

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.

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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) PROPOSED AUTHORISED SHARE CAPITAL INCREASE
AND
(3) NOTICE OF EGM**

Financial adviser to the Company



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



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 28 to 57 of this circular. The letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 26 to 27 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 Tuesday, 8 August 2023 at 10:00 a.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 17/F, Far East Finance Centre, 16 Harcourt Road, 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. 10:00 a.m. on 6 August 2023) 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.

14 July 2023

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.

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DEFINITIONS

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, in this circular, each RM amount stated in this circular was translated at the Agreed Exchange Rate.*
- (c) 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
“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”	RM7,437,840 (equivalent to HK\$13,162,745.45 at the Agreed Exchange Rate), representing 12% of the Consideration which is payable by the Company in cash
“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 (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
“Conditions Precedent”	the conditions precedent to completion of the Master Agreement set out in “Letter from the Board — The Master Agreement — Conditions Precedent” in this circular
“connected person”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“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”	RM54,544,160 (equivalent to HK\$96,526,799.95 at the Agreed Exchange Rate), representing 88% of the Consideration which is payable by the Company by the Consideration Shares Issue
“Consideration Shares”	321,756,000 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 90 days from the Unconditional Date or any other extended period mutually agreed by PRGH, the Purchaser and the Company
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Developer”	PREMIER DE MUARA SDN BHD, a company incorporated in Malaysia, the developer of the development project named Picasso Residence, which the Properties are located at, and an Independent Third Party
“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 Tuesday, 8 August 2023 at 10:00 a.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 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; and (iii) the proposed Authorised Share Capital Increase

DEFINITIONS

“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; and (iii) the proposed Authorised Share Capital Increase
“Energy Solution Acquisition Circular”	has the meaning as defined in “Energy Solution Additional Consideration Shares”
“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 (“ Energy Solution Acquisition Circular ”), and approved by the independent Shareholders on 8 August 2022
“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
“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, 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 Third Party”	party who is not a connected person and is independent of the Company and its connected persons

DEFINITIONS

“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, the VP to Purchaser and the Listing Approval) 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, the VP to Purchaser and the Listing Approval
“Latest Practicable Date”	10 July 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Approval”	the grant of the listing of, and permission to deal in, the Consideration Shares, on GEM, being one of the Conditions Precedent set out in paragraph (g) of “Letter from the Board — The Master Agreement — Conditions Precedent — Conditions Precedent to be fulfilled by the Company” in this circular
“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 as supplemented by a supplemental master agreement dated 7 June 2023 (“ Supplemental Master Agreement ”) made among the same parties in relation to the Purchase and the Consideration Shares Issue
“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)

DEFINITIONS

“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 Securities and the controlling shareholder of the Company
“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
“Project Land”	has the meaning defined in “Letter from the Board — Information on the Properties” in this circular
“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 “Letter from the Board — Information on the Properties” in this circular
“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
“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

DEFINITIONS

“S433B Foreigner Consent Approval Date”	the date of the S433B Foreigner Consent Approval issued by the State Authority
“SFC”	Securities and Futures Commission
“SFO”	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)
“Valuation”	the valuation of the Properties of RM70,355,000 as at 5 July 2023 prepared by the Independent Valuer
“Valuation Report”	the valuation report on the market value of the Properties as at 5 July 2023 prepared by the Independent Valuer, the text of which is set out in Appendix II to this circular
“VP to Purchaser”	has the meaning as defined in paragraph (b)(ii) of “Letter from the Board — The Master Agreement — Conditions Precedent — Conditions Precedent to be fulfilled by PRGH” in this circular and one of the Conditions Precedent
“%”	per cent

LETTER FROM THE BOARD

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 Peek (*Chairman*)

Mr. Ng Tzee Penn

Executive Directors:

Mr. Cheah Eng Chuan (*Chief Executive Officer*)

Dato' Lua Choon Hann

Er. Kang Boon Lian

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

14 July 2023

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the announcements of the Company dated 27 April 2023 and 7 June 2023 in relation to, 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; and (iii) the proposed Authorised Share Capital Increase.

On 27 April 2023, the Purchaser conditionally agreed to purchase the Properties from PRGH by entering into the Master Agreement (as supplemented by the Supplemental Master Agreement) with PRGH as vendor and the Company joined in as a party.

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.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the Master Agreement and the transactions contemplated thereunder and the proposed Authorised Share Capital Increase; (ii) a valuation report on the Properties; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the EGM Matters (other than the Authorised Share Capital Increase); (iv) 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); (v) other information as required under the GEM Listing Rules; and (vi) the notice of the EGM.

THE MASTER AGREEMENT

Date: 27 April 2023 (as supplemented by the Supplemental Master Agreement on 7 June 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 “Letter from the Board — Information on PRGH” in this circular.

Subject matter agreed to be purchased by the Purchaser from PRGH: The Properties. Further details of the Properties are set out in “Letter from the Board — Information on the Properties” in this circular.

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”);

LETTER FROM THE BOARD

- (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;

LETTER FROM THE BOARD

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 GEM Listing Committee granting the listing of, and permission to deal in, the Consideration Shares, on GEM (“**Listing Approval**”);

Conditions Precedent to be fulfilled by the Purchaser

- (h) 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;
- (i) 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
- (j) (if required) the receipt by the Purchaser of the S433B Foreigner Consent Approval.

Save the Condition Precedent set out in paragraph (i) 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.

As at the Latest Practicable Date, none of the above conditions has been waived or fulfilled.

LETTER FROM THE BOARD

- 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 the following manner and shall form part of the Consideration:
 - (a) 10% of the Consideration (equivalent to RM6,198,200.00) shall be paid in cash within 14 days from the date of the Master Agreement; and
 - (b) 2% of the Consideration (equivalent to RM1,239,640.00) shall be paid in cash within 14 days from the date of the Supplemental Master Agreement; and
 - (2) the Consideration Balance (equivalent to RM54,544,160) 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 12% 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.

LETTER FROM THE BOARD

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 the 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 and the Consideration Shares" below in this circular for further details.

The original acquisition cost of the Properties by PRGH is RM61,982,000, representing the amount owed by the Developer to PRGH, which is to be settled in full, at PRGH's choice, in kind by way of transfer of the Properties to PRGH (or its nominee) upon completion of the various agreements entered into by PRGH and the Developer for the sale and purchase of the Properties in April 2023 at RM850 per square foot which are yet to be completed. The appraised market values of the Properties, comprising the units to be transferred by the Developer to PRGH pursuant to the settlement arrangement, range from RM908 to RM1,115 per square foot pursuant to the Valuation. Please refer to Appendix II to this circular for further details of the Valuation.

LETTER FROM THE BOARD

THE SPECIFIC MANDATE AND THE CONSIDERATION SHARES

The Specific Mandate and application for listing of the Consideration Shares

The Consideration Shares under the payment terms of the Consideration (i.e. 321,756,000 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 following satisfaction (or as the case may be, waiver) of all the Conditions Precedent (save for the Listing Approval).

The aggregate nominal value of the Consideration Shares upon their issuance in full will be HK\$32,175,600.

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 the 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;
- (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;
- (iv) 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 10 July 2023, being the Latest Practicable Date; and

LETTER FROM THE BOARD

- (v) a discount of approximately 18.23% to the net asset value per Share of the Company of HK\$0.3669 (“NAV per Share”) as at 31 December 2022.

Having considered that 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 and the relevant market comparable as set out in the letter from the Independent Financial Adviser, notwithstanding the discount to the NAV per Share, the Directors consider that the Consideration Shares Issue Price is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Percentage of the 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 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 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 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 Latest Practicable Date 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. 321,756,000 new Shares)	53.49% <i>(note 1)</i>	34.85% <i>(note 2)</i>	33.64% <i>(note 3)</i>

Notes:

1. On the basis of 601,565,600 Shares in issue as at the Latest Practicable Date.
2. On the basis of 923,321,600 Shares in issue as enlarged by the issue of the Consideration Shares.
3. On the basis of 956,574,080 Shares in issue as enlarged by the issue of the Consideration Shares and the Energy Solution Additional Consideration Shares.

LETTER FROM THE BOARD

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 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 if any, the Energy Solution Additional Consideration Shares (assuming there will not be any change in the issued share capital of the Company from the Latest Practicable Date other than the allotment and issue of the Consideration Shares and if any, the Energy Solution Additional Consideration Shares) (**Scenario C**):

Shareholder	Scenario A		Scenario B		Scenario C	
	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)
PRGH	303,468,000	50.45%	625,224,000	67.71%	625,224,000	67.71%
Dato' Lua Choon Hann (note 4)	260,000	0.04%	260,000	0.03%	260,000	0.03%
Dato' Ng Yan Cheng (notes 5 & 7)	66,977,600	11.13%	66,977,600	7.26%	66,977,600	7.26%
Sub-total:	370,705,600	61.62%	692,461,600	75.00%	692,461,600	75.00%
Public						
Jim Ka Man (note 6)	58,764,000	9.77%	58,764,000	6.36%	58,764,000	6.36%
Other public Shareholders	172,096,000	28.61%	172,096,000	18.64%	172,096,000	18.64%
Sub-total:	230,860,000	38.38%	230,860,000	25.00%	230,860,000	25.00%
Total:	601,565,600	100.00%	923,321,600	100.00%	923,321,600	100.00%

Notes:

- On the basis of 601,565,600 Shares in issue as at the Latest Practicable Date.
- On the basis of 923,321,600 Shares in issue as enlarged by the issue of the Consideration Shares.
- On the basis of 923,321,600 Shares in issue as enlarged by the issue of the Consideration Shares and if any, the Energy Solution Additional Consideration Shares.
- Dato' Lua Choon Hann is an executive Director.
- Dato' Ng Yan Cheng, is a connected person of the Company for being a director of certain subsidiaries of the Company and the father of Mr. Ng Tzee Penn, a non-executive Director. Dato' Ng Yan Cheng is a core connected person of the Company and Shares held by him will not be regarded as being in the public hands under Rule 11.23(7).
- 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. Jim Ka Man was a director of a subsidiary of the Company on the date of the Master Agreement and

LETTER FROM THE BOARD

was therefore a core connected person of the Company as at that date. Jim Ka Man has ceased as a core connected person of the Company upon her resignation as such a director on 31 May 2023 prior to the date of the Supplemental Master Agreement and Shares held by her are regarded as being in the public hands under Rule 11.23(7) as from the date of her resignation.

7. Under Scenario C, the maximum number of Energy Solution Additional Consideration Shares issuable is 33,252,480 new Shares. The Company has the sole and absolute discretion to reject in whole or in part a request for the allotment and issue of the Energy Solution Additional Consideration Shares in number smaller than 33,252,480 new Shares and pay cash in lieu in respect of the number of Energy Solution Additional Consideration Shares which are rejected in order to maintain the public float of the Shares on GEM at not less than 25% in the public hands. The illustration under Scenario C above is on the basis that the Company exercise its sole and absolute discretion to reject in whole the request for issue of the Energy Solution Additional Consideration Shares so as to maintain the public float of the Shares on GEM at not less than 25% in the public hands. Please refer to the Energy Solution Acquisition Circular for further details of the Company's sole and absolute discretion to reject in whole or in part a request for the allotment and issue of the Energy Solution Additional Consideration Shares.

As at the Latest Practicable Date, (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.

It was disclosed in the Energy Solution Acquisition Circular that Dato' Ng Yan Cheng had no shareholding in the Company as 27 June 2022 (being the latest practicable date for ascertaining his shareholding in the Company for the purpose of the Energy Solution Acquisition Circular). After further enquiry with Dato' Ng Yan Cheng, his correct shareholding in the Company as at that date should be 25,412,000 Shares (representing 4.54% of the total issued Shares of 560,000,000 Shares as at that date). Upon allotment and issue of the 41,565,600 new Shares to him on 29 August 2022 upon completion of the transactions referred to in the Energy Solution Acquisition Circular, his shareholding in the Company should therefore be 66,977,600 Shares (representing 11.13% of the total issued Shares of 601,565,600 Shares as at 29 August 2022).

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.

LETTER FROM THE BOARD

Picasso Residence is a two-phase residential development comprising Block A with 270 condominium (Phase 1) and Block B with 202 condominium (Phase 2). As at the Latest Practicable Date, 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 structural work of Phase 2 was completed, the remaining work such as mechanical, electrical, plumbing and furnishing work will commence in or about January 2024 or upon completion of Phase 1, whichever is earlier, and is expected to be completed by the first quarter of 2025.

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

VALUATION

According to the Valuation Report prepared by the Independent Valuer, an Independent Third Party and a property valuer with over 22 years' experience in real estate valuation, estate agency and property management in Malaysia, as at 5 July 2023, the market value of the Properties is RM70,355,000.

The Valuation was determined by way of the "comparison approach" on the basis of "market value". "Comparison approach" provides an indication of value by comparing the property with market evidence of identical or comparable (that is similar) properties for which price information is available, such as a comparison with market transaction in the same, or closely similar, type of property within an appropriate time horizon and where dissimilarities exist, adjustments are made. "Market Value" is 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 where the parties had each acted knowledgeably, prudently and without compulsion. The basis of "market value" is universally considered the most accepted valuation approach for valuing most forms of property as it refers to real market data on the market value of similar properties.

Making reference to the Valuation Report as set out in Appendix II to this circular, the Valuation was prepared by the Independent Valuer in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, the International Valuation Standards issued by the International Valuation Standards Council, and the requirements set out in Chapter 8 of the GEM Listing Rules.

Having reviewed and taken into account (i) the scope of work of the Valuation; (ii) the Independent Valuer's qualifications and experience in relation to the preparation of the Valuation Report; (iii) the methodology (i.e. the comparison approach on the basis of market value) used by the Independent Valuer which is the most common methodology used for the valuation of the Properties; and (iv) the adjustments, consideration and assumptions made by the Independent Valuer for the Valuation which are in line with industry practices, the Board is of the opinion that the Valuation is fair and reasonable.

LETTER FROM THE BOARD

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 its Shareholders as a whole. As at the Latest Practicable Date, the Company does not have any fundraising plan or expansion plan.

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 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, 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 Securities.

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.

FINANCIAL EFFECTS OF THE PURCHASE

Earnings

Notwithstanding the Properties are under construction, the Directors anticipate that the intended lease of the Properties will contribute additional and steady income stream to the Group with reasonable investment return after taking into consideration the outlook of the Malaysia residential property market. Please refer to the paragraph headed “Letter from the Board — Reasons for and benefits of the Purchase” below in this circular for further details.

LETTER FROM THE BOARD

Assets and liabilities

Upon Completion, the investment properties of the Group and the total non-current assets of the Group both are expected to increase by approximately RM64,995,000, taking into account the Consideration of RM61,982,000 and other estimated transaction costs such as stamp duty and professional fees of approximately RM3,013,000 attributable to the Purchase.

As the Cash Consideration will be funded by internal resources of the Group, the total current assets of the Group are expected to decrease by RM7,437,840.

Save as disclosed above, there will be no other immediate material effect on the earnings and assets and liabilities of the Group associated with the Purchase.

REASONS FOR AND BENEFITS OF 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.

The Properties are located in Kuala Lumpur, the capital of Malaysia, and is a prime commercial and residential area (i) with major commercial developments, education institutions, light rail transit, leisure parks as well as various embassies within its vicinity; (ii) within 4 kilometres to the east of east of Petronas Twin Towers and about 6 kilometres to the northeast of the Kuala Lumpur Golden Triangle region; and (iii) accessible to Kuala Lumpur city center with various main roads connection which is expected to be further enhanced upon completion of a new highway.

