THIS CIRCULAR IS IMPORTANT AND REQUIRES SHAREHOLDERS' IMMEDIATE ATTENTION.

If shareholders are in any doubt as to the course of action to be taken, they should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

PRG
HOLDINGS BERHAD
(Registration No. 200101005950 (541706-V))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

(I) PROPOSED ACQUISITION OF THE REMAINING 62.75% EQUITY INTEREST IN ENERGY SOLUTION GLOBAL LIMITED BY FURNIWEB HOLDINGS LIMITED ("FURNIWEB" OR "PURCHASER") (A 54.19%-OWNED SUBSIDIARY OF PRG HOLDINGS BERHAD ("PRG")) FOR A TOTAL PURCHASE CONSIDERATION OF HK$58,191,840 (EQUIVALENT TO RM31,423,594) TO BE SATISFIED VIA CASH AND ISSUANCE OF NEW ORDINARY SHARES IN FURNIWEB ("PROPOSED ACQUISITION"); AND

(II) PROPOSED DIVERSIFICATION OF THE BUSINESSES OF PRG AND ITS SUBSIDIARIES TO INCLUDE THE ENERGY EFFICIENCY BUSINESS ("PROPOSED DIVERSIFICATION")

PART B

INDEPENDENT ADVICE LETTER FROM ASIA EQUITY RESEARCH SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF PRG IN RELATION TO THE PROPOSED ACQUISITION

PART C

(I) PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN ("LTIP") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES IN PRG (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME THROUGHOUT THE DURATION OF THE LTIP FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF PRG AND ITS NON-DORMANT SUBSIDIARIES; AND

(II) PROPOSED ALLOCATION OF LTIP AWARDS TO THE ELIGIBLE DIRECTORS OF PRG AND ITS NON-DORMANT SUBSIDIARIES

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser for Part A and Part C

TA SECURITIES
AN UNWAVERING COMMITMENT
TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

AER
Asia Equity Research Sdn Bhd
Registration No. 201401027762 (1103848-M)
(Licensed to provide advisory in corporate finance and investment advice)

The Extraordinary General Meeting of PRG Holdings Berhad ("**EGM**") will be conducted on a virtual basis through live streaming from the broadcast venue at Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor for remote participation and voting via Cloud EGM Platform operated by ARB Wemeet Sdn. Bhd. at https://member.arbwemeet.com on Monday, 8 August 2022 at 10.00 a.m. or at any adjournment thereof. The Notice of EGM and the accompanying Form of Proxy are enclosed in this Circular. Please refer to the Administrative Guide for the conduct of the virtual EGM as set out in the Notice of EGM enclosed herein pertaining to the Proposals.

A shareholder entitled to participate and vote at the EGM is entitled to appoint a proxy/proxies to participate and vote on his/her behalf. The Form of Proxy must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than 48 hours before the time set for holding the EGM. Alternatively, the Form of Proxy can be submitted electronically to arbwemeet@arbberhad.com before the Form of Proxy lodgement cut-off time as mentioned above. The lodging of the Form of Proxy will not preclude the shareholders from participating and voting at the EGM if they subsequently wish to do so.

Last date and time for lodging the Form of Proxy	: Saturday, 6 August 2022 at 10.00 a.m..
Date and time of the EGM	: Monday, 8 August 2022 at 10.00 a.m. or at any adjournment thereof.

This Circular is dated 22 July 2022

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

COMPANIES:

"AER"	:	Asia Equity Research Sdn Bhd, the independent adviser for the Proposed Acquisition
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"ESGL"	:	Energy Solution Global Limited
"ESGL Group"	:	ESGL and its subsidiaries, collectively
"Furniweb"	:	Furniweb Holdings Limited (a 54.19%-owned subsidiary of PRG)
"Furniweb Group"	:	Furniweb and its subsidiaries, collectively
"M&V MY"	:	Measurement & Verification Sdn Bhd (a wholly-owned subsidiary of ESGL)
"M&V SG"	:	Measurement & Verification Pte Ltd (a wholly-owned subsidiary of ESGL)
"PRG" or "Company"	:	PRG Holdings Berhad
"PRG Group"	:	PRG and its subsidiaries, collectively
"TA Securities"	:	TA Securities Holdings Berhad

GENERAL:

"3M-FPE"	:	3-month financial period ended
"Additional Consideration Shares"	:	Subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares, a maximum of up to 20% of the Purchase Consideration in the sum of up to HK$11,638,368 (equivalent to RM6,284,719.00 at the Agreed Exchange Rate) to be paid by up to a maximum of 33,252,480 new Furniweb Shares
"Additional Consideration Shares Request"	:	A written request made by the Vendor to Furniweb for the Additional Consideration Shares
"Agreed Exchange Rate"	:	The exchange rates agreed upon between the parties to the Proposed Acquisition are HK$1.00 to RM0.54, RM1.00 to HK$1.8518 and SGD1.00 to HK$5.75
"Announcement"	:	Announcement in relation to the Proposals dated 9 June 2022
"Announcement LPD"	:	7 June 2022, being the latest practicable date prior to the Announcement
"Balance Purchase Consideration"	:	The remaining 50% of the Purchase Consideration in the sum of HK$29,095,920 (equivalent to RM15,711,797.00 at the Agreed Exchange Rate)
"Board"	:	Board of Directors of PRG
"Circular"	:	This circular to shareholders dated 22 July 2022
"Completion Date"	:	The date on which the completion of the SSA takes place, which shall be within 90 days from the date of the fulfilment of all conditions precedent under the SSA or such other date as may be agreed upon between the parties to the SSA
"Compensation"	:	A compensation made by the Vendor to Furniweb if ESGL Group fails to achieve the Profit Guarantee pursuant to the Proposed Acquisition
"Consideration Shares"	:	The allotment and issuance of 41,565,600 Furniweb Shares pursuant to the Proposed Acquisition (representing 25% of the Purchase Consideration)

"Director"	:	The director or chief executive of our Group and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007
"EGM"	:	Extraordinary general meeting of PRG in relation to the Proposals
"EPS"	:	Earnings per share
"ESGL Shares"	:	Ordinary Shares in ESGL
"Furniweb Shares"	:	Ordinary Shares in Furniweb
"FYE"	:	Financial year ended/ending
"GEM Listing Committee"	:	GEM listing sub-committee of the board of directors of the GEM of the Stock Exchange of Hong Kong Limited
"HK$"	:	Hong Kong Dollar
"HVAC"	:	Heating, ventilation and air conditioning
"HVAC-EMS"	:	Energy-efficient heating, ventilation and air conditioning
"IAL"	:	Independent advice letter dated 22 July 2022 prepared by AER to the non-interested shareholders of PRG in relation to the Proposed Acquisition
"IMR"	:	China Insight Consultancy, the independent market researchers appointed by Furniweb
"Initial Acquisition"	:	Acquisition by Furniweb of 37.25% equity interest in ESGL for a total consideration of up to HK$9,564,496 via cash, from Pua Lay Cheng and Lee Eng Lock as the vendors, which was completed on 13 December 2021
"Interested Director"	:	Ng Tzee Penn, an Executive Director of PRG and the son of the Vendor
"Interested Major Shareholder"	:	Dato' Ng Yan Cheng, the Vendor and a major shareholder of PRG
"Issue Price"	:	Issue price of HK$0.35 per Consideration Share
"LAT"	:	Loss after tax attributable to equity holders of the company
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LTIP"	:	Long term incentive plan
"LPD"	:	30 June 2022, being the latest practicable date prior to the printing of this Circular
"Major Shareholder"	:	A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares is 10% or more of the total number of voting shares in the corporation or 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation
"NA"	:	Net assets attributable to the owners of the Company
"PRG Shares" or "Shares"	:	Ordinary shares in PRG
"PAT"	:	Profit after tax attributable to equity holders of the Company
"Profit Guarantee"	:	Profit guarantee of not less than HK$34,500,000 (equivalent to RM18,630,000) provided by the Vendor pursuant to the Proposed Acquisition as set out in the SSA
"Profit Guarantee Period"	:	The period from 1 January 2022 to 31 December 2023
"Proposals"	:	Proposed Acquisition and Proposed Diversification, collectively
"Proposed Acquisition"	:	Proposed acquisition of the remaining 62.75% equity interest in ESGL by Furniweb for a total purchase consideration of HK$58,191,840 (equivalent to RM31,423,594) to be satisfied via cash and issuance of new Furniweb Shares

"Proposed Diversification"	:	Proposed diversification of the businesses of PRG Group to include the energy efficiency business
"Purchase Consideration"	:	A total purchase consideration of HK$58,191,840 (equivalent to RM31,423,594) to be satisfied via cash and issuance of new Furniweb Shares pursuant to the Proposed Acquisition
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Sale Shares"	:	The remaining 6,275 ordinary shares in ESGL
"SSA"	:	The conditional shares sale agreement (dated 8 June 2022) and supplemental shares sale agreement (dated 13 June 2022) entered between Furniweb and the Vendor for the Proposed Acquisition
"SGD"	:	Singapore Dollars
"Valuer"	:	Roma Appraisals Limited (an independent business valuer appointed by Furniweb)
"Vendor"	:	Dato' Ng Yan Cheng, a major shareholder of PRG and father of Ng Tzee Penn

All references to "the Company" in this Circular are to PRG, and references to "PRG Group" are to the Company and its subsidiaries. All references to "we", "us", "our" and "ourselves" are to the Company, or where the context requires, PRG Group. All references to "you" in this Circular are references of the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

[The rest of this page has been intentionally left blank]

TABLE OF CONTENTS

THIS EXECUTIVE SUMMARY SETS OUT SALIENT INFORMATION ON THE PROPOSALS. PLEASE READ THIS CIRCULAR AND ITS APPENDICES CAREFULLY FOR FURTHER DETAILS BEFORE VOTING.

Our Board is recommending you to vote **in favour** of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

Proposed Acquisition

Summary

On 8 June 2022 and 13 June 2022, Furniweb and the Vendor entered into the SSA for the Proposed Acquisition, whereby Furniweb will acquire the remaining 6,275 ESGL Shares (representing 62.75% equity interest in ESGL) which shall be acquired free from all liens, charges and encumbrances and with full legal and beneficial title and with all rights attaching thereto (including all dividends and distributions (if any) declared in respect thereof) with effect from the date of the SSA. As at the LPD, PRG owns 54.19% shareholding in Furniweb while Furniweb owns 37.25% shareholding in ESGL.

The Purchase Consideration shall be fully satisfied through cash and the issuance of Furniweb Shares to the Vendor in the following manner:

(i) 25% of the Purchase Consideration in the sum of HK$14,547,960 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) to be satisfied via 41,565,600 Consideration Shares at an Issue Price of HK$0.35 per Consideration Share upon the Completion Date;
(ii) 25% of the Purchase Consideration in the sum of HK$14,547,960 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be paid by cash on the date falling 6 months from the Completion Date; and
(iii) the Balance Purchase Consideration shall be paid by cash within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period, or by Additional Consideration Shares.

ESGL is a private limited company incorporated in the British Virgin Islands on 19 July 2021. ESGL is principally engaged in investment holding. ESGL's 2 wholly-owned subsidiaries, namely M&V SG and M&V MY provide smart energy saving solution by designing and installing HVAC-EMS systems which aim to achieve optimal energy consumption, lower greenhouse gas emissions and reduction in energy costs.

Please refer to **Section 2** of this Circular for further information.

Profit Guarantee

As set out in the SSA, the Vendor is providing a Profit Guarantee to Furniweb that ESGL Group will achieve the guaranteed profit after tax to be translated at the Agreed Exchange Rate of no less than HK$34,500,000 (equivalent to RM18,630,000) for the Profit Guarantee Period.

In the event that ESGL Group fails to achieve the Profit Guarantee within the Profit Guarantee Period, the Vendor agrees to compensate Furniweb by way of cash.

Please refer to **Section 2.3** of this Circular for further information.

Basis and justification for the Purchase Consideration

The Purchase Consideration was determined based on arm's length negotiation between the Vendor and Furniweb as well as after considering the following:

(i) the value of the Sale Shares as appraised by the Valuer;
(ii) audited consolidated net assets of ESGL Group as at 31 December 2021;
(iii) the outlook of the HVAV-EMS market in Singapore and Malaysia as stated in **Section 5.5 and 5.6** of this Circular;
(iv) the rationale for the Proposal Acquisition as stated in **Section 4** of this Circular; and
(v) the Profit Guarantee provided by the Vendor.

Please refer to **Section 2.4** of this Circular for further information.

Rationale
Upon completion of the Proposed Acquisition, ESGL will be a wholly-owned subsidiary of Furniweb and Furniweb will be able to fully consolidate its interest in ESGL. The Proposed Acquisition is part of PRG Group's long-term strategy to venture into the energy efficiency business and will improve the financial position of PRG Group in the long-term when the Proposed Acquisition is completed. In view of the profitability of ESGL Group (as set out in **Appendix II** of this Circular) as well as the positive outlook of the energy efficiency business in Malaysia and Singapore (as set out in **Sections 5.5** and **5.6** of this Circular) as well as the prospects of the ESGL Group within the enlarged PRG Group (as set out in **Section 5.7** of this Circular), the Board (save for Ng Tzee Penn) is of the view that the Proposed Acquisition would further improve the financial performance of PRG Group with the consolidation of the remaining 62.75% equity interest of ESGL by Furniweb. Please refer to **Section 4** of this Circular for further information.
Related party transaction
The Proposed Acquisition is deemed as a related party transaction by virtue of the Vendor, namely Dato' Ng Yan Cheng (a major shareholder of PRG) being the father of Ng Tzee Penn (Executive Director of PRG). The highest aggregate percentage ratio for the Initial Acquisition and the Proposed Acquisition as both involve the acquisition of equity interests in ESGL, is 22.72%. As the highest percentage ratio is more than 5%, pursuant to Paragraph 10.08 of the Listing Requirements, the Proposed Acquisition therefore requires approval from the shareholders of PRG at the forthcoming EGM. Please refer to **Sections 9** as well as **11 to 15** of this Circular for further information.

Proposed Diversification
As at the LPD, PRG Group is involved in the following activities: (i) manufacturing (manufacturing and sale of elastic textile, webbing and polyvinyl chloride related products); (ii) property development and construction (development and construction of residential and commercial properties; (iii) agriculture (harvesting and selling of teak logs activities); and (iv) others (comprising operations related to investment holding and healthcare). PRG Group intends to mitigate its reliance on its current principal activities by diversifying its business to include energy efficiency businesses, through the Proposed Acquisition. PRG Group intends to continue with its existing principal activities after the Proposed Diversification. Please refer to **Section 3** of this Circular for further information.
Rationale
Pursuant to Paragraph 10.13(1) of the Listing Requirements, a listed corporation must obtain its shareholders' approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either: (i) the diversion of 25% or more of the net assets of the listed corporation to an operation which differs widely from those operations previously carried on by the listed corporation; or (ii) the contribution from such operation of 25% or more of the net profit of the listed corporation. Following the Proposed Acquisition, it is anticipated that ESGL Group's business of energy efficient businesses may potentially contribute 25% or more to PRG Group's net profits and/or result in a diversion of 25% or more of PRG Group's net assets towards the business. As such, in accordance with the Listing Requirements, PRG is required to obtain its shareholders' approval in an EGM for the Proposed Diversification. Please refer to **Section 4** of this Circular for further information.

PART A

LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS

PRG
HOLDINGS BERHAD
(Registration No.: 200101005950 (541706-V))
(Incorporated in Malaysia)

Registered Office:

Suite 11.1A
Level 11, Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

22 July 2022

Board of Directors

Dato' Lua Choon Hann *(Group Executive Vice Chairman)*
Dato' Wee Cheng Kwan *(Managing Director – Property & Construction)*
Ng Tzee Penn *(Executive Director)*
Lim Chee Hoong *(Independent Non-Executive Director)*
Ji Haitao *(Independent Non-Executive Director)*

To: The shareholders of PRG

Dear Sir/Madam,

(I) PROPOSED ACQUISITION; AND
(II) PROPOSED DIVERSIFICATION

---

1. INTRODUCTION

On 1 November 2021 and 17 November 2021, the Board announced the acquisition by Furniweb of 37.25% equity interest in ESGL for a total consideration of up to HK$9,564,496 via cash, from Pua Lay Cheng and Lee Eng Lock as the vendors. The Initial Acquisition was completed on 13 December 2021.

On 9 June 2022, TA Securities announced the Proposals on behalf of the Board. On 13 June 2022, TA Securities announced on behalf of the Board that Furniweb and the Vendor had on 13 June 2022 entered into a supplemental shares sale agreement to amend the conditions precedent in the SSA. The salient terms of the SSA (including the supplemental shares sale agreement) are set out in **Appendix I** of this Circular.

Further details of the Proposals are set out in the ensuing sections in the Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE SHAREHOLDERS WITH THE RELEVANT INFORMATION ON THE PROPOSALS, TO SET OUT THE BOARD'S RECOMMENDATION ON THE PROPOSALS AND TO SEEK SHAREHOLDERS' APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

On 8 June 2022 and 13 June 2022, Furniweb and the Vendor entered into the SSA for the Proposed Acquisition, whereby Furniweb will acquire the remaining 6,275 ESGL Shares (representing 62.75% equity interest in ESGL) which shall be acquired free from all liens, charges and encumbrances and with full legal and beneficial title and with all rights attaching thereto (including all dividends and distributions (if any) declared in respect thereof) with effect from the date of the SSA. As at the LPD, PRG owns 54.19% shareholding in Furniweb while Furniweb owns 37.25% shareholding in ESGL.

The Purchase Consideration shall be fully satisfied through cash and the issuance of Furniweb Shares to the Vendor, as follows:

(i) 25% of the Purchase Consideration in the sum of HK$14,547,960 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be satisfied by the allotment and issuance of 41,565,600 Consideration Shares at an Issue Price of HK$0.35 per Consideration Share upon the Completion Date;

(ii) 25% of the Purchase Consideration in the sum of HK$14,547,960 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be paid by cash on the date falling 6 months from the Completion Date; and

(iii) the Balance Purchase Consideration shall be paid as follows:

(a) If and only if ESGL achieves the Profit Guarantee that the audited consolidated profit after tax of ESGL Group to be translated at the Agreed Exchange Rate for the Profit Guarantee Period will not be less than HK$34,500,000 (equivalent to RM18,630,000), either

(1) the Balance Purchase Consideration shall be paid by cash within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period; or

(2) no earlier than the date of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period and no later than the third day after the date of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period, the Vendor may make an Additional Consideration Shares Request subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares (at the issue price of HK$0.35 each) and sole and absolute discretion of Furniweb to reject or to accept in full or in part the request.

Subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares, if the Additional Consideration Shares Request is made by Vendor and accepted by Furniweb, the Balance Purchase Consideration after deducting the aggregate value of the Consideration Shares in respect of the Additional Consideration Shares shall be paid by cash within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period.

(b) If ESGL Group fails to achieve the Profit Guarantee, the Vendor shall compensate Furniweb which may be applied by Furniweb to set off against the Balance Purchase Consideration and:

(1) if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is equal to the Balance Purchase Consideration, no cash consideration shall be payable by Furniweb;

(2) if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is more than the Balance Purchase Consideration, no Balance Purchase Consideration shall be payable by Furniweb and the Vendor shall pay Furniweb the excess amount in cash within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period; or

(3) if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is less than the Balance Purchase Consideration, Furniweb shall pay the Vendor the difference in amount in cash within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period.

In reference to **Section 2 (iii)(a)(2)** above, Furniweb will consider the following factors in deciding whether to reject or to accept any Additional Consideration Shares Request in full or in part:

(i) the prevailing market price of Furniweb Shares;

(ii) the cash flow position of Furniweb; and

(iii) the approval from PRG's Board, which will take into consideration the potential dilution of PRG's equity interest in Furniweb which may lead to the de-consolidation of Furniweb from the PRG Group.

In reference to **Section 2 (iii)(b)(2)** above, the Vendor has not and will not be providing any security deposit.

[The rest of this page has been intentionally left blank]

The payment of the Purchase Consideration to the Vendor will be in the following manner:

Vendor	No. of Sale Shares	Purchase Consideration to be received as in cash (HK$)	Purchase Consideration to be received as Consideration Shares (HK$)	No. of Consideration Shares at HK$0.35 each	Balance Purchase Consideration to be received in cash subject to achievement of Profit Guarantee (HK$)
Dato' Ng Yan Cheng	6,275	14,547,960 (equivalent to RM7,855,898.50)	14,547,960 (equivalent to RM7,855,898.50)	41,565,600	29,095,920 (equivalent to RM15,711,797.00)

If ESGL achieves the Profit Guarantee within the Profit Guarantee Period and if Furniweb accepts any Additional Consideration Shares Request, the payment of the Purchase Consideration to the Vendor will be in the following manner:

Vendor	No. of Sale Shares	Purchase Consideration to be received as in cash (HK$)	Purchase Consideration to be received as Consideration Shares (HK$)	No. of Consideration Shares at HK$0.35 each	Balance Purchase Consideration to be received in cash subject to achievement of Profit Guarantee (HK$)	Balance Purchase Consideration to be received as Additional Consideration Shares subject to achievement of Profit Guarantee (HK$)	No. of Additional Consideration Shares at HK$0.35 each
Dato' Ng Yan Cheng	6,275	14,547,960 (equivalent to RM7,855,898.50)	14,547,960 (equivalent to RM7,855,898.50)	41,565,600	17,457,552 (equivalent to RM9,427,078.00)	Up to 11,638,368 (equivalent to RM6,284,719.00)	Up to 33,252,480

The salient terms of the SSA (including the supplemental shares sale agreement) are set out in **Appendix I** of this Circular.

For illustrative purposes, the shareholding structure of Furniweb after the Proposed Acquisition would be as follows:

	As at the LPD		Upon issuance of Consideration Shares		Upon issuance of Additional Consideration Shares (if any)	
Shareholders	**No. of Furniweb Shares**	**%**	**No. of Furniweb Shares**	**%**	**No. of Furniweb Shares**	**%**
The Vendor	-	-	41,565,600	6.91	74,818,080	11.79
Dato' Lua Choon Hann	260,000	0.05	260,000	0.04	260,000	0.04
PRG	303,468,000	54.19	303,468,000	50.45	303,468,000	47.80
Jim Ka Man	61,336,000	10.95	61,366,000	10.20	61,336,000	9.66
Other public shareholders	194,936,000	34.81	194,936,000	32.40	194,936,000	30.71
Total	**560,000,000**	**100.00**	**601,565,600**	**100.00**	**634,818,080**	**100.00**

Subject to the issuance of Additional Consideration Shares pursuant to the achievement of Profit Guarantee by ESGL, PRG's shareholding in Furniweb will decrease from 54.19% (as at the LPD) to as low as 47.80% which may result in the de-consolidation of Furniweb from the PRG Group and this may materially impact the financial position of PRG Group.

However, pursuant to the SSA, the Additional Consideration Shares Request is subject to the sole and absolute discretion of Furniweb to accept or reject the request in part or in full. Therefore, PRG's shareholding in Furniweb will not be diluted to below 50% if Furniweb decides to reject the Additional Consideration Shares Request, if any. If no Additional Consideration Shares are issued, PRG's shareholding in Furniweb will only decrease from 54.19% (as at the LPD) to 50.45%.

PRG Group will make immediate announcement on the amount and mode of payment of the Purchase Consideration until the completion of the Proposed Acquisition.

2.1 Information on Furniweb

Furniweb was incorporated in the Cayman Islands on 3 March 2017 and is currently listed on the GEM of the Stock Exchange of Hong Kong Limited. Furniweb is principally engaged in investment holding and its subsidiaries are 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 store in the second quarter of 2021. As at the LPD, Furniweb is a 54.19%-owned subsidiary of PRG.

Further information on Furniweb is set out in **Appendix III** of this Circular.

2.2 Information on ESGL

ESGL is a private limited company incorporated in the British Virgin Islands on 19 July 2021. ESGL is principally engaged in investment holding. ESGL's 2 wholly-owned subsidiaries, namely M&V SG and M&V MY were incorporated in Singapore and Malaysia on 7 September 2009 and 8 March 2010 respectively. Both M&V SG and M&V MY provide smart energy saving solution by designing and installing HVAC-EMS systems which aim to achieve optimal energy consumption, lower greenhouse gas emissions and reduction in energy costs.

Further information on ESGL is set out in **Appendix II** of this Circular.

2.3 Profit Guarantee

As set out in the SSA, the Vendor is providing a Profit Guarantee to Furniweb that ESGL Group will achieve the guaranteed profit after tax to be translated at the Agreed Exchange Rate of no less than HK$34,500,000 (equivalent to RM18,630,000) for the Profit Guarantee Period. The following items shall be excluded from the computation of the Profit Guarantee:

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

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

In the event that ESGL Group fails to achieve the Profit Guarantee within the Profit Guarantee Period, the Vendor agrees to compensate Furniweb as follows:

(i) if the audited consolidated profit after tax of ESGL Group for the Profit Guarantee Period is less than the Profit Guarantee, the Vendor shall compensate Furniweb in an amount equal to the shortfall multiply by 2.69*; or

(ii) if ESGL has audited consolidated loss for the Profit Guarantee Period, the Vendor shall compensate Furniweb in an amount equal to the aggregate of the Profit Guarantee and the absolute amount of such loss and multiply the aggregate amount by 2.69*.

Note:

* *Calculated based on the valuation of ESGL Group as a whole against the Profit Guarantee ((HK$58,191,840 / 62.75%) / HK$34,500,000).*

The Vendor shall settle the Compensation by way of cash. In the event that the Vendor fails to settle the Compensation, PRG has the right to recourse in the form of civil proceedings against the Vendor for recovery of the Compensation including but not limited to specific performance.

The Board (save for Ng Tzee Penn) is of the opinion that the Profit Guarantee is reasonable and realistic after considering the following:

(i) the historical financial performance of ESGL Group (as set out in **Section 10** of **Appendix II** of this Circular);

(ii) the outlook for the HVAC-EMS market (as set out in **Sections 5.5** and **5.6** of this Circular); and

(iii) the prospects of ESGL Group (as set out in **Section 5.7** of this Circular).

In arriving at its opinion, the Board is of the view that ESGL Group's future performance will improve compared to its historical financial performance on the back of the economic recovery, as stated in **Section 5.7** of this Circular.

2.4 Basis and justification for the Purchase Consideration

The Purchase Consideration was determined based on arm's length negotiation between the Vendor and Furniweb as well as after considering the following:

(i) the value of the Sale Shares as appraised by the Valuer (an independent business valuer appointed by Furniweb) of HK$64,268,000 (equivalent to RM34,705,692) in its valuation report dated 30 June 2022, as set out in **Appendix VII**, which is higher than the Purchase Consideration of HK$58,191,840 (equivalent to RM31,423,594). The Board is of the view that the Purchase Consideration is fair and reasonable as it is at a discount to the value as appraised by the Valuer;

(ii) audited consolidated net assets of ESGL Group of RM17,168,000 (equivalent to HK$31,792,000 at the Agreed Exchange Rate) as at 31 December 2021 which is lower than the Purchase Consideration of HK$58,191,840 (equivalent to RM31,423,594). However, the Board is of the view that ESGL Group's future performance will improve compared to its historical financial performance on the back of the economic recovery, as stated in **Section 5.7** of this Circular;

(iii) the outlook of the HVAV-EMS market in Singapore and Malaysia as stated in **Section 5.5 and 5.6** of this Circular;

(iv) the rationale for the Proposal Acquisition as stated in **Section 4.1** of this Circular; and

(v) the Profit Guarantee provided by the Vendor.

After considering the above, the Board (save for Ng Tzee Penn) is of the view that the Purchase Consideration is fair and reasonable.

The Vendor's original acquisition cost of the Sale Shares is United States Dollars 6,275 on 19 July 2021.

The Board also takes cognisance of the fact that the price of each ESGL Share pursuant to the Proposed Acquisition is approximately 3.6 times higher than the price pursuant to the Initial Acquisition. This is mainly due to the improvement in the financial position of ESGL Group since the completion of the Initial Acquisition on 13 December 2021. ESGL Group had recorded a revenue of approximately RM16.4 million in the 3M-FPE 31 March 2022 compared to approximately RM17.1 million in the FYE 31 December 2021, mainly due to the COVID-19 pandemic and the imposition of restrictions in Singapore and Malaysia which had disrupted the operations of ESGL Group in 2020 and 2021.

2.5 Basis and justification for the Issue Price

The Issue Price of HK$0.35 per Consideration Share was determined based on the recent trading prices of Furniweb Shares, with the Issue Price of HK$0.35 being at:

(i) a premium of approximately 73.27% to the closing price of Furniweb Shares of HK$0.202 on 8 June 2022, being the date of the SSA;

(ii) a premium of approximately 74.30% to the average closing price of Furniweb Shares of HK$0.2008 for 5 consecutive trading days immediately prior to the date of the SSA; and

(iii) a premium of approximately 74.65% to the average closing price of Furniweb Shares of HK$0.2004 for 10 consecutive trading days immediately prior to the date of the SSA.

The Board (save for Ng Tzee Penn) is of the view that the Issue Price of HK$0.35 per Consideration Share is fair and justifiable since it is at a premium (as opposed to a discount) to the recent closing prices of Furniweb Shares, as indicated in (i) to (iii) above. A higher issue price would have the effect of lowering the number of Consideration Shares that Furniweb has to issue to the Vendor.

2.6 Ranking of the Consideration Shares

The Consideration Shares shall rank equally in all respects with the existing issued Furniweb Shares as at the date they are allotted and issued, save and except that the Consideration Shares and Additional Consideration Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the shareholders of Furniweb, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares and Additional Consideration Shares. For avoidance of doubt, PRG is not issuing any new ordinary shares of PRG pursuant to the Proposed Acquisition.

2.7 Listing and quotation of the Consideration Shares

The listing of and quotation for the Consideration Shares on the GEM of the Stock Exchange of Hong Kong Limited will be granted by the Stock Exchange of Hong Kong Limited upon Furniweb obtaining its independent shareholders' approval for the Proposed Acquisition as well as the fulfilment of the conditions in relation to the Proposed Acquisition.

2.8 Source of funding for the Cash Consideration

The Cash Consideration will be funded via Furniweb's internally-generated funds.

2.9 Liabilities to be assumed by PRG Group

Save for the obligations and liabilities in and arising from and in connection with the Proposed Acquisition as set out in the financial statements of ESGL Group and the contingent liabilities as set out in **Section 8, Appendix II** of this Circular, there are no liabilities including contingent liabilities and/or guarantees to be assumed by PRG Group pursuant to the Proposed Acquisition.

2.10 Additional financial commitment

No additional financial commitment is required to be made by PRG Group in respect of ESGL, as the business operations of ESGL are ongoing.

2.11 Information on the Vendor

The Vendor is an entrepreneur and private investor who has more than 10 years of experience in the smart energy saving solution business. The Vendor is a major shareholder of PRG with a direct and indirect shareholding of 13.74% as at the LPD. He is also the father of Ng Tzee Penn (an Executive Director of PRG).

2.12 Information on the key personnel of ESGL Group

The business operations of ESGL Group are overseen by the following key personnel:

Steven Kang, Singaporean, age 53

Steven Kang is the managing director of ESGL Group. He is in charge of overseeing the day-to-day operations as well as implementing and executing business and strategic plans of ESGL Group.

He graduated from the National University of Singapore with an Honours degree in Mechanical Engineering. He also holds a Graduate Diploma in Marketing from the Marketing Institute of Singapore. He was a Mechanical Engineer at Singapore's Public Works Department before becoming Business Development Director at Trane Distribution Pte Ltd and at Johnson Controls Inc, where he spearheaded several successful energy solution initiatives.

He was involved in the design of hyper-efficient HVAC system for platinum-rated green buildings and data centres and is a member of several green and energy efficiency advisory committees. He has spoken at various forums on HVAC designs, energy optimization and green buildings. He has also spearheaded innovative research in energy efficiency in several government funded research and development projects.

He had joined M&V SG as the Business Development Director in 2013. He was promoted to Deputy Managing Director in November 2020 and subsequently became Managing Director in January 2022. He is involved in business development, design and planning for multiple major smart energy saving solution projects. Under his leadership, ESGL managed to secure a number of key projects such as the upgrading of the air conditioning system for Changi Airport Group, chiller plant retrofitting for commercial, factory and government buildings and air-conditioning design for data centres.

Appointed as ambassador for the Singapore's Building and Construction Authority, he also sits on the committee for Singapore Energy Auditor Registrar, Singapore Standard on Chiller Plant Measurement and Verification (SS591), Singapore Standard on Air-conditioning and Mechanical Ventilation in Buildings (SS553) and was part of the technical review committee of Vietnam Green Building Council's Sustainable Building Assessment System.

He is currently supported by a team of experienced staff in project system and instrument, project implementation and business development. ESGL is also in the midst of identifying and evaluating other new key management personnel in Malaysia for business expansion, as set out in **Section 5.7** of this Circular.

3. DETAILS OF THE PROPOSED DIVERSIFICATION

As at the LPD, PRG Group is involved in the following activities:

(i) manufacturing (manufacturing and sale of elastic textile, webbing and polyvinyl chloride related products);

(ii) property development and construction (development and construction of residential and commercial properties;

(iii) agriculture (harvesting and selling of teak logs activities); and

(iv) others (comprising operations related to investment holding and healthcare).

The audited revenue and profit before tax of PRG Group for the audited FYE 31 December 2019 to 31 December 2021 and the unaudited 3M-FPE March 2022 are as follows:

	FYE 31 December 2019 (Restated) RM'000	**FYE 31 December 2020 (Restated) RM'000**	**FYE 31 December 2021 RM'000**	**3M-FPE 31 March 2022 RM'000**
Revenue				
- Manufacturing	119,561	96,320	116,160	30,019
- Retail	6,376	2,696	2,197	-
- Property development and construction	6,108	96,531	54,972	29,445
- Agriculture	-	850	2,227	-
- Others	-	-	14,976	64
	132,045	**196,397**	**190,532**	**59,528**
(Loss)/Profit before tax				
- Manufacturing	(37,348)	(9,221)	(8,675)	3,271
- Retail	(7,688)	(23,832)	8,599	-
- Property development and construction	(11,376)	(4,164)	10,709	8,147
- Agriculture	(94)	(2,345)	(1,900)	(526)
- Others	(10,313)	7,093	6,863	586
	(66,819)	**(32,469)**	**15,596**	**11,478**

Since March 2020, lockdown and similar measures have been imposed by the government of Malaysia to curb the spread of the COVID-19 virus. These have had an adverse impact to the performance of the Malaysian economy. PRG Group's operating segment had been affected by the COVID-19 pandemic and the imposition of the Movement Control Orders ("**MCO**").

The operating segments of PRG Group are as follows:

(i) Manufacturing segment

The manufacturing segment consists of manufacturing and sale of elastic textile, webbing and polyvinyl chloride related products. The lower revenue in the FYE 31 December 2020 is mainly due to the resurgence in COVID-19 infections which resulted in the disruption of the manufacturing operations. Despite the decrease of revenue from the manufacturing segment in FYE 31 December 2020, the manufacturing segment had improved in FYE 31 December 2021 subsequent to the reopening of the economy and recovery from the impact of COVID-19 pandemic during the year.

(ii) Retail segment

The retail segment consists of retail sale of clothing, footwear and ancillary accessories prior to PRG Group's closure of retail stores in Singapore and Bangkok during the FYE 31 December 2021.

(iii) Property development and construction segment

The property development and construction segment consists of development and construction of residential and commercial properties. The property development and construction segment recorded revenue of RM55.0 million in FYE 31 December 2021, which is a decrease of RM41.5 million (FYE 31 December 2020: RM96.5 million). The lower revenue is mainly due to the one-off realisation of previously unrealised construction revenue of RM80.5 million for Picasso Residence in the preceding year. Furthermore, the Embayu project progress was affected by the MCO implemented from June to August 2021.

(iv) Agriculture segment

The agriculture segment consists of harvesting and selling of teak logs activities. The higher revenue from the agriculture segment for FYE 31 December 2021 is mainly due to higher sales volume.

In addition to the operating segments of PRG Group as set out above, PRG Group intends to venture into the energy efficiency business to provide PRG Group with an additional stream of revenue and profit moving forward.

The Proposed Diversification will enable PRG Group to enter the HVAC-EMS industry which includes the provision of management and control system that implements centralised monitoring, management, and decentralised control of HVAC energy use in buildings. It includes the hardware and software systems that can realise the online monitoring and dynamic analysis of a building's HVAC energy consumption. The main purpose of HVAC-EMS is to use less energy without compromising on the comfort level and in this way serving to reduce overall energy costs. HVAC-EMS suppliers install high-precision instruments such as temperature sensors, air flow meters, humidity sensors, carbon dioxide sensors, refrigerant leak detectors, and data loggers that provide real-time monitoring of HVAC's efficiency, all of which help to optimise the HVAC-EMS to achieve energy savings.

The HVAC-EMS industry includes the following segments:

Integrated systems	Contains a full suite of solutions with high-precision instruments and system software to support the HVAC-EMS.
Software supply	Contains HVAC-EMS software programs, such as mobile applications and computer applications that can monitor and control HVAC.
Hardware supply	Contains HVAC-EMS hardware equipment, such as sensors, piping, electrical installations, measuring instruments, etc.
Maintenance services	Contains annual system services and maintenance services.

In view of the risks faced by the current operating segments of PRG Group, including but not limited to supply chain disruptions, rising costs and shortage of labour, PRG Group intends to mitigate its reliance on its current principal activities by diversifying its business to include energy efficiency businesses, through the Proposed Acquisition. PRG Group intends to continue with its existing principal activities after the Proposed Diversification.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Acquisition

Upon completion of the Proposed Acquisition, ESGL will be a wholly-owned subsidiary of Furniweb and Furniweb will be able to fully consolidate its interest in ESGL. The Proposed Acquisition is part of PRG Group's long-term strategy to venture into the energy efficiency business and will improve the financial position of PRG Group in the long-term when the Proposed Acquisition is completed.

The Proposed Acquisition will result in the dilution of PRG's shareholding in Furniweb. In the event that Additional Consideration Shares are issued by Furniweb to the Vendor, Furniweb may be de-consolidated from the PRG Group, and this may materially impact the financial position of PRG Group. However, the factors as set out in **Section 2** of this Circular will determine whether any Additional Consideration Shares will be issued. The Board of PRG has the intention of maintaining PRG's shareholding in Furniweb at above 50% in order for PRG to be able to continue consolidating Furniweb in the PRG Group, after the completion of the Proposed Acquisition.

The issuance of the Consideration Shares to partly satisfy the Purchase Consideration will enable PRG Group to conserve cash of up to RM14.1 million, which can be used for other purposes such as working capital.

In view of the profitability of ESGL Group (as set out in **Appendix II** of this Circular) as well as the positive outlook of the energy efficiency business in Malaysia and Singapore (as set out in **Sections 5.5** and **5.6** of this Circular) as well as the prospects of the ESGL Group within the enlarged PRG Group (as set out in **Section 5.7** of this Circular), the Board (save for Ng Tzee Penn) is of the view that the Proposed Acquisition would further improve the financial performance of PRG Group with the consolidation of the remaining 62.75% equity interest of ESGL by Furniweb.

