of the Comparable Transactions identified.

Set out below are the details of the Comparable Transactions:

Date of announcement	Company name (stock code)	Premium/(discount) of the issue price over/(to) The closing price per share on/prior to the date of agreement	the average closing price per share for the last five consecutive trading days prior to/up to and including the date of agreement	the average closing price per share for the last ten consecutive trading days prior to/up to and including the date of agreement	Lock-up period
2022					
21 June	China NT Pharma Group (1011.HK)	-6.10%	2.04%	6.38%	1 year
20 June	China Partytime Culture (1532.HK)	17.70%	9.90%	4.70%	N/A
14 June	Lenovo Group (992.HK)	19.22%	17.12%	17.71%	N/A
13 June	Merdeka Financial Group (8163.HK)	–4.55%	7.69%	6.06%	N/A
13 June	Luk Hing Entertainment Group (8052.HK)	–12.09%	–10.11%	–7.94%	N/A
10 June	China Healthwise Holdings (348.HK)	–	–	4.17%	N/A
2 June	On Real International Holdings (8245.HK)	–20.00%	–16.03%	–16.30%	N/A
30 May	Graphex Group (6128.HK)	–0.90%	–4.01%	–5.42%	N/A
29 April	Yik Wo International (8659.HK)	–	–1.57%	–4.21%	N/A
25 April	Amuse Group Holding (8545.HK)	–20.00%	0.00%	2.56%	N/A
6 April	China Investment Development (204.HK)	26.60%	22.50%	36.99%	N/A
3 April	Hypebeast (150.HK)	40.67%	42.08%	39.30%	1–3 years *(Note 1)*
31 March	Hao Bai International (8431.HK)	10.00%	14.07%	13.24%	3 years
29 March	C&D International (1908.HK)	–14.90%	–13.56%	–9.14%	N/A
29 March	Country Garden Services (6098.HK)	40.34%	34.07%	32.60%	N/A
14 March	China Shandong Hi-Speed Financial Group (412.HK)	–7.69%	–8.57%	–6.80%	N/A
Maximum		**40.67%**	**42.08%**	**39.30%**	
Minimum		**–20.00%**	**–16.03%**	**–16.30%**	
Average		**3.38%**	**5.80%**	**7.00%**	
Median		**–0.45%**	**1.02%**	**4.43%**	
The Company		**73.27%**	**74.30%**	**74.65%**	**1 year**

Source: Stock Exchange (www.hkex.com.hk)

Note:

1. The transaction is subject to two different lock-up periods: 1-year lock-up period for public stockholders of the target company, and 3-year lock-up period for the sponsor and the directors of the target company.

The issue prices of the Comparable Transactions ranged from:

(1) a discount of approximately 20.00% to a premium of approximately 40.67% to/over the closing price per share on/prior to the date of agreement with an average of a premium of approximately 3.38% and a median of a discount of approximately 0.45%;

(2) a discount of approximately 16.03% to a premium of approximately 42.08% to/over the average closing price per share for the last five trading days prior to/up to date of agreement with an average of a premium of approximately 5.80% and a median of a premium of approximately 1.02%; and

(3) a discount of approximately 16.30% to a premium of approximately 39.30% to/over the average closing price per share for the last ten trading days prior to/up to date of agreement with an average of a premium of approximately 7.00% and a median of a premium of approximately 4.43%.

Given the premiums as represented by the Issue Price over the closing price per Share on the Last Trading Day, the average closing price per Share for the last five consecutive trading days up to and including the Last Trading Day and the average closing price per Share for the last ten consecutive trading days up to and including the Last Trading Day of approximately 73.27%, 74.30% and 74.65% respectively, are compared favorably to the average and median of those of the Comparable Transactions, we consider that the Issue Price is in line with the market practice.

Among the twelve Comparable Transactions, ten of them have no lock-up period restriction on the dealings in their shares for holders of consideration shares after the issue of consideration shares. Taking into account that the issue of the Consideration Shares has the lock-up period restriction to the Vendor which could limit the potential immediate impact of the market price of the Shares, while the majority of the Comparable Transaction do not have such restriction, we consider that such arrangement is favourable to the Company and the Independent Shareholders as a whole.

The Issue Price of the Consideration Shares and Additional Consideration Shares is at a premium over the Average Closing Price as illustrated in the section headed "Analysis of the historical Share price performance" above, we consider the Issue Price fair and reasonable to the Shareholders.

7. Payment terms

Under the Sale and Purchase Agreement, the Consideration will be satisfied in cash, Consideration Shares and, Additional Consideration Shares, as the case may be. Taking into account (i) the Issue Price is at premium over the NAV per Share as well as the average closing prices during various periods prior to the Latest Practicable Date; (ii) the Consideration Shares are subject to a moratorium period of 12 months; and (iii) the settlement of the remaining 50% of the Consideration upon the achievement of the Guaranteed Profit represents a deferred cash payment obligation and/or the potential dilution impact on shareholding of existing Shareholders of the Company in the event that the Additional Consideration Shares Request is made by the Vendor and accepted by the Company, we concur with the Directors that such payment terms are fair and reasonable to the Company and the Shareholders as a whole.

We also note from the Letter from the Board that the Directors will take into account (i) the difference between the Consideration Shares Issue Price and the then market price of the Shares in their decision on whether to reject or accept in full or in part of the Additional Consideration Shares Request; (ii) cash flow position of the Company; and (iii) approval from the controlling shareholder, PRG, as the Additional Consideration Shares Request will further dilute the shareholding of PRG in the Company. We consider that the above arrangement could to a certain extent offer flexibility and possibility to the Group to reduce cash consideration portion by opting to issue the Additional Consideration Shares.

8. Cut-Off Date and Completion Date

Under the Sale and Purchase Agreement, the Cut-Off Date and Completion Date may be extended subject to mutual consent of the Company and the Vendor. According to the Letter from the Board, it is believed that save for inevitable events that are outside the control of both the Company and the Vendor, such as possible delay of the EGM due to the additional time required for the obtaining of PRG's shareholders' approval, the Board considers that there is no other reason that would likely cause the Cut-Off Date to be extended. The Completion Date may be extended to allow more flexibility to complete the administrative or financing procedures for the Completion. Moreover, the Company will not be adversely impacted as no advanced payment is made before the Completion. In view of the above, we consider the terms in relation to the Cut-Off Date and Completion Date fair and reasonable.

9. Profit Guarantee

Under the Sale and Purchase Agreement, the Vendor guaranteed in favour of the Company, during the Guarantee Period, the audited consolidated profit after tax of the Target Group (after exclusion of items classified as extraordinary or any non-cash item classified as non-recurring and gain on disposal of any property, plant and equipment) (the "**Actual Profit**") will not be less than the Guaranteed Profit of HK$34,500,000.00. As stated in the Letter from the Board, the classification of item as to whether it is an extraordinary or non-recurring in nature is subject to the opinions of independent auditor which view is made pursuant to the requirements of HKFRS or IAS.

The Multiplier is derived by dividing the theoretical 100% valuation of the Target Company (implied by the Consideration of HK$58,191,840.00 for the 62.75% equity interest in the Target Company) by the Guaranteed Profit. The Compensation represents the shortfall (the "**Shortfall**") between the Guaranteed Profit and the Actual Profit for the Guaranteed Period and multiplied by the Multiplier. The Compensation may exceed the Consideration if the Target Group records consolidated net loss (after exclusion of items classified as extraordinary or any non-cash item classified as non-recurring and gain on disposal of any property, plant and equipment) during the Guaranteed Period. The Agreed Exchange Rate, meaning SGD1 to HK$5.75, HK$1 to RM0.54 and RM1 to HK$1.8518, being the exchange rates of these currencies agreed under the Sale and Purchase Agreement, has been used for the purpose of calculation of the Profit Guarantee as well as the calculation of the Valuation by the Independent Valuer, which is one of the major basis of the Consideration. Moreover, the Agreed Exchange Rate represents the average exchange rates between HK$ and SGD and between HK$ and RM during the past twelve months.

In the event that (i) the Actual Profit for the Guaranteed Period is less than the Guaranteed Profit, the Compensation will be calculated by the Shortfall multiplied by the Multiplier; (ii) the Actual Profit for the Guaranteed Period is zero, the Shortfall will be equal to the Guaranteed Profit and therefore the Compensation will be equal to the Consideration; and (iii) the Actual Profit for the Guaranteed Period is negative (i.e. consolidated net loss after tax), the Shortfall will be equal to the Guaranteed Profit plus the absolute amount of the consolidated net loss after tax and therefore the Compensation will be equal to the aggregate amount of the Consideration and the absolute amount of such loss multiplied by the Multiplier.

The Vendor is a director of the Target Company and will be overseeing strategic planning and business development of the Target Company. As at the Latest Practicable Date, the Company has no plan to make further investments in the Target Group after the Completion.

Taking into account (i) the Vendor has provided guarantee in favour of the Company and confidence in its performance in the near future; (ii) the Company would be able to secure compensation from the Vendor if the Guaranteed Profit cannot be achieved; and (iii) in the event that the Target Company makes a profit of less than the Guaranteed Profit or a loss during the Guarantee Period, the equivalent compensation would protect the Group from incurring loss from the Further Acquisition, we concur with the management of the Company that the Profit Guarantee serves as an additional favourable term of the Further Acquisition to the Company and the Shareholders as a whole.

10. Dilution effect

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the issuance and allotment of the Consideration Shares (assuming there will not be any change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of allotment and issue of the Consideration Shares); and (iii) immediately after the issuance and allotment of the Consideration Shares and the Additional Consideration Shares (assuming other than the issue of the Consideration Shares, there will not be any change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of allotment and issue of the Additional Consideration Shares):

	At the Latest Practicable Date		**Immediately after the issuance and allotment of the Consideration Shares** [1]		**Immediately after the issuance and allotment of the Consideration Shares and the Additional Consideration Shares** [2]	
Shareholders	*Number of Shares held*	*%*	*Number of Shares held*	*%*	*Number of Shares held*	*%*
The Vendor	—	—	41,565,600	6.91	74,818,080	11.79
Dato'Lua Choon Hann [3]	260,000	0.04	260,000	0.04	260,000	0.04
PRG [4]	303,468,000	54.19	303,468,000	50.45	303,468,000	47.80
Jim Ka Man [5]	61,336,000	10.95	61,336,000	10.20	61,336,000	9.66
Other public Shareholders	194,936,000	34.82	194,936,000	32.40	194,936,000	30.71
	560,000,000	100.00	601,565,600	100.00	634,818,080	100.00

Notes:

1. Assuming there will not be any change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of allotment and issue of the Consideration Shares.

2. Assuming other than the issue of the Consideration Shares, there will not be any change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of allotment and issue of the Additional Consideration Shares.

3. Dato'Lua Choon Hann is an executive Director.

4. PRG is the holding company of the Company.

5. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man was deemed to be interested in 61,336,000 Shares of which 55,024,000 Shares were beneficially owned by her and she was deemed to be interested in 6,312,000 Shares held directly by her spouse under Part XV of the SFO.

As shown in the shareholding table above, upon Completion, a total of 41,565,600 Consideration Shares will be issued to the Vendor as part of the Consideration pursuant to the Sale and Purchase Agreement. As a result, the existing Share capital in issue will be enlarged by approximately 7.40% upon Completion. The aggregate shareholding of the existing public Shareholders will then be diluted from approximately 34.82% to approximately 32.40%, representing a dilution of approximately 2.42%.

In the event that the Additional Consideration Shares Request is made by Vendor and accepted by the Company, a maximum of 33,252,480 Additional Consideration Shares will be issued after the Target Group Audited Accounts are released, upon which the aggregate shareholding of the existing public Shareholders will then be diluted from approximately 34.82% to approximately 30.71%, representing a dilution of approximately 4.11%.

We noted that the issuance of the Consideration Shares and Additional Consideration Shares will result in a dilution effect for the public Shareholders. Nonetheless, taking into account (i) the Issue Price is at various levels of premium over the NAV per Shares attributable to the Shareholders as at 31 December 2021 and prevailing market prices as elaborated above; and (ii) the issue of Consideration Shares and Additional Consideration Shares can reduce the Company's cash outflow for the Further Acquisition and allows the Group to preserve cash for financing the Group's other projects and general working capital purpose, we concur with the Directors that the level of dilution is fair and reasonable to the Shareholders.

11. Financial effect of the Further Acquisition

Upon Completion, the Target Company will be a wholly-owned subsidiary of the Company, the Subsidiaries will be indirect subsidiaries of the Company and the results of operation and financial position of the Target Group will be consolidated into the financial statements of the Group. Set out below are the financial effects of the Further Acquisition on the Group:

Net asset value

Upon Completion, the Target Company will no longer be an associate and will become a wholly owned subsidiary of the Company. Based on the historical pro forma financial information as set out in Appendix VI to the Circular, assuming the Further Acquisition being completed on 31 December 2021, the pro forma NAV of the Group would increase from approximately RM99.3 million by approximately RM7.8 million to approximately RM107.1 million.

Shareholders should note that, as contained in the pro forma financial information as set out in Appendix VI to the Circular, a goodwill of approximately RM20.6 million arising from the Further Acquisition will be recorded by the Group. According to the Group's accounting policy, the goodwill will be tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Earnings

As discussed in the section headed "Reasons for and benefits of the Further Acquisition" above, it is expected that the Further Acquisition will enhance the Group's revenue and profitability. The net profit after tax of the Group attributable to Shareholders for FY2021 amounted to approximately RM5.2 million based on the 2021 Annual Report. As set out in the section headed "background information of the Target Group" above, the M&V SG and M&V MY recorded an audited net profit after tax of approximately SGD1.2 million and a loss of approximately RM0.3 million for FY2021 respectively.

Considering the profit-making performance of the Target Group for the three years ended 31 December 2021, we concur with the Directors that the Further Acquisition is expected to bring positive contribution to the earnings of the Enlarged Group but the quantification of such contribution will depend on the future performance of the Target Group.

Cash flow

The net working capital, being the current assets less current liabilities, and current ratio of the Group were approximately RM75.3 million and 4.28 times respectively as at 31 December 2021. Based on the pro forma financial information as set out in Appendix VI to the Circular, assuming the Further Acquisition being completed on 31 December 2021, the Group's pro forma net working capital would decrease to approximately RM72.6 million and current ratio would reduce to approximately 2.30 times.

It should be noted that the afore-mentioned analyses are for illustrative purpose only and do not purport to represent how the financial results and the financial position of the Group will be upon the Completion.

Opinions and Recommendation

Having considered the principal factors and reasons as discussed above, we are of the opinion that entering into the Sale and Purchase Agreement is not in the ordinary and usual course of business of the Group because of its "one-off" nature. Nevertheless, the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of
Octal Capital Limited

Alan Fung	**Wong Wai Leung**
Managing Director	*Executive Director*

Note: *Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 28 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities), Type 6 (advising on corporate finance) regulated activities since 2008 and is also a responsible officer of Type 9 (asset management) regulated activities. Mr. Wong has accumulated decades of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Listing Rules and the Takeovers Code.*

1. FINANCIAL SUMMARY OF THE GROUP

Details of the audited consolidated financial statements of the Group for the years ended 31 December 2019, 2020 and 2021 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.furniweb.com.my).

(i) The audited financial information of the Group for the year ended 31 December 2019 is disclosed in the annual report of the Company for the year ended 31 December 2019 published on 14 May 2020, from pages 69 to 141:

https://www1.hkexnews.hk/listedco/listconews/gem/2020/0514/2020051400338.pdf

(ii) The audited financial information of the Group for the year ended 31 December 2020 is disclosed in the annual report of the Company for the year ended 31 December 2020 published on 29 March 2021, from pages 69 to 137:

https://www1.hkexnews.hk/listedco/listconews/gem/2021/0329/2021032900227.pdf

(iii) The audited financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 30 March 2022, from pages 79 to 147:

https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033001638.pdf

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2022, being the latest practicable date for the purpose this indebtedness statement, the indebtedness of the Enlarged Group was as follows:

Borrowings

Secured borrowings from banks of approximately RM19,742,000 which is secured by a pledge over the Group's freehold land, leasehold land, buildings and certain plant and machinery; and properties of the director of the Target Company and joint and several personal guarantee for all monies by the director of the Target Company.

Lease liabilities

The Enlarged Group had lease liabilities (comprising both current and non-current liabilities) of approximately RM4,334,000.

Contingent liabilities

The Enlarged Group had issued unsecured guarantees of RM13,710,000 to third parties in respect of trade and contract.

Disclaimer

Save as aforesaid or as otherwise mentioned herein, and apart from intra-group liabilities, the Enlarged Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, and any outstanding term loans, borrowings, mortgages, charges, debentures, loan capital and overdraft, debt securities or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits or any guarantees or other material contingent liabilities as at the close of business on 31 May 2022, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular. Save as aforesaid, the Directors are not aware of any material changes in the indebtedness, contingent liabilities and commitments of the Enlarged Group since 31 May 2022, the date to which the indebtedness statement is made and up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT OF THE ENLARGED GROUP

The Directors are of the opinion that taking into account the existing banking and other borrowing facilities available, the existing cash and bank balances and the effect of the Further Acquisition, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

As at 31 December 2021, being the date to which the Group's latest published audited financial statements were made up, the Group has a total shareholders' funds of approximately RM99.3 million. The Group was in a net cash position as at 31 December 2021. The Directors expect that the Group will continue to maintain a strong financial position to support the business operations.

The Company is principally engaged in the manufacturing and sale of elastic textile, webbing and polyvinyl chloride ("**PVC**") related products.

The global economy remained uncertain. The disruption in global supply, rising raw material price, increasing labour cost and lingering shipping issue might intensify the volatility of the market. The Company will continue to strive to operate within the constraints as well as looking into risk mitigation measures to ensure business continuity and long term sustainability.

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 19 July 2021 which principally engaged in investment holding. Its two wholly-owned subsidiaries, i.e. M&V SG and M&V MY, were incorporated in Singapore and Malaysia on 7 September 2009 and 8 March 2010 respectively and have been providing smart energy solutions since then. Both M&V SG and M&V MY 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.

With the increasing energy efficiency awareness and government initiative in SG and MY, the Directors view this industry has huge potential of growth. Besides, the Target Group has built up a very good clientele in Singapore, the Directors believe the Group could leverage their skill and knowledge to develop the market in Malaysia with our Group's establishment in Malaysia.

In view of the above and barring unforeseen circumstances, the Directors remain optimistic on the financial and trading prospects of the Enlarged Group in the current financial year.

The following is the text of a report received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this investment circular.

中汇
ZHONGHUI

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FURNIWEB HOLDINGS LIMITED

Introduction

We report on the historical financial information of Energy Solution Global Limited (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**") set out on pages II-3 to II-33, which comprises the consolidated and company statements of financial position of the Target Company as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the period from 19 July 2021 (date of incorporation) to 31 December 2021 (the "**Relevant Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the investment circular of the Company dated 30 June 2022 in connection with the proposed acquisition of the entire equity interest in the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's and Target Group's financial position as at 31 December 2021 and of the Target Group's financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-3 have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Audit Engagement Director
Practising Certificate Number P07374
Hong Kong, 30 June 2022

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

Energy Solution Global Limited (the "**Target Company**") was incorporated on 19 July 2021 in the British Virgin Islands (the "**BVI**") with limited liability and acts as an investment holding company. The Target Company and its subsidiaries are hereinafter collectively referred to as the "**Target Group**". As at the date of this report, The Target Company has the following subsidiaries:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Attributable equity interest of the Target Group	Principal activities
Measurement & Verification Pte. Ltd. ("**M&V SG**")	Singapore 7 September 2009	S$2,300,000	100%	Engaged as consultants and suppliers of energy conservation systems in buildings
Measurement & Verification Sdn. Bhd. ("**M&V MY**")	Malaysia 8 March 2010	RM250,000	100%	Mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system

The statutory financial statements of the M&V SG for each of the two years ended 31 July 2020 have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore and were audited by Kit Yee & Co. Public Accountants and Chartered Accountants Singapore registered in Singapore in accordance with Singapore Standards on Auditing.