Set out below are the key benefits of the Purchase:

Business diversification

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 efficiency solutions. As the Cash Consideration only amounts to RM7,437,840 (equivalent to HK\$13,162,745.45 at the Agreed Exchange Rate), representing only 15.3% of the Group's cash and bank balances (RM48.5 million) as at 31 December 2022, 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 efficiency business whose clients are mainly in Asia Pacific and North America. COVID-19 and its impact have not entirely diminished yet, such as in terms of the resurgence of infections and appearance of new virus-variant. The Company is looking to remain vigilant at all times and plan in advance to cope with any unforeseen circumstances or adversity which may happen acutely.

LETTER FROM THE BOARD

The Company's core business was the manufacturing and sale of elastic textile and webbings when it was listed on GEM in 2017 (the "**Listing Business**"). It was then diversified to, among others, the manufacturing of polyvinyl chloride ("**PVC**") related products in 2019 and the energy efficiency business (the "**Energy Efficiency Division**") in 2021. In light of the deteriorating business environment since 2018, certain operations under the Listing Business had been disposed. Despite the increase in total revenue of the Group by 22.0% to approximately RM162.2 million for the year ended 31 December 2022 ("**FY2022**") (2021: RM132.9 million) and by 100% to approximately RM60.2 million for the three months ended 31 March 2023 ("**1Q2023**") (2022: RM30.1 million), revenue from the manufacturing business of the Group (the "**Manufacturing Division**") which comprises elastic textile, webbing and other manufacturing products decreased by 3.3% to approximately RM112.1 million in FY2022 (2021: RM115.9 million) and by 24.0% to approximately 22.8 million in 1Q2023 (2022: RM30.0 million). In other words, the increase in revenue for FY2022 and 1Q2023 was mainly due to the completion of the acquisition of the remaining 62.75% interest in Energy Solution Global Limited (i.e. the Energy Efficiency Division) in August 2022, which contributed revenue of RM49.8 million in FY2022 and RM37.4 million in 1Q2023 respectively, and the Group's business diversification strategy.

Nevertheless, the Directors are aware of following risks of the existing business portfolio of the Group: (i) the business outlook of the Manufacturing Division remains unclear, particularly the industry is still under the threats of de-globalisation, geopolitical tensions, supply chain disruptions, rising raw material costs and weak global demand etc., and it is uncertain as to how these adverse factors would impact on the performance of the Manufacturing Division for the rest of this year and thereafter; and (ii) although the Energy Efficiency Division demonstrated its strong growth, tremendous business potential in Singapore and Malaysia and increasing revenue contribution to the Group, its revenue model is largely on project basis and revenue recognition is in line with project progress, accordingly, its revenue may vary across months or years. In light of the foregoing risks, the Company considers it beneficial to the Group to enlarge its business portfolio by including assets that can generate stable cash income with potential value appreciation so that the Group can be more flexible in managing its operating performance and financial position, without straining its working capital or gearing level. 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 in Malaysia, as reported by Trading Economics and World Bank, of 1.95% in the same year. With reference to statistics published by the Valuation and Property Services Department of Malaysia and set out in the Valuation Report: (i) the value of residential property transactions decreased year-on-year from 2018 to 2020 yet Kuala Lumpur's property market continued to strengthen in 2022 as indicated by the higher volume and value of transactions as compared to 2021; (ii) market activities across all sub-sectors of Kuala Lumpur, including but not limited to residential, commercial, industrial and development land,

LETTER FROM THE BOARD

witnessed uptrend movements in the range from 16.0% to 53.6% in 2022; (iii) apartment and condominium units in general recorded price appreciation in 2022, certain high-grade properties showed double-digit growth ranging from 10.1% to 16.6%; and (iv) the rental market was generally stable in 2022 with upward movements ranged from 4.2% to 10.5% in favourable locations, whilst average gross rental yield for residential ranged from 1.2% to 9.5%. Based on the above findings, 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, and are of the view that the Properties are likely to hold their value over the long term.

The Properties are located in a prime area of Kuala Lumpur as aforesaid, and to the best of the Directors' knowledge, information and belief, the Properties are not low-grade properties nor in the lower-end of the market, and thus their value, rental yield as well as appreciation potential should not be referenced to those of low-end properties. The Directors consider the rental yield of the Properties at approximately 1.95% a prudent estimate.

According to the Valuation Report, the recent transactions of Picasso Residence showed non-adjusted average transaction price from RM1,255/sq.ft. to RM1,370/sq.ft., whereas the market comparable transactions showed non-adjusted selling price from RM859/sq.ft. to RM1,187/sq.ft., which to a certain extent indicated the market positioning of Picasso Residence (and thus the Properties) versus properties with comparable features, notwithstanding the prices have not been adjusted to reflect the exact locations, size and directions etc.

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.

Steady income stream and potential capital gain

While there could be competition among properties in close proximity to the Properties, one should not ignore the positive signs of market activities across all sub-sectors of Kuala Lumpur, particularly the commercial and industrial sectors, which to the best of the Directors' knowledge, information and belief, are common indicators of the general economic performance that contributes to the demand for residential properties. Furthermore, the Consideration represents a discount of approximately 11.90% to the market value of the Properties. The Directors are of the view that such cost advantage can make the Properties competitive enough without significantly compromising the investment return. The Directors are optimistic to lease the Properties at reasonable rental yield or, in the future, sell them at prices with reasonable return. As the Properties comprise 50 units, their lease and/or sale will contribute steady income stream to the Group.

LETTER FROM THE BOARD

The effect of interest rates on property market is not as straight forward and unidirectional as in the past due to the increasing complexity of global economy and interaction among global and local economic factors. The United States Federal Reserve had triggered interest rate surge cycle since March 2022. On the other hand, according to the Ministry of Finance Malaysia, the Malaysian economy grew by 5.6% in the first quarter of 2023, versus 5.0% for Indonesia, 4.5% for PRC and 3.3% for Vietnam. The Directors anticipate that these positive signals will fuel the recovery and growth of the Malaysian property market.

As aforesaid, the Independent Valuer is of the view that the Malaysia residential property market 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. As at the Latest Practicable Date, the Company plans to hold the Properties as investment properties and has no plan to dispose them; and the Company does not have any intention or plan to invest in other properties in Malaysia or other countries.

Based on their long and diverse experiences as top management of various industries and having taken into account the information contained in the Valuation Report and from market enquiries, the Directors are of the view that the Purchase is a good investment opportunity for the Group that will provide steady income and reasonable investment return. Mr. Ng Tzee Penn and Dato'Lua Choon Hann are common directors of the Company and PRGH, and PRGH's principal businesses include property development and construction. Accordingly, the Directors are of the view that the Board has relevant expertise in assessing the Malaysian property market and dealing with the Properties, despite both Directors have abstained from voting at the Board meeting approving the Master Agreement and the transactions contemplated thereunder. Notwithstanding the Directors are presently optimistic about the financial return of the Properties, they will continue to monitor the performance of the Malaysian property market and the financial returns of the Properties, and adopt appropriate strategies such as rental rate adjustment or disposal, to mitigate the investment risks and secure the reasonableness of investment return to the Group.

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.

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 as described in "Letter from the Board — 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 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.

LETTER FROM THE BOARD

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.

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).

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 Thursday, 3 August 2023 to Tuesday, 8 August 2023 (both days inclusive) during which period no transfer of

LETTER FROM THE BOARD

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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 2 August 2023.

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 Tuesday, 8 August 2023 at 10:00 a.m. 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 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 Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than 48 hours 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

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

Your attention is drawn to (i) the advice of the Independent Board Committee set out in its letter set out on pages 26 to 27 of this circular; and (ii) the letter from Octal to the Independent Board Committee and the Independent Shareholders set out on pages 28 to 57 of this circular in respect of the EGM Matters (other than the Authorised Share Capital Increase) and the principal factors considered by Octal in formulating its advice.

The Independent Board Committee, having taking into the advice of Octal, considers that the terms and conditions of the Master 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 that the Purchase involving the Consideration Shares Issue, while not in the ordinary and usual course of business of the Group, is in the

LETTER FROM THE BOARD

interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the EGM Matters (other than the Authorised Share Capital Increase).

The Authorised Share Capital Increase

The Board considers that the Authorised Share Capital Increase is in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Authorised Share Capital Increase.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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)

14 July 2023

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION:
PURCHASE OF THE PROPERTIES
INVOLVING ISSUE OF THE CONSIDERATION SHARES
UNDER SPECIFIC MANDATE**

We refer to the circular dated 14 July 2023 (“**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 Purchase involving the Consideration Shares Issue constitute a major and connected transaction, for the Company under the GEM Listing Rules, we have been formed to advise the Independent Shareholders on, amongst other matters, the fairness and reasonableness of the Purchase involving the Consideration Shares Issue as set out below.

With regard to the EGM Matters (other than the Authorised Share Capital Increase), Octal has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on their fairness and reasonableness, whether they are in the interests of the Company and the Shareholders as a whole and how the Shareholders should vote regarding the resolutions to be proposed at the EGM in relation to them.

We wish to draw your attention to (i) the Letter from the Board as set out on pages 7 to 25 of the Circular; (ii) the Letter from Octal as set on pages 28 to 57 of the Circular; and (iii) the additional information as set out in the appendices to the Circular.

We consider that the Purchase 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 Master Agreement, and the advice from Octal, we consider that the Purchase involving the Consideration Shares Issue on terms and conditions of the Master Agreement is 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.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the EGM Matters (other than the Authorised Share Capital Increase).

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



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

14 July 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**MAJOR AND CONNECTED TRANSACTION:
PURCHASE OF THE PROPERTIES
INVOLVING ISSUE OF THE 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 Purchase involving the Consideration Shares Issue, 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 14 July 2023 (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 27 April 2023 and 7 June 2023 in relation to, among others, (i) the Master Agreement and the transactions contemplated thereunder, including without limitation, the Purchase and the Consideration Shares Issue, and (ii) the grant of the Specific Mandate (the “**Transactions**”).

On 27 April 2023, the Purchaser conditionally agreed to purchase the Properties from PRGH by entering into the Master Agreement (as supplemented by the Supplemental Master Agreement) with PRGH as vendor and the Company joined in as a party.

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 Purchase involving the Consideration Shares Issue is 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.

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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, we were engaged as an independent financial adviser to the Company (the “**Previous Engagement**”) in respect of 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, details of which were stated in the Energy Solution Acquisition Circular. Under the Previous Engagement, we were required to express our opinion on and give recommendation to the Independent Board Committee and/or the Independent Shareholders in respect of the relevant transactions. 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 Transactions.

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 2022 (the “**2022 Annual Report**”); (ii) the Company’s first quarterly report for the three months ended 31 March 2023 (the “**2023 First Quarterly Report**”); (iii) the Master Agreement; (iv) the announcements of the Company dated 27 April 2023 and 7 June 2023; (v) the information and facts contained or referred to in the Circular; (vi) the information supplied by the Group; (vii) the opinions expressed by and the representations of the professional parties engaged by the Group; and (viii) 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 Transactions, 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.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Group

The Group is principally engaged in (i) the manufacturing and sale of elastic textile, webbing, rubber tape and polyvinyl chloride (“PVC”) related products (the “**Manufacturing Segment**”); and (ii) energy efficiency business (the “**Energy Efficiency Segment**”). Set out below is a summary of the consolidated financial information of the Group for (i) the year ended 31 December 2021 (“**FY2021**”) and the year ended 31 December 2022 (“**FY2022**”) as extracted from the 2022 Annual Report; and (ii) the three months ended 31 March 2022 (“**1Q2022**”) and the three months ended 31 March 2023 (“**1Q2023**”) as extracted from the 2023 First Quarterly Report:

Consolidated financial results of the Group

	FY2021	FY2022	1Q2022	1Q2023
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Manufacturing	115,930	112,145	30,019	22,768
Energy efficiency	—	49,754	—	37,409
Retail	1,767	—	—	—
Others	<u>15,205</u>	<u>256</u>	<u>64</u>	<u>42</u>
Total revenue	<u><u>132,902</u></u>	<u><u>162,155</u></u>	<u><u>30,083</u></u>	<u><u>60,219</u></u>
Gross profit	46,226	41,402	8,223	13,355
Gross profit margin	34.8%	25.5%	27.2%	22.3%
Profit for the year/period	5,181	18,167	2,911	3,750

For FY2022

Revenue of the Group increased by approximately 22.0% from approximately RM132.9 million for FY2021 to approximately RM162.2 million for FY2022. Revenue generated from the Manufacturing Segment accounted for approximately 69.2% of the Group’s total revenue for FY2022. Such revenue slightly decreased by approximately 3.3% to approximately RM112.1 million for FY2022 as compared to approximately RM115.9 million for FY2021, mainly due to a decrease in revenue contributed by both PVC related products and rubber tape products as compared to FY2021. The Energy Efficiency Segment contributed revenue of approximately RM49.8 million to the Group for FY2022, which accounted for approximately 30.7% of the Group’s total revenue for FY2022. No revenue was generated from the retail segment for FY2022 which was mainly due to closure of the retail store in Singapore since the second quarter of 2021 as

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a result of the difficulties in operations given the prolonged COVID-19 pandemic and closure of borders. The revenue of the others segment of the Group decreased by RM15.0 million for FY2022, which was mainly due to the disposal of the security brokerage business in 2021, hence there was no revenue contributed from the security brokerage business for FY2022.

The gross profit margin of the Group decreased from approximately 34.8% for FY2021 to approximately 25.5% for FY2022, mainly due to (i) the disposal of security brokerage business in 2021, which contributed higher gross profit margin for FY2021; and (ii) the closure of the retail segment. By excluding the impact of the disposal and the closure of the retail segment, the gross profit margin was approximately 26.6% for FY2021. The gross profit margin was still lower mainly due to lower gross profit margin from the Energy Efficiency Segment and lower gross profit margin from the Manufacturing Segment resulted from an increase in labour costs and manufacturing overhead costs during FY2022.

Profit for FY2022 amounted to approximately RM18.2 million, which was improved from approximately RM5.2 million for FY2021, representing an increase of approximately RM13.0 million or 250.0%. The increase was mainly due to profit contributed by the Energy Efficiency Segment (including the share of profit of associates, net of tax of approximately RM3.7 million) and improvement in profit for certain subsidiaries in the Manufacturing Segment during FY2022.

For 1Q2023

Revenue of the Group increased by approximately 100.2% from approximately RM30.1 million for 1Q2022 to approximately RM60.2 million for 1Q2023. Such increase was primarily attributable to the Energy Efficiency Segment which amounted to approximately RM37.4 million during 1Q2023. The increase in revenue from the Energy Efficiency Segment was offset by the decrease in revenue contributed by the Manufacturing Segment as a result of the decrease in sales orders during 1Q2023 as compared to 1Q2022.

The gross profit margin of the Group dropped from approximately 27.2% for 1Q2022 to approximately 22.3% for 1Q2023. Such drop was mainly due to the gross profit margin of the Energy Efficiency Segment being generally lower as compared to the Manufacturing Segment. In addition, the gross profit margin from the Manufacturing Segment was also lower as a result of an increase in chemical and utilities costs during 1Q2023.

Profit for the period increased from approximately RM2.9 million for 1Q2022 to approximately RM3.8 million for 1Q2023, primarily attributable to profit contributed by the Energy Efficiency Segment during 1Q2023. The lower profit generated from the Manufacturing Segment was in line with the decrease in revenue during 1Q2023.