4.2 Proposed Diversification

Pursuant to Paragraph 10.13(1) of the Listing Requirements, a listed corporation must obtain its shareholders' approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:

(i) the diversion of 25% or more of the net assets of the listed corporation to an operation which differs widely from those operations previously carried on by the listed corporation; or

(ii) the contribution from such operation of 25% or more of the net profit of the listed corporation.

Following the Proposed Acquisition, it is anticipated that ESGL Group's business of energy efficient businesses may potentially contribute 25% or more to PRG Group's net profits and/or result in a diversion of 25% or more of PRG Group's net assets towards the business.

As such, in accordance with the Listing Requirements, PRG is required to obtain its shareholders' approval in an EGM for the Proposed Diversification.

In view of the positive overview and outlook of the energy efficiency industry in Malaysia and Singapore as well as the prospects of ESGL Group as set out in **Sections 5.5, 5.6** and **5.7** of this Circular, PRG Group believes that the Proposed Diversification will improve the future earnings and financial position of PRG Group, moving forward.

5. INDUSTRY OUTLOOK AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 7.1% in the first half of 2021. Growth is expected to continue in the second half of the year, particularly in the fourth quarter, as more economic and social sectors operate at full capacity. The expected growth trajectory aligns with the successful vaccination programme under the National COVID-19 Immunisation Programme ("**PICK**") and various stimulus and assistance packages to support the people and revitalise the economy. Overall economic growth is expected to expand between 3% and 4% in 2021. Continuation of the packages to combat the COVID-19 will have spillover effects and boost the economy in 2022. Hence, with strong economic fundamentals and a diversified structure, the domestic economy is forecast to expand between 5.5% and 6.5% in 2022. Nevertheless, the favourable outlook is predicated on other factors, including the successful containment of the pandemic, effective PICK implementation, and strong global economic prospects. The recovery is expected to accelerate going into 2022, supported by normalisation of economic activities as well as the positive spillovers from continued improvement in external demand.

Monetary policy remains accommodative in cushioning the adverse effects of the prolonged nationwide lockdown on the economy while simultaneously supporting recovery. The policy also ensures that inflationary pressure remains manageable. The Overnight Policy Rate ("**OPR**") and Statutory Reserve Requirement ("**SRR**") were held steady during the first seven months of 2021 at 1.75% and 2.00%, respectively. Efforts to boost market liquidity include the flexibility accorded to banking institutions to utilise the Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGII) to meet the SRR compliance until the end of 2022. The banking sector remains strong, backed by sufficient liquidity and capital buffer, while the capital market exhibits resilience underpinned by ample domestic liquidity and a supportive policy environment. The recent launch of the third Capital Market Masterplan, 2021 – 2025, will ensure the capital market remains relevant, efficient and diversified to expedite the growth of sustainable and inclusive economy (Securities Commission Malaysia, 2021). The future stance of monetary policy will continue to be guided by new data and information and their implications on the overall outlook for inflation and domestic growth.

As Malaysia moves into the COVID-19 endemic phase, the Government will focus on ensuring the livelihood of the people, enhancing businesses and facilitating economic activities in the immediate and the new norm of post-pandemic. Currently, the Government is at the end of the six-stage strategy, namely reform which involves implementing the Twelfth Malaysia Plan (12MP) through the annual budgets and other sectorial masterplans. At this stage, the Government will focus on reforms that address various structural challenges that could hinder its vision of becoming a prosperous, inclusive and sustainable nation.

(Source: Economic Outlook 2022, Ministry of Finance Malaysia)

5.2 Overview and outlook of the Singaporean economy

The Singapore economy grew by 2.3% quarter on quarter seasonally adjusted ("**q-o-q SA**") in Q4 2021, after some weakness in the preceding two quarters. GDP growth in Q4 was largely underpinned by the stronger-than-expected outturn in manufacturing, while exportable services such as wholesale trade, financial as well as information & communications also performed well. On a year-over-year basis, GDP increased by 6.1% in the last quarter, bringing full-year growth to 7.6%. While the trade-related and modern services clusters were less affected by the pandemic, with activity levels already surpassing pre-COVID levels by end-2020, the domestic-oriented and travel-related clusters remained below pre-crisis levels at the end of last year.

Barring fresh disruptions, GDP growth is expected to come in at 3 to 5% in 2022, the second year of above-trend growth. There should be a broadening of growth drivers to the domestic-oriented and travel-related sectors, with GDP growth projected to be more evenly distributed across sectors compared to last year. The domestic-oriented and travel-related sectors bore the brunt of the impact from COVID-19 in 2020 due to movement restrictions. While they managed to pick up from their troughs in 2021, activity levels remained constrained by the fluctuations in community infection rates and mobility measures. In comparison, the trade-related and modern services sectors especially manufacturing and financial services were less affected by the pandemic and led the recovery last year.

Further easing of domestic safe management measures and border restrictions that allow more economic activities to resume and accelerate would be underpinned by high vaccinations and pickup in booster rates. Recent developments in the use of oral antiviral drugs for treating the virus would also encourage the transition to a COVID-19 resilient environment.

(Recent Economic Developments in Singapore dated 21 February 2022, Monetary Authority in Singapore)

5.3 Overview and outlook of the construction industry

The value of construction work done in the fourth quarter 2021 recorded a growth -12.9 per cent (Q3 2021: -21.0%) year-on-year basis, amounting to RM27.6 billion (Q3 2021: RM24.8 billion).

For the fourth quarter 2021, Special trades activities subsector recorded a growth of 22.5 per cent. However, the three major construction subsectors, namely Residential buildings, Non-residential buildings and Civil engineering each contracted -18.2 per cent, -7.1 per cent and -20.3 per cent respectively, as compared with the same quarter 2020.

The Department of Statistics Malaysia also reports that in the fourth quarter 2021, the Civil engineering subsector remained dominant as the main contributor to the value of construction work done with 36.3 per cent share. Non-residential buildings subsector contributed 29.3 per cent, Residential buildings (23.9%) and Special trades activities (10.5%).

The report also stated that the private sector continued to propel the construction activity with 58.7 per cent share of value of construction work done (RM16.2 billion) as compared to the public sector with 41.3 per cent share of value of construction work done (RM11.4 billion).

In 2021, the value of construction work done grew -5.0 per cent to RM112.0 billion as compared to RM117.9 billion in 2020. All subsector recorded growth in the value of construction work done as follows: Special trades activities subsector increased 35.8 per cent, Non-residential buildings (0.8%), Residential buildings (-9.3%) and Civil Engineering subsector (-12.1%).

(Source: Quarterly Construction Statistics, Fourth Quarter 2021, Department of Statistics Malaysia)

The construction sector registered a strong growth of 8.3% in the first half of 2021, supported by an improvement in specialised construction activities, non-residential buildings and residential buildings subsectors. The better performance was also attributed to the low base effect following a significant drop in construction works during the corresponding period last year. However, the civil engineering subsector contracted due to the temporary suspension of infrastructure projects following stringent COVID-19 virus containment measures. In contrast, the sector is forecast to decline by 8.4% in the second half of the year, weighed down by civil engineering, non-residential buildings and residential building subsectors, despite the resumption of construction activities. Nevertheless, the decline is being cushioned by a rebound in the specialised construction activities subsector. Overall, the sector is expected to record a marginal contraction of 0.8% during the year compared to a double-digit decline in 2020.

The construction sector is projected to turn around by 11.5% in 2022 on account of better performance in all its subsectors. The civil engineering subsector is anticipated to regain its positive growth, following the continuation and acceleration of major infrastructure projects, such as Light Rail Transit Line 3 (LRT3), Mass Rail Transit Line 3 (MRT3), Johor-Singapore Rapid Transit System (RTS) as well as the Pan Borneo highways in Sabah and Sarawak. Utility projects, including Baleh Hydroelectric, Sarawak Water Supply Grid Programme and Large-Scale Solar 3 plant, are also projected to spur growth. Similarly, the residential buildings subsector is expected to expand further in line with the Government's measures to address the shortage of affordable houses. The measures, among others, are the continuation of the Rent-to-Own scheme and full stamp duty exemptions for first-time home buyers as well as Rumah Mesra Rakyat and People's Housing programmes. In addition, the non-residential buildings subsector is anticipated to improve, backed by ongoing commercial projects, namely Kwasa Damansara, Tun Razak Exchange and KLIA Aeropolis.

(Source: Economic Outlook 2022, Ministry of Finance Malaysia, released on 29 October 2021)

5.4 Overview and outlook of the property industry

On the financial segment, Bank Negara Malaysia (BNM) decided to maintain the Overnight Policy Rate at 1.75% as at 3 March 2022. This is considered by the Monetary Policy Committee as appropriate and accommodating, which will continue to support economic recovery. On the demand side, loan applications and approvals for residential purchase each increased by more than 30% compared to 2020. Loan approvals recorded a substantial turnaround from last year. Similarly, loan applications and approvals for non-residential purchase increased at a higher 33.9% and 45.7% respectively.

The property market showed signs of recovery following the implementation of various stimulus provided by the government, via Short-term Economic Recovery Plan namely Pelan Jana Semula Ekonomi Negara ("**PENJANA**") and Prihatin Rakyat Economic Stimulus Package. The stimulus helped to sustain the confidence of the industry and households at large in coping with the impact of pandemic. In addition, initiatives introduced under Budget 2021 remained supportive to the property market. Among the initiatives included:

(i) An allocation of RM1.2 billion for providing comfortable and quality housing, especially for the low-income group.

(ii) Full stamp duty exemption on instruments of transfer and loan agreement for first-time home buyers will be extended until 31 December 2025, effective for sale and purchase executed from 1 January 2021 to 31 December 2025.

(iii) Stamp Duty exemption on loan agreement and instruments of transfer given to rescuing contractors and the original house purchasers is extended for five years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government.

(iv) Collaboration with selected financial institutions to provide a Rent-to-Own Scheme. The program will be implemented until 2022 involving 5,000 units PR1MA houses with a total value of more than RM1 billion.

For PENJANA, the financial initiatives introduced by the government which have helped soften the impact on property market included:

(i) Re-introduction of Home Ownership Campaign ("**HOC**") - Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1st June 2020 to 31 May 2021.

(ii) RPGT exemption for disposal of residential homes from 1st June 2020 to 31 December 2021 (This exemption is limited to the disposal of three units of residential homes per individual). (iii) The lifting of the current 70 percent margin of financing limit applicable for the third housing loan onwards for property valued at RM600,000 and above, during the period of the HOC, subject to internal risk management practices of financial institutions.

The property market performance showed a slight improvement in 2021 but has yet to surpass the pre-pandemic level recorded prior to 2020. More than 300,000 transactions worth nearly RM145 billion were recorded, indicating an increase of 1.5% in volume and 21.7% in value compared to last year.

The residential, commercial and industrial sub-sectors saw an increase of 3.9%, 10.7% and 17.6% respectively, while agriculture and development land sub-sectors declined slightly by 7.5% and 7.4% respectively. Value of transactions recorded higher increase for residential, commercial, industrial and development land sub-sectors each at 16.7%, 43.1%, 32.9% and 33.2% whereas agriculture recorded otherwise, decreased by 5.1%.

The residential sub-sector led the overall property market with 66.2% contribution in volume. This was followed by agriculture (18.9%), commercial (7.5%), development land and others (5.6%) and industrial (1.9%). The residential sub-sector again took the lead with 53.1% share, followed by commercial (19.3%), industrial (11.7%), agriculture (8.2%) and development land and others (7.7%).

The property market is expected to regain its momentum in 2022 though the environment remained challenging. The health of the residential sector is paramount to the overall performance of the property market. To ensure the vitality of this sector as well as improving the livelihood of the nation, various initiatives are outlined under Budget 2022.

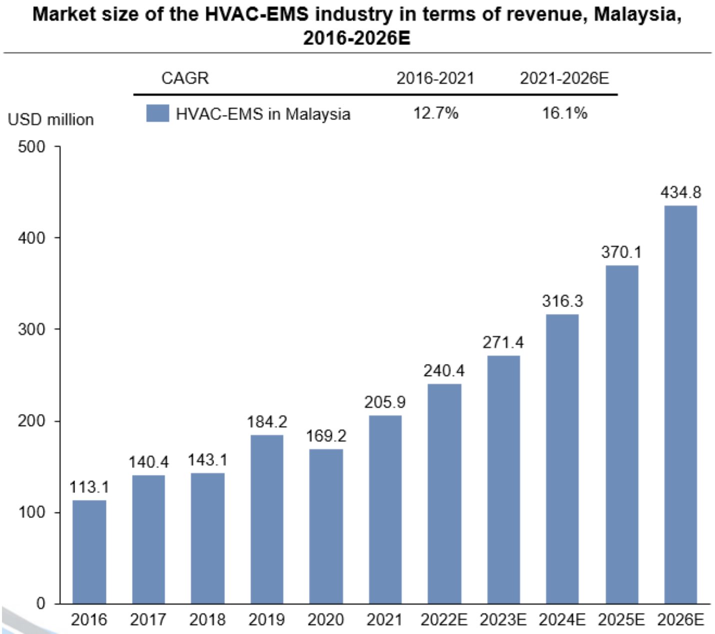
The 'Transition to Endemic' phase of COVID-19 starting 1st April 2022 will see the lifting of restrictions of business operating hours and reopening of country borders, which is expected to further improve domestic economic activities and entails better prospects for the leisure sector. The transition phase is a much-needed boost for this sector as more tourist arrivals are expected, both domestic and international. This will translate into better occupancy of hotels apart from creating employment opportunities to the locals.

As economy is set to be on the right trajectory, the property market performance is expected to be on similar track. The accommodative policies, continuous government support, well execution of all planned measures outlined in Budget 2022 and the proper implementation of strategies and initiatives under RMK12 are expected to support growth in the property sector.

(Source: Annual Property Market Report 2021, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

[The rest of this page has been intentionally left blank]

5.5 Overview and outlook of energy efficiency industry in Malaysia



The market size of the HVAC-EMS industry in Malaysia has generally shown an upward trend in the past few years, with its revenue increasing from USD113.1 million in 2016 to USD205.9 million in 2021, representing a compound annual growth rate ("**CAGR**") of 12.7%.

The market size of HVAC-EMS industry in Malaysia declined slightly in 2020 due to the impact of the COVID-19 pandemic. However, Malaysia is a big exporter of rubber products, and the spread of the pandemic has bolstered the production and trade of rubber products such as protective clothing and medical gloves. Therefore, Malaysia has not seen a significant decline. With the pandemic gradually brought under control, the market size of HVAC-EMS industry in Malaysia is expected to pick up and reach USD434.8 million by 2026, representing a CAGR of 16.1% between 2021 and 2026.

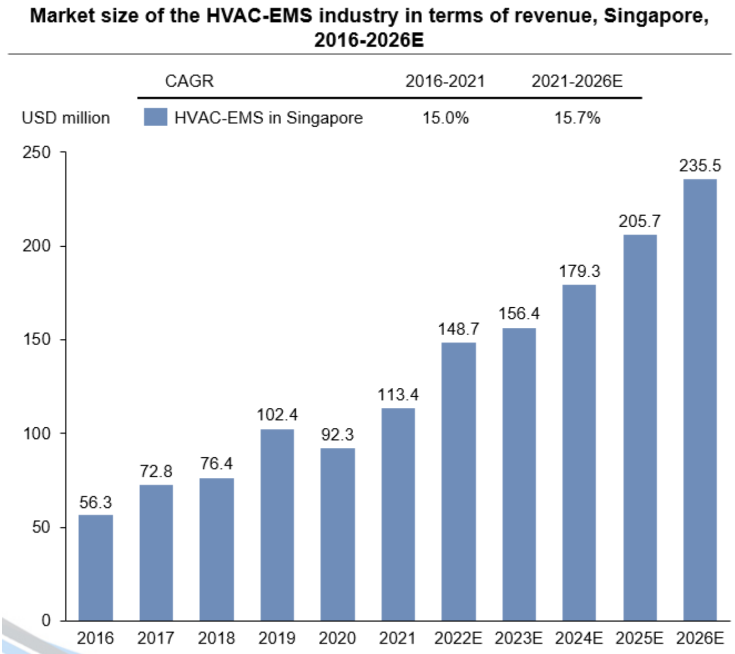
With the increase demand for the HVAC-EMS and the penetration rate of HVAC-EMS in Malaysia, it is expected that the market share of HVAC-EMS in new buildings will continue to increase in the future and the revenue of the HVAC-EMS industry will revive.

In the Twelfth Malaysia Plan for 2021-2025, Malaysia announced a goal for the country to become carbon neutral as early as 2050 alongside a commitment to stop building new coal-fired power plants.

The Ministry of Energy and Natural Resources had launched National Energy Efficiency Action Plan of 2016-2025 with 5 key strategic actions that included establishing a section in the Energy Commission to act as the project team to administer and implement the plan, new energy efficiency financing products, capacity building in energy management and energy auditing, and encouraging research and development in energy efficiency. Besides, The Ministry of Energy and Natural Resources had also launched The Green Technology Master Plan and announced 5 key thrust to improve the country's energy efficiency and decrease its carbon dioxide emissions, such as providing professional training courses, building Energy Management Systems for managing energy usage and incorporating Energy Management Systems into industrial facilities.

(Source: Industry Report on the HVAC-EMS Market in Singapore and Malaysia by China Insights Consultancy)

5.6 Overview and outlook of energy efficiency industry in Singapore



The market size of the HVAC-EMS industry experienced rapid growth from 2016 to 2019 in Singapore. In 2020, in order to control the spread of the COVID-19 pandemic, workers were required to work from home and factories were shut down. As a result, the HVAC-EMS market size of the retrofit buildings and new buildings declined. With the gradual control of the pandemic, the market size of the HVAC-EMS industry in Singapore is expected to rebound to USD235.5 million by 2026, representing a CAGR of 15.7% between 2021 and 2026.

As Singapore was one of the first batches of countries to adopt HVAC-EMS, many buildings have outdated and inefficient systems, facing a replacement stage of HVAC-EMS. Therefore, the HVAC-EMS market share of retrofit buildings is increasing rapidly in Singapore. Meanwhile, the proportion of new buildings with HVAC-EMS will continue to rise due to the higher demand for energy-saving and low-carbon emission, contributing to rapid growth of the maintenance services market in the years ahead.

Singapore aims to peak emissions at 65 million tons of CO2 equivalent ("**MtCO2e**") by around 2030 and halve the country's emissions from their peak to 33 MtCO2e by 2050, all with a view to achieving net zero emissions as soon as viable in the second half of the century.

The government had provided several initiatives to further drive the HVAC-EMS industry which includes:

(i) the country's carbon tax level was set at S$5/tCO2e in the first instance from 2019 to 2023, aiming to provide a transitional period to give emitters time to adjust. The carbon tax provides a broad-based price signal to encourage companies to reduce their emissions;

(ii) the Singapore National Environment Agency has set up the Energy Efficient Fund ("**E2F**") to support the efforts to businesses with industrial facilities to improve their energy efficiency. The pipeline for E2F pointed out that those projects aiming to develop energy efficient equipment or technologies are eligible to receive a grant of up to 50% of qualifying costs, capped at S$250,000, for implementing energy management information systems; and

(iii) the Singapore Economic Development Board has set up the Resources Efficiency Grant for Energy that aims to provide enhance support to manufacturing facilities and date centers to improve their energy efficiency and competitiveness in a carbon-constrained future. Projects can receive funding support of up to 50% of qualifying cost, which includes equipment, materials, consumables and technical software, professional services and intellectual property rights.

(Source: Industry Report on the HVAC-EMS Market in Singapore and Malaysia by China Insights Consultancy)

5.7 Prospects of ESGL Group

ESGL Group is principally involved in HVAC-EMS. HVAC-EMS is a management and control system that implements centralised monitoring, management, and decentralised control of HVAC energy use in buildings. It includes the hardware and software systems that can realise the online monitoring and dynamic analysis of a building's HVAC energy consumption. The main purpose of HVAC-EMS is to use less energy without compromising on the comfort level and in this way serving to reduce overall energy costs.

HVAC-EMS suppliers install high-precision instruments such as temperature sensors, air flow meters, humidity sensors, carbon dioxide sensors, refrigerant leak detectors, and data loggers that provide real-time monitoring of HVAC's efficiency, all of which help to optimise the HVAC-EMS to achieve energy savings.

It has been PRG Group's objective to diversify its business amidst the challenging global business environment due to the COVID-19 pandemic. On 13 December 2021, Furniweb completed the acquisition of 37.25% interest in ESGL. After considering the prospects of the HVAC-EMS market in Singapore and Malaysia (as stated in **Sections 5.5** and **5.6** of this Circular), the Board (save for Ng Tzee Penn) is of the view that the business of ESGL Group in the energy-efficient heating, ventilation, and air conditioning systems has growth potential. Furthermore, ESGL Group recorded an unaudited combined net profit of RM1.8 million and RM3.2 million for FYE 31 December 2020 and FYE 31 December 2021, respectively, versus RM0.6 million for FYE 31 December 2019 (based on the unaudited financial statements of M&V MY and M&V SG). Accordingly, the Board (save for Ng Tzee Penn) anticipates that ESGL Group will continue to improve its financial performance on the back on the economic recovery.

According to China Insight Consultancy, the IMR engaged by Furniweb, with the increasing awareness of energy conservation and environmental protection, the outlook of HVAC-EMS market in Singapore and Malaysia is gradually expanding (as stated in **Sections 5.5** and **5.6** of this Circular).

ESGL Group 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.

In view of the above, the Board believes that PRG Group can leverage on ESGL Group's relevant expertise and experience to achieve business expansion in Malaysia by capitalising on PRG Group's commercial networks and obtaining more financing support with PRG Group's creditability in Malaysia. Besides, ESGL Group plans to increase its headcount in 2023 to assist in its business expansion in Malaysia which is expected to materialise in 2023.

ESGL Group had recorded an audited PAT of RM17.1 million from 19 July 2021 (its date of incorporation) to FYE 31 December 2021. The latest audited PAT of ESGL Group was mainly affected by the COVID-19 pandemic as its operations and marketing activities were disrupted, and have adversely impacted ESGL Group's ability to commence new projects. However, the re-opening of the economy in 2022 has improved the financial performance of ESGL Group as it had recorded a PAT of RM3.5 million in the first quarter of 2022 compared to the previous quarter (4^{th} quarter of 2021: RM2.2 million).

Having considered the above, the Board (save for Ng Tzee Penn) is of the view that the Proposed Acquisition is expected to enhance the finance performance of PRG Group as well as the shareholders' value after considering the prospects of the HVAC-EMS industry in Malaysia and Singapore (as stated in **Sections 5.5** and **5.6** of this Circular).

5.8 Prospects of PRG Group

With the re-opening of businesses and transition to the endemic phase of COVID-19, the global economy was expected to recover in 2022. However, the recent geopolitical risks and lockdown in major cities in China have further disrupted the global supply chain and caused global price inflation.

The property market in Malaysia remains challenging. The recent increase in overnight policy rate by 25 basis points will have a significant impact on the property market. Further, the shortage of skilled manpower, rising raw material prices and increase in labour cost will affect the progress and performance of the property development division. PRG Group will continue to monitor and implement appropriate business strategies and cost rationalisation strategies in order to address the challenges and risks.

The supply chain disruption coupled with the rising costs of materials remain the major challenges that affect the manufacturing operations. Material and labour shortages as well as lingering shipping issues also have made PRG Group's manufacturing operating environment extremely challenging. In view of the uncertainty of global economy, PRG 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.

Amid the labour shortages and escalating operating costs, PRG Group believes that the agriculture division will contribute positively to PRG Group with the anticipation of increasing demand and teak wood prices.

On 13 December 2021, Furniweb (a 54.19%-owned subsidiary of PRG) had acquired 37.25% equity interest in ESGL. ESGL's subsidiaries, namely M&V SG and M&V MY, are both principally engaged in smart energy saving solution by designing and installing HVAC-EMS systems which aim to achieve optimal energy consumption, lower greenhouse gas emissions and reduction in energy costs. Pursuant to the Initial Acquisition, and after considering the prospects of the HVAC-EMS industry in Malaysia and Singapore as well as the prospects of ESGL Group (as stated in **Sections 5.5**, **5.6** and **5.7** of this Circular) the Board is of the view that the Proposed Acquisition will enhance the financial performance of PRG Group in the long run.

The Board takes cognisance that the unpredictable global environment and geopolitical conflicts will require PRG Group to remain resilient and vigilant in order to manage the associated risks and maintain the sustainability of PRG Group's businesses.

(Source: Management of PRG Group)

6. RISK FACTORS

6.1 Non-completion of the SSA

The completion of the Proposed Acquisition is subject to the fulfilment of the conditions precedent of the SSA as set out in **Appendix I** of this Circular. In the event any of the conditions precedent are not fulfilled or waived, the Proposed Acquisition may be delayed or terminated and the potential benefits arising therefrom may not materialise.

The parties to the Proposed Acquisition will endeavour to ensure that all the conditions precedent are fulfilled or waived, as the case may be, and that all necessary approvals are obtained from the relevant authorities and shareholders for the completion of the Proposed Acquisition.

6.2 Acquisition risk

The Proposals are expected to provide an additional revenue stream to PRG Group and reduce its reliance on its existing business. However, there is no assurance that the anticipated benefits of the Proposals will be realised.

The Board (save for Ng Tzee Penn) and the board of directors of Furniweb have assessed and considered the financial position and performance of ESGL Group before deciding to proceed with the Proposed Acquisition. In addition, the Profit Guarantee provided by the Vendor is expected to mitigate the acquisition risk for the PRG Group.

6.3 Risk inherent to the business of ESGL Group

ESGL Group is principally involved in the energy efficiency business. Hence, as a result of the Proposals, PRG Group would be affected by the performance and inherent business risk associated with the energy efficiency business in Malaysia and Singapore.

As a result of the Proposals, PRG Group will be exposed to new business risks including but not limited to the following:

(i) Sensitivity to the real estate industry

The incremental growth in the market for HVAC-EMS is very sensitive to changes in the real estate industry. Due to the impact of the COVID-19 pandemic, major construction plans for new factory and commercial buildings were suspended, preventing the expansion of the HVAC-EMS market. Moreover, the need for refurbishing buildings and upgrading their systems was also halted. Meanwhile, driven by the slump in upstream sensor production, supply shortages also postponed the ramping up of continued expansion in the industry. Thus, risks arising from the development of the real estate industry are expected to directly affect growth in the HVAC-EMS market.

(ii) Increasing labour cost

Increasing labour cost is expected to become a primary risk for the future development of HVAC-EMS companies in Singapore and Malaysia. Given a growing stock of the commercial and industrial properties, the demand for periodic maintaining of the hardware and software of the HVAC system is expected to expand, leading to additional requirements for specialists. The HVAC system providers need to hire more long-term and short-term expatriate to deal with eventualities from clients. Thus, the expenditures for companies to hire and retain staff on long-term contracts will increase rapidly and is expected to be one of the major risks for HVAC-EMS providers.

(iii) Shortage of skilled labour

Sales in the HVAC market for energy management systems combined with a large demand for customised services to meet the requirements of different customers, will increase the need for a larger number of professional technical employees. With rapidly growing markets in both Malaysia and Singapore, the demand for diversified and skilled labour to install the hardware, construct customised HVAC energy solutions, and maintain hardware and software, continues to rise. A shortage of talented specialists in both countries is expected to become one of the main risks for players operating in the HVAC market for energy management systems.

Any significant changes in such conditions may affect the business operations and financial performance of ESGL Group, which in turn may affect PRG Group's financial performance.

Nevertheless, PRG Group will seek to limit these risks by keeping abreast of the latest developments in the energy efficiency business.

6.4 Dependency on key personnel

ESGL Group's involvement in the energy efficiency business is dependent on the abilities, skills and experiences of its key personnel (as stated in **Section 2.12** of this Circular). Any sudden departure of the key personnel without suitable and timely replacement, or the inability of ESGL Group to attract and retain other qualified personnel, may adversely affect its operation and consequently, Furniweb's revenue and profitability, which in turn may affect PRG Group's financial performance.

PRG Group will offer competitive incentive and remuneration packages to retain the key personnel as well as to attract and retain qualified experienced personnel who are essential towards the development of the energy efficiency business.

6.5 Dilution of PRG's shareholding in Furniweb

After the Proposed Acquisition, PRG's shareholding in Furniweb may decrease from 54.19% (as at the LPD) to as low as 47.80% as a result of the increase in number of Furniweb Shares pursuant to the issuance of Consideration Shares and Additional Consideration Shares (if the Profit Guarantee is achieved and the Vendor issues the Additional Consideration Shares Request) by Furniweb to the Vendor. If PRG's shareholding in Furniweb decreases to below 50%, Furniweb may cease to be a subsidiary of PRG and it may have to be de-consolidated from the PRG Group.

However, pursuant to the SSA, the Additional Consideration Shares Request is subject to the sole and absolute discretion of Furniweb to accept or reject the request in part or in full. Therefore, PRG's shareholding will not be diluted to below 50% if Furniweb decides to reject the Additional Consideration Shares Request, if any. If no Additional Consideration Shares are issued, PRG's shareholding will only decrease from 54.19% (as at the LPD) to 50.45%.

7. EFFECT OF THE PROPOSALS

7.1 Share capital

The Proposals will not have any effect on the issued share capital of PRG as the Proposals will not involve any issuance of new ordinary shares by PRG. The Consideration Shares (and Additional Consideration Shares, if any) will be issued by Furniweb.

7.2 NA and gearing

The Proposed Diversification will not have any material effect on the NA and gearing of PRG Group for the FYE 31 December 2022.

The pro forma effects of the Proposed Acquisition on the NA and gearing of PRG Group based on the audited consolidation financial statements of PRG Group for the FYE 31 December 2021 are as follows:

	(Audited) As at 31 December 2021 RM'000	**(I)** After subsequent events up to the LPD RM'000	**(II)** After (I) and upon issuance of Consideration Shares RM'000	**(III)** After (II) and upon issuance of Additional Consideration Shares[(1)] RM'000
Share capital	144,530	144,530	144,530	144,530
Treasury shares	(87)	(87)	(87)	(87)
Exchange translation reserve	(1,325)	(1,325)	(1,325)	-[(1)]
Fair value reserve	(28,327)	(28,327)	(28,327)	(28,327)
Retained earnings	35,769	35,769	35,860[(2)]	36,827[(3)]
Shareholders' funds/ Net assets	**150,560**	**150,560**	**150,651**	**152,943**
Non-controlling interest (RM'000)	51,145	51,145	58,910	3,710
No. of Shares	429,439,421	429,439,421	429,439,421	429,439,421
Net assets per Share (sen)	35.06	35.06	35.08	35.61
Total borrowings (RM'000)	57,368	57,368	57,368	46,309[(1)]
Gearing (times)	0.38	0.38	0.38	0.30

Notes:

(1) Assuming the de-consolidation of Furniweb from the audited consolidation financial statements of PRG Group for the FYE 31 December 2021.

(2) After the adjustment of Furniweb's NA recognised by PRG Group due to the reduction in the equity interest held by PRG Group from 54.19% to 50.45%.

(3) Including the reversal of RM4.30 million in relation to the expenses incurred for the listing of Furniweb on the GEM of the Stock Exchange of Hong Kong Limited which was previously set off against the listing proceeds pursuant to the de-consolidation of Furniweb.

7.3 Substantial shareholders' shareholding

The Proposals will not have any effect on PRG's substantial shareholders' shareholdings as the Proposals do not involve any issuance of new ordinary shares by PRG. The Consideration Shares (and Additional Consideration Shares, if any) will be issued by Furniweb.

The Proposed Acquisition will have a dilutive effect on PRG's shareholding in Furniweb. PRG's shareholding in Furniweb will decrease from 54.19% (as at the LPD) to 50.45% (if no Additional Consideration Shares are issued) or to 47.80% (if all Additional Consideration Shares are issued) as a result of the increase in number of Furniweb Shares pursuant to the issuance of Consideration Shares and Additional Consideration Shares (if any) by Furniweb to the Vendor.

[The rest of this page has been intentionally left blank]

7.4 EPS

The Proposed Diversification will not have any material effect on the earnings and EPS of PRG Group for the FYE 31 December 2022.

The pro forma effects of the Proposed Acquisition on the earnings and EPS of PRG Group based on the audited consolidated financial statements of PRG Group for the FYE 31 December 2021 (assuming the Proposed Acquisition had been completed and all the Consideration Shares as well as Additional Consideration Shares have been issued to the Vendor on 1 January 2021) are as follows:

	(Audited) **As at 31 December 2021**	**(I)** **After subsequent events up to the LPD**	**(II)** **After (I) and upon issuance of Consideration Shares**	**(III)** **After (II) and upon issuance of Additional Consideration Shares*(1)***
(Loss)/Profit after tax (RM'000)	(1,853)	(1,853)	(1,853)	530*(2)*
No. of Shares in issue ('000)	429,439	429,439	429,439	429,439
(Loss)/Earnings per share (sen)	(0.43)	(0.43)	(0.43)	0.12

Notes:

(1) Assuming the de-consolidation of Furniweb from the audited consolidation financial statements of PRG Group for the FYE 31 December 2021

(2) Including the reversal of RM4.30 million in relation to the expenses incurred for the listing of Furniweb on the GEM of the Stock Exchange of Hong Kong Limited which was previously set off against the listing proceeds pursuant to the de-consolidation of Furniweb.

7.5 Convertible securities

As at the LPD, PRG does not have any outstanding convertible securities.

8. HISTORICAL SHARE PRICES

8.1 PRG

The monthly highest and lowest market prices of PRG Shares as traded on Bursa Securities for the past 12 months are set out below:

	High **RM**	**Low** **RM**
2021		
July	0.200	0.160
August	0.185	0.165
September	0.195	0.175
October	0.230	0.185
November	0.195	0.160
December	0.175	0.150
2022		
January	0.190	0.150
February	0.175	0.155
March	0.165	0.140
April	0.160	0.140
May	0.150	0.130
June	0.145	0.130

(Source: Bloomberg Finance L.P.)

The last transacted market price of PRG Shares on 8 June 2022 (being the last trading date prior to the Announcement) was RM0.14.

The last transacted market price of PRG Shares on 30 June 2022 (being the LPD) was RM0.135.

8.2 Furniweb

The monthly highest and lowest market prices of Furniweb Shares as traded on the GEM of the Stock Exchange of Hong Kong Limited for the past 12 months are set out below:

	High HK$	**Low HK$**
2021		
July	0.250	0.220
August	0.345	0.225
September	0.305	0.260
October	0.325	0.240
November	0.295	0.255
December	0.295	0.265
2022		
January	0.295	0.090
February	0.270	0.230
March	0.230	0.190
April	0.211	0.190
May	0.212	0.190
June	0.280	0.200

(Source: Bloomberg Finance L.P.)

The last transacted market price of Furniweb Shares on 8 June 2022 (being the last trading date prior to the Announcement) was HK$0.202.

The last transacted market price of Furniweb Shares on 30 June 2022 (being the LPD) was HK$0.220.

9. APPROVALS REQUIRED

The Proposed Acquisition is deemed as a related party transaction by virtue of the Vendor, namely Dato' Ng Yan Cheng (a major shareholder of PRG) being the father of Ng Tzee Penn (Executive Director of PRG).

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Acquisition is 20.87%, based on the Purchase Consideration of RM31,423,594.00 and the PRG Group's audited consolidated net assets as at 31 December 2021 of RM150.56 million. The highest percentage ratio applicable to the Initial Acquisition is 1.85%.

Pursuant to Paragraph 10.12(2) of the Listing Requirements, a transaction may be aggregated if the:

(i) transactions entered into with the same party or with parties connected with one another;

(ii) transactions involving the acquisition or disposal of securities or interests in one particular corporation /asset; or

(iii) transactions involving the acquisition or disposal of various parcels of land contiguous to each other.

In view of the above, the highest aggregate percentage ratio for the Initial Acquisition and the Proposed Acquisition as both involve the acquisition of equity interests in ESGL, is 22.72%.

As the highest percentage ratio is more than 5%, pursuant to Paragraph 10.08 of the Listing Requirements, the Proposed Acquisition therefore requires approval from the shareholders of PRG at the forthcoming EGM.

The Proposed Diversification requires approval to be obtained from the shareholders of PRG at the PRG's forthcoming EGM.

Furniweb will seek approval from its independent shareholders for the Proposed Acquisition at the Furniweb's forthcoming EGM.

10. CONDITIONALITY OF THE PROPOSALS

The Proposed Acquisition and the Proposed Diversification are inter-conditional. The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by PRG.

Save for the proposed establishment of a LTIP of up to 15% of the total number of issued PRG Shares (excluding treasury shares, if any) at any one time throughout the duration of the LTIP for eligible directors and employees of PRG and its non-dormant subsidiaries, as announced on 25 May 2022 and 26 May 2022, there is no other corporate exercise which has been announced but not yet completed by PRG.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders, chief executive and/or persons connected with them has any interest, direct or indirect, in the Proposals, save for the Vendor, namely Dato' Ng Yan Cheng (a major shareholder of PRG with a direct and indirect shareholding of 13.74% as at the LPD), and an Executive Director of PRG, namely Ng Tzee Penn (who is the son of the Vendor). As at the LPD, Ng Tzee Penn is not a shareholder of PRG.

In view of the above, the Interested Director has abstained and will continue to abstain from all Board deliberations and voting at the relevant Board meetings of PRG on the resolutions pertaining to the Proposals. The Interested Major Shareholder and Interested Director will abstain and undertake to ensure that any persons connected with them will abstain from voting (in respect of their direct and/or indirect shareholdings in PRG, if any) on the resolutions pertaining to the Proposals at the EGM to be convened.

12. TRANSACTIONS WITH THE SAME RELATED PARTIES

There was no transaction between PRG and Dato' Ng Yan Cheng in the 12 months preceding the date of the Announcement.

13. INDEPENDENT ADVISER

In view of Dato' Ng Yan Cheng being the Interested Major Shareholder and Ng Tzee Penn being the Interested Director, the Proposed Acquisition is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, Asia Equity Research Sdn Bhd has been appointed to act as the Independent Adviser:

(i) to provide an opinion as to whether the Proposed Acquisition is fair and reasonable so far as PRG's shareholders are concerned and whether the Proposed Acquisition is to the detriment of PRG's minority shareholders; and

(ii) to advice PRG's minority shareholders on whether they should vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at PRG's forthcoming EGM.

The independent adviser letter is set out in **Part B** of this Circular.

14. DIRECTORS' STATEMENT

The Board (save for Ng Tzee Penn), is of the opinion that the Proposed Acquisition is:

(i) in the best interest of PRG Group;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of PRG.