The statutory financial statements of the M&V MY for each of the three years ended 31 May 2021 have been prepared in accordance with Malaysia Private Entities Reporting Standards and the requirements of the Companies Act 2016 in Malaysia and were audited by Roger Yue, Tan & Associates, Chartered Accountants registered in Malaysia in accordance with Approved Standards on Auditing in Malaysia and International Standards on Auditing.

The directors of the Target Company have prepared the consolidated financial statements of the Target Group for the Relevant Period in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**Underlying Financial Statements**"). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Malaysian Ringgit ("**RM**") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**For the period from 19 July 2021 (date of incorporation) to 31 December 2021** *RM'000*
Revenue	*7*	17,049
Cost of sales		(11,475)
Gross profit		5,574
Other income, net	*8*	14,612
Administrative expenses		(2,443)
Profit from operations		17,743
Interest income		82
Finance costs	*9*	(89)
Profit before tax		17,736
Income tax expenses	*10*	(597)
Profit for the period	*11*	17,139
Other comprehensive expense, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		(13)
Total comprehensive income for the period		17,126

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2021 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	15	265
Right-of-use assets	16	1,906
Intangible assets — Customer relationship		38
		2,209
CURRENT ASSETS		
Inventories	18	654
Trade and other receivables	19	15,975
Contract cost	22	3,486
Time deposit maturing over three months	20	532
Cash and bank balances		17,341
		37,988
CURRENT LIABILITIES		
Trade and other payables	21	9,287
Contract liabilities	22	2,308
Current tax liabilities		1,098
Lease liabilities	23	605
Bank borrowings	24	3,775
		17,073
NET CURRENT ASSETS		20,915
TOTAL ASSETS LESS CURRENT LIABILITIES		23,124
NON-CURRENT LIABILITY		
Lease liabilities	23	593
Bank borrowings	24	5,357
Deferred tax liabilities — Customer relationship		6
		5,956
NET ASSETS		17,168
CAPITAL AND RESERVE		
Share capital	25	42
Reserves		17,126
TOTAL EQUITY		17,168

STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2021 RM'000
NON-CURRENT ASSETS		
Investments in subsidiaries	17	—
CURRENT ASSETS		
Cash on hand		42
NET ASSETS		42
CAPITAL AND RESERVE		
Share capital		42
Reserves		—
TOTAL EQUITY		42

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Translation reserves	Retained earnings	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*
Issue of share capital	42	—	—	42
Profit and total comprehensive income for the period	—	(13)	17,139	17,126
At 31 December 2021	42	(13)	17,139	17,168

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021 *RM'000*
Cash flows from operating activities	
Profit for the period	17,736
Adjustments for:	
Interest income	(82)
Depreciation for property, plant and equipment	75
Depreciation for right-of-use assets	214
Gain on bargain purchases	(14,228)
Finance costs	89
Operating loss before working capital changes	3,804
Change in trade and other receivables	(8,794)
Change in inventories	(120)
Change in contract cost	(2,169)
Change in trade and other payables	7,177
Change in contract liabilities	2,308
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,206
Cash flows from investing activities	
Interest received	82
Repayments by loans to a director	8,043
Net cash inflow arising on acquisition of subsidiaries	7,892
Purchases of property, plant and equipment	(17)
NET CASH GENERATED FROM INVESTING ACTIVITIES	16,000
Cash flows from financing activities	
Repayments of lease liabilities and interests	(362)
Repayments of term loans and interests	(533)
Issue of shares	42
NET CASH GENERATED FROM FINANCING ACTIVITIES	(853)
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,353
Effect of foreign exchange rate changes	(12)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	—
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17,341
ANALYSIS OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	17,341

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company was incorporated in the BVI with limited liability on 19 July 2021. The address of its registered office is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands and the principal place of business is 8 Boon Lay Way #09–02, 8@Tradehub 21, Singapore.

The Target Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 17.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below which conform with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Target Group had adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting period beginning on 19 July 2021. IFRSs comprise International Financial Reporting Standards; International Accounting Standards and Interpretations.

The Target Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Target Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on the results of operations and financial position of the Target Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared under the historical cost convention.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these Historical Financial Information, are disclosed in Note 5.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

Consolidation

The Historical Financial Information include the financial statements of the Target Company and its subsidiaries made up to the Relevant Period. Subsidiaries are an entities over which the Target Group has control. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group has power over an entity when the Target Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Target Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Target Group. It is de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Target Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Target Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Target Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, investment at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Historical Financial Information is presented in Malaysian Ringgit ("**RM**"), which is the Target Company's functional and presentation currency.

Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Translation on consolidation

The results and financial position of all the Target Group entities that have a functional currency different from the Target Company's presentation currency are translated into the Target Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computers	33.33%
Furniture, fittings and office equipment	20.00%–33.33%
Motor vehicles	20.00%
Renovation	20.00%–33.33%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Target Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease terms of right-of-use assets are as follows:

Land and buildings	2 to 3 years
Motor vehicles	5 to 7 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Target Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Customer relationship

Customer relationship is stated at cost (fair value at date of acquisition) less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over its estimated useful life of 3 years. Impairment is reviewed when there is any indication that customer relationship has suffered an impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. 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.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group transfers substantially all the risks and rewards of ownership of the assets; or the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Target Group are classified as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Target Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Target Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Target Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Target Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Target Group's performance;

— the Target Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(i) 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 Target 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 Target 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.

(ii) Defined contribution plans

The Target Group make contributions to Singapore' and Malaysia' statutory pension schemes which are defined contribution plans at statutory fixed rates gazetted by Singapore and Malaysia from time to time. 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.

Borrowing costs

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

Government grants

A government grant is recognised when there is reasonable assurance that the Target Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in a subsidiary, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Target Group.

(A) A person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

(B) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to a parent of the Target Company.

Impairment of assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows 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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of financial assets

Management estimates the amount of loss allowance for expected credit losses ("**ECLs**") on financial assets that are measured at amortised cost based on the credit risk of the respective financial asset. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows after taking into consideration of expected future credit loss of the respective financial asset. The assessment of the credit risk of the respective financial asset involves high degree of estimation and uncertainty. When the actual future cash flows are different from expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

6. FINANCIAL RISK MANAGEMENT

The Target Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(a) Foreign currency risk

The Target Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Target Group entities. The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Target Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amounts of the trade and other receivables, time deposit and cash and cash equivalents included in the consolidated statements of financial position represent the Target Group's maximum exposure to credit risk in relation to the Target Group's financial assets.

The Target Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Target Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

— internal credit rating;

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

— actual or expected significant changes in the operating results of the borrower; and

— significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Target Group. The Target Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Target Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Target Group uses two categories for non-trade loan receivables which reflect their risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Target Group considers historical loss rates for each category and adjusts for forward looking data.

Category	**Definition**	**Loss provision**
Performing	Low risk of default and strong capacity to pay	12-month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

(c) Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Target Group's financial liabilities is as follows:

	Less than 1 year *RM'000*	**Between 1 and 2 years** *RM'000*	**Between 2 and 5 years** *RM'000*	**Over 5 years** *RM'000*	**Total** *RM'000*
At 31 December 2021					
Trade and other payables	9,287	—	—	—	9,287
Lease liabilities	658	222	380	65	1,325
Bank borrowings	3,958	2,218	3,327	—	9,503
	13,903	2,440	3,707	65	20,115

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Target Group will fluctuate because of changes in market interest rates. The exposure to market risk of the Target Group for changes in interest rates relates primarily to the bank borrowings of the Target Group. There is no formal hedging policy with respect to interest rate exposure.

(e) Categories of financial instruments

	31 December 2021 *RM'000*
Financial assets:	
Financial assets at amortised cost	33,848
Financial liabilities:	
Financial liabilities at amortised cost	19,617

(f) Fair values

The carrying amounts of the Target Group's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

7. REVENUE AND OPERATING SEGMENTS

The Target Group's operating segment is as consultants and suppliers of energy conservation systems in buildings in Singapore and as mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system in Malaysia and Singapore.

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021 *RM'000*
Consultants and suppliers of energy conservation systems in buildings	
Consultancy, maintenance and other service fees	16,945
Mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system	
Consultancy, maintenance and other service fees	104
Revenue from contracts with customers	17,049
Disaggregation of revenue from contracts with customers:	
Timing of revenue recognition	
Over time — consultancy, maintenance and other service fees	17,049

Geographical information

Non-current assets

	31 December 2021 *RM'000*
Malaysia	138
Singapore	2,033
Total	2,171

Revenue

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021 *RM'000*
Malaysia	104
Singapore	16,945
Total	17,049

Revenue from major customers:

Revenue from customers individually contributing over 10% of the total revenue of the Target Group for the Relevant Period was as follows:

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021
	RM'000
Customer a	3,835
Customer b	2,439
Customer c	3,638

Consultancy, maintenance and other service fees

The Target Group provides consultancy, maintenance and other services to the customers. Consultancy, maintenance and other services income is recognised when the consultancy, maintenance and other services are rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

8. OTHER INCOME, NET

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021
	RM'000
Loss on foreign exchange	(12)
Job support scheme rebate	283
Gain on bargain purchases	14,228
Others	113
	14,612

9. FINANCE COSTS

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021
	RM'000
Interest on lease liabilities	19
Interest on bank borrowings	70
	89

10. INCOME TAX EXPENSES

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021
	RM'000
Income tax	597

The Singapore income tax is calculated at the statutory tax rate of 17% of the estimated taxable profit for the period ended 31 December 2021.

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the period ended 31 December 2021.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the weighted average tax rate of the consolidated companies is as follows:

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021
	RM'000
Profit before tax	17,736
Tax at the weighted average tax rate	4,002
Tax effect of revenue not taxable	(3,428)
Tax effect of expenses not deductible for tax purposes	6
Deferred tax assets not recognised	17
Income tax expense	597

The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	As at 31 December 2021
	RM'000
Unabsorbed capital allowances	175
Unutilised business losses	1,222
	1,397

The Target Group has not recognised deferred tax assets as it is not probable that future taxable profits against which the losses and temporary differences can be utilised will be available in the relevant tax jurisdictions and entities.

11. PROFIT FOR THE PERIOD

The Target Group's profit for the Relevant Period is stated after charging the following:

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021
	RM'000
Auditor's remuneration	11
Depreciation of property, plant and equipment	75
Depreciation of right-of-use assets	214
Loss on foreign exchange translation	12

12. EMPLOYEE COSTS

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021
	RM'000
Employee costs (including directors) comprise:	
Salaries and bonuses	2,934
Central Provident Fund contribution	148
Other employee costs	18
	3,100
Staff costs are included in:	
— cost of sales	1,149
— administrative expenses	1,952
	3,101

Included in staff costs of the Target Group are Directors' remuneration amounting to RM422,000 for the period ended 31 December 2021.

13. DIVIDENDS

The directors of the Target Group do not recommend the payment of any dividend in respect of the Relevant Period.

14. EARNING PER SHARE

Earning per share has not been presented as its inclusion is not considered meaningful for the purpose of the Historical Financial Information.

15. PROPERTY, PLANT AND EQUIPMENT

	Computers	**Furniture, fittings and office equipment**	**Motor vehicles**	**Renovation**	**Total**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Cost					
At 19 July 2021 (date of incorporation)	—	—	—	—	—
Acquisition of subsidiaries	64	191	44	24	323
Additions	17	—	—	—	17
At 31 December 2021	81	191	44	24	340
Accumulated depreciation					
At 19 July 2021 (date of incorporation)	—	—	—	—	—
Provided for the period	14	44	7	10	75
At 31 December 2021	14	44	7	10	75
Carrying amount					
At 31 December 2021	67	147	37	14	265

16. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2021
	RM'000
At 31 December:	
Right-of-use assets	
Land and buildings	350
Motor vehicles	1,556
	1,906
The maturity analysis, based on undiscounted cash flows, of the Target Group's lease liabilities is as follows:	
— Less than 1 year	658
— Between 1 and 2 years	222
— Between 2 and 5 years	380
— Over 5 years	65
	1,325

	2021
Period ended 31 December:	
Depreciation charge of right-of-use assets	
— Land and buildings	33
— Motor vehicles	181
	214
Lease interests	19
Expenses related to short-term leases	164
Total cash outflow for leases	526
Additions to right-of-use assets	141

17. SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Attributable equity interest of the Target Group	Principal activities
Measurement & Verification Pte. Ltd. ("**M&V SG**")	Singapore 7 September 2009	S$2,300,000	100%	Engaged as consultants and suppliers of energy conservation systems in buildings
Measurement & Verification Sdn. Bhd. ("**M&V MY**")	Malaysia 8 March 2010	RM 250,000	100%	Mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system

18. INVENTORIES

	At 31 December 2021 *RM'000*
Consumables	654

19. TRADE AND OTHER RECEIVABLES

The Target Group's trading terms with customers are mainly on credit. The Target Group generally allows an average credit period ranging from 30 to 60 days to its trade customers.

	At 31 December 2021 *RM'000*
Trade receivables — third parties	13,482
Retention sum	2,263
Deposits, prepayments and other receivables	230
	15,975

The ageing analysis of trade receivables, net of allowances presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition dates is as follows:

	At 31 December 2021 *RM'000*
Within 30 days	10,592
31–60 days	2,564
61–90 days	59
91–180 days	176
Over 180 days	91
	13,482

The Target Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	1–30 days past due	31–60 days past due	61–90 days past due	> 90 days past due	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 31 December 2021						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount *(S$'000)*	10,516	2,669	114	40	143	13,482
Loss allowance *(S$'000)*	—	—	—	—	—	—

20. TIME DEPOSIT MATURING OVER THREE MONTHS

As at 31 December 2021, the time deposits maturing over three months of the Target Group with a total carrying amount of RM532,000 was pledged to a licensed bank as security for credit facilities granted to the Target Group as disclosed in Note 27. The pledged bank deposit was in RM and at fixed interest rate of 2.42% per annum.

The average maturity of deposit as at the end of the Relevant Period was 365 days.

21. TRADE AND OTHER PAYABLES

	At 31 December 2021
	RM'000
Trade payables	
— third parties	7,152
— related parties	77
	7,229
Accruals and other payables	2,058
	9,287

The amounts due to related party and related company are unsecured, interest free and repayable on demand.

The ageing analysis of trade payables, based on invoice dates, are as follows:

	At 31 December 2021
	RM'000
Within 30 days	5,836
31–60 days	1,264
61–90 days	34
Over 90 days	95
	7,229

22. CONTRACT COSTS AND CONTRACT LIABILITIES

Capitalised contract costs are amortised to consolidated profit or loss when the related revenue is recognised.

	At 31 December 2021 *RM'000*
Contract costs — pre-contract costs	3,486
Total contract costs	3,486

The Target Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2021 and will be expected to be recognised within one year:

	At 31 December 2021 *RM'000*
Sale of goods	2,308

It represented amounts received from customers in advance in relation to the consultancy, maintenance and other services provided to customers. The amounts are recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location.

	At 31 December 2021 *RM'000*
Contract receivables (included in trade receivables)	13,482

Transaction prices allocated to performance obligations unsatisfied at the end of the year and expected to be recognised as revenue in the year ended 31 December:

	At 31 December 2021 *RM'000*
2022	2,308

Set out below is the amount of carried-forward contract liabilities recognised as revenue in the current reporting period:

	At 31 December 2021 *RM'000*
Revenue recognised in the period that was included in contract liabilities at the beginning of the period	—

Significant changes in contract liabilities during the period ended 31 December:

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021 *RM'000*
Increase due to operations in the year	2,308

A contract liability represents the Target Group's obligation to transfer products or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

23. LEASES LIABILITIES

	Lease payments At 31 December 2021 *RM'000*
Within one year	658
In the second to fifth years, inclusive	602
After five years	65
	1,325
Less: Future finance charges	(127)
	1,198

	Present value of lease payments *RM'000*
Within one year	605
In the second to fifth years, inclusive	531
After five years	62
	1,198
Less: Amount due for settlement within 12 months (shown under current liabilities)	(605)
Amount due for settlement after 12 months	593

At 31 December 2021, the average effective borrowing rate was ranged from 1.88% to 5.28% per annum. Interest rates are fixed at the contract dates and thus expose the Target Group to fair value interest rate risk.

24. BANK BORROWINGS

	At 31 December 2021 *RM'000*
Term loans	7,406
Trust receipts	1,726
	9,132

The bank borrowings are repayable as follows:

	At 31 December 2021 *RM'000*
On demand or within one year	3,775
In the second year	2,097
In the third to fifth years, inclusive	3,260
	9,132
Less: Amount due for settlement within 12 months (shown under current liabilities)	(3,775)
Amount due for settlement after 12 months	5,357

Term loans of the Target Group are secured by way of:

(i) existing continuing joint and several personal guarantee for all monies by directors; and

(ii) first legal mortgages over the director's properties.

As at 31 December 2021, the average interest rates of term loans are 2.75% to 3.00%. Interest rates are fixed at the contract dates and thus expose the Target Group to fair value interest rate risk.

25. SHARE CAPITAL

	RM'000
At 19 July 2021 and 31 December 2021	42

On incorporation date, 10,000 ordinary shares were issued a United States dollars 1 per share for cash to the shareholders for raising initial working capital.

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

26. RESERVES

The Target Group

The amounts of the Target Group's reserves and the movements therein for the Relevant Period are presented in the consolidated statements of changes in equity of the Historical Financial Information.

Nature and purpose of reserves

Translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 4.

The Target Company

The Target Company does not have any profit or loss or movements in reserves since its incorporation and up to 31 December 2021.

27. ACQUISITION OF A SUBSIDIARY

At 15 September 2021, the Target Company acquired 100% equity interest in M&V SG at a cash consideration of approximately S$3.

	RM'000
Assets and liabilities recognised at the respective dates of acquisition:	
Property, plant and equipment	150
Right-of-use assets	1,871
Intangible assets	38
Loan to a Director	8,043
Inventories	515
Contract cost	1,317
Trade and other receivables	7,763
Cash and bank balances	7,822
Trade and other payables	(3,759)
Current tax liabilities	(705)
Deferred tax liabilities	(6)
Lease liabilities	(1,300)
Term loans	(7,869)
Gain on bargain purchase	13,880
Satisfied by:	
Cash on hand	—
Net cash inflow arising on acquisition:	
Cash consideration paid	—
Cash and cash equivalents acquired	7,822
	7,822

At 15 October 2021, the Target Company acquired 100% equity interest in M&V MY at a cash consideration of approximately RM2.

	RM'000
Assets and liabilities recognised at the respective dates of acquisition:	
Property, plant and equipment	173
Right-of-use assets	109
Inventories	19
Trade and other receivables	92
Current tax recoverable	204
Time deposit maturing over three months	532
Cash and bank balances	70
Trade and other payables	(77)
Amount due to a related company	(674)
Lease liabilities	(100)
Gain on bargain purchase	348
Satisfied by:	
Cash on hand	—
Net cash inflow arising on acquisition:	
Cash consideration paid	—
Cash and cash equivalents acquired	70
	70

28. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the Target Group's changes in liabilities arising from financing activities during the Relevant Periods.