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Consolidated financial position of the Group

	As at 31 December 2022 <i>RM'000</i> (audited)
Property, plant and equipment	19,554
Right-of-use assets	12,309
Intangible assets	15,618
Other non-current assets	<u>6,435</u>
Total non-current assets	<u>53,916</u>
Inventories	26,091
Trade and other receivables	50,952
Cash and bank balances	48,517
Other current assets	<u>38,160</u>
Total current assets	<u>163,720</u>
Total assets	<u><u>217,636</u></u>
Trade and other payables	31,262
Contract liabilities	1,108
Current tax liabilities	5,985
Bank borrowings	18,225
Lease liabilities	<u>1,459</u>
Total current liabilities	<u>58,039</u>
Other payable	15,569
Bank borrowings	11,363
Lease liabilities	5,690
Deferred tax liabilities	<u>2,252</u>
Total non-current liabilities	<u>34,874</u>
Total liabilities	<u><u>92,913</u></u>
Total equity	<u><u>124,723</u></u>
Current ratio¹	2.82x

Note:

1. Being current assets divided by current liabilities

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As at 31 December 2022, total assets of the Group were approximately RM217.6 million which mainly comprised of (i) trade and other receivables of approximately RM51.0 million; (ii) non-current assets of approximately RM53.9 million; and (iii) cash and bank balances of approximately RM48.5 million, whilst total liabilities of the Group were approximately RM92.9 million, which mainly included (i) trade and other payables of approximately RM31.3 million; and (ii) bank borrowings of approximately RM29.6 million. As at 31 December 2022, the Group had net current assets of approximately RM105.7 million with a current ratio of approximately 2.82 times.

2. Information of 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 built up area of the 50 units of condominium is approximately 72,920 square feet.

The subject site upon where 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.

Picasso Residence comprises Block A with 270 condominium (Phase 1) and Block B with 202 condominium (Phase 2). As at the Latest Practicable Date, Phase 1 of Picasso Residence was under construction with approximately 60% completion as at the Latest Practicable Date, and with completion by the end of 2023. The Developer is a joint venture company between PRGH and Almaharta Sdn Bhd. The construction of the Project Land was commenced in the second quarter of 2015. According to the management, the structural work of Phase 2 has been completed whilst the remaining works such as mechanical, electrical, plumbing and furnishing works will be commenced upon completion of Phase 1 and in any event not later than early 2024. Completion of Phase 2 is expected by the first quarter of 2025.

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

3. Reasons for and benefits of the Purchase

Prospect of the Malaysia real estate market

The Malaysian economy has maintained moderate growth in recent years, with the country’s gross domestic product (“**GDP**”) increasing from approximately US\$301.3 billion in 2016 to approximately US\$373.0 billion in 2021, representing a compound annual growth rate (“**CAGR**”) of approximately 3.6%, according to the World Bank. Moreover, the GDP per capita of Malaysia has risen from approximately US\$9,555.7 in 2016 to approximately US\$11,109.3 in 2021, representing a CAGR of approximately 2.5%. The population of Malaysia has also increased from approximately 31.5 million in 2016 to approximately 33.6 million in 2021, representing a CAGR of approximately 1.1%. With increasing urbanization in Malaysia, the demand for residential properties is

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expected to remain persistent. The urban population of Malaysia increased from approximately 23.6 million in 2016 to approximately 26.1 million in 2021, representing a CAGR of approximately 1.7%. In 2021, Kuala Lumpur had a population of approximately 8.2 million, which accounts for around 24.4% of the total population of Malaysia. As the capital and largest city of Malaysia, Kuala Lumpur is a center for security, politics, economics, culture, and diplomacy, accounting for the majority of investments and transportation in Malaysia.

The Malaysian real estate market has demonstrated consistent growth, with future prospects despite the challenges posed by the COVID-19 pandemic. According to Jabatan Penilaian dan Perkhidmatan Harta (“JPPH”), being the valuation and property management department of Malaysia, the volume of property transactions (including residential, commercial and industrial properties) in Malaysia has increased from 300,497 transactions in 2021 to 389,107 transactions in 2022, representing an annual increase of approximately 29.5%. Additionally, the Malaysian House Price Index (MHPI) has risen from approximately 202.7 in 2021 to approximately 208.4 in 2022, representing an annual increase of approximately 2.8%. The rental market of Kuala Lumpur was generally stable with upward movements recorded in certain prime locations. Several regions recorded upward rental movements ranged between 4.2% and 10.5%, whilst average gross rental yield for residential properties ranged from 1.2% to 9.5%. Moreover, according to “Greater Kuala Lumpur Property Market Monitor 1Q23” issued by JLL Property Services (Malaysia) Sdn Bhd in April 2023, the rental rate for prime high-rise residential properties recorded a quarterly increase by approximately 4.5% for the 1st quarter of 2023 as compared with the 4th quarter of 2022. The growth was attributed to a decrease in purchasing demand, which was due to the expected hike in the Overnight Policy Rate of Malaysia Ringgit. As a result, rental demand for these properties has improved during the period.

Business diversification and stable income stream

Amidst the challenging global business environment with the resurgence of the COVID-19 pandemic, the Group has made it a priority to diversify its business and improve the stability of its income stream. To achieve this objective, the Group has been actively evaluating investment opportunities in Malaysia and other markets that align with its existing businesses, with the aim of transforming the Group into a diversified manufacturing and investment entity that enhances Shareholders’ value.

Despite the gradual decline of the COVID-19 pandemic since 2023, the world economy remains vulnerable to a range of economic and political risks. The Manufacturing Segment and Energy Efficiency Segment being the operating segments of the Group are susceptible to volatile and unstable business environment. For the Manufacturing Segment, which is involved in the production of elastic textile, webbing, rubber tape and PVC related products, changes in demand, supply chain disruptions, and material cost fluctuations can impact its revenue and profitability. The Energy Efficiency Segment, which provides energy-saving solutions, can also be affected by changes in energy prices, government policies, and competition.

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The Directors are also aware of following risks of the existing business portfolio of the Group: (i) the business outlook of the Manufacturing Segment remains unclear, particularly the industry is still under the threats of de-globalisation, geopolitical tensions, supply chain disruptions, rising raw material costs and weak global demand etc., and it is uncertain as to how these adverse factors would impact on the performance of the Manufacturing Segment in future; and (ii) although the Energy Efficiency Segment demonstrated a growth with business potential in Singapore and Malaysia and increasing revenue contribution to the Group, its revenue model is largely on project basis and revenue recognition is in line with project progress. In light of the foregoing risks, the Company considers to enlarge its business coverage by including assets that can generate stable income with potential value appreciation so that the Group can be more flexible in managing its operating performance and financial position, without straining its working capital or gearing level. Additional and steady income stream may help to reduce any temporary volatility in cashflow of the existing businesses and thus enhance the effectiveness and performance of the Group's liquidity management.

The additional and steady income stream from the potential rental income from the Properties in future may help to supplement additional cash flow to the Group and reduce any temporary volatility in cashflow of the Manufacturing Segment and the Energy Efficiency Segment, and thus enhance the effectiveness and performance of the Group's liquidity management. 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 as disclosed in the Letter from the Board. With reference to statistics published by the Valuation and Property Services Department of Malaysia as set out in the Valuation Report: (i) the value of residential property transactions decreased year-on-year from 2018 to 2020 whilst Kuala Lumpur's property market continued to strengthen in 2022 as indicated by the higher volume and value of transactions as compared to 2021; (ii) market activities across all sub-sectors of Kuala Lumpur, including but not limited to residential, commercial, industrial and development land, witnessed uptrend movements in the range from 16.0% to 53.6% in 2022; (iii) apartment and condominium units in general recorded price appreciation in 2022, certain high-grade properties showed double-digit growth ranging from 10.1% to 16.6%; and (iv) the rental market was generally stable in 2022 with upward movements ranged from 4.2% to 10.5% in certain locations, whilst average gross rental yield for residential ranged from 1.2% to 9.5%. Based on the aboves, 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, and are of the view that the Properties are likely to hold their value over the long term.

The Directors considered the Properties are located in a prime area of Kuala Lumpur and are not low-grade properties nor in the lower-end of the market, and thus their value, rental yield as well as appreciation potential should not be referenced to those of low-end properties. The Directors consider the rental yield of the Properties of approximately 1.95% a prudent estimate.

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In addition to mitigating short-term cash flow fluctuations, the additional rental income stream can also enhance the effectiveness and performance of the Group's liquidity management. By having a diversified income stream, the Group can better manage its cash flow and optimise its working capital. This can help the Group to maintain adequate cash reserves, reduce its reliance on external financing, and improve the effectiveness and performance of the Group's liquidity management.

Furthermore, the Consideration represents a discount of approximately 11.90% to the Valuation of the Properties. The Directors are of the view that such cost advantage can make the Properties competitive enough without significantly compromising the investment return. The Directors are optimistic to lease the Properties at reasonable rental yield.

Prime location of the Properties

According to the valuation report (the "**Valuation Report**") on the Properties prepared by the Independent Valuer as set out in the Appendix II to the Circular, the Properties are situated north of the intersection between Jalan Ampang and Jalan Jelatek in Kuala Lumpur. The Properties' location indicates it is close to the center of Kuala Lumpur and has transportation links, with a close driving distance to the iconic Petronas Twin Towers. The surrounding area is a well-developed residential and commercial hub with access to public facilities and several international schools. Additionally, the Properties are in close proximity to several embassies, including those of the Republic of Korea, Laos, Romania, Russia, and Italy.

Considering the benefits of diversification of business, the potential for stable long-term cash flow from rental income, and the upside potential in the value of the Properties based on their prime location and Malaysia's growth prospects, we concur with the Directors 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.

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4. Principal terms of the Master Agreement

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

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.
Subject matter agreed to be purchased by the Purchaser from PRGH:	The Properties
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**”);

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- (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;

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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 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

- (h) 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;
- (i) 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
- (j) (if required) the receipt by the Purchaser of the S433B Foreigner Consent Approval.

Save the Condition Precedent set out in paragraph (i) 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.

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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 the following manner and shall form part of the Consideration:
 - (a) 10% of the Consideration (equivalent to RM6,198,200.00) shall be paid in cash within 14 days from the date of the Master Agreement; and
 - (b) 2% of the Consideration (equivalent to RM1,239,640.00) shall be paid in cash within 14 days from the date of the Supplemental Master Agreement; and
- (2) the Consideration Balance (equivalent to RM54,544,160) 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.

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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 12% 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.

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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.

5. Basis of 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 (the "**Valuation**") appraised by the Independent Valuer. The Consideration represents a discount of approximately 11.90% to the market value of the Properties.

Valuation Report

We have performed the works with reference to Note 1(d) to Rule 17.92 of the GEM Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct in respect of the Valuation Report, which included (i) assessment of the Independent Valuer's experiences in valuing properties similar to the Properties; (ii) obtaining information on the Independent Valuer's track records on other property valuations; (iii) inquiry on the Independent Valuer's current and prior relationship with the Group and other parties; (iv) review of the terms of the Independent Valuer's engagement, in particular its scope of work, for the assessment of the Valuation Report; and (v) discussion with the Independent Valuer regarding the bases, methodology and assumptions adopted in the Valuation Report.

(i) The Independent Valuer

We have conducted a telephone interview with the Independent Valuer to enquire its experience in valuing similar property interests in Malaysia. We noted that the Independent Valuer had acted as the valuer for public companies listed in Malaysia for similar transactions. In addition, we understand that the Independent Valuer is a member of Malaysian Institute of Property and Facility Managers (MIPFM), Royal Institution of Surveyors Malaysia (RISM), Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS). He has over 22 years' experience in valuation of properties in Malaysia. As such, we are of the view that Mr. Loo, being the signor of the Valuation Report, is qualified, experienced and competent in performing the Valuation.

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We have also enquired with the Independent Valuer as to its independence from the Company and the parties and were given to understand that the Independent Valuer is an independent third party of the Company and its connected persons. The Independent Valuer confirmed to us that it was not aware of any relationship or interest between itself and the Company or any other parties that would reasonably be considered to affect its independence to act as an independent valuer for the Company. Apart from normal professional fees payable to it in connection with its engagement for the Valuation, the Independent Valuer confirmed that no arrangements exist whereby it will receive any fee or benefit from the Company and its associates. Given the above, we are of the view that the Independent Valuer is independent from the Company in respect of the Valuation.

Furthermore, we have reviewed the terms of engagement of the Independent Valuer, in particular to its scope of work. We noted that its scope of work is appropriate to form the opinion required to be given and there are no limitations on the scope of work which might adversely impact on the degree of assurance given by the Independent Valuer in the Valuation Report. We have also performed work as required under note (1)(d) to the GEM Listing Rules 17.92 in relation to the Independent Valuer and its work as regards the Valuation.

(ii) Valuation basis

As stated in the Valuation Report, the Valuation is conducted in compliance with the Malaysian Valuation Standards and the International Valuation Standards. Based on our discussion with the Independent Valuer, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal basis and assumptions used in arriving at the Valuation. We understand that the Independent Valuer has carried out inspections, made relevant enquiries and searches for the purpose of the Valuation, including but not limited to the sales transactions record in relation to Block A of phase 1 of Picasso Residence. We have reviewed and discussed with the Independent Valuer the basis adopted in arriving at the value of the Properties. Taking into consideration of the nature of the Properties and that the Valuation is conducted in accordance with the aforesaid requirements, we consider that the basis adopted by the Independent Valuer for determining the market value of the Properties are appropriate.

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(iii) Valuation methodology

As disclosed in the Valuation Report, the Independent Valuer adopts comparison approach in valuing the Properties.

According to our discussion with the Independent Valuer, valuations of completed properties are normally conducted in comparison approach and/or income approach. We understand that given data on comparable premises/properties in the Malaysia property market are mostly publicly available, the Independent Valuer considered the adoption of the comparison approach as most appropriate as it could provide a more objective result. In fact, the comparison approach is universally considered as the most accepted valuation approach for valuing most forms of properties. We understand from the Independent Valuer that the Valuation was determined based on the assumption that the construction of the Properties is fully completed according to the approved building plans and specifications, and have been issued a Certificate of Completion and Compliance (CCC) by the relevant authority, which is one of the condition precedents of the Completion of the Master Agreement. As a result, we are of the view that a comparison with the samples of comparable premises/properties is a fair and reasonable approach. Given that sufficient samples of comparable premises/properties are available for analysis, we are of the view that these comparable premises/properties provide good and objective benchmarks for the Valuation. Accordingly, we agree with the Independent Valuer that the comparison approach is appropriate for the Valuation.

On the other hand, according to the Independent Valuer, the income approach may not be the most suitable method for valuing the Properties due to its reliance on various assumptions and estimations such as discount rate, occupancy rate, rental income, and growth rate. As of the Latest Practicable Date, the construction of the Properties is yet to be completed, no leasing agreement has been entered into, and no rental income has been generated from the Properties. Therefore, valuing the Properties using the income approach would require significant judgement and estimation of revenue and costs. Therefore, we concur with the view of the Independent Valuer that income approach is less appropriate for the Valuation.

The Properties comprises 50 units of condominium. Based on our discussion with the Independent Valuer, during the course of the Valuation under the comparison approach, the Independent Valuer has considered and analysed the sale comparables of properties which fulfilled their selection criteria, including location, level, usage and built-up area. Four comparable transactions (the “**Comparable Transactions**”) are selected as the Independent Valuer is of the view that the properties of the Comparable Transactions fulfilled the selection criteria.