In forming its view, the Board (save for Ng Tzee Penn) has considered various factors including the evaluation of the Independent Adviser, the terms of the SSA, prospects of the energy efficiency business in Malaysia and Singapore (as set out in **Sections 5.5** and **5.6** of this Circular), prospects of ESGL Group (as set out in **Section 5.7** of this Circular) as well as the rationale and effects of the Proposed Acquisition.

The Board (save for Ng Tzee Penn) is of the opinion that the Proposed Diversification is in the best interest of PRG Group after having considered all aspects of the Proposed Diversification including but not limited to the rationale and the effects of the Proposed Diversification.

After having considered all aspects of the Proposals, the Board (save for Ng Tzee Penn) is of the opinion that the Proposals are in the best interests of PRG and accordingly recommend shareholders to vote **in favour** of the resolutions in respect of the Proposals to be tabled at PRG's forthcoming EGM.

15. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee is of the opinion that the Proposed Acquisition is:

(i) in the best interest of PRG Group;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of PRG.

In forming its view, the Audit and Risk Management Committee has considered various factors including the evaluation of the Independent Adviser, the terms of the SSA as well as the rationale and effects of the Proposed Acquisition.

16. TIME FRAME FOR COMPLETION

The Proposed Acquisition is expected to be completed in the 4^{th} quarter of 2022 while the Proposed Diversification will be effective upon obtaining approval from the shareholders of PRG at the forthcoming EGM.

17. EGM

The EGM, the notice of which is set out in this Circular, will be conducted on a virtual basis through live streaming from the broadcast venue at Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor for remote participation and voting via Cloud EGM Platform operated by ARB Wemeet Sdn. Bhd. at https://member.arbwemeet.com on Monday, 8 August 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals. Please refer to the Administrative Guide for the conduct of the virtual EGM and follow the procedures provided in order to participate and vote remotely at the EGM.

If shareholders are unable to participate and vote at the EGM, they should complete and return the enclosed Form of Proxy in accordance with the instructions provided thereon so as to arrive at the registered office of PRG at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, not less than 48 hours before the time set for holding the EGM. Alternatively, the Form of Proxy can be submitted electronically to arbwemeet@arbberhad.com before the Form of Proxy lodgement cut-off time as mentioned above.

The lodging of the Form of Proxy will not preclude shareholders from participating and voting at the EGM if they subsequently wish to do so.

18. FURTHER INFORMATION

Shareholders are advised to refer to **Appendix IX** set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
PRG HOLDINGS BERHAD

DATO' LUA CHOON HANN
Group Executive Vice Chairman

PART B

INDEPENDENT ADVICE LETTER FROM AER TO THE NON-INTERESTED SHAREHOLDERS OF PRG IN RELATION TO THE PROPOSED ACQUISITION

All definitions used in this IAL shall have the same meaning as the words and expressions provided in the "**Definitions**" section of this Circular and as defined in the IAL herein, except where the context herein requires otherwise or where otherwise defined in the table below. All references to "you" or "your" are references made to the non-interested shareholders of PRG ("**Non-Interested Shareholders**"), whilst references to "we", "us" or "our" are references to AER, being the Independent Adviser for the Proposed Acquisition.

"Comparable Companies"	Selected companies listed on various exchanges such as companies that are involved in providing provides energy efficiency solutions, technical services, building inspection, scheduled maintenance, repair and replacement of mechanical and control systems to commercial buildings as well as data driven smart building solutions to non-residential building and industrial applications.
"EV/EBITDA"	Enterprise value to Earnings Before Interest, Tax, Depreciation and Amortisation ratio
"P/E"	Price to earnings ratio

Set out hereunder is an executive summary which serves to highlight some of the salient points arising from AER's independent evaluation of the Proposed Acquisition. The non-interested shareholders are advised to read and understand the contents of the IAL and the entire Part A of this Circular, including the appendices thereof, for more comprehensive information, evaluation, and recommendation on the Proposed Acquisition before voting on the resolution pertaining to the Proposed Acquisition, at the forthcoming EGM.

1. INTRODUCTION

On 9 June 2022, TA Securities had on behalf of your Board, announced that on 8 June 2022, Furniweb, a 54.19% owned subsidiary of your Company had had entered into a SSA with the Vendor, whereby Furniweb shall acquire the remaining 6,275 ordinary shares in ESGL (i.e., representing 62.75% equity interest in ESGL) for a purchase consideration of HK$ 58,191,840 which is equivalent to RM 31,423,594 to be satisfied through cash and issuance of new Furniweb Shares.

As at LPD, Furniweb owns 37.25% shareholding in ESGL that was acquired in November 2021 for a total cash consideration of HK$ 9,564,496.

In view of the interests of the Vendor, namely Dato' Ng Yan Cheng, who is a major shareholder of PRG with a direct and indirect shareholding of 13.74% as at the LPD and father of Ng Tzee Penn (Executive Director of the Company) as set out in Section 11 Part A of this Circular, the Proposed Acquisition is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

We have been appointed by your Company on 11 January 2022, as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Acquisition.

2. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken into consideration the following:

Section in the IAL	Area of evaluation	AER's comments
Section 6.1	Rationale for the Proposed Acquisition	The rationale for the Proposed Acquisition by your Board are as follows: - - Prior to the Proposed Acquisition, Furniweb owns 37.25% equity interest in ESGL. Upon completion of the Proposed Acquisition, Furniweb shall own the entire equity interest in ESGL and your Company shall be able to consolidate entirely the future earnings of ESGL. - Your Board is of the view that the outlook and prospects of energy efficiency business of ESGL in Malaysia and Singapore is positive. In our view upon considering the factors above and the Profit Guarantee provided by the Vendor to Furniweb, we are of the view that the rationale by your Board are **reasonable** and **not detrimental** to the non-interested shareholders.

Section in the IAL	Area of evaluation	AER's comments
Section 6.2	Evaluation of the basis of arriving at the Purchase Consideration	We have considered the rationales of arriving at the Purchase Consideration as extracted from Section 2.4 Part A of this Circular, as listed below:- - the value of the Sale Shares as appraised by the Valuer (an independent business valuer appointed by Furniweb) of HK$64,268,000 (equivalent to RM34,705,692) in its valuation report. - audited consolidated net assets of ESGL Group of RM17,168,000 (equivalent to HK$31,792,000 at the Agreed Exchange Rate) as at 31 December 2021. - the outlook of the HVAV-EMS market in Singapore and Malaysia - the rationale for the Proposal Acquisition as stated in Section 4 of this Circular; and - the Profit Guarantee provided by the Vendor. We have also applied two approaches to evaluate the fairness and reasonableness of the Purchase Consideration, as listed below. **Approach 1** The Purchase Consideration translates to an implied *P/E multiple* of 5.38 times. We noted that the range of the P/E multiples of the Comparable Companies is between 24.8 times to 65.3 times, with an average of 35.2 times and median of 39.8 times. As the implied forward P/E multiple of 5.38 is **lower than** the range of the P/E of the Comparable Companies of between 24.8 times to 65.3 times, we are of the opinion that the Purchase Consideration is **fair** and **reasonable.** **Approach 2** Fair value of 62.75% equity interest of ESGL is appraised at RM 34.70 million based on the historical earnings reported by ESGL, by an independent business valuer appointed by Furniweb. The proposed purchase consideration for 62.75% equity interest in ESGL was RM 31.42 million which represents a discount of RM 3.28 million. From the results of the two approaches, namely Implied P/E forward multiple of 5.38 times, computed based on the Purchase Consideration as numerator and the average annual average profit guarantee as denominator and the fair value of 62.75% equity interest of RM 34.70 million, as appraised by a Valuer appointed by Furniweb, we are of the view that the Purchase Consideration is **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders.

Section 6.3(a)	Evaluation of the manner of settlement of the Purchase Consideration.	Pursuant to the SSA, the Purchase Consideration shall be satisfied by cash and Furniweb Shares - 25% of the Purchase Consideration shall be paid by Furniweb Shares based on issue price of HK$0.35 on Completion Date. - 25% of the Purchase Consideration shall be payable on six months from Completion Date in form of cash. - 50% of the Purchase Consideration shall be paid to the Vendor within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period. The amount to be paid shall be determine based on an assessment whether the Profit Guarantee is met or not met. If Profit Guarantee is met, the Vendor has a choice to make an Additional Share Consideration Request to seek the Purchaser's approval to receive up to a maximum of 20% of the Purchase Consideration in the form of Additional Consideration Shares. If Profit Guarantee is not met, the provisions of the SSA provides for a Compensation to be paid by the Vendor to Furniweb in cash. We are of the view that the manner of settlement by Furniweb to the Vendor is **reasonable** and **not detrimental** to the interests of the non-interested shareholders.

Section 6.3(b)	Evaluation of the basis of arriving at the issue price of HKD 0.35 per Consideration Shares and Additional Consideration Shares.	Based on the premiums as presented by the Issue Price over the closing price per share on LPD, past five consecutive trading days up to LPD and the premium of the Issue Price over the past one year prior to LPD, we conclude that the Issue Price is **fair** and **reasonable** and **not detrimental** to the interests of the Non-Interested Shareholders

Section 6.4	Salient terms of the SSA	We are of the view that the salient terms of the SSA are of normal commercial terms for transactions of such nature and the said terms are **reasonable** and **not detrimental** to the interests of the Non-Interested Shareholders.

Section 6.5	Effects of the Proposed Acquisition on share capital and substantial shareholdings	The Proposed Acquisition has **no effect** on the issued share capital and shareholdings of substantial shareholders' shareholdings
	Effects of the Proposed Acquisition on NA and gearing.	**Effects on NA** The Proposed Acquisition will not have any material effect on the net assets of your Company for FYE 31 December 2022. Your Company expects the Proposed Acquisition to contribute positively to the future earnings and PRG's Group NA. **Effects on gearing** The Proposed Acquisition will not have any material effect on the gearing of your Company for FYE 31 December 2022
	Effects of the Proposed Acquisition on earnings and EPS	**Effects on Earnings** The Proposed Acquisition will not have any material effect on the earnings of your Company for FYE 31 December 2022 **Effects on EPS** The Proposed Acquisition is not expected have any effects on the earnings of your Company as the Proposed Acquisition is expected to be completed in the 4th quarter of 2022. ESGL Group is expected to contribute positively to PRG Group's earnings and EPS for the FYE 31 December 2023 after taking into consideration the Profit Guarantee as well as the outlook of the energy efficiency business in Malaysia and Singapore (as set out in Sections 5.5 and 5.6 of this Circular) and the prospects of ESGL Group (as set out in Section 5.7 of this Circular).
	Overall	Taken as a whole, we are of the view that the overall financial effect of the Proposed Acquisition, are **<u>reasonable</u>** and **<u>not detrimental</u>** to the interests of the non-interested shareholders.

Section in the IAL	Area of evaluation	AER's comments
Section 6.6	Risk factors relating to the Proposed Acquisition	- **Non-completion of the SSA** The conditions precedent of the SSA as set out in Appendix I of this Circular may not be fulfilled or waived resulting that the Proposed Acquisition may be delayed or terminated and the potential benefits arising therefrom may not materialise. - **Acquisition risk** There is no assurance that the anticipated benefits of the Proposals will be realised. - **Risk inherent to the business of ESGL Group** ESGL Group is principally involved in the energy efficiency business. Hence, as a result of the Proposals, PRG Group would be affected by the performance and inherent business risk associated with the energy efficiency business in Malaysia and Singapore. We noted that your Board has appropriate measures to mitigate the risk factors. We are of the view that the risk factors relating to the Proposed Acquisition are risks associated in commercial business transactions and are **reasonable** and **not detrimental** to the interests of the non-interested shareholders.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition and our evaluation is set out in Section 6 of the IAL. The non-interested shareholders should consider all the merits and demerits of the Proposed Acquisition and, based on all relevant pertinent factors including those which are set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

After having considered all the various factors included in our evaluation for the Proposed Acquisition and based on the information made available to us, we are of the opinion that the Proposed Acquisition is **fair and reasonable** insofar as the non-interested shareholders are concerned and it is **not to the detriment** of the non-interested shareholders.

Accordingly, we recommend the non-interested shareholders to **vote in favour** of the ordinary resolution pertaining to the Proposed Acquisition that is to be tabled at the Company's forthcoming EGM.

ASIA EQUITY RESEARCH SDN BHD
Registration No.: 201401027762 (1103848-M)
(License Number: eCMSL/A0330/2015)
Licensed to provide advisory in corporate finance and investment advice.

Registered Address: -
46-3, Jalan PJU 8/5B
Damansara Perdana
Petaling Jaya
47820 Selangor
Malaysia
Email: contact@aer.finance
Website: www.aer.finance

22 July 2022

To: The Non-interested shareholders

Dear Sir/Madam,

PRG HOLDINGS BERHAD

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION

This IAL is prepared for inclusion in Part B of this Circular. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the "Definitions" section of this Circular and the Executive Summary of the IAL, except where the context herein requires otherwise or where otherwise defined herein.

1. INTRODUCTION

On 9 June 2022, TA Securities had on behalf of your Board, announced that on 8 June 2022, Furniweb, a 54.19% owned subsidiary of your Company had had entered into a SSA with the Vendor, whereby Furniweb shall acquire the remaining 6,275 ordinary shares in ESGL (i.e., representing 62.75% equity interest in ESGL) for a purchase consideration of HK$ 58,191,840 which is equivalent to RM 31,423,594 to be satisfied through cash and issuance of new Furniweb Shares.

As at LPD, Furniweb owns 37.25% in ESGL that was acquired in November 2021 for a total cash consideration of HK$ 9,564,496.

In view of the interests of the Vendor, namely Dato' Ng Yan Cheng, who is a major shareholder of PRG with a direct and indirect shareholding of 13.74% as at the LPD and father of Ng Tzee Penn (Executive Director of the Company) as set out in Section 11 Part A of this Circular, the Proposed Acquisition is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

We have been appointed by your Company on 11 January 2022, as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Acquisition.

(a) to provide our comments as to whether the Proposed Acquisition:

  (i) is fair and reasonable as far as the non-interested Directors and non-interested shareholders are concerned; and
  (ii) is to the detriment of the Directors and non-interested shareholders,

  and such opinion must set out the reasons for, the key assumptions made, and the factors taken into consideration in forming that opinion.

(b) advise the non-interested shareholders on whether they should vote in favour of the Proposed Acquisition; and

(c) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in (a) and (b) above.

The purpose of this IAL is to provide the non-interested shareholders with an independent evaluation of the Proposed Acquisition and our opinion and recommendation thereon subject to the scope and limitations specified herein. You should nonetheless rely on your own evaluation of the merits and demerits of the Proposed Acquisition, before deciding on the course of action to be taken.

THIS IAL IS PREPARED SOLELY FOR THE USE OF THE NON-INTERESTED SHAREHOLDERS FOR THE PURPOSE OF VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION, AT THE FORTHCOMING EGM OF THE COMPANY AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY FOR ANY OTHER PURPOSES WHATSOEVER.

YOU ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND PART A OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES THEREIN AND TO CONSIDER CAREFULLY OUR EVALUATION AND RECOMMENDATION BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION, TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. CREDENTIALS, EXPERIENCE AND EXPERTISE OF AER

AER is licensed to provide two regulated activities by the Securities Commission of Malaysia, namely advisory in corporate finance and investment advice.

The past credentials, professional experiences, and expertise of AER where AER had been appointed as an independent adviser include, amongst others, the following transactions:

(a) acted as an independent adviser in relation to the proposed disposal by Sinmah Capital Berhad of the entire equity interest in SM Broilers Sdn Bhd to F.C.H Holdings Sdn Bhd for a disposal consideration of RM 2,900,000 to be satisfied entirely via cash in a single transaction where the independent advice letter was issued and dated 13 June 2022

(b) acted as an independent adviser in relation to the proposed disposal by LYC Medicare Sdn Bhd, a wholly owned subsidiary of LYC Healthcare Berhad of a 25% entire equity interest in LYC Medicare (Singapore) Pte Ltd to Kenanga Investors Berhad for a disposal consideration of SGD 12,918,466 to be satisfied entirely via cash in a single transaction where the independent advice letter was issued and dated 1 June 2022.

(c) acted as an independent adviser in relation to the proposed disposal by PCCS Group Berhad for the entire equity interest in Mega Label (Malaysia) Sdn Bhd for a disposal consideration of RM 8,500,000 to be satisfied entirely via cash in a single transaction where the independent advice letter was issued and dated 10 February 2022.

(d) acted as an independent adviser in relation to the proposed acquisition by Straits Energy Resources Berhad for a 90% equity interest in Sinar Maju for a purchase consideration of RM16,380,000 and a proposed call option to acquire the remaining of 10% equity interest in Sinar Maju, for a purchase consideration of RM1,820,000 to be satisfied entirely via cash in a single transaction where the independent advice letter was issued and dated 30 December 2021.

(e) acted as an independent adviser in relation to the proposed disposal by Complete Logistic Services Berhad of its entire equity interests in Guper Resources Sdn Bhd and Ultra Trinity Sdn Bhd to Dolphin Assets Sdn Bhd for an aggregate cash consideration of RM22,452,000, where the independent advice letter was issued and dated 27 July 2021.

(f) acted as an independent adviser in relation to the proposed acquisition by HLT Global Bhd ("**HLT**") of forty-five percent equity interest in HL Rubber Industries Sdn. Bhd for a purchase consideration of RM90.0 million to be satisfied via the issuance of 90 million new ordinary shares in HLT, where the independent advice letter was issued and dated 24 February 2021.

(g) acted as an independent adviser in relation to a proposed lease arrangement for a tenure of twelve (12) years by HCK Capital Holdings Sdn Bhd as a lessor, i.e., a wholly owned subsidiary of HCK Capital Bhd to SEGI College (Subang Jaya) Sdn Bhd as a lessee, i.e., a wholly owned subsidiary of SEG International Bhd, where the independent advice letter was issued and dated 10 September 2020.

(h) acted as an independent adviser in relation to the proposed disposal by Sinotop Holdings Berhad of the entire equity interest in its wholly owned subsidiary, Be Top Group Limited for a cash consideration of RM70.0 million, where the independent advice letter was issued and dated 30 July 2020.

Premised on the above, AER is capable and competent and has the relevant experience in carrying out its role and responsibilities as an independent adviser to advise the non-interested directors of the Company and non-interested shareholders in relation to the Proposed Acquisition.

3. DECLARATION OF CONFLICT OF INTEREST

We confirm that there is no existing or potential conflict of interest situation for us to carry out our role as the Independent Adviser in connection with the Proposed Acquisition.

4. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED ACQUISITION

AER was not involved in the formulation and structuring of the Proposed Acquisition, and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Acquisition. In the past 2 years prior from the date of this IAL, there is no professional relationships between PRG and AER. AER's scope as the Independent Adviser is limited to expressing an opinion on the fairness and reasonableness of the Proposed Acquisition. and whether the transaction is to the detriment of the non-interested shareholders, based on the following sources of information and documents:

(a) information contained in Part A of this Circular, and the appendices enclosed therein.

(b) other relevant information, documents, confirmations, and representations provided to us by the Board and management of PRG.

(c) discussions and consultations with the management of PRG.

(d) the share sale agreement dated 8 June 2022 and supplemental share sale agreement dated 13 June 2022 entered into between Furniweb and the Vendor; and

(e) other publicly available information that we consider relevant for our evaluation.

We have made all reasonable enquiries, performed reasonableness checks, and corroborated relevant information with independent sources, where possible. We are also guided by the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities. In addition, the Board and the management of PRG had undertaken to exercise due care to ensure that all information, data, documents, and representations provided to us to facilitate our evaluation are accurate, valid, complete, reasonable, and free from any material omission in all material respects. Accordingly, AER shall not assume any responsibility or liability whatsoever to any party for any inaccuracies, misstatements or omission of facts and information provided or represented by the Board and the management of PRG.

The directors of PRG have collectively and individually accepted full responsibility for the accuracy, validity and completeness of the information, documents, data and statements provided to us and as contained herein in relation to the Proposed Acquisition (save and except for opinion expressed by AER which do not contain factual information provided by the Company and information procured or developed by AER independently of the Company) and confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant facts and information in relation to the Proposed Acquisition, that are necessary for our evaluation have been completely and accurately disclosed to us and there is no omission of any material fact, the omission of which would render any such information provided to us false, incomplete, misleading and/or inaccurate.

We are satisfied with the information provided by the Board and the management of PRG and are not aware of any facts or matters not disclosed which may render any such information untrue, inaccurate, or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. After making all reasonable enquiries and to the best of our knowledge and belief, the information we used is reasonable, accurate, complete, and free from material omission.

The non-interested shareholders should note that the views expressed by AER herein are, amongst others, based on the current economic, market, industry, regulatory, monetary, social-political, and other conditions prevailing up to the LPD. Accordingly, our evaluation and opinion in this IAL do not consider information, events and conditions arising or may occur after the LPD. Our advice should be considered in the context of the entirety of this IAL.

In rendering our advice, we had taken note of pertinent issues which we believe are necessary and of importance to an assessment of the implications of the Proposed Acquisition that are of general concern to the non-interested shareholders.

As such:

(a) our evaluation and recommendation contained herein are based on the assessment of the fairness and reasonableness of the Proposed Acquisition. Comments or points of consideration which may be commercially oriented such as the rationale, financial effects, potential benefits, and prospects of the Proposed Acquisition are included for our overall evaluation as we deem necessary for disclosure purposes to enable the non-interested shareholders to consider and form their views in a more holistic manner thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Acquisition.

(b) our views and advice as contained in this IAL only cater to the non-interested shareholders at large and not to any non-interested shareholder individually or any specific group of non-interested shareholders. Hence, in carrying out our evaluation, we have not given due consideration to the specific investment objectives, risk profiles, financials and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and

(c) we advise that any individual non-interested shareholder or any group of non-interested shareholders who are in doubt as to the action to be taken or require advice in relation to the Proposed Acquisition in the context of their individual investment objectives, risk profiles, financials and tax situations or needs, to consult their respective stockbrokers, bankers, solicitors, accountants, or other professional advisers immediately.

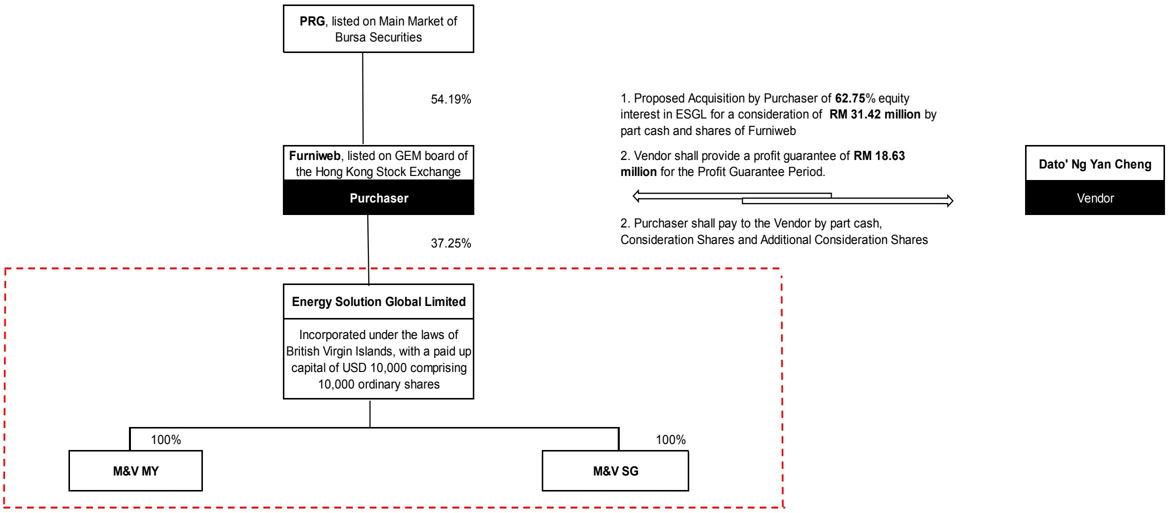
The remainder of this page is left blank intentionally

5. DETAILS OF THE PROPOSED ACQUISITION

The summary of the Proposed Acquisition, extracted from Part A of this Circular.

Summarised by AER on the Proposed Acquisition.

Proposed Acquisition by Furniweb of the remaining 67.25% equity interest in ESGL from Dato' Ng Yan Cheng for a purchase consideration of HK$ 58.19 million (RM 31.42 million) to be satisfied via cash and issuance of new Furniweb shares at issue price of HK$ 0.35 per Consideration Shares and Additional Consideration Shares



Notes:-

1. Key financial metrics of ESGL's results, extracted from the financial statements for FYE 31 December 2021 (audited)

	M&V MY **RM million** **FYE 31 December 2021** **Audited**	**M&V SG** **RM million** **FYE 31 December 2021** **Audited**
Net assets	0.26	16.80
EBITDA	(0.24)	5.46
Revenue	0.59	38.53
PAT / (LAT)	(0.33)	3.55
Property, plant and equipment	0.14	0.13
Cash and bank balance	0.05	17.23
Total borrowings	-	9.12
Net margin/(loss) %	-56.8%	9.2%
Return on Capital Employed, %	-127.7%	21.2%

	RM million	
Purchase Consideration for 62.75% equity interest in ESGL	31.42	
Therefore, the implied value for the entire equity interest in ESGl	50.08	P
Profit Guarantee (2 years)	18.63	
Average profit guarantee amount a year	9.32	E
Implied P/E	5.38	P/E

Summarised by Asia Equity Research

Source: Accountants Report for M&V MY and M&V SG

- On 1 November 2021, Furniweb acquired 37.25% equity interest in ESGL. ESGL has two wholly owned subsidiaries M&V MY and M&V SG.

- On 8 June 2022, Furniweb and the Vendor entered into the SSA for the Proposed Acquisition whereby Furniweb will acquire the remaining 62.75% equity interest in ESGL free from all liens, charges and encumbrances and with full legal and beneficial title and with all rights with effect from the date of the SSA.

- The Purchase Consideration translate to an implied forward P/E of 5.38 times computed based on the implied value of the entire equity interest of ESGL based on the Purchase Consideration divided by the annual average profit guarantee a year during the Profit Guarantee Period.

- In view of the interests of the Vendor who is a major shareholder of PRG and also the father of Mr. Ng Tzee Penn who is the Executive Director of PRG as set out in Section 11 Part A of this Circular, the Proposed Disposal is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

- Pursuant to the SSA, the Purchase Consideration shall be satisfied entirely via cash and issuance of new Furniweb Shares. 25% of the Purchase Consideration shall be paid on the Completion Date in Consideration Shares. Another 25% of the Purchase Consideration shall be paid six months from Completion Date in form of cash. The mode and manner of payment for the remaining balance of 50% of the Purchase Consideration, shall be determined based on whether the ESGL Group's meet or fail to meet the Profit Guarantee, which is further explained in Section 2(iii) of this Circular and section 6.3(a) of this IAL.

- The Vendor provides a Profit Guarantee to the Purchaser that the ESGL Group shall achieve an audited consolidated PAT of not less than HK$ 34.5 million (equivalent to RM 18.63 million at the Agreed Exchange Rate), over the Profit Guarantee Period.

6. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken into consideration the following factors in forming our opinion:

Factors	Section reference in IAL
Rationale for the Proposed Acquisition	6.1
Evaluation of the basis of arriving at the Purchase Consideration	6.2
Evaluation of the manner of settlement of the Purchase Consideration	6.3(a)
Evaluation of the basis and justification of arriving at the issue price of HK$ 0.35	6.3(b)
Evaluation of the salient terms of the SSA	6.4
Effects of the Proposed Acquisition	6.5
Risk factors relating to the Proposed Acquisition	6.6

6.1 Rationale for the Proposed Acquisition

We take note of the rationale for the Proposed Acquisition as set out in Section 4 of Part A of this Circular.

"*Upon completion of the Proposed Acquisition, ESGL will be a wholly owned subsidiary of Furniweb and Furniweb will be able to fully consolidate its interest in ESGL. The Proposed Acquisition is part of PRG Group's long-term strategy to venture into the energy efficiency business and will improve the financial position of PRG Group in the long-term when the Proposed Acquisition is completed*".

"In view of the profitability of ESGL Group (as set out in Appendix II of this Circular) as well as the positive outlook of the energy efficiency business in Malaysia and Singapore (as set out in Sections 5.5 and 5.6 of this Circular) as well as the prospects of the ESGL Group (as set out in Section 5.7 of this Circular), the Board (save for Ng Tzee Penn) is of the view that the Proposed Acquisition would further improve the financial performance of PRG Group with the consolidation of the remaining 62.75% equity interest of ESGL by Furniweb."

"The Proposed Acquisition will result in the dilution of PRG's shareholding in Furniweb. In the event that Additional Consideration Shares are issued by Furniweb to the Vendor, Furniweb may be de-consolidated from the PRG Group, and this may materially impact the financial position of PRG Group. However, the factors as set out in ***Section 2*** *of this Circular will determine whether any Additional Consideration Shares will be issued. The Board of PRG has the intention of maintaining PRG's shareholding in Furniweb at above 50% in order for PRG to be able to continue consolidating Furniweb in the PRG Group, after the completion of the Proposed Acquisition"*

"The issuance of the Consideration Shares to partly satisfy the Purchase Consideration will enable the Group to conserve cash of up to RM14.1 million, which can be used for other purposes such as working capital."

Commentary by AER:-

The rationale for the Proposed Acquisition by your Board are as follows: -

- Prior to the Proposed Acquisition, Furniweb owns 37.25% equity interest in ESGL. Upon completion of the Proposed Acquisition, Furniweb shall own the entire equity interest in ESGL and your Company shall be able to consolidate future earnings of ESGL based on your Company's effective interest in ESGL which is 54.19% as at LPD.

- As at LPD, PRG owns 54.19% equity interest in Furniweb. Upon completion of the Proposed Acquisition, PRG's interest shall be diluted to 50.45% as a result of issuance of Consideration Shares and to 47.80% as a result of Additional Consideration Shares (i.e., if ESGL achieves the Profit Guarantee and Vendor makes request for Additional Consideration Shares subject to acceptance by Furniweb and GEM Listing Committee), there may arise a situation that PRG's shareholding in Furniweb falls below 50% and resulting in deconsolidation of Furniweb, by PRG.

We noted that your Board has the intention of maintaining PRG's shareholding in Furniweb at above 50% in order for PRG to be able to continue consolidating Furniweb in the PRG Group, after the completion of the Proposed Acquisition.

We also noted that your Board has the ability to exercise control on the actual number of Additional Considerations Shares to be issued to the Vendor as this requires an approval by your Company which enables your Board to meet its intention that the situation of PRG's falling below 50% do not happen.

As your Company is able to have a final decision on the Additional Consideration Request which is substantiated by your Board representation of your Board's intention to maintain a shareholding of above 50%, we are of the view the risk of PRG's shareholding in Furniweb falling below 50% is negated.

We noted also that your Company shall be able to conserve cash balance of up to RM 14.1 million and used for your Group's working capital.

- Your Board is of the view that the outlook and prospects of energy efficiency business of ESGL in Malaysia and Singapore is positive.

The key salient points of the prospects of energy efficiency business of ESGL as extracted from Section 5.5, Part A of this Circular in Malaysia and Singapore are as listed below:-

Malaysia

- HVAC-EMS reported a historical annualised a compound annual growth rate ("**CAGR**") of 12.7 %, from the period of 2016 to 2020 and a projected annual CAGR of 16.1% from 2021 to 2026.

- The policy directions of Ministry of Energy and Natural Resources to promote building Energy Management Systems to decrease carbon dioxide emissions and adoption of energy efficient systems as part of the direction on meeting global climate change goals

Singapore

- HVAC-EMS reported a historical annualised a compound annual growth rate ("**CAGR**") of 15.0%. from the period of 2016 to 2020 and a projected annual CAGR of 15.7% from 2021 to 2026.

- The Singapore's government had provided several initiatives to further drive the HVAC-EMS industry which includes its carbon tax policy that encourages emitters to switch to energy efficient buildings to lower the impact of any carbon tax imposed on corporations.

We are of the view that the rationales for the Proposed Acquisition by your Board are **reasonable** and **not detrimental** to the interests of the Non-Interested Shareholders.

6.2(a) Evaluation of the basis of arriving at the Purchase Consideration.

We take note of the basis and justification for the Purchase Consideration as set out in Section 2.4 of Part A of this Circular. Extracted below:-

"The Purchase Consideration was determined based on arm's length negotiation between the Vendor and Furniweb as well as after considering the following:

(i) the value of the Sale Shares as appraised by the Valuer (an independent business valuer appointed by Furniweb) of HK$64,268,000 (equivalent to RM34,705,692) in its valuation report.

(ii) audited consolidated net assets of ESGL Group of RM17,168,000 (equivalent to HK$31,792,000 at the Agreed Exchange Rate) as at 31 December 2021.

(iii) the outlook of the HVAV-EMS market in Singapore and Malaysia as stated in ***Section 5.5 and 5.6*** *of this Circular.*

(iv) the rationale for the Proposal Acquisition as stated in ***Section 4*** *of this Circular; and*

(v) the Profit Guarantee provided by the Vendor."

Commentary by AER: -

Three commonly used approaches to perform equity valuation of a companies are as listed below: -

Item number	Approach	Guidance of its applicability
1	Asset based approach which measures the net fair values of assets less the liabilities.	This approach is suitable for a company that is having assets which are tangible based in nature such as land banks and properties. This approach is **not selected** as the principal activities of ESGL Group are consultancy and suppliers of energy conservation systems in buildings that are not capital intensive.
2	Income based approach which determines the value of a company based on a projected future cash flow of a business.	This approach requires a set of projected cash flow statement of the ESGL Group, that could be estimated with reasonable certainty with basis and assumptions. As we were not furnished any projected cash flow statements of ESGL Group, this approach is **not selected.**
3	Relative valuation approach is an approach that compares a company's value to that of its listed competitors or industry peers based on trading multiples such as P/E and / or EV/EBITDA.	- We noted that the Vendor of ESGL as provided a profit guarantee of HKD 34,500,000 (i.e., RM 18,630,000) over the next two years from 1 January 2022 to 31 December 2023. - We also noted that if the Profit Guarantee is not met during the Profit Guarantee Period, the Vendor has to compensate Furniweb, in the form of cash payment by Vendor to Furniweb.

		- In our view, this reflects the confidence by the Vendor of achieving the Profit Guarantee. - In our view, given that ESGL is a service rather than capital intensive company, and the use of income based is subjected to bias in estimation of valuation inputs, the relative valuation approach is **the most appropriate** methodology for the Proposed Acquisition. See **Approach 1** below.

Approach 1 - Evaluation of the fairness of the Purchase Consideration using the implied P/E multiple based on the Profit Guarantee.

The Purchase Consideration translates to an implied forward *P/E multiple* of **5.38 times**

Workings: -

Item no.			Description
1	The proposed purchase consideration for 62.75**%** equity interest in ESGL, **RM million**	31.424	
2	The implied purchase consideration for entire equity interest in ESGL, **RM million**	50.077	= 31,423,594 x 1/62.75% x 1/1,000,000 = P
3	The Profit Guarantee in **RM million**, equivalent	18.630	
4	The annual average profit guarantee in **RM million**, equivalent	9.315	= 18.63 x ½ =E
4	Implied *forward P/E multiple* of the equivalent Purchase Consideration of ESGL based on the Purchase Consideration as numerator and the average annual average profit guarantee as denominator.	**5.38 times**	P/E =50.077 / 9.315 =5.38

Key message by AER: -

1. The selection of the Comparable Companies was similar to the set of Comparable Companies that was used in Valuer's report. However, we have performed our update on the financial valuation metrics based on the LPD, and converted all the foreign currencies into Malaysian Ringgit, for ease of illustration, interpretation and analysis.

2. We noted that the range of the P/E multiples of the Comparable Companies is between 24.8 times to 65.3 times, with an average of 35.2 times and median of 39.8 times. As the implied forward P/E multiple is 5.38 times is **lower than** the range of the P/E of the Comparable Companies of between 24.8 times to 65.3 times, we are of the opinion that the Purchase Consideration is **fair and reasonable.**

Approach 2 – Fair value of 62.75% equity interest of ESGL is appraised by an independent Valuer is HK$ 64.27 million or equivalent to at RM 34.70 million translated at Agreed Exchange Rate. The proposed purchase consideration for 62.75% equity interest in ESGL was RM 31.42 million which represents a discount of RM 3.28 million.

Summarised below are the key assumptions adopted by Valuer.

- Assumption 1 = EV/EBITDA of 11.69 times
  The Valuer has appraised the fair value of 62.75% equity interest in ESGL at HK$ 64,268,000 using the EV/EBITDA multiple of 11.69 times applied on the latest historical EBITDA's results of ESGL Group. Based on our tabulation above performed on 7 June 2022, the median EV/EBITDA multiple of the Comparable Companies was 11.7 times. Hence, we are of the opinion that the EV/EBITDA multiple as being used by the Valuer is reasonable.

- Assumption 2 – Controlling premium of 20.2%
  The Valuer has accounted for a controlling premium of 20.2% for a controlling stake. This is fair and reasonable as a controlling stake is priced at a premium as it allows a purchaser to control the financial and operational matters. In addition, a purchaser can consolidate the results into consolidated results. Hence, the value of controlling premium is **fair** and **reasonable.**

- Assumption 3- Discount for non-marketability interest of 15.8%
  The Valuer has accounted for a discount for illiquidity of 15.8% to account for acquisition of a non-listed company. Generally, the discount ranges between 20% to 30% and we noted that the discount applied is marginally lower. We had re-performed the computation and use a higher discount for illiquidity of 20% and the fair value for 62.75% equity interest shall translate to RM 32.974 million which is also higher than the Purchase Consideration by RM 1.55 million, which leads to the conclusion that the Purchase Consideration is **fair** and **reasonable.**

Below is an extract of the computed results prepared by the Valuer.

EBITDA as at the Date of Valuation (RM)	4,132,256
Multiplied by: Adjusted median of EV/EBITDA Multiple	11.69
Market value of 100% Equity Interest of the Business Enterprise (in Minority Basis) (RM)	48,321,723
Multiplied by: Adjustment for Control Premium	(1 + 20.20%)
Market value of 100% Equity Interest of the Business Enterprise Before Adjustments on Net Debt and Net Non-Operating Assets (RM)	58,082,711
Add: Cash (RM)	17,341,000
Less: Debt (RM)	(9,737,000)
Add: Non-Operating Assets (RM)	0
Less: Non-Operating Liabilities (RM)	0
Market value of 100% Equity Interest of the Business Enterprise Before Adjustments on Marketability Discount (RM)	65,686,711
Multiplied by: Adjustment for Marketability Discount	(1 – 15.80%)
Market value of 100% Equity Interest of the Business Enterprise (RM)	55,308,211
Market value of 100% Equity Interest of the Business Enterprise (HKD)	102,419,744
Multiplied by: Adjustment for 62.75% Equity Interest	62.75%
Market value of 62.75% Equity Interest of the Business Enterprise (HKD)	64,268,390
Market value of 62.75% Equity Interest of the Business Enterprise (HKD) (Rounded)	**64,268,000**

Source: page 14 of Valuer's report dated 30 June 2022

6.2(b) Evaluation and analysis of the Profit Guarantee of HK$ 34.5 million / RM 18.63 million over the period from 1 January 2022 to 31 December 2023

AER's commentary

- We tabulated below a table to evaluate the reasonableness of the basis of the Profit Guarantee by comparing the audited results of FYE 31 December 2021 and the unaudited results of 12 months for 2022 based on simple extrapolation of the 3 months unaudited reported results from 1 January 2022 to 31 March 2022 as extracted from Section 10, Appendix II Part A of this circular.

