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FURNIWEB HOLDINGS LIMITED

飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8480)

- (1) MAJOR AND CONNECTED TRANSACTION:
PURCHASE OF THE PROPERTIES
INVOLVING ISSUE OF THE CONSIDERATION SHARES
UNDER SPECIFIC MANDATE**
- (2) CONNECTED TRANSACTION:
NON-COMPETE UNDERTAKING AMENDMENTS**
- (3) PROPOSED AUTHORISED SHARE CAPITAL INCREASE**

Financial adviser to the Company



INTRODUCTION

On 27 April 2023, the Purchaser conditionally agreed to purchase the Properties from PRGH by entering into the Master Agreement with PRGH, the principal terms and conditions of which are set out in this announcement.

THE NON-COMPETE UNDERTAKING AMENDMENTS

On 27 April 2023, PRGH and the Company entered into the conditional Non-Compete Undertaking Supplemental Deed excluding the Property Investment Business from the Restricted Activity.

The Non-Compete Undertaking Supplemental Deed is conditional on (a) the obtaining of the approval from the Independent Shareholders at the EGM to the Non-Compete Undertaking Amendments contemplated under the Non-Compete Undertaking Supplemental Deed; and (b) Completion.

PROPOSED AUTHORISED SHARE CAPITAL INCREASE

To accommodate the future expansion and growth of the Group and to provide the Company with greater flexibility for future expansion in its share capital, the Company proposes the Authorised Share Capital Increase.

The Board is of the view that the Authorised Share Capital Increase will provide flexibility to the Company for future fundraising and expansion if and when necessary and is in the interests of the Company and the Shareholders as a whole.

The proposed Authorised Share Capital Increase is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

IMPLICATIONS OF THE GEM LISTING RULES

The Purchase involving the Consideration Shares Issue

Chapter 19

As more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Purchase involving the Consideration Shares Issue are more than 25% but less than 100%, the Purchase 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

PRGH is a connected person of the Company for being a controlling shareholder of the Company. The Purchase involving the Consideration Shares Issue constitutes a connected transaction for the Company. 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 Purchase involving the Consideration Shares Issue are more than 25%, the Purchase 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.

The Non-Compete Undertaking Amendments

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Approval by the Board

(a) Mr. Ng Tzee Penn and Dato' Lua Choon Hann, both being common directors of the Company and PRGH, and (b) Dato' Lua Choon Hann who is interested in approximately 7.59% of the shares in issue of PRGH, have abstained from voting on the resolutions approving the EGM Matters (other than the Authorised Share Capital Increase) at the meeting of the Board.

INTRODUCTION

On 27 April 2023, the Purchaser conditionally agreed to purchase the Properties from PRGH by entering into the Master Agreement with PRGH, the principal terms and conditions of which are set out in this announcement.

THE MASTER AGREEMENT

Date: 27 April 2023

Parties: (1) PRGH (as vendor);
(2) the Purchaser (as purchaser), a wholly-owned subsidiary of the Company incorporated in Malaysia; and
(3) the Company.

PRGH is a connected person of the Company for being a controlling shareholder of the Company. Further details of PRGH are set out in "Information on PRGH" in this announcement.

Subject matter agreed to be purchased by the Purchaser from PRGH: The Properties. Further details of the Properties are set out in "Information on the Properties" in this announcement.

Conditions Precedent: Completion is subject to the satisfaction (or waiver) of the following Conditions Precedent on or before the Long Stop Date:

Conditions Precedent to be fulfilled by PRGH

(a) the receipt by the Purchaser of the Certificate of Completion and Compliance issued by principal submitting person in accordance with the Uniform Building By-Laws of the Street, Drainage and Building Act 1974 ("**PSP**");

