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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)**

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

**Financial adviser to the Company**



#### **INTRODUCTION**

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

On 8 June 2022, the Company conditionally agreed to acquire the remaining 62.75% interest in the Target Company (i.e. the Sale Shares) from the Vendor by entering into the Sale and Purchase Agreement with the Vendor, the principal terms and conditions of which are set out in this announcement.

## **IMPLICATIONS OF THE GEM LISTING RULES**

### **The Further Acquisition involving the Consideration Shares Issue**

#### ***Chapter 19***

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

#### ***Chapter 20***

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

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

As at the date of this announcement, two banks have provided the Target Group with loan and banking facility of which the Vendor is the guarantor by giving a personal guarantee to the two banks and charging certain of his assets in favour of one of the two banks as collateral to secure the repayment of the amount due by the Target Group to the two banks. Neither the personal guarantee nor the collateral provided by the Vendor will be discharged immediately or shortly after Completion in order to ensure a smooth transition after Completion.

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

### **Approval by the Board**

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

## **INTRODUCTION**

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On 8 June 2022, the Company conditionally agreed to acquire the remaining 62.75% interest in the Target Company (i.e. the Sale Shares) from the Vendor by entering into the Sale and Purchase Agreement with the Vendor, the principal terms and conditions of which are set out in this announcement.

## **SALE AND PURCHASE AGREEMENT**

Date: 8 June 2022

Parties: (1) the Company (as purchaser); and  
(2) the Vendor (as vendor)

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

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

Conditions Precedent:

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

- (1) the Company being satisfied with the results of its due diligence investigation in respect of, among others, the Vendor's title to the Sale Shares and the financial and legal due diligence on the Subsidiaries, which shall be completed by the Company within thirty (30) days from the date of the Sale and Purchase Agreement or any other date to be mutually agreed by the Company and the Vendor;
- (2) the obtaining by the Company of the approval by the Independent Shareholders at the EGM to the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate;
- (3) the GEM Listing Committee granting the listing of, and permission to, deal in the Consideration Shares and the Additional Consideration Shares; and
- (4) the obtaining by PRG of the approvals from Bursa Securities and its shareholders to the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate.

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

Consideration and payment terms:

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

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

- (2) 25% of the Consideration in the sum of HK\$14,547,960.00 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be paid by cash on the date falling six (6) months from the Completion Date;
- (3) the remaining 50% of the Consideration in the sum of HK\$29,095,920.00 (equivalent to RM15,711,797.00 at the Agreed Exchange Rate) (“**Consideration Balance**”) shall be paid as follows:
- (a) If and only if the Target Group achieves the Guaranteed Profit, either:
- i. the Consideration Balance shall be paid by cash within thirty (30) days after the date of issuance of the Target Group Audited Accounts; or
  - ii. no earlier than the date of the Target Group Audited Accounts and no later than the third day after the date of the Target Group Audited Accounts, the Vendor may make a written request to the Company for a maximum of up to twenty per centum (20%) of the Consideration in the sum of up to HK\$11,638,368.00 (equivalent to RM6,284,719.00 at the Agreed Exchange Rate) to be paid by up to a maximum of 33,252,480 new ordinary shares of the Company (“**Additional Consideration Shares**”) each to be issued and credited at the Consideration Shares Issue Price (the “**Additional Consideration Shares Request**”) subject to the sole and absolute discretion of the Company to reject or to accept in full or in part the request.

If the Additional Consideration Shares Request is made by Vendor and accepted by the Company, the Consideration Balance after deducting the aggregate Consideration Shares Issue Price in respect of the Additional Consideration Shares shall be paid by cash within thirty (30) days after the date of issuance of the Target Group Audited Accounts.

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

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

Profit Guarantee by the Vendor:

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

- (1) items classified as extraordinary or any non-cash item classified as non-recurring; and
- (2) gain on disposal of any property, plant and equipment.