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The following table sets forth the details of the Comparable Transactions:

Comparable	1	2	3	4
Name of Residence	M City	Setia Sky Residence	Reizz Residence	M City
Region/district	Kuala Lumpur City Centre	Kuala Lumpur City Centre	Kuala Lumpur City Centre	Kuala Lumpur City Centre
Unit No.	Unit No. 2-22-11	Unit No. B-16-3	Unit No. 42-02	Unit No. 1-27-06
Built Up Area	883	1,582	850	786
Floor/Level	22	16	42	27
Type of Property	Service Apartment	Service Apartment	Service Apartment	Service Apartment
Category of Land Use	Commercial	Commercial	Commercial	Commercial
Tenure	Freehold	Freehold	Freehold	Freehold
Date of Transaction	5 December 2022	11 October 2022	28 July 2022	14 July 2022
Consideration	RM683,000/—	RM1,350,000/—	RM929,500/—	RM750,000/—
Transaction rate (per square foot)	RM773	RM853	RM1,094	RM954
Adjustment	General adjustments are made on the time factor, floor/ level, tenure, age/ condition of building, designed/concept/ facilities and service provided.	General adjustments are made on the time factor, floor/ level, size/floor area, tenure, age/ condition of building, designed/concept/ facilities and service provided.	General adjustments are made on the time factor, floor/ level, tenure, age/ condition of building, designed/concept/ facilities and service provided.	General adjustments are made on the time factor, floor/ level, size/floor area, tenure, age/ condition of building, designed/concept/ facilities and service provided.
Adjusted rate (per square foot)	RM879	RM1,080	RM1,069	RM1,034

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Based on the above table, the property of the Comparable Transactions are located in the city center of Kuala Lumpur, which is the same area as the Properties. The date of the Comparable Transactions were from July 2022 to December 2022, which are within one year prior to the date of the Master Agreement. The built up areas of the Comparable Transactions range from approximately 786 square feet to approximately 1,582 square feet. The unit rates adopted in the Valuation are within the range of the unit rates of the relevant Comparable Transaction after due adjustment in terms of different attributes such as time factor, floor/level, size/floor area, tenure, age/condition of building, designed/concept/facilities and service provided. The adopted unit rates are RM1,066 per square feet on the basis of built up area. We understand that the Independent Valuer had multiplied the respective analysed unit rate for the base unit of the Properties with its respective size of area, and reached the aggregate appraised value of the Properties by further adjustments to reflect the micro dissimilarities which include size, floor level, view and position of the remaining 49 units. After aggregating all the valuation of the base units and the remaining 49 units of condominium, the Independent Valuer determined the Valuation at RM70,355,000.

Through our discussion with the Independent Valuer, we also understand that data and information about the Comparable Transactions were mostly obtained from JPPH, being the government department under the Ministry of Finance Malaysia. As confirmed by the Independent Valuer, the Comparable Transactions represent an exhaustive list to the best of their knowledge. Accordingly, we considered that the selection criteria of the Comparable Transactions used in the Valuation is fair and reasonable.

(iv) Valuation assumptions

According to the Valuation Report, the Valuation was made on the assumptions that the Properties are fully completed in accordance with the approved building plans and specifications and duly issued with a Certificate of Completion and Compliance (CCC), issued by the relevant authority, with vacant possession and free from encumbrances at values as shown in the Valuation Report. In this regard, we noted from the Independent Valuer that these assumptions are commonly adopted in the valuation of properties. Given that we consider it objective and appropriate to appraise the Properties the same way as other similar properties on the open market, the construction of the Properties will fully be completed upon Completion, and that nothing material has come to our attention, we are of the view that these valuation assumptions are fair and reasonable.

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Conclusion

Given that (i) the methodology, basis and assumptions adopted by the Independent Valuer in determining the market value of the Properties are appropriate; (ii) the Consideration is made with reference to the Valuation which was fairly and reasonably determined by the Independent Valuer; (iii) the Consideration of approximately RM61,982,000 (equivalent to approximately HK\$109,689,545) represents a discount of approximately 11.90% to the Valuation; and (iv) the reasons for and benefits of the Purchase as discussed in the section headed “3. Reasons for and benefits of the Purchase” above, we consider that the Consideration as determined with reference to the fair market value is fair and reasonable.

6. The Consideration Shares Issue Price

As disclosed in the Letter from the Board, the Consideration Shares 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:

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;
- (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; and
- (iv) 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 10 July 2023, being the Latest Practicable Date.

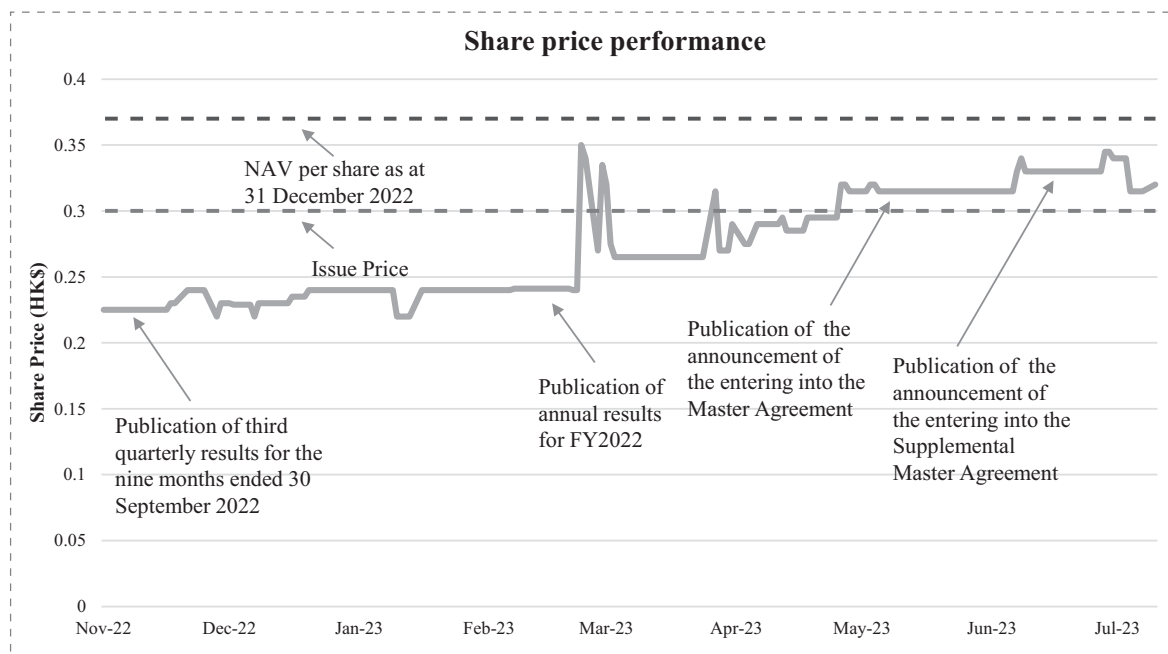
The Consideration Shares Issue Price was determined after arm’s length negotiations between the Purchaser and PRGH with reference to the recent trading prices of the Shares.

In order to assess the fairness and reasonableness of the Consideration Shares Issue Price, we have compared the Consideration Shares Issue Price with reference to (a) the historical Share price performance; (b) the historical trading volume and liquidity of the Shares; and (c) the market comparable in respect of recent issuance of consideration shares, as set out below.

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(a) Analysis of the historical Share price performance

In assessing the fairness and reasonableness of the Consideration Shares 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 November 2022 to the date of the Master Agreement, and up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the duration of the Review Period for longer than approximately recent six 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\$0.22 (on 28 November 2022, 7 December 2022, 10 January 2023, 11 January 2023, 12 January 2023 and 13 January 2023) (the “**Lowest Closing Price**”) and HK\$0.35 (on 23 February 2023) (the “**Highest Closing Price**”) per Share. The average closing price of the Shares during the Review Period was approximately HK\$0.27 per Share (the “**Average Closing Price**”).

Following the release of the Company’s third-quarter results for the nine months ended 30 September 2022, the closing price of the Shares traded within a range of HK\$0.22 to HK\$0.241. On 23 February 2023, the closing price of the Shares increased to HK\$0.35 before dropping to HK\$0.27 on 27 February 2023. The closing price of the Shares then experienced a rebound, rising to HK\$0.335 on 28 February 2023 before falling back to HK\$0.265 on 3 March 2023. Prior to the announcement of the entering into the Supplemental Master Agreement, the closing price of the Shares remained between HK\$0.265 and HK\$0.32. Although the Lowest Closing Price were found at least around four months earlier than the date of the Master Agreement, the Consideration

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Shares Issue Price of HK\$0.30 is higher than the closing prices of the Shares of 112 out of 169 trading days during the Review Period, representing approximately 66.3% of the trading days during the Review Period.

The Consideration Shares Issue Price of HK\$0.30 per Consideration Share represents (i) a premium of approximately 36.36% over the Lowest Closing Price of HK\$0.22 per Share; (ii) a discount of approximately 14.29% to the Highest Closing Price of HK\$0.35 per Share; (iii) a premium of approximately 9.91% over the Average Closing Price of approximately HK\$0.27 per Share; and (iv) a discount of approximately 18.24% to the net asset value per Share as at 31 December 2022 of approximately HK\$0.37 per Share.

(b) 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 <i>(Shares)</i>	Number of trading days <i>(days)</i>	Average daily volume <i>(Shares)</i>	Number of issued Shares as at the end of the month <i>(Shares)</i>	% of average daily trading volume to the then total number of issued Shares as at the end of the month <i>(%)</i>
2022					
November	236,000	22	10,727	601,565,600	0.002
December	356,000	20	17,800	601,565,600	0.003
2023					
January	76,000	18	4,222	601,565,600	0.001
February	1,092,000	20	54,600	601,565,600	0.009
March	740,000	23	32,174	601,565,600	0.005
April	4,492,000	17	264,235	601,565,600	0.044
May	1,392,000	21	66,286	601,565,600	0.011
June	2,312,000	22	105,091	601,565,600	0.017
July	1,148,000	6	191,333	601,565,600	0.032

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

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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 0.044% to the then total number of issued Shares as at the end of their respective month. The highest average daily volume was approximately 264,235 Shares in April 2023, representing approximately 0.044% of the number of issued Shares.

(c) Analysis of comparable transactions

To further assess the fairness and reasonableness of the Consideration Shares Issue Price, we have, on a best effort basis, researched and identified a 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 November 2022 to the date of the Master Agreement (being approximately six months prior to the date of the Master Agreement) (the “**Comparable Period**”). Considering that recent transactions are more relevant to assess the fairness and reasonableness of the Consideration Shares Issue Price, we are of the view that the Comparable Period of approximately six months is reasonable.

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 Consideration Shares 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 consideration shares issuance 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.

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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
18 November 2022	Anchorstone Holdings Limited (1592.HK)	-1.53%	-4.99%	-7.82%
21 November 2022	First Service Holding Limited (2107.HK)	7.94%	3.98%	2.56%
25 November 2022	Value Convergence Holdings Limited (821.HK)	-0.43%	-0.18%	0.00%
19 December 2022	CASH Financial Services Group Limited (510.HK)	-7.61%	-7.61%	-5.13%
11 January 2023	Apollo Future Mobility Group Limited (860.HK)	115.69% (outliner)	126.90% (outliner)	128.79% (outliner)
10 March 2023	Kiu Hung International Holdings Limited (381.HK)	17.31%	14.66%	13.81%
Maximum		115.69%	126.90%	128.79%
Minimum		-7.61%	-7.61%	-7.80%
Average		21.90%	22.13%	22.04%
Median		-0.43%	0.71%	2.56%
Excluding the outliner				
Maximum		17.31%	14.66%	13.81%
Minimum		-7.61%	-7.61%	-7.80%
Average		3.14%	1.17%	0.69%
Median		-1.53%	0.71%	2.56%
Consideration Shares Issue Price		-6.25%	0.00%	1.87%

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

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The issue price of the Comparable Transactions, as compared to the closing price per share on/prior to the date of agreement, ranged from a discount of approximately 7.61% to a premium of approximately 115.69% with an average premium of 21.90% and a median discount of 0.43%. The Consideration Shares Issue Price of HK\$0.30 per Consideration Share represents a discount of approximately 6.25% to the closing price per share on/prior to the date of agreement fall within the range of the premium/discount represented by the issue prices of the Comparable Transactions but lower than the average premium and median discount of the Comparable Transactions.

The issue price of the Comparable Transactions, as compared to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of agreement, ranged from a discount of approximately 7.61% to a premium of approximately 126.90% with an average premium of 22.13% and a median premium of 0.71%. The Consideration Shares Issue Price of HK\$0.30 per Consideration Share equivalent to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of agreement fall within the range of the premium/discount represented by the issue prices of the Comparable Transactions but lower than the average premium and median premium of the Comparable Transactions.

The issue price of the Comparable Transactions, as compared to the average closing price per share for the last ten consecutive trading days prior to/up to and including the date of agreement, ranged from a discount of approximately 7.80% to a premium of approximately 128.79% with an average premium of 22.04% and median premium of 2.56%. The Consideration Shares Issue Price of HK\$0.30 per Consideration Share represents a premium of approximately 1.87% over the average closing price per share for the last ten consecutive trading days prior to/up to and including the date of agreement fall within the range of the premium/discount represented by the issue prices of the Comparable Transactions but lower than the average premium and median premium of the Comparable Transactions.

Given the premium under the issuance of consideration shares by Apollo Future Mobility Group Limited is substantially higher than the other Comparable Transactions, we considered that Apollo Future Mobility Group Limited to be an outlier. After excluding the outlier from the Comparable Transactions (the “**Revised Comparable Transactions**”), the issue price of the Revised Comparable Transactions, as compared to the closing price per share on/prior to the date of agreement, ranged from a discount of approximately 7.61% to a premium of approximately 17.31% with an average premium of 3.14% and a median discount of 1.53%. The Consideration Shares Issue Price of HK\$0.30 per Consideration Share represents a discount of approximately 6.25% to the closing price per share on/prior to the date of agreement fall within the range of the premium/discount represented by the issue prices of the Revised Comparable Transactions and lower than the average premium and median discount of the Revised Comparable Transactions.

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The issue price of the Revised Comparable Transactions, as compared to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of agreement, ranged from a discount of approximately 7.61% to a premium of approximately 14.66% with an average premium of 1.17% and a median premium of 0.71%. The Consideration Shares Issue Price of HK\$0.30 per Consideration Share equivalent to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of agreement fall within the range of the premium/discount represented by the issue prices of the Revised Comparable Transactions and lower than the average premium and close to the median premium of the Revised Comparable Transactions.

The issue price of the Revised Comparable Transactions, as compared to the average closing price per share for the last ten consecutive trading days prior to/up to and including the date of agreement, ranged from a discount of approximately 7.80% to a premium of approximately 13.81% with an average premium of 0.69% and a median premium of 2.56%. The Consideration Shares Issue Price of HK\$0.30 per Consideration Share represents a premium of approximately 1.87% over the average closing price per share for the last ten consecutive trading days prior to/up to and including the date of agreement fall within the range of the premium/discount represented by the issue prices of the Revised Comparable Transactions and higher than the average premium but lower than median premium of the Revised Comparable Transactions.

Having considered that (i) the Consideration Shares Issue Price falls within the range of closing price during the Review Period; (ii) the trading of Shares are inactive throughout the Review Period; (iii) the premium/(discount) of Consideration Shares Issue Price over/to the relevant benchmark date fall within the range of the Revised Comparable Transactions; (iv) the premium/(discount) of Consideration Shares Issue Price over/to the closing price per share on/prior to the date of agreement and the average closing price per share for the last five and ten consecutive trading days prior to/up to and including the date of agreement are generally close to the average premium and median premium of the Revised Comparable Transactions of the corresponding periods; and (v) the Consideration Shares Issue Price is higher than the closing prices of the Shares for approximately 66.3% of the trading days during the Review Period, we are of the view that the Consideration Shares Issue Price is fair and reasonable.