	Bank borrowings	**Lease liabilities**	**Total**
	RM'000	*RM'000*	*RM'000*
At 19 July 2021 (Date of incorporation)	—	—	—
Changes for cash flows	(533)	(362)	(895)
Non-cash changes			
— acquisition of subsidiaries	7,869	1,400	9,269
— new leases	—	141	141
— drawdown	1,726	—	—
— interest charged	70	19	89
At 31 December 2021	9,132	1,198	8,604

29. CONTINGENT LIABILITIES

	At 31 December 2021
	RM'000
Unsecured:	
Guarantees given to third parties in respect of trade and contract	9,648

At the end of the Relevant Period, the directors did not consider it probable that a claim would be made against the Target Group under the above guarantee.

The fair value of the cross guarantee at date of inception is not material and is not recognised in the Historical Financial Information.

30. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Historical Financial Information, the Target Group had the following transactions with its related parties during the Relevant Periods.

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021
	RM'000
Expense related to lease of low-value assets	147

The directors of the Target Group are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Key management personnel compensation

The key management personnel compensation during the Relevant Periods is as follows:

	For the period from 19 July 2021 (date of incorporation) to 31 December 2021
	RM'000
Directors' remuneration	422
Retirement benefits scheme contributions	24
Benefit-in-kind	7
	453

31. LOANS TO A DIRECTOR

Amount due from a director disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance are as follows:

Name	At 31 December 2021
	RM'000
Ng Yan Cheng	—

Maximum outstanding amount due from a director disclosed are as follows:

Name	For the period from 19 July 2021 (date of incorporation) to 31 December 2021
	RM'000
Ng Yan Cheng	8,043

32. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 31 December 2021.

The following is the text of a report received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this investment circular.

中汇 ZHONGHUI

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FURNIWEB HOLDINGS LIMITED

Introduction

We report on the historical financial information of Measurement & Verification Pte. Ltd. (the "**M&V SG**") set out on pages III-3 to III-31, which comprises the statements of financial position of the M&V SG as at 31 December 2019, 2020 and 2021, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2021 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the investment circular of the Company dated 30 June 2022 in connection with the proposed acquisition of the equity interest in the M&V SG.

Directors' responsibility for the Historical Financial Information

The directors of the M&V SG are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the M&V SG's financial position as at 31 December 2019, 2020 and 2021 and of the M&V SG's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page III-3 have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Audit Engagement Director
Practising Certificate Number P07374
Hong Kong, 30 June 2022

HISTORICAL FINANCIAL INFORMATION OF THE M&V SG

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

Measurement & Verification Pte. Ltd. (the "**M&V SG**") was incorporated on 7 September 2009 in Singapore with limited liability and engaged as consultants and suppliers of energy conservation systems in buildings.

The statutory financial statements of the M&V SG for each of the two years ended 31 July 2020 have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore and were audited by Kit Yee & Co. Public Accountants and Chartered Accountants Singapore registered in Singapore in accordance with Singapore Standards on Auditing.

The directors of the M&V SG have prepared the financial statements of the M&V SG for the Relevant Periods in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**Underlying Financial Statements**"). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in the Singapore dollar ("**S$**") and all values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2019	**2020**	**2021**
	Notes	*S$'000*	*S$'000*	*S$'000*
Revenue	*7*	8,886	16,922	12,488
Cost of sales		(5,598)	(13,873)	(8,252)
Gross profit		3,288	3,049	4,236
Other income, net	*8*	54	547	208
Administrative expenses		(2,781)	(2,525)	(3,079)
Profit from operations		561	1,071	1,365
Interest income		—	1	127
Finance costs	*9*	(25)	(66)	(104)
Profit before tax		536	1,006	1,388
Income tax expenses	*10*	(91)	(171)	(236)
Profit and total comprehensive income for the years	*11*	445	835	1,152

STATEMENTS OF FINANCIAL POSITION

		At 31 December		
		2019	2020	2021
	Notes	*S$'000*	*S$'000*	*S$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	131	79	41
Right-of-use assets	*16*	386	526	585
Loans to a director	*19*	—	2,000	—
		517	2,605	626
CURRENT ASSETS				
Inventories	*17*	107	148	206
Trade and other receivables	*18*	3,332	4,318	5,385
Contract cost	*21*	4,566	929	1,128
Cash and bank balances		1,204	2,781	5,583
		9,209	8,176	12,302
CURRENT LIABILITIES				
Trade and other payables	*20*	2,325	2,345	2,993
Contract liabilities	*21*	27	—	747
Current tax liabilities		194	269	421
Lease liabilities	*22*	120	157	186
Bank borrowings	*23*	3,340	1,078	1,222
		6,006	3,849	5,569
NET CURRENT ASSETS		3,203	4,327	6,733
TOTAL ASSETS LESS CURRENT LIABILITIES		3,720	6,932	7,359
NON-CURRENT LIABILITIES				
Lease liabilities	*22*	261	241	179
Bank borrowings	*23*	—	2,397	1,734
		261	2,638	1,913
NET ASSETS		3,459	4,294	5,446
CAPITAL AND RESERVE				
Share capital	*24*	2,300	2,300	2,300
Reserves		1,159	1,994	3,146
TOTAL EQUITY		3,459	4,294	5,446

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Retained profits	Total
	S$'000	*S$'000*	*S$'000*
At 1 January 2019	2,300	714	3,014
Profit and total comprehensive income for the year	—	445	445
At 31 December 2019 and 1 January 2020	2,300	1,159	3,459
Profit and total comprehensive income for the year	—	835	835
At 31 December 2020 and 1 January 2021	2,300	1,994	4,294
Profit and total comprehensive income for the year	—	1,152	1,152
At 31 December 2021	2,300	3,146	5,446

STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Cash flows from operating activities			
Profit before tax	536	1,006	1,388
Adjustments for:			
Depreciation of property, plant and equipment	88	49	44
Depreciation of right-of-use assets	128	177	213
Interest income	—	(1)	(127)
Finance costs	25	66	104
Unrealised loss/(gain) on foreign exchange	55	(50)	6
Gain on disposal of property, plant and equipment	—	(4)	—
Written off of other receivables	—	70	141
Operating profit before working capital changes	832	1,313	1,769
Change in inventories	—	(41)	(58)
Change in trade and other receivables	(630)	(1,056)	(1,208)
Change in contract cost	(4,417)	3,637	(199)
Change in trade and other payables	4,786	888	1,419
Change in contract liabilities	27	(27)	747
Cash generated from operations	598	2,714	4,470
Income tax paid	(218)	(96)	(84)
NET CASH GENERATED FROM OPERATING ACTIVITIES	380	4,618	2,386
Cash flows from investing activities			
Interest received	—	1	127
(Loans to)/repayment from a director	—	(2,000)	2,000
Purchase of property, plant and equipment	(94)	(8)	(16)
Purchase of right-of-use assets	—	(157)	(89)
Proceeds from disposal of property, plant and equipment	—	15	10
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(94)	(2,149)	2,032

	Year ended 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Cash flows from financing activities			
Repayment of lease liabilities	(115)	(143)	(177)
Drawdown of bank borrowings	—	2,880	—
Repayment of bank borrowings	—	(3,563)	(1,335)
Interest paid	(25)	(66)	(104)
NET CASH USED IN FINANCING ACTIVITIES	(140)	(892)	(1,616)
NET INCREASE IN CASH AND CASH EQUIVALENTS	146	1,577	2,802
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,058	1,204	2,781
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,204	2,781	5,583
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	1,204	2,781	5,583

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The M&V SG was incorporated in Singapore with limited liability on 7 September 2009. The address of its registered office and principal place of business is 8 Boon Lay Way #09–02, 8@Tradehub 21, Singapore.

The M&V SG is principally engaged as consultants and suppliers of energy conservation systems in buildings.

In the opinion of the Directors, as at 31 December 2021, Energy Solution Global Limited, a company incorporated in the British Virgin Islands, is the immediate holding company of the M&V SG.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below which conform with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The M&V SG had adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. IFRSs comprise International Financial Reporting Standards; International Accounting Standards and Interpretations.

The M&V SG has not applied the new and revised IFRSs that have been issued but are not yet effective. The M&V SG has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on the results of operations and financial position of the M&V SG.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared under the historical cost convention.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these Historical Financial Information, are disclosed in Note 5.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

Foreign currency translation

Functional and presentation currency

Items included in the Historical Financial Information of the M&V SG are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Historical Financial Information is presented in Singapore dollar ("**S$**") recorded to the nearest thousand, which is the M&V SG's presentation currency and the functional currency.

Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the M&V SG and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computers	33.33%
Furniture, fittings and office equipment	33.33%
Motor vehicles	20.00%
Renovation	33.33%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the M&V SG. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease terms of right-of-use assets are as follows:

Land and buildings	2 to 3 years
Motor vehicles	5 to 7 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the M&V SG's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. 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.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the M&V SG becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the M&V SG transfers substantially all the risks and rewards of ownership of the assets; or the M&V SG neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the M&V SG are classified as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The M&V SG recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the M&V SG measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the M&V SG measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the M&V SG's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the M&V SG after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the M&V SG has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the M&V SG are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The M&V SG recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the M&V SG's performance;

— The M&V SG's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— The M&V SG's performance does not create an asset with an alternative use to the M&V SG and the M&V SG has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(i) 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 M&V SG.

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 M&V SG.

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.

(ii) Defined contribution plans

The M&V SG make contributions to Singapore' statutory pension schemes which are defined contribution plans at statutory fixed rates gazetted by Singapore from time to time. 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.

Borrowing costs

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

Government grants

A government grant is recognised when there is reasonable assurance that the M&V SG will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The M&V SG's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the M&V SG expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 they relate to income taxes levied by the same taxation authority and the M&V SG intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the M&V SG.

(A) A person or a close member of that person's family is related to the M&V SG if that person:

- (i) has control or joint control over the M&V SG;
- (ii) has significant influence over the M&V SG; or
- (iii) is a member of the key management personnel of the M&V SG or of a parent of the M&V SG.

(B) An entity is related to the M&V SG if any of the following conditions applies:

- (i) The entity and the M&V SG are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the M&V SG or an entity related to the M&V SG. If the M&V SG is itself such a plan, the sponsoring employers are also related to the M&V SG.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the M&V SG or to a parent of the M&V SG.

Impairment of assets

At the end of each reporting period, the M&V SG reviews the carrying amounts of its tangible assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the M&V SG estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows 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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the M&V SG has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the M&V SG's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of financial assets

Management estimates the amount of loss allowance for expected credit losses ("**ECLs**") on financial assets that are measured at amortised cost based on the credit risk of the respective financial asset. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows after taking into consideration of expected future credit loss of the respective financial asset. The assessment of the credit risk of the respective financial asset involves high degree of estimation and uncertainty. When the actual future cash flows are different from expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

6. FINANCIAL RISK MANAGEMENT

The M&V SG's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The M&V SG's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the M&V SG's financial performance.

(a) Foreign currency risk

The M&V SG has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the M&V SG. The M&V SG is exposed to foreign exchange rate risk on sales and purchases that are denominated in a currency other than the functional currency of the M&V SG. The currency giving rise to this risk are primarily United States Dollar ("**USD**"). The M&V SG currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The M&V SG will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the foreign currency denominated monetary assets and liabilities in net position as at 31 December 2019, 2020 and 2021 are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
USD			
Trade and other receivables	2	—	—
Trade and other payables	(206)	(25)	(187)
	(204)	(25)	(187)

The following table illustrates the approximate change in the M&V SG's profit for the year and retained profits in response to reasonably possible changes in the foreign exchange rates to which the M&V SG has significant exposure at the end of each of the following years:

	As at 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
USD appreciated by 10%	(20)	(3)	(19)

The change in exchange rates do not affect the M&V SG's other component of equity. The same percentage depreciation in the foreign currencies against the functional currency of the M&V SG would have the same magnitude on profit and retained profits but of opposite effect.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of each of the reporting period; exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date.

(b) Credit risk

The carrying amounts of the trade and other receivables, loans to a director and cash and cash equivalents included in the statements of financial position represent the M&V SG's maximum exposure to credit risk in relation to the M&V SG's financial assets.

The M&V SG has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The M&V SG considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

— internal credit rating;

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

— actual or expected significant changes in the operating results of the borrower; and

— significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the M&V SG. The M&V SG normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the M&V SG, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The M&V SG uses two categories for non-trade loan receivables which reflect their risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the M&V SG considers historical loss rates for each category and adjusts for forward looking data.

Category	**Definition**	**Loss provision**
Performing	Low risk of default and strong capacity to pay	12-month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

	Related companies	**A fellow subsidiary**	**Director**	**Total**
	S$'000	*S$'000*	*S$'000*	*S$'000*
At 31 December 2019				
Amount due from	261	—	—	261
Provision for loss allowance	—	—	—	—
Carrying amounts	261	—	—	261
At 31 December 2020				
Loans to	—	—	2,000	2,000
Amount due from	216	—	—	216
Provision for loss allowance	—	—	—	—
Carrying amounts	216	—	2,000	2,216
At 31 December 2021				
Amount due from	—	236	—	236
Provision for loss allowance	—	—	—	—
Carrying amounts	—	236	—	236

(c) Liquidity risk

The M&V SG's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the M&V SG's financial liabilities is as follows:

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
At 31 December 2019					
Trade and other payables	2,325	—	—	—	2,325
Lease liabilities	140	140	143	—	423
Bank borrowings	3,340	—	—	—	3,340
	5,805	140	143	—	6,088

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000	Total S$'000
At 31 December 2020					
Trade and other payables	2,345	—	—	—	2,345
Lease liabilities	176	176	83	—	435
Bank borrowings	1,154	722	1,795	—	3,671
	3,675	898	1,878	—	6,451
At 31 December 2021					
Trade and other payables	2,993	—	—	—	2,993
Lease liabilities	202	64	117	21	404
Bank borrowings	1,281	718	1,077	—	3,076
	4,476	782	1,194	21	6,473

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the M&V SG will fluctuate because of changes in market interest rates. The exposure to market risk of the M&V SG for changes in interest rates relates primarily to the bank borrowings of the M&V SG. There is no formal hedging policy with respect to interest rate exposure.

(e) Categories of financial instruments

	At 31 December 2019 S$'000	2020 S$'000	2021 S$'000
Financial assets:			
Financial assets at amortised cost	4,536	9,099	10,968
Financial liabilities:			
Financial liabilities at amortised cost	6,046	6,218	6,314

(f) Fair values

The carrying amounts of the M&V SG's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

7. REVENUE AND OPERATING SEGMENTS

The M&V SG's operating segment is as consultants and suppliers of energy conservation systems in buildings in Singapore. Since this is the only operating segment of the M&V SG, no further analysis thereof is presented.

	Year ended 31 December 2019 S$'000	2020 S$'000	2021 S$'000
Consultancy, maintenance and other service fees	8,629	16,830	12,488
Sales of products	257	92	—
Revenue from contracts with customers	8,886	16,922	12,488

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	Year ended 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
At a point in time — sales of products	257	92	—
Over time — consultancy, maintenance and other service fees	8,629	16,830	12,488
Total	8,886	16,922	12,488

Geographical information

All revenue was derived from Singapore.

The M&V SG's operation and operating assets are substantially located in Singapore. Accordingly, no geographical segment information is presented.

Revenue from major customers:

Revenue from customers individually contributing over 10% of the total revenue of the M&V SG for the Relevant Periods was as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
Customer a	*	6,835	*
Customer b	1,015	*	*
Customer c	1,344	2,366	*
Customer d	1,310	*	*
Customer e	*	*	2,808
Customer f	—	*	1,786
Customer g	—	—	2,664

* Revenue from these customers did not exceed 10% of total revenue in the respective Relevant Periods.

Consultancy, maintenance and other service fees

The M&V SG provides consultancy, maintenance and other services to the customers. Consultancy, maintenance and other services income is recognised when the consultancy, maintenance and other services are rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

Sales of products

Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 60 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

8. OTHER INCOME, NET

	Year ended 31 December 2019 S$'000	2020 S$'000	2021 S$'000
Gain on disposal of property, plant and equipment	—	4	—
Grant	—	22	13
(Loss)/Gain on foreign exchange	(1)	6	(13)
Written off of other receivables	—	(70)	(141)
Job support scheme rebate	—	515	295
Others	55	70	54
	54	547	208

9. FINANCE COSTS

	Year ended 31 December 2019 S$'000	2020 S$'000	2021 S$'000
Interest on lease liabilities	25	21	20
Interest on bank borrowings	—	45	84
	25	66	104

10. INCOME TAX EXPENSES

	Year ended 31 December 2019 S$'000	2020 S$'000	2021 S$'000
Singapore income tax			
— current year	91	171	236

The Singapore income tax is calculated at the statutory tax rate of 17% of the estimated taxable profit for the years ended 31 December 2019, 2020 and 2021.

The income tax expense for the years can be reconciled to the profit before income tax expense in the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2019 S$'000	2020 S$'000	2021 S$'000
Profit before tax	536	1,006	1,388
Tax calculated at Singapore statutory tax rate of 17%	91	171	236
Tax effect of revenue not taxable	(9)	(51)	(62)
Tax effect of expenses not deductible for tax purposes	37	51	67
Utilisation of capital allowances	(11)	—	(5)
Tax exemption	(17)	—	—
Income tax expense	91	171	236

11. PROFIT FOR THE YEARS

The M&V SG's profit for the Relevant Periods is stated after charging/(crediting) the following:

	Year ended 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Auditor's remuneration	9	12	11
Depreciation of property, plant and equipment	88	49	44
Depreciation of right-of-use assets	128	177	213
Loss/(Gain) on foreign exchange	1	(6)	13
Gain on disposal of property, plant and equipment	—	(4)	—
Written off of other receivables	—	70	141

12. EMPLOYEE COSTS

	Year ended 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Employee costs (including directors) comprise:			
Salaries and bonuses	3,069	2,847	3,133
Central Provident Fund contribution	143	124	163
Other employee costs	5	6	6
	3,217	2,977	3,302
Staff costs are included in:			
— cost of sales	1,340	1,352	1,181
— administrative expenses	1,877	1,625	2,121
	3,217	2,977	3,302

Included in staff costs of the M&V SG are directors' remuneration amounting to S$786,000, S$541,000 and S$453,000 respectively for the years ended 31 December 2019, 2020 and 2021.

13. DIVIDENDS

The directors of the M&V SG do not recommend the payment of any dividend in respect of the Relevant Periods.

14. EARNINGS PER SHARE

Earning per share has not been presented as its inclusion is not considered meaningful for the purpose of the Historical Financial Information.

15. PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture, fittings and office equipment	Motor vehicles	Renovation	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Cost					
At 1 January 2019	125	551	53	239	968
Additions	20	24	20	30	94
At 31 December 2019 and 1 January 2020	145	575	73	269	1,062
Additions	5	3	—	—	8
Disposal	—	—	(16)	—	(16)
At 31 December 2020 and 1 January 2021	150	578	57	269	1,054
Additions	14	2	—	—	16
Disposal	—	—	(20)	—	(20)
At 31 December 2021	164	580	37	269	1,050
Accumulated depreciation					
At 1 January 2019	109	518	5	211	843
Charge for the year	15	27	12	34	88
At 31 December 2019 and 1 January 2020	124	545	17	245	931
Charge for the year	11	16	12	10	49
Disposal	—	—	(5)	—	(5)
At 31 December 2020 and 1 January 2021	135	561	24	255	975
Charge for the year	10	13	11	10	44
Disposal	—	—	(10)	—	(10)
At 31 December 2021	145	574	25	265	1,009
Carrying amount					
At 31 December 2019	21	30	56	24	131
At 31 December 2020	15	17	33	14	79
At 31 December 2021	19	6	12	4	41

16. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
At 31 December:			
Right-of-use assets			
Land and buildings	340	227	113
Motor vehicles	46	299	472
	386	526	585
The maturity analysis, based on undiscounted cash flows, of the M&V SG's lease liabilities is as follows:			
— Less than 1 year	140	176	202
— Between 1 and 2 years	140	176	64
— Between 2 and 5 years	143	83	117
— Over 5 years	—	—	21
	423	435	404

	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Year ended 31 December:			
Depreciation charge of right-of-use assets			
— Land and buildings	(113)	(113)	(113)
— Motor vehicles	(15)	(64)	(100)
	(128)	(177)	(213)
Lease interests	(25)	(21)	(20)
Expenses related to short-term leases	(9)	(23)	(62)
Total cash outflow for leases	(149)	(187)	(259)
Additions to right-of-use assets	—	317	272

17. INVENTORIES

	At 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Consumables	107	148	206

18. TRADE AND OTHER RECEIVABLES

The M&V SG's trading terms with customers are mainly on credit. The M&V SG generally allows an average credit period ranging from 30 to 60 days to its trade customers.

		At 31 December		
		2019	**2020**	**2021**
	Notes	*S$'000*	*S$'000*	*S$'000*
Trade receivables — third parties		2,489	2,225	4,345
Less: allowances for impairment loss		—	—	—
	(a)	2,489	2,225	4,345
Retention sum		206	1,575	732
Amount due from related companies	*(b)*	261	216	—
Amounts due from a fellow subsidiary		—	—	236
Deposits, prepayments and other receivables		376	302	72
		3,332	4,318	5,385

(a) The ageing analysis of trade receivables, net of allowances presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition dates is as follows:

	At 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
Within 30 days	2,275	1,424	3,425
31–60 days	90	697	826
61–90 days	63	22	19
91–180 days	43	49	57
Over 180 days	18	33	18
	2,489	2,225	4,345

The M&V SG applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	**1–30 days past due**	**31–60 days past due**	**61–90 days past due**	**> 90 days past due**	**Total**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
At 31 December 2019						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount *(S$'000)*	2,274	126	28	14	47	2,489
Loss allowance *(S$'000)*	—	—	—	—	—	—
At 31 December 2020						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount *(S$'000)*	1,426	695	22	26	56	2,225
Loss allowance *(S$'000)*	—	—	—	—	—	—

	Current	1–30 days past due	31–60 days past due	61–90 days past due	> 90 days past due	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
At 31 December 2021						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount *(S$'000)*	3,400	860	37	13	35	4,345
Loss allowance *(S$'000)*	—	—	—	—	—	—

(b) Amounts due from related companies disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance are as follows:

Name	Name of directors having beneficial interest	At 31 December 2019	2020	2021
		S$'000	*S$'000*	*S$'000*
Temp Cal Pte Ltd	Mr. Ng Yan Cheng and Ms. Pua Lay Cheng	69	—	—
Measurement & Verification Sdn. Bhd.	Ms. Pua Lay Cheng	192	216	—
		261	216	—

Maximum outstanding amounts due from related companies disclosed are as follows:

Name	For the year ended 31 December 2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Temp Cal Pte Ltd	69	70	—
Measurement & Verification Sdn. Bhd.	506	216	216

Amounts due from related companies are unsecured, interest free and repayable on demand.

19. LOANS TO A DIRECTOR

Amount due from a director disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance are as follows:

Name	At 31 December 2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Ng Yan Cheng	—	2,000	—

Loans to a director represent unsecured, interest bearing of 4% per annum and loan tenure of five years. The director has early settled the outstanding loans in year 2021.

Maximum outstanding amount due from a director disclosed are as follows:

Name	For the year ended 31 December 2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Ng Yan Cheng	—	2,000	—

20. TRADE AND OTHER PAYABLES

	At 31 December 2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Trade payables			
— third parties	2,010	1,195	2,315
— related company	—	—	18
	2,010	1,195	2,333
Retention sum	208	—	—
Accruals and other payables	107	1,150	660
	2,325	2,345	2,993

The ageing analysis of trade payables, based on invoice dates, are as follows:

	At 31 December 2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Within 30 days	767	622	1,889
31–60 days	786	557	409
61–90 days	360	1	11
Over 90 days	97	15	24
	2,010	1,195	2,333

21. CONTRACT COSTS AND CONTRACT LIABILITIES

Capitalised contract costs are amortised to profit or loss when the related revenue is recognised.

	At 31 December 2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Contract costs — pre-contract costs	4,566	929	1,128
Total contract costs	4,566	929	1,128

The M&V SG recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2019, 2020 and 2021 and will be expected to be recognised within one year:

	At 31 December 2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Sale of goods	27	—	747

It represented amounts received from customers in advance in relation to the consultancy, maintenance and other services provided to customers. The amounts are recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location.

	At 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
Contract receivables (included in trade receivables)	2,489	2,093	4,345

Transaction prices allocated to performance obligations unsatisfied at the end of the year and expected to be recognised as revenue in the year ended 31 December:

	At 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
2020	27	N/A	N/A
2021	—	—	N/A
2022	—	—	747

Set out below is the amount of carried-forward contract liabilities recognised as revenue in the current reporting period:

	Year ended 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	—	27	—

Significant changes in contract liabilities during the year ended 31 December:

	Year ended 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
Increase due to operations in the year	2,489	—	747
Transfer of contract liabilities to revenue	—	(27)	—

A contract liability represents the M&V SG's obligation to transfer products or services to a customer for which the M&V SG has received consideration (or an amount of consideration is due) from the customer.

22. LEASES LIABILITIES

	Lease payments At 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
Within one year	140	176	202
In the second to fifth years, inclusive	283	259	181
After five years	—	—	21
	423	435	404
Less: Future finance charges	(42)	(37)	(39)
	381	398	365

	Present value of lease payments		
	At 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Within one year	120	157	186
In the second to fifth years, inclusive	261	241	159
After five years	—	—	20
	381	398	365
Less: Amount due for settlement within 12 months (shown under current liabilities)	(120)	(157)	(186)
Amount due for settlement after 12 months	261	241	179

At 31 December 2019, 2020 and 2021, the average effective borrowing rate was ranged from 2.99% to 5.28%, 1.88% to 5.28% and 1.88% to 5.28% per annum respectively. Interest rates are fixed at the contract dates and thus expose the M&V SG to fair value interest rate risk.

23. BANK BORROWINGS

	At 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Term loans	—	2,804	2,397
Trust receipts	3,340	671	559
	3,340	3,475	2,956

The bank borrowings are repayable as follows:

	At 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
On demand or within one year	3,340	1,078	1,222
In the second year	—	664	679
In the third to fifth years, inclusive	—	1,733	1,055
	3,340	3,475	2,956
Less: Amount due for settlement within 12 months (shown under current liabilities)	(3,340)	(1,078)	(1,222)
Amount due for settlement after 12 months	—	2,397	1,734

Bank borrowings of the M&V SG are secured by way of:

(i) existing continuing joint and several personal guarantee for all monies by directors; and

(ii) first legal mortgages over the director's properties.

As at 31 December 2019, 2020 and 2021, the interest rates ranges of term loans are Nil, 2.75% to 3.00% and 2.75% to 3.00% respectively.

As at 31 December 2019, 2020 and 2021, the interest rates ranges of trust receipt are 2.75% to 4.71%, 2.75% to 3.35% and 2.75% to 3.40% respectively.

24. SHARE CAPITAL

Issued ordinary shares with no par value

	Number of shares
At 1 January 2019, 31 December 2019, 2020 and 2021	2,300,000

	S$'000
At 1 January 2019, 31 December 2019, 2020 and 2021	2,300

The holders of ordinary shares are entitled to receive dividends as and when declared by the M&V SG. All shares are vote per share without restriction, and they rank equally with regard to the M&V SG's residual assets.

The M&V SG's objectives when managing capital are to safeguard the M&V SG's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

25. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the M&V SG's changes in liabilities arising from financing activities during the Relevant Periods.

	Bank borrowings *S$'000*	**Lease liabilities** *S$'000*	**Total** *S$'000*
At 1 January 2019	—	496	496
Changes for cash flows	—	(140)	(140)
Non-cash changes			
— drawdown	3,340	—	3,340
— interest charged	—	25	25
At 31 December 2019 and 1 January 2020	3,340	381	3,721
Changes for cash flows	(728)	(164)	(892)
Non-cash changes			
— new leases	—	160	160
— drawdown	818	—	818
— interest charged	45	21	66
At 31 December 2020 and 1 January 2021	3,475	398	3,873
Changes for cash flows	(1,419)	(197)	(1,616)
Non-cash changes			
— new leases	—	144	144
— drawdown	816	—	816
— interest charged	84	20	104
At 31 December 2021	2,956	365	3,321

26. CONTINGENT LIABILITIES

	At 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Unsecured:			
Guarantees given to third parties in respect of trade and contract	2,599	2,122	3,205

At the end of the Relevant Periods, the directors did not consider it probable that a claim would be made against the M&V SG under the above guarantee.

The fair value of the cross guarantee at date of inception is not material and is not recognised in the Historical Financial Information.

27. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Historical Financial Information, the M&V SG had the following transactions with its related parties during the Relevant Periods.

	Year ended 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Accounting fees	—	(67)	(118)
Expenses related to leases of low value assets	(132)	(151)	(163)
Sales of goods	41	—	3
Purchases of goods	(13)	(4)	(28)

The directors of the M&V SG are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Key management personnel compensation

The key management personnel compensation during the Relevant Periods is as follows:

	Year ended 31 December		
	2019	2020	2021
	S$'000	*S$'000*	*S$'000*
Directors' remuneration	751	523	431
Central Provident Fund contribution	17	18	22
Benefit-in-kind	—	—	8
	768	541	461

28. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the M&V SG in respect of any period subsequent to 31 December 2021.

The following is the text of a report received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this investment circular.

中汇 ZHONGHUI

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FURNIWEB HOLDINGS LIMITED

Introduction

We report on the historical financial information of Measurement & Verification Sdn. Bhd. (the ''**M&V MY**'') set out on pages IV-3 to IV-29, which comprises the statements of financial position of the M&V MY as at 31 December 2019, 2020 and 2021, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2021 (the ''**Relevant Periods**'') and a summary of significant accounting policies and other explanatory information (together, the ''**Historical Financial Information**''). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the investment circular of the Company dated 30 June 2022 in connection with the proposed acquisition of the equity interest in the M&V MY.

Directors' responsibility for the Historical Financial Information

The directors of the M&V MY are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 ''Accountants' Reports on Historical Financial Information in Investment Circulars'' issued by the Hong Kong Institute of Certified Public Accountants (the ''**HKICPA**''). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the M&V MY's financial position as at 31 December 2019, 2020 and 2021 and of the M&V MY's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IV-3 have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Audit Engagement Director
Practising Certificate Number P07374
Hong Kong, 30 June 2022

HISTORICAL FINANCIAL INFORMATION OF THE M&V MY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

Measurement & Verification Sdn. Bhd. (the "**M&V MY**") was incorporated on 8 March 2010 in Malaysia with limited liability and engaged in mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system.

The statutory financial statements of the M&V MY for each of the three years ended 31 May 2021 have been prepared in accordance with Malaysia Private Entities Reporting Standards and the requirements of the Companies Act 2016 in Malaysia and were audited by Roger Yue, Tan & Associates, Chartered Accountants registered in Malaysia in accordance with Approved Standards on Auditing in Malaysia and International Standards on Auditing.

The directors of the M&V MY have prepared the financial statements of the M&V MY for the Relevant Periods in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**Underlying Financial Statements**"). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Malaysian Ringgit ("**RM**") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2019	2020	2021
	Notes	*RM'000*	*RM'000*	*RM'000*
Revenue	*7*	1,861	496	585
Cost of sales		(1,591)	(414)	(488)
Gross profit		270	82	97
Other (expenses)/income, net	*8*	(49)	(32)	1
Administrative expenses		(984)	(778)	(438)
Loss from operations		(763)	(728)	(340)
Interest income		4	20	12
Finance costs	*9*	(5)	(5)	(4)
Loss before tax		(764)	(713)	(332)
Income tax expenses	*10*	—	—	—
Loss and total comprehensive expenses for the years	*11*	(764)	(713)	(332)

STATEMENTS OF FINANCIAL POSITION

		At 31 December		
		2019	**2020**	**2021**
	Notes	*RM'000*	*RM'000*	*RM'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	241	193	138
Right-of-use assets	*16*	196	146	97
		437	339	235
CURRENT ASSETS				
Inventories	*17*	21	19	19
Trade and other receivables	*18*	640	193	64
Current tax recoverable		86	204	204
Time deposit maturing over three months	*19*	504	520	532
Cash and bank balances		560	15	51
		1,811	951	870
CURRENT LIABILITIES				
Trade and other payables	*20*	827	599	40
Amount due to a fellow subsidiary	*21*	—	—	736
Lease liabilities	*22*	18	29	30
		845	628	806
NET CURRENT ASSETS		966	323	64
TOTAL ASSETS LESS CURRENT LIABILITIES		1,403	662	299
NON-CURRENT LIABILITY				
Lease liabilities	*22*	98	70	39
NET ASSETS		1,305	592	260
CAPITAL AND RESERVE				
Share capital	*23*	250	250	250
Reserves		1,055	342	10
TOTAL EQUITY		1,305	592	260

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RM'000*	Retained profits *RM'000*	Total *RM'000*
At 1 January 2019	10	2,059	2,069
Issued during the year	240	—	240
Loss and total comprehensive expenses for the year	—	(764)	(764)
Dividends *(note 13)*	—	(240)	(240)
At 31 December 2019 and 1 January 2020	250	1,055	1,305
Loss and total comprehensive expenses for the year	—	(713)	(713)
At 31 December 2020 and 1 January 2021	250	342	592
Loss and total comprehensive expenses for the year	—	(332)	(332)
At 31 December 2021	250	10	260

STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2019	2020	2021
	RM'000	*RM'000*	*RM'000*
Cash flows from operating activities			
Loss before tax	(764)	(713)	(332)
Adjustments for:			
Depreciation of property, plant and equipment	45	49	64
Depreciation of right-of-use assets	46	50	49
Interest income	(4)	(20)	(12)
Finance costs	5	5	4
Unrealised loss/(gain) on foreign exchange	76	(16)	(22)
Gain on disposal of property, plant and equipment	(10)	—	—
Written off of other receivables	—	64	9
Written off of property, plant and equipment	—	2	—
Operating loss before working capital changes	(606)	(579)	(240)
Change in inventories	(8)	2	—
Change in trade and other receivables	586	392	120
Change in trade and other payables	(1,172)	(221)	(92)
Change in amount due to a related company	—	—	291
Cash (used in)/generated from operations	(1,200)	(406)	79
Income tax paid	(452)	(120)	—
Income tax refunded	—	2	—
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(1,652)	(524)	79
Cash flows from investing activities			
Interest received	4	20	12
Placement of pledged bank deposit	(504)	(16)	(12)
Purchase of property, plant and equipment	(196)	(3)	(9)
Purchase of right-of-use assets	(95)	—	—
Proceeds from disposal of property, plant and equipment	10	—	—
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(781)	1	(9)

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Cash flows from financing activities			
Repayment of lease liabilities	(25)	(17)	(30)
Proceeds from issued new ordinary shares	240	—	—
Dividends paid	(240)	—	—
Interest paid	(5)	(5)	(4)
NET CASH USED IN FINANCING ACTIVITIES	(30)	(22)	(34)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,463)	(545)	36
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,023	560	15
CASH AND CASH EQUIVALENTS AT END OF YEAR	560	15	51
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	560	15	51

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The M&V MY was incorporated in Malaysia with limited liability on 8 March 2010. The address of its registered office is Wisma Goshen, 2nd Floor, 60, 62 & 64 Jalan SS 22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan and the address of principal place of business is No. 1–49, Jalan PUJ 3/9, Taman Puncak Jalil, Bandar Putra Permai, 43300 Seri Kembangan, Selangor Darul Ehsan.

The M&V MY is principally engaged as mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system.

In the opinion of the Directors, as at 31 December 2021, Energy Solution Global Limited, a company incorporated in the British Virgin Islands, is the immediate holding company of the M&V MY.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below which conform with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The M&V MY had adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. IFRSs comprise International Financial Reporting Standards; International Accounting Standards and Interpretations.

The M&V MY has not applied the new and revised IFRSs that have been issued but are not yet effective. The M&V MY has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on the results of operations and financial position of the M&V MY.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared under the historical cost convention.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these Historical Financial Information, are disclosed in Note 5.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

Foreign currency translation

Functional and presentation currency

Items included in the Historical Financial Information of the M&V MY are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Historical Financial Information is presented in Malaysian Ringgit ("**RM**") recorded to the nearest thousand, which is the M&V MY's presentation currency and the functional currency.

Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the M&V MY and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computers	33.33%
Furniture, fittings and office equipment	20.00%
Motor vehicles	20.00%
Renovation	20.00%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the M&V MY. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease terms of right-of-use assets are as follows:

Motor vehicles	5 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the M&V MY's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. 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.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the M&V MY becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the M&V MY transfers substantially all the risks and rewards of ownership of the assets; or the M&V MY neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the M&V MY are classified as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The M&V MY recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the M&V MY measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the M&V MY measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the M&V MY's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the M&V MY after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the M&V MY are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The M&V MY recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the M&V MY's performance;

— The M&V MY's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— The M&V MY's performance does not create an asset with an alternative use to the M&V MY and the M&V MY has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(i) 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 M&V MY.

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 M&V MY.

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.

(ii) Defined contribution plans

The M&V MY make contributions to Malaysia' statutory pension schemes which are defined contribution plans at statutory fixed rates gazetted by Malaysia from time to time. 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.

Borrowing costs

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

Government grants

A government grant is recognised when there is reasonable assurance that the M&V MY will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The M&V MY's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the M&V MY expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 they relate to income taxes levied by the same taxation authority and the M&V MY intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the M&V MY.

(A) A person or a close member of that person's family is related to the M&V MY if that person:

(i) has control or joint control over the M&V MY;

(ii) has significant influence over the M&V MY; or

(iii) is a member of the key management personnel of the M&V MY or of a parent of the M&V MY.

(B) An entity is related to the M&V MY if any of the following conditions applies:

(i) The entity and the M&V MY are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the M&V MY or an entity related to the M&V MY. If the M&V MY is itself such a plan, the sponsoring employers are also related to the M&V MY.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the M&V MY or to a parent of the M&V MY.

Impairment of assets

At the end of each reporting period, the M&V MY reviews the carrying amounts of its tangible assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the M&V MY estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows 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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the M&V MY has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the M&V MY's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, plant and equipment and depreciation

The M&V MY determines the estimated useful lives, residual values and related depreciation charges for the M&V MY's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The M&V MY will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

6. FINANCIAL RISK MANAGEMENT

The M&V MY's activities expose it to a variety of financial risks: foreign currency risk, credit risk and liquidity risk. The M&V MY's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the M&V MY's financial performance.