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

- (1) if the audited consolidated profit after tax of the Target Group for the Guaranteed Period is less than the Guaranteed Profit, the Vendor shall compensate the Company in an amount equal to the shortfall multiple by 2.69; or
- (2) if the Target Group has audited consolidated loss for the Guaranteed Period, the Vendor shall compensate the Company in an amount equal to the aggregate of the Guaranteed Profit and the absolute amount of such loss and multiple the aggregate amount by 2.69.

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

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

Completion:

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

Post-Completion undertakings by the Vendor:

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

- (1) the necessary consent and/or approval of the two banks, which currently providing loan and banking facilities to the Target Group, to the sale and transfer of the Sale Shares to the Company; and
- (2) the relevant consents and/or approval of the two banks to replace all securities for the existing loans and banking facilities provided by them to the Target Group with securities to be provided by the Company and/or its subsidiaries, if so required.

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

## **THE CONSIDERATION**

The Consideration was determined after arm’s length negotiation between the Vendor and the Company having regard to the value of the Sale Shares appraised by the Independent Business Valuer, audited consolidated net assets of the Target Group at RM17,168,000 (equivalent to approximately HK\$31,792,000 at the Agreed Exchange Rate) as at 31 December 2021 as set out in “Information on the Target Group” in this announcement, the industrial landscape and potential in HVAC-EMS market in Singapore and Malaysia, the

potential synergy expected to be brought about by the Further Acquisition as detailed in “Reasons for and benefits of the Further Acquisition” in this announcement and the Profit Guarantee provided by the Vendor. 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 and the Additional Consideration Shares will be subject to the obtaining of the Specific Mandate from the Independent Shareholders at the EGM and the granting of their listing approval by the Stock Exchange to be sought by the Company. Please refer to the paragraph headed “The Specific Mandate, the Consideration Shares and the Additional Consideration Shares” below in this announcement for their further details.

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

## **SHAREHOLDING STRUCTURE OF THE TARGET COMPANY BEFORE AND IMMEDIATELY AFTER COMPLETION**

Set out below is the shareholding structure of the Target Company (i) as at the date of this announcement; and (ii) immediately after the Completion:

<i>Shareholders</i>	<b>As at the date of this announcement</b>		<b>Immediately after the Completion</b>	
	<i>Number of shares held in the Target Company</i>	<i>Percentage of shareholding</i>	<i>Number of shares held in the Target Company</i>	<i>Percentage of shareholding</i>
The Company	3,725	37.25%	10,000	100.00%
The Vendor ( <i>Note</i> )	6,275	62.75%	—	—
	<u>10,000</u>	<u>100.00%</u>	<u>10,000</u>	<u>100.00%</u>

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

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

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

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

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

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 and the Additional Consideration Shares to be issued under the Specific Mandate.

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

### **Nature of the Consideration Shares and the Additional Consideration Shares**

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

### **The Consideration Shares Issue Price**

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

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

The Consideration Shares Issue Price represents:

- (i) a premium of approximately 73.27% to the closing price of the Shares of HK\$0.202 per Share as quoted on the Stock Exchange on 8 June 2022, being the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 74.30% to the average of the closing prices of the Shares of HK\$0.2008 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and
- (iii) a premium of approximately 74.65% to the average of the closing prices of the Shares of HK\$0.2004 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Sale and Purchase Agreement.

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

**Percentage of the Consideration Shares and the Additional Consideration Shares to the Shares in issue as at the date of this announcement and the Shares in issue as enlarged by the Consideration Shares and the Additional Consideration Shares**

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

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

Notes:

1. On the basis of 560,000,000 Shares in issue as at the date of this announcement.
2. On the basis of 601,565,600 Shares in issue as enlarged by the issue of the Consideration Shares.
3. On the basis of 634,818,080 Shares in issue as enlarged by the issue of the Consideration Shares and the Additional Consideration Shares.