- (b) (i) the issuance of a letter of confirmation or notice of delivery of vacant possession of the Properties issued by the Developer to PRGH confirming delivery of vacant possession of the Properties by Developer to PRGH and (ii) subsequently the issuance of a letter of confirmation of the delivery of vacant possession of the Properties by PRGH to the Purchaser within 10 business days (or such longer period as PRGH, the Purchaser and the Company may agree in writing) from the S433B Foreign Consent Approval Date or if the S433B Foreign Consent Approval is not required, from the date of the Individual SPAs (“**VP to Purchaser**”);
- (c) the receipt by PRGH of the approval from the independent non-interest shareholders of PRGH at an extraordinary general meeting of PRGH for the sale of the Properties by PRGH to the Purchaser under the Master Agreement;
- (d) the receipt by PRGH of the written approval of the State Authority (being the Kuala Lumpur Federal Territory Land Registry) pursuant to Section 433B of the National Land Code (Revised 2020) in respect of the transaction contemplated under the Principal Sale Agreements;
- (e) the obtaining of the Developer’s written confirmation in respect of the following matters pursuant to Section 22D(4) of the Housing Development (Control & Licensing) Act 1966:
 - (i) the particulars of the Properties;
 - (ii) postal address of the Properties;
 - (iii) the current purchaser and charge (if any) of the Properties;
 - (iv) the current charge or assignee of the Properties;
 - (v) the total amount, if any, due to the Developer under each Principal Sale Agreement as at the date of the letter of confirmation;

provided that none of the above matters confirmed by the Developer shall be adverse to the rights and interests of the Purchaser under the Master Agreement or of and in the Properties and PRGH shall comply with all of the terms and conditions as may be imposed by the Developer and in the respective confirmations aforementioned as soon as practical from the date of receipt of the Developer’s letter of confirmation;

Conditions Precedent to be fulfilled by the Company

- (f) the obtaining of the approval from the Independent Shareholders at the EGM to the Master Agreement, including the purchase of the Properties by the Purchaser from PRGH, the Consideration Shares Issue, the grant of the Specific Mandate and the other transactions contemplated under the Master Agreement;
- (g) the obtaining of the approval from the Independent Shareholders at the EGM to the Non-Compete Undertaking Amendments;
- (h) the GEM Listing Committee granting the listing of, and permission to deal in, the Consideration Shares, on GEM;

Conditions Precedent to be fulfilled by the Purchaser

- (i) the approval from the board of directors and shareholder of the Purchaser for the acquisition of the Properties on the terms and conditions of the Master Agreement, and the entry of the Master Agreement by the Purchaser;
- (j) the issue of a legal opinion from the legal advisers to the Purchaser as to Malaysian laws to the satisfaction of the Purchaser confirming good title of the Properties free from all encumbrances and rights of third parties, due completion of the Principal Sale Agreements, the Properties are free from all restrictions in interest, conditions, and category of use, express or implied in the master title to the Properties, the transferability of the Properties pursuant to the terms and conditions of the Master Agreement; and
- (k) (if required) the receipt by the Purchaser of the S433B Foreigner Consent Approval.

Save the Condition Precedent set out in paragraph (j) above which may only be waived by the Purchaser prior to the Long Stop Date in writing to PRGH, none of the Conditions Precedent may be waived by any party.

If any of the Conditions Precedent is not satisfied (or if can be waived, is not waived) by the Long Stop Date, PRGH shall, amongst others, refund all the Cash Consideration, free of interest, to the Company within 7 days from the Long Stop Date and the Master Agreement shall be terminated and be of no further effect.

The Master Agreement shall become Unconditional on the Unconditional Date.

Consideration and payment terms: RM61,982,000.00 (equivalent to HK\$109,689,545.40 at the Agreed Exchange Rate) shall be paid by the Company for and on behalf of the Purchaser in the following manner:

- (1) the Cash Consideration shall be paid in cash within 14 days from the date of the Master Agreement and shall form part of the Consideration on the Unconditional Date; and
- (2) the Consideration Balance shall be satisfied by the Consideration Shares Issue within the Consideration Shares Settlement Period.

Completion: Completion shall take place on the date of issuance of the Consideration Shares.

Other termination events: If PRGH fails (other than due to the default of the Company and/or the Purchaser) to complete the sale of the Properties in accordance with the Master Agreement after it becoming Unconditional, the Purchaser may by written notice to PRGH terminate the Master Agreement and the Individual SPAs whereupon PRGH shall within 7 days from the date of notice of termination refund the Cash Consideration in full to the Purchaser free of interest and pay 10% of the Consideration to the Purchaser as agreed liquidated damages.