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7. Payment terms

Under the Master Agreement (as supplemented by the Supplemental Master Agreement), the Consideration of approximately RM61,982,000 shall be paid by the Company for and on behalf of the Purchaser in the following manner:

- (1) the Cash Consideration of approximately RM7,437,840 shall be paid in the following manner and shall form part of the Consideration on the Unconditional Date:
 - (a) 10% of the Consideration (equivalent to RM6,198,200.00) shall be paid in cash within 14 days from the date of the Master Agreement; and
 - (b) 2% of the Consideration (equivalent to RM1,239,640.00) shall be paid in cash within 14 days from the date of the Supplemental Master Agreement; and
- (2) the Consideration Balance of approximately RM54,544,160 shall be satisfied by the Consideration Shares Issue within the Consideration Shares Settlement Period.

We note that the 1st tranche of the Cash Consideration of RM6,198,200 has been paid to PRGH in May 2023. With reference to the section headed “Consolidated financial position of the Group” to this letter, as at 31 December 2022, the cash and bank balance of the Group totaled around RM48.5 million, of which the Cash Consideration represented roughly 15%. Based on the working capital forecast prepared by the Group and draft working capital sufficiency letter prepared by the auditors, the Group would have sufficient working capital for its operation after taking into account the cash outflow for the Cash Consideration. The settlement of the remaining of the Consideration by the Consideration Shares Issue would prevent the Group from further cash outflow and debt accumulation, while also preserving cash for financing the Group’s other projects and general working capital purpose.

Furthermore, with reference to the Master Agreement (as supplemented by the Supplemental Master Agreement), in the event that Completion does not occur before the Long Stop Date due to non-satisfaction of any of the conditions precedent in respect of the Purchase, the Cash Consideration will be returned to the Group within 7 days from the Long Stop Date and the Master Agreement shall be terminated and be of no further effect.

Based on above, we consider that the payment terms are normal commercial, and fair and reasonable to the Company and the Shareholders.

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8. Dilution effect

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 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 if any, the Energy Solution Additional Consideration Shares (assuming there will not be any change in the issued share capital of the Company from the Latest Practicable Date other than the allotment and issue of the Consideration Shares and if any, the Energy Solution Additional Consideration Shares) (**Scenario C**):

	Scenario A		Scenario B		Scenario C	
	<i>Approximate percentage of Number of Shares held</i>	<i>shareholding (note 1)</i>	<i>Approximate percentage of Number of Shares held</i>	<i>shareholding (note 2)</i>	<i>Approximate percentage of Number of Shares held</i>	<i>shareholding (note 3)</i>
Shareholder						
PRGH	303,468,000	50.45%	625,224,000	67.71%	625,224,000	67.71%
Dato' Lua Choon Hann (note 4)	260,000	0.04%	260,000	0.03%	260,000	0.03%
Dato' Ng Yan Cheng (notes 5 & 7)	<u>66,977,600</u>	<u>11.13%</u>	<u>66,977,600</u>	<u>7.26%</u>	<u>66,977,600</u>	<u>7.26%</u>
Sub-total:	<u>370,705,600</u>	<u>61.62%</u>	<u>692,461,600</u>	<u>75.00%</u>	<u>692,461,600</u>	<u>75.00%</u>
Public						
Jim Ka Man (note 6)	58,764,000	9.77%	58,764,000	6.36%	58,764,000	6.36%
Other public Shareholders	<u>172,096,000</u>	<u>28.61%</u>	<u>172,096,000</u>	<u>18.64%</u>	<u>172,096,000</u>	<u>18.64%</u>
Sub-total:	<u>230,860,000</u>	<u>38.38%</u>	<u>230,860,000</u>	<u>25.00%</u>	<u>230,860,000</u>	<u>25.00%</u>
Total:	<u><u>601,565,600</u></u>	<u><u>100.00%</u></u>	<u><u>923,321,600</u></u>	<u><u>100.00%</u></u>	<u><u>923,321,600</u></u>	<u><u>100.00%</u></u>

Notes:

1. On the basis of 601,565,600 Shares in issue as at the Latest Practicable Date.
2. On the basis of 923,321,600 Shares in issue as enlarged by the issue of the Consideration Share.
3. On the basis of 923,321,600 Shares in issue as enlarged by the issue of the Consideration Shares and if any, the Energy Solution Additional Consideration Shares.
4. Dato' Lua Choon Hann is an executive Director.

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5. Dato' Ng Yan Cheng, is a connected person of the Company for being a director of certain subsidiaries of the Company and the father of Mr. Ng Tzee Penn, a non-executive Director. Dato' Ng Yan Cheng is a core connected person of the Company and Shares held by him will not be regarded as being in the public hands under Rule 11.23(7).
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. Jim Ka Man was a director of a subsidiary of the Company on the date of the Master Agreement and was therefore a core connected person of the Company as at that date. Jim Ka Man has ceased as a core connected person of the Company upon her resignation as such a director on 31 May 2023 prior to the date of the Supplemental Master Agreement and Shares held by her are regarded as being in the public hands under Rule 11.23(7) as from the date of her resignation.
7. Under Scenario C, the maximum number of Energy Solution Additional Consideration Shares issuable is 33,252,480 new Shares. The Company has the sole and absolute discretion to reject in whole or in part a request for the allotment and issue of the Energy Solution Additional Consideration Shares in number smaller than 33,252,480 new Shares and pay cash in lieu in respect of the number of Energy Solution Additional Consideration Shares which are rejected in order to maintain the public float of the Shares on GEM at not less than 25% in the public hands. The illustration under Scenario C above is on the basis that the Company exercise its sole and absolute discretion to reject in which the request for issue of the Energy Solution Additional Consideration Shares so as to maintain the public float of the Shares on GEM at not less than 25% in the public hands. Please refer to the Energy Solution Acquisition Circular for further details of the Company's sole and absolute discretion to reject in whole or in part a request for the allotment and issue of the Energy Solution Additional Consideration Shares.

As shown in the shareholding table above, upon Completion, a total of 321,756,000 Consideration Shares will be issued to PRGH as the Consideration Balance pursuant to the Master Agreement. As a result, the existing Share capital in issue will be enlarged by approximately 53.49% upon Completion. The aggregate shareholding of the existing public Shareholders will then be diluted from approximately 38.38% to approximately 25.00%, representing a dilution of approximately 13.38%.

The Company has the sole and absolute discretion to reject in whole or in part a request for the allotment and issue of the Energy Solution Additional Consideration Shares. The request for the allotment and issuance of such shares would be declined in full or in part to comply with the public float requirement stated in the GEM Listing Rules.

We noted that the issuance of the Consideration Shares will result in a dilution effect for the public Shareholders. Nonetheless, taking into account (i) the Consideration Shares Issue Price is fair and reasonable as elaborated above; (ii) the information set out under the section headed "Reasons for and benefits of the Purchase" in this letter; and (iii) the issue of Consideration Shares can reduce the Company's cash outflow for the Purchase 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.

9. Financial effect of the Purchase

Upon Completion, the Properties will be recognized as non-current assets of the Group at their costs at the time of acquisition, being the aggregate of the consideration of RM61,982,000 and the directly attributable expenditure incurred by the Company for the Purchase. Set out below are the financial effects of the Purchase on the Group:

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Given that upon Completion, the Properties will be recognised as non-current assets of the Group at their costs at the time of acquisition, being the aggregate of the Consideration of RM61,982,000 and the directly attributable expenditure incurred by the Company for the Purchase, such as stamp duty and professional fee. Specifically, the Properties which are to be held solely for rental or for sale would be classified as “investment property”. As the Company will fund the Cash Consideration with cash, the cash balance of the Group will decrease which will in turn reduce the net current assets of the Group. On the other hand, the issuance of the Consideration Shares for the Consideration Balance will enhance the net asset value of the Group. Overall, it is expected that the Purchase will have positive financial impact on the net asset value of the Group.

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 the entering into the Master Agreement is not in the ordinary and usual course of business of the Group because of its “one-off” nature. Nevertheless, the terms and conditions of the Master 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 resolutions to be proposed at the EGM to approve (i) the Master Agreement and the transactions contemplated thereunder, including without limitation, the Purchase and the Consideration Shares Issue; and (ii) the grant of the Specific Mandate.

Yours faithfully
For and on behalf of
Octal Capital Limited

Alan Fung
Managing Director

Wong Wai Leung
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 2020, 2021 and 2022 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 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>

- (ii) 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>

- (iii) The audited financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 30 March 2023, from pages 77 to 141:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0330/2023033000936.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2023 (“**Date of Statement of Indebtedness**”), being the latest practicable date for the purpose this indebtedness statement, the indebtedness of the Group was as follows:

Borrowings

Secured borrowings from banks of approximately RM19,459,000 which were secured by a pledge over the Group’s freehold land and buildings, right-of-use assets, properties of the spouse of a director of a subsidiary of the Company, and joint and several personal guarantee for all monies by the directors of the subsidiaries of the Company.

Lease liabilities

The Group had lease liabilities (comprising both current and non-current liabilities) of approximately RM6,880,000.

Contingent liabilities

The Group had issued unsecured guarantees of RM12,562,000 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 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 the Date of Statement of Indebtedness, 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 Group since the Date of Statement of Indebtedness up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT OF THE 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 Purchase, the 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 2022, 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 GROUP

As at 31 December 2022, 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 RM124.7 million. The Group was in a net cash position as at 31 December 2022. The Directors expect that the Group will continue to maintain a strong financial position to support the business operations.

The Group is principally engaged in the manufacturing and sales of elastic textile, webbing, rubber tape and PVC related products, and energy efficiency business.

Higher-than-expected inflation, especially in the United States and major European economies, is triggering a tightening of global financial conditions. China's slowdown has been worse than anticipated amid COVID-19 outbreaks and lockdowns, and there have been further negative spillovers from the war in Ukraine. As a result, global economy is expected to have a soft landing in year 2023.

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

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

The following is the text of letter and valuation report on the Properties, prepared for the purpose of incorporation in this circular, received from LOO BOON WEI, an independent valuer, in connection with his valuation on the Properties as at 14 July 2023.

14 July 2023

VPC Alliance (PJ) Sdn. Bhd.

No. 6, 1st Floor, Jalan SS26/4,
Taman Mayang Jaya, 47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

FURNIWEB HOLDINGS LIMITED

Lot 1883, Jalan KPB 9,
Kg. Bharu Balakong,
43300 Seri Kembangan,
Selangor Darul Ehsan.

Attn: Board of Directors

Dear Sir/Madam,

REPORT AND VALUATION OF 50 UNITS OF CONDOMINIUM LOCATED ON FLOOR LEVEL FROM 16 TO 37, WITHIN AN ON-GOING RESIDENTIAL DEVELOPMENT KNOWN AS PICASSO RESIDENCE, JALAN JELATEK, KUALA LUMPUR HELD UNDER MASTER TITLE NO. PAJAKAN NEGERI 52579, LOT NO. 20010, SEKSYEN 88, BANDAR AND DISTRICT OF KUALA LUMPUR, STATE OF WILAYAH PERSEKUTUAN KUALA LUMPUR (HEREINAFTER COLLECTIVELY REFERRED TO AS THE “SUBJECT PROPERTY”).

We were instructed by **Furniweb Holdings Limited (“FURNIWEB”)** to assess the Market Value of 50 units of condominium located within an on-going residential development known as Picasso Residence, Jalan Jelatek, Kuala Lumpur held under Master Title No. Pajakan Negeri 52579, Lot No. 20010, Seksyen 88, Bandar and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur, (hereinafter referred to as the “**Subject Property**”) for the purpose of **THE PROPOSED ACQUISITION OF THE SUBJECT PROPERTY FROM PRG HOLDINGS BERHAD (“PRGH”) TO PRG LAND SDN BHD (“PRG LAND”), A WHOLLY-OWNED SUBSIDIARY OF FURNIWEB WHICH IN TURN IS A 50.45%-OWNED SUBSIDIARY OF PRGH.**

We are specifically instructed by the client to provide the Market Value of the **Subject Property** on the assumptions that the **Subject Property** is fully completed in accordance to the approved building plans and specifications and duly issued with a Certificate of Completion and Compliance (CCC) issued by the relevant authority.

We have inspected the **Subject Property** and investigated available information and data relevant to the **Subject Property**. This valuation has been prepared in accordance with the Malaysian Valuation Standards and the International Valuation Standards.

We are of the opinion that the Market Value of the **Subject Property** held under Master Title No. Pajakan Negeri 52579, Lot No. 20010, Seksyen 88, Bandar and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur, **ON THE ASSUMPTIONS** that the **Subject Property** is fully completed in accordance to the approved building plans and specifications and duly issued with a Certificate of Completion and Compliance (CCC), with vacant possession and free from encumbrances is as per follows:

No.	Unit No.	Built Up (Sq. Ft.)	Market Value		No.	Unit No.	Built Up (Sq. Ft.)	Market Value	
			Market Value (RM)	p.s.f. (RM)				Market Value (RM)	p.s.f. (RM)
1	A-16-01	1,668	1,515,000	908	26	A-31-02	1,668	1,540,000	923
2	A-16-02	1,668	1,515,000	908	27	A-31-08	1,668	1,585,000	950
3	A-17-01	1,668	1,520,000	911	28	A-32-02	1,668	1,540,000	923
4	A-17-02	1,668	1,520,000	911	29	A-32-08	1,668	1,585,000	950
5	A-17-03	1,668	1,565,000	938	30	A-33-01	1,668	1,540,000	923
6	A-18-01	1,668	1,520,000	911	31	A-33A-01	1,668	1,545,000	926
7	A-18-08	1,668	1,565,000	938	32	A-33A-02	1,668	1,545,000	926
8	A-19-01	1,668	1,520,000	911	33	A-33A-08	1,668	1,590,000	953
9	A-19-02	1,668	1,520,000	911	34	A-35-08	1,668	1,590,000	953
10	A-19-03	1,668	1,565,000	938	35	A-26-03A	1,013	1,110,000	1,096
11	A-20-02	1,668	1,520,000	911	36	A-26-05	1,013	1,080,000	1,066
12	A-20-03	1,668	1,570,000	941	37	A-27-07	1,013	1,115,000	1,101
13	A-21-01	1,668	1,525,000	914	38	A-28-3A	1,013	1,115,000	1,101
14	A-21-02	1,668	1,525,000	914	39	A-28-05	1,013	1,085,000	1,071
15	A-21-03	1,668	1,570,000	941	40	A-29-3A	1,013	1,115,000	1,101
16	A-22-01	1,668	1,525,000	914	41	A-30-03A	1,013	1,120,000	1,106
17	A-22-03	1,668	1,570,000	941	42	A-31-03A	1,013	1,120,000	1,106
18	A-23-01	1,668	1,525,000	914	43	A-33-06	1,013	1,090,000	1,076
19	A-23A-01	1,668	1,530,000	917	44	A-33A-03A	1,013	1,125,000	1,111
20	A-23A-08	1,668	1,575,000	944	45	A-33A-07	1,013	1,125,000	1,111
21	A-25-02	1,668	1,530,000	917	46	A-35-07	1,013	1,125,000	1,111
22	A-25-03	1,668	1,575,000	944	47	A-36-06	1,013	1,095,000	1,081
23	A-25-08	1,668	1,575,000	944	48	A-36-05	1,013	1,095,000	1,081
24	A-28-01	1,668	1,535,000	920	49	A-37-06	1,013	1,095,000	1,081
25	A-28-08	1,668	1,580,000	947	50	A-37-07	1,013	1,130,000	1,115

TOTAL MARKET VALUE: RM70,355,000/- (RINGGIT MALAYSIA: SEVENTY MILLION, THREE HUNDRED AND FIFTY-FIVE THOUSAND ONLY).

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTIONS AS STATED ABOVE, THE APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED.

The values indicated above are to be read in the context of our full valuation report contained herein.