**Moratorium**

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

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

## EFFECT OF SHAREHOLDING STRUCTURE OF THE COMPANY

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

Shareholders	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)
The Vendor	—	—	41,565,600	6.91%	74,818,080	11.79%
Dato' Lua Choon Hann (Note 4)	260,000	0.04%	260,000	0.04%	260,000	0.04%
PRG (Note 5)	303,468,000	54.19%	303,468,000	50.45%	303,468,000	47.80%
Jim Ka Man (Note 6)	61,336,000	10.95%	61,336,000	10.20%	61,336,000	9.66%
Other public Shareholders	194,936,000	34.82%	194,936,000	32.40%	194,936,000	30.71%
	<u>560,000,000</u>	<u>100.00%</u>	<u>601,565,600</u>	<u>100.00%</u>	<u>634,818,080</u>	<u>100.00%</u>

### Notes:

1. On the basis of 560,000,000 Shares in issue as at the date of this announcement.
2. On the basis of 601,565,600 Shares in issue as enlarged by the issue of the Consideration Shares.
3. On the basis of 634,818,080 Shares in issue as enlarged by the issue of the Consideration Shares and the Additional Consideration Shares.
4. Dato' Lua Choon Hann is an executive Director.
5. PRG is the holding company of the Company.
6. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man was deemed to be interested in 61,336,000 Shares of which 55,024,000 Shares were beneficially owned by her and she was deemed to be interested in 6,312,000 Shares held directly by her spouse under Part XV of the SFO.

As at the date of this announcement, the Company has an authorised share capital of HK\$100,000,000 divided into 1,000,000,000 Shares and an issued share capital of 560,000,000 Shares, fully paid or credited as fully paid up. Assuming there will not be any change in the issued share capital of the Company other than the allotment and issue of

Consideration Shares and the Additional Consideration Shares, the allotment and issue of Consideration Shares and if issued, the Additional Consideration Shares to the Vendor will not result in a change of control of the Company.

#### **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

#### **INFORMATION ON THE COMPANY AND THE GROUP**

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

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

#### **INFORMATION ON THE VENDOR**

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

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

#### **INFORMATION ON THE TARGET GROUP**

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 19 July 2021 which principally engaged in investment holding. Its two wholly-owned Subsidiaries, i.e. M&V SG and M&V MY, were incorporated in Singapore and Malaysia on 7 September 2009 and 8 March 2010 respectively and have been providing smart energy solutions since then. Both M&V SG and M&V MY provide smart energy saving solution by designing and installing energy-efficient heating, ventilation and air conditioning systems which aims to achieve optimal energy consumption, lower greenhouse gas emissions (“GHG”), and reduction in energy cost.

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

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)
	<i>(Note 1)</i>	<i>(Note 1)</i>
Revenue	52,061	39,145
Profit before taxation	2,352	3,954
Profit after taxation	1,831	3,225

*Note:*

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

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

## **REASONS FOR AND BENEFITS OF THE FURTHER ACQUISITION**

It has been the Company's objective to diversify its business amidst the challenging global business environment with resurgence of COVID-19 pandemic. On 13 December 2021, the Company has completed the First Acquisition (i.e. its acquisition of 37.25% interest in the Target Company). The Directors are of the view that the principal business of the Target Group in energy management system of heating, ventilation, and air conditioning systems has tremendous potential in the future. Moreover, the Target Group has proven track record in its existing business. Notwithstanding the impact of COVID-19 on all commercial and industrial operations in Singapore and Malaysia, the Target Group recorded unaudited combined net profit of RM1.8 million and RM3.2 million for FY2020 and FY2021, respectively, versus RM0.6 million for FY2019. The Target Group is anticipated to remain the growth momentum. The Vendor guaranteed that the net profit for the Target Group will be in the sum of RM18.8 million for FY2022 and FY2023 in aggregate. Accordingly, the Directors anticipated that the Target Group will generate sufficient financial resources for its business operations. The industry outlook is discussed further in the paragraphs below.