(a) Foreign currency risk

The M&V MY has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the M&V MY. M&V MY is exposed to foreign exchange rate risk on sales and purchases that are denominated in a currency other than the functional currency of the M&V MY. The currency giving rise to this risk are primarily Singapore Dollar ("**SGD**"). The M&V MY currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The M&V MY will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the foreign currency denominated monetary assets and liabilities in net position as at 31 December 2019, 31 December 2020 and 31 December 2021 are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Trade and other receivables	22	34	—
Trade and other payables	(626)	(499)	(21)
Amount due to a fellow subsidiary	—	—	(736)
Overall net exposure	(604)	(465)	(757)

The following table illustrates the approximate change in the M&V MY's loss for the year and retained profits in response to reasonably possible changes in the foreign exchange rates to which the M&V MY has significant exposure at the end of each of the following years:

	As at 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
SGD appreciated by 10%	60	47	76

The change in exchange rates do not affect the M&V MY's other component of equity. The same percentage depreciation in the foreign currencies against the functional currency of the M&V MY would have the same magnitude on loss and retained profits but of opposite effect.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of each of the reporting period; exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date.

(b) Credit risk

The carrying amounts of the trade and other receivables, time deposit maturing over three months and cash and cash equivalents included in the statements of financial position represent the M&V MY's maximum exposure to credit risk in relation to the M&V MY's financial assets.

The M&V MY has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on time deposit maturing over three months and cash and cash equivalents are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The M&V MY considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

— internal credit rating;

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

— actual or expected significant changes in the operating results of the borrower; and

— significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the M&V MY. The M&V MY normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the M&V MY, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The M&V MY uses two categories for non-trade loan receivables which reflect their risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the M&V MY considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12-month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

(c) Liquidity risk

The M&V MY's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the M&V MY's financial liabilities is as follows:

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	RM'000	*RM'000*	*RM'000*	*RM'000*
At 31 December 2019				
Trade and other payables	827	—	—	827
Lease liabilities	22	33	75	130
	849	33	75	957
At 31 December 2020				
Trade and other payables	599	—	—	599
Lease liabilities	33	33	43	109
	632	33	43	708
At 31 December 2021				
Trade and other payables	40	—	—	40
Amount due to a related company	736	—	—	736
Lease liabilities	33	23	19	75
	809	23	19	851

(d) Categories of financial instruments

	At 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Financial assets:			
Financial assets at amortised cost	1,704	728	647
Financial liabilities:			
Financial liabilities at amortised cost	943	698	845

(e) Fair values

The carrying amounts of the M&V MY's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

7. REVENUE AND SEGMENT INFORMATION

The M&V MY's operating segment is mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system in Malaysia. Since this is the only operating segment of the M&V MY, no further analysis thereof is presented.

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Consultancy, maintenance and other service fees	1,861	410	500
Sales of products	—	86	85
Revenue from contracts with customers	1,861	496	585

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
At a point in time — sales of products	—	86	85
Over time — consultancy, maintenance and other service fees	1,861	410	500
Total	1,861	496	585

Geographical information

The M&V MY's operating assets are substantially located in Malaysia.

Revenue

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Malaysia	1,861	283	139
Singapore	—	213	446
Total	1,861	496	585

Revenue from major customers:

Revenue from customers individually contributing over 10% of the total revenue of the M&V MY for the Relevant Periods was as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Customer a	1,606	85	—
Customer b	—	103	78
Customer c	*	89	*
Customer d	—	213	446

* Revenue from this customer did not exceed 10% of total revenue in the respective year.

Consultancy, maintenance and other service fee income

The M&V MY provides consultancy, maintenance and other services to the customers. Consultancy, maintenance and other service fee income is recognised when the consultancy, maintenance and other services are rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

Sales of products

Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

8. OTHER (EXPENSES)/INCOME, NET

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Gain on disposal of property, plant and equipment	10	—	—
Grant	—	32	23
(Loss)/Gain on foreign exchange translation	(59)	2	(13)
Written off of other receivables	—	(64)	(9)
Written off of property, plant and equipment	—	(2)	—
	(49)	(32)	1

9. FINANCE COSTS

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Interest on lease liabilities	5	5	4

10. INCOME TAX EXPENSES

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the years ended 31 December 2019, 2020 and 2021. No provision for Malaysian Tax is required since the M&V MY has no taxable profit for the years ended 31 December 2019, 2020 and 2021.

The income tax expense for the years can be reconciled to the loss before income tax expense in the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Loss before tax	(764)	(713)	(332)
Tax calculated at Malaysian statutory tax rate of 24%	(183)	(171)	(80)
Tax effect of revenue not taxable	—	(8)	(6)
Tax effect of expenses not deductible for tax purposes	65	27	21
Deferred tax assets not recognised	118	152	65
Income tax expense	—	—	—

The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Unabsorbed capital allowances	—	99	175
Unutilised business losses	492	1,028	1,222
	492	1,127	1,397

The M&V MY has not recognised deferred tax assets as it is not probable that future taxable profits against which the losses and temporary differences can be utilised will be available in the relevant tax jurisdictions and entities.

11. LOSS FOR THE YEARS

The M&V MY's loss for the Relevant Periods is stated after charging/(crediting) the following:

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Auditor's remuneration	5	4	3
Depreciation of property, plant and equipment	45	49	64
Depreciation of right-of-use assets	46	50	49
Loss/(Gain) on foreign exchange translation	59	(2)	13
Gain on disposal of property, plant and equipment	(10)	—	—
Written off of other receivables	—	64	9
Written off of property, plant and equipment	—	2	—

12. EMPLOYEE COSTS

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Employee costs (including directors) comprise:			
Salaries, bonuses and allowances	729	637	541
Social security costs	8	9	7
Pension costs — defined contribution plans	89	78	61
	826	724	609
Staff costs are included in:			
— cost of sales	324	227	409
— administrative expenses	502	497	200
	826	724	609

Included in staff costs of the M&V MY are Directors' remuneration amounting to RM182,000, RM181,000 and RM180,000 respectively for the years ended 31 December 2019, 2020 and 2021.

13. DIVIDENDS

	2019
	RM'000
An interim single tier dividend of RM23.99520096 per share, on 10,002 ordinary shares, was declared on 30 January 2019 and paid on 1 February 2019	240

The directors of the M&V MY do not recommend the payment of any dividend in respect of the years ended 31 December 2020 and 2021.

14. LOSS PER SHARE

Loss per share has not been presented as its inclusion is not considered meaningful for the purpose of the Historical Financial Information.

15. PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture, fittings and office equipment	Motor vehicles	Renovation	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Cost					
At 1 January 2019	25	88	44	—	157
Additions	21	173	—	2	196
Disposals	—	—	(44)	—	(44)
At 31 December 2019 and 1 January 2020	46	261	—	2	309
Additions	3	—	—	—	3
Written off	—	(3)	—	—	(3)
At 31 December 2020 and 1 January 2021	49	258	—	2	309
Additions	9	—	—	—	9
At 31 December 2021	58	258	—	2	318
Accumulated depreciation					
At 1 January 2019	12	11	44	—	67
Charge for the year	10	35	—	—	45
Disposals	—	—	(44)	—	(44)
At 31 December 2019 and 1 January 2020	22	46	—	—	68
Charge for the year	14	35	—	—	49
Written off	—	(1)	—	—	(1)
At 31 December 2020 and 1 January 2021	36	80	—	—	116
Charge for the year	13	50	—	1	64
At 31 December 2021	49	130	—	1	180
Carrying amount					
At 31 December 2019	24	215	—	2	241
At 31 December 2020	13	178	—	2	193
At 31 December 2021	9	128	—	1	138

16. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2019	2020	2021
	RM'000	*RM'000*	*RM'000*
At 31 December:			
Right-of-use assets			
Motor vehicles	196	146	97
The maturity analysis, based on undiscounted cash flows, of the M&V MY's lease liabilities is as follows:			
— Less than 1 year	33	33	33
— Between 1 and 2 years	33	33	23
— Between 2 and 5 years	64	43	19
	130	109	75
Year ended 31 December:			
Depreciation charge of right-of-use assets	(46)	(50)	(49)
Lease interests	(5)	(5)	(4)
Expenses related to short-term leases	(12)	(12)	(12)
Total cash outflow for leases	(42)	(34)	(46)
Additions to right-of-use assets	195	—	—

The right-of-use assets of the M&V MY are motor vehicles acquired under hire purchase arrangements and were guaranteed by the director.

17. INVENTORIES

	At 31 December		
	2019	2020	2021
	RM'000	*RM'000*	*RM'000*
Consumables	21	19	19

18. TRADE AND OTHER RECEIVABLES

The M&V MY's trading terms with customers are mainly on credit. The M&V MY generally allows an average credit period of 30 days to its trade customers.

	At 31 December		
	2019	2020	2021
	RM'000	*RM'000*	*RM'000*
Trade receivables			
— third parties	470	137	58
— related parties	22	34	—
Less: allowance of doubtful debts	—	—	—
	492	171	58
Deposits, prepayments and other receivables	148	22	6
	640	193	64

The ageing analysis of trade receivables, net of allowances presented based on the invoice date, which approximates the respective revenue recognition dates is as follows:

	At 31 December		
	2019	2020	2021
	RM'000	*RM'000*	*RM'000*
Within 30 days	21	102	11
31–60 days	7	—	12
61–90 days	7	1	—
91–180 days	124	—	—
Over 180 days	333	68	35
	492	171	58

The M&V MY applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	1–30 days past due	31–60 days past due	61–90 days past due	> 90 days past due	Total
At 31 December 2019						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount *(RM'000)*	21	73	7	—	391	492
Loss allowance *(RM'000)*	—	—	—	—	—	—
At 31 December 2020						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount *(RM'000)*	102	—	1	—	68	171
Loss allowance *(RM'000)*	—	—	—	—	—	—
At 31 December 2021						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount *(RM'000)*	11	12	—	—	35	58
Loss allowance *(RM'000)*	—	—	—	—	—	—

19. TIME DEPOSIT MATURING OVER THREE MONTHS

As at 31 December 2019, 2020 and 2021, the time deposits maturing over three months of the M&V MY with a total carrying amount of RM504,000, RM520,000 and RM532,000 respectively was pledged to a licensed bank as security for credit facilities granted to the M&V MY as disclosed in Note 25. The pledged bank deposit was in RM and at fixed interest rate of 3.43%, 3.88% and 2.42% per annum respectively.

The average maturity of deposit as at the end of the Relevant Periods was 365 days.

20. TRADE AND OTHER PAYABLES

	At 31 December		
	2019	2020	2021
	RM'000	*RM'000*	*RM'000*
Trade payables			
— third parties	169	75	—
— related parties	65	54	—
— a fellow subsidiary	—	—	21
	234	129	21
Accruals and other payables	32	25	19
Amounts due to related parties	561	445	—
	827	599	40

The amounts due to related parties are unsecured, interest free and repayable on demand.

The ageing analysis of trade payables, based on invoice dates, are as follows:

	At 31 December		
	2019	2020	2021
	RM'000	*RM'000*	*RM'000*
Within 30 days	7	6	—
31–60 days	64	54	—
Over 90 days	163	69	21
	234	129	21

21. AMOUNT DUE TO A FELLOW SUBSIDIARY

The amount is unsecured, interest free and repayable on demand.

22. LEASES LIABILITIES

	Lease payments At 31 December		
	2019	2020	2021
	RM'000	*RM'000*	*RM'000*
Within one year	22	33	33
In the second to fifth years, inclusive	108	76	42
	130	109	75
Less: Future finance charges	(14)	(10)	(6)
	116	99	69

	Present value of lease payments At 31 December 2019 *RM'000*	2020 *RM'000*	2021 *RM'000*
Within one year	18	29	30
In the second to fifth years, inclusive	98	70	39
	116	99	69
Less: Amount due for settlement within 12 months (shown under current liabilities)	(18)	(29)	(30)
Amount due for settlement after 12 months	98	70	39

At 31 December 2019, 2020 and 2021, the average effective borrowing rate was ranged from 2.71% to 3.10%, 2.71% to 3.10% and 2.71% to 3.10% per annum respectively. Interest rates are fixed at the contract dates and thus expose the M&V MY to fair value interest rate risk.

23. SHARE CAPITAL

Issued ordinary shares with no par value

	Number of shares
At 1 January 2019	10,002
Issued during the year	239,998
At 31 December 2019, 2020 and 2021	250,000

	RM'000
At 1 January 2019	10
Issued during the year	240
At 31 December 2019, 2020 and 2021	250

During the year ended 31 December 2019, the issued share capital was increased from RM10,002 to RM250,000 by the allotment of 239,998 ordinary shares for a total cash consideration of RM239,998 to finance working capital purposes.

The new ordinary shares was rank pari passu in all respect with the existing ordinary shares of the M&V MY.

The M&V MY's objectives when managing capital are to safeguard the M&V MY's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

24. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the M&V MY's changes in liabilities arising from financing activities during the Relevant Periods.

	Lease liabilities
	RM'000
At 1 January 2019	41
Changes for cash flows	(30)
Non-cash changes	
— new lease	100
— interest charged	5
At 31 December 2019 and 1 January 2020	116
Changes for cash flows	(22)
Non-cash changes	
— interest charged	5
At 31 December 2020 and 1 January 2021	99
Changes for cash flows	(34)
Non-cash changes	
— interest charged	4
At 31 December 2021	69

25. CONTINGENT LIABILITIES

	At 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Unsecured:			
Guarantee given to a third party in respect of trade and contract	169	169	—

At the end of the Relevant Periods, the directors do not consider it probable that a claim will be made against the M&V MY under any of the above guarantees.

The fair value of the cross guarantee at date of inception is not material and is not recognised in the Historical Financial Information.

26. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Historical Financial Information, the M&V MY had the following transactions with its related parties during the Relevant Periods.

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Sales of goods and services	—	213	446
Purchases of goods and services	(148)	—	(8)

The directors of the M&V MY are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Key management personnel compensation

The key management personnel compensation during the Relevant Periods is as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Salaries and other emoluments	164	163	162
Pension costs — defined contribution plans	18	18	18
Benefit-in-kind	9	9	1
	191	190	181

27. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the M&V MY in respect of any period subsequent to 31 December 2021.

Set out below is the management discussion and analysis on the Target Group for the Reporting Periods. The following financial information is based on the audited financial information of the Target Group, M&V SG and M&V MY as set out in Appendix II to IV to this circular.

BUSINESS REVIEW

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 19 July 2021 which principally engaged in investment holding. The Subsidiaries of the Target Company, M&V SG and M&V MY were incorporated in Singapore and Malaysia on 7 September 2009 and 8 March 2010 respectively, have been providing smart energy solutions since incorporation. Both M&V SG and M&V MY provide smart energy saving solution by designing and installing energy-efficient heating, ventilation and air conditioning systems which aim to achieve optimal energy consumption, lower greenhouse gas emissions, and reduce energy cost.

Set out below is the management discussion and analysis of the Target Group for the Reporting Periods. The following financial information is based on the Accountants' Report of the Target Group and the Subsidiaries as set out in Appendix II to IV to this circular.

THE TARGET COMPANY

The Target Company has not incurred any income or expenses from 19 July 2021 (date of incorporation) to 31 December 2021, and has immaterial asset in the statement of financial position as at 31 December 2021. Therefore, the financial review and liquidity and financial resource of the Target Company are not specifically discussed in this section.

Capital Commitment

The Target Company had no material capital commitment as at 31 December 2021.

Treasury Policy

The Target Company had no formal treasury policy and did not enter into any form of financial arrangement for hedging for the period from 19 July 2021 (date of incorporation) to 31 December 2021.

Gearing ratio

As at 31 December 2021, the Target Company did not have any borrowings, therefore gearing ratio was not applicable.

Foreign exchange exposure

For the period from 19 July 2021 (date of incorporation) to 31 December 2021, the Target Company was not exposed to any material foreign currency risk as its assets were denominated in USD which was its functional currency.

Employees and remuneration policy

The Target Company had no staff for the period from 19 July 2021 (date of incorporation) to 31 December 2021.

Dividend

No dividend was declared for the period from 19 July 2021 (date of incorporation) to 31 December 2021.

Contingent liabilities

As at 31 December 2021, the Target Company did not have any significant contingent liabilities.

Significant investment

The Target Company did not hold any investments as at 31 December 2021.

Business prospects

The Target Company had not introduced or announced any new products or services from 19 July 2021 (date of incorporation) to 31 December 2021.

Acquisitions and disposals of subsidiaries and affiliated company

For the period from 19 July 2021 (date of incorporation) to 31 December 2021, the Target Company acquired (i)100% equity interest in M&V SG at a cash consideration of approximately SGD3 on 15 September 2021; and (ii)100% equity interest in M&V MY at a cash consideration of approximately RM2 on 15 October 2021.

Segment information

Since the principal business of the Target Company was investment holding, and had not incurred any income or expenses from 19 July 2021 (date of incorporation) to 31 December 2021, therefore no segmental information is presented.

Charge on assets

The Target Company had no charges on assets as at 31 December 2021.

Capital structure

The share capital of the Target Company was RM42,000 as at 31 December 2021.

Future plans for material investment or capital assets

The Target Company did not have any future plans for material investments or capital assets as at 31 December 2021.

FINANCIAL REVIEW OF M&V SG

Revenue

The revenue generated by M&V SG in FY2019, FY2020 and FY2021 were approximately SGD8.9 million, SGD16.9 million and SGD12.5 million, respectively. For FY2020, the revenue significantly increased by SGD8.0 million (or 90.4%) compared to FY2019, which was mainly due to the increase in new contracts obtained, and the substantial progresses of a government project and a private sector project. As major work of these two projects was performed in FY2020, revenue in FY2021 decreased by SGD4.4 million (or 26.2%) compared to FY2020. Decrease in revenue in FY2021 was mainly due to a major work of two projects performed and completed in FY2020. The lockdown measure in Singapore from April 2020 to June 2020 to curb the spread of COVID-19 has affected the marketing activities. The number of projects secured in FY2020 decreased substantially which in turn affected revenue recognition in FY2021. However, the re-opening of economy since end of year 2020 has improved the performance of the Target Company in the last quarter of 2021.

Gross profit

Gross profit for FY2019, FY2020 and FY2021 amounted to approximately SGD3.3 million, SGD3.0 million and SGD4.2 million, with gross profit margin of approximately 37.0%, 18.0%, and 33.9%, respectively.

Gross profit margin in FY2020 reduced by approximately 19 percentage points compared to FY2019, which was mainly due to lockdown measures in Singapore during the year to curb the spread of COVID-19. During the lockdown, skilled staffs and workers were still required to be maintained, salaries therefore remained steady despite restriction on business activities. Also, delivery of services and work progresses were deferred due to the site works were unable to perform during lockdown, which lowered the gross profit margin in FY2020. For FY2021, gross profit margin increased by approximately 15.9 percentage points compared to FY2020, which was mainly due to gradual recovery of business operations from pandemic.

Other income, net

Net other income of M&V SG mainly represented government subsidies and written off of trade and other receivables. M&V SG recorded net other income of approximately SGD54,000, SGD547,000 and SGD208,000 in FY2019, FY2020, FY2021, respectively.

Government subsidies amounted to nil, SGD515,000 and SGD295,000 for FY2019, FY2020 and FY2021, respectively.