Yours faithfully,
VPC ALLIANCE (PJ) SDN BHD

LOO BOON WEI
MPEPS, MMIPFM, MRISM
Registered Valuer (V 988)

Sr. Loo Boon Wei is a Registered Valuer with over 22 years' experience in real estate valuation, estate agency and property management in Malaysia. Mr. Loo is a committee member of the Estate Agency Practice Committee (EAPC) of the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia (BOVEAP) (2023–2024) and a Secretary General of Malaysian Institute of Professional Estate Agents and Consultants (MIPEAC) (2022–2023) as well as a member of the Royal Institution of Surveyors Malaysia (RISM) and a member of the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS).

1. TERMS OF REFERENCE

We were instructed by **FURNIWEB** to assess the Market Value of 50 units of condominium located within an on-going residential development known as Picasso Residence, Jalan Jelatek, Kuala Lumpur held under Master Title No. Pajakan Negeri 52579, Lot No. 20010, Seksyen 88, Bandar and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur, (hereinafter referred to as the “**Subject Property**”) for the purpose of **THE PROPOSED ACQUISITION OF THE SUBJECT PROPERTY FROM PRGH TO PRG LAND, A WHOLLY-OWNED SUBSIDIARY OF FURNIWEB WHICH IN TURN IS A 50.45%-OWNED SUBSIDIARY OF PRGH.**

We are specifically instructed by the client to provide the Market Value of the **Subject Property** on the assumptions that the **Subject Property** is fully completed in accordance to the approved building plans and specifications and duly issued with a Certificate of Completion and Compliance (CCC) by the relevant authority.

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTIONS AS STATED ABOVE, THE APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED.

This valuation report is subject to the “Limiting Conditions” attached to the end of this report and to such limiting statements, conditions and assumptions, if any, contained elsewhere in the body of this report.

This report is intended for the use of the party to whom it is addressed to and shall not be utilized by any other party unless prior written consent has been obtained from us. We assume no liability to any third party who utilizes this report without our prior written consent.

This valuation had been carried out in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers and the International Valuation Standards issued by the International Valuation Standards Council.

2. INTEREST TO BE VALUED

The interest to be valued is the Market Value of 50 units of under construction condominium located within a residential development known as Picasso Residence, Jalan Jelatek, Kuala Lumpur held under Master Title No. Pajakan Negeri 52579, Lot No. 20010, Seksyen 88, Bandar and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.

This valuation report is subject to the “Limiting Conditions” attached to the end of this report and to such limiting statements, conditions and assumptions, if any, contained elsewhere in the body of this report.

This report is intended for the use of the party to whom it is addressed to and shall not be utilized by any other party unless prior written consent has been obtained from us. We assume no liability to any third party who utilizes this report without our prior written consent.

3. BASIS OF VALUATION

Market Value

Our basis of valuation is the **Market Value**. Market Value is 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 where the parties had each acted knowledgeably, prudently and without compulsion.

Each element of the definition has its own conceptual framework.

- a) *“The estimated amount”* refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. *Market Value* is the most probable price reasonably obtainable in the market on the valuation date in keeping with the *Market Value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.
- b) *“An asset or liability should exchange”* refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the *Market Value* definition at the valuation date.
- c) *“On the valuation date”* requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as the valuation date, not those at any other date.
- d) *“Between a willing buyer”* refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”.
- e) *“And a willing seller”* is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset

at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner.

- f) “*In an arm’s length transaction*” is one between parties who do not have a particular or special relationship e.g., parent and subsidiary companies or landlord and tenant that may make the price level uncharacteristic of the market or inflated. The *Market Value* transaction is presumed to be between unrelated parties, each acting independently.
- g) “*After proper marketing*” means that the asset has been exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *Market Value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date.
- h) “*Where the parties had each acted knowledgeably, prudently*” presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses, and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.
- i) “*And without compulsion*” establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

4. DATE OF INSPECTION

The **Subject Property** was inspected on 5th July 2023 by Sr. Loo Boon Wei (V 988) and Mr. Wong Wan Sang (PV 2657).

5. DATE OF VALUATION

The date of inspection of the **Subject Property** i.e. 5th July 2023 is to be taken as the material date of valuation.

6. LOCATION AND ACCESSIBILITY

The **Subject Property** is fronts onto Jalan Jelatek, Kuala Lumpur. Geographically, the site of the **Subject Property** (hereinafter referred to as “**the Subject Site**”) is located adjacent to the Jelatek Fire and Rescue Station and Klang River, north of the intersection between Jalan Ampang and Jalan Jelatek, opposite to a condominium known as Suria Jelatek Residence and a high-rise low-cost apartment known as PPR Jelatek. It is sited approximately 500 metres to the north of Great Eastern Mall, 4 kilometres to the east of Petronas Twin Towers and about 6 kilometres to the northeast of the Kuala Lumpur Golden Triangle region.

The **Subject Property** is accessible from various main roads such as Jalan Ampang and Ampang-Kuala Lumpur Elevated Highway (AKLEH). It further connects the Middle Ring Road 2 (MRR 2), Jalan Tun Razak, Jalan Sultan Ismail and Jalan Raja Abdullah. The accessibility to the site is expected to be further enhanced upon the completion of the DUKE 3 highway.

Access to the **Subject Property** from Kuala Lumpur City Center is possible via Jalan Ampang. Alternatively, access to the **Subject Property** from Kuala Lumpur City Center is possible via Ampang — Kuala Lumpur Elevated Highway (AKLEH), Jalan Sultan Ismail, Jalan Ampang and thereafter onto Jalan Jelatek.

7. SURROUNDING DEVELOPMENTS

The immediate vicinity of the **Subject Property** is mainly developed for residential and commercial usage properties. Residential properties comprise of detached houses, condominiums, serviced residences and apartments whilst the commercial usage properties consist of retails lots, shopping centres, purpose-built office building, hotel, shop offices and petrol stations, which are mainly located along Jalan Ampang.

The landed residential properties are mostly located to the west and north of the subject site which are mainly detached houses within different development schemes such as Kampung Datuk Keramat and Taman U Thant. Terrace houses can be found to the north-east of the **Subject Property** within a housing scheme known as Taman Keramat. To the immediate south-west of the **Subject Property**, there are two medium-low rise apartments known as Enau Court and Bekay Court.

The nearest high-rise residential building is Suria Jelatek, which is located opposite the **Subject Property** along Jalan Jelatek. The other high-rise residential building that is nearby to the **Subject Property** include Brunfield Embassyview Condominium, M Suites, Sri Mahkota Condominium, Seri Hening Residence, 2-Twelve Condominium, Sastra U-Thant Condominium, Damai 206, Damai 88, Damai Residence, to name a few. Some of the upcoming high-rise residential developments located within the immediate vicinity include Neu Suites, D’Rapport, NOVO Ampang, Datum Jelatek and 3rd Avenue Condominium. At the east of the **Subject Property**, there is an elevated Duke Highway which fronts onto Jalan Jelatek is under construction.

Notable commercial development which are located within the vicinity of the **Subject Property** include Great Eastern Mall, Wisma Chinese Chamber, 3 Towers, Ambassador Row Hotel Suites and Menara Perkeso. The **Subject Property** is also situated near to various embassies namely Embassy of the Republic of Korea, Embassy of Laos, Embassy of Romania, Embassy of Russia, Embassy of Italy and Embassy of Federal Republic of Somali, to name a few.

Education institutions that are located within the vicinity of the **Subject Property** includes SJKC Chung Hwa (P) Kuala Lumpur, SMK Puteri Ampang, SMK Seri Ampang, Sayfol International School and The International School of Kuala Lumpur. The Gleneagles Kuala Lumpur is located to the south-east of the **Subject Property**.

The Jelatek Light Rail Transit (“**LRT**”) station is located approximately 750 metres north of the **Subject Property**. Whilst the Dato Keramat LRT Station is located approximately 1.3 kilometers north-west of the **Subject Property**.

Leisure parks that are situated within the vicinity of the **Subject Property** include Jelatek Public City Park and Taman Tasik Ampang Hilir.

8. PARTICULARS OF TITLE

The master title particulars, of the **Subject Property**, as extracted from a title search conducted at Registry of Land Titles, Kuala Lumpur, Wilayah Persekutuan in Kuala Lumpur on 5th July 2023 is as follows:

Title No.	: Pajakan Negeri 52579
Lot No.	: Lot 20010 Seksyen 88
Town	: Bandar Kuala Lumpur
District	: Kuala Lumpur
State	: Wilayah Persekutuan Kuala Lumpur
Tenure	: Leasehold interest for 99 years expiring on 17th February 2108
Annual Rent	: RM10,302.00
Category of Land Use	: “Bangunan” (“ <i>Building</i> ”)
Land Area	: 14,307 square metres
Registered Owner	: Almaharta Sdn Bhd

- Express Condition : “Tanah ini hendaklah digunakan untuk bangunan kediaman bagi tujuan pangsapuri sahaja” (*“This land should be used for residential buildings for apartment purposes only”*)
- Restriction-In-Interest : “Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur” (*“This land cannot be transferred, leased, pledged or mortgaged without the permission of the Federal Territory Land Working Committee”*)
- Encumbrances/
Endorsement : Private caveat has been lodged twice by Premier De Muara Sdn Bhd on 16th October 2014 and 12th October 2020 respectively.

Note:

- a) The above search at the relevant Land Office is conducted to establish the title particulars and details relevant to the valuation of the Subject Property only. Although we have conducted a title search, we do not accept any responsibility for the accuracy, correctness of the title particulars and legal validity of the title. We recommend that legal advice be sought to verify the above title particulars from the relevant professional i.e. a solicitor.
- b) The interest in the property is regulated vide a Master Agreement (“**Agreement**”) dated 27th April 2023 between PRGH (the Vendor) and FURNIWEB and PRG Land (the Purchaser).

9. DESCRIPTION OF PROPERTY

The Site

The **Subject Site** 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 **Subject Site** is generally flat in terrain and lies about the same level as the frontage road, Jalan Jelatek.

At the date of inspection, we note that the **Subject Site** is under construction for the erection of the proposed development.

The Proposed Development

Vide an amended Approval Letter bearing Reference No. BP U3 OSC 2022 2026 (20) dated 5 December 2022 which was approved by DBKL, we noted that the development components and land uses on the Subject Site are as follows:

Development Component(s)	No. of Storey	No. of Car Park	No. of Condominium
Phase 1			
1) Block A — Condominium	38		270
2) Amenities/Facilities Area	1		
3) Car Park	5	1,046	
4) Guardhouse (1 unit)			
5) Refuse Room (1 unit)			
Phase 2			
1) Block B — Condominium	38		<u>202</u>
		Total	<u>472</u>
Land Area			
Land Use(s)	(Square Meters)		%
1) Plinth for Building (Built-On)	7,153.50		50.00
2) Soft Landscape (Green Area)	1,430.70		10.00
3) 2M Perimeter Green (Green Area)	1,144.56		8.00
4) Hard Landscape (Road and Pedestrian Way)	3,219.08		22.50
5) Others	<u>1,359.16</u>		<u>9.50</u>
Total Land Use	<u>14,307.00</u>		<u>100.00</u>

The Subject Property

The **Subject Property** is an assumed completed 50 units of condominiums located on 16th to 37th floors of Block A, Picasso Residence at Jalan Jelatek, Kuala Lumpur.

Type C — KLCC view					Type A — Genting view				
No.	Floor	Unit No.	Position	Built Up (Sq. Ft.)	No.	Floor	Unit No.	Position	Built Up (Sq. Ft.)
1	16	A-16-01	Int.	1,668	35	26	A-26-03A	Corner	1,013
2	16	A-16-02	Int.	1,668	36	26	A-26-05	Int.	1,013
3	17	A-17-01	Int.	1,668	37	27	A-27-07	Corner	1,013
4	17	A-17-02	Int.	1,668	38	28	A-28-3A	Corner	1,013
5	17	A-17-03	Corner	1,668	39	28	A-28-05	Int.	1,013
6	18	A-18-01	Int.	1,668	40	29	A-29-3A	Corner	1,013
7	18	A-18-08	Corner	1,668	41	30	A-30-03A	Corner	1,013
8	19	A-19-01	Int.	1,668	42	31	A-31-03A	Corner	1,013
9	19	A-19-02	Int.	1,668	43	33	A-33-06	Int.	1,013
10	19	A-19-03	Corner	1,668	44	33A	A-33A-03A	Corner	1,013
11	20	A-20-02	Int.	1,668	45	33A	A-33A-07	Corner	1,013
12	20	A-20-03	Corner	1,668	46	35	A-35-07	Corner	1,013
13	21	A-21-01	Int.	1,668	47	36	A-36-06	Int.	1,013
14	21	A-21-02	Int.	1,668	48	36	A-36-05	Int.	1,013
15	21	A-21-03	Corner	1,668	49	37	A-37-06	Int.	1,013
16	22	A-22-01	Int.	1,668	50	37	A-37-07	Corner	1,013
17	22	A-22-03	Corner	1,668					
18	23	A-23-01	Int.	1,668					
19	23A	A-23A-01	Int.	1,668					
20	23A	A-23A-08	Corner	1,668					
21	25	A-25-02	Int.	1,668					
22	25	A-25-03	Corner	1,668					
23	25	A-25-08	Corner	1,668					
24	28	A-28-01	Int.	1,668					
25	28	A-28-08	Corner	1,668					
26	31	A-31-02	Int.	1,668					
27	31	A-31-08	Corner	1,668					
28	32	A-32-02	Int.	1,668					
29	32	A-32-08	Corner	1,668					
30	33	A-33-01	Int.	1,668					
31	33A	A-33A-01	Int.	1,668					
32	33A	A-33A-02	Int.	1,668					
33	33A	A-33A-08	Corner	1,668					
34	35	A-35-08	Corner	1,668					

As per the approved Advertising and Sales Permit bearing Reference No. 13965-1/08-2022/02548(P) for Picasso Residence with the validity period from 16th August 2022 to 15th August 2025, the brief description of two (2) types of layouts with its specifications are as follows:

Item(s)	Specifications
Structure	Reinforce Concrete Frame and Sher Wall
Wall	Cement/Sand Brick and Reinforced Concrete
Roofing Covering	Reinforced Concrete Flat Roof
Roof Framing	Reinforced Concrete
Ceiling	Plaster Board/Skim Coat and Paint
Windows	Aluminium Frame with Glass
Doors Main Entrance	Decorative Timber Door
Others	Timber Flush Door/Aluminium Glass Door/ Aluminium Louver Door (where applicable)
Ironmongery	Quality Locksets
Wall Finishes	Generally Plastering/Skim Coat and Emulsion Paint/Tiles
Floor Finishes	Cement Render/Tiles

Sanitary and Plumbing Fittings

Description	Type A	Type C
Kitchen Sink	1	2
Sitting W.C.	2	4
Long Bath	—	1
Wash Basin	2	3
Shower Rose	2	4
Hand Bidet	2	3
Bib Tap	1	2

Electrical Installation

Description	Type A	Type C
Lighting Points	17	25
Socket Outlet	19	23
Ceiling Fan Points	4	4
Air-Cond Points	4	5
Storage Heater Points	2	3
SMATV Points	2	2
Telephone Points	2	2
Data Outlet	1	1
Doorbell Point	1	1

Type A (2+1 Bedroom)**Type C (3+1 Bedroom)**

Accommodations	Living, dining, kitchen, a master bedroom with an attached bath/w.c., another bedroom, study room, a common bath/w.c. and yard.	Living, dining, kitchen, a master bedroom and another bedroom with an attached bath/w.c., another bedroom, a common bath/w.c., store/maid room, a toilet and yard.
Carpark(s)	1 unit	2 units

10. PLANNING PROVISION

The **Subject Property** is designated for residential use as per the express condition stated in the document of title.

11. EXISTING USE AND OCCUPANCY STATUS

As at the date of our site inspection, we noted that the subject site is undergoing construction of the aforementioned development. We were informed by the developer that Block A (phase 1 of the development) is estimated to be completed by 4th Quarter of 2023.