Item number		FYE 31 December 2021, audited	FYE 31 December 2022 (unaudited) based on simple extrapolation of the 3 months unaudited reported results from 1 January 2022 to 31 March 2022 results reported by ESGL Group
1	Profit after tax of ESGL Group	3.22	13.89 Note1
2	Average annual profit guarantee a year by the Vendor. Workings:- 9.32 = 18.63 x 1/2	9.32	

Note 1 – For the first three months of FYE 2022, ESGL Group reported an unaudited profit after tax of RM 3.47 million. When annualised, this shall translate to an annual projected profit after tax of RM 13.89 million for FYE 2022.

- The Vendor is providing a Profit Guarantee of HK$ 34.5 million / RM 18.86 million over the period from 1 January 2022 to 31 December 2023. This translates to a projected annual profit guarantee of RM 9.32 million a year over the next two years. The annual average profit guarantee of RM 9.32 million a year when compared with the actual audited profit after tax of ESGL Group shall translate to approximately 2.9 times.

- For the first 3 months from 1 January 2022 to 31 March 2022, ESGL Group reported an unaudited profit after tax of RM 3.47 million. This shall translate to an unaudited annualised PAT of RM 13.89 million based on simple extrapolation on assumption that the results shall maintain in the subsequent months.

- As the annualised PAT for FYE 2022 of RM 13.89 million is greater than the average profit guarantee sum of RM 9.32 million a year and that the Compensation needed to be paid by the Vendor to your Company in the event that the profit guarantee is not met, we are of the opinion that the basis and justification is **fair and reasonable.**

6.2(c) Evaluation and analysis of the purchase price per share of approximately HK$ 2,568 per share and HK$ 9,274 for the acquisition of 37.25% and 62.75% equity interest in ESGL Group respectively, by your Company in December 2021 and this Proposed Acquisition

- The current Proposed Acquisition is at approximately HK$ 9,274 per share as compared with the acquisition price per share of HK$ 2,568 that was completed in December 2021.

- We noted that the price per share of ESGL Group is 3.6 times higher in the current Proposed Acquisition as compared with the acquisition of a non-controlling stake of 37.25% in December 2021.

- We computed the implied P/E of the completed transaction in December 2021 to be 4.3 times based on the PAT of FYE 2021 of ESGL Group, as the denominator.

- We computed the implied P/E of the Proposed Acquisition to be 5.8 times based on the average profit guarantee of ESGL Group, as the denominator.

- We concluded that the basis of the higher price being paid in the current Proposed Acquisition is fair and reasonable on two grounds:-

  (a) The improvement in earnings in FYE 2020, FYE 2021 and FYE 2022 based on the 3 months results of 1 January 2022 to 31 March 2022

  (b) The Proposed Acquisition is for a controlling block as opposed to the completed acquisition in December 2021 which is a non-controlling block. An acquisition of a controlling block requires a premium to be paid and an acquisition of a non-controlling block is at a discount on its fair value.

We concluded that the premium of 3.6 times is **fair** and **reasonable** and **not detrimental** to the interest of the non-interested shareholders.

Item number	Description	FYE 2020 Audited RM million	FYE 2021 Audited RM million	FYE 2022 Unaudited based on simple extrapolation of 3 months results of 1 January 2022 to 31 March 2022, RM million
1	PAT of ESGL Group	1.83	3.22	13.89
2	% increase year on year	Not computed	76%	The unaudited 12 months results, based on simple extrapolation of 3 months results of 1 January 2022 to 31 March 2022 of RM 13.89 million that is higher than the average PAT of the profit guarantee of RM 9.32 million. Considering that the Compensation requires any shortfall to be multiplied by 2.69 times which is a high penalty to the Vendor if the Vendor fails to meet the profit guarantee, this may indicate the confidence of the Vendor of the business of ESGL Group.

Valuation and financial metrics of Comparable Companies

Item number	Comparable Companies	Share price on 7 June 2022, RM	Market capitalisation as on 7 June 2022, RM million	Financial year end	Revenue, RM million	PAT/(LAT), RM million	Net assets, RM million	Net margin, %	ROE, %	P/E trailing	P/B trailing	EV/EBITDA trailing
1	Johnson Controls International plc	244	169,575	30 September 2021	98,991	6,846.8	73,453	7%	9.3%	24.8	2.3	10.0
2	Belimo Holdings AG	1,713	21,068	31 December 2021	3,498	528.7	2,337	15%	22.6%	39.8	9.0	26.0
3	Carel Industries S.p.A	103	10,333	31 December 2021	1,992	232.5	734	11.7%	31.7%	44.5	14.1	25.6
4	Caverion Oyj	23	3,073	31 December 2021	10,138	118.5	953	1.2%	12.4%	25.9	3.2	5.8
5	Burnham Holdings, Inc.	62	279	31 December 2021	910	4.3	394	0.5%	1.1%	65.3	0.7	11.7
6	Limbach Holdings, Inc.	29	298	31 December 2021	2,043	28.0	366	1.4%	7.6%	10.6	0.8	4.6
7*	Sharc International Systems Inc.	1.14	118	31 December 2021	8.9	(10.0)	1.5	(1.1)	(6.7)	Not meaningful	78.6	Not meaningful
	* Sharc International System Inc., an outlier											
	Average							6.1%	14.1%	35.2	5.0	14.0
	Median							4.1%	10.9%	39.8	3.2	11.7
	Minimum							0.5%	1.1%	24.8	0.7	5.8
	Maximum							15%	32%	65.3	14.1	26.0
	Source: S&P Global Pro	By **AER**										

Key message by AER: -

- The selection of the Comparable Companies was similar to the set of Comparable Companies that was used in Valuer's report. However, we have performed our update on the financial a valuation metrics based on the LPD, and converted all the foreign currencies into Malaysian Ringgit, for ease of illustration, interpretation and analysis.

- The Valuer has appraised the fair value of 62.75% equity interest in ESGL at HK$ 64,268,000 using the EV/EBITDA multiple of 11.69 times. Based on our tabulation above performed on 7 June 2022, the median EV/EBITDA multiple of the Comparable Companies was 11.7 times.

- We noted that in arriving the median EV/EBITDA of the Comparable Companies of 11.7 times, the valuer had determined the valuation metrics as measured on 31 December 2021. We had updated the valuation metrics based on closing market prices as on 7 June 2022. The valuer in its valuation report had excluded the EV/EBTIDA of Belimo Holding AG and Carel Industries SpA of 38.67 and 30.87 respectively. However, we noted on 7 June 2022, the share prices of all the Comparable Companies had fallen and specifically, Belimo Holding AG) and Carel Industries SpA had fallen. Hence, we had included both companies, in our computation to arrive at the adjusted median of the Comparable Companies. Further, statistically, the use of median has the tendency to exclude effects of outliers as opposed to average.

- Hence, we are of the opinion that the EV/EBITDA multiple as being used by the Valuer is **fair** and **reasonable.**

- We noted that the range of the P/E multiples of the Comparable Companies is between 24.8 times to 65.3 times, with an average of 35.2 times and median of 39.8 times.

6.3(a) Evaluation of the manner of settlement of the Purchase Consideration

The manner of settlement of the Purchase Consideration is as set out in Section 2 of Part A of this Circular and Section 4 of Appendix 1 – Salient Terms of the SSA of this Circular

The Purchase Consideration shall be satisfied in the following manner:-

- **If** ESGL achieves the Profit Guarantee

Item number	**Percentage of Purchase Consideration**	**Amount HK$**	**Due Date**	**Manner**
1	25%	14,547,960	Upon the Completion Date	By the issuance to the Vendor of 41,565,600 Furniweb Shares at issue price of HK$ 0.35 per share. Workings:- 41,565,600 = 14,547,960 x 1/0.35
2	25%	14,547,960	On six months from Completion Date	Cash
3	50% (Balance Purchase Consideration)	29,095,920	within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guaranntee Period.	- **Scenario 1** If Vendor **do not** make an Additional Consideration Shares Request • The entire Balance Purchase Consdeiration shall be paid by Cash. - **Scenario 2** If Vendor **makes** an Additional Consideration Shares Request and accepted by Furniweb and subject to GEM Listing Committee granting the listing at an Issue Price of HK$0.35, Furniweb shall pay to the Vendor in two forms:- • Additional Consideration Shares, and; • the remaining of the Balance Purchase Consideration after deducting the value of the portion that is paid by Additional Consideration Shares shall be paid in form of Cash
	100%	58,191,840		

Commentary by AER:-

We are of the view that the settlement by Furniweb to the Purchaser is **fair** and **reasonable** and **not detrimental** to the interests of the Non-Interested Shareholders as it is transacted in normal commercial terms.

- **If** ESGL **fails** to achieve the Profit Guarantee

Item number	Percentage of Purchase Consideration	Amount HK$	Due Date	Manner
1	25%	14,547,960	Upon the Completion Date	By the issuance to the Vendor of 41,565,600 Furniweb Shares at issue price of HK$ 0.35 per share. Workings:- 41,565,600 = 14,547,960 x 1/0.35
2	25%	14,547,960	On six months from Completion Date	Cash
3	50% (Balance Purchase Consideration)	29,095,920	within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guaranntee Period.	Three situations may arise - Situation 1 (see explanation below) No further payment is required from Furniweb. - Situation 2 (see explanation below) No further payment is required from Furniweb and in addition, Furniweb receives cash compensation from the Vendor. - Situation 3 (see explanation below) Furniweb pays a lesser amount of cash to the Vendor based on the excess of the difference between the Balance Purchase Consideration and Compensation.
	100%	58,191,840		

- There is no change in the manner of settlement for the first 25% of the Purchase Consideration and another 25% of the Purchase Consideration involving the Furniweb Shares and Cash upon the Completion Date and on six months from the Completion Date, respectively.

- When ESGL fails to achieve the Profit Guarantee, the Vendor has to compensate Furniweb a Compensation. Three situations may arise.

- **Situation 1**

If Compensation in HK$ **equals exactly** to the Balance Purchase Consideration, Furniweb does not need to make any payment for the remining 50% of the Purchase Consideration.
Example:-
As an **illustration only**, this situation shall arise if ESGL Group reports an actual profit after tax of HK$ 23,683,673.(see workings below)

Workings:-
- Compensation = (Profit Guarantee – actual profit) x 2.69

If actual profit over the guarantee period = HK$ 23,688,673, then,
Compensation = (34,500,000 – 23,683,673) x 2.69 = 29,095,920
Conclusion:- Compensation = Balance Purchase Consideration = no payment is required by Furniweb to Vendor.

In this situation, the total amount paid by Furniweb to acquire 62.75% in ESGL is 50% of the Purchase Consideration or HK$ 29,095,920 (29,095,920 = 50% x 58,1919,840). This shall translate to an implied value of HK$ 46,368,000. (46,368,000 = 29,095,920 x 1/0.6275). Assuming the actual profit accrue evenly over the period from 1 January 2022 to 31 December 2023, then the annual profit is HK$ 11,841,837. In this example, it shall translate to an implied forward P/E of 3.92 times (3.92 = 46,368,000 divided by 11,841,837).

- If Profit Guarantee is not met, the implied forward P/E is lower due to the cash compensation received by the Purchaser from Vendor.

We are of the view that the manner of settlement pursuant to the SSA, by Furniweb to the Purchaser is **fair** and **reasonable** and **not detrimental** to the interests of the Non-Interested Shareholders.

- **Situation 2**

If Compensation in HK$ is **more than** the Balance Purchase Consideration, Furniweb does not need to make any payment for the remaining 50% of the Purchase Consideration. In addition, the Vendor has to make a cash compensation to Furniweb based on the aggregate of the Profit Guarantee and the absolute amount of loss and multiplied by 2.69.
This means that in situations that ESGL Group reports a profit but lesser than HK$ 23,683,673 over the Profit Guarantee Period, it shall translate to an implied forward P/E of **lesser** than 3.92 times.

We are of the view that the manner of settlement pursuant to the SSA, by Furniweb to the Purchaser is **fair** and **reasonable** and **not detrimental** to the interests of the Non-Interested Shareholders.

- **Situation 3**

If Compensation in HK$ is **less than** the Balance Purchase Consideration, Furniweb need to pay the difference between the Balance Purchase Consideration and the Compensation in HK$ to the Vendor within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period.

We are of the view that the manner of settlement pursuant to the SSA, by Furniweb to the Purchaser is **fair** and **reasonable** and **not detrimental** to the interests of the Non-Interested Shareholders

Pursuant to the SSA, 25% of the Purchase Consideration shall be satisfied by Furniweb Shares upon Completion Date, another 25% of the Purchase Consideration shall be satisfied by cash on 6 months from Completion Date and the Balance Purchase Consideration to be paid by Furniweb to the Vendor based on whether ESGL Group achieve / do not achieve the Profit Guarantee.

Balance Purchase Consideration
(HK$ 29,095,920)

if ESGL **achieves** Profit Guarantee

Two scenarios:-

Scenario 1:-

If Vendor do not make an Additional Consideration Shares Request

All the Balance Purchase Consideration is paid in cash consideration by Furniweb to the Vendor within 30 days from the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period.

Scenario 2:-

If Vendor makes an Additional Consideration Shares Request

If Vendor makes an Additional Consideration Shares Request and subject to acceptance by Furniweb and the GEM Listing Committee granting the listing, a maximum of HK$ 11,638,368 shall be paid in Additional Consideration Shares and the balance sum shall be paid in form of cash within 30 days from the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period.

if ESGL **fails** to achieve the Profit Guarantee

Situation 1	Situation 2	Situation 3
Compensation in HK$ = (i.e., equals) Balance Purchase Consideration	Compensation in HK$ >(i.e., is greater than) Balance Purchase Consideration	Compensation in HK$ < (i.e., is lesser than) Balance Purchase Consideration
No cash payment is required by Furniweb to the Vendor	No cash payment is required by Furniweb to the Vendor and further Vendor has to pay the excess Compensation in HK$ over the Balance Purchase Consideration within (30) days after the issuance of the Report	Furniweb shall release the difference between the Balance Purchase Consideration and Compensation in HK$ to the Vendor, within thirty (30) days of the Report
AER's Commentary:-	**AER's Commentary:-**	**AER's Commentary:-**
Reasonable and **not detrimental** to the non-interested shareholders of PRG, as financially, this means that Purchaser receives full compensation from the Vendor.	**Reasonable** and **not detrimental** to the non-interested shareholders of PRG, as financially, this means that Purchaser receives full compensation from the Vendor.	**Reasonable** and **not detrimental** to the non-interested shareholders of PRG, as financially, this means that Purchaser receives full compensation from the Vendor.

AER's Commentary:-

Reasonable and **not detrimental** to the non-interested shareholders of PRG for the entire of the Balance Purchase Consideration is paid to the Vendor as ESGL Group achieves the Profit Guarantee.

Note:- The diagram is meant for illustration purpose only as summarised from Section 2(iii), Part A of this Circular. Readers are advised to read the entire of the Section 2 of Part A of this Circular and Section 4 and Section 5, Appendix 1 - Salient Terms of the SSA

Summarised by AER

6.3(b) Evaluation of the basis of arriving at the issue price of HKD 0.35 per Consideration Shares and Additional Consideration Shares

(a) Price comparison of the Issue Price

- The Issue Price per Consideration Shares and Additional Consideration Shares represents a **premium** of 73.3% to the closing price of Furniweb Shares as quoted on the Stock Exchange of Hong Kong Limited on LPD of HK$ 0.20 per share.

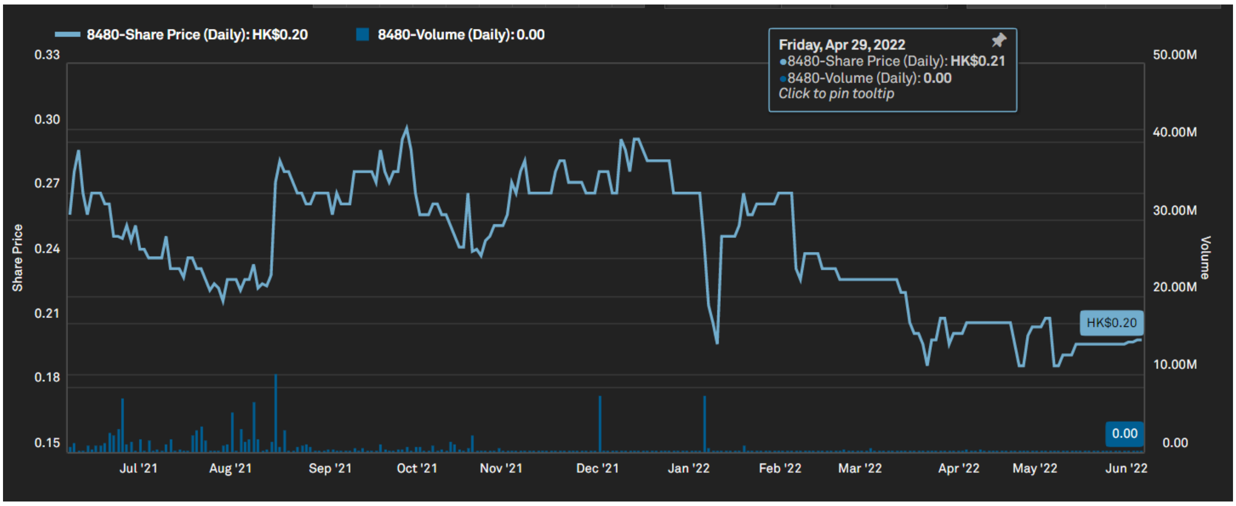
- The Issue Price per Consideration Shares and Additional Consideration Shares represents a **premium** of 73.3% to the average closing prices of Furniweb Shares as quoted on the Stock Exchange of Hong Kong Limited for five consecutive trading days immediately prior the date of the SSA.

- The Issue Price per Consideration Shares and Additional Consideration Shares represents a **discount** of 8.4% to the net asset value per share of Furniweb Shares based on the audited financial statement as at 30 June 2021.

(b) Analysis of the historical share price performance.

- In accessing the fairness and reasonableness of the Issue Price, we have performed a review of the daily closing prices of the Furniweb Shares as quoted on the Stock Exchange of Hong Kong Limited for the past one year from 8 June 2021 to the LPD.

- As presented in the graph below, Furniweb Shares were trading within a range between HK$0.19 to HK$ 0.30, which is **below** the Issue Price.



Based on the premiums as presented by the Issue Price over the closing price per share LPD, past five consecutive trading days up to LPD and the premium of the Issue Price over the past on year prior to LPD, we conclude that the Issue Price is **fair** and **reasonable** and **not detrimental** to the interests of the Non-Interested Shareholders

6.4 Evaluation of the salient terms of the SSA

<table>
<tr><th>Salient terms of the SSA</th><th>AER's comments</th></tr>
<tr><td>

3. Conditions Precedent

*Completion is subject to the satisfaction of (or waiver), among others, the following Conditions Precedent on or before the date falling on the sixtieth (60th) days from the date of the SSA (or such other date as may be agreed upon between Furniweb and the Vendor), being the last day by which the Conditions Precedent must be fulfilled or as the case may be, waived ("**Cut-Off Date**"):*

(i) Furniweb 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 of ESGL, which shall be completed by Furniweb within thirty (30) days from the date of the SSA or any other date to be mutually agreed by Furniweb and the Vendor;

*(ii) the obtaining by Furniweb of the approval by the shareholders, other than the Vendor and his associates, who have no material interest in the SSA and the transactions contemplated thereunder, including the Proposed Acquisition, the Consideration Shares and the grant of the specific mandate to issue and allot the Consideration Shares and the Additional Consideration Shares to the Vendor each at the Issue Price ("**Specific Mandate**");*

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

(iv) the obtaining by PRG of the approvals from Bursa Securities and its shareholders to the SSA and the transactions contemplated thereunder, including the Proposed Acquisition, the Consideration Shares and the grant of the Specific Mandate.

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

</td><td>

- The Proposed Acquisition requires approval of both Furniweb's shareholders and PRG's shareholders held separately to comply with the listing rules of both exchanges.

- All the conditions as stipulated in the SSA are normal commercial terms.

We are of the view that this term is **reasonable** and **not detrimental** to the interests of the non-interested shareholders.

</td></tr>
</table>

Salient terms of the SSA	AER's comments
5. Profit Guarantee *The Vendor guarantees to Furniweb that, the audited consolidated profit after tax of ESGL for Profit Guarantee Period to be translated at the Agreed Exchange Rate will not be less than HK$34,500,000 (equivalent to RM18,630,000). The following items shall be excluded from the computation of the Profit Guarantee:* *(i) items classified as extraordinary or any non-cash item classified as non-recurring; and* *(ii) gain on disposal of any property, plant and equipment.* *In the event that ESGL Group fails to achieve the Profit Guarantee within the Profit Guarantee Period, the Vendor agrees to compensate Furniweb as follows:* *(i) if the audited consolidated profit after tax of ESGL Group for the Profit Guarantee Period is less than the Profit Guarantee, the Vendor shall compensate Furniweb in an amount equal to the shortfall multiple by 2.69; or* *(ii) if ESGL has audited consolidated loss for the Profit Guarantee Period, the Vendor shall compensate Furniweb in an amount equal to the aggregate of the Profit Guarantee and the absolute amount of such loss and multiple the aggregate amount by 2.69.* *The audited consolidated financial statements of ESGL shall be audited by the auditors to Furniweb and shall be issued within three (3) months after expiry of the Profit Guarantee Period.* *The Compensation payable by the Vendor to Furniweb shall be set off against the Consideration Balance as mentioned in* ***Section 4(iii)(b)*** *of this Appendix.*	- The Profit Guarantee and the calculation of the Compensation in the event that the actual results of ESGL during the Profit Guarantee Period results in a lesser profit than the Profit Guarantee is favourable to Furniweb, as any shortfall is multiplied by 2.69 times. - For purpose of illustration, this means that if ESGL meets the Profit Guarantee, the Purchase Consideration shall translate to an implied forward P/E multiple is 5.38 times. We noted that the implied forward P/E of 5.38 times is lower than the range of the P/E of the Comparable Companies of between 24.8 times to 65.3 times and hence is **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders. - For purpose of illustration, this also means that if ESGL fails to meet Profit Guarantee, the Purchase Consideration and the Compensation received by Furniweb, shall translate to an implied forward P/E multiple of **lower than** 5.38 times and hence is favourable to Furniweb. Any benefits accrue to Furniweb is also a benefit accruing to PRG and hence it is **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders.

Salient terms of the SSA	AER's comments
7. ***Post-Completion undertakings by the Vendor*** The Vendor undertakes to Funiweb to obtain the following after the date of the SSA and no later than six (6) months from the Completion Date: (i) the necessary consent and/or approval of the two banks, which currently providing loan and banking facilities to ESGL Group, to the sale and transfer of the Sale Shares to Furniweb; and (ii) 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 ESGL Group with securities to be provided by Furniweb and/or its subsidiaries ("Furniweb Group"), 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 SSA for the loans and banking facilities granted by the two banks to ESGL Group and the Vendor shall indemnify Furniweb Group, including the ESGL Group, from and against any damages, losses, costs and expenses as may be suffered or incurred by Furniweb Group as a result of or arising from breach by the Vendor of the above undertakings. .	- The undertaking by the Vendor to obtain approval from the lending banks for the transfer of Sales Shares to Furniweb, that ESGL Group maintains a banking facility is a normal commercial term to facilitate Furniweb to own the entire equity interest in ESGL. - The remedy clause provided to Furniweb in the form of specific performance which is a form of legal right to be enforced against the Vendor to perform the undertaking if the Vendor fails to do so, is a reasonable remedy. - Hence, we are of the view that this term is **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders.

Salient terms of the SSA	AER's comments
8. Termination As listed in Section 8 of Appendix 1 – Salient terms of the SSA, the provisions provided for situations when the SSA may be terminated by either party prior to the Completion Date. Such situations include as follows:- Examples:- - Vendor's right to terminate when Purchaser defaults in the satisfaction of Consideration - Purchaser's right to terminate when Vendor fails, neglects or refuses to complete the sale of Sale Shares - Purchaser's right to terminate not due to fault of any party - Termination in event of insolvency by any party.	- In all such situations, the provisions in the SSA provided for activities to reverse any actions that had taken place to a position as though as the proposed acquisition does not take place. Example:- - Purchaser to transfer all the Sale Shares already owned by Purchaser to the Vendor at Purchaser's own cost and expenses if the Sales Shares has been transferred to the Purchaser in accordance with the SSA. - Vendor to refund any repay to the Purchaser all monies paid by Purchaser towards the Consideration free of interest in accordance with SSA. - Vendor to transfer all Consideration Shares already owned by the Vendor to the Purchaser at the Vendor's own cost and expense if the Consideration Shares has been transferred to the Vendor in accordance with the SSA. - In the event of termination of the SSA, the Purchaser is not able to own the remaining 67.25% equity interest in ESGL and not being able to realise the benefit that accrues from the Proposed Acquisition. - We are of the view that this term is **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders.

Based on our evaluation of the salient terms of the SSA, we are of the view that the salient terms of the SSA are generally on normal commercial terms for transactions of such nature and the said terms are **<u>fair and reasonable</u>** and **<u>not detrimental</u>** to the interests of the non-interested shareholders.

6.5 Effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition are as summarised below.

Section 6.5	Effects of the Proposed Acquisition on share capital and substantial shareholdings	The Proposed Acquisition has **no effect** on the issued share capital and shareholdings of substantial shareholders' shareholdings
	Effects of the Proposed Acquisition on NA and gearing.	**Effects on NA** The Proposed Acquisition will not have any material effect on the net assets of your Company for FYE 31 December 2022. Your Company expects the Proposed Acquisition to contribute positively to the future earnings and PRG's Group NA. **Effects on gearing** The Proposed Acquisition will not have any material effect on the gearing of your Company for FYE 31 December 2022
	Effects of the Proposed Acquisition on earnings and EPS	**Effects on Earnings** The Proposed Acquisition will not have any material effect on the earnings of your Company for FYE 31 December 2022 **Effects on EPS** The Proposed Acquisition is not expected have any effects on the earnings of your Company as the Proposed Acquisition is expected to be completed in the 4th quarter of 2022. ESGL Group is expected to contribute positively to PRG Group's earnings and EPS for the FYE 31 December 2023 after taking into consideration the Profit Guarantee as well as the outlook of the energy efficiency business in Malaysia and Singapore (as set out in Sections 5.5 and 5.6 of this Circular) and the prospects of ESGL Group (as set out in Section 5.7 of this Circular).
	Overall	Taken as a whole, we are of the view that the overall financial effect of the Proposed Acquisition, are **reasonable** and **not detrimental** to the interests of the non-interested shareholders.

Based on the above, taken as a whole, we are of the view that the overall financial effect of the Proposed Acquisition is **fair, reasonable** and **not detrimental** to the interests of the non-interested shareholders.

The remainder of this page is left blank intentionally

6.6 Risk factors relating to the Proposed Acquisition

Section in the IAL	Area of evaluation	AER's comments
Section 6.6	Risk factors relating to the Proposed Acquisition as set out in Section 6 of Part A of this Circular.	- **Non-completion of the SSA** The conditions precedent of the SSA as set out in **Appendix I** of this Circular may not be fulfilled or waived resulting that the Proposed Acquisition may be delayed or terminated and the potential benefits arising therefrom may not materialise. However, we noted that the parties to the Proposed Acquisition shall work in the best interest to complete the Proposed Acquisition. - **Acquisition risk** There is no assurance that the anticipated benefits of the Proposals will be realised. However, we noted that your Board (save for Ng Tzee Penn) and the board of directors of Furniweb have assessed and considered the financial position and performance of ESGL Group before deciding to proceed with the Proposed Acquisition. In addition, the Profit Guarantee provided by the Vendor is expected to mitigate the acquisition risk for the PRG Group. - **Risk inherent to the business of ESGL Group** ESGL Group is principally involved in the energy efficiency business. Hence, as a result of the Proposals, PRG Group would be affected by the performance and inherent business risk associated with the energy efficiency business in Malaysia and Singapore. However, we noted that your Company has familiarity with the risk associated with this type of business as your Company already owns 37.25% prior to the Proposed Acquisition. We also noted that PRG Group will seek to limit these risks by keeping abreast of the latest developments in the energy efficiency business. We are of the view that the risk factors relating to the Proposed Acquisition are risks associated in commercial business transactions and are **reasonable** and **not detrimental** to the interests of the non-interested shareholders.

Hence, as a whole, we are of the view that such risk is **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders.

7. CONCLUSION AND RECOMMENDATION

The non-interested shareholders and non-interested Directors, should consider all the merits and demerits of the Proposed Acquisition, based on all relevant pertinent factors including those which are set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

In our evaluation of the Proposed Acquisition, and in arriving at our opinion, we have taken into consideration various factors as follows:

(a) the rationale for the Proposed Acquisition, are reasonable and not detrimental to the non-interested shareholders.

(b) the basis of arriving at the Purchase Consideration are reasonable and not detrimental to the non-interested shareholders.

(c) the terms of settlement and payment.

(d) the Issue Price for the Consideration Shares and Additional Consideration Shares.

(e) the salient terms of the SSA are fair, reasonable, and not detrimental to the non-interested shareholders.

(f) the effects of the Proposed Acquisition, taken as a whole, are not detrimental to the interests of the non-interested shareholders.

(g) the risk factors associated with the Proposed Acquisition.

After having considered all the various factors included in our evaluation for the Proposed Acquisition based on the information made available to us, we are of the opinion that the Proposed Acquisition is **fair and reasonable** insofar as to the non-interested directors and non-interested shareholders are concerned and it is **not to the detriment** of the non-interested shareholders.

Accordingly, we recommend the non-interested shareholders to **vote in favour** of the ordinary resolution pertaining to the Proposed Acquisition, that is to be tabled at the Company's forthcoming EGM.

Yours faithfully,
For and on behalf of
ASIA EQUITY RESEARCH SDN. BHD.

ONG TEE CHIN, CFA, FRM, CAIA
Director

FARIS AZMI, CPA(Aust)
Director

PART C

LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED LTIP AND PROPOSED ALLOCATION

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

COMPANIES:

"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"ESGL"	:	Energy Saving Global Limited
"Furniweb"	:	Furniweb Holdings Limited (a 54.19%-owned subsidiary of the Company)
"PRG" or "Company"	:	PRG Holdings Berhad
"PRG Group" or "Group"	:	PRG and its subsidiaries, collectively
"TA Securities"	:	TA Securities Holdings Berhad

GENERAL:

"5D-VWAP"	:	5-day volume weighted average market price
"Act"	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
"Board"	:	Board of Directors of PRG
"By-Laws"	:	By-laws of the Proposed LTIP
"CDS"	:	Central Depository System
"Circular"	:	This circular to shareholders dated 22 July 2022
"Date of Expiry"	:	The last day of the duration of the Proposed LTIP or last day of any extended period pursuant to the By-Laws
"Director"	:	The director or chief executive of our Group and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007
"EGM"	:	Extraordinary general meeting of PRG in relation to the Proposed LTIP
"Eligible Person"	:	Eligible Directors and employees of PRG and its non-dormant subsidiaries
"EPS"	:	Earnings per share
"HK$"	:	Hong Kong Dollar
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LTIP"	:	Long term incentive plan
"LTIP Awards"	:	The SOP Awards and SGP Awards, collectively.
"LTIP Award Date"	:	Date of the LTIP Awards
"LTIP Committee"	:	A committee to be duly authorised and appointed by the Board to administer the Proposed LTIP
"LTIP Participants"	:	The SOP Participant and SGP Participant, collectively
"LPD"	:	30 June 2022, being the latest practicable date prior to the printing of this Circular
"MFRS-2"	:	Malaysian Financial Reporting Standards 2
"NA"	:	Net assets attributable to the owners of the Company
"Option Price"	:	The prescribed option price of the new PRG Shares
"Offer"	:	The LTIP Awards that has been made in writing by the LTIP Committee to the Eligible Person

"PRG Shares" or "Shares"	:	Ordinary shares in the Company
"Proposed Allocation"	:	Proposed allocation of LTIP Awards to the Eligible Directors of PRG and its non-dormant subsidiaries
"Proposed LTIP"	:	Proposed establishment of a LTIP of up to 15% of the total number of issued shares in PRG (excluding treasury shares, if any) at any one time throughout the duration of the LTIP for the Eligible Persons
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"SGP"	:	Share grant plan
"SGP Awards"	:	The granting of new PRG Shares to the Eligible Persons (except for the Non-Executive Directors of the Company)
"SGP Participants"	:	The Eligible Person (except for the Non-Executive Directors of the Company) who accepted the SGP Awards
"SOP"	:	Share option plan
"SOP Awards"	:	The granting of SOP Options to the Eligible Persons to subscribe for new PRG Shares at the Option Price
"SOP Options"	:	Granting of SOP options to the Eligible Person
"SOP Participants"	:	The Eligible Person who accepted the SOP Awards
"Termination Date"	:	The effective date of termination of the Proposed LTIP

All references to "the Company" in this Circular are to PRG, and references to "the Group" are to the Company and its subsidiaries. All references to "we", "us", "our" and "ourselves" are to the Company, or where the context requires, the Group. All references to "you" in this Circular are references of the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

[The rest of this page has been intentionally left blank]

TABLE OF CONTENTS

PRG
HOLDINGS BERHAD
(Registration No.: 200101005950 (541706-V))
(Incorporated in Malaysia)

Registered Office:

Suite 11.1A
Level 11, Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

22 July 2022

Board of Directors

Dato' Lua Choon Hann *(Group Executive Vice Chairman)*
Dato' Wee Cheng Kwan *(Managing Director – Property & Construction)*
Ng Tzee Penn *(Executive Director)*
Lim Chee Hoong *(Independent Non-Executive Director)*
Ji Haitao *(Independent Non-Executive Director)*

To: The shareholders of PRG

Dear Sir/Madam,

PROPOSED ESTABLISHMENT OF A LTIP OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES IN PRG (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME THROUGHOUT THE DURATION OF THE LTIP FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF PRG AND ITS NON-DORMANT SUBSIDIARIES

---

1. INTRODUCTION

On 25 May 2022, TA Securities announced the Proposed LTIP on behalf of the Board.

On 3 June 2022, TA Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 2 June 2022, resolved to approve the listing of and quotation for the new PRG Shares to be issued arising from the exercise of the SOP Options and/or upon vesting of the SGP Awards on the Main Market of Bursa Securities.

Further details of the Proposed LTIP are set out in the ensuing sections in the Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE SHAREHOLDERS WITH THE RELEVANT INFORMATION ON THE PROPOSED LTIP, TO SET OUT THE BOARD'S RECOMMENDATION ON THE PROPOSED LTIP AND TO SEEK SHAREHOLDERS' APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED LTIP TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED LTIP TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED LTIP

The Proposed LTIP will involve the SOP and the SGP for the Eligible Persons (except that the Non-Executive Directors are not eligible for the SGP), as set out in the By-Laws.

The Proposed LTIP will be administered by the LTIP Committee.

SOP

The SOP involves the granting of Options to the Eligible Persons to subscribe for new PRG Shares at a prescribed option price, subject to terms and conditions of the By-Laws.

Upon acceptance of the SOP Awards by the SOP Participant, the SOP Awards shall be vested to the SOP Participant and may be subjected to the fulfilment of such vesting conditions as may be determined by the LTIP Committee, in accordance with the terms of the By-Laws.

SGP

The SGP involves the granting of new PRG Shares to the Eligible Persons (except for the Non-Executive Directors of the Company), subject to the terms and conditions of the By-Laws.

Upon acceptance of the SGP Awards by the SGP Participant, the SGP Awards will be vested to the SGP Participant at no cost over the duration of the Proposed LTIP, subject to the SGP Participant fulfilling certain vesting conditions as may be determined by the LTIP Committee, in accordance with the By-Laws.

The indicative salient terms and conditions of the Proposed LTIP, which are governed by the By-Laws are as follows:

2.1 Maximum number of PRG Shares available under the Proposed LTIP

The maximum number of PRG Shares which may be made available pursuant to the Proposed LTIP shall not in aggregate exceed 15% of the total number of issued PRG Shares (excluding treasury shares, if any) at any point of time during the tenure of the Proposed LTIP.

The breakdown of the allocation for the SGP and SOP shall be subject to the sole discretion of the LTIP Committee throughout the duration of the Proposed LTIP.

2.2 Basis of determining the Option Price and reference value

Subject to any adjustments to be made under the By-Laws and Listing Requirements, the Option Price and reference price of the SGP Awards shall be determined based on the 5D-VWAP of PRG Shares immediately preceding the date of offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Proposed LTIP as set out in the By-Laws.

2.3 Maximum allowable allotment and basis of allocation

The allocation of PRG Shares to be made available for the LTIP Awards under the Proposed LTIP shall be determined by the LTIP Committee annually, or such other period as determined by the LTIP Committee.

Subject to the By-Laws, the maximum number of PRG Shares to be awarded to an Eligible Person at any point of time in each LTIP Awards made under the Proposed LTIP shall be at the sole and absolute discretion of the LTIP Committee taking into consideration, inter alia, the Eligible Person's designation, length of service, work performance and/or such other factors as the LTIP Committee deems fit, and subject to the following conditions:

(i) the total number of PRG Shares made available under the Proposed LTIP shall not exceed 15% of the total number of issued PRG Shares (excluding treasury shares, if any) at any point of time during the tenure of the Proposed LTIP;

(ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of PRG Shares to be issued under the Proposed LTIP shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued PRG Shares (excluding treasury shares, if any);

(iii) up to 80% of the total number of PRG Shares which may be made available under the Proposed LTIP could be allocated, in aggregate, to the Directors and senior management of PRG Group who are Eligible Persons (where "senior management" shall be subject to any criteria as may be determined at the sole discretion of the LTIP Committee from time to time). This is intended to incentivise the Directors of the Group for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of PRG Group and to incentivise the senior management of the Group for their commitment, dedication and loyalty towards attainment of higher performance; and

(iv) the Directors and senior management of the Group shall not participate in the deliberation or discussion of their respective allocations as well as persons connected with them, if any;

provided always that it is in accordance with the Listing Requirements or any prevailing requirements/guidelines issued by Bursa Securities, or any other requirements of relevant authorities as amended from time to time.

The LTIP Committee shall be entitled to determine the maximum number of LTIP Awards that will be made available to an Eligible Person under the Proposed LTIP, in the manner provided in the By-Laws in relation to each class or grade of Directors and employees and the aggregate maximum number of LTIP Awards that can be awarded to Directors and employees under the Proposed LTIP from time to time, and the decision of the LTIP Committee shall be final and binding.