For FY2019, FY2020 and FY2021, written off of trade and other receivables amounted to nil, SGD70,000 and SGD141,000, respectively. For FY2020, SGD70,000 mainly represented payments of general operational expenses on behalf of a subsidiary, namely Temp Cal Pte Ltd, which was struck off on 6 October 2020. For FY2021, SGD141,000 was mainly composed by payments of SGD125,000 of pre-operating and preliminary expenses on behalf of Measurement & Verification Myanmar Co., Ltd for setting up an establishment in Myanmar, which is currently pending for a strike off due to the political crisis in Myanmar.

Administrative expenses

For FY2019, FY2020 and FY2021, administrative expenses of M&V SG amounted to approximately SGD2.8 million, SGD2.5 million and SGD3.1 million, respectively. For FY2020, administrative expenses reduced by approximately SGD0.3 million (or 9.2%), which was primarily due to a drop in staff cost recorded in administrative expenses by approximately SGD0.3 million as a director was passed away on 3 September 2019, hence lower directors' remuneration in FY2020. For FY2021, administrative expenses increased by approximately SGD0.6 million (or 21.9%), which was mainly due to an increase in staff cost recorded in administrative expenses by approximately SGD0.5 million as number of staffs increase from 44 in FY2020 to 63 in FY2021 in view of the new projects secured in the second half of FY2021.

Profit for the year

Profit for the year for FY2020 increased significantly by approximately SGD390,000 (or 87.6%), from approximately SGD445,000 for FY2019 to approximately SGD835,000 for FY2020, primarily attributable to substantial progresses of two major projects in FY2020 which contributed to significant increase in revenue.

Profit for the year for FY2021 further increased by approximately SGD317,000 (or 38.0%), from approximately SGD835,000 for FY2020 to approximately SGD1,152,000 for FY2021, which resulted from increase in gross profit margin during the year due to recovery of business operations from pandemic.

Increase in profit was mainly due to the recovery of business operations from the pandemic despite reduction of job support scheme rebate from SGD515,000 in FY2020 to SGD295,000 in FY2021. During FY2020, there were approximately 3 months of operation disruption which only essential maintenance work was able to be performed. During the lockdown from April 2020 to June 2020 in Singapore, skilled staffs and workers were still required to be maintained, the gross profit margin was lower in FY2020 as compared to FY2021.

Liquidity and financial resource

(i) As at 31 December 2019, 2020 and 2021, cash and bank balances of M&V SG amounted to approximately SGD1.2 million, SGD2.8 million and SGD5.6 million, respectively.

(ii) Loans to a director of M&V SG as at 31 December 2019, 2020 and 2021 were nil, SGD2.0 million and nil. Loans to a director was unsecured, interest bearing of 4% per annum for general working capital. The amount was fully settled in FY2021.

(iii) Net assets of M&V SG as at 31 December 2019, 2020 and 2021 were approximately SGD3.5 million, SGD4.3 million and SGD5.4 million, respectively. Increase in net assets was mainly attributed to net profit recorded for the entire Reporting Periods.

(iv) As at 31 December 2019, 2020 and 2021, bank borrowings of M&V SG amounted to approximately SGD3.3 million, SGD3.5 million and SGD3.0 million, respectively. As at 31 December 2019, 2020 and 2021, bank borrowings repayable on demand or within one year amounted to approximately SGD3.3 million, SGD1.1 million and SGD1.2 million, respectively; bank borrowings repayable in second to fifth years, inclusive, amounted to approximately nil, SGD2.4 million and SGD1.7 million, respectively. Bank borrowings of M&V SG are secured by way of (i) existing continuing joint and several personal guarantee for all monies by directors; and (ii) first legal mortgages over the director's properties.

(v) As at 31 December 2019, 2020 and 2021, current ratio (defined as total current assets divided by total current liabilities) of M&V SG were approximately 1.53 times, 2.12 times and 2.21 times, respectively; and gearing ratio, being the ratio of net debt (net debts are calculated as total borrowings less cash and bank balances) divided by total equity, were approximately 0.62 times, 0.16 times and nil, respectively.

Capital Commitment

M&V SG had no material capital commitment as at 31 December 2019, 2020 and 2021.

Treasury Policy

M&V SG had no formal treasury policy and did not enter into any form of financial arrangement for hedging for FY2019, FY2020 and FY2021.

Foreign exchange exposure

M&V SG has significant transactional currency exposures. Such exposures arise from its sales or purchases in USD instead of its functional currency, namely SGD. Net foreign currency exposure of M&V SG are demonstrated as follows:

	As at 31 December		
	2019	**2020**	**2021**
	SGD'000	*SGD'000*	*SGD'000*
Trade and other receivables	2	—	—
Trade and other payables	(206)	(25)	(187)
Overall net exposure	(204)	(25)	(187)

Increase in trade and other receivables was mainly due to higher billing for a few key projects in the last quarter of FY2021.

The following table demonstrates the sensitivity at the end of the Reporting Periods to a reasonably possible change in the USD exchange rate, of M&V SG's profit for the year and retained profit:

	As at 31 December		
	2019	**2020**	**2021**
	SGD'000	*SGD'000*	*SGD'000*
USD appreciated by 10%	(20)	(3)	(19)

For FY2019, FY2020 and FY2021, M&V SG had not entered into any financial instrument for foreign currency hedging purpose.

Employees and remuneration policy

As at 31 December 2019, 2020 and 2021, M&V SG had, in aggregate, 40, 44 and 63 employees, respectively in Singapore. M&V SG recruited, employed, promoted and remunerated its employees based on their qualifications, experience, skills, performances and contributions. Remuneration was also determined with reference to, among others, the market trend.

Remuneration packages comprised salaries and Singapore's statutory pension schemes. For FY2019, FY2020 and FY2021, the total employee costs including director's remuneration amounted to approximately SGD3.2 million, SGD3.0 million and SGD3.3 million, respectively.

Dividend

No dividend was declared for FY2019, FY2020 and FY2021.

Contingent liabilities

As at 31 December 2019, 2020 and 2021, the unsecured guarantees given by M&V SG to third parties in respect of trade and contract amounted to SGD2.6 million, SGD2.1 million and SGD3.2 million, respectively, which the directors did not consider it probable that a claim would be made against M&V SG under the above guarantees at the end of the Reporting Periods.

Significant investment

M&V SG did not hold any investments as at 31 December 2019, 2020 and 2021.

Acquisitions and disposals of subsidiaries and affiliated company

M&V SG had no acquisitions or disposals of subsidiaries and affiliated companies for FY2019, FY2020 and FY2021.

Charge on assets

M&V SG had no charges on assets as at 31 December 2019, 2020 and 2021.

Capital structure

The share capital of M&V SG was SGD2.3 million as at 31 December 2019, 2020 and 2021.

Future plans for material investment or capital assets

M&V SG did not have any future plans for material investments or capital assets as at 31 December 2019, 2020 and 2021.

Property, plant and equipment

Decrease in property, plant and equipment in FY2021 was mainly due to minimal additions of property, plant and equipment as this is an asset-light business, and depreciation charged in FY2021.

FINANCIAL REVIEW OF M&V MY

Revenue

The revenue generated by M&V MY in FY2019, FY2020 and FY2021 were approximately RM1,861,000, RM496,000 and RM585,000, respectively. For FY2020, the revenue significantly reduced by approximately RM1,365,000 (or 73.3%) compared to FY2019, which was mainly due to substantial progresses of two major private sector projects were performed in FY2019 and various lockdown measures implemented by Malaysia government during the pandemic in FY2020 which restricted or prohibited the carrying out of business activities. The team from M&V SG was unable to travel to Malaysia during the pandemic for business development and marketing activities, which resulted in the decrease in revenue in FY2020 and FY2021.

For FY2021, the revenue slightly increased by approximately RM89,000 (or 17.9%) compared to FY2020 as more new service and maintenance contracts were secured.

Gross profit

Gross profit of M&V MY for FY2019, FY2020 and FY2021 amounted to approximately RM270,000, RM82,000 and RM97,000, with gross profit margin of approximately 14.5%, 16.5%, and 16.6%, respectively. Gross profit margin in FY2020 slightly increased by approximately 2 percentage points compared to FY2019, which was mainly due to increase in product sales with higher gross profit. Gross profit margin in FY2021 remained stable compared to FY2020.

Administrative expenses

For FY2019, FY2020 and FY2021, administrative expenses of M&V MY amounted to approximately RM984,000, RM778,000 and RM438,000, respectively. For FY2020, administrative expenses reduced by approximately RM206,000 (or 20.9%). For FY2021, administrative expenses further decreased by approximately RM340,000 (or 43.7%). The decreasing trend was primarily due to lower operating expenses resulted from lockdown measures during the pandemic, as staffs were required to work from home and thus reduced office expenses.

Loss for the year

Loss for the year of M&V MY for FY2020 slightly reduced by approximately RM51,000 (or 6.7%), from approximately RM764,000 for FY2019 to approximately RM713,000 for FY2020. For FY2021, loss for the year significantly decreased by approximately RM381,000 (or 53.4%), from approximately RM713,000 for FY2020 to approximately RM332,000 for FY2021, which was mainly due to lower operating expenses as a result of lockdown measures implemented during the pandemic and therefore reduced administrative expenses.

Liquidity and financial resource

(i) As at 31 December 2019, 2020 and 2021, cash and bank balances of M&V MY amounted to approximately RM560,000, RM15,000 and RM51,000, respectively.

(ii) Amount due to a related company of M&V MY as at 31 December 2019, 2020 and 2021 were nil, nil and RM736,000. The amount was unsecured, interest free, repayable on demand, and was payments for general operational expenses on behalf of M&V MY by M&V SG.

(iii) Net assets of M&V MY as at 31 December 2019, 2020 and 2021 were approximately RM1,305,000, RM592,000 and RM260,000, respectively. Reduction in net assets was mainly attributed to the net loss recorded for the entire Reporting Periods.

(iv) As at 31 December 2019, 2020 and 2021, current ratio (defined as total current assets divided by total current liabilities) of M&V MY were approximately 2.14 times, 1.51 times and 1.08 times, respectively. As M&V MY did not have any borrowings as at 31 December 2019, 2020 and 2021, the gearing ratio was not applicable.

Capital Commitment

M&V MY had no material capital commitment as at 31 December 2019, 2020 and 2021.

Treasury Policy

M&V MY had no formal treasury policy and did not enter into any form of financial arrangement for hedging for FY2019, FY2020 and FY2021.

Foreign exchange exposure

M&V MY has significant transactional currency exposures. Such exposures arise from its sales or purchases in SGD instead of its functional currency, namely RM. Net foreign currency exposure of M&V MY are demonstrated as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Trade and other receivables	22	34	—
Trade and other payables	(626)	(499)	(21)
Amount due to a related company	—	—	(736)
Overall net exposure	(604)	(465)	(757)

Decrease in trade and other receivables in FY2021 was mainly due to lower revenue in FY2021.

The following table demonstrates the sensitivity at the end of the Reporting Periods to a reasonably possible change in the SGD exchange rate, of M&V MY's loss for the year and retained profit:

	As at 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
SGD appreciated by 10%	60	47	76

For FY2019, FY2020 and FY2021, M&V MY had not entered into any financial instrument for foreign currency hedging purpose.

Employees and remuneration policy

As at 31 December 2019, 2020 and 2021, M&V MY had, in aggregate, 11, 12 and 9 employees, respectively in Malaysia. M&V MY recruited, employed, promoted and remunerated its employees based on their qualifications, experience, skills, performances and contributions. Remuneration was also determined with reference to, among others, the market trend.

Remuneration packages comprised salaries and Malaysia's statutory pension schemes. For FY2019, FY2020 and FY2021, the total employee costs including director's remuneration amounted to approximately RM826,000, RM724,000 and RM609,000, respectively. The decreasing trend was mainly attributed to lower staff cost incurred by lockdown measures implemented during the pandemic. For FY2020, bonus paid to staffs was lower compared to FY2019 as a big project was completed in FY2019 which gave rise to higher gross profit for the year. For FY2021, reduction in staff costs was also caused by decrease in number of staffs from 12 in FY2020 to 9 in FY2021.

Dividend

An interim single tier dividend amounted to RM240,000, representing approximately RM24.0 per share for 10,002 ordinary share, was declared on 30 January 2019 and paid on 1 February 2019.

No dividend was declared for FY2020 and FY2021.

Contingent liabilities

As at 31 December 2019, 2020 and 2021, the unsecured guarantees given by M&V MY to third parties in respect of trade and contract as at 31 December 2019, 2020 and 2021 amounted to RM169,000, RM169,000 and nil, respectively, which the directors did not consider it probable that a claim would be made against M&V MY under the above guarantees at the end of the Reporting Periods.

Significant investment

M&V MY did not hold any investments as at 31 December 2019, 2020 and 2021.

Acquisitions and disposals of subsidiaries and affiliated company

M&V MY had no acquisitions or disposals of subsidiaries and affiliated companies for FY2019, FY2020 and FY2021.

Charge on assets

M&V MY had no charges on assets as at 31 December 2019, 2020 and 2021.

Capital structure

The share capital of M&V MY was RM250,000 as at 31 December 2019, 2020 and 2021.

Future plans for material investment or capital assets

M&V MY did not have any future plans for material investments or capital assets as at 31 December 2019, 2020 and 2021.

Property, plant and equipment

Decrease in property, plant and equipment in FY2021 was mainly due to minimal additions of property, plant and equipment as this is an asset-light business, and depreciation charged in FY2021.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

中汇
ZHONGHUI

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

30 June 2022

The Board of Directors
Furniweb Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of Furniweb Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2021 and related notes as set out in Appendix VI of the circular (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are set out in Appendix VI of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition (the "**Acquisition**") of the 62.75% interest in Energy Solution Global Limited (the "**Target Company**") (collectively the "**Enlarged Group**") on the Group's financial position as at 31 December 2021 as if the Acquisition had taken place on 31 December 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's audited consolidated financial statements as included in the annual report for the year ended 31 December 2021, on which audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing**

Rules'') and with reference to Accounting Guideline 7 ''Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars'' (''**AG 7**'') issued by the Hong Kong Institute of Certified Public Accountants (the ''**HKICPA**'').

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 ''Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus'' issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition as at 31 December 2021 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

— The related pro forma adjustments give appropriate effect to those criteria; and

— The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Acquisition in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Practising Certificate Number P07374
Hong Kong

(1) INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Capitalised terms used herein shall have the same meanings as those defined in this Circular, unless the context requires otherwise.

The accompanying unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") has been prepared by the Directors of the Company to illustrate the effect of the Acquisition, assuming the transaction had been completed as at 31 December 2021, might have affected the financial position of the Group.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2021 as extracted from the annual report of the Group for the year ended 31 December 2021 and the audited consolidated statement of financial position of the Target Group as at 31 December 2021 as extracted from the Accountants' Report set out in Appendix II of the Circular after making certain pro forma adjustments resulting from the Acquisition.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 31 December 2021. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group's future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of the Circular, the financial information of the Target Group as set out in Appendix II of the Circular and other financial information included elsewhere in the Circular.

(2) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	Audited consolidated financial statement of the Group as at 31 December 2021	Audited consolidated statement of financial position of the Target Group as at 31 December 2021	Pro forma adjustments	The Enlarged Group
	RM'000	*RM'000*	*RM'000*	*RM'000*
	(Audited)	(Audited)		
	(Note 1)	*(Note 2)*	*(Note 3)*	
Non-current assets				
Property, plant and equipment	19,910	265	—	20,175
Right-of-use assets	8,093	1,906	—	9,999
Intangible assets	1,239	38	—	1,239
Goodwill	—	—	20,639	20,639
Interests in associates	6,383	—	(6,383)	—
Interest in a joint venture	930	—	—	930
Deferred tax assets	10	—	—	10
	36,565	2,209	14,256	53,030
Current assets				
Inventories	30,211	654	—	30,865
Trade and other receivables	33,188	15,975	—	49,163
Contract cost	—	3,486	—	3,486
Amount due from a joint venture	57	—	—	57
Current tax recoverable	406	—	—	406
Time deposits maturing over three months	6,094	532	—	6,626
Cash and bank balances	28,265	17,341	(7,856)	37,750
	98,221	37,988	(7,856)	128,353

	Audited consolidated financial statement of the Group as at 31 December 2021	Audited consolidated statement of financial position of the Target Group as at 31 December 2021	Pro forma adjustments	The Enlarged Group
	RM'000	*RM'000*	*RM'000*	*RM'000*
	(Audited)	(Audited)		
	(Note 1)	*(Note 2)*	*(Note 3)*	
Current liabilities				
Trade and other payables	16,990	9,287	15,712	41,989
Contract liabilities	2,270	2,308	—	4,578
Bank borrowings	875	3,775	—	4,650
Lease liabilities	304	605	—	909
Current tax liabilities	2,518	1,098	—	3,616
	22,957	17,073	15,712	55,742
Net current assets	75,264	20,915	(23,568)	72,611
Total assets less current liabilities	111,829	23,124	(9,312)	125,641
Non-current liabilities				
Bank borrowings	8,311	5,357	—	13,668
Lease liabilities	3,028	593	—	3,621
Deferred tax liabilities	1,238	6	—	1,244
	12,577	5,956	—	18,533
Net assets	99,252	17,168	(9,312)	107,108

(3) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) Figures are extracted from the audited consolidated financial statements of the Group as set out in the annual report of the Company for the year ended 31 December 2021.

(2) Figures are extracted from the Target Group's statement of financial position as at 31 December 2021 included in the accountants' report of the Target Group as set out in Appendix II to the Circular.

(3) Pursuant to the sale and purchase agreement dated 8 June 2022 as supplemented by a supplemental agreement dated 13 June 2022 (the "**Sale and Purchase Agreement**") entered into between the Company and Dato' Ng Yan Cheng (the "**Vendor**"), the total consideration amounting to HK$58,191,840.00 (equivalent to RM31,423,594.00 at the Agreed Exchange Rate) will be settled by:

(1) **Share Consideration** — 25% of the Consideration in the sum of HK$14,547,960.00 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be satisfied by the allotment and issuance of the Consideration Shares (i.e. 41,565,600 new Shares) at an aggregate Consideration Shares Issue Price of HK$14,547,960.00 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) upon Completion;

(2) **Cash Consideration** — 25% of the Consideration in the sum of HK$14,547,960.00 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be paid by cash on the date falling six months from the Completion Date;

(3) the remaining 50% of the Consideration in the sum of HK$29,095,920.00 (equivalent to RM15,711,797.00 at the Agreed Exchange Rate) ("**Consideration Balance**") shall be paid as follows:

(a) If and only if the Target Group achieves the Guaranteed Profit, either:

i. the Consideration Balance shall be paid by cash within thirty (30) days after the date of issuance of the Target Group Audited Accounts; or

ii. no earlier than the date of the Target Group Audited Accounts and no later than the third day after the date of the Target Group Audited Accounts, the Vendor may make a written request to the Company for a maximum of up to twenty per centum (20%) of the Consideration in the sum of up to HK$11,638,368.00 (equivalent to RM6,284,719.00 at the Agreed Exchange Rate) to be paid by up to a maximum of 33,252,480 new ordinary shares of the Company ("**Additional Consideration Shares**") each to be issued and credited at the Consideration Shares Issue Price (the "**Additional Consideration Shares Request**") subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares and the sole and absolute discretion of the Company to reject or to accept in full or in part the request.

Subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares, if the Additional Consideration Shares Request is made by Vendor and accepted by the Company in full or in part, the Consideration Balance after deducting the aggregate Consideration Shares Issue Price in respect of the Additional Consideration Shares shall be paid by cash within thirty (30) days after the date of issuance of the Target Group Audited Accounts.