12. PUBLIC SERVICES

Mains water, electricity and telephone lines are ready for connection to the **Subject Property**.

Public transport in the form of buses and taxis is available along the main road of Jalan Jelatek.

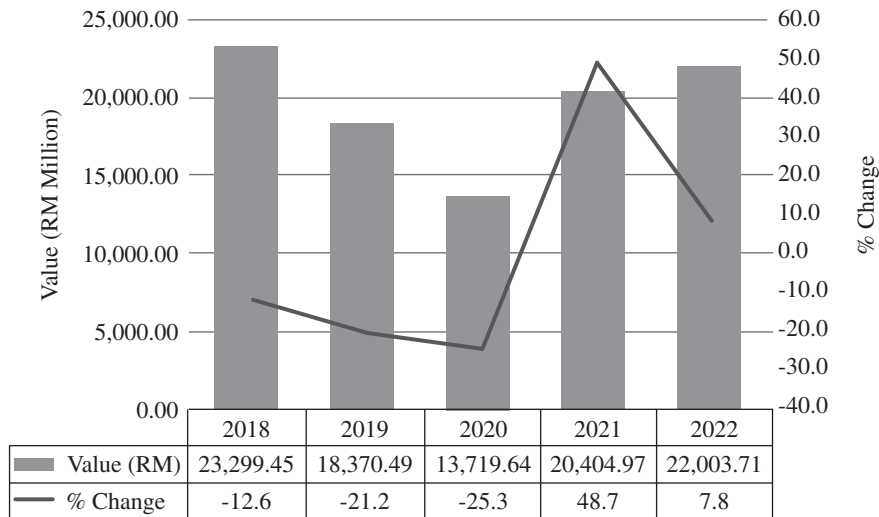
Street lighting, road maintenance, sewage disposal and rubbish collection are provided by relevant authorities such as DBKL, Indah Water Konsortium and Alam Flora.

13. MARKET OBSERVATION — WILAYAH PERSEKUTUAN KUALA LUMPUR**Overview**

The state's property market continued to strengthen in 2022 indicated by the higher volume and value of transaction as compared to last year performance. The review period registered 18,312 transactions with a total value of RM22.00 billion, increased by 25.0% and 7.8% in volume and value respectively against 2021 (14,652 transactions worth RM20.40 billion). Residential sub-sector continued to propel the overall market, accounting for 72.0% of the state's property market volume transaction followed by the commercial (26.1%), development land (1.1%) and industrial (0.8%) sub-sectors.

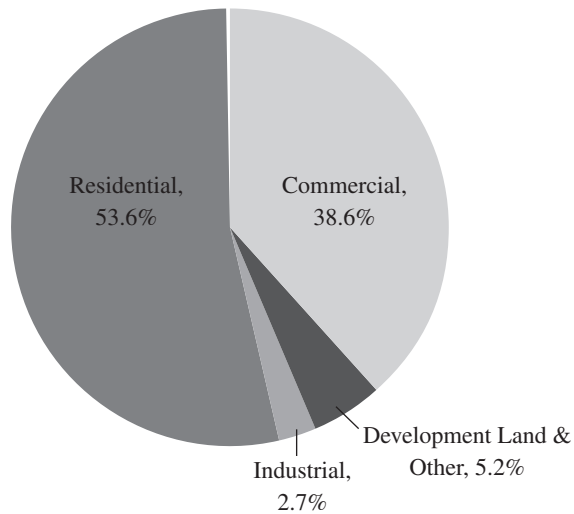
Market activities across all sub-sectors witnessed uptrend movements. Residential, commercial, industrial and development land and others sub-sectors increased by 18.4%, 46.9%, 53.6% and 16.0% respectively. In term of value, residential and industrial sub-sectors showed uptrend whereas commercial and development land and others sub-sectors recorded otherwise.

Value of Property Transactions 2018–2022



Source: *Jabatan Penilaian dan Perkhidmatan Harta (JPPH)/Valuation and Property Services Department — Property Market Report 2022*

Contribution to Transaction Value by Sub-sector 2022

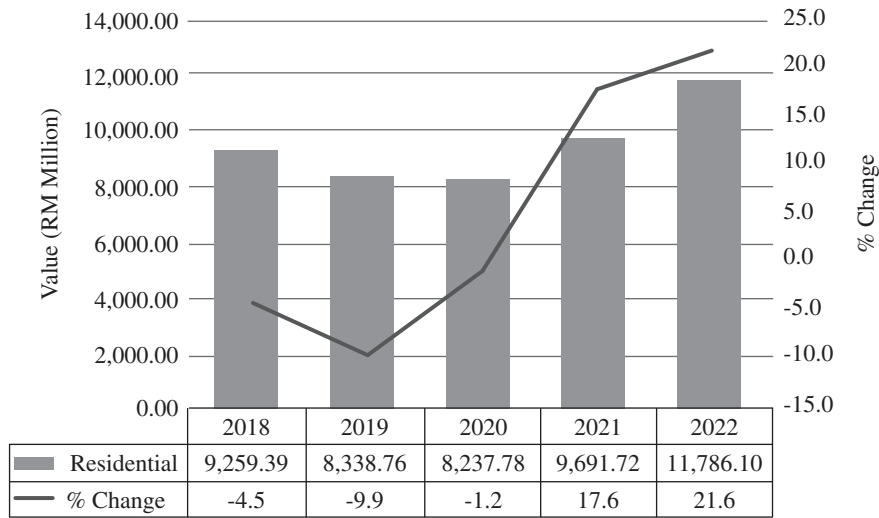


Source: *Jabatan Penilaian dan Perkhidmatan Harta (JPPH)/Valuation and Property Services Department — Property Market Report 2022*

TRANSACTION OF RESIDENTIAL PROPERTY

The residential sub-sector's market performance improved in the review period with 13,182 transactions worth RM11.79 billion, increase 18.4% and 21.6% in volume and value respectively against 2021 (11,129 transactions worth RM9.69 billion). Condominium and apartment units continued to propel the residential market, contributed 50.0% (6,589 units) of the total transactions.

Value of Residential Property Transactions 2018–2022

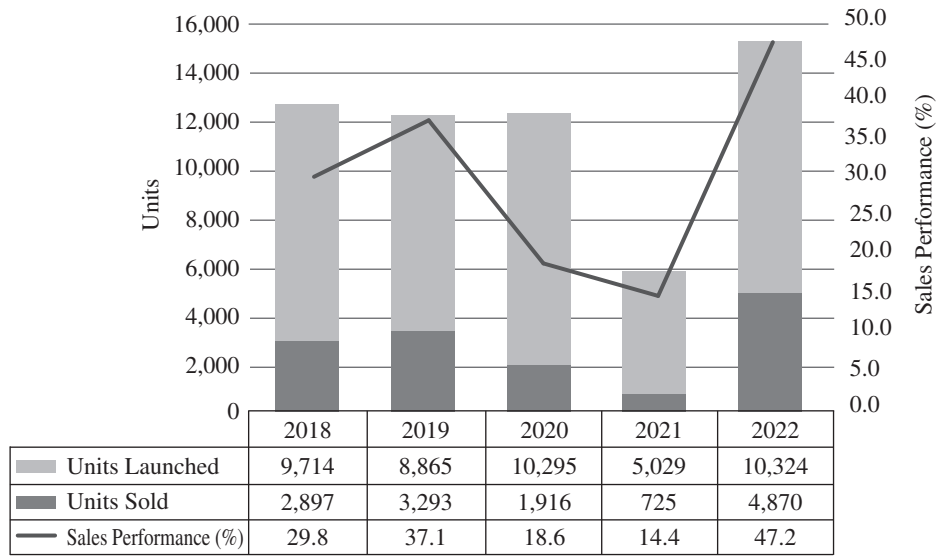


Source: *Jabatan Penilaian dan Perkhidmatan Harta (JPPH)/Valuation and Property Services Department — Property Market Report 2022*

NEW LAUNCHES OF RESIDENTIAL PROPERTY

The primary market saw more number of new launches with 10,324 units, increased by 105.3% compared to 5,029 units launched in 2021. Sales performance for new launches recorded higher at 47.2% compared to 2021 (14.4%). Apartments and condominiums contributed all of the total.

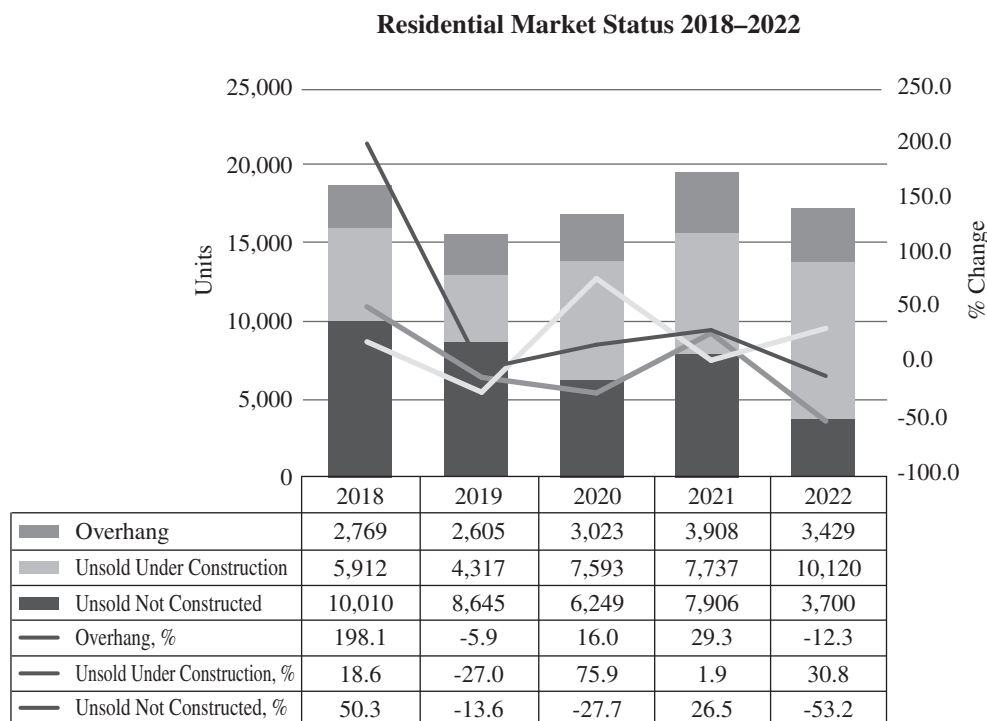
New Launches and Sales Performance 2018–2022



Source: Jabatan Penilaian dan Perkhidmatan Harta (JPPH)/Valuation and Property Services Department — Property Market Report 2022

MARKET STATUS OF RESIDENTIAL PROPERTY

The residential overhang units and unsold not constructed reduced while unsold under construction witnessed increasing numbers in the review period.



Source: Jabatan Penilaian dan Perkhidmatan Harta (JPPH)/Valuation and Property Services Department — Property Market Report 2022

CONSTRUCTION ACTIVITY OF RESIDENTIAL PROPERTY

Construction activities was on a low mode. As at end-2022, there were 535,937 existing residential units with another 41,647 units in the incoming supply and 57,674 units in the planned supply.

PRICE AND RENTAL OF RESIDENTIAL PROPERTY

Price of residential property recorded mixed movements across the board. Several single storey terraced houses schemes located in Mukim Kuala Lumpur enjoyed capital appreciation of 2.9% to 13.8% while several double storey terraced houses schemes in Mukim Petaling also registered capital gains 2.6% to 10.5%.

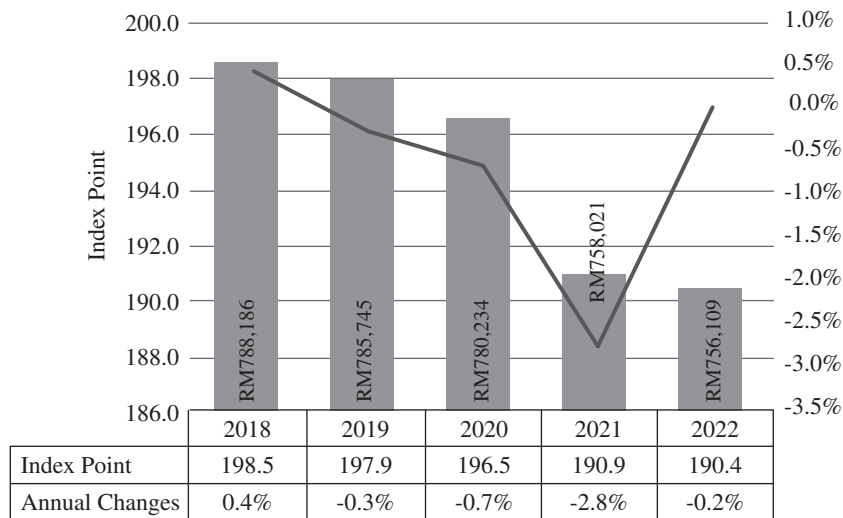
Meanwhile apartment and condominium units also recorded minimal capital gains across the board. Several schemes portrayed double-digit growth namely Bam Villas (10.9%), Sri Jinjang court (16.6%), Vista Harmoni (12.3%), Abadi Indah Apartment (16.2%), Faber Heights (11.3%), Jasmine Court (13.8%), Pantai Panorama Kondo (10.7%), Tiara Faber (10.1%), Bistari Condo (13.0%), Menara Belfield (15.8%), Sri Bukit Persekutuan (16.0%), The Orion (10.3%), Anjali North Kiara (13.3%), Ceriaan Kiara (12.7%), Hartamas Regency (13.3%),

Hartamas Regency 2 (10.9%), The Westside Three (Desa Parkcity) (11.5%), Villa Lagenda Condo (10.7%), One Menerung (10.2%), Pantai Hillpark Apartment (11.1%), The Trellises (13.9%), Bukit OUG (13.7%), Gurney Height (10.4%), Madu Mas (10.1%) and Seri Riana (12.8%).

As at 2022P, the All House Price Index for the state stood at 190.4 points, down by 0.2% from 190.9 points in 2021. The average All House Price as at 2022P stood at RM756,109, decreased from RM758,021 recorded in 2021.

The rental market was generally stable with upward movements recorded in favourable locations. 11 Mont Kiara, Almaspuri and Zeta Desky in Mukim Batu experienced upward rental movements ranged between 4.2% and 10.5%. Average gross rental yield for residential obtained between 1.2% and 9.5%.

All House Price Index Annual Changes 2018–2022



Source: *Jabatan Penilaian dan Perkhidmatan Harta (JPPH)/Valuation and Property Services Department — Property Market Report 2022*

14. DEVELOPER'S SELLING PRICE

As per the approved Advertising and Sales Permit bearing Reference No. 13965-1/08-2022/02548(P) for Picasso Residence with the validity period from 16th August 2022 to 15th August 2025, the developer's selling price for Type A and Type C are as follows:

Type	Built Up Area (Sq. Ft.)	Minimum Selling Price (RM)	Maximum Selling Price (RM)	Average Selling Price (RM/Sq. Ft.)
A	1,013	1,299,980	1,610,000	1,436
C	1,668	2,056,010	2,449,000	1,350

The table below is the summary of the recent transactions of Picasso Residence for Type A and Type C sold in the year of 2021 and 2022 provided by the developer for our references.

Type	Built Up Area (Sq. Ft.)	Minimum Transaction Price (RM)	Maximum Transaction Price (RM)	Average Transaction Price (RM/Sq. Ft.)
A	1,013	1,243,000	1,299,000	1,255
C	1,668	2,151,600	2,420,000	1,370

15. VALUATION METHODOLOGY

The **Subject Property** comprises 50 condominium units on base basis with two (2) different types of layouts located on 16th to 37th floors of Block A, Picasso Residence at Jalan Jelatek, Kuala Lumpur. For the purposes of this valuation, we have used two-tiered adjustment approach in arriving at our opinion of value.