The breakdown of the allocation for the SGP and SOP to the Eligible Persons cannot be determined at this juncture and shall be subject to the sole discretion of the LTIP Committee throughout the duration of the Proposed LTIP.

For the avoidance of doubt, the LTIP Committee may at its sole and absolute discretion determine whether granting of the LTIP Awards to the Eligible Person will be staggered over the duration of the Proposed LTIP or in 1 single grant and/or whether the LTIP Awards are subject to any vesting period and if so, to determine the vesting conditions including whether such vesting conditions are subject to performance target, the determination of which will be carried out at a later date after the establishment of the Proposed LTIP.

2.4 Eligibility

Subject to the sole discretion of the LTIP Committee, only Eligible Persons who fulfil the following conditions as at the LTIP Award Date shall be eligible to participate in the Proposed LTIP:

(i) in respect of an employee, the employee must fulfil the following criteria as at the LTIP Award Date to participate in the Proposed LTIP:

(a) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) is confirmed in writing as a full time employee of the Company or any company in PRG Group for such period as may be determined by the LTIP Committee prior to and up to the LTIP Award Date; and

(c) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.

(ii) in respect of a Director, the Director must fulfil the following criteria as at the LTIP Awards Date:

(a) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) has been appointed as an executive or non-executive Director of the Company or any company in the Group for such period as may be determined by the LTIP Committee prior to and up to the LTIP Award Date; and

(c) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time,

provided always that the selection of any Director or employee for participation in the Proposed LTIP and the number of LTIP Awards to be awarded to an Eligible Person under the Proposed LTIP shall be at the sole discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.

Notwithstanding the above, the LTIP Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out above.

Subject to **Sections 2.3(i)** and **2.3(ii)** above, there are no performance targets to be achieved by the LTIP Participants before the LTIP Awards can be vested. Notwithstanding this, the LTIP Committee may from time to time at its own discretion decide on the performance targets in the future.

LTIP Awards to be awarded to any Eligible Person who is a Director (namely, director of PRG within the meaning of Section 2(1) of the Capital Markets & Services Act 2007) (except that the Non-Executive Directors are not eligible for the SGP Awards), major shareholder or chief executive of the Company or persons connected with such Director, major shareholder or chief executive (as defined in the Listing Requirements), shall be approved by the shareholders of the Company in a general meeting.

An employee or Director of a dormant company and/or associate within the Group is not eligible to participate in the Proposed LTIP.

Eligibility under the Proposed LTIP shall not confer an Eligible Person any claim or right to participate in or any rights whatsoever under the Proposed LTIP and an Eligible Person does not acquire or have any rights over or in connection with the LTIP Awards unless the LTIP Awards has been made in writing by the LTIP Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and in accordance with the By-Laws.

2.5 Ranking of the new PRG Shares

The new PRG Shares to be issued pursuant to the exercise of any SOP Options and/or vesting of the SGP Awards under the Proposed LTIP will be subject to the provisions of the constitution of the Company and shall, upon allotment and issuance, rank equally in all respects with the then existing PRG Shares, save and except that the holders of such new PRG Shares will not be entitled to any dividends, rights, allotments and/or any other form of distributions that may be declared, made or paid to the shareholders where the entitlement date of such distribution precedes the relevant date of allotment and issuance of such new PRG Shares.

2.6 Duration and termination of the Proposed LTIP

The effective date for the commencement of the Proposed LTIP shall be the date of full compliance with the Listing Requirements in relation to the Proposed LTIP.

The Proposed LTIP, when implemented, shall be in force for a period of 5 years from the effective date of commencement of the Proposed LTIP. The Company may, if the Board deems fit and upon the recommendation of the LTIP Committee, extend the Proposed LTIP for a period of up to another 5 years, immediately from the expiry of the first 5 years, and shall not in aggregate exceed 10 years from the date of commencement of the Proposed LTIP or such longer period as may be permitted by Bursa Securities or any other relevant authorities.

Such extended Proposed LTIP shall be implemented in accordance with the terms of the By-Laws, save for any amendment and/or change to the relevant statutes and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals from the shareholders of the Company shall be required for the extension of the Proposed LTIP and the Company shall serve appropriate notices on each LTIP Participants who have yet to exercise their SOP Options and who have unvested PRG Shares, either in part or in whole and the Company shall make any necessary announcements to any parties and/or Bursa Securities (if required) within 30 days prior to the Date of Expiry or such other period as may be stipulated by Bursa Securities.

LTIP Awards can only be made during the duration of the Proposed LTIP before the Date of Expiry.

Notwithstanding anything to the contrary, all unvested PRG Shares and/or unexercised SOP Options shall lapse on the Date of Expiry.

The Proposed LTIP may be terminated by the LTIP Committee at any time before the Date of Expiry provided that an announcement is released to Bursa Securities on the following:

(i) Termination Date;

(ii) the number of PRG Shares vested and/or SOP Options exercised; and

(iii) the reasons and justification for termination.

The Company shall provide 30 days' notice to all LTIP Participants and allow the LTIP Participants to exercise any vested but unexercised LTIP Awards.

In the event of termination as stipulated in the By-Laws, the following provisions shall apply:

(i) no further LTIP Awards shall be granted by the LTIP Committee from the Termination Date;

(ii) all LTIP Awards which have yet to be accepted by the Eligible Persons shall automatically lapse on the Termination Date; and

(iii) any LTIP Awards which have yet to be vested or exercised (as the case may be and whether fully or partially) granted under the Proposed LTIP shall be deemed cancelled and be null and void.

Approval or consent of the shareholders of the Company by way of a resolution in an extraordinary general meeting and written consent of the LTIP Participants in relation to unvested and/or unexercised LTIP Awards are not required to effect a termination of the Proposed LTIP.

2.7 Retention period

The PRG Shares awarded and issued to a LTIP Participant upon vesting of SGP Awards and/or exercising of SOP Options will not be subjected to any retention period or restriction on transfer unless otherwise as stated in the LTIP Awards as determined by the LTIP Committee from time to time.

The LTIP Committee shall be entitled to prescribe or impose, in relation to any LTIP Awards, any condition relating to any retention period or restriction on transfer (if applicable) as the LTIP Committee sees fit.

A Non-Executive Director of PRG Group is not eligible to participate in the SGP Awards.

An Eligible Person who is a Non-Executive Director must not sell, transfer or assign the PRG Shares obtained through the exercise of the SOP Options offered to him/her within 1 year from the date of offer of the SOP Awards pursuant to Paragraph 8.20 of the Listing Requirements.

2.8 Modification, variation and/or amendment to the Proposed LTIP

Subject to the By-Laws and compliance with the Listing Requirements, the LTIP Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of the By-Laws as it shall at its sole discretion deem fit and the Board shall have the power, at any time, by resolution to, add, amend, modify and/or delete all or any of the terms in these By-Laws upon such recommendation and the Company will submit the amended By-Laws together with a confirmation letter to Bursa Securities confirming that such amendment and/or modification is in compliance with the provisions of the Listing Requirements pertaining to the Proposed LTIP and the Rules of Bursa Depository.

Subject to the By-Laws, the approval of the shareholders of the Company in general meeting shall not be required in respect of any additions, modifications or amendments to or deletions of the By-Laws provided that no additions, modifications or amendments to or deletions of the By-Laws will:

(i) prejudice any rights which would have accrued to any LTIP Participants without the prior consent or sanction of the LTIP Participants; or

(ii) increase the number of PRG Shares available under the Proposed LTIP beyond the maximum amount as set out in the By-Laws; or

(iii) prejudice any rights of the shareholders of the Company; or

(iv) alter to the advantage of an Eligible Person and/or LTIP Participants in respect of any matters which are required to be contained in these By-Laws without the prior approval of the Company's shareholders in a general meeting unless allowed by the provisions of the Listing Requirements.

Such amendment or modification to the By-Laws does not need the prior approval of Bursa Securities. However, the Company shall submit to Bursa Securities a confirmation letter that the amendment or modification does not contravene any of the provisions of the Listing Requirements pertaining to the Proposed LTIP no later than 5 market days after the effective date of the amendment or modification is made.

The LTIP Committee shall within 10 market days of any amendment and/or modification made pursuant to these By-Laws notify the LTIP Participant(s) in writing of any amendment and/or modification made pursuant to the By-Laws.

2.9 Alteration of share capital and adjustment

In the event of an alteration in the capital structure of the Company during the duration of the Proposed LTIP, whether by way of capitalisation of profits or reserves, rights issue, bonus issue, consolidation or subdivision of PRG Shares or reduction in share capital (save for set-off against accumulated losses) or any other variation of capital shall take place during the duration of the Proposed LTIP, PRG shall cause such adjustment to be made:

(i) in relation to the SGP:

(a) the number of PRG Shares comprised in the SGP Awards to the extent not yet vested; and/or

(b) the method and/or manner in the vesting of PRG Shares comprised in the SGP Awards.

(ii) in relation to the SOP:

(a) the Option Price and/or number of SOP Options comprised in the SOP Awards to the extent not yet exercised or vested; and/or

(b) the method and/or manner in the vesting of the SOP Options comprised in the SOP Awards.

The following provisions shall apply in relation to an adjustment which is made pursuant to above:

(i) any adjustment to the Option Price shall be rounded down to the nearest 1 sen; and

(ii) in determining the LTIP Participants' entitlements to have PRG Shares vested and/or to exercise the SOP Option, any fractional entitlements will be disregarded.

Subject to above, the Option Price and/or the number of new PRG Shares unvested relating to the LTIP Awards granted to each LTIP Participant shall from time to time be adjusted, calculated and determined by the LTIP Committee in consultation with the adviser and/or the external auditor of the Company in compliance with the provisions for adjustment as provided in the By-Laws.

2.10 Use of proceeds

The proceeds arising from the exercise of the SOP Options, if any, will be used as general working capital of the Group, as and when the proceeds are received throughout the duration of the Proposed LTIP, as the Board may deem fit. The proceeds for general working capital will be utilised within 12 months to finance the Group's day-to-day operations including amongst others, repayment to trade creditors, staff and administrative expenses and other operating expenses (i.e., utilities, office expenses). The detailed allocation to each component of working capital cannot be determined at this juncture as these will depend on the timing and the number of SOP Options granted and exercised at the relevant points of time and the Option Price.

The Company will not raise any proceeds from the SGP given that the PRG Shares to be issued to the LTIP Participants will not require any payment from them.

3. RATIONALE FOR THE PROPOSED LTIP

The Proposed LTIP is intended to achieve the following objectives:

(i) to recognise the contributions and services of the Eligible Persons which are considered vital to the operations and continued growth of the Group and to reward such Eligible Persons by allowing them to realise capital gains that may arise from the appreciation in the price of PRG Shares;

(ii) to motivate the Eligible Persons towards better performance through greater productivity and loyalty;

(iii) to instil a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the long term development and growth of the Group; and

(iv) to attract and retain high-calibre Eligible Persons, thus ensuring that the loss of key personnel is kept to a minimum.

The Proposed LTIP is extended to the non-executive Directors of the Group (excluding dormant subsidiaries) (except that the non-executive Directors are not eligible for the SGP) for the following reasons:

(i) the non-executive Directors come from different professions and backgrounds and bring to the Group a degree of experience in corporate governance, risk management, business management and finance-related experience. They work closely with the executive Directors and contribute to the decision-making process of the Board. They are consulted on matters affecting the Company including strategic issues and planning, risk management policies, governance and regulatory compliance; and

(ii) the award of the LTIP Awards will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as non-executive Directors and to motivate existing non-executive Directors to further promote the interests of the Group.

4. EFFECT OF THE PROPOSED LTIP

4.1 Share capital

The Proposed LTIP is not expected to have any immediate effect on the Company's share capital until such time when the SOP Options are exercised and/or the new PRG Shares under the SGP Awards are vested. The proforma effects of the Proposed LTIP on the share capital of PRG are as follows:

	No. of PRG Shares	RM
Issued share capital as at the LPD	429,857,221	144,529,931
Less: Treasury shares	(417,800)	(87,000)
	429,439,421	144,442,931
To be issued pursuant to the Proposed LTIP	64,415,900*(1)*	8,051,988*(2)*
Enlarged share capital	**493,855,321**	**152,494,919**

Notes:

(1) Based on approximately 15% of the total number of issued PRG Shares (excluding treasury shares). For the avoidance of doubt, the maximum number of PRG Shares which may be made available pursuant to the Proposed LTIP shall not exceed 15% of the total number of issued PRG Shares (excluding treasury shares) at any one time throughout the duration of the Proposed LTIP.

(2) Based on an illustrative Option Price of RM0.125, calculated based on a discount of RM0.0112 or approximately 8.22% to the 5D-VWAP of PRG Shares up to and including the LPD of RM0.1362.

4.2 NA and gearing

The Proposed LTIP is not expected to have an immediate effect on the consolidated NA per Share and gearing of the Group until such time when the new PRG Shares are allotted and issued when the SOP Options are exercised or pursuant to the vesting of the SGP Awards. The effects on the NA per Share and gearing of the Group will depend upon the Option Price of PRG Shares comprised in the SOP Options and the vesting of the SGP Awards, the number of new PRG Shares to be issued upon exercise of the SOP Options and the potential effect on the future earnings of the Group arising from the adoption of the MFRS-2 on share-based payments.

Under the SOP, whilst the granting of the SOP Options is expected to result in the recognition of a charge in PRG Group's statement of comprehensive income pursuant to MFRS-2, the recognition of such a charge will have no material effect on the PRG Group's NA as a corresponding amount will be classified as an equity compensation reserve which forms part of the PRG Group's shareholders' equity. If none of the granted SOP Options are exercised within the duration of the SOP, the amount outstanding in the equity compensation reserve would be transferred to the Company's retained earnings. If the granted SOP Options are exercised, the amount outstanding in the equity reserve would be transferred to the Company's share capital account.

Any potential effect of the SGP Awards on PRG Group's consolidated NA per Share and gearing will depend on the fair value of the PRG Shares to be awarded on the date of granting as well as the number of PRG Shares to be issued, which can only be determined at the point of the vesting of the SGP Awards on the date of vesting.

The Company has taken note of the potential impact of MFRS-2 on the Group's future NA per Share and shall take into consideration such impact on the allocation and granting of SOP Options and the SGP Awards to the Eligible Persons.

4.3 Substantial shareholders' shareholding

The Proposed LTIP is not expected to have any immediate effect on the Company's substantial shareholders' shareholdings until such time the SOP Options granted are exercised and new PRG Shares are issued pursuant to the SGP. Any such effects would depend on the number of new PRG Shares arising from such exercise or issuance.

4.4 EPS

The Proposed LTIP is not expected to have any material effect on the earnings of the Group, save for the estimated expenses of approximately RM150,000 to be incurred in relation to the Proposed LTIP and the possible impact of MFRS-2.

The potential effects of the Proposed LTIP on the earnings and EPS of the Group would depend on the number of SOP Options granted and exercised, the number of PRG Shares granted and vested under the SGP Awards, the Option Price payable upon the exercise of the SOP Options, as well as the earnings impact of MFRS-2.

Under MFRS-2, the potential cost arising from the issuance of the SOP Options is measured by the fair value of the SOP Options, which is expected to vest at each date of offer and is recognised in the statement of profit or loss and other comprehensive income of the Group over the vesting period of the SOP Options, thereby reducing the earnings of the Group. The fair value of the SOP Options is determined after taking into consideration the historical volatility of PRG Shares, the risk-free rate of return, the Option Price and the time to maturity of the SOP Options from the vesting date of the SOP Options. Hence, the potential effect on the EPS of the Group, as a consequence of the recognition of the said cost, cannot be determined at this juncture.

Under MFRS-2, the potential cost of awarding the PRG Shares under the SGP Awards will need to be measured by the fair value on the date of granting and recognised as an expense in the Group's statement of profit or loss and other comprehensive income over the vesting period of such Shares under the SGP Awards.

The extent of the effect of the SGP Awards on the Group's EPS cannot be determined at this juncture as it would depend on the fair value of the PRG Shares at the respective dates of the SGP Awards. However, the potential cost of the SGP Awards does not represent a cash outflow and is only an accounting treatment.

The Company has taken note of the potential impact of the MFRS-2 on the Group's future earnings and shall take into consideration such impact on the allocation and granting of the PRG Shares to the Eligible Persons.

4.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of PRG Shares as traded on Bursa Securities for the past 12 months are set out below:

	High RM	Low RM
2021		
July	0.200	0.160
August	0.185	0.165
September	0.195	0.175
October	0.230	0.185
November	0.195	0.160
December	0.175	0.150
2022		
January	0.190	0.150
February	0.175	0.155
March	0.165	0.140
April	0.160	0.140
May	0.150	0.130
June	0.145	0.130

(Source: Bloomberg Finance L.P.)

The last transacted market price of PRG Shares on the 24 May 2022 (being the last trading date prior to the announcement of the Proposed LTIP) was RM0.1381.

The last transacted market price of PRG Shares on 30 June 2022 (being the LPD) was RM0.135.

6. APPROVALS REQUIRED

The Proposed LTIP is subject to the approval being obtained from the following:

(i) Bursa Securities for the listing of and quotation for such number of new PRG Shares, representing up to 15% of PRG's total number of issued shares (excluding any treasury shares) to be issued arising from the Proposed LTIP, which was obtained through its letter dated 2 June 2022; and

(ii) the shareholders of PRG at the forthcoming EGM.

Bursa Securities' approval is subject to the following conditions:

	Conditions	Status of compliance
(a)	The Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed LTIP;	To be complied
(b)	The Company is required to furnish Bursa Securities with certified true copy of the resolutions passed by the shareholders at the extraordinary general meeting approving the Proposed LTIP;	To be complied
(c)	The Company and TA Securities are required to inform Bursa Securities upon completion of the Proposed LTIP;	To be complied
(d)	The Company is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed LTIP is completed;	To be complied
(e)	The Company is required to submit a confirmation to Bursa Securities of full compliance of the Proposed LTIP pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation; and	To be complied
(f)	Payment of additional listing fees pertaining to the exercise of LTIP Awards, if relevant. In this respect, the Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of new shares listed pursuant to the exercise of LTIP Awards as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

7. CONDITIONALITY OF THE PROPOSED LTIP

The Proposed LTIP is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

The Board confirms that there are no other corporate proposals which has been announced by the Company but is pending implementation or completion before the date of this Circular save for the following:

(i) Proposed acquisition of the remaining 62.75% equity interest in ESGL by Furniweb (a 54.19%-owned subsidiary of the Company) for a purchase consideration of HK$58,191,840 (equivalent to RM31,423,594.00) from Dato' Ng Yan Cheng to be satisfied through cash and issuance of new ordinary shares in Furniweb; and

(ii) Proposed diversification of the businesses of the Group to include the energy efficiency business,

as announced on 9 June 2022.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

All the Directors of PRG are eligible to participate in the Proposed LTIP, and are therefore deemed interested in the Proposed LTIP to the extent of their respective allocations, if any, as well as allocations to persons connected with them, if any, under the Proposed LTIP. Notwithstanding this, all Directors of PRG have deliberated and voted on the Proposed LTIP as a whole at the relevant Board meeting and recommended to put forth the resolution pertaining to the Proposed LTIP to be tabled at the forthcoming EGM.

Accordingly, the Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meeting on the specific allocations of the respective proposed allocation, if any, as well as the proposed allocations to the persons connected to them, if any, under the Proposed LTIP.

The Directors will also abstain from voting in respect of their direct and/or indirect shareholding, if any, on the resolution pertaining to the specific allocations of the Proposed LTIP to the Directors and/or persons connected with them, if any. Further, the Directors has also undertaken that they shall ensure that persons connected with them will abstain from voting in respect of their direct and indirect shareholdings, if any, on the resolutions pertaining to the specific allocations of the Proposed LTIP to themselves as well as persons connected with them, if any, to be tabled at the Company's forthcoming EGM.

The direct and indirect shareholdings of the Directors as at the LPD are set out below:

	Direct		**Indirect**	
	No. of Shares	**%[(1)]**	**No. of Shares**	**%[(1)]**
Dato' Lua Choon Hann	32,322,800[(2)]	7.53	300,000[(3)]	0.07
Dato' Wee Cheng Kwan	6,800,000[(2)]	1.58	-	-
Ng Tzee Penn	-	-	-	-
Lim Chee Hoong	154,000	0.04	134,000[(3)]	0.03
Ji Haitao	1,417,000	0.33	-	-

Notes:

(1) *Excluding treasury shares.*

(2) *Held through nominee company/ies.*

(3) *Disclosure of interest held by spouse pursuant to Section 59(11)(c) of the Act.*

Save as disclosed above, none of the Directors, major shareholders, chief executive and persons connected to them have any interest, direct or indirect, in the Proposed LTIP.

9. RECOMMENDATION AND BASIS OF RECOMMENDATION

After having considered all aspects of the Proposed LTIP, the Board is of the opinion that the Proposed LTIP is in the best interests of the Company and accordingly recommend shareholders to vote **in favour** of the resolution in respect of the Proposed LTIP to be tabled at the Company's forthcoming EGM.

In view that all the Directors of PRG are deemed interested in the Proposed LTIP to the extent of their respective allocations (if any), as well as allocations to persons connected with them (if any) under the Proposed LTIP, they will abstain from forming an opinion and making any recommendation on the resolutions to be tabled at the forthcoming EGM on their respective allocations (if any) as well as allocations to persons connected to them (if any) under the Proposed LTIP and the proposed allocations to the Directors of PRG and persons connected to them pursuant to the Proposed LTIP.

10. TIME FRAME FOR IMPLEMENTATION

The Proposed LTIP is expected to be implemented in the 4th quarter of 2022.

11. EGM

The EGM, the notice of which is set out in this Circular, will be conducted on a virtual basis through live streaming from the broadcast venue at Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor for remote participation voting via Cloud EGM Platform operated by ARB Wemeet Sdn. Bhd. at https://member.arbwemeet.com on Monday, 8 August 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed LTIP. Please refer to the Administrative Guide for the conduct of the virtual EGM and follow the procedures provided in order to participate and vote remotely at the EGM.

If shareholders are unable to participate and vote at the EGM, they should complete and return the enclosed Form of Proxy in accordance with the instructions provided thereon so as to arrive at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, not less than 48 hours before the time set for holding the EGM. Alternatively, the Form of Proxy can be submitted electronically to arbwemeet@arbberhad.com before the Form of Proxy lodgement cut-off time as mentioned above.

The lodging of the Form of Proxy will not preclude shareholders from participating and voting at the EGM if they subsequently wish to do so.

12. FURTHER INFORMATION

Shareholders are advised to refer to **Appendix IX** set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
PRG HOLDINGS BERHAD

DATO' LUA CHOON HANN
Group Executive Vice Chairman

SALIENT TERMS OF THE SSA

1. Parties

(i) Furniweb (as purchaser); and

(ii) the Vendor (as vendor)

The Vendor is a connected person of Furniweb for being the father of Mr. Ng Tzee Penn.

2. Subject matter

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

3. Conditions Precedent

Completion is subject to the satisfaction of (or waiver), among others, the following Conditions Precedent on or before the date falling on the sixtieth (60th) days from the date of the SSA (or such other date as may be agreed upon between Furniweb and the Vendor), being the last day by which the Conditions Precedent must be fulfilled or as the case may be, waived ("**Cut-Off Date**"):

(i) Furniweb 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 of ESGL, which shall be completed by Furniweb within thirty (30) days from the date of the SSA or any other date to be mutually agreed by Furniweb and the Vendor;

(ii) the obtaining by Furniweb of the approval by the shareholders, other than the Vendor and his associates, who have no material interest in the SSA and the transactions contemplated thereunder, including the Proposed Acquisition, the Consideration Shares and the grant of the specific mandate to issue and allot the Consideration Shares and the Additional Consideration Shares to the Vendor each at the Issue Price ("**Specific Mandate**");

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

(iv) the obtaining by PRG of the approvals from Bursa Securities and its shareholders to the SSA and the transactions contemplated thereunder, including the Proposed Acquisition, the Consideration Shares and the grant of the Specific Mandate.

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

4. Consideration and payment terms

The total consideration payable by the Company to the Vendor for the Sale Shares is HK$58,191,840 (equivalent to RM31,423,594 at the Agreed Exchange Rate) and shall be paid in the following manner:

(i) 25% of the Purchase Consideration in the sum of HK$14,547,960 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be satisfied by the allotment and issuance of 41,565,600 Consideration Shares at an Issue Price upon the Completion Date;

(ii) 25% of the Purchase Consideration in the sum of HK$14,547,960 (equivalent to RM7,855,898.50 at the Agreed Exchange Rate) shall be paid by cash on the date falling 6 months from the Completion Date; and

(iii) the remaining 50% Balance Purchase Consideration shall be paid as follows:

(a) If and only if ESGL Group achieves the profit guarantee that the audited consolidated profit after tax of ESGL Group for the Profit Guarantee Period will not be less than HK$34,500,000 (equivalent to RM18,630,000 at the Agreed Exchange Rate), either

(1) the Balance Purchase Consideration shall be paid by cash within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period; or

(2) no earlier than the date of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period and no later than the third day after the date of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period, the Vendor may make an Additional Consideration Shares Request subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares and sole and absolute discretion of the Company to reject or to accept in full or in part the request.

Subject to the GEM Listing Committee granting the listing of, and permission to, deal in the Additional Consideration Shares, if the Additional Consideration Shares Request is made by Vendor and accepted by Furniweb, the Balance Purchase Consideration after deducting the aggregate value of the Consideration Shares in respect of the Additional Consideration Shares shall be paid by cash within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period.

(b) If ESGL Group fails to achieve the Profit Guarantee, the Vendor shall compensate Furniweb which may be applied by Furniweb to set off against the Balance Purchase Consideration and:

(1) if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is equal to the Balance Purchase Consideration, no cash consideration shall be payable by Furniweb;

(2) if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is more than the Balance Purchase Consideration, no Balance Purchase Consideration shall be payable by Furniweb and the Vendor shall pay Furniweb the excess amount within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period; or

(3) if the HK$ equivalent of the Compensation converted at the Agreed Exchange Rate is less than the Balance Purchase Consideration, Furniweb shall pay the Vendor the difference in amount within 30 days after the date of issuance of the audited consolidated financial statements of the ESGL Group for the Profit Guarantee Period.

5. Profit Guarantee

The Vendor guarantees to Furniweb that, the audited consolidated profit after tax of ESGL for Profit Guarantee Period to be translated at the Agreed Exchange Rate will not be less than HK$34,500,000 (equivalent to RM18,630,000). The following items shall be excluded from the computation of the Profit Guarantee:

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

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

In the event that ESGL Group fails to achieve the Profit Guarantee within the Profit Guarantee Period, the Vendor agrees to compensate Furniweb as follows:

(i) if the audited consolidated profit after tax of ESGL Group for the Profit Guarantee Period is less than the Profit Guarantee, the Vendor shall compensate Furniweb in an amount equal to the shortfall multiple by 2.69; or

(ii) if ESGL has audited consolidated loss for the Profit Guarantee Period, the Vendor shall compensate Furniweb in an amount equal to the aggregate of the Profit Guarantee and the absolute amount of such loss and multiple the aggregate amount by 2.69.

The audited consolidated financial statements of ESGL shall be audited by the auditors to Furniweb and shall be issued within three (3) months after expiry of the Profit Guarantee Period.

The Compensation payable by the Vendor to Furniweb shall be set off against the Consideration Balance as mentioned in **Section 4(iii)(b)** of this Appendix.

6. 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 SSA.

7. Post-Completion undertakings by the Vendor

The Vendor undertakes to Funiweb to obtain the following after the date of the SSA and no later than six (6) months from the Completion Date:

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

(ii) 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 ESGL Group with securities to be provided by Furniweb and/or its subsidiaries ("**Furniweb Group**"), 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 SSA for the loans and banking facilities granted by the two banks to ESGL Group and the Vendor shall indemnify Furniweb Group, including the ESGL Group, from and against any damages, losses, costs and expenses as may be suffered or incurred by Furniweb Group as a result of or arising from breach by the Vendor of the above undertakings.

8. Termination

(i) The SSA may be terminated by the following party by written notice to the other party ("**Notice of Termination**") prior to the Completion Date, as follows:

(a) The Vendor may, at any time and while such default subsists, give a Notice of Termination to Furniweb in the event that Furniweb defaults in the satisfaction of the Consideration in accordance with the provisions of the SSA or is otherwise in fundamental breach of its obligations under the SSA and the clause as state in **Section 8(iv)** of this Appendix shall apply.

(b) Furniweb may, at any time and while such default subsists, give a Notice of Termination to the Vendor in the event that the Vendor fails, neglects or refuses to complete the sale of the Sale Shares in accordance with the provisions of the SSA or is otherwise in fundamental breach of its obligations under the SSA and the clause as state in **Section 8(v)** of this Appendix shall apply.

(ii) In the event that Furniweb elects to terminate the SSA through no fault of either party, Furniweb may, in its absolute discretion give a Notice of Termination to the Vendor and the clause as state in **Section 8(vi)** of this Appendix shall apply.

(iii) A party may, at any time prior to Completion, give a Notice of Termination to the other party if:

(a) the other party is or becomes, or is adjudicated or found to be, bankrupt or insolvent or suspends payment of its debts or is (or is deemed to be) unable to or admits inability to pay its debts as they fall due or proposes or enters into any composition or other arrangement for the benefit of its creditors generally or proceedings are commenced in relation to that party under any law regulation or procedure relating to reconstruction or adjustment of debts; or

(b) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the other party

and the clause as state in **Section 8(vi)** of this Appendix shall apply.

(iv) Within seven (7) days of a Notice of Termination or other such period as maybe agreed by the parties being duly given under the provisions of **Section 8(i)(a)** of this Appendix:

(a) the Vendor shall immediately refund and repay to the Purchaser all monies paid by the Purchaser towards the Consideration free of interest in accordance with the SSA;

(b) the Purchaser must return all documents, if any, delivered to them by or on behalf of the Vendor to the Vendor with all the Vendor's rights and interest in the ESGL fully intact;

(c) the Vendor must return all documents, if any, delivered to them by or on behalf of the Purchaser to the Purchaser;

(d) the Purchaser shall forthwith transfer all the Sale Shares already owned by the Purchaser to the Vendor at the Purchaser's own costs and expenses, if the same has been transferred to the Purchaser in accordance with the SSA; and

(e) the Vendor shall forthwith transfer all the Consideration Shares already owned by the Vendor to the Purchaser at the Vendor's own costs and expenses, if the same has been transferred to the Vendor in accordance with the SSA.

(v) Within seven (7) days of a Notice of Termination or other such period as maybe agreed by the parties being duly given under the provisions of **Section 8(i)(b)** of this Appendix:

(a) the Vendor shall immediately refund and repay to the Purchaser all monies paid by the Purchaser in accordance with the SSA towards the Consideration free of interest;

(b) the Purchaser must return all documents, if any, delivered to them by or on behalf of the Vendor to the Vendor with all the Vendor's rights and interest in the ESGL fully intact; and

(c) the Vendor must return all documents, if any, delivered to them by or on behalf of the Purchaser to the Purchaser;

(d) the Purchaser shall forthwith transfer all the Sale Shares already owned by the Purchaser to the Vendor at the Vendor's own costs and expenses, if the same has been transferred to the Purchaser in accordance with the SSA; and

(e) the Vendor shall forthwith transfer all the Consideration Shares already owned by the Vendor to the Purchaser at the Vendor's own costs and expenses, if the same has been transferred to the Vendor in accordance with the SSA.

(vi) In the event that a Notice of Termination is given under **Section 8(ii)** or **Section 8(iii)** of this Appendix:

(a) the Vendor shall immediately refund and repay to the Purchaser all monies paid by the Purchaser in accordance with the SSA towards the Consideration free of interest;

(b) the Purchaser must return all documents, if any, delivered to them by or on behalf of the Vendor to the Vendor with all the Vendor's rights and interest in the ESGL fully intact;

(c) the Vendor must return all documents, if any, delivered to them by or on behalf of the Purchaser to the Purchaser;

(d) the Purchaser shall forthwith transfer all the Sale Shares already owned by the Purchaser to the Vendor at the Purchaser's own costs and expenses, if the same has been transferred to the Purchaser in accordance with the SSA; and

(e) the Vendor shall forthwith transfer all the Consideration Shares already owned by the Vendor to the Purchaser at the Vendor's own costs and expenses, if the same has been transferred to the Vendor in accordance with the SSA.

(vii) Following the giving of a Notice of Termination under any of the provisions of the SSA, neither party will have any further obligation under the SSA to the other party, except in respect of:

(a) their respective obligations under **Sections 8(iv), 8(v) and 8(vi)** (Consequences of Termination);

(b) any obligation under the SSA which is expressed to apply after the termination of the SSa;

(c) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination; and

(d) thereafter the SSA shall be null and void and neither party shall have any claims against the other.

9. 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.

[The rest of this page has been intentionally left blank]

INFORMATION ON ESGL

1. History and business

ESGL is a private limited company incorporated in British Virgin Islands on 19 July 2021 and it is principally engaged in investment holding. ESGL Group commenced its operations (via Measurement & Verification Sdn Bhd) on 2 April 2010. 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. Both M&V MY and M&V SG provide smart energy saving solutions by designing and installing energy-efficient heating, ventilation and air conditioning systems which aims to achieve optimal energy consumption, lower greenhouse gas emission and reduction in energy cost. M&V SG's principal market is in Singapore whereas M&V MY's principal market is in Malaysia. The major on-going projects include the upgrading of air conditioning system of Terminal 2 of Changi Airport and air-conditioning designs for data centres. In the past, both M&V MY and M&V SG completed several air-conditioning design of data centres, chiller plan retrofitting for commercial and industrial buildings and Terminal 1 of Changi Airport.

2. Share capital

As at the LPD, the issued share capital of ESGL is USD10,000.00, comprising 10,000 ordinary shares.

3. Directors

As at the LPD, the directors of ESGL are as follows:

Name of Director	Nationality
Dato' Ng Yan Cheng	Singaporean
Pua Lay Cheng	Malaysian
Dato' Lua Choon Hann	Malaysian
Ho Phei Suan	Malaysian

4. Shareholders' shareholding

The shareholders of ESGL and their shareholdings as at the LPD are as follows:

Name	Shareholdings of ESGL	
	No. of shares	%
Dato' Ng Yan Cheng	6,275	62.75
Furniweb	3,725	37.25

5. Subsidiaries and associate company

As at the LPD, the subsidiary companies of ESGL are as follows:

Name of the company	Place / Date of incorporation	Effective equity interest (%)	Principal activities
Measurement & Verification Sdn Bhd	Malaysia / 8 March 2010	100.0	Provision of smart energy solutions
Measurement & Verification Pte Ltd	Singapore / 7 September 2009	100.0	Provision of smart energy solutions

As at the LPD, ESGL does not have any associated company.

6. Material contracts

ESGL Group has not entered into any material contracts (not being contracts in the ordinary course of business) within 2 years immediately preceding the LPD.

7. Material commitments

As at the LPD, ESGL Group confirms that there are no material commitments incurred or known to be incurred by ESGL Group, which upon becoming enforceable, may have material impact on the financial position of ESGL Group.

8. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by ESGL Group, which upon becoming enforceable, may have a material impact on the financial position of ESGL Group save for the following:

	As at the LPD RM'000
Unsecured: • Guarantees given to third parties in respect of trade and contract	13,036

9. Material litigations, claims or arbitration

As at the LPD, ESGL Group is not engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of ESGL Group and the Board of ESGL Group confirms that there are no proceedings, pending or threatened, or of any facts likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of ESGL Group.

10. Financial information

The summary of the financial information for ESGL Group (based on the accountant's report) is as follows:

	(Audited)	**(Unaudited)**
	From 19 July 2021 (date of incorporation) to 31 December 2021 RM'000	**3M-FPE 31 March 2022 RM'000**
Revenue	17,049	16,407
Profit before tax	17,736	3,734
PAT	17,139	3,473
Share capital	42	42
Shareholders' funds / NA attributable to the owners of the company	17,168	20,700
No. of Shares in issue ('000)	10	10
Weighted average number of Shares in issue ('000)	10	10
NA per share (RM)	1,716.80	2,070.00
Basic earnings per ordinary share (RM)	1,713.90	347.30
Current assets	37,988	40,301
Current liabilities	17,073	21,133
Current ratio (times)	2.23	1.91
Borrowings	10,330	7,735
Gearing (times)	0.60	0.37

<u>Commentaries:</u>

(i) 3M-FPE 31 March 2022

ESGL is incorporated on 19 July 2021 and therefore there are no comparable financial information for the 3M-FPE 31 March 2022. The profit before tax arises from the revenue generated from project management services charged to M&V SG by M&V MY and the commencement of new contracts by M&V SG during the 3M-FPE 31 March 2022.

INFORMATION ON ESGL *(CONT'D)*

(ii) From 19 July 2021 (date of incorporation) to 31 December 2021

ESGL is incorporated on 19 July 2021 and therefore there are no comparable financial information for the FYE 31 December 2021. The profit before tax includes a gain on bargain purchases of RM14.23 million arising from the acquisition of M&V MY and M&V SG as the fair value of the assets acquired is higher than the cost of acquisition of M&V MY and M&V SG.

The summary of the financial information for Measurement & Verification Sdn Bhd (based on the accountant's report) is as follows:

	(Audited) FYE 31 December			**Unaudited 3M-FPE 31 March**	
	2019 (RM'000)	**2020 (RM'000)**	**2021 (RM'000)**	**2021 (RM'000)**	**2022 (RM'000)**
Revenue	1,861	496	585	65	193
Loss before tax	(764)	(713)	(332)	(213)	(49)
LAT	(764)	(713)	(332)	(213)	(49)
Share capital	250	250	250	250	250
Shareholders' funds / NA attributable to the owners of the company	1,305	592	260	247	211
No. of Shares in issue ('000)	250	250	250	250	250
Weighted average number of Shares in issue ('000)	250	250	250	250	250
NA per share (RM)	5.22	2.37	1.04	0.99	0.84
Loss per ordinary share (RM)	(3.06)	(2.85)	(1.33)	(0.85)	(0.20)
Current assets	1,811	951	870	1,058	877
Current liabilities	845	628	806	1,128	878
Current ratio (times)	2.14	1.51	1.08	0.94	1.00
Borrowings	116	99	69	92	60
Gearing (times)	0.09	0.17	0.27	0.37	0.28

Commentaries:

(i) 3M-FPE 31 March 2022 vs 3M-FPE 31 March 2021

M&V MY recorded a higher revenue of RM0.19 million in 3M-FPE 31 March 2022 (3M-FPE 31 March 2021: RM0.07 million), representing an increase of RM0.12 million or 171.43%. The increase in revenue for the 3M-FPE 31 March 2022 was due to the revenue generated from project management services incurred to M&V SG.