If the Purchaser fails (other than due to the default of PRGH) to pay any part of the Consideration or fail to complete the purchase of the Properties in accordance with the Master Agreement after it becoming Unconditional, PRGH may by written notice to the Purchaser terminate the Master Agreement and the Individual SPAs whereupon the Cash Consideration shall be absolutely forfeited to PRGH and PRGH shall refund any excess sum received to the Purchaser free of interest within 7 days from the date of notice of termination.

After execution of the Master Agreement and the Individual SPAs, the Purchaser shall be entitled by written notice to PRGH terminate the Master Agreement and the Individual SPAs if the master title of the Properties or any part of it is the subject matter of any exercise of rights or taking of any steps under the Lands Acquisition Act, 1960 or any applicable authorities in Malaysia having such power on or before the Completion Date, whereupon PRGH shall within 7 days from the date of notice of termination refund the Cash Consideration in full to the Purchaser without any interest.

Real property gain tax:	The real property gains tax, if any, as is payable in respect of the disposal of the Properties under the Master Agreement and/or the Individual SPAs shall be paid by PRGH and PRGH undertakes to indemnify and keep the Purchaser fully indemnified for and against any such real property gains tax as may be payable.
Major representation, warranties and undertaking from PRGH:	PRGH represents, warrants and undertakes to the Purchaser that save for the Properties, it hold no other condominiums constructed on the Project Land immediately prior to the Purchase and shall not own or acquire any properties on Project Land after signing and completion of the Master Agreement.

THE CONSIDERATION

The Consideration was determined after arm's length negotiation between PRGH and the Purchaser having regard to the market value of the Properties of RM70,355,000 appraised by the Independent Valuer. The Consideration represents a discount of approximately 11.90% to the market value of the Properties. The Directors consider 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 will be subject to the obtaining of the Specific Mandate and the granting of their listing approval by the Stock Exchange to be sought by the Company. Please refer to the paragraph headed "The Specific Mandate and the Consideration Shares" below in this announcement for further details.

The original acquisition cost of the Properties by PRGH is RM61,982,000.

THE SPECIFIC MANDATE AND THE CONSIDERATION SHARES

The Specific Mandate and application for listing of the Consideration Shares

The Consideration Shares (i.e. 329,068,636 new Shares) will be issued under the Specific Mandate to be obtained from the Independent Shareholders at the EGM.

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

The aggregate nominal value of the Consideration Shares upon their issuance in full will be HK\$32,906,863.60.

Nature of the Consideration Shares

The 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 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 their date of allotment and issue.

The Consideration Shares Issue Price

The Consideration Shares will be issued to PRGH on the Completion Date each at the Consideration Shares Issue Price, i.e. HK\$0.30 per Consideration Share, to be credited as fully paid.

The Consideration Shares Issue Price represents:

- (i) a discount of approximately 6.25% to the closing price of the Shares of HK\$0.32 per Share as quoted on the Stock Exchange on 27 April 2023, being the date of the Master Agreement;
- (ii) the amount equivalent to the average of the closing prices of the Shares of HK\$0.30 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Master Agreement; and
- (iii) a premium of approximately 1.87% to the average of the closing prices of the Shares of HK\$0.2945 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Master Agreement.

The Consideration Shares Issue Price was determined after arm's length negotiations between the Purchaser and PRGH 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 to the Shares in issue as at the date of this announcement and the Shares in issue as enlarged by the Consideration Shares and Shares in issue as enlarged by the issue of the Consideration Shares and the Energy Solution Additional Consideration Shares

The approximate percentage of the Consideration Shares to (a) the Shares in issue as at the date of this announcement (**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 date of this announcement other than the 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 Energy Solution Additional Consideration Shares (assuming there will not be any change in the issued share capital of the Company from the date of this announcement other than the allotment and issue of the Consideration Shares and the Energy Solution Additional Consideration Shares) (**Scenario C**) are as follows:

	Scenario A	Scenario B	Scenario C
Consideration Shares (i.e. 329,068,636 new Shares)	<u>54.70%^(note 1)</u>	<u>35.36%^(note 2)</u>	<u>34.14%^(note 3)</u>

Notes:

1. On the basis of 601,565,600 Shares in issue as at the date of this announcement.
2. On the basis of 930,634,236 Shares in issue as enlarged by the issue of the Consideration Shares.
3. On the basis of 963,886,716 Shares in issue as enlarged by the issue of the Consideration Shares and the Energy Solution Additional Consideration Shares.