(b) If the Target Group fails to achieve the Guaranteed Profit the Vendor shall pay the Company the Compensation which may be applied by the Company to set off against the Consideration Balance and:

i. if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is equal to the Consideration Balance, no Cash Consideration shall be payable by the Company;

ii. if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is more than the Consideration Balance, no Consideration Balance shall be payable by the Company and the Vendor shall pay the Company the excess amount within thirty (30) days after the date of issuance of the Target Group Audited Accounts; or

iii. if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is less than the Consideration Balance, the Company shall pay the Vendor the difference in amount within thirty (30) days after the date of issuance of the Target Group Audited Accounts.

The adjustment reflects the recognition of goodwill of approximately RM20,639,000, arising from the Acquisition, as if the Acquisition had been completed on 31 December 2021 as follows:

	RM'000
Share consideration	7,856
Cash consideration	7,856
Contingent consideration (credited to other payables)	15,712
Total consideration	31,424
Interest in associates with 37.25% equity interest of Target Company	6,383
Net assets of Target Group as at 31 December 2021	(17,168)
Goodwill	20,639

For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purpose only, the carrying amounts of the interest in associates with 37.25% equity interest of Target Company of RM6,383,000 are assumed to approximate their respective fair values.

For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purpose only, the carrying amounts of the Target Group's financial assets and financial liabilities as at 31 December 2021 approximate their respective fair values.

(4) For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the directors of the Company have assessed whether the goodwill will be impaired as at 31 December 2021 on a pro forma basis in accordance with International Accounting Standard 36 "Impairment of Assets" and concluded that there is no indication of impairment of the goodwill arising from the Acquisition as at 31 December 2021 because its recoverable amount exceeds carrying amount, and the Company's reporting accountant has agreed with the relevant assessments. The Company will adopt consistent accounting policies, principal assumptions and valuation methods as used in the Unaudited Pro Forma Financial Information to assess impairment of the goodwill arising from the Acquisition in future financial statements.

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http://www.romagroup.com

30 June 2022

Furniweb Holdings Limited
31st Floor,
148 Electric Road
North Point
Hong Kong

Case Ref: AK/BV7113/JAN22

Dear Sir/Madam,

Re: Business Valuation in relation to 62.75% equity interests in Energy Solution Global Limited

In accordance with the instructions from Furniweb Holdings Limited (hereinafter referred to as the "**Company**"), we have conducted a business valuation in relation to 62.75% equity interests in Energy Solution Global Limited (hereinafter referred to as the "**Business Enterprise**"). We are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing our valuation as at 31 December 2021 (hereinafter referred to as the "**Date of Valuation**").

This report states the purpose of valuation, scope of work, economic overview, industry overview, an overview of the Business Enterprise, basis of valuation, investigation, valuation methodology, major assumptions, information reviewed, limiting conditions and remarks, and presents our opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Roma Appraisals Limited (hereinafter referred to as "**Roma Appraisals**") acknowledges that this report may be made available to the Company for public documentation reference purpose only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Business Enterprise and/or their representative(s) (together referred to as the "**Management**").

In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Business Enterprise as provided by the Management to a considerable extent.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose. In case of any change in the assumptions, our opinion of value may vary materially.

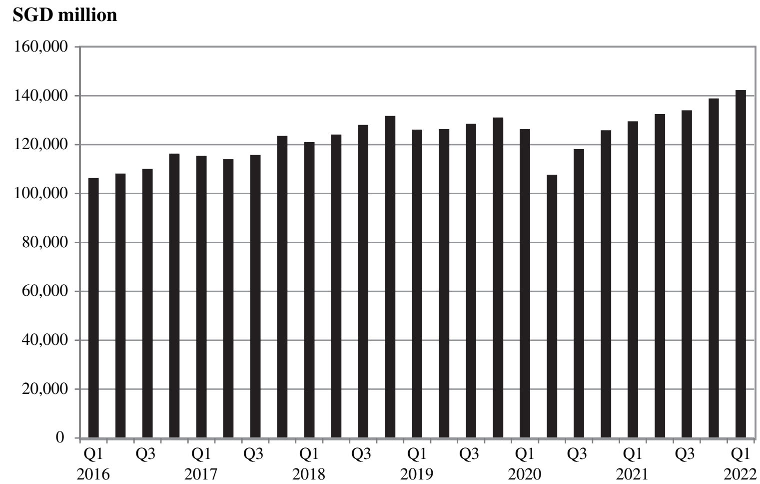
3. ECONOMIC OVERVIEW

3.1 Overview of the Economy in Singapore

Singapore is a highly developed free-market economy. The country is ranked first among 39 countries in the Asia-Pacific Region for its economic freedom according to the 2022 Index of Economic Freedom published by Heritage, and ranked second internationally in the Ease of Doing Business ranking published by the World Bank.

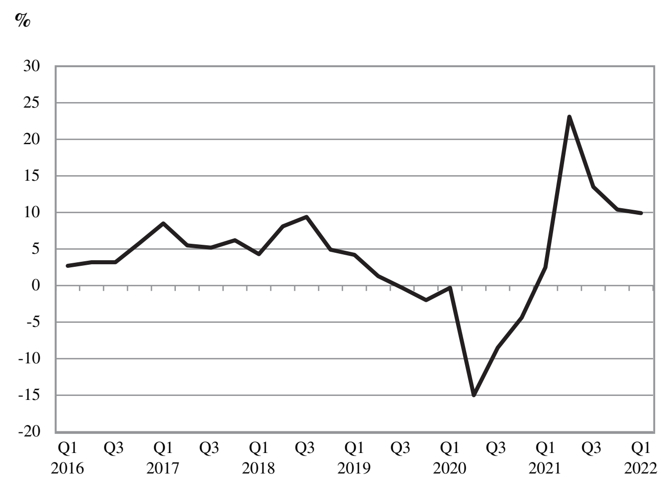
Over the past few years, Singapore's economy has been growing steadily. However, GDP only grew 1.41% in 2019, mainly due to the trade war between the US and China and to a cyclical global downturn in the electronic sector. GDP contracted by 6.67% in 2020 due to the COVID-19 pandemic before a rebound at 11.95% in 2021. GDP for Q4 of 2021 registered at 138,515 million SGD, representing a 10.4% year-over-year change. Figure 1 and figure 2 illustrates the trend of Singapore's nominal GDP over the past few years.

Figure 1 — Singapore's Quarterly Nominal Gross Domestic Product from Q1 2016 to Q1 2022



Source: Bloomberg

Figure 2 — Year Over Year Percentage Change of Singapore's Quarterly Nominal Gross Domestic Product from Q1 2016 to Q1 2022

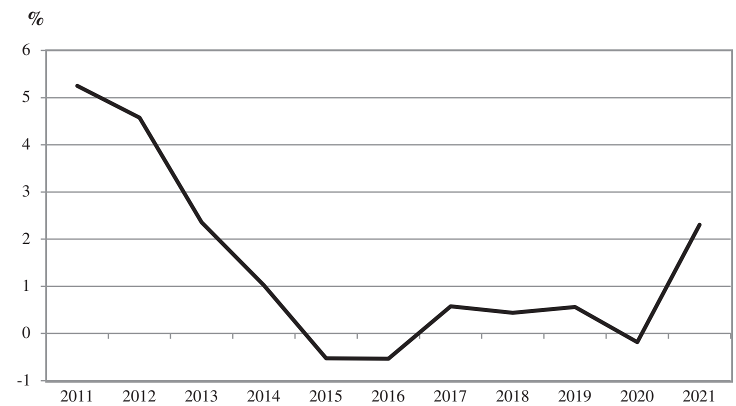


Source: Bloomberg

3.2 Inflation in Singapore

According to the International Monetary Fund ("**IMF**"), the average inflation rate in Singapore has been on a downtrend since 2011, reaching a low of -0.53% in 2016. The inflation rate has been relatively stable in 2017 to 2019. Registered inflation for 2020 and 2021 was -0.18% and 2.31% respectively. The IMF forecast of inflation in Singapore to be 3.49% in 2022, followed by a gradual decrease to 1.48% in 2026. Figure 3 shows the historical trend of Singapore's average inflation rate from 2009 to 2021.

Figure 3 — Singapore's Average Inflation Rate from 2009 to 2021



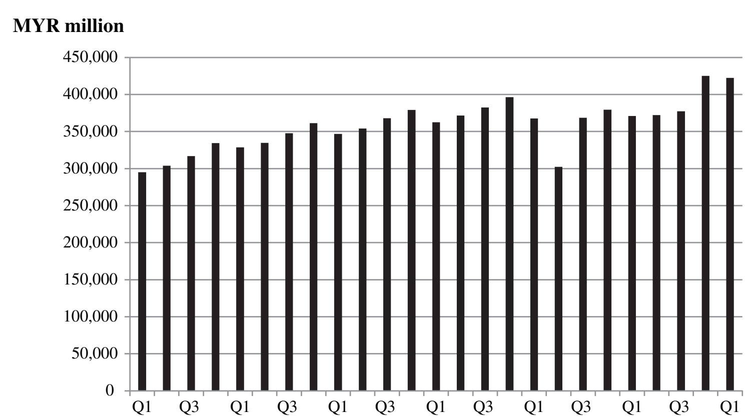
Source: Bloomberg

3.3 Overview of the Economy in Malaysia

Malaysia is an export-oriented country which specialises in the manufacturing and services sectors. Malaysia is ranked sixth among 39 countries in the Asia-Pacific Region for its economic freedom according to the 2022 Index of Economic Freedom published by Heritage, and ranked twelfth internationally in the Ease of Doing Business ranking published by the World Bank.

Since 2017 to 2019, Malaysia's GDP has been growing at a decreasing rate. Registering 9.81%, 5.5% and 4.49% for 2017, 2018 and 2019 respectively. This is mainly caused by shrinking private consumption and lower exports. Malaysia experienced negative GDP growth in 2020 largely due to the worldwide COVID-19 pandemic and global supply chain issues. 2021 GDP registered at 1.5 trillion MYR, representing an 8.98% growth from 2020. Figure 4 and figure 5 illustrates the trend of Malaysia's nominal GDP over the past few years.

Figure 4 — Malaysia's Quarterly Nominal Gross Domestic Product from Q1 2016 to Q4 2021



Source: Bloomberg

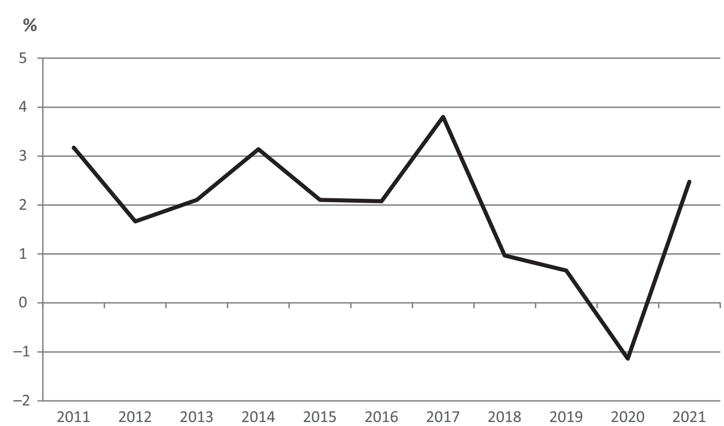
Figure 5 — Year Over Year Percentage Change of Singapore's Quarterly Nominal Gross Domestic Product from Q1 2016 to Q1 2022

Source: Bloomberg

3.4 Inflation in Malaysia

According to the International Monetary Fund ("**IMF**"), the average inflation rate in Malaysia has been volatile since 2011. Since reaching a high of 3.78% in 2017, inflation has dropped to a low of -1.14% in 2020. 2021 saw inflation reaching 2.48%. The IMF forecast of inflation in Malaysia to be 3.05% in 2022, followed by a relatively stable period until 2027, forecasted to be 2.47%. Figure 6 shows the historical trend of Malaysia's average inflation rate from 2009 to 2021.

Figure 6 — Malaysia's Average Inflation Rate from 2009 to 2021



Source: Bloomberg

4. INDUSTRY OVERVIEW

4.1 Energy Management System Industry in Singapore

Driven by the goal for carbon neutrality, the Singaporean government has imposed carbon taxes and have tightened energy efficiency standards and regulations with the aim to reduce emissions. Singapore has also set up multiple funds to support the efforts of businesses to improve their energy efficiency.

Given the tightened energy efficiency standards, many commercial and industrial constructs are not up to standards. Capitalizing on the needs for refurbishment to meet the updated energy efficiency requirements, the building management system (BMS) market has emerged. The energy management system is the largest product segment in the BMS market in 2021, accounting for 41.9% of the revenue generated. The energy management system segment is forecast to register a 7.4% CAGR from 2021 to 2027.

4.2 Energy Management System Industry in Malaysia

Similar to Singapore, Malaysia also encourages businesses and individuals to increase their energy efficiency with the aim of carbon neutrality. The Malaysian government has set up multiple plans and standards to provide businesses and individuals with financing aids and guidelines to encourage development and implementation of energy efficient products and services.

5. OVERVIEW OF THE BUSINESS ENTERPRISE

The Business Enterprise, is a holding company. Its two wholly-owned subsidiaries, Measurement & Verification Pte. Ltd ("**M&V MY**") and Measurement & Verification Sdn. Bhd ("**M&V SG**") provides smart energy solutions by (i) designing and installing energy-efficient heating; (ii) ventilation and air conditioning ("**HVAC**") systems which aims to achieve optimal energy consumption; and (iii) lower greenhouse gas emissions, and reduction in energy cost.

6. BASIS OF VALUATION

Our valuation is conducted on market value basis defined as follows. According to the International Valuation Standards established by the International Valuation Standards Council in 2022, **Market Value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

7. INVESTIGATION

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained further information as we considered necessary for the purpose of the valuation.

We have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise. We have also consulted other sources of financial and business information. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Business Enterprise as provided by the Management to a considerable extent.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which may or may not affect the operation of the Business Enterprise and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Business Enterprise;
- The financial condition of the Business Enterprise;
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market;
- Relevant licenses and agreements;
- The business risks of the Business Enterprise such as the ability in maintaining competent technical and professional personnel; and
- Investment returns of entities engaged in similar lines of business.

8. VALUATION METHODOLOGY

There are three generally accepted approaches to obtain the market value of the Business Enterprise, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

8.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

8.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

8.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("**equity and long term debt**"). Under the Asset-Based Approach, the market value of equity of a business entity/group refers to the market values of various assets and liabilities on the statement of financial position of the business entity/group as at the measurement date, in which the market value of each asset and liability was determined by reasonable valuation approaches based on its nature.

8.4 Business Valuation

In the process of valuing the Business Enterprise, we have taken into account of the operation and financial information of the Business Enterprise and conducted discussions with the Management to understand the status and prospect of the Business Enterprise and the industry it is participating. Also, we have considered the accessibility to available data in choosing among the valuation approaches.

The Income-Based Approach was not adopted because there is no financial forecast with concrete business plan could be obtained from the Management of the Business Enterprise for valuation purpose, and the change in assumption would greatly impact the valuation result. The Asset-Based Approach was also not adopted because it could not capture the future earning potential of the Business Enterprise and therefore it could not reflect the market value of the Business Enterprise. We have therefore considered the adoption of the Market-Based Approach in arriving at the market value of the Business Enterprise.

By adopting the Market-Based Approach, we have to determine the appropriate valuation multiples of comparable companies, in which we have considered price-to-sales("**P/S**"), price-to-earnings ("**P/E**"), price-to-book("**P/B**"), enterprise-value-to-EBIT ("**EV/EBIT**") and enterprise-value-to-EBITDA ("**EV/EBITDA**"). P/S multiple was not adopted as it did not consider the cost structure of the Business Enterprise. P/B multiple was not adopted as it did not reflect the future earnings potential of the Business Enterprise. Considering that (1) enterprise value can consider the specific debt structure of the Business Enterprise, (2) eliminating the effect of differences in taxation and cost of debt across comparable companies given that the comparable companies selected are listed globally and (3) excluding the impact of depreciation and amortization to EBIT, EV/EBITDA multiple was adopted over P/E multiple and EV/EBIT multiple. The adjusted median EV/EBITDA multiple of comparable companies was adopted to estimate the market value the Business Enterprise.

We adopted several listed companies with similar business nature and operations similar to those of the Business Enterprise as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- The companies are principally engaged in the provision of energy efficient HVAC systems ;
- The companies have sufficient operating histories and listed for over 3 years; and
- The financial information of the companies and the details of the transaction are available to the public.

Note: No comparable companies listed on the Hong Kong Stock Exchange fulfilled the aforementioned selection criteria.

Details of the comparable companies adopted were listed as follows.

Company Name	**Stock Code**	**Listing Location**	**Business Description**	**Market Capitalization** *(in HKD Million)*
Johnson Controls International plc	JCI.US	United States	Johnson Controls International plc provides building products and technology solutions. The company offers air systems, building management, HVAC controls, security, and fire safety solutions. The company serves customers worldwide.	446,557

Company Name	Stock Code	Listing Location	Business Description	Market Capitalization *(in HKD Million)*
Belimo Holding AG	BEAN.SW	Switzerland	Belimo Holding AG manufactures heating, ventilation and air conditioning equipment (HVAC). The company develops and manufactures damper actuators for general purposes, special motorized fire and smoke dampers and air-volume controls for HVAC systems. The company offers sales and consulting services worldwide.	61,035
Carel Industries SpA	CRL.IM	Italy	Carel Industries S.P.A. designs and manufactures control solutions for HVAC and humidification systems. The company offers air-conditioning parametric controls, unit terminals, isothermal humidifiers, speed controllers and inverters, energy meter, gas leakage detectors, temperature sensors, and signaling devices. The company serves customers worldwide.	23,476
Caverion Oyj	CAV1V.FH	Finland	Caverion OYJ provides building systems and industrial services in the Nordic countries, Central Europe, Russia, and the Baltic countries. The company provides services that cover all building systems in properties, including HVAC, security, fire safety, and telecommunications systems, as well as the automation that controls them.	7,834

Company Name	Stock Code	Listing Location	Business Description	Market Capitalization *(in HKD Million)*
Burnham Holdings Inc	BURCA.US	United States	Burnham Holdings, Inc. operates as a holding company. The company, through its subsidiaries, manufacturers of boilers and related HVAC products and accessories including furnaces, radiators, and air conditioning systems for residential, commercial, and industrial applications. The company serves customers worldwide.	487
Limbach Holdings Inc	LMB.US	United States	Limbach Holdings, Inc. provides mechanical systems solutions. The company offers building infrastructure services, with an expertise in the design, installation, and maintenance of HVAC and mechanical, electrical, and plumbing systems for a diversified group of commercial and institutional building owners.	723
Sharc International Systems Inc	SHRC.CN	Canada	Sharc International Systems Inc. manufactures HVAC products. The company focuses on development of wastewater heat recovery systems, as well as provides heat pump technology that generates renewable thermal energy for commercial, industrial, and residential buildings. The company serves customers worldwide.	197

Source: Bloomberg

The EV/EBITDA multiples of the aforementioned comparable companies were listed as follows:

Company Name	Stock Code	EV/EBITDA Multiple
Johnson Controls International plc	JCI.US	19.33
Belimo Holding AG	BEAN.SW	39.67[1]
Carel Industries SpA	CRL.IM	30.86[1]
Caverion Oyj	CAV1V.FH	9.01
Burnham Holdings Inc	BURCA.US	14.38
Limbach Holdings Inc	LMB.US	5.66
Sharc International Systems Inc	SHRC.US	N/A
	Median	16.86
	Adjusted Median	11.69

1 The EV/EBITDA of Belimo Holding AG (BEAN.SW) and Carel Industries SpA (CRL.IM) were excluded in the adjusted median calculation as they were considered as outliers based on standard score calculation.