According to an independent industry consultant engaged by the Company, with the increasing awareness of energy conservation and environmental protection, the revenue of Energy Management System of Heating, Ventilation, and Air Conditioning ("HVAC-EMS") market in Singapore and Malaysia is gradually expanding and is expected to reach USD670.3 million by 2026 with a CAGR of 16.0% between 2021 and 2026. In particular, the revenue of HVAC-EMS market in Singapore has grown from USD56.3 million in 2016 to USD113.4 million in 2021 and the market size of HVAC-EMS in Singapore is expected to reach USD235.5 million by 2026; the market size of the HVAC-EMS industry in Malaysia has increased from USD113.1 million in 2016 to USD205.9 million in 2021. As the penetration rate of HVAC-EMS increases in Malaysia, the market size of the HVAC-EMS industry is expected to reach USD434.8 million by 2026. An increasing energy

efficiency awareness, increasing stock of commercial and industrial properties, elevated need to upgrade or retrofit buildings, increasing demand for maintenance services, and government support have all driven growth of the HVAC-EMS industry. Further, according to the independent industry consultant engaged by the Company, among the top ten players in the combined Singapore and Malaysia market in terms of revenue, the Target Company ranked ninth with approximately 3.0% market share in terms of revenue in 2021 in the HVAC-EMS market in the combined Singapore and Malaysia market and is the only local player that competes with multinational conglomerates, which proves the Further Acquisition represents a favourable opportunity to the Group given it is expected to bring about a win-win situation since the Company can support the Target Group to achieve business expansion in Malaysia by (i) capitalizing on the Company's commercial networks; and (ii) leveraging on the Company's brand reputation and credibility in Malaysia to obtain more financing facilities, while the Target Group can assist the Group's environmental, social and corporate governance strategy and contribute a new growth sector.

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

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

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

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

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

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

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

Having considered the above, the Directors (excluding Mr. Ng Tzee Penn who had abstained from voting at the Board meeting approving the Sale and Purchase Agreement and the transactions contemplated thereunder as described in the paragraph headed “Implications of the GEM Listing Rules — Approval by the Board” below and the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) consider that the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and that the Further Acquisition involving the Consideration Shares Issue, while not in the ordinary and usual course of business of the Group, is in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS OF THE GEM LISTING RULES**

### **The Further Acquisition involving the Consideration Shares Issue**

#### ***Chapter 19***

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

## **Chapter 20**

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

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

As at the date of this announcement, two banks have provided the Target Group with loan and banking facility of which the Vendor is the guarantor by giving a personal guarantee to the two banks and charging certain of his assets in favour of one of the two banks as collateral to secure the repayment of the amount due by the Target Group to the two banks. Neither the personal guarantee nor the collateral provided by the Vendor will be discharged immediately or shortly after Completion in order to ensure a smooth transition after Completion.

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

### **Approval by the Board**

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

## **THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been established for the purposes of giving recommendations to the Independent Shareholders on, among others, the fairness and reasonableness of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Octal has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **EGM AND VOTING**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate. The voting at the EGM will be taken by poll.

At the EGM, any Shareholders with a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder are required to abstain from voting on the proposed resolution to be put forward to the Independent Shareholders at the EGM for approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate. Therefore, The Vendor and his associates shall abstain from voting on the ordinary resolution to be put forward at the EGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, inter alia, (i) details of the Sale and Purchase Agreement; (ii) financial information of the Target Company and the Group, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Further Acquisition and the Consideration Shares Issue; (iv) a recommendation from the Independent Board Committee in relation to the Further Acquisition and the Consideration Shares Issue; (v) a valuation report on the Sale Shares issued by the Independent Business Valuer; and (vi) a notice of the EGM, is expected to be despatched to the Shareholders on or before 30 June 2022 in accordance with the GEM Listing Rules, as time is required to prepare the information for inclusion in the circular.