EFFECT OF SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement (**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 date of this announcement other than the allotment and issue of the Consideration Shares) (**Scenario B**); and (iii) immediately after the issuance and allotment of the Consideration Shares and the Energy Solution Additional Consideration Shares (assuming there will not be any change in the issued share capital of the Company from the date of this announcement other than the allotment and issue of the Consideration Shares and the Energy Solution Additional Consideration Shares) (**Scenario C**):

Shareholder	Scenario A		Scenario B		Scenario C	
	<i>Number of Shares held</i>	<i>Approximate percentage of shareholding (note 1)</i>	<i>Number of Shares held</i>	<i>Approximate percentage of shareholding (note 2)</i>	<i>Number of Shares held</i>	<i>Approximate percentage of shareholding (note 3)</i>
PRGH	303,468,000	50.45%	632,536,636	67.97%	632,536,636	65.62%
Dato' Lua Choon Hann (note 4)	260,000	0.04%	260,000	0.03%	260,000	0.03%
Dato' Ng Yan Cheng (note 5)	66,977,600	11.13%	66,977,600	7.20%	100,230,080	10.40%
Jim Ka Man (note 6)	58,764,000	9.77%	58,764,000	6.31%	58,764,000	6.10%
Other public Shareholders	<u>172,096,000</u>	<u>28.61%</u>	<u>172,096,000</u>	<u>18.49%</u>	<u>172,096,000</u>	<u>17.85%</u>
	<u>601,565,600</u>	<u>100.00%</u>	<u>930,634,236</u>	<u>100.00%</u>	<u>963,886,716</u>	<u>100.00%</u>

Notes:

1. On the basis of 601,565,600 Shares in issue as at the date of this announcement.
2. On the basis of 930,634,236 Shares in issue as enlarged by the issue of the Consideration Shares.
3. On the basis of 963,886,716 Shares in issue as enlarged by the issue of the Consideration Shares and the Energy Solution Additional Consideration Shares.
4. Dato' Lua Choon Hann is an executive Director.
5. Dato' Ng Yan Cheng, is a connected person of the Company for being the father of Mr. Ng Tzee Penn, a non-executive Director. Dato' Ng Yan Cheng is not a core connected person as defined in the GEM Listing Rules.
6. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man was deemed to be interested in 58,764,000 Shares of which 53,572,000 Shares were beneficially owned by her and she was deemed to be interested in 5,192,000 Shares held directly by her spouse under Part XV of the SFO.

As at the date of this announcement, (a) the Company has an authorised share capital of HK\$100,000,000 divided into 1,000,000,000 Shares with an issued share capital of 601,565,600 Shares, fully paid or credited as fully paid up; and (b) PRGH is a controlling shareholder of the Company interested in 50.45% of the Shares in issue. Assuming there will not be any change in the issued share capital of the Company other than the allotment and issue of Consideration Shares, the allotment and issue of Consideration Shares to PRGH will not result in a change of control of the Company.

INFORMATION ON THE PROPERTIES

The Properties comprise 50 units of condominium located on the 16th to 37th floors of Block A of phase 1 of a residential development to be known as **Picasso Residence**. Block A of Picasso Residence is a multi-storey building with 270 condominium. The total build up areas of the 50 units of condominium are approximately 72,920 square feet.

The subject site upon which Picasso Residence is to be constructed is a parcel of development land held under the Master Title Pajakan Negeri 52579, Lot No. 20010, Seksyen 88, Bandar and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur, measuring 14,307 square metres (the “**Project Land**”). The Properties are leasehold properties with leasehold interest for 99 years expiring on 17 February 2108.