Market Capitalization Analysis

We noted that the market capitalization of the comparable companies is larger than the Business Enterprise and we has performed further analysis. The market capitalization for the list of comparable companies were listed above. Based on the above data and the below EV/EBITDA multiple, there was no significant correlation regarding the market capitalization and the EV/EBITDA multiple of the comparable companies.

Standard Score Analysis

We also noted that the EV/EBITDA multiple of the comparable companies ranged from 5.66x–39.67x. In view of the large range of the EV/EBITDA multiple of the comparable companies, we have calculated the standard score of the EV/EBITDA multiple of the comparable companies and excluded 2 comparable companies (Belimo Holding AG and Carel Industries SpA) due to its high standard score in the calculation of median of the list of comparable companies.

The EV/EBITDA multiple adopted was the adjusted median of the EV/EBITDA multiples of the above comparable companies as at the Date of Valuation as extracted from Bloomberg. Then we obtained the estimated market value of the Business Enterprise as at 31 December 2021 by applying the adjusted median EV/EBITDA multiple to the EBITDA of RM4,132,256 of the Business Enterprise as at the Date of Valuation. The market value of the Business Enterprise was then estimated by adjusting with the marketability discount.

8.5 Calculation Details

The calculation details in arriving at the market value of the Business Enterprise using the P/S multiple were illustrated as follows:

EBITDA as at the Date of Valuation (RM)	4,132,256
Multiplied by: Adjusted median of EV/EBITDA Multiple	11.69
Market value of 100% Equity Interest of the Business Enterprise (in Minority Basis) (RM)	48,321,723
Multiplied by: Adjustment for Control Premium	(1 + 20.20%)
Market value of 100% Equity Interest of the Business Enterprise Before Adjustments on Net Debt and Net Non-Operating Assets (RM)	58,082,711
Add: Cash (RM)	17,341,000
Less: Debt (RM)	(9,737,000)
Add: Non-Operating Assets (RM)	0
Less: Non-Operating Liabilities (RM)	0
Market value of 100% Equity Interest of the Business Enterprise Before Adjustments on Marketability Discount (RM)	65,686,711
Multiplied by: Adjustment for Marketability Discount	(1 – 15.80%)
Market value of 100% Equity Interest of the Business Enterprise (RM)	55,308,211
Market value of 100% Equity Interest of the Business Enterprise (HKD)	102,419,744
Multiplied by: Adjustment for 62.75% Equity Interest	62.75%
Market value of 62.75% Equity Interest of the Business Enterprise (HKD)	64,268,390
Market value of 62.75% Equity Interest of the Business Enterprise (HKD) (Rounded)	**64,268,000**

Note: Total figures may not add up due to rounding.

8.6 Control Premium

As we are considering the market value of the Target Group from the perspective of controlling interest, the median control premium for invested capital from median of international transaction of 20.20% has been adopted in calculating the enterprise value of the Business Enterprise to reflect the higher marketability of a controlling interest compared to a minority interest with reference to the Mergerstat Control Premium Study (4th Quarter 2021) published by FactSet Mergerstat, LLC., an independent information provider for merger and acquisition transaction data.

8.7 Marketability Discount

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. The marketability discount captures the factor of lack of liquidity that the value of a share of stock in a privately held company has higher transaction cost in market than a public company. With reference to the 2021 edition of the Stout Restricted Stock Study, a discount for lack of marketability of 15.80% was adopted in arriving at the market value of the Business Enterprise as at the Date of Valuation.

9. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- Since the Business Enterprise was incorporated on 19 July 2021 and the full year financial statement was unavailable, the valuation was mainly relied on the audited consolidated statement of financial position of the Business Enterprise as at 31 December 2021 with the unaudited combined statement of profit or loss for FY2021 of M&V SG and M&V MY, the unaudited combined results were assumed can reasonably represent its annual profit or loss;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate were assumed to be successfully obtained and renewable upon expiry with minimal costs;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate would be officially obtained and renewable upon expiry;

- There will be no major change in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise; and

- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

10. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Business Enterprise. The factors considered included, but were not necessarily limited to the following:

- Business nature of the Business Enterprise;
- Accountant's report of the Business Enterprise, M&V SG and M&V MY as at 31 December 2021;
- Unaudited consolidated financial statements of the Business Enterprise as at 31 December 2021; and
- General descriptions in relation to the Business Enterprise.

We have discussed the details with the Management and we have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion of value.

11. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as the company background, business nature and financial information of the Business Enterprise provided to us.

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on information provided by the Management to a considerable extent in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. The information has not been audited or compiled by us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Business Enterprise was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Business Enterprise.

We have not investigated the title to or any legal liabilities of the Business Enterprise, and have assumed no responsibility for the title to the Business Enterprise appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except Roma Appraisals. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of Roma Appraisals through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of Roma Appraisals.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

12. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HKD).

We hereby confirm that we have neither present nor prospective interests in the Company, the Business Enterprise, their associate companies, subsidiaries or the values reported herein.

13. OPINION OF VALUE

Based on the investigation stated above and the valuation method employed, the market value of 62.75% equity interests in the Business Enterprise as at the Date of Valuation, in our opinion, was reasonably stated as **HKD64,268,000 (HONG KONG DOLLARS SIXTY FOUR MILLION TWO HUNDRED AND SIXTY EIGHT THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company (a) as at the Latest Practicable Date; (b) immediately after the allotment and issue of the Consideration Shares (assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date to the date of Completion); and (c) immediately after the allotment and issue of the Additional Consideration Shares (assuming other than the issue of the Consideration Shares, there is no other change in the issued share capital of the Company from the Latest Practicable Date to the date of Completion) will be as follows:

(a) As at the Latest Practicable Date

		HK$
Authorised share capital:		
1,000,000,000	Share of HK$0.1 each	100,000,000
Issued and fully paid:		
560,000,000	Share of HK$0.1 each	56,000,000

(b) Immediately after the allotment and issue of the Consideration Shares

		HK$
Authorised share capital:		
1,000,000,000	Share of HK$0.1 each	100,000,000
Issued and fully paid:		
560,000,000	Shares as at the Latest Practicable Date	56,000,000
41,565,600	Number of Consideration Shares to be issued	4,156,560
601,565,600		60,156,500

(c) Immediately after the allotment and issue of the Consideration Shares and the Additional Consideration Shares

		HK$
Authorised share capital:		
1,000,000,000	Share of HK$0.1 each	100,000,000
Issued and fully paid:		
560,000,000	Shares as at the Latest Practicable Date	56,000,000
41,565,600	Number of Consideration Shares to be issued	4,156,560
33,252,480	Number of Additional Consideration Shares to be issued	3,325,248
634,818,080		63,481,808

All the issued Shares rank pari passu with each other in all respects including the rights in respect of capital, dividends and voting.

The Consideration Shares and the Additional Consideration Shares, upon allotment and issue pursuant to the Specific Mandate, shall rank pari passu in all respects among themselves and with the other Shares in issue on their respective dates of such allotment and issue, save and except the Consideration Shares and the Additional Consideration Shares will not be entitled to any rights, dividends, allotments and/or any other forms of distributions that may be declared, made or paid to the Shareholders prior to the respective dates of their allotment and issue.

Separate applications will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Consideration Shares and the Additional Consideration Shares. Subject to the granting of listing of, and permission to deal in, the Consideration Shares and the Additional Consideration Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Consideration Shares and the Additional Consideration Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive is taken or deemed to have under such provision of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long position in the Shares

Name of Director	Capacity/ Nature of interest	Number of securities *(Note 1)*	Approximate percentage of shareholding *(Note 3)*
Dato' Lua Choon Hann	Beneficial owner	260,000 (L)	0.04%

(ii) Long positions in the ordinary shares in the associated corporation of the Company

Name of Director	Name of the associated corporation	Capacity/ Nature of interest	Number of securities *(Note 1)*	Approximate percentage of shareholding *(Note 4)*
Dato' Lim Heen Peok	PRG *(Note 2)*	Beneficial owner	108,800 shares (L)	0.03%
Dato' Lua Choon Hann	PRG *(Notes 2 & 3)*	Beneficial owner	32,252,800 shares (L)	7.50%
		Interest of spouse	300,000 shares (L)	0.07%
Mr. Cheah Eng Chuan	PRG *(Note 2)*	Beneficial owner	1,000,000 shares (L)	0.23%

Notes:

1. The letter "L" denotes the long position of the Director in the shares of the Company or the relevant associated corporation.

2. PRG is the holding company and the associated corporation of the Company within the meaning under Part XV of the SFO.

3. Dato' Lua Choon Hann, an executive Director, is the group executive vice chairman of PRG.

4. The percentage of shareholding is calculated on the basis of 429,857,221 shares in PRG in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Interests and short positions in the Shares

Name of Shareholder	**Capacity/ Nature of interest**	**Number and class of securities**	**Approximate percentage of shareholding** *(Note 6)*
PRG *(Notes 2 & 3)*	Beneficial owner	303,468,000 Shares (L)	54.19%
Jim Ka Man	Beneficial owner	55,024,000 Shares (L) *(Note 4)*	9.82%
	Interest of spouse	6,312,000 Shares (L) *(Note 5)*	1.13%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. PRG is a company incorporated in Malaysia and whose issued shares are listed on the Main Market of Bursa Malaysia Securities Berhad.

3. Dato' Lua Choon Hann, an executive Director, is the group executive vice chairman of PRG.

4. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man had acquired up to 55,024,000 Shares on 9 August 2021.

5. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man was deemed to be interested in the Shares held directly by her spouse under Part XV of the SFO.

6. The percentage of shareholding is calculated on the basis of 560,000,000 Shares in issue of the Company as at the Latest Practicable Date.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or controlling shareholder or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group or has any conflict of interest with the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company within one year without payment of compensation other than statutory compensation.

6. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

8. QUALIFICATIONS AND CONSENT OF EXPERTS

The following are the qualifications of the experts whose opinions or advice are contained in this circular:

Name	Qualification
Octal	A corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Roma Appraisals Limited	Independent business valuer
ZHONGHUI ANDA CPA Limited	Certified Public Accountants

Each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report, opinion (as the case may be) and the references to its name (including its qualifications) in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the experts named above did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the experts named above did not have any direct or indirect interest in any assets of the Group which have, since 31 December 2021, being the date to which the latest published audited consolidated accounts of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Enlarged Group) had been entered into by members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

(i) the sale and purchase agreement entered into between the Company as purchaser and Ms. Pua Lay Cheng and Mr. Lee Eng Lock as vendors on 1 November 2021 (as supplemented by the supplemental agreement dated 17 November 2021), pursuant to which the vendors have conditionally agreed to sell and the Company has conditionally agreed to acquire 3,725 ordinary shares in the Target Company (representing 37.25% interest in the Target Company) at the consideration of HK$9,564,496.00 which shall be settled by cash in full;

(ii) the shareholders' agreement entered into between the Company, Ms. Pua Lay Cheng and Mr. Lee Eng Lock on 1 November 2021 to regulate, among others, their relationship as shareholders and the management and operation of the Target Company; and

(iii) the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement).

10. AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions in the Corporate Governance Code of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual reports and financial statements, interim reports and quarterly reports and to provide advices and comments thereon to the Board. The audit committee is also responsible for reviewing the accounting principles and practices adopted by the Group and also the auditing, internal control and financial reporting matters.

The audit committee of the Board comprises three independent non-executive Directors, namely, Mr. Ho Ming Hon, Dato' Sri Dr. Hou Kok Chung and Dato' Lee Chee Leong. Mr. Ho Ming Hon is the chairman of the audit committee of the Board. Set out below are their biographical details:

Mr. Ho Ming Hon

Mr. Ho Ming Hon, aged 46, has joined the Group since 20 September 2017. His roles and responsibilities within the Group are to oversee the management of the Group independently. He obtained a bachelor degree of accounting from The National University of Malaysia in 1998 and is a certified public accountant and a member of The Malaysian Institute of Certified Public Accountants. He has over 15 years of experience in auditing and corporate finance. He joined PricewaterhouseCoopers from April 1998 to February 2002 with his last position as an assistant manager. He then subsequently worked at an investment bank, AmInvestment Bank Berhad, from February 2002 until November 2007, with his last position as an associate director, where he specialised in corporate finance and had undertaken various corporate exercises such as mergers and acquisitions, restructuring, fund raising and also initial public offerings. He joined Pelikan International Corporation Bhd. ("**Pelikan International**") in November 2007, a company whose shares are listed on Bursa Malaysia Securities Berhad and currently, he holds office as the senior vice-president and Head of Corporate Finance and Corporate Services of Pelikan International. He is mainly responsible for the overall management of the operations, financial management including treasury and reporting, corporate, secretarial and legal functions of Pelikan International. He did not hold any directorship in other listed public companies in Hong Kong or overseas in the three years immediately preceding the Latest Practicable Date.

Dato' Sri Dr. Hou Kok Chung

Dato' Sri Dr. Hou Kok Chung, aged 59, has joined the Group since 20 September 2017. His roles and responsibilities within the Group are to oversee the management of the Group independently. He obtained a bachelor degree and master degree of Arts from University of Malaya in 1987 and 1990 respectively. He obtained a doctor degree of Philosophy from the School of Oriental and African Studies, the University of London in 1998 and he was a member of Parliament and the Deputy Minister of Higher Education Malaysia from 2008 to 2013. He is an expert in East Asian and China studies. He served at University of Malaya from 1990 to 2008 as a lecturer and lastly as Associate Professor. During his tenure in University of Malaya, he had been appointed and held positions as Head of Department of East Asian Studies, and director of Institute of China Studies. He attended various conferences and seminars and worked on a handful of publications relating to economy, political environment and culture of East Asian countries and China. His vast experience, knowledge and understanding on this subject will enable him to contribute to the Group by bringing his insights in enhancing the future marketing strategies and positioning in East Asian market. He is a non-executive director of Parkson Retail Group Limited, a company listed on the Main Board of the Stock Exchange (Stock

Code: 3368) since 2014. Save as disclosed above, he did not hold any directorship in other listed public companies in Hong Kong or overseas in the three years immediately preceding the Latest Practicable Date.

Dato' Lee Chee Leong

Dato' Lee Chee Leong, aged 64, has joined the Group since 25 March 2020. He is responsible for overseeing the management of the Group independently. He obtained Bachelor of Arts majoring in accounting and finance from Bristol Polytechnic (with honours) in England in 1981. He also held a long and distinguished career in politics in Malaysia and is a member of the Malaysian Chinese Association and served as State Assemblyman for Tualang, Perak from 1990 to 1995, and as State Assemblyman for Malim Nawar from 1995 to 2008. His career commenced in 1996 as a member of the Youth Central Committee and, through the years, had progressed through various roles such as the Kampar Division Chairman and Perak State Liaison Vice Chairman in 2005, Perak State liaison secretary and central committee member in 2008, presidential council member and central committee member from 2009 to 2013, vice president and Kedah State Liaison chairman from 2013 to 2018, and the treasurer and Kampar division chairman from 2018 onwards. He did not hold any directorship in other listed public companies in Hong Kong or overseas in the three years immediately preceding the Latest Practicable Date.

11. MISCELLANEOUS

(a) Joint company secretaries of the Company are Ms. Cheng Lucy, who is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, and Mr. Au Yeung Yiu Chung, who is a Chartered Governance Professional and fellow member of The Hong Kong Chartered Governance Institute (HKCGI), formerly known as The Hong Kong Institute of Chartered Secretaries. He is also a holder of the Practitioner's Endorsement issued by HKCGI.

(b) Mr. Cheah Hannon, an executive Director, is the compliance officer of the Company.

(c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the head office is at Lot 1883, Jalan KPB9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor, Malaysia and principal place of business in Hong Kong is located at 31st Floor, 148 Electric Road, North Point, Hong Kong.

(d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) The English text of this circular shall prevail over its Chinese text.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (https://www.furniweb.com.my/) from the date of this circular up to and including 14 days (except public holidays):

(i) the Sale and Purchase Agreement and the Supplemental Agreement;

(ii) the letter from the Independent Board Committee, the text of which is set out on pages 33 to 34 of this circular;

(iii) the letter from the Independent Financial Adviser, the text of which is set out on pages 35 to 70 of this circular;

(iv) the accountants' report on the financial information of the Target Group issued by ZHONGHUI ANDA CPA Limited, the text of which is set out in Appendix II to this circular;

(v) the accountants' report on the financial information of M&V SG issued by ZHONGHUI ANDA CPA Limited, the text of which is set out in Appendix III to this circular;

(vi) the accountants' report on the financial information of M&V MY issued by ZHONGHUI ANDA CPA Limited, the text of which is set out in Appendix IV to this circular;

(vii) the assurance report of ZHONGHUI ANDA CPA Limited on the compilation of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix VI to this circular;

(viii) the valuation report on the Sale Shares issued by Roma Appraisals Limited, the text of which is set out in Appendix VII to this circular; and

(ix) the written consents referred to in the paragraph 8 of this appendix.

FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8480)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of the shareholders (the "**Shareholders**") of Furniweb Holdings Limited (the "**Company**") will be held at Lot 1883, Jalan KPB9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor, Malaysia on Monday, 8 August 2022 at 2:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company.

Unless otherwise defined, capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 30 June 2022.

ORDINARY RESOLUTION

"**THAT**

(a) the entering into of the conditional sale and purchase agreement entered into by the Company and the Vendor dated 8 June 2022 as supplemented by a supplemental agreement dated 13 June 2022 made between the same parties ("**Sale and Purchase Agreement**") (a copy of the Sale and Purchase Agreement having been produced to the EGM and marked "A" and initialed by the chairman of the EGM for the purpose of identification), and all the transactions contemplated thereunder including the Further Acquisition and the Consideration Shares Issue be and are hereby approved and the Directors be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Sale and Purchase Agreement and all the transactions contemplated thereunder;

(b) the Directors be and are hereby granted the specific mandate to allot and issue of the Consideration Shares and the Additional Consideration Shares each at the Consideration Shares Issue Price pursuant to the terms and conditions of the Sale and Purchase Agreement; and

(c) any Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the Sale and Purchase Agreement and the transactions contemplated thereunder as he may in his absolute discretion consider necessary, desirable or expedient to give effect to the Sale and Purchase Agreement and the implementation of all the transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its Shareholders as a whole."

By order of the Board
FURNIWEB HOLDINGS LIMITED
Dato' Lim Heen Peok
Chairman

Hong Kong, 30 June 2022

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters:
Lot 1883, Jalan KPB9
Kg. Bharu Balakong
43300 Seri Kembangan
Selangor
Malaysia

Principal place of business in Hong Kong:
31st Floor, 148 Electric Road
North Point
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM may appoint a proxy to attend and, on a poll, vote on his behalf and such proxy need not be a member of the Company. A form of proxy for use at the EGM is enclosed.

2. In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours (i.e. Saturday, 6 August 2022 at 2:00 p.m.) before the time fixed for holding the Meeting or any adjournment thereof (as the case may be).

3. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.

4. The proposed ordinary resolution set out in this notice will be voted by the shareholders of the Company and by way of a poll.

5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

6. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto. If more than one of such joint holders are present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

7. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the EGM will be Monday, 8 August 2022. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 2 August 2022.