In tandem with the higher revenue, the company recorded a lower LAT of RM0.05 million in 3M-FPE 31 March 2022 (3M-FPE 31 March 2021: LAT of RM0.21 million), representing an improvement of RM0.15 million or 75.00%. The lower LAT recorded in 31 March 2022 was mainly due to higher revenue as mentioned above.

(ii) FYE 31 December 2021 vs FYE 31 December 2020

M&V MY recorded a higher revenue of RM0.59 million in FYE 31 December 2021 (FYE 31 December 2020: RM0.50 million), representing an increase of RM0.09 million or 18.00%. The increase in revenue for the FYE 31 December 2021 was mainly due additional contracts secured.

In tandem with the higher revenue, the company recorded a lower LAT of RM0.33 million in FYE 31 December 2021 (FYE 31 December 2020: LAT of RM0.71 million), representing an improvement of RM0.38 million or 53.52%. The lower LAT recorded in FYE 31 December 2021 was mainly due to lower operating expenses as a result of lockdown measures implemented during the pandemic.

INFORMATION ON ESGL *(CONT'D)*

(iii) FYE 31 December 2020 vs FYE 31 December 2019

M&V MY recorded a significantly lower revenue of RM0.50 million in FYE 31 December 2020 (FYE 31 December 2019: RM1.86 million), representing a decrease of RM1.36 million or 73.12%. The decrease in revenue for the FYE 31 December 2020 was mainly due to the advance stage of 2 major projects in 2019 and various lockdown implemented by the Malaysia government during the pandemic in 2020 which disrupted the normal business activities.

The company recorded a lower LAT of RM0.71 million in FYE 31 December 2020 (FYE 31 December 2019: RM0.76 million), representing a decrease of RM0.05 million or 6.58% mainly due to the reason above.

[The rest of this page has been intentionally left blank]

INFORMATION ON ESGL *(CONT'D)*

The summary of the financial information for Measurement & Verification Pte Ltd (Singapore) based on the accountant's report) is as follows:

	(Audited) FYE 31 December						(Unaudited) 3M-FPE 31 March			
	2019		2020		2021		2021		2022	
	(SGD'000)	(RM'000)(1)	(SGD'000)	(RM'000)(1)	(SGD'000)	(RM'000)(1)	(SGD'000)	(RM'000)(2)	(SGD'000)	(RM'000)(2)
Revenue	8,886	27,024	16,922	51,436	12,488	38,529	2,573	7,943	5,220	16,214
Profit before tax	536	1,630	1,006	3,058	1,388	4,282	83	256	1,218	3,783
PAT	445	1,353	835	2,538	1,152	3,554	83	256	1,134	3,522
Share capital	2,300	6,995	2,300	6,991	2,300	7,096	2,300	7,100	2,300	7,144
Shareholders' funds / NA attributable to the owners of the company	3,459	10,520	4,294	13,052	5,446	16,803	4,707	14,531	6,583	20,447
No. of Shares in issue ('000)	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Weighted average number of Shares in issue ('000)	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
NA per share (SGD/RM)	1.50	4.57	1.87	5.67	2.37	7.31	2.05	6.32	2.86	8.89
Basic earnings/(loss) per ordinary share (SGD/RM)	0.19	0.59	0.36	1.10	0.50	1.55	0.04	0.11	0.49	1.53
Current assets	9,209	28,006	8,176	24,852	12,302	37,955	8,497	26,230	12,679	39,382
Current liabilities	6,006	18,265	3,849	11,699	5,569	17,182	4,138	12,774	6,521	20,255
Current ratio (times)	1.53	1.53	2.12	2.12	2.21	2.21	2.05	2.05	1.94	1.94
Borrowings	3,721	11,316	3,873	11,772	3,321	10,246	2,901	8,955	2,471	7,675
Gearing (times)	1.08	1.08	0.90	0.90	0.61	0.61	0.62	0.62	0.38	0.38

Note:

(1) Based on Bank Negara Malaysia's closing rate for SGD to RM on 31 December (2019: RM3.0412:SGD1, 2020: RM3.0396:SGD1 and 2021: RM3.0853:SGD1).

(2) Based on Bank Negara Malaysia's closing rate for SGD to RM on 31 March (2021: RM3.0870:SGD1 and 2022: RM3.1061:SGD1).

Commentaries:

(i) 3M-FPE 31 March 2022 vs 3M-FPE 31 March 2021

M&V SG recorded a higher revenue of RM16.21 million in 3M-FPE 31 March 2022 (3M-FPE 31 March 2021: RM7.94 million), representing an increase of RM8.27 million or 104.16%. The increase in revenue for the 3M-FPE 31 March 2022 was mainly due to commencement of new contracts during the 3M-FPE 31 March 2022.

In tandem with the higher revenue, the company recorded a higher PAT of RM3.52 million in 3M-FPE 31 March 2022 (3M-FPE 31 March 2021: RM0.26 million), representing an improvement of RM3.26 million or 1,253.85%. The higher PAT recorded in 3M-FPE 31 March 2022 was mainly due to the higher revenue as mentioned above.

(ii) FYE 31 December 2021 vs FYE 31 December 2020

M&V SG recorded a lower revenue of RM38.53 million in FYE 31 December 2021 (FYE 31 December 2020: RM51.44 million), representing a decrease of RM12.91 million or 25.10%. The decrease in revenue for the FYE 31 December 2021 was as a result of M&V SG undertaking major works for the 2 major projects in 2020.

However, the company recorded a higher PAT of RM3.55 million in FYE 31 December 2021 (FYE 31 December 2020: RM2.54 million), representing an improvement of RM1.01 million or 39.76%. The higher PAT recorded in FYE 31 December 2021 was mainly due the increase in gross profit margin during the year as a result of recovery of business operations from the pandemic.

(iii) FYE 31 December 2020 vs FYE 31 December 2019

M&V SG recorded a higher revenue of RM51.44 million in FYE 31 December 2020 (FYE 31 December 2019: RM27.02 million), representing an increase of RM24.42 million or 90.38%. The increase in revenue for the FYE 31 December 2020 was mainly due to the new contracts secured and the substantial progresses of 2 major projects.

The company also recorded a higher PAT of RM2.54 million in FYE 31 December 2020 (FYE 31 December 2019: RM1.35 million), representing an improvement of RM1.19 million or 88.15%. The higher PAT recorded in FYE 31 December 2020 was mainly due to the higher revenue and substantial progresses as explained above.

INFORMATION ON FURNIWEB

1. History and business

Furniweb was incorporated in the Cayman Islands on 3 March 2017 and is currently listed on the GEM of the Stock Exchange of Hong Kong Limited. Furniweb is principally engaged in investment holding and its subsidiaries are 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 store in the second quarter of 2021. As at the LPD, Furniweb is a 54.19%-owned subsidiary of PRG.

2. Share capital

As at the LPD, the issued share capital of Furniweb is HK$56,000,000.00, comprising 560,000,000 ordinary shares.

3. Directors

As at the LPD, the directors of Furniweb are as follows:

Name of Director	Nationality
Dato' Lim Heen Peok	Malaysian
Ng Tzee Penn	Singaporean
Cheah Eng Chuan	Malaysian
Dato' Lua Choon Hann	Malaysian
Cheah Hannon	Malaysian
Ho Ming Hon	Malaysian
Dato' Sri Dr. Hou Kok Chung	Malaysian
Dato' Lee Chee Leong	Malaysian

4. Shareholders' shareholding

The substantial shareholders of Furniweb and their shareholdings as at the LPD are as follows:

	Direct		Indirect	
Shareholders	No. of shares	%	No. of shares	%
PRG	303,468,000	54.19	-	-
Jim Ka Man	55,024,000	9.82	6,312,000*	1.13

Note:

* *Deemed interest through the shares held directly by her spouse*

5. Subsidiaries and associate company

As at the LPD, the subsidiary companies of Furniweb are as follows:

Name of the company	Place / Date of incorporation	Effective equity interest (%)	Principal activities
FIPB International Limited	British Virgin Islands / 28 December 2016	100.00	Investment holding
Delightful Grace Holdings Limited	British Virgin Islands / 8 February 2019	100.00	Investment holding
Meinaide Holdings Group Limited	British Virgin Islands / 20 February 2019	100.00	Investment holding
PRG Land Sdn Bhd	Malaysia / 16 March 2018	100.00	Dormant
Furniweb Manufacturing Sdn Bhd	Malaysia / 3 October 1987	100.00	Manufacture and sale of upholstery webbings, covered elastic yarn and rigid webbings
Furniweb Safety Webbing Sdn Bhd	Malaysia / 19 June 1996	100.00	Manufacture and sale of safety webbings

Name of the company	Place / Date of incorporation	Effective equity interest (%)	Principal activities
Furniweb (Vietnam) Shareholding Company	Vietnam / 16 January 1997	100.00	Manufacture and sale of upholstery webbings and covered elastic yarn
Syarikat Sri Kepong Sdn Bhd	Malaysia / 5 December 1974	100.00	Property holding company
Texstrip Manufacturing Sdn Bhd	Malaysia / 13 June 1988	100.00	Manufacture and marketing of rubber strips and sheets
TS Meditape Sdn. Bhd	Malaysia / 29 December 1994	100.00	Marketing and sale of rubber strips and sheets
Webtex Trading Sdn Bhd	Malaysia / 23 November 1984	100.00	Investment holding and trading of machinery and accessories
PP Retail Pte Ltd	Singapore / 11 April 2018	100.00	Retail sale of clothing, footwear and ancillary products
Fly High Finance Limited	Hong Kong / 17 April 2019	100.00	Money lending
Meinaide Technology Development Limited	Hong Kong / 14 February 2019	100.00	Trading and sale of PVC and other plastic products
Perfect Moral Ventures Limited	Hong Kong / 22 January 2019	100.00	Investment holding
Jiangmenshi Meinaide Technology Company Limited	People's Republic of China / 5 March 2009	100.00	Production and sale of PVC and other plastic products

As at the LPD, the associate company of Furniweb is as follows:

Name of the company	Place / Date of incorporation	Effective equity interest (%)	Principal activities
Energy Solution Global Limited	British Virgin Islands / 19 July 2021	37.25	Investment holding

6. Material contracts

ESGL Group has not entered into any material contracts (not being contracts in the ordinary course of business) within 2 years immediately preceding the date of this Circular, save for the SSA and the following:

(i) On 1 November 2021, Furniweb, Pua Lay Cheng and Lee Eng Hock entered into a shares sale agreement for the acquisition of 37.25% of the issued and paid-up share capital of ESGL with a total cash consideration of HK$9,564,496.00. On 17 November 2021, a supplemental letter was executed to revise the payment terms of the consideration. The acquisition was completed on 13 December 2021.

(ii) On 1 November 2021 and pursuant to the shares sale agreement stated in item (iv) above, Furniweb, Dato' Ng Yan Cheng and Lee Eng Hock entered into a shareholders' agreement to record the intention of the parties in respect to the organisation, management and operation of ESGL and to specify the relation between the parties, all being the shareholders of ESGL. The shareholders' agreement is valid and subsisting as at the LPD.

7. Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by Furniweb, which upon becoming enforceable, may have material impact on the financial position of Furniweb, save for the following:

	As at the LPD RM'000
Commitments for the acquisition of property, plant and equipment:	
• Contracted for but not provided	3,575

8. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by Furniweb, which upon becoming enforceable, may have a material impact on the financial position of Furniweb.

9. Material litigations, claims or arbitration

As at the LPD, Furniweb is not engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of Furniweb and the Board of Furniweb confirms that there are no proceedings, pending or threatened, or of any facts likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of Furniweb.

10. Financial information

The summary of the financial information for Furniweb are as follows:

	(Audited) FYE 31 December			**Unaudited 3M-FPE 31 March**	
	2019 (RM'000)	**2020 (RM'000)**	**2021 (RM'000)**	**2021 (RM'000)**	**2022 (RM'000)**
Revenue	125,938	99,261	132,902	49,315	30,083
(Loss)/Profit before tax	(48,619)	(32,889)	7,489	10,249	3,586
LAT/PAT	(50,826)	(32,212)	(770)	2,143	2,911
Share capital	30,255	30,255	30,255	30,255	30,255
Shareholders' funds / NA attributable to the owners of the company	125,459	95,650	99,252	99,828	102,547
No. of Shares in issue ('000)	560,000	560,000	560,000	560,000	560,000
Weighted average number of Shares in issue ('000)	532,690	560,000	560,000	560,000	560,000
NA per share (RM)	0.22	0.17	0.18	0.18	0.18
(Loss)/ Earnings per ordinary share (sen)	(9.54)	(5.75)	(0.14)	0.38	0.52
Current assets	117,196	122,460	98,221	101,284	97,362
Current liabilities	49,564	52,975	22,957	26,254	21,275
Current ratio (times)	2.36	2.31	4.28	3.86	4.58
Borrowings	11,901	11,026	9,186	9,835	9,082
Gearing (times)	0.09	0.12	0.09	0.10	0.09

<u>Commentaries:</u>

(i) 3M-FPE 31 March 2022 vs 3M-FPE 31 March 2021

Furniweb recorded a lower revenue of RM30.08 million in 3M-FPE 31 March 2022 (3M-FPE 31 March 2021: RM49.32 million), representing a decrease of RM19.24 million or 39.01%. The decrease in revenue for the 3M-FPE 31 March 2022 was mainly due to the revenue of RM16.0 million for the 3M-FPE 31 March 2021 was contributed by the security brokerage business disposed by Furniweb in March 2021 (3M-FPE 31 March 2022: RM Nil) and lower sales order for certain manufacturing subsidiaries.

Furniweb also recorded a higher PAT of RM2.91 million in 3M-FPE 31 March 2022 (3M-FPE 31 March 2021: RM2.14 million), representing an improvement of RM0.77 million or 35.98%. The higher PAT recorded in 3M-FPE 31 March 2022 was mainly due to share of profits of newly acquired associates in December 2021 recorded in 3M-FPE 31 March 2022 amounted to RM1.29 million (3M-FPE 31 March 2021: RM Nil) and loss of RM1.81 million 3M-FPE 31 March 2021 before closure of the retail store in the second quarter of 2021 (3M-FPE 31 March 2022: RM Nil). These amounts were offset with a decrease in profit contributed by certain manufacturing subsidiaries during the 3M-FPE 31 March 2022.

(ii) FYE 31 December 2021 vs FYE 31 December 2020

Furniweb recorded a higher revenue of RM132.90 million in FYE 31 December 2021 (FYE 31 December 2020: RM99.26 million), representing an increase of RM33.64 million or 33.89%. The increase in revenue for the FYE 31 December 2021 was mainly due to the increase in the revenue contribution from the manufacturing segment of RM115.93 million in FYE 31 December 2021 (FYE 31 December 2020: RM95.71 million) representing an increase of RM20.22 million as a result of the reopening of economy and recovery from the impact of COVID-19 pandemic. The security brokerage business acquired by Furniweb in the fourth quarter of 2020 also contributed a revenue of RM14.98 million in the FYE 31 December 2021 (FYE 31 December 2020: RM0.38 million).

Furniweb also recorded a lower LAT of RM0.77 million in FYE 31 December 2021 (FYE 31 December 2020: LAT of RM32.21 million), representing an improvement of RM31.44 million or 97.61%. The lower LAT recorded in FYE 31 December 2021 was mainly due profit from the retail division of approximately RM8.4 million mainly due to one-off recognition of reversal of lease liabilities and provision for restoration costs arising from early termination of lease agreement with landlord of the retail store in Singapore and decrease in operational expenses during the FYE 31 December 2021, whereas the retail division recorded a loss amounting to approximately RM23.7 million for FYE 31 December 2020.

(iii) FYE 31 December 2020 vs FYE 31 December 2019

Furniweb recorded a lower revenue of RM99.26 million in FYE 31 December 2020 (FYE 31 December 2019: RM125.94 million), representing a decrease of RM26.68 million or 21.18%. The decrease in revenue for the FYE 31 December 2021 was mainly due to the lockdown and movement restrictions order implemented by various countries under the COVID-19 pandemic resulting in the decrease in sales volume for elastic textile, webbing and PVC related products during the FYE 31 December 2020.

However, Furniweb recorded a lower LAT of RM32.21 million in FYE 31 December 2020 (FYE 31 December 2019: LAT of RM50.83 million), representing an improvement of RM18.61 million or 36.63%. The lower LAT recorded in FYE 31 December 2020 was mainly due to:

(i) gain on disposal of discontinued operation of RM1.9 million in FYE 31 December 2020 (FYE 31 December 2019: RM Nil); and

(ii) improved gross profit margin of certain manufacturing subsidiaries of Furniweb in FYE 31 December 2020 as a result of lower material cost in FYE 31 December 2020.

[The rest of this page has been intentionally left blank]

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

中汇
ZHONGHUI

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

Introduction

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

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

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

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

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

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

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

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

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

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

STATEMENT OF FINANCIAL POSITION

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

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

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Consolidation

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

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

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

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

Business combination and goodwill

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

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

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

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

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

Foreign currency translation

Functional and presentation currency

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

Transactions and balances in each entity's financial statements

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

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

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

Translation on consolidation

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

Leases

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

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

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

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

Customer relationship

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

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

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

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

Financial assets

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

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

Financial assets at amortised cost

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

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

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

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

Loss allowances for expected credit losses

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

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

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

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Borrowings

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

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

Trade and other payables

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

Equity instruments

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

Revenue from contracts with customers

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

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

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

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

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

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

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(i) Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Target Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Target Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined contribution plans

The Target Group make contributions to Singapore' and Malaysia' statutory pension schemes which are defined contribution plans at statutory fixed rates gazetted by Singapore and Malaysia from time to time. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

Borrowing costs

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

Government grants

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

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

Taxation

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

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment of assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

Provisions and contingent liabilities

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

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

Events after the reporting period

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

5. KEY ESTIMATES

Key sources of estimation uncertainty

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

(a) Impairment of financial assets

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

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

(b) Credit risk

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

The Target Group has no significant concentrations of credit risk.

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

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

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

— internal credit rating;

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

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

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

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

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

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

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

(c) Liquidity risk

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

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

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

(d) Interest rate risk

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

(e) Categories of financial instruments

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

(f) Fair values

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

7. REVENUE AND OPERATING SEGMENTS

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

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

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

Over time — consultancy, maintenance and other service fees	17,049

Geographical information

Non-current assets

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

Revenue

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

Revenue from major customers:

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

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

Consultancy, maintenance and other service fees

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

8. OTHER INCOME, NET

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

9. FINANCE COSTS

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

10. INCOME TAX EXPENSES

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

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

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

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

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

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

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

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

11. PROFIT FOR THE PERIOD

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

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

12. EMPLOYEE COSTS

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

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

13. DIVIDENDS

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

14. EARNING PER SHARE

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

15. PROPERTY, PLANT AND EQUIPMENT

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

16. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

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

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

17. SUBSIDIARIES

Particulars of the subsidiaries are as follows:

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

18. INVENTORIES

	At 31 December 2021 *RM'000*
Consumables	654

19. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

20. TIME DEPOSIT MATURING OVER THREE MONTHS

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

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

21. TRADE AND OTHER PAYABLES

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

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

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

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

22. CONTRACT COSTS AND CONTRACT LIABILITIES

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

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

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

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

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

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

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

	At 31 December 2021
	RM'000
2022	2,308

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

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

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

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

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

23. LEASES LIABILITIES

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

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

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

24. BANK BORROWINGS

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

The bank borrowings are repayable as follows:

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

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

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

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

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

25. SHARE CAPITAL

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

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

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

26. RESERVES

The Target Group

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

Nature and purpose of reserves

Translation reserve

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

The Target Company

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

27. ACQUISITION OF A SUBSIDIARY

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

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

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

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

28. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

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

29. CONTINGENT LIABILITIES

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

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

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

30. RELATED PARTY TRANSACTIONS

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

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

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

Key management personnel compensation

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

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

31. LOANS TO A DIRECTOR

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

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

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

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

32. SUBSEQUENT FINANCIAL STATEMENTS

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

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

中汇
ZHONGHUI

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

Introduction

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

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

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

HISTORICAL FINANCIAL INFORMATION OF THE M&V SG

Preparation of Historical Financial Information

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

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

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

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

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

STATEMENTS OF FINANCIAL POSITION

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

STATEMENTS OF CHANGES IN EQUITY

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

STATEMENTS OF CASH FLOWS

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

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

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

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

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Foreign currency translation

Functional and presentation currency

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

Transactions and balances in each entity's financial statements

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

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

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

Property, plant and equipment

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

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

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

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

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

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

Leases

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

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

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

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

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

Financial assets

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

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

Financial assets at amortised cost

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

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

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

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

Loss allowances for expected credit losses

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

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

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

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Borrowings

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

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

Trade and other payables

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

Equity instruments

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

Revenue from contracts with customers

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

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

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

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

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

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

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(i) Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the M&V SG.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the M&V SG.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined contribution plans

The M&V SG make contributions to Singapore' statutory pension schemes which are defined contribution plans at statutory fixed rates gazetted by Singapore from time to time. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

Borrowing costs

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

Government grants

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

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

Taxation

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the M&V SG intends to settle its current tax assets and liabilities on a net basis.

Related parties

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

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

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

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

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

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

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

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

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

Impairment of assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

Provisions and contingent liabilities

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

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

Events after the reporting period

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

5. KEY ESTIMATES

Key sources of estimation uncertainty

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

(a) Impairment of financial assets

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

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

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

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

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

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

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

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

(b) Credit risk

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

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

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

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

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

— internal credit rating;

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

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

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

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

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

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

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

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

(c) Liquidity risk

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

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

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

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

(d) Interest rate risk

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

(e) Categories of financial instruments

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

(f) Fair values

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

7. REVENUE AND OPERATING SEGMENTS

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

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

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

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

Geographical information

All revenue was derived from Singapore.

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

Revenue from major customers:

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

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

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

Consultancy, maintenance and other service fees

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

Sales of products

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

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

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

8. OTHER INCOME, NET

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

9. FINANCE COSTS

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

10. INCOME TAX EXPENSES

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

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

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

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

11. PROFIT FOR THE YEARS

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

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

12. EMPLOYEE COSTS

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

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

13. DIVIDENDS

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

14. EARNINGS PER SHARE

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

15. PROPERTY, PLANT AND EQUIPMENT

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

16. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

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

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

17. INVENTORIES

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

18. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

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

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

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

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

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

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

19. LOANS TO A DIRECTOR

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

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

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

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

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

20. TRADE AND OTHER PAYABLES

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

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

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

21. CONTRACT COSTS AND CONTRACT LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

22. LEASES LIABILITIES

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

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

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

23. BANK BORROWINGS

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

The bank borrowings are repayable as follows:

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

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

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

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

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

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

24. SHARE CAPITAL

Issued ordinary shares with no par value

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

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

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

25. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

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

26. CONTINGENT LIABILITIES

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

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

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

27. RELATED PARTY TRANSACTIONS

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

	Year ended 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
Accounting fees	—	(67)	(118)
Expenses related to leases of low value assets	(132)	(151)	(163)
Sales of goods	41	—	3
Purchases of goods	(13)	(4)	(28)

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

Key management personnel compensation

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

	Year ended 31 December		
	2019	**2020**	**2021**
	S$'000	*S$'000*	*S$'000*
Directors' remuneration	751	523	431
Central Provident Fund contribution	17	18	22
Benefit-in-kind	—	—	8
	768	541	461

28. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the M&V SG in respect of any period subsequent to 31 December 2021.

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

中汇
ZHONGHUI

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

Introduction

We report on the historical financial information of Measurement & Verification Sdn. Bhd. (the "**M&V MY**") set out on pages IV-3 to IV-29, which comprises the statements of financial position of the M&V MY as at 31 December 2019, 2020 and 2021, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2021 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the investment circular of the Company dated 30 June 2022 in connection with the proposed acquisition of the equity interest in the M&V MY.

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

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

HISTORICAL FINANCIAL INFORMATION OF THE M&V MY

Preparation of Historical Financial Information

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

Measurement & Verification Sdn. Bhd. (the "**M&V MY**") was incorporated on 8 March 2010 in Malaysia with limited liability and engaged in mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system.

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

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

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2019	**2020**	**2021**
	Notes	*RM'000*	*RM'000*	*RM'000*
Revenue	*7*	1,861	496	585
Cost of sales		(1,591)	(414)	(488)
Gross profit		270	82	97
Other (expenses)/income, net	*8*	(49)	(32)	1
Administrative expenses		(984)	(778)	(438)
Loss from operations		(763)	(728)	(340)
Interest income		4	20	12
Finance costs	*9*	(5)	(5)	(4)
Loss before tax		(764)	(713)	(332)
Income tax expenses	*10*	—	—	—
Loss and total comprehensive expenses for the years	*11*	(764)	(713)	(332)

STATEMENTS OF FINANCIAL POSITION

		At 31 December		
		2019	**2020**	**2021**
	Notes	*RM'000*	*RM'000*	*RM'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	241	193	138
Right-of-use assets	*16*	196	146	97
		437	339	235
CURRENT ASSETS				
Inventories	*17*	21	19	19
Trade and other receivables	*18*	640	193	64
Current tax recoverable		86	204	204
Time deposit maturing over three months	*19*	504	520	532
Cash and bank balances		560	15	51
		1,811	951	870
CURRENT LIABILITIES				
Trade and other payables	*20*	827	599	40
Amount due to a fellow subsidiary	*21*	—	—	736
Lease liabilities	*22*	18	29	30
		845	628	806
NET CURRENT ASSETS		966	323	64
TOTAL ASSETS LESS CURRENT LIABILITIES		1,403	662	299
NON-CURRENT LIABILITY				
Lease liabilities	*22*	98	70	39
NET ASSETS		1,305	592	260
CAPITAL AND RESERVE				
Share capital	*23*	250	250	250
Reserves		1,055	342	10
TOTAL EQUITY		1,305	592	260

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Retained profits	Total
	RM'000	*RM'000*	*RM'000*
At 1 January 2019	10	2,059	2,069
Issued during the year	240	—	240
Loss and total comprehensive expenses for the year	—	(764)	(764)
Dividends *(note 13)*	—	(240)	(240)
At 31 December 2019 and 1 January 2020	250	1,055	1,305
Loss and total comprehensive expenses for the year	—	(713)	(713)
At 31 December 2020 and 1 January 2021	250	342	592
Loss and total comprehensive expenses for the year	—	(332)	(332)
At 31 December 2021	250	10	260

STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Cash flows from operating activities			
Loss before tax	(764)	(713)	(332)
Adjustments for:			
Depreciation of property, plant and equipment	45	49	64
Depreciation of right-of-use assets	46	50	49
Interest income	(4)	(20)	(12)
Finance costs	5	5	4
Unrealised loss/(gain) on foreign exchange	76	(16)	(22)
Gain on disposal of property, plant and equipment	(10)	—	—
Written off of other receivables	—	64	9
Written off of property, plant and equipment	—	2	—
Operating loss before working capital changes	(606)	(579)	(240)
Change in inventories	(8)	2	—
Change in trade and other receivables	586	392	120
Change in trade and other payables	(1,172)	(221)	(92)
Change in amount due to a related company	—	—	291
Cash (used in)/generated from operations	(1,200)	(406)	79
Income tax paid	(452)	(120)	—
Income tax refunded	—	2	—
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(1,652)	(524)	79
Cash flows from investing activities			
Interest received	4	20	12
Placement of pledged bank deposit	(504)	(16)	(12)
Purchase of property, plant and equipment	(196)	(3)	(9)
Purchase of right-of-use assets	(95)	—	—
Proceeds from disposal of property, plant and equipment	10	—	—
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(781)	1	(9)

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Cash flows from financing activities			
Repayment of lease liabilities	(25)	(17)	(30)
Proceeds from issued new ordinary shares	240	—	—
Dividends paid	(240)	—	—
Interest paid	(5)	(5)	(4)
NET CASH USED IN FINANCING ACTIVITIES	(30)	(22)	(34)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,463)	(545)	36
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,023	560	15
CASH AND CASH EQUIVALENTS AT END OF YEAR	560	15	51
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	560	15	51

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The M&V MY was incorporated in Malaysia with limited liability on 8 March 2010. The address of its registered office is Wisma Goshen, 2nd Floor, 60, 62 & 64 Jalan SS 22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan and the address of principal place of business is No. 1–49, Jalan PUJ 3/9, Taman Puncak Jalil, Bandar Putra Permai, 43300 Seri Kembangan, Selangor Darul Ehsan.

The M&V MY is principally engaged as mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system.

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

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

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

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Foreign currency translation

Functional and presentation currency

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

Transactions and balances in each entity's financial statements

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

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

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

Property, plant and equipment

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

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

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

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

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

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

Leases

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

Motor vehicles	5 years

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

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

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

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

Financial assets

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

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

Financial assets at amortised cost

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

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

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

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

Loss allowances for expected credit losses

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

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

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

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Trade and other payables

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

Equity instruments

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

Revenue from contracts with customers

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

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

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

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

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

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

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(i) Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the M&V MY.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the M&V MY.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined contribution plans

The M&V MY make contributions to Malaysia' statutory pension schemes which are defined contribution plans at statutory fixed rates gazetted by Malaysia from time to time. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

Borrowing costs

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

Government grants

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

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

Taxation

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the M&V MY intends to settle its current tax assets and liabilities on a net basis.

Related parties

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

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

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

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

- (i) The entity and the M&V MY are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the M&V MY or an entity related to the M&V MY. If the M&V MY is itself such a plan, the sponsoring employers are also related to the M&V MY.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).

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

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

Impairment of assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

Provisions and contingent liabilities

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

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

Events after the reporting period

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

5. KEY ESTIMATES

Key sources of estimation uncertainty

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

Property, plant and equipment and depreciation

The M&V MY determines the estimated useful lives, residual values and related depreciation charges for the M&V MY's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The M&V MY will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

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

	As at 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Trade and other receivables	22	34	—
Trade and other payables	(626)	(499)	(21)
Amount due to a fellow subsidiary	—	—	(736)
Overall net exposure	(604)	(465)	(757)

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

	As at 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
SGD appreciated by 10%	60	47	76

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

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

(b) Credit risk

The carrying amounts of the trade and other receivables, time deposit maturing over three months and cash and cash equivalents included in the statements of financial position represent the M&V MY's maximum exposure to credit risk in relation to the M&V MY's financial assets.

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

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

The credit risk on time deposit maturing over three months and cash and cash equivalents are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

— internal credit rating;

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

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

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

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

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

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

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

(c) Liquidity risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*
At 31 December 2019				
Trade and other payables	827	—	—	827
Lease liabilities	22	33	75	130
	849	33	75	957
At 31 December 2020				
Trade and other payables	599	—	—	599
Lease liabilities	33	33	43	109
	632	33	43	708
At 31 December 2021				
Trade and other payables	40	—	—	40
Amount due to a related company	736	—	—	736
Lease liabilities	33	23	19	75
	809	23	19	851

(d) Categories of financial instruments

	At 31 December		
	2019	2020	2021
	RM'000	*RM'000*	*RM'000*
Financial assets:			
Financial assets at amortised cost	1,704	728	647
Financial liabilities:			
Financial liabilities at amortised cost	943	698	845

(e) Fair values

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

7. REVENUE AND SEGMENT INFORMATION

The M&V MY's operating segment is mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system in Malaysia. Since this is the only operating segment of the M&V MY, no further analysis thereof is presented.

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Consultancy, maintenance and other service fees	1,861	410	500
Sales of products	—	86	85
Revenue from contracts with customers	1,861	496	585

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
At a point in time — sales of products	—	86	85
Over time — consultancy, maintenance and other service fees	1,861	410	500
Total	1,861	496	585

Geographical information

The M&V MY's operating assets are substantially located in Malaysia.

Revenue

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Malaysia	1,861	283	139
Singapore	—	213	446
Total	1,861	496	585

Revenue from major customers:

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

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Customer a	1,606	85	—
Customer b	—	103	78
Customer c	*	89	*
Customer d	—	213	446

* Revenue from this customer did not exceed 10% of total revenue in the respective year.

Consultancy, maintenance and other service fee income

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

Sales of products

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

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

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

8. OTHER (EXPENSES)/INCOME, NET

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Gain on disposal of property, plant and equipment	10	—	—
Grant	—	32	23
(Loss)/Gain on foreign exchange translation	(59)	2	(13)
Written off of other receivables	—	(64)	(9)
Written off of property, plant and equipment	—	(2)	—
	(49)	(32)	1

9. FINANCE COSTS

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Interest on lease liabilities	5	5	4

10. INCOME TAX EXPENSES

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the years ended 31 December 2019, 2020 and 2021. No provision for Malaysian Tax is required since the M&V MY has no taxable profit for the years ended 31 December 2019, 2020 and 2021.

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

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Loss before tax	(764)	(713)	(332)
Tax calculated at Malaysian statutory tax rate of 24%	(183)	(171)	(80)
Tax effect of revenue not taxable	—	(8)	(6)
Tax effect of expenses not deductible for tax purposes	65	27	21
Deferred tax assets not recognised	118	152	65
Income tax expense	—	—	—

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

	As at 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Unabsorbed capital allowances	—	99	175
Unutilised business losses	492	1,028	1,222
	492	1,127	1,397

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

11. LOSS FOR THE YEARS

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

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Auditor's remuneration	5	4	3
Depreciation of property, plant and equipment	45	49	64
Depreciation of right-of-use assets	46	50	49
Loss/(Gain) on foreign exchange translation	59	(2)	13
Gain on disposal of property, plant and equipment	(10)	—	—
Written off of other receivables	—	64	9
Written off of property, plant and equipment	—	2	—

12. EMPLOYEE COSTS

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Employee costs (including directors) comprise:			
Salaries, bonuses and allowances	729	637	541
Social security costs	8	9	7
Pension costs — defined contribution plans	89	78	61
	826	724	609
Staff costs are included in:			
— cost of sales	324	227	409
— administrative expenses	502	497	200
	826	724	609

Included in staff costs of the M&V MY are Directors' remuneration amounting to RM182,000, RM181,000 and RM180,000 respectively for the years ended 31 December 2019, 2020 and 2021.

13. DIVIDENDS

	2019
	RM'000
An interim single tier dividend of RM23.99520096 per share, on 10,002 ordinary shares, was declared on 30 January 2019 and paid on 1 February 2019	240

The directors of the M&V MY do not recommend the payment of any dividend in respect of the years ended 31 December 2020 and 2021.

14. LOSS PER SHARE

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

15. PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture, fittings and office equipment	Motor vehicles	Renovation	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Cost					
At 1 January 2019	25	88	44	—	157
Additions	21	173	—	2	196
Disposals	—	—	(44)	—	(44)
At 31 December 2019 and 1 January 2020	46	261	—	2	309
Additions	3	—	—	—	3
Written off	—	(3)	—	—	(3)
At 31 December 2020 and 1 January 2021	49	258	—	2	309
Additions	9	—	—	—	9
At 31 December 2021	58	258	—	2	318
Accumulated depreciation					
At 1 January 2019	12	11	44	—	67
Charge for the year	10	35	—	—	45
Disposals	—	—	(44)	—	(44)
At 31 December 2019 and 1 January 2020	22	46	—	—	68
Charge for the year	14	35	—	—	49
Written off	—	(1)	—	—	(1)
At 31 December 2020 and 1 January 2021	36	80	—	—	116
Charge for the year	13	50	—	1	64
At 31 December 2021	49	130	—	1	180
Carrying amount					
At 31 December 2019	24	215	—	2	241
At 31 December 2020	13	178	—	2	193
At 31 December 2021	9	128	—	1	138

16. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
At 31 December:			
Right-of-use assets			
Motor vehicles	196	146	97
The maturity analysis, based on undiscounted cash flows, of the M&V MY's lease liabilities is as follows:			
— Less than 1 year	33	33	33
— Between 1 and 2 years	33	33	23
— Between 2 and 5 years	64	43	19
	130	109	75
Year ended 31 December:			
Depreciation charge of right-of-use assets	(46)	(50)	(49)
Lease interests	(5)	(5)	(4)
Expenses related to short-term leases	(12)	(12)	(12)
Total cash outflow for leases	(42)	(34)	(46)
Additions to right-of-use assets	195	—	—

The right-of-use assets of the M&V MY are motor vehicles acquired under hire purchase arrangements and were guaranted by the director.

17. INVENTORIES

		At 31 December	
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Consumables	21	19	19

18. TRADE AND OTHER RECEIVABLES

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

		At 31 December	
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Trade receivables			
— third parties	470	137	58
— related parties	22	34	—
Less: allowance of doubtful debts	—	—	—
	492	171	58
Deposits, prepayments and other receivables	148	22	6
	640	193	64

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

	At 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Within 30 days	21	102	11
31–60 days	7	—	12
61–90 days	7	1	—
91–180 days	124	—	—
Over 180 days	333	68	35
	492	171	58

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

	Current	**1–30 days past due**	**31–60 days past due**	**61–90 days past due**	**> 90 days past due**	**Total**
At 31 December 2019						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount *(RM'000)*	21	73	7	—	391	492
Loss allowance *(RM'000)*	—	—	—	—	—	—
At 31 December 2020						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount *(RM'000)*	102	—	1	—	68	171
Loss allowance *(RM'000)*	—	—	—	—	—	—
At 31 December 2021						
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount *(RM'000)*	11	12	—	—	35	58
Loss allowance *(RM'000)*	—	—	—	—	—	—

19. TIME DEPOSIT MATURING OVER THREE MONTHS

As at 31 December 2019, 2020 and 2021, the time deposits maturing over three months of the M&V MY with a total carrying amount of RM504,000, RM520,000 and RM532,000 respectively was pledged to a licensed bank as security for credit facilities granted to the M&V MY as disclosed in Note 25. The pledged bank deposit was in RM and at fixed interest rate of 3.43%, 3.88% and 2.42% per annum respectively.

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

20. TRADE AND OTHER PAYABLES

	At 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Trade payables			
— third parties	169	75	—
— related parties	65	54	—
— a fellow subsidiary	—	—	21
	234	129	21
Accruals and other payables	32	25	19
Amounts due to related parties	561	445	—
	827	599	40

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

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

	At 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Within 30 days	7	6	—
31–60 days	64	54	—
Over 90 days	163	69	21
	234	129	21

21. AMOUNT DUE TO A FELLOW SUBSIDIARY

The amount is unsecured, interest free and repayable on demand.

22. LEASES LIABILITIES

	Lease payments At 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Within one year	22	33	33
In the second to fifth years, inclusive	108	76	42
	130	109	75
Less: Future finance charges	(14)	(10)	(6)
	116	99	69

	Present value of lease payments At 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Within one year	18	29	30
In the second to fifth years, inclusive	98	70	39
	116	99	69
Less: Amount due for settlement within 12 months (shown under current liabilities)	(18)	(29)	(30)
Amount due for settlement after 12 months	98	70	39

At 31 December 2019, 2020 and 2021, the average effective borrowing rate was ranged from 2.71% to 3.10%, 2.71% to 3.10% and 2.71% to 3.10% per annum respectively. Interest rates are fixed at the contract dates and thus expose the M&V MY to fair value interest rate risk.