As at the date of this announcement, Phase 1 of Picasso Residence is under construction and is approximately 60% completed and is expected to be completed by the end of 2023.

The market value of the Properties is RM70,355,000 as appraised by the Independent Valuer.

THE NON-COMPETE UNDERTAKING AMENDMENTS

On 27 April 2023, PRGH and the Company entered into the conditional Non-Compete Undertaking Supplemental Deed excluding the Property Investment Business from the Restricted Activity.

The Non-Compete Undertaking Supplemental Deed is conditional on (a) the obtaining of the approval from the Independent Shareholders at the EGM to the Non-Compete Undertaking Amendments contemplated under the Non-Compete Undertaking Supplemental Deed; and (b) Completion.

PROPOSED AUTHORISED SHARE CAPITAL INCREASE

To accommodate the future expansion and growth of the Group and to provide the Company with greater flexibility for future expansion in its share capital, the Company proposes the Authorised Share Capital Increase.

The Board is of the view that the Authorised Share Capital Increase will provide flexibility to the Company for future fundraising and expansion if and when necessary and is in the interests of the Company and the Shareholders as a whole.

The proposed Authorised Share Capital Increase is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

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 date of this announcement.

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, rubber tape and polyvinyl chloride related products, and the provision of smart energy solutions.

INFORMATION ON PRGH

PRGH is a public limited liability company incorporated in Malaysia and the issued shares of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

PRGH is the controlling shareholder of the Company directly interested in 50.45% of the Shares in issue and a connected person of the Company. PRGH is principally engaged in investment holding with its subsidiaries other than the Group principally engaged in property development, and construction, and plantation, logging and trading of timbers.

REASONS FOR AND BENEFITS OF THE PURCHASE AND THE NON-COMPETE UNDERTAKING AMENDMENTS

The Purchase

It has been the Company's objective to diversify its business amidst the challenging global business environment with resurgence of COVID-19 pandemic. The Group has been actively assessing the Malaysian and other markets for attractive investment opportunities to complement its existing businesses to further develop the Group into a diversified manufacturing and investment group to enhance Shareholders' value.

Set out below are the key benefits of the Purchase:

Steady income stream

The Company intends to lease the Properties for rental income that will enhance the steadiness of the Group's income stream deriving from its current businesses in manufacturing and energy saving solutions. As the Cash Consideration only amounts to RM6,198,200.0 (equivalent to HK\$10,968,954.54 at the Agreed Exchange Rate), representing only 12.8% of the Group's cash and bank balances (RM48.5 million) as at 31 March 2023, the payment of the Cash Consideration will not cause material impact on the Group's liquidity. Notwithstanding that COVID-19 has been fading away since 2023, the world economy is still highly vulnerable to various economic and political threats, such as rising interest rates and inflation, disruption of supply chains and geopolitical tension. These threats may disrupt our manufacturing and energy saving business whose clients are mainly in Asia Pacific and North America. As disclosed in the Annual Report 2022, manufacturing of elastic textile recorded revenue growth in 2023 whereas manufacturing of webbing and

PVC products both recorded revenue drop. Additional and steady income stream may help to reduce any temporary volatility in cashflow of manufacturing business and thus enhance the effectiveness and performance of the Group's liquidity management.

Rental yield versus bank deposits rate

According to the Independent Valuer, Malaysia residential property market recorded growth in sales units and sales value in 2022. The average rental yield of the properties comparable to the Properties was in the range from 1.2% to 9.5% in 2022, versus the average bank deposit interest rate of 1.95% in the same year. The Independent Valuer is also of the view that the Malaysia residential property market should have seen its worst situation in 2018. The Directors shared the view of the Independent Valuer that the residential property market in Malaysia shall at least remain stable in the foreseeable future.

Risk of value depreciation

Many businesses failed to survive COVID-19 whose operations were either substantially downsized or shut down and resulted in significant impairment loss on their financial statements. In this connection, property investment has historically proven to be resilient asset class, and it may offer some protection against economic downturns and can be valuable component of a diversified investment portfolio, reducing its overall risk exposure. Most of the time, property tends to hold its value over the long term and typically less correlated with other asset classes, such as stocks and bonds.