First Tier — Value of Base Unit

Under this tier, we have selected one of the 50 units forming the **Subject Property** as a Base Unit. We have adopted Comparison Approach methods of valuation to determine the value of Base Unit. We are of the opinion that the Comparison Approach would be the most appropriate method of valuation methodology in assessing the Market Value of the **Subject Property** compared to the Income Approach by Investment Method which is less appropriate as the **Subject Property** is currently under construction period. Hence, we do not have any supporting/actual rental data of the **Subject Property** to apply in the Income Approach by Investment Method to arriving the Market Value of the **Subject Property**.

Second Tier — Aggregate Value and Market Value of the Subject Property

We have made further adjustments of Base Unit to reflect the micro dissimilarities include built-up area, position, floor level and facing/view of the remaining 49 units. The Market Value of the **Subject Property** is the aggregate values of the 50 units of condominiums.

16. COMPARISON APPROACH

First Tier — Value of Base Unit (i.e. Unit No. A-26-05)

Comparison Approach provides an indication of value by comparing the property with market evidence of identical or comparable (that is similar) properties for which price information is available, such as a comparison with market transaction in the same, or closely similar, type of property within an appropriate time horizon where dissimilarities exist, adjustments are made. In arriving at the value we have, amongst others, considered the following transactions:

Comparable	1	2	3	4
Name of Residence	M City	Setia Sky Residence	Reizz Residence	M City
Unit No.	2-22-11	B-16-3	42-02	1-27-06
Built Up Area (Sq. Ft.)	883	1,582	850	786
Floor/Level	22	16	42	27
Type of Property		Service Apartment		
Category of Land Use		Commercial		
Tenure		Freehold		
Date of Transaction	5th December 2022	11th October 2022	28th July 2022	14th July 2022
Consideration	RM683,000/-	RM1,350,000/-	RM929,500/-	RM750,000/-
Sources		Jabatan Penilaian dan Perkhidmatan Harta (JPPH)/ Valuation and Property Services Department		
Analysis	RM773	RM853	RM1,094	RM954
	per square foot	per square foot	per square foot	per square foot
Adjustment	General adjustments are made on the time factor, floor/level, size/floor area, tenure, age/condition of building, designed/concept/facilities and service provided.			
Adjusted Rate	RM879	RM1,080	RM1,069	RM1,034
	per square foot	per square foot	per square foot	per square foot

The above sales transaction ranges from RM773 to RM1,094 psf. We have made adjustments on the time factor, floor/level, size/floor area, tenure, age/condition of building, design/concept/facilities and service provided. After consideration, Comparable 3 has been adopted as the best comparable because it has the lowest net adjustment of -2% amongst others comparable. Thereafter, we have adopted a round value of RM1,080,000 (analysed to about RM1,066 psf) in our valuation as a fair representation.

Second Tier — Aggregate Value and Market Value of the Subject Property

After arriving at the base value of RM1,066/- per square foot, we have made further adjustments to reflect the micro dissimilarities which includes size, floor level, view and position of the remaining 49 units.

Based on the adjustments and consideration we have made, the Market Value of the **Subject Property** derived from the Comparison Approach is assessed at **RM70,355,000/- (RINGGIT MALAYSIA: SEVENTY MILLION, THREE HUNDRED AND FIFTY-FIVE THOUSAND ONLY)**.

17. VALUATION

Based on the foregoing premises and relying on the Comparison Approach of Valuation as elaborated earlier in this report, we assess the Market Value of the **Subject Property** held under Master Title No. Pajakan Negeri 52579, Lot No. 20010, Seksyen 88, Bandar and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur, **ON THE ASSUMPTIONS** that the **Subject Property** is fully completed in accordance to the approved building plans and specifications and duly issued with a Certificate of Completion and Compliance (CCC), with vacant possession and free from encumbrances at values as shown on the first page of this valuation report.

LIMITING CONDITIONS

As per Standard 19 of the Sixth Edition of the Malaysian Valuation Standards, the Valuation Report is subject to the following Limiting Conditions:

1. This Valuation Report is carried out in accordance with the Malaysian Valuation Standards published by the Board.
2. All measurements are carried out in accordance with the Uniform Method of Measurement of Building issued by The Royal Institution of Surveyors Malaysia or such other building measurement standards as acceptable and agreed to by the client.
3. This Valuation Report is confidential to the Client or to whom it is addressed and for the specific purpose to which it refers. It may only be disclosed to other professional advisors assisting the Client in respect of that purpose, but the Client shall not disclose the report to any other person.

Neither the whole, nor any part of the Valuation Report or Certificate or any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear.

We shall bear no responsibility nor be held liable to any party in any manner whatsoever in the event of any unauthorized publication of the Valuation Report, whether in part or in whole.

4. The opinion of value expressed in this Valuation Report shall only be used by the addressee for the purpose stated or intended in this Report. We are not responsible for any consequences arising from the Valuation Report or any part thereof being relied upon by any other party whatsoever or for any information therein being quoted out of context.
5. Whenever possible, a private title search is conducted at the relevant Land Registry/Office but this is done to establish title particulars relevant to valuation only. Whilst we may have inspected the title of the property as recorded in the Register Document of Title, we cannot accept any responsibility for its legal validity or as to the accuracy and timeliness of the information extracted or obtained from the relevant Land Registry/Office. Legal advice may be sought to verify the title details, if required.
6. Town Planning and other statutory enquiries conducted at the respective offices or by extracting the required information from published reports and are deemed sufficiently reliable in the profession.
7. We have not conducted any land survey to ascertain the actual site boundaries. For the purpose of this valuation, we have assumed that the dimensions correspond with those shown in the title documents, certified plan or any relevant agreement.
8. While due care has been taken to note building defects in the course of inspection, no structural surveys nor any testing of services were made nor have we inspected any woodwork or other parts of the structure which were covered or inaccessible. We are therefore unable to express an opinion or advice on the condition of uninspected parts and this Report should not be taken as making any implied representation or statement on such parts. Whilst any defects or items of disrepair may be noted during the course of inspection, we are not able to give any assurance of the absence in respect of any rot, termite or pest infestation or other hidden defects.
9. No investigations have been carried out to determine whether or not any deleterious or hazardous materials had been used in the construction of the property (building) or had since been incorporated and we are, therefore, unable to account or report on any such material in our Valuation Report.
10. No soil investigation has been carried out to determine the suitability of soil conditions and/or availability of services for the existing or any future development or planting.

No soil investigation has been carried out to determine the soil suitability for the continued use of the property in its current condition or for any redevelopment.
11. We have not carried out investigations into the past and present uses of either the property or of any neighbouring land to establish whether there has been any contamination or if there is any potential for contamination to the property and are therefore, unable to account and report for such contamination in our Valuation Report.

12. Whilst due care is taken to note the presence of any disease or infestation, we have not carried out any tests to ascertain possible latent infestations or diseases affecting crops or stock. We are therefore unable to account for such in our Valuation Report.
13. Enquiries as to the financial standing of actual or prospective lessees or tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is assumed that the lessees or tenants are capable of meeting their obligations under the lease or tenancy and that there are no arrears of rent or undisclosed breaches of covenants and/or warranties.
14. Unless otherwise stated, no considerations are made in our valuation for any joint venture agreement, development rights agreement or other similar contracts.
15. In the case of buildings where works are in hand or have recently been completed, no allowances are made for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
16. Unless otherwise stated, no allowances are made in our valuation for any expense of realization or for taxation which might arise in the event of a disposal, deemed or otherwise. We have considered the property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. We also assumed the property is free of statutory notices and outgoings.
17. The instruction and the valuation assignment do not automatically bind us to attendance in court or to appear in any enquiry before any government or statutory body in connection with the valuation unless agreed when the instructions were given or subsequently agreed upon.
18. This Valuation Report has been prepared on the basis that full disclosure of all information and facts which may affect the valuation have been made known to us and we cannot accept any liability or responsibility for information or facts that have been suppressed or not disclosed to us.

Where it is stated in the Valuation Report that information has been supplied by the sources listed, this information is deemed to be reliable and no responsibility is accepted should it be proven otherwise, be it expressed or implied. All other information stated without being attributed directly to another party is deemed to be from our searches of records, examination of documents or relevant sources.

19. A Valuation Report is current as at the valuation date only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

No warranty can be given as to the maintenance of this value into the future. A periodical valuation review is recommended.

20. Although every care has been taken in preparing the Valuation Report, if it is proven that there is an apparent negligence on the part of the Valuer, the liability of this valuation (whether arising from this valuation, negligence or any other cause whatsoever) is limited in respect of any event or series of events to the actual loss or damage sustained subject to a liability cap to be mutually agreed between the client and the Valuer and clearly set out in the terms of engagement.

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 authorised 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 other than the allotment and issue of the Consideration Shares); and (c) immediately after the allotment and issue of the Energy Solution Additional Consideration Shares (assuming other than the issue of the Consideration Shares and the Energy Solution Additional 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:

<u>1,000,000,000</u> Share of HK\$0.1 each	<u>100,000,000</u>
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Issued and fully paid:

<u>601,565,600</u> Share of HK\$0.1 each	<u>60,156,560</u>
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(b) Immediately after the allotment and issue of the Consideration Shares

HK\$

Authorised share capital:

<u>1,000,000,000</u> Share of HK\$0.1 each	<u>100,000,000</u>
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Issued and fully paid:

601,565,600 Shares as at the Latest Practicable Date	60,156,560
<u>321,756,000</u> Number of Consideration Shares to be issued	<u>32,175,600</u>
<u>923,321,600</u>	<u>92,332,160</u>

(c) Immediately after the allotment and issue of the Consideration Shares and the Energy Solution Additional Consideration Shares

HK\$

Authorised share capital:

<u>1,000,000,000</u>	Share of HK\$0.1 each	<u>100,000,000</u>
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Issued and fully paid:

601,565,600	Shares as at the Latest Practicable Date	60,156,560
321,756,000	Number of Consideration Shares to be issued	32,175,600
<u>33,252,480</u>	Number of Energy Solution Additional Consideration Shares to be issued	<u>3,325,248</u>
<u>956,574,080</u>		<u>95,657,408</u>

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, 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 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 the date of their allotment and issue.

Application for the Listing Approval will be made to the Stock Exchange in respect of the Consideration Shares to be allotted and issued.

Subject to the granting of listing of, and permission to deal in, the Consideration Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the 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 2)
Dato' Lua Choon Hann	Beneficial owner	260,000 Shares (L)	0.04%

Notes:

- The letter "L" denotes the long position of the Director in the Shares.
- The percentage of shareholding is calculated on the basis of 601,565,600 Shares in issue of the Company as at the Latest Practicable Date.

(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	PRGH (Note 2)	Beneficial owner	108,800 shares (L)	0.03%
Dato' Lua Choon Hann	PRGH (Note 2 & 3)	Beneficial owner	32,322,800 shares (L)	7.52%
		Interest of spouse	300,000 shares (L)	0.07%
			(Note 3)	
Cheah Eng Chuan	PRGH (Note 2)	Beneficial owner	1,000,000 shares (L)	0.23%

Notes:

- The letter "L" denotes the long position of the Director in the shares in PRGH.
- PRGH 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 PRGH. Dato' Lua Choon Hann was deemed to be interested in the shares in PRGH held directly by his spouse under Part XV of the SFO.
4. The percentage of shareholding is calculated on the basis of 429,857,221 shares in PRGH 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 <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 7)</i>
PRGH <i>(Notes 2 & 3)</i>	Beneficial owner	303,468,000 Shares (L)	50.45%
Jim Ka Man	Beneficial owner	53,572,000 Shares (L) <i>(Note 4)</i>	8.91%
	Interest of spouse	5,192,000 Shares (L) <i>(Note 5)</i>	0.86%
Dato' Ng Yan Cheng	Beneficial owner	66,977,600 Shares (L) <i>(Note 6)</i>	11.13%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. PRGH is a company incorporated in Malaysia and whose issued shares are listed on the Main Market of Bursa Securities.
3. Dato' Lua Choon Hann, an executive Director, is the group executive vice chairman of PRGH. Mr. Ng Tzee Penn, a non-executive Director, is an executive director of PRGH.

4. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man had acquired up to 53,572,000 Shares as at 29 August 2022.
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. According to the disclosure of interest form filed by Dato' Ng Yan Cheng, Dato' Ng Yan Cheng had acquired up to 66,977,600 Shares as at 29 August 2022.
7. The percentage of shareholding is calculated on the basis of 601,565,600 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 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 2022 (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 Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the 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 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
LOO BOON WEI	Independent property valuer

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 2022, 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 Group) had been entered into by members of the 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 Energy Solution Global Limited (representing 37.25% interest in Energy Solution Global Limited) 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 Energy Solution Global Limited;

- (iii) the sale and purchase agreement entered into between the Company as purchaser and Dato' Ng Yan Cheng as vendor on 8 June 2022 (as supplemented by the supplemental agreement dated 13 June 2022), pursuant to which the vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire 6,275 ordinary shares in Energy Solution Global Limited (representing 62.75% interest in Energy Solution Global Limited) at the consideration of HK\$58,191,840.00 which shall be settled by cash and consideration shares; and
- (iv) the Master Agreement (as supplemented by the Supplemental Master 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 47, 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 Securities and currently, he holds office as the senior vice-president and Head of Group 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 60, 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 65, 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 in the United Kingdom, and Mr. Au Yeung Yiu Chung, who is a Chartered Governance Professional and fellow member of The Hong Kong Chartered Governance Institute (HKCGI). He is also a holder of the Practitioner's Endorsement issued by HKCGI.
- (b) Dato' Lua Choon Hann, 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 KP9, 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 Master Agreement and the Supplemental Master Agreement;
- (ii) the letter from the Independent Board Committee, the text of which is set out on pages 26 to 27 of this circular;
- (iii) the letter from the Independent Financial Adviser, the text of which is set out on pages 28 to 57 of this circular;
- (iv) the valuation report on the Properties issued by LOO BOON WEI, the text of which is set out in Appendix II to this circular; and
- (v) the written consents referred to in paragraph 8 of this appendix.

NOTICE OF EGM

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 Tuesday, 8 August 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company.

Capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 14 July 2023.

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the conditional sale and purchase agreement entered into between PRGH as vendor, the Purchaser as purchaser and the Company dated 27 April 2023 as supplemented by a supplemental master agreement dated 7 June 2023 made between the same parties (“**Master Agreement**”) (a copy of the Master 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 Purchase 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 Master 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, each at the Consideration Shares Issue Price pursuant to the terms and conditions of the Master 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 Master Agreement and the transactions contemplated thereunder as he may in his absolute discretion consider necessary, desirable or expedient to give effect to the Master Agreement and the implementation of all the transactions contemplated thereunder and to agree to such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its Shareholders as a whole.”

NOTICE OF EGM

2. “THAT

- (a) the authorised share capital of the Company be and is hereby increased 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 by the creation of an additional 1,000,000,000 Shares (“**Authorised Share Capital Increase**”); and
- (b) 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 Authorised Share Capital Increase as he may in his absolute discretion consider necessary, desirable or expedient to give effect to the Authorised Share Capital Increase.”

By order of the Board
FURNIWEB HOLDINGS LIMITED
Dato’ Lim Heen Peok
Chairman

Hong Kong, 14 July 2023

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, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours (i.e. 10:00 a.m. on Sunday, 6 August 2023) 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.

NOTICE OF EGM

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 Tuesday, 8 August 2023. 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, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 2 August 2023.