23. SHARE CAPITAL

Issued ordinary shares with no par value

	Number of shares
At 1 January 2019	10,002
Issued during the year	239,998
At 31 December 2019, 2020 and 2021	250,000

	RM'000
At 1 January 2019	10
Issued during the year	240
At 31 December 2019, 2020 and 2021	250

During the year ended 31 December 2019, the issued share capital was increased from RM10,002 to RM250,000 by the allotment of 239,998 ordinary shares for a total cash consideration of RM239,998 to finance working capital purposes.

The new ordinary shares was rank pari passu in all respect with the existing ordinary shares of the M&V MY.

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

24. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities
	RM'000
At 1 January 2019	41
Changes for cash flows	(30)
Non-cash changes	
— new lease	100
— interest charged	5
At 31 December 2019 and 1 January 2020	116
Changes for cash flows	(22)
Non-cash changes	
— interest charged	5
At 31 December 2020 and 1 January 2021	99
Changes for cash flows	(34)
Non-cash changes	
— interest charged	4
At 31 December 2021	69

25. CONTINGENT LIABILITIES

	At 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Unsecured:			
Guarantee given to a third party in respect of trade and contract	169	169	—

At the end of the Relevant Periods, the directors do not consider it probable that a claim will be made against the M&V MY under any of the above guarantees.

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

26. RELATED PARTY TRANSACTIONS

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

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Sales of goods and services	—	213	446
Purchases of goods and services	(148)	—	(8)

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

Key management personnel compensation

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

	Year ended 31 December		
	2019	**2020**	**2021**
	RM'000	*RM'000*	*RM'000*
Salaries and other emoluments	164	163	162
Pension costs — defined contribution plans	18	18	18
Benefit-in-kind	9	9	1
	191	190	181

27. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the M&V MY in respect of any period subsequent to 31 December 2021.

22/F, China Overseas Building,
139 Hennessy Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http:// www.romagroup.com

30 June 2022

Case Ref: AK/BV7113/JAN22

Dear Sir/Madam,

Re: Business Valuation in relation to 62.75% equity interests in Energy Solution Global Limited

In accordance with the instructions from Furniweb Holdings Limited (hereinafter referred to as the "**Company**"), we have conducted a business valuation in relation to 62.75% equity interests in Energy Solution Global Limited (hereinafter referred to as the "**Business Enterprise**"). We are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing our valuation as at 31 December 2021 (hereinafter referred to as the "**Date of Valuation**").

This report states the purpose of valuation, scope of work, economic overview, industry overview, an overview of the Business Enterprise, basis of valuation, investigation, valuation methodology, major assumptions, information reviewed, limiting conditions and remarks, and presents our opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Roma Appraisals Limited (hereinafter referred to as "**Roma Appraisals**") acknowledges that this report may be made available to the Company for public documentation reference purpose only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Business Enterprise and/ or their representative(s) (together referred to as the "**Management**").

In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Business Enterprise as provided by the Management to a considerable extent.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose. In case of any change in the assumptions, our opinion of value may vary materially.

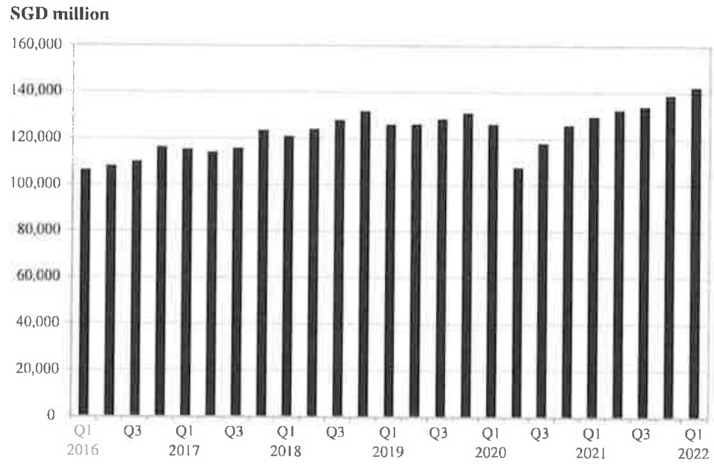
3. ECONOMIC OVERVIEW

3.1 Overview of the Economy in Singapore

Singapore is a highly developed free-market economy. The country is ranked first among 39 countries in the Asia-Pacific Region for its economic freedom according to the 2022 Index of Economic Freedom published by Heritage, and ranked second internationally in the Ease of Doing Business ranking published by the World Bank.

Over the past few years, Singapore's economy has been growing steadily. However, GDP only grew 1.41% in 2019, mainly due to the trade war between the US and China and to a cyclical global downturn in the electronic sector. GDP contracted by 6.67% in 2020 due to the COVID-19 pandemic before a rebound at 11.95% in 2021. GDP for Q4 of 2021 registered at 138,515 million SGD, representing a 10.4% year-over-year change. Figure 1 and figure 2 illustrates the trend of Singapore's nominal GDP over the past few years.

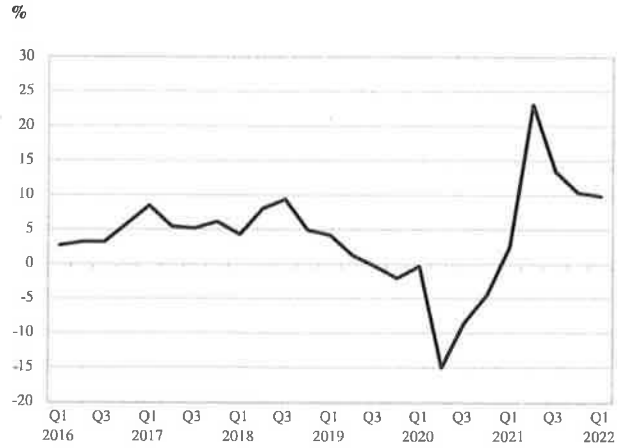
Figure 1 — Singapore's Quarterly Nominal Gross Domestic Product from Q1 2016 to Q1 2022



Source: Bloomberg

ROMA

Figure 2 — Year Over Year Percentage Change of Singapore's Quarterly Nominal Gross Domestic Product from Q1 2016 to Q1 2022

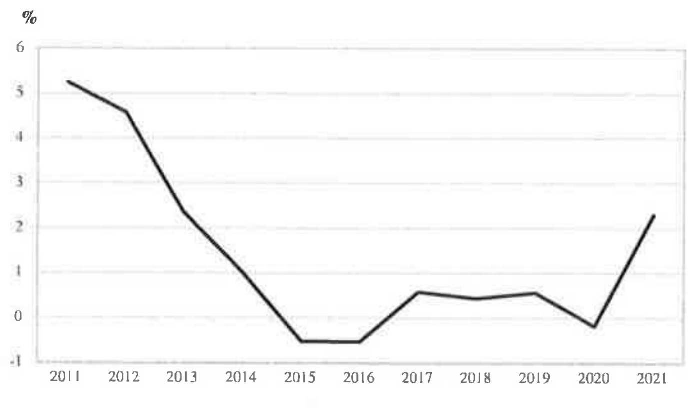


Source: Bloomberg

3.2 Inflation in Singapore

According to the International Monetary Fund ("**IMF**"), the average inflation rate in Singapore has been on a downtrend since 2011, reaching a low of -0.53% in 2016. The inflation rate has been relatively stable in 2017 to 2019. Registered inflation for 2020 and 2021 was -0.18% and 2.31% respectively. The IMF forecast of inflation in Singapore to be 3.49% in 2022, followed by a gradual decrease to 1.48% in 2026. Figure 3 shows the historical trend of Singapore's average inflation rate from 2009 to 2021.

Figure 3 — Singapore's Average Inflation Rate from 2009 to 2021



Source: Bloomberg

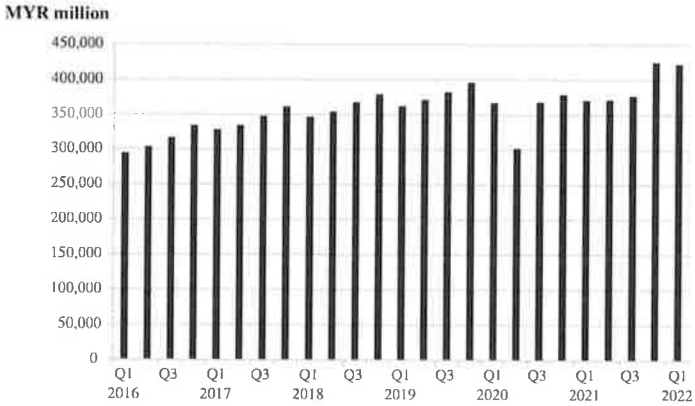
ROMA

3.3 Overview of the Economy in Malaysia

Malaysia is an export-oreiented country which specialises in the manufacturing and services sectors. Malaysia is ranked sixth among 39 countries in the Asia-Pacific Region for its economic freedom according to the 2022 Index of Economic Freedom published by Heritage, and ranked twelfth internationally in the Ease of Doing Business ranking published by the World Bank.

Since 2017 to 2019, Malaysia's GDP has been growing at a decreasing rate. Registering 9.81%, 5.5% and 4.49% for 2017, 2018 and 2019 respectively. This is mainly caused by shrinking private consumption and lower exports. Malaysia experienced negative GDP growth in 2020 largely due to the worldwide COVID-19 pandemic and global supply chain issues. 2021 GDP registered at 1.5 trillion MYR, representing an 8.98% growth from 2020. Figure 4 and figure 5 illustrates the trend of Malaysia's nominal GDP over the past few years.

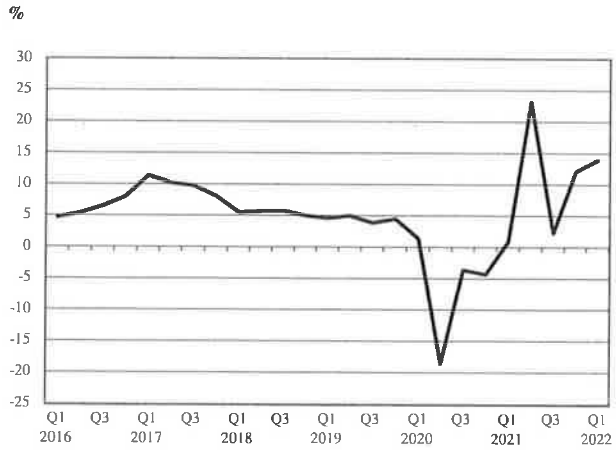
Figure 4 — Malaysia's Quarterly Nominal Gross Domestic Product from Q1 2016 to Q4 2021



Source: Bloomberg

ROMA

Figure 5 — Year Over Year Percentage Change of Singapore's Quarterly Nominal Gross Domestic Product from Q1 2016 to Q1 2022

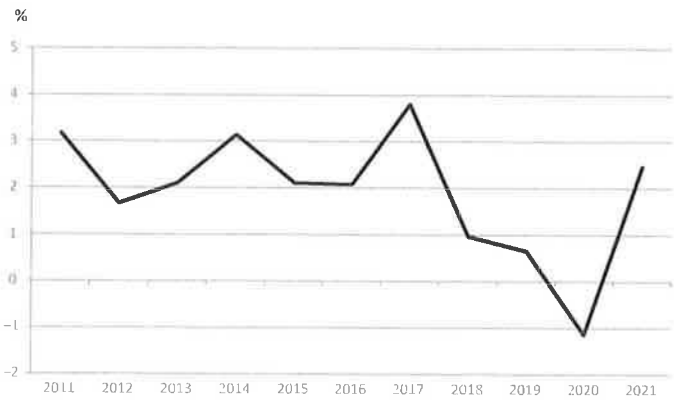


Source: Bloomberg

3.4 Inflation in Malaysia

According to the International Monetary Fund ("**IMF**"), the average inflation rate in Malaysia has been volatile since 2011. Since reaching a high of 3.78% in 2017, inflation has dropped to a low of -1.14% in 2020. 2021 saw inflation reaching 2.48%. The IMF forecast of inflation in Malaysia to be 3.05% in 2022, followed by a relatively stable period until 2027, forecasted to be 2.47%. Figure 6 shows the historical trend of Malaysia's average inflation rate from 2009 to 2021.

Figure 6 — Malaysia's Average Inflation Rate from 2009 to 2021



Source: Bloomberg

ROMA

4. INDUSTRY OVERVIEW

4.1 Energy Management System Industry in Singapore

Driven by the goal for carbon neutrality, the Singaporean government has imposed carbon taxes and have tightened energy efficiency standards and regulations with the aim to reduce emmisions. Singapore has also set up multiple funds to support the efforts of businesses to improve their energy efficiency.

Given the tightened energy efficiency standards, many commercial and industrial constructs are not up to standards. Capitalizing on the needs for refurbishment to meet the updated energy efficiency requirements, the building management system (BMS) market has emerged. The energy management system is the largest product segment in the BMS market in 2021, accounting for 41.9% of the revenue generated. The energy management system segment is forecast to register a 7.4% CAGR from 2021 to 2027.

4.2 Energy Management System Industry in Malaysia

Similar to Singapore, Malaysia also encourages businesses and individuals to increase their energy efficiency with the aim of carbon neutrality. The Malaysian government has set up multiple plans and standards to provide businesses and individuals with financing aids and guidelines to encourage development and implementation of energy efficient products and services.

5. OVERVIEW OF THE BUSINESS ENTERPRISE

The Business Enterprise, is a holding company. Its two wholly-owned subsidiaries, Measurement & Verification Pte. Ltd ("**M&V MY**") and Measurement & Verification Sdn. Bhd ("**M&V SG**") provides smart energy solutions by (i) designing and installing energy-efficient heating; (ii) ventilation and air conditioning ("**HVAC**") systems which aims to achieve optimal energy consumption; and (iii) lower greenhouse gas emissions, and reduction in energy cost.

6. BASIS OF VALUATION

Our valuation is conducted on market value basis defined as follows. According to the International Valuation Standards established by the International Valuation Standards Council in 2022, **Market Value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

ROMA

7. INVESTIGATION

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained further information as we considered necessary for the purpose of the valuation.

We have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise. We have also consulted other sources of financial and business information. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Business Enterprise as provided by the Management to a considerable extent.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which may or may not affect the operation of the Business Enterprise and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Business Enterprise;
- The financial condition of the Business Enterprise;
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market;
- Relevant licenses and agreements;
- The business risks of the Business Enterprise such as the ability in maintaining competent technical and professional personnel; and
- Investment returns of entities engaged in similar lines of business.

8. VALUATION METHODOLOGY

There are three generally accepted approaches to obtain the market value of the Business Enterprise, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

ROMA

8.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

8.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

8.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("**equity and long term debt**"). Under the Asset-Based Approach, the market value of equity of a business entity/group refers to the market values of various assets and liabilities on the statement of financial position of the business entity/group as at the measurement date, in which the market value of each asset and liability was determined by reasonable valuation approaches based on its nature.

ROMA

8.4 Business Valuation

In the process of valuing the Business Enterprise, we have taken into account of the operation and financial information of the Business Enterprise and conducted discussions with the Management to understand the status and prospect of the Business Enterprise and the industry it is participating. Also, we have considered the accessibility to available data in choosing among the valuation approaches.

The Income-Based Approach was not adopted because there is no financial forecast with concrete business plan could be obtained from the Management of the Business Enterprise for valuation purpose, and the change in assumption would greatly impact the valuation result. The Asset-Based Approach was also not adopted because it could not capture the future earning potential of the Business Enterprise and therefore it could not reflect the market value of the Business Enterprise. We have therefore considered the adoption of the Market-Based Approach in arriving at the market value of the Business Enterprise.

By adopting the Market-Based Approach, we have to determine the appropriate valuation multiples of comparable companies, in which we have considered price-to-sales("**P/S**"), price-to-earnings ("**P/E**"), price-to-book("**P/B**"), enterprise-value-to-EBIT ("**EV/EBIT**") and enterprise-value-to-EBITDA ("**EV/EBITDA**"). P/S multiple was not adopted as it did not consider the cost structure of the Business Enterprise. P/B multiple was not adopted as it did not reflect the future earnings potential of the Business Enterprise. Considering that (1) enterprise value can consider the specific debt structure of the Business Enterprise, (2) eliminating the effect of differences in taxation and cost of debt across comparable companies given that the comparable companies selected are listed globally and (3) excluding the impact of depreciation and amortization to EBIT, EV/EBITDA multiple was adopted over P/E multiple and EV/EBIT multiple. The adjusted median EV/EBITDA multiple of comparable companies was adopted to estimate the market value the Business Enterprise.

We adopted several listed companies with similar business nature and operations similar to those of the Business Enterprise as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- The companies are principally engaged in the provision of energy efficient HVAC systems ;
- The companies have sufficient operating histories and listed for over 3 years; and
- The financial information of the companies and the details of the transaction are available to the public.

Note: No comparable companies listed on the Hong Kong Stock Exchange fulfilled the aforementioned selection criteria.

Details of the comparable companies adopted were listed as follows.

Company Name	Stock Code	Listing Location	Business Description	Market Capitalization *(in HKD Million)*
Johnson Controls International plc	JCI.US	United States	Johnson Controls International plc provides building products and technology solutions. The company offers air systems, building management, HVAC controls, security, and fire safety solutions. The company serves customers worldwide.	446,557
Belimo Holding AG	BEAN.SW	Switzerland	Belimo Holding AG manufactures heating, ventilation and air conditioning equipment (HVAC). The company develops and manufactures damper actuators for general purposes, special motorized fire and smoke dampers and air-volume controls for HVAC systems. The company offers sales and consulting services worldwide.	61,035
Carel Industries SpA	CRL.IM	Italy	Carel Industries S.P.A. designs and manufactures control solutions for HVAC and humidification systems. The company offers air-conditioning parametric controls, unit terminals, isothermal humidifiers, speed controllers and inverters, energy meter, gas leakage detectors, temperature sensors, and signaling devices. The company serves customers worldwide.	23,476

ROMA

Company Name	Stock Code	Listing Location	Business Description	Market Capitalization *(in HKD Million)*
Caverion Oyj	CAV1V.FH	Finland	Caverion OYJ provides building systems and industrial services in the Nordic countries, Central Europe, Russia, and the Baltic countries. The company provides services that cover all building systems in properties, including HVAC, security, fire safety, and telecommunications systems, as well as the automation that controls them.	7,834
Burnham Holdings Inc	BURCA.US	United States	Burnham Holdings, Inc. operates as a holding company. The company, through its subsidiaries, manufacturers of boilers and related HVAC products and accessories including furnaces, radiators, and air conditioning systems for residential, commercial, and industrial applications. The company serves customers worldwide.	487
Limbach Holdings Inc	LMB.US	United States	Limbach Holdings, Inc. provides mechanical systems solutions. The company offers building infrastructure services, with an expertise in the design, installation, and maintenance of HVAC and mechanical, electrical, and plumbing systems for a diversified group of commercial and institutional building owners.	723

ROMA

Company Name	Stock Code	Listing Location	Business Description	Market Capitalization *(in HKD Million)*
Sharc International Systems Inc	SHRC.CN	Canada	Sharc International Systems Inc. manufactures HVAC products. The company focuses on development of wastewater heat recovery systems, as well as provides heat pump technology that generates renewable thermal energy for commercial, industrial, and residential buildings. The company serves customers worldwide.	197

Source: Bloomberg

The EV/EBITDA multiples of the aforementioned comparable companies were listed as follows:

Company Name	Stock Code	EV/EBITDA Multiple
Johnson Controls International plc	JCI.US	19.33
Belimo Holding AG	BEAN.SW	39.67[1]
Carel Industries SpA	CRL.IM	30.86[1]
Caverion Oyj	CAV1V.FH	9.01
Burnham Holdings Inc	BURCA.US	14.38
Limbach Holdings Inc	LMB.US	5.66
Sharc International Systems Inc	SHRC.US	N/A
	Median	16.86
	Adjusted Median	11.69

[1] The EV/EBITDA of Belimo Holding AG (BEAN.SW) and Carel Industries SpA (CRL.IM) were excluded in the adjusted median calculation as they were considered as outliers based on standard score calculation.

ROMA

Market Capitalization Analysis

We noted that the market capitalization of the comparable companies is larger than the Business Enterprise and we has performed further analysis. The market capitalization for the list of comparable companies were listed above. Based on the above data and the below EV/EBITDA multiple, there was no significant correlation regarding the market capitalization and the EV/EBITDA multiple of the comparable companies.

Standard Score Analysis

We also noted that the EV/EBITDA multiple of the comparable companies ranged from 5.66x–39.67x. In view of the large range of the EV/EBITDA multiple of the comparable companies, we have calculated the standard score of the EV/EBITDA multiple of the comparable companies and excluded 2 comparable companies (Belimo Holding AG and Carel Industries SpA) due to its high standard score in the calculation of median of the list of comparable companies.

The EV/EBITDA multiple adopted was the adjusted median of the EV/EBITDA multiples of the above comparable companies as at the Date of Valuation as extracted from Bloomberg. Then we obtained the estimated market value of the Business Enterprise as at 31 December 2021 by applying the adjusted median EV/EBITDA multiple to the EBITDA of RM4,132,256 of the Business Enterprise as at the Date of Valuation. The market value of the Business Enterprise was then estimated by adjusting with the marketability discount.

ROMA

8.5 Calculation Details

The calculation details in arriving at the market value of the Business Enterprise using the P/S multiple were illustrated as follows:

EBITDA as at the Date of Valuation (RM)	4,132,256
Multiplied by: Adjusted median of EV/EBITDA Multiple	11.69
Market value of 100% Equity Interest of the Business Enterprise (in Minority Basis) (RM)	48,321,723
Multiplied by: Adjustment for Control Premium	(1 + 20.20%)
Market value of 100% Equity Interest of the Business Enterprise Before Adjustments on Net Debt and Net Non-Operating Assets (RM)	58,082,711
Add: Cash (RM)	17,341,000
Less: Debt (RM)	(9,737,000)
Add: Non-Operating Assets (RM)	0
Less: Non-Operating Liabilities (RM)	0
Market value of 100% Equity Interest of the Business Enterprise Before Adjustments on Marketability Discount (RM)	65,686,711
Multiplied by: Adjustment for Marketability Discount	(1 – 15.80%)
Market value of 100% Equity Interest of the Business Enterprise (RM)	55,308,211
Market value of 100% Equity Interest of the Business Enterprise (HKD)	102,419,744
Multiplied by: Adjustment for 62.75% Equity Interest	62.75%
Market value of 62.75% Equity Interest of the Business Enterprise (HKD)	64,268,390
Market value of 62.75% Equity Interest of the Business Enterprise (HKD) (Rounded)	**64,268,000**

Note: Total figures may not add up due to rounding.

ROMA

8.6 Control Premium

As we are considering the market value of the Target Group from the perspective of controlling interest, the median control premium for invested capital from median of international transaction of 20.20% has been adopted in calculating the enterprise value of the Business Enterprise to reflect the higher marketability of a controlling interest compared to a minority interest with reference to the Mergerstat Control Premium Study (4^{th} Quarter 2021) published by FactSet Mergerstat, LLC., an independent information provider for merger and acquisition transaction data.

8.7 Marketability Discount

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. The marketability discount captures the factor of lack of liquidity that the value of a share of stock in a privately held company has higher transaction cost in market than a public company. With reference to the 2021 edition of the Stout Restricted Stock Study, a discount for lack of marketability of 15.80% was adopted in arriving at the market value of the Business Enterprise as at the Date of Valuation.

9. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- Since the Business Enterprise was incorporated on 19 July 2021 and the full year financial statement was unavailable, the valuation was mainly relied on the audited consolidated statement of financial position of the Business Enterprise as at 31 December 2021 with the unaudited combined statement of profit or loss for FY2021 of M&V SG and M&V MY, the unaudited combined results were assumed can reasonably represent its annual profit or loss;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate were assumed to be successfully obtained and renewable upon expiry with minimal costs;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate would be officially obtained and renewable upon expiry;

ROMA

- There will be no major change in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise; and

- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

10. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Business Enterprise. The factors considered included, but were not necessarily limited to the following:

- Business nature of the Business Enterprise;

- Accountant's report of the Business Enterprise, M&V SG and M&V MY as at 31 December 2021;

- Unaudited consolidated financial statements of the Business Enterprise as at 31 December 2021; and

- General descriptions in relation to the Business Enterprise.

We have discussed the details with the Management and we have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion of value.

11. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as the company background, business nature and financial information of the Business Enterprise provided to us.

ROMA

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on information provided by the Management to a considerable extent in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. The information has not been audited or compiled by us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Business Enterprise was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Business Enterprise.

We have not investigated the title to or any legal liabilities of the Business Enterprise, and have assumed no responsibility for the title to the Business Enterprise appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except Roma Appraisals. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of Roma Appraisals through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of Roma Appraisals.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

ROMA

12. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HKD).

We hereby confirm that we have neither present nor prospective interests in the Company, the Business Enterprise, their associate companies, subsidiaries or the values reported herein.

13. OPINION OF VALUE

Based on the investigation stated above and the valuation method employed, the market value of 62.75% equity interests in the Business Enterprise as at the Date of Valuation, in our opinion, was reasonably stated as **HKD64,268,000 (HONG KONG DOLLARS SIXTY FOUR MILLION TWO HUNDRED AND SIXTY EIGHT THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Roma Appraisals Limited

PRG HOLDINGS BERHAD ("PRG" OR "COMPANY")
BY-LAWS OF THE LONG TERM INCENTIVE PLAN

1. DEFINITIONS AND INTERPRETATIONS

1.1 Except where the context otherwise requires, the following expression in these By-Laws shall have the following meanings:

Act	:	Companies Act 2016, as amended from time to time including any re-enactment thereof
Board	:	The Board of Directors of the Company
Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd. (Registration No.: 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
By-Laws	:	The rules, terms and conditions of the Scheme (as may be modified, varied and/or amended from time to time)
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor
Central Depositories Act	:	The Securities Industry (Central Depositories) Act 1991, as amended from time to time including all subsidiary legislations made thereunder and any re-enactment thereof
Constitution	:	The constitution of the Company, including any amendments thereto that may be made from time to time
Date of Expiry	:	Last day of the duration of the Scheme or last day of any extended period pursuant to By-Law 13.2 hereof (as the case may be)
Director	:	A natural person who holds a directorship in the Company or any company within PRG Group, whether in an executive or non-executive capacity, and shall have the meaning of Section 2(1) of the Capital Markets and Services Act 2007
Effective Date	:	The date on which the Scheme comes into force as provided in By-Law 13.1 hereof
Eligible Person	:	Director or Employee of the Company or any company within PRG Group (excluding subsidiary companies which are dormant) who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 4 hereof

Employee	:	A natural person who is employed by and on the payroll of the Company or any company within PRG Group
PRG or the Company	:	PRG Holdings Berhad (Registration No.: 200101005950 (541706-V))
PRG Group or the Group	:	The Company and its subsidiaries as defined in Section 4 of the Act, and in the context of the Proposed LTIP, shall exclude subsidiaries which are dormant. Subject to the foregoing, subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 11
PRG Share(s)	:	Ordinary share(s) in PRG
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities including all amendments thereto and any Practice Notes issued in relation thereto
LTIP Award(s)	:	The SGP Award(s) and/or the SOP Award(s), as the case may be
LTIP Award Date(s)	:	The SGP Award Date(s) and/or the SOP Award Date(s), as the case may be
LTIP Award Vesting Date(s)	:	The SGP Vesting Date(s) and/or the SOP Vesting Date(s), as the case may be
LTIP Committee	:	A committee to be appointed and authorised by the Board with the responsibility of, among others, implementing, allocating and administering the Scheme, comprising such persons appointed by the Board from time to time pursuant to By-Law 14
LTIP Participant(s)	:	The SGP Participant(s) and/or the SOP Participant(s), as the case may be
LTIP Scheme or Scheme	:	The long term incentive plan for the grant of SGP Award(s) and/or SOP Award(s) to any Eligible Person in accordance with the provisions of these By-Laws and such scheme shall be known as the "**PRG's Long Term Incentive Plan**"
Market day	:	A day on which Bursa Securities is open for trading in securities
Maximum Allowable Allotment	:	The maximum number of Shares in respect of the LTIP Awards that can be offered and allotted to Eligible Person as set out in By-Law 5 hereof
Option Price	:	The price at which a SOP Participant shall be entitled to subscribe for PRG Share(s) from the Company upon the exercise of the SOP Option(s), as initially determined and as may be adjusted, pursuant to the provisions of By-Law 38 hereof
RM and sen	:	Ringgit Malaysia and sen respectively

Rules of Bursa Depository	:	The rules of Bursa Depository, as issued pursuant to the Central Depositories Act
SGP	:	Share Grant Plan as stipulated in Section 1 of these By-Laws
SGP Award(s)	:	The grant of an award of such number of PRG Shares to Executive Directors and/or Employee of PRG Group whom shall fulfil the criteria of an Eligible Person pursuant to the provisions of By-Law 4 hereof
SGP Award Date(s)	:	The date of which an SGP Award(s) is awarded to Executive Directors and/or Employee of PRG Group whom shall fulfil the criteria of an Eligible Person pursuant to a letter of award
SGP Participant(s)	:	An Eligible Person who has accepted SGP Award(s) in the manner provided in By-Law 30 hereof
SGP Vesting Date(s)	:	The date upon which all or any parts of the PRG Share awarded to a SGP Participant are eligible to be vested upon fulfilment of all terms and vesting conditions, if any, as determined by the LTIP Committee
SOP	:	Share Option Plan as stipulated in By-Law 2 hereof
SOP Award(s)	:	The grant of an award of such number of SOP Option(s) to Eligible Person(s) to subscribe for PRG Shares at the Option Price in the manner and subject to the terms and conditions provided in these by-Laws
SOP Award Date(s)	:	The date of which an SOP Award(s) is awarded to any Eligible Person pursuant to a letter of award
SOP Option(s)	:	The right of a SOP Participant to subscribe for PRG Shares at the Option Price in the manner stipulated in these By-Laws, in particulars By-Law 37 hereof
SOP Participant(s)	:	An Eligible Person(s) who has accepted the SOP Award(s) in the manner provided in By-Law 35 hereof
SOP Vesting Date(s)	:	The date upon which all or any part of the SOP Options awarded to SOP Participant(s) are eligible to be vested and are entitled to exercise the SOP Options upon fulfilment of all terms and vesting conditions, if any, as determined by the LTIP Committee

1.2 In these By-Laws:

(i) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and Listing Requirements and any policies and/or guidelines of the relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);

(ii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any LTIP Award(s) awarded and accepted within the duration of the Scheme and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;

(iii) words denoting the singular shall include the plural and vice versa and references to gender shall include both genders and the neuter;

(iv) any liberty or power which may be exercised or any determination which may be made hereunder by the LTIP Committee may be exercised in the LTIP Committee's absolute discretion and the LTIP Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;

(v) the heading in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws;

(vi) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day;

(vii) any reference to the Company and/or other person shall include a reference to its successors-in-title and permitted assigns; and

(viii) "person connected" shall have the meaning as defined in Paragraph 1.01 of the Listing Requirements.

2. NAME OF SCHEME

2.1 This Scheme shall be called the "**PRG's Long Term Incentive Plan**".

2A. OBJECTIVES OF THE SCHEME

2A.1 The objectives of the Scheme are as follows:

(i) to recognise the contributions and services of the Eligible Persons which are considered vital to the operations and continued growth of PRG Group and to reward such Eligible Persons by allowing them to realise capital gains that may arise from the appreciation in the price of PRG Shares;

(ii) to motivate the Eligible Persons towards better performance through greater productivity and loyalty;

(iii) to instil a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the long term development and growth of PRG Group; and

(iv) to attract and retain high-calibre Eligible Persons, thus ensuring that the loss of key personnel is kept to a minimum.

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

3.1 The maximum number of PRG Shares which may be made available pursuant to the Scheme shall not in aggregate exceed 15% of the total number of issued PRG Shares (excluding treasury shares) at any point of time during the tenure of the Scheme as provided in By-Law 13.2.

3.2 Notwithstanding the provision of By-Law 3.1 above and any other provisions contained herein, in the event the total number of PRG Shares that may be made available under the Scheme exceeds 15% of the total number of issued PRG Shares (excluding treasure shares) as a result of the Company purchasing, cancelling and/or reducing PRG Shares in accordance with the provisions of the Act or the Company undertaking any corporate proposal and thereby diminishing the total number of issued PRG Shares, then such LTIP Award(s) granted and/or awarded prior to the adjustment of the issued PRG Shares (excluding treasure shares) shall remain valid and exercisable in accordance with the provisions of this Scheme. However, in such a situation, the LTIP Committee shall not make further LTIP Award(s) until the total number of PRG Shares under the subsisting LTIP Award(s) falls below 15% of the total number of issued PRG Shares (excluding treasury shares).

4. ELIGIBILITY

4.1 Subject to the sole discretion of the LTIP Committee, only Eligible Person who fulfil the following conditions as at the LTIP Award Date shall be eligible to participate in the Scheme:

(i) in respect of an Employee, the Employee must fulfil the following criteria as at the LTIP Award Date to participate in the Scheme:

(a) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) is confirmed in writing as a full time Employee of the Company or any company in PRG Group for such period as may be determined by the LTIP Committee prior to and up to the LTIP Award Date; and

(c) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.

(ii) in respect of a Director, the Director must fulfil the following criteria as at the LTIP Award Date:

(a) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) has been appointed as an executive or non-executive Director of the Company or any company in PRG Group for such period as may be determined by the LTIP Committee prior to and up to the LTIP Award Date; and

(c) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.

4.2 Notwithstanding the above, the LTIP Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out in this By-Law 4.1 above. The eligibility and number of LTIP Award(s) to be awarded to an Eligible Person under the Scheme shall be at the sole and absolute discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.

4.3 Subject to By-Laws 4.1(i) and 4.1(ii), there are no performance targets to be achieved by the LTIP Participant(s) before the LTIP Award(s) can be vested. Notwithstanding this, the LTIP Committee may from time to time at its own discretion decide on the performance targets in the future.

4.4 Notwithstanding By-Law 4.1, the LTIP Award(s) to be awarded to any Eligible Person, who is a Director (namely, director of PRG within the meaning of Section 2(1) of the Capital Markets & Services Act 2007), major shareholder or chief executive of the Company or persons connected with such Director, major shareholder or chief executive (as defined in the Listing Requirements), shall also be approved by the shareholders of the Company in general meeting.

4.5 Any Eligible Person who holds more than 1 position within PRG Group and by holding such positions, the Eligible Person is in more than one category, shall only be entitled to the Maximum Allowable Allotment of any one of those category/designation of employment. The LTIP Committee shall be entitled at its sole discretion to determine the applicable category/designation of employment.

4.6 An Employee or Director of a dormant company and/or associate company within PRG Group is not eligible to participate in the Scheme.

4.7 An Employee or Director who during the duration of the Scheme becomes an Eligible Person may, at the sole discretion of the LTIP Committee, be eligible to participate in the Scheme, subject to the Maximum Allowable Allotment.

4.8 Eligibility under the Scheme does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the LTIP Award(s) unless a LTIP Award(s) has been made by the LTIP Committee to the Eligible Person and the Eligible Person has accepted the LTIP Award(s) in accordance with these By-Laws.

5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT

5.1 The allocation of PRG Shares to be made available for the LTIP Award(s) under the Scheme shall be determined by the LTIP Committee annually, or such other period as determined by the LTIP Committee.

5.2 Subject to By-Law 3 and any adjustment which may be made under By-Law 9, the maximum number of PRG Shares to be awarded to an Eligible Person at any point of time in each LTIP Award made under the Scheme shall be at the sole and absolute discretion of the LTIP Committee taking into consideration, inter alia, the Eligible Person's designation, length of service, work performance and/or such other factors as the LTIP Committee deems fit, and subject to the following conditions:

(i) the total number of PRG Shares made available under the Scheme shall not exceed the amount in By-Law 3.1 above;

(ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of PRG Shares to be issued under the Scheme shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued PRG Shares (excluding treasury shares);

(iii) up to 80% of the total number of PRG Shares which may be made available under the Scheme could be allocated, in aggregate, to the Directors and Employee of PRG Group who are Eligible Persons (where "Employee" shall be subject to any criteria as may be determined at the sole discretion of the LTIP Committee from time to time). This is intended to incentivise the Directors of the Group for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of PRG Group and to incentivise the Employee of the Group for their commitment, dedication and loyalty towards attainment of higher performance; and

(iv) the Directors and Employee of PRG Group shall not participate in the deliberation or discussion of their respective allocations as well as persons connected with them, if any;

provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

5.3 The LTIP Committee shall be entitled to determine the maximum number of LTIP Award(s) that will be made available to an Eligible Person under the Scheme, in the manner provided in these By-Laws in relation to each class or grade of Directors and Employees and the aggregate maximum number of LTIP Award(s) that can be awarded to Directors and Employees under the Scheme from time to time, and the decision of the LTIP Committee shall be final and binding.

5.4 In the event that an Eligible Person is promoted, the Maximum Allowable Allotment applicable to such Eligible Person shall be the Maximum Allowable Allotment that may be awarded corresponding to the category of employee of which he/she then is a party, subject always to the maximum number of PRG Shares available under the Scheme as stipulated under By-Law 3.1.

5.5 A set of criteria on staff eligibility and allocations as determined by the LTIP Committee from time to time shall be made available to all Eligible Person.

5.6 The Company shall ensure that the LTIP Award(s) awarded pursuant to the Scheme is verified by the Audit Committee of PRG at the end of each financial year as being in compliance with the criteria for the award of the LTIP Award(s) which have been disclosed to the Eligible Person. A statement by the Audit Committee of PRG verifying such award(s) shall be included in the annual report of the Company.

5.7 The LTIP Committee may at its sole and absolute discretion determine whether granting of the LTIP Award(s) to the Eligible Person will be staggered over the duration of the Scheme or in 1 single grant and/or whether the LTIP Award(s) are subject to any vesting period and if so, to determine the vesting conditions including whether such vesting conditions are subject to performance target.

5.8 If any Eligible Person is a member of the LTIP Committee, such Eligible Person shall not participate in the deliberation or discussion of his/her allocations as well as persons connected with them, if any.

5.9 The selection of any Eligible Person to participate in the Scheme will be at the sole discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.

5.10 At the time the LTIP Award(s) is awarded in accordance with these By-Laws, the LTIP Committee shall set out the basis of award, identifying the category or grade of the Eligible Person and the Maximum Allowable Allotment that may be awarded to such Eligible Person under the LTIP Award(s).

5.11 Subject to By-Law 5.2, nothing herein shall prevent the LTIP Committee from awarding more than 1 LTIP Award(s) to an Eligible Person **PROVIDED THAT** the total aggregate number of PRG Shares comprised in the LTIP Award(s) awarded to such Eligible Person during the duration of the Scheme shall not exceed the Maximum Allowable Allotment that an Eligible Person is entitled under the LTIP Award(s).