**Shareholders and potential investors of the Company should note that Completion of the Further Acquisition involving the Consideration Shares Issue is subject to the fulfilment (or waiver, if applicable) of the Conditions Precedent under the Sale and Purchase Agreement, and Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Additional Consideration Shares”	up to a maximum of 33,252,480 new Shares to be allotted and issued by the Company to the Vendor each at the Consideration Shares Issue Price if the Vendor can make and has made an Additional Consideration Shares Request which is accepted by the Company
“Additional Consideration Shares Request”	has the meaning as defined in “The Sale and Purchase Agreement — Consideration and payment terms” in this announcement
“Agreed Exchange Rate”	SGD1 to HK\$5.75, HK\$1 to RM0.54 and RM1 to HK\$1.8518, being the exchange rates of these currencies agreed between the Vendor and the Company under the Sale and Purchase Agreement
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bursa Securities”	Bursa Malaysia Securities Berhad
“Cash Consideration”	the part of the Consideration payable by the Company in cash which may be up to a maximum of 75.00% of the Consideration if no Additional Consideration Shares Request is made by the Vendor
“Company”	Furniweb Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its issued Shares listed on GEM of the Stock Exchange (stock code: 8480)
“Compensation”	has the meaning as defined in “The Sale and Purchase Agreement — Profit Guarantee by the Vendor” in this announcement
“Completion”	the completion of the Further Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which Completion shall take place, which shall be ninety (90) days from the date when all the Conditions Precedent are fulfilled or as the case may be, waived, or such other date as may be agreed upon between the Company and the Vendor

“Conditions Precedent”	the conditions precedent to completion of the Further Acquisition set out in “The Sale and Purchase Agreement — Conditions Precedent” in this announcement
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$58,191,840.00 (equivalent to RM31,423,594.00 at the Agreed Exchange Rate), being the consideration payable by the Company to the Vendor for the Sale Shares which shall be satisfied by the Cash Consideration, the Consideration Shares and if the Vendor can make and has made an Additional Consideration Shares Request which is accepted by the Company, the Additional Consideration Shares
“Consideration Balance”	has the meaning as defined in “The Sale and Purchase Agreement — Consideration and payment terms” in this announcement
“Consideration Shares”	the 41,565,600 new Shares to be allotted and issued by the Company to the Vendor each at the Consideration Shares Issue Price
“Consideration Shares Issue”	the allotment and issue of the Consideration Shares and the Additional Consideration Shares to the Vendor under the Sale and Purchase Agreement
“Consideration Shares Issue Price”	HK\$0.35, being the issue price per Consideration Share and per Additional Consideration Shares
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Cut-Off Date”	a date falling on the sixtieth (60th) days from the date of the Sale and Purchase Agreement (or such other date as may be agreed upon between the Company and the Vendor), being the last day by which the Conditions Precedent must be fulfilled or as the case may be, waived
“Directors”	the Directors of the Company and each a “ <b>Director</b> ”
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, to approve, among other, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate to issue and allot the Consideration Shares and the Additional Consideration Shares