Potential capital gain

As aforesaid, the Independent Valuer is of the view that the Malaysia residential property saw its trough in 2018. Depends on the Group's financial status and policy which are reviewed by the Directors regularly, the Company may choose to sell the Properties at appropriate times to capture the capital gain. However, as at the date of this announcement, the Company plans to hold the Properties as investment properties and has no plan to dispose them.

In view of the foregoing considerations, the Directors are of the view that the proposed diversification into the property investment business after Completion represents an opportunity for the Group to establish a new and promising business segment for the Group in the long run.

The Non-Compete Undertaking Amendments

Upon Completion, the new Property Investment Business into which the Group is to be diversified will constitute a Restricted Activity. However, the Property Investment Business has been carrying on by PRGH for decades and does not constitute at all a Restricted Activity if not for the participation of the Group in it following Completion. In other words, it is the Group's subsequent diversification of its business into the new Property Investment Business following Completion which renders the Property Investment Business carrying on by PRGH a Restricted Activity. It is considered fair and reasonable to exclude the Property Investment Business from Restricted Activity.

Directors' view

Having considered the above benefits, the Directors (excluding Mr. Ng Tzee Penn and Dato' Lua Choon Hann who have abstained from voting at the Board meeting approving the Master Agreement and the transactions contemplated thereunder and the Non-Compete Undertaking Amendments as described in the paragraph headed "Implications of the GEM Listing Rules — Approval by the Board" below and the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) consider that the terms and conditions of the Master Agreement and the transactions contemplated thereunder and the Non-Compete Undertaking Amendments are on normal commercial terms and are fair and reasonable and that the Purchase 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.

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Approval by the Board

(a) Mr. Ng Tzee Penn and Dato' Lua Choon Hann, both being common directors of the Company and PRGH, and (b) Dato' Lua Choon Hann who is interested in approximately 7.59% of the shares in issue of PRGH, have abstained from voting on the resolutions approving the EGM Matters (other than the Authorised Share Capital Increase) at the meeting of the Board.

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 EGM Matters (other than the Authorised Share Capital Increase).

Octal has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on, among others, the fairness and reasonableness of the EGM Matters (other than the Authorised Share Capital Increase).

EGM AND VOTING

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the EGM Matters. The voting at the EGM will be taken by poll.

At the EGM, any Shareholders with a material interest in any of the EGM Matters are required to abstain from voting on the proposed resolution to be put forward to the Independent Shareholders at the EGM for approving the EGM Matters. PRGH and its associates shall abstain from voting on the ordinary resolutions to be put forward at the EGM for approving the EGM Matters (other than the Authorised Share Capital Increase). As none of the Shareholders or their respective associates will have any interest in the proposed Authorised Share Capital Increase, no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM for approving and authorising the proposed Authorised Share Capital Increase.

A circular containing, inter alia, (i) details of the Master Agreement and the transactions contemplated thereunder, the Non-Compete Undertaking Amendments and the proposed Authorised Share Capital Increase; (ii) a valuation report on the Properties, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the EGM Matters (other than the Authorised Share Capital Increase); (iv) a recommendation from the Independent Board Committee in relation to the EGM Matters (other than the Authorised Share Capital Increase); and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 6 June 2023 in accordance with the GEM Listing Rules, as time is required to prepare the information for inclusion in the circular.

Shareholders and potential investors of the Company should note that (a) Completion of the Purchase involving the Consideration Shares Issue is subject to the fulfilment (or waiver, if applicable) of the Conditions Precedent under the Master Agreement, and Completion may or may not proceed; and (b) the Non-Compete Undertaking Amendments are subject to approval of the Independent Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions have the following meaning:

“Agreed Exchange Rate”	RM1.0 to HK\$1.7697, being the exchange rate of RM to HK\$ agreed between PRGH and the Purchaser under the Master Agreement
“Annual Report 2022”	the annual report of the Company for the year ended 31 December 2022
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Authorised Share Capital Increase”	the increase in the Company’s authorised share capital from HK\$100,000,000 divided into 1,000,000,000 Shares each to HK\$200,000,000 divided into 2,000,000,000 Shares
“Board”	the board of Directors
“Bursa Securities”	Bursa Malaysia Securities Berhad
“Cash Consideration”	RM6,198,200.00 (equivalent to HK\$10,968,954.54 at the Agreed Exchange Rate), representing 10% of the Consideration which is payable by the Company in cash
“Company”	Furniweb Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its issued Shares listed on GEM (stock code: 8480)
“Completion”	completion of the sale and purchase of the Properties under the Master Agreement
“Completion Date”	the date on which Completion shall take place
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	RM61,982,000.00 (equivalent to HK\$109,689,545.40 at the Agreed Exchange Rate), being the consideration payable by the Company to PRGH for the purchase of the Properties under the Master Agreement which shall be satisfied by the Cash Consideration and the Consideration Shares

“Consideration Balance”	RM55,783,800.00 (equivalent to HK\$98,720,590.86 at the Agreed Exchange Rate), representing 90% of the Consideration which is payable by the Company by the Consideration Shares Issue
“Conditions Precedent”	the conditions precedent to completion of the Master Agreement set out in “The Master Agreement — Conditions Precedent” in this announcement
“Consideration Shares”	329,068,636 new Shares to be allotted and issued by the Company to PRGH each at the Consideration Shares Issue Price in payment of the Consideration Balance
“Consideration Shares Issue”	the allotment and issue of the Consideration Shares to PRGH each at the Consideration Shares Issue Price under the Master Agreement
“Consideration Shares Issue Price”	HK\$0.30, being the issue price of each Consideration Share
“Consideration Shares Settlement Period”	within 30 days from the Unconditional Date
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Developer”	PREMIER DE MUARA SDN BHD, a company incorporated in Malaysia and the developer of the development project named Picasso Residence, which the Properties are located at
“Directors”	the Directors of the Company and each a “Director”
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving, among others, (i) the Master Agreement and the transactions contemplated thereunder, including without limitation, the Purchase and the Consideration Shares Issue; (ii) the grant of the Specific Mandate; (iii) the Non-Compete Undertaking Amendments; and (iv) the proposed Authorised Share Capital Increase
“EGM Matters”	(i) the Master Agreement and the transactions contemplated thereunder, including without limitation, the Purchase and the Consideration Shares Issue, (ii) the grant of the Specific Mandate; (iii) the Non-Compete Undertaking Amendments; and (iv) the proposed Authorised Share Capital Increase

“Energy Solution Additional Consideration Shares”	up to a maximum of 33,252,480 new Shares as may be allotted and issued by the Company to Dato’ Ng Yan Cheng, who is the vendor of the 6,275 ordinary shares in Energy Solution Global Limited acquired by the Company from Dato’ Ng Yan Cheng as announced in the announcements of the Company dated 8 June 2022 and 13 June 2022 and the circular of the Company dated 30 June 2022, and approved by the independent Shareholders on 8 August 2022
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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, established for the purposes of making recommendations to the Independent Shareholders in respect of the EGM Matters (other than the Authorised Share Capital Increase)
“Independent Shareholders”	Shareholders, other than PRGH and its associates, who have no material interest in any of the EGM Matters (other than the Authorised Share Capital Increase)
“Independent Valuer”	LOO BOON WEI, the independent valuer appointed by the Company to appraise the market value of the Properties
“Individual SPAs”	the individual sale and purchase agreements of each Property to be executed by the Purchaser and PRGH on the same date within 14 business days from the fulfilment (or if can be waived, waiver) of all the Conditions Precedent (save for the S433B Foreigner Consent Approval, if required, and the VP to Purchaser) containing terms and conditions not extraneous to those contained in the Master Agreement for the purposes of complying with the relevant laws, rules and regulations of Malaysia in preparatory for Completion pending the S433B Foreigner Consent Approval, if required, and the VP to Purchaser
“Long Stop Date”	30 June 2024, being the last day by which the Conditions Precedent must be fulfilled or as the case may be, waived