“First Acquisition”	the acquisition of 37.25% interest in the Target Company by the Company from Ms. Pua Lay Cheng and Mr. Lee Eng Lock which was completed on 13 December 2021 as announced by the Company in its announcements dated 1 November 2021, 17 November 2021 and 14 December 2021 and constituted a discloseable and connected transaction for the Company
“Further Acquisition”	the acquisition of a further 62.75% interest in the Target Company by the Company through the acquisition of the Sale Shares by the Company from the Vendor under the Sale and Purchase Agreement
“FY2019”	financial year ended 31 December 2019
“FY2020”	financial year ended 31 December 2020
“FY2021”	financial year ended 31 December 2021
“FY2022”	financial year ending 31 December 2022
“FY2023”	financial year ending 31 December 2023
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Guarantee Period”	the period from 1 January 2022 to 31 December 2023
“Guaranteed Profit”	a consolidated profit after tax of the Target Group to be translated at the Agreed Exchange Rate in the amount of HK\$34,500,000.00 for the Guarantee Period guaranteed by the Vendor under the Profit Guarantee, further details are set out in “The Sale and Purchase Agreement — Profit Guarantee by the Vendor” in this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Ho Ming Hon, Dato’ Sri Dr. Hou Kok Chung and Dato’ Lee Chee Leong, which has been established for the purposes of making recommendations to the Independent Shareholders in respect of the Further Acquisition and the Consideration Shares issue
“Independent Business Valuer”	Roma Appraisals Limited, the independent business valuer appointed by the Company to appraise the market value of the Sale Shares
“Independent Shareholders”	Shareholders, other than the Vendor and his associates, who have no material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Further Acquisition, the Consideration Shares Issue and the grant of the Specific Mandate
“M&V MY”	Measurement & Verification Sdn. Bhd., a company incorporated in Malaysia and a direct wholly-owned subsidiary of the Target Company
“M&V SG”	Measurement & Verification Pte. Ltd., a company incorporated in Singapore and a direct wholly-owned subsidiary of the Target Company
“Octal” or “Independent Financial Adviser”	Octal Capital Limited, a corporation licensed by the SFC to carry Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee to the Company to advise the Independent Board Committee and the Independent Shareholders on, among others, the fairness and reasonableness of the Further Acquisition and the Consideration Shares Issue
“PRG”	PRG Holdings Berhad, a public limited liability company incorporated in Malaysia and the issued shares of which are listed on the Main Market of Bursa Malaysia and the controlling shareholder of the Company
“Profit Guarantee”	the guarantee provided by the Vendor to the Company under the Sale and Purchase Agreement guaranteeing the audited consolidated profit after tax of the Target Group will not be less than the Guaranteed Profit for the Guarantee Period, further details are set out in “The Sale and Purchase Agreement — Profit Guarantee by the Vendor” in this announcement

“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“Sale and Purchase Agreement”	the conditional sale and purchase agreement entered into by the Company as purchaser and the Vendor as vendor on 8 June 2022 in relation to the Further Acquisition
“Sale Shares”	6,275 ordinary shares in the Target Company, representing 62.75% of its issued and paid up share capital, to be acquired by the Company from the Vendor under the Sale and Purchase Agreement
“SFC”	Securities and Futures Commission
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGD”	Singapore dollars, the lawful currency of the Republic of Singapore
“Shareholders”	shareholders of the Company
“Shares”	ordinary share of HK\$0.1 each in the issued share capital of the Company
“Specific Mandate”	a specific mandate to issue and allot the Consideration Shares and the Additional Consideration Shares to the Vendor each at the Consideration Shares Issue Price to be sought from the Independent Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	the two wholly-owned subsidiaries of the Target Company, namely M&V SG and M&V MY. The Target Company and the Subsidiaries are collectively referred to as the “ <b>Target Group</b> ”
“Target Company”	Energy Solution Global Limited, a private limited company incorporated in the British Virgin Islands, in which the Company has 37.25% interest as at the date of the Sale and Purchase Agreement
“Target Group Audited Accounts”	the audited consolidated financial statements of the Target Group for the Guaranteed Period
“USD”	United States dollars, the lawful currency of the United States of America

“Vendor” Dato’ Ng Yan Cheng, the vendor of the Sale Shares who is a connected person of the Company for being the father of Mr. Ng Tzee Penn, a non-executive Director

“%” per cent

*Note:* When translated and unless otherwise stated in this announcement, each RM amount stated in this announcement was translated at the exchange rate of RM1 to HK\$1.8518 and each SGD amount stated in this announcement was translated at the exchange rate of SGD1 to HK\$5.75.

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

Hong Kong, 8 June 2022

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

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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