“Master Agreement”	the conditional sale and purchase agreement dated 27 April 2023 entered into between PRGH as vendor, the Purchaser as purchaser and the Company in relation to the Purchase and the Consideration Shares Issue
“Non-Compete Undertaking”	the Deed of Non-Compete Undertaking dated 28 September 2017 executed by PRG in favour of the Company
“Non-Compete Undertaking Amendments”	the proposed amendments to the Non-Compete Undertaking contemplated under the Non-Compete Undertaking Supplemental Deed as more particularly described in “Non-Compete Undertaking Amendments” in this announcement
“Non-Compete Undertaking Supplemental Deed”	the conditional non-competitve undertaking supplemental deed dated 27 April 2023 executed by PRGH and the Company excluding the Property Investment Business from the Restricted Activity
“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 EGM Matters (other than the Authorised Share Capital Increase)
“Principal Sale Agreements”	fifty (50) units of individual sale and purchase agreements all dated 27 April 2023 entered into between the Developer, the Proprietor and PRGH as purchaser, for the purchase of the Properties by PRGH from the Developer with the consent of the Proprietor
“PRGH”	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
“Project Land”	has the meaning defined in “Information on the Properties” in this announcement
“Properties”	50 condominium units located within the development project named Picasso Residence, and on the leasehold land held under the master title Pajakan Negeri 52579, Lot 20010 Seksyen 88, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, Malaysia, further particulars of which are set out in “Information on the Properties” in this Announcement

“Property Investment Business”	the business of property investment, whether through holding, development, redevelopment or otherwise, to earn returns on the investment in the form of rental income, gain on sale or other disposals, dividends or any other forms
“Proprietor”	ALMAHARTA SDN BHD, a company incorporated in Malaysia and the registered proprietor and beneficial owner of the leasehold land held under the master title Pajakan Negeri 52579, Lot 20010 Seksyen 88, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur upon which the Properties are to be developed
“Purchase”	purchase of the Properties by the Purchaser from PRGH in accordance with the terms and conditions of the Master Agreement
“Purchaser”	PRG Land Sdn Bhd, a wholly-owned subsidiary of the Company incorporated in Malaysia and the purchaser of the Properties under the Master Agreement
“Restricted Activity”	business which PRGH has undertaken in favour of the Company not to be, and procure its close associates and companies controlled by it not to be, interested or involved or engaged directly or indirectly under the Non-Compete Undertaking
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“S433B Foreigner Consent Approval”	the written approval of the State Authority (being the Kuala Lumpur Federal Territory Land Registry) pursuant to Section 433B of the National Land Code (Revised 2020) for acquisition of real properties in Malaysia by foreign companies as contemplated under the Master Agreement which is one of the Conditions Precedent
“S433B Foreigner Consent Approval Date”	the date of the S433B Foreigner Consent Approval issued by the State Authority
“SFC”	the Securities and Futures Commission
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 be sought from the Independent Shareholders at the EGM to the Consideration Shares Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unconditional”	all the Conditions Precedent are satisfied or fulfilled (or if can be waived, waived)
“Unconditional Date”	the date on which all the Conditions Precedent are satisfied or fulfilled (or if can be waived, waived)
“VP to Purchaser”	has the meaning as defined in paragraph (b)(ii) of “The Master Agreement — Conditions Precedent — Conditions Precedent to be fulfilled by PRGH” in this announcement and one of the Conditions Precedent
“%”	per cent

Unless otherwise stated in this announcement, each RM amount stated in this announcement was translated at the Agreed Exchange Rate.

By order of the Board
Furniweb Holdings Limited
Dato’ Lim Heen Peok
Chairman

Hong Kong, 27 April 2023

As at the date of this announcement, the non-executive Directors are Dato’ Lim Heen Peok (the chairman) and Mr. Ng Tzee Penn, the executive Directors are Mr. Cheah Eng Chuan (the Chief Executive Officer), Dato’ Lua Choon Hann and Mr. Cheah Hannon, and the independent non-executive Directors are Mr. Ho Ming Hon, Dato’ Sri Dr. Hou Kok Chung and Dato’ Lee Chee Leong.

This announcement, for which the Directors of the Company 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting. This announcement will also be posted on the Company’s website at <http://www.furniweb.com.my>.