6. RIGHTS OF LTIP PARTICIPANT(S)

6.1 The LTIP Award(s) shall not carry any right to vote at any general meeting of the Company.

6.2 The PRG Shares, which are awarded and credited into the LTIP Participants' CDS Account upon vesting of the SGP Awards and/or exercising of the SOP Options, would carry rights to vote at the general meeting of the Company, if the LTIP Participant(s) is registered on the Register of Depositors on the Entitlement Date as at the close of business to be entitled to attend and vote at the general meeting.

6.3 A LTIP Participant shall not be entitled to any dividends, rights and/or other distributions on his/her unvested SGP Awards and/or unexercised SOP Options.

7. RIGHTS ATTACHING TO PRG SHARES

7.1 The PRG Shares arising upon vesting of SGP Awards and/or exercising of the SOP Options shall, upon allotment and issuance, rank equally in all respects with the existing PRG Shares and, shall:

(i) be subject to the provisions of the Constitution of PRG; and

(ii) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing PRG Shares, the record date for which is on or after the date on which the PRG Shares are transferred to the CDS Account of the LTIP Participant(s) and shall in all other respects rank equally with other existing PRG Shares then in issue.

7.2 Notwithstanding any provision in these By-Laws, the LTIP Participant(s) shall not be entitled to any rights, dividends or other distributions attached to the PRG Shares prior to the date on which such PRG Shares are credited into their respective CDS Accounts.

8. RETENTION PERIOD

8.1 The PRG Shares awarded and issued to a LTIP Participant upon vesting of SGP Awards and/or exercising of SOP Options will not be subjected to any retention period or restriction on transfer unless otherwise as stated in the LTIP Award(s) as determined by the LTIP Committee from time to time. The expression "retention period" shall mean the period in which the PRG Shares awarded and issued pursuant to the Scheme must not be sold, transferred, assigned or otherwise disposed of by the LTIP Participant(s).

8.2 Notwithstanding By-Law 8.1 above, the LTIP Committee shall be entitled to prescribe or impose, in relation to any LTIP Award(s), any condition relating to any retention period or restriction on transfer (if applicable) as the LTIP Committee sees fit.

8.3 Notwithstanding By-Law 8.1 above, an Eligible Person who is a Non-Executive Director must not sell, transfer or assign PRG Shares obtained through the exercise of the SOP Options offered to him/her within 1 year from the SOP Award Date pursuant to Paragraph 8.20 of the Listing Requirements.

9. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

9.1 Subject to By-Law 9.5 hereof, in the event of any alteration in the capital structure of the Company during the duration of the Scheme, whether by way of capitalisation of profits or reserves, rights issue, bonus issue, consolidation or subdivision of PRG Shares or reduction in share capital (save for set-off against accumulated losses) or any other variation of capital shall take place during the duration of the Scheme, the Company shall cause such adjustment to be made:

(i) in relation to SGP:

(a) the number of PRG Shares comprised in the SGP Award(s) to the extent not yet vested; and/or

(b) the method and/or manner in the vesting of PRG Shares comprised in the SGP Award(s).

(ii) in relation to SOP:

(a) the Option Price and/or number of SOP Options comprised in the SOP Award(s) to the extent not yet exercised or vested; and/or

(b) the method and/or manner in the vesting of the SOP Options comprised in the SOP Awards.

9.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 9.1:

(i) any adjustment to the Option Price shall be rounded down to the nearest 1 sen; and

(ii) in determining a LTIP Participant's entitlement to have PRG Shares vested and/or to exercise the SOP Option, any fractional entitlements will be disregarded.

9.3 Subject to By-Law 9.2, the Option Price and/or the number of new PRG Shares unvested relating to the LTIP Award(s) granted to each LTIP Participant(s) shall from time to time be adjusted, calculated and determined by the LTIP Committee in accordance with the following relevant provisions in consultation with the Adviser and/or the external auditor of the Company:

(i) <u>Consolidation or subdivision</u>

Whenever a PRG Share by reason of any consolidation or subdivision, the Option Price for the SOP Award(s) and/or the number of PRG Shares relating to the LTIP Award(s) shall be adjusted, calculated or determined in the following formula:

(a) $$\text{New Option Price} = EP \times \frac{\text{Total number of issued shares before the consolidation or subdivision}}{\text{Total number of issued shares after the consolidation or subdivision}}$$

(b) $$\text{Number of additional PRG Shares} = T \times \left(\frac{\text{Total number of issued shares after the consolidation or subdivision}}{\text{Total number of issued shares before the consolidation or subdivision}} \right) - T$$

Where:

EP = Existing Option Price; and

T = Existing number of PRG Shares relating to the LTIP Award(s) awarded.

Such adjustment will be effective from the close of business on the Market Day immediately following the Entitlement Date on which the consolidation or subdivision becomes effective (being the date when PRG Shares are traded on Bursa Securities), or such other period as may be prescribed by Bursa Securities.

(ii) <u>Capitalisation of profits/reserves</u>

If and whenever the Company shall make any issue of new PRG Shares to ordinary shareholders by way of capitalisation of profits or reserves (whether of a capital or income nature), the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the number of additional PRG Shares relating to the LTIP Award(s) to be issued shall be calculated as follows:

$$\text{Number of additional PRG Shares} = T \left[\times \frac{A + B}{A} \right] - T$$

Where:

A = the aggregate number of issued PRG Shares immediately before such capitalisation issue;

B = the aggregate number of PRG Shares to be issued pursuant to any allotment to ordinary shareholders of the Company by way of capitalisation of profits or reserves (whether of a capital or income nature); and

T = existing number of PRG Shares relating to the LTIP Award(s).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(iii) If and whenever the Company shall make:

(a) **Capital Distribution**

a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

(b) **Rights issue of PRG Shares**

any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for new PRG Shares by way of rights; or

(c) **Rights issue of convertible securities**

any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new PRG Shares or securities with rights to acquire or subscribe for new PRG Shares attached thereto,

then and in respect of each such case, the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 9.3(iii) hereof, the number of additional PRG Shares comprised in the LTIP Award(s) to be issued shall be calculated as follows:

$$\text{Number of additional PRG Shares} = \left[T \times \frac{C}{C - D^*} \right] - T$$

Where:

T = existing number of PRG Shares relating to the LTIP Award(s);

C = the current market price of each PRG Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for new PRG Shares under By-Law 9.3(iii)(b) above or for securities convertible into PRG Shares or securities with rights to acquire or subscribe for new PRG Shares under By-Law 9.3(iii)(c) above, the value of rights attributable to 1 existing PRG Share (as defined below); or

(bb) in the case of any other transaction falling within By-Law 9.3(iii) hereof, the fair market value as determined by the merchant bank and/or the external auditor of the Company of that portion of the Capital Distribution attributable to 1 existing PRG Share.

For the purpose of definition (aa) of D above, the "**value of rights attributable to 1 existing PRG Share**" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

C = as C above;

E = the subscription price for 1 additional PRG Share under the terms of offer or invitation or 1 additional security convertible into PRG Shares or 1 additional security with rights to acquire or subscribe for PRG Shares;

F = the number of existing PRG Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for 1 additional PRG Share or security convertible into PRG Shares or 1 additional security with right to acquire or subscribe for PRG Shares; and

D*= the "value of rights attributable to 1 existing PRG Shares" (as defined below).

For the purpose of definition D* above, the "**value of rights attributable to 1 existing PRG Share**" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

C = as C above;

E*= the subscription price for 1 additional PRG Share under the terms of such offer or invitation to acquire or subscribe for PRG Shares; and

F*= the number of existing PRG Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for 1 additional PRG Share.

For the purpose of By-Law 9.3(iii) hereof, "**Capital Distribution**" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of new PRG Shares (not falling under By-Law 9.3(ii) hereof) or other securities issued by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature).
Any distribution out of profits or reserves made (whenever paid and howsoever described) shall be deemed to be a Capital Distribution unless the distribution is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated statements of profit or loss and other comprehensive income of the Company.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(iv) Capitalisation of profits/reserves and rights issue of PRG Shares/convertible securities

If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 9.3(ii) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 9.3(iii)(b) or (c) above and Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 9.3(ii) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 9.3(iii)(b) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional PRG Shares comprised in the LTIP Award(s) to be issued shall be calculated as follow:

$$\text{Number of additional PRG Shares} = \left[T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

B = as B above;

C = as C above

G = the aggregate number of issued PRG Shares on the Entitlement Date;

H = the aggregate number of new PRG Shares under an offer or invitation to acquire or subscribe for PRG Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into PRG Shares or rights to acquire or subscribe for PRG Shares, as the case may be;

H* = the aggregate number of new PRG Shares under an offer or invitation to acquire or subscribe for PRG Shares by way of rights;

I = the subscription price of 1 additional PRG Share under the offer or invitation to acquire or subscribe for PRG Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional PRG Share, as the case may be;

I* = the subscription price of 1 additional PRG Share under the offer or invitation to acquire or subscribe for PRG Shares; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(v) <u>Rights issue of PRG Shares and rights issue of convertible securities</u>

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for new PRG Shares as provided in By-Law 9.3(iii)(b) above together with an offer or invitation to acquire or subscribe for securities convertible into new PRG Shares or securities with rights to acquire or subscribe for new PRG Shares as provided in By-Law 9.3(iii)(c) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional PRG Shares comprised in the LTIP Award(s) shall be calculated as follows:

$$\text{Number of additional PRG Shares} = \left[T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = the aggregate number of PRG Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for PRG Shares by the ordinary shareholders;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional PRG Share; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(vi) <u>Capitalisation of profits/reserve, rights issue of PRG Shares and rights issue of convertible securities</u>

If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 9.3(ii) above and also makes an offer or invitation to acquire or subscribe for PRG Shares to its ordinary shareholders as provided in By-Law 9.3(iii)(b) above, together with rights to acquire or subscribe for securities convertible into new PRG Shares or with rights to acquire or subscribe for PRG Share as provided in By-Law 9.3(iii)(c) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional PRG Shares comprised in the LTIP Award(s) shall be calculated as follows:

$$\text{Number of additional PRG Shares} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

B = as B above;

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = as J above;

K = as K above; and

T = as T above

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(vii) <u>Others</u>

If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Law 9.3(iii)(b), (iii)(c), (iv), (v) or (vi) above), the Company shall issue either any PRG Shares or any securities convertible into new PRG Shares or with rights to acquire or subscribe for PRG Shares, and in any such case, the Total Effective Consideration per PRG Share (as defined below) is less than 90% of the Average Price (as defined below) for 1 PRG Share or, as the case may be, the price at which the PRG Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

Where:

L = the number of PRG Shares in issue at the close of business on Bursa Securities on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

M = the number of PRG Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and

N = the aggregate number of PRG Shares so issued or, in the case of securities convertible into PRG Shares or securities with rights to acquire or subscribe for PRG Shares, the maximum number (assuming no adjustment of such rights) of PRG Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 9.3(vii), the "**Total Effective Consideration**" shall be determined by the LTIP Committee with the concurrence of the external auditor shall be:

(i) in the case of the issue of PRG Shares, the aggregate consideration receivable by the Company on payment in full for such PRG Shares; or

(ii) in the case of the issue by the Company of securities wholly or partly convertible into new PRG Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or

(iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for PRG Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "**Total Effective Consideration per PRG Share**" shall be the Total Effective Consideration divided by the number of new PRG Shares issued as aforesaid or, in the case of securities convertible into new PRG Shares or securities with rights to acquire or subscribe for new PRG Shares, by the maximum number of new PRG Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 9.3(vii), "**Average Price**" of a PRG Share shall be the average market price of 1 PRG Share as derived from the last traded prices for 1 or more board lots of PRG Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such PRG Shares is determined.

Such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately following the date on which the Company determines the subscription price of such PRG Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

For the purpose of By-Laws 9.3(iii), (iv), (v) and (vi), the current market price in relation to 1 existing PRG Share for any relevant day shall be the average of last traded prices for the 5 consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

Such adjustment must be confirmed in writing by the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the LTIP Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

(a) any adjustment to the Option Price shall be rounded up to the nearest 1 sen;

(b) in the event that a fraction of a new PRG Share arising from the adjustment referred to in these By-Laws would otherwise be required to be issued upon vesting of the SGP Awards and/or exercising of an SOP Option by the LTIP Participant(s), the LTIP Participant(s)' entitlement shall be round down to the nearest whole number;

(c) upon any adjustment being made pursuant to these By-Laws, the LTIP Committee shall, within 30 days of the effective date of the alteration in the capital structure of the Company, notify the LTIP Participant(s) (or his legal representatives where applicable) in writing informing him of the adjusted Option Price for the SOP Award(s) thereafter in effect and/or the number of PRG Shares comprised in the LTIP Award(s);

(d) any adjustments made must be in compliance with the provisions for adjustments provided in these By-Laws.

For avoidance of doubt, any adjustments to the Option Price for the SOP Award(s) and/or the number of PRG Shares comprised in the LTIP Award(s) so far as unvested and/or unexercised arising from bonus issue, need not be confirmed in writing by the external auditors of the Company.

9.4 Save as expressly provided for herein, the external auditors must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the external auditors shall be final, binding and conclusive.

9.5 The provisions of this By-Law 9 shall not apply where the alteration in the capital structure of the Company arises from:

(i) an issue of PRG Shares pursuant to the LTIP Award(s) under the Scheme; or

(ii) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or

(iii) private placement or restricted issue or special issue of new PRG Shares by the Company; or

(iv) a special issue of new PRG Shares or other securities to Bumiputera parties or investors nominated by the Ministry of International Trade and Industry and/or other government authority to comply with the government's policy on Bumiputera capital participation; or

(v) a purchase by the Company of its own PRG Shares and cancellation of all or a portion of such PRG Shares purchased pursuant to Section 127 of the Act; or

(vi) an issue of new PRG Shares arising from the exercise of any conversion rights attached to securities convertible to new PRG Shares or upon exercise of any other rights including warrants and convertible loan stocks (if any) issued by the Company.

9.6 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part III (Division 7, Subdivision 2) of the Act, By-Law 9.1 shall be applicable in respect of such part(s) of the scheme which involves any alteration(s) in the capital structure of the Company to which By-Law 9.1 is applicable, but By-Law 9.1 shall not be applicable in respect of such part(s) of the scheme which involves any alteration(s) in the capital structure of the Company to which By-Law 9.1 is not applicable as described in By-Law 9.5.

9.7 An adjustment pursuant to By-Law 9.1 shall be made according to the following terms:

(a) in the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or

(b) in the case of a consolidation or subdivision of PRG Shares or reduction of capital, on the next Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective, or such period as may be prescribed by Bursa Securities.

Upon any adjustment being made, the LTIP Committee shall give notice in writing within 30 days from the date of adjustment to the LTIP Participant(s), or his/her legal representative, where applicable, to inform him/her of the adjustment and the event giving rise thereto.

9.8 Notwithstanding the provisions referred to in these By-Laws, the LTIP Committee may exercise its sole discretion to determine whether any adjustments to the Option Price for SOP Award(s) and/or the number of PRG Shares comprised in the LTIP Award(s) be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Option Price for the SOP Award(s) and/or the number of PRG Shares comprised in the LTIP Award(s) notwithstanding that no such adjustment formula has been explicitly set out in these By-Laws.

10. TAKE-OVERS AND MERGERS, SCHEMES OF ARRANGEMENT, AMALGAMATIONS, RECONSTRUCTIONS AND DISPOSAL OF ASSETS

10.1 In the event of:

(i) a take-over offer being made for, under the Malaysian Code on Take-Overs and Mergers 2016 and Rules on Take-Overs, Mergers and Compulsory Acquisitions (or any replacement thereof), to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over ("**Offeror**") or any persons acting in concert with the Offeror); or

(ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of PRG Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the LTIP Participant(s) that it intends so to exercise such rights on a specific date ("**Specified Date**"); or

(iii) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional;

the LTIP Committee may at its discretion to the extent permitted by law permit the vesting of the LTIP Awards and the LTIP Participant(s) will be entitled to within such period to be determined by the LTIP Committee, to subscribe and/or exercise all or any of his/her LTIP Awards and the Directors of PRG shall use their best endeavours to procure that such a general offer be extended to the new PRG Shares that may be issued pursuant to the LTIP Award(s) under these By-Laws.

In the foregoing circumstances, all LTIP Award(s) which the LTIP Committee permits to be vested and/or exercisable, shall automatically lapse and become null and void to the extent remain unvested and/or unexercised by the date prescribed by the LTIP Committee notwithstanding that the LTIP Award Vesting Date has not commenced or has not expired.

10.2 Notwithstanding to the provisions of these By-Laws and subject to the sole discretion of the LTIP Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 370 or any other provisions of the Act or the Company decided to merge with other company or companies, the LTIP Committee may at its absolute discretion decide whether a LTIP Participant(s) may be entitled to be vested and/or to exercise all or any of his/her unvested and/or unexercised LTIP Awards at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective PROVIDED ALWAYS THAT no LTIP Awards shall be vested and LTIP Awards shall be subscribed and/or exercised after the expiry of the LTIP Award Vesting Date. Upon the compromise or arrangement becoming effective, all unvested and/or unexercised LTIP Awards shall automatically lapse and shall become null and void and of no further force and effect.

11. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP

11.1 If a LTIP Participant(s) is in the employment of a company within the Group and such company is subsequently divested, wholly or in part, from PRG Group, the LTIP Participant(s):

(i) shall cease to be capable of being vested any unvested LTIP Awards awarded to him/her under the Scheme; and

(ii) will not be entitled to exercise any unexercised vested SOP Options, unless the LTIP Committee at its discretion permit such exercise of the unexercised vested SOP Option or the vesting of the of the unvested LTIP Awards including its allocation thereof. For avoidance of doubt, save and except to the extent permitted by the LTIP Committee, all existing LTIP Awards shall automatically lapse and be null and void and of no further force and effect; and

(iii) shall not be eligible to participate for further LTIP Award(s) under the Scheme.

11.2 For the purposes of By-Law 11.1, a company shall be deemed to be divested from PRG Group or disposed of from PRG Group in the event that the effective interest of the Company in such company is reduced from above 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act (other than pursuant to a takeover, scheme of arrangement, amalgamation, reconstruction, merger or otherwise as provided under the By-Law 10).

11.3 In the event that:

(i) an employee who was employed in a company which is not related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of "PRG Group") and is subsequently transferred from such company to any company within PRG Group; or

(ii) an employee who was in the employment of a company which subsequently becomes a member of PRG Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within PRG Group with any of the first mentioned company stated in (i) above;

(the first abovementioned company in (i) and (ii) herein referred to as the "**Previous Company**"), such an employee of the Previous Company will be eligible to participate in this Scheme for the remaining tenure of the Scheme, if the affected employee becomes an "Eligible Person" within the meaning under these By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into PRG Group pursuant to part (ii) above as a subsidiary as defined in Section 4 of the Act or any other statutory regulation in place thereof during the tenure of the Scheme, the Scheme shall apply to the employees of such company on the date of such company becomes a subsidiary of PRG Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of "Eligible Person" under By-Law 1 and the provisions of these By-Law shall apply.

12. WINDING UP

12.1 All outstanding LTIP Awards under the Scheme shall be automatically terminated and be of no further force and effect in the event that a resolution is passed or a court order is made for the winding up of the Company commencing from the date of such resolution or the date of the court order. In the event a petition is presented in court for the winding-up or liquidation of the Company, all rights for vesting of the LTIP Awards pursuant to the Scheme shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the right to vest the LTIP Awards pursuant to the Scheme shall accordingly be unsuspended.

13. DURATION AND TERMINATION OF SCHEME

13.1 The Effective Date for the implementation of the Scheme shall be at the date of full compliance with all relevant requirements in the Listing Requirements, including the following:

(i) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and checklist showing compliance with Appendix 6E of the Listing Requirements;

(ii) receipt of the approval from Bursa Securities for the listing of and quotation for the new PRG Shares to be issued under the Scheme;

(iii) procurement of the approval of the shareholders of the Company for the Scheme in a general meeting;

(iv) receipt of the approval of any other relevant authorities whose approvals are necessary in respect of the Scheme; and

(v) fulfilment of all conditions attached to any of the abovementioned approvals, if any.

The principal adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of Bursa Securities stating the Effective Date of implementation of the Scheme together with a certified true copy of the relevant resolution(s) passed by the shareholders of the Company in the general meeting. The confirmation letter shall be submitted to Bursa Securities no later than 5 Market Days after the Effective Date.

13.2 The Scheme, when implemented, shall be in force for a period of 5 years from the Effective Date. The Company may, if the Board deems fit and upon the recommendation of the LTIP Committee, extend the Scheme for a period of up to another 5 years, immediately from the expiry of the first 5 years, and shall not in aggregate exceed 10 years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities. Such extended Scheme shall be implemented in accordance with the terms of these By-Laws, save for any amendment and/or change to the relevant statutes and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals from the shareholders of the Company shall be required for the extension of the Scheme and the Company shall serve appropriate notices on each LTIP Participant(s) who have yet to exercise their SOP Options and who have unvested PRG Shares, either in part or in whole and the Company shall make any necessary announcements to any parties and/or Bursa Securities (if required) within 30 days prior to the Date of Expiry or such other period as may be stipulated by Bursa Securities.

13.3 LTIP Award(s) can only be made during the duration of the Scheme before the Date of Expiry.

13.4 Notwithstanding anything to the contrary, all unvested PRG Shares and/or unexercised SOP Options shall lapse on the Date of Expiry.

13.5 he Scheme may be terminated by the LTIP Committee at any time before the Date of Expiry provided that an announcement is released to Bursa Securities on the following:

(i) the effective date of termination ("**Termination Date**");

(ii) the number of PRG Shares vested and/or SOP Option(s) exercised; and

(iii) the reasons and justification for termination.

13.6 Subject to By-Law 8.3, prior to the termination of the Scheme pursuant to By-Law 13.5 above, the Company shall provide thirty (30) days' notice to all LTIP Participant(s) and allow the LTIP Participant(s) to exercise any vested but unexercised LTIP Award(s) prior to the Termination Date.

13.7 In the event of termination as stipulated in By-Law 13.5 above, the following provisions shall apply:

(i) no further LTIP Award(s) shall be granted by the LTIP Committee from the Termination Date;

(ii) all LTIP Award(s) which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date; and

(iii) any LTIP Award(s) which have yet to be vested or exercised (as the case may be and whether fully or partially) granted under the Scheme shall be deemed cancelled and be null and void.

13.8 Approval or consent of the shareholders of the Company by way of a resolution in an extraordinary general meeting and written consent of LTIP Participant(s) in relation to unvested and/or unexercised LTIP Award(s) are not required to effect a termination of the Scheme.

14. ADMINISTRATION

14.1 The Scheme shall be administered by the LTIP Committee. The LTIP Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall deem fit and with such powers and duties as are conferred upon it by the Board. The decision of the LTIP Committee shall be final and binding.

14.2 Without limiting the generality of By-Law 14.1, the LTIP Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any error(s) in the LTIP Award(s), execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its sole discretion consider to be necessary or desirable for giving effect to the Scheme including the powers to:

(i) subject to the provisions of the Scheme, construe and interpret the Scheme and LTIP Award(s) granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The LTIP Committee in the exercise of this power may correct any defects, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for the LTIP Award(s) in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and

(ii) determine all question of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary and/or expedient to promote the best interests of the Company.

14.3 The Board shall have power at any time and from time to time to approve, rescind and/or revoke the appointment of any person in the LTIP Committee as it shall deem fit.

14.4 In implementing the Scheme, the LTIP Committee may at its absolute discretion decide that the LTIP Awards shall be satisfied by the issuance of new PRG Shares.

15. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME

15.1 Subject to By-Law 15.2 and compliance with the Listing Requirements, the LTIP Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its sole discretion deem fit and the Board shall have the power, at any time, by resolution to, add, amend, modify and/or delete all or any of the terms in these By-Laws upon such recommendation and the Company will submit the amended By-Laws together with a confirmation letter to Bursa Securities confirming that such amendment and/or modification is in compliance with the provisions of the Listing Requirements pertaining to the Scheme and the Rules of Bursa Depository.

15.2 Subject to By-Law 15.3, the approval of the shareholders of the Company in general meeting shall not be required in respect of any additions, modifications or amendments to or deletions of these By-Laws provided that no additions, modifications or amendments to or deletions of these By-Laws will:

(i) prejudice any rights which would have accrued to any LTIP Participant(s) without the prior consent or sanction of that LTIP Participant(s); or

(ii) increase the number of PRG Shares available under the Scheme beyond the maximum amount set out in By-Law 5 above; or

(iii) prejudice any rights of the shareholders of the Company; or

(iv) alter to the advantage of an Eligible Person and/or LTIP Participant(s) in respect of any matters which are required to be contained in these By-Laws without the prior approval of the Company's shareholders in a general meeting unless allowed by the provisions of the Listing Requirements.

Such amendment or modification to the By-Laws does not need the prior approval of Bursa Securities. However, the Company shall submit to Bursa Securities a confirmation letter that the amendment or modification does not contravene any of the provisions of the Listing Requirements pertaining to the Scheme no later than 5 Market Days after the effective date of the said amendment or modification is made.

15.3 The LTIP Committee shall within 10 Market Days of any amendment and/or modification made pursuant to these By-Laws notify the LTIP Participant(s) in writing of any amendment and/or modification made pursuant to these By-Laws.

16. INSPECTION OF ACCOUNTS

16.1 All LTIP Participant(s) are entitled to inspect the latest audited financial statements of the Company at the registered office of the Company during normal business hours on any working day of the registered office.

17. SCHEME NOT A TERM OF EMPLOYMENT

17.1 This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in PRG Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any Eligible Person.

18. NO COMPENSATION FOR TERMINATION

18.1 No Eligible Person shall be entitled to any compensation for damages arising from the termination of the LTIP Awards(s) or this Scheme pursuant to the provisions of these By-Laws.

18.2 Notwithstanding any provisions of these By-Laws:

(i) this Scheme shall not form part of any contract of employment between the Company or any company within PRG Group and any Eligible Person of any company of PRG Group. The rights of any Eligible Person under the terms of his/her office and/or employment with any company within PRG Group shall not be affected by his/her participation in the Scheme, nor shall such participation or the LTIP Award(s) or consideration for the LTIP Award(s) afford such Eligible Person any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;

(ii) this Scheme shall not confer on any person any legal or equitable right or other rights under any other law (other than those constituting the LTIP Award(s)) against the Company or any company of PRG Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other law against any company within PRG Group.

(iii) no LTIP Participant(s) or his/her legal representative (as the case may be) shall bring any claim, action or proceeding against any company of PRG Group, the LTIP Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights to his/her LTIP Award(s) or his/her LTIP Award(s) ceasing to be valid pursuant to the provisions of these By-Laws; and

(iv) the Company, the Board (including Directors that had resigned but were on the Board during the duration of the Scheme) or the LTIP Committee shall in no event be liable to the LTIP Participant(s) or his/her legal representative (as the case may be) or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or non-performance of these By-Laws or any loss suffered by reason of any change in the price of the PRG Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of PRG Group, the Board or the LTIP Committee has been advised of the possibility of such damage.

19. DISPUTES

19.1 In case any dispute or difference shall arise between the LTIP Committee and an Eligible Person or a LTIP Participant or in the event of an appeal by an Eligible Person, as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the LTIP Committee during the duration of the Scheme, then the LTIP Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) given to the Eligible Person and/or the LTIP Participant, as the case may be PROVIDED THAT where the dispute is raised by a member of the LTIP Committee, the said member shall abstain from voting in respect of the decision of the LTIP Committee in the instance. In the event the Eligible Person or the LTIP Participant(s), as the case may be, shall dispute the same by written notice to the LTIP Committee within 14 days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the LTIP Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the LTIP Committee shall be borne by such party.

19.2 Notwithstanding the foregoing provisions of By-Law 19.1 above, matters concerning adjustments made pursuant to By-Law 9 shall be referred to external auditors or the principal adviser of the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

20. COSTS AND EXPENSES

20.1 Unless otherwise stipulated by the Company in the LTIP Award(s), all fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issuance of the PRG Shares pursuant LTIP Award(s), shall be borne by the Company. Notwithstanding this, the LTIP Participant(s) shall bear any fees, costs and expenses incurred in relation to his/her acceptance of the LTIP Award(s) and/or exercise of the SOP Option(s) under the Scheme and any holding or dealing of PRG Shares to be allotted issued pursuant to the LTIP Award(s), including but not limited to brokerage commissions and stamp duties.

21. CONSTITUTION

21.1 In the event of a conflict between any of the provisions of these By-Laws and the Constitution, the provisions of the Constitution shall at all times prevail save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements.

22. TAXES

22.1 All other costs, fees, levies, charges and/or taxes (including, without limitation, income tax), if any, arising from the acceptance and vesting of PRG Shares pursuant to the SGP Award(s) and/or exercising the SOP Option(s) under the Scheme shall be borne by the LTIP Participant(s) for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

23. LISTING OF AND QUOTATION FOR SHARES

23.1 An application will be made by the Company for the listing of and quotation for such new PRG Shares to be issued pursuant to LTIP Award(s) on the Main Market of Bursa Securities.

23.2 The Company and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the PRG Shares or in procuring Bursa Securities to list the PRG Shares for which the LTIP Participant(s) is entitled to.

24. NOTICE

24.1 Any notice under the Scheme required to be given to or served upon the LTIP Committee by an Eligible Person or LTIP Participant(s) or any correspondence to be made between an Eligible Person or LTIP Participant(s) to the LTIP Committee shall be given or made in writing and either delivered by hand or sent to the LTIP Committee or the Company by facsimile or ordinary letter. Notwithstanding the foregoing, proof of posting shall not be evidence of receipt of the letter.

24.2 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the LTIP Participant(s) pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given;

(i) if it is sent by post by the Company to the Eligible Person or the LTIP Participant(s) at the last address known to the Company as being his/her address such notice or request shall be deemed to have been received 3 Market Days after posting;

(ii) if it is delivered by hand to the Eligible Person or the LTIP Participant(s), such notice or request shall be deemed to have been received on the date of delivery; and

(iii) if it is sent by facsimile to the Eligible Person or the LTIP Participant(s), such notice or request shall be deemed to have been received at the time indicated on the transmission report produced by the sender's facsimile machine indicating that the facsimile was sent in its entirely to the addressee's facsimile or if received after 6 p.m. in the place of receipt or on a day which is not a Market Day, at 9 a.m. on the next Market Day.

Any change of address or facsimile number of the Eligible Person or the LTIP Participant(s) shall be communicated in writing to the Company.

24.3 Where any notice which the Company or the LTIP Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or all the LTIP Participant(s) (as the case may be) pursuant to the Scheme, the Company or the LTIP Committee may give such notice through an announcement to all employees of PRG Group to be made in such manner deemed appropriate by the LTIP Participant(s) (including via electronic media). Upon the making of such an announcement, the notice to be made under By-Law 24.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or LTIP Participant(s), as the case may be.

25. SEVERABILITY

25.1 Any term, condition, stipulation or provision in these By-Law which is or becomes illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

26. DISCLOSURES IN ANNUAL REPORT

26.1 The Company will make the relevant disclosures in relation to the Scheme in its annual report for as long as the Scheme continues in operation as from time to time required by the Listing Requirements.

27. SUBSEQUENT LONG TERM INCENTIVE PLAN

27.1 Subject to the approval of Bursa Securities and other relevant authorities, the Company may establish a new long term incentive plan after the expiry date of this Scheme or upon termination of this Scheme.

27.2 The Company may implement more than 1 Scheme provided that the aggregate number of shares available under all the Schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

28. GOVERNING LAW AND JURISDICTION

28.1 The Scheme, these By-Laws, all LTIP Award(s) granted and actions taken under the Scheme shall be governed by and construed in accordance with the laws of Malaysia.

28.2 The Eligible Persons, by accepting the LTIP Award(s) in accordance with these By-Laws and terms of the Scheme and the Constitution, irrevocably submit to the exclusive jurisdiction of the courts in Malaysia.

SECTION 1

SGP

29. SGP AWARD

29.1 During the duration of the Scheme, the LTIP Committee may, at its sole discretion, at any time and from time to time grant an award of the SGP Award(s) in writing to Executive Directors and/or Employee of PRG Group whom shall fulfil the criteria of an Eligible Person subject to the Maximum Allowable Allotment as set out in By-Law 5 that may be awarded to an Eligible Person under the Scheme and further subject to the terms and conditions of these By-Laws. Each SGP Award(s) awarded to the selected Eligible Person(s) shall be separate and independent from any previous or subsequent SGP Award(s) granted by the LTIP Committee to that Eligible Person.

29.2 The actual number of PRG Shares which may be awarded to an Eligible Person shall be at the discretion of the LTIP Committee, subject to any adjustments that may be made under By-Law 9. The number of PRG Shares awarded shall not be less than 100 PRG Shares nor more than the Maximum Allowable Allotment as set out in By-Law 5 that may be awarded to an Eligible Person under the Scheme and shall be in multiples of 100 Shares. The LTIP Committee may stipulate any terms and conditions it deems appropriate in a SGP Award(s) and the terms and conditions of each may differs.

29.3 The LTIP Committee will in its SGP Award(s) letter to an Eligible Person state, amongst others:

(i) the number of PRG Shares which the Eligible Person shall be entitled upon acceptance of the SGP Award(s);

(ii) the SGP Award Date;

(iii) the manner of acceptance the SGP Award(s);

(iv) the closing date for acceptance of the SGP Award(s);

(v) the vesting conditions of the SGP Award(s) as determined by the LTIP Committee, if any;

(vi) the SGP Vesting Date(s); and

(vii) any other terms and conditions deemed necessary by the LTIP Committee.

29.4 Under the SGP Award(s), PRG Shares will be awarded at no consideration to the Eligible Person on an annual basis within the duration of the Scheme or at the sole and absolute discretion of the LTIP Committee.

29.5 Without prejudice to By-Law 14, in the event the SGP Award(s) letter contains an error on the part of the Company in stating any of the particulars in By-Law 29.3 above, as soon as possible but in any event no later than 1 month after discovery of the error, the Company shall issue a supplemental letter of award, stating the correct particulars referred to in By-Law 29.3.

30. ACCEPTANCE

30.1 The SGP Award(s) shall be valid for acceptance by the Eligible Person(s) for a period of 30 days from the SGP Award Date (inclusive) or such period as the LTIP Committee at its sole discretion on a case to case basis.

30.2 The SGP Award(s) shall be accepted by an Eligible Person (regardless of the number of PRG Shares comprised therein) within the time as aforesaid by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only.

30.3 If the SGP Award(s) is not accepted in the manner as set out in By-Law 30.2 and within the time as set out in By-Law 30.1 or in the event of death or cessation of employment of the Eligible Person or the Eligible Person becomes a bankrupt prior to his/her acceptance of the SGP Award(s), the SGP Award(s) shall automatically lapse and the SGP Award(s) will be null and void. The PRG Shares comprised in such SGP Award(s) may, at the discretion of the LTIP Committee, be re-offered to other Eligible Person.

30.4 The SGP Participant is not required to pay for the PRG Shares they are entitled to receive upon vesting of the same pursuant to the SGP Award(s).

30.5 Upon acceptance of the SGP Award(s) by the Eligible Person(s), the SGP Award(s) will be vested to the SGP Participant(s) on the SGP Vesting Date(s) over the tenure of the Scheme subject to the SGP Participant(s) fulfilling the vesting conditions, if any, as determined by the LTIP Committee.

31. SGP VESTING CONDITIONS

31.1 The LTIP Committee shall, as and when it deems necessary, review and determine at its own discretion the vesting conditions specified in respect of the SGP Award(s). The PRG Shares to be issued under the SGP Award(s) shall vest to the SGP Participant(s) on the SGP Vesting Date once the vesting conditions, if any, are fully and duly satisfied which includes amongst others, the following:

(i) the SGP Participant(s) must remain as an employee and shall not have given a notice to resign or receive a notice of termination as at the SGP Vesting Date; and

(ii) any other conditions which are determined by the LTIP Committee.

31.2 If applicable, where the LTIP Committee has determined that the vesting conditions have been fully and duly satisfied, the LTIP Committee shall notify the SGP Participant(s) of the number of PRG Shares vested or which will be vested to him/her on the SGP Vesting Date ("**SGP Vesting Notice**").

31.3 No SGP Participant(s) shall have the right to or interest in the Shares awarded to him under the SGP Award(s) until and unless the PRG Shares are vested to him/her on and with effect from the SGP Vesting Date.

31.4 The SGP Participant(s) shall provide all information as required in the SGP Vesting Notice and the Company shall within 8 Market Days from the SGP Vesting Date or such other period as may be prescribed or allowed by Bursa Securities,

(i) allot and issue such number of new PRG Shares to the SGP Participant(s) (subject to absolute discretion of the LTIP Committee and in accordance with the provisions of the Constitution and all applicable laws); and

(ii) despatch notices of allotment to the SGP Participant(s) accordingly, if applicable.

31.5 The new PRG Shares to be issued pursuant to the vesting of the SGP Award(s) shall be credited directly to the CDS Account of the SGP Participant(s) and no physical share certificate will be issued and delivered to the SGP Participant(s). The SGP Participant(s) shall provide the LTIP Committee with his CDS Account number when accepting the SGP Award(s). Any change to the SGP Participant(s)' CDS Account number will need to be made in writing to the LTIP Committee.

32. NON-TRANSFERABILITY

32.1 An SGP Award(s) is personal to the Eligible Person(s) and shall be accepted solely by that Eligible Person(s) and is not capable of being accepted on behalf of that Eligible Person(s) by his/her representative or any other persons.

32.2 Subject to the provisions in these By-Laws, an SGP Award(s) is personal to the SGP Participant(s) and is exercisable only by the SGP Participant personally during his/her employment or appointment within PRG Group and it shall not be transferred, assigned or disposed of by the SGP Participant(s).

33. TERMINATION OF SGP AWARD(S)

33.1 Prior to the full vesting of any SGP Award(s) in the manner as provided for under By-Law 31.2, such SGP Award(s) that remain unvested shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company in the following circumstances:

(i) termination or cessation of employment of the SGP Participant(s) within PRG Group for any reason whatsoever, in which event the SGP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any other member of PRG Group on the day the SGP Participant(s)' employer accepts his/her notice of resignation or the SGP Participant(s)' employer notifies the SGP Participant(s) of termination of his/her employment or on the day the SGP Participant(s) notifies his/her employer of his/her resignation or on the SGP Participant(s)' last day of employment, whichever is the earlier; or

(ii) bankruptcy of the SGP Participant(s), in which event the SGP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company on the date a receiving order is made against the SGP Participant(s) by a court of competent jurisdiction; or

(iii) upon the happening of any other event which results in the SGP Participant(s) being deprived of the beneficial ownership of the SGP Award(s), in which event the SGP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or PRG Group on the date such event occurs; or

(iv) winding up or liquidation of the Company, in which event the SGP Award(s) shall be automatically terminated and/or cease to be valid on the following date:

(a) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or

(b) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or

(v) termination of the Scheme pursuant to By-Law 13.5, in which event the SGP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or PRG Group on the termination date,

whichever shall be applicable.

33.2 Upon the termination of the SGP Award(s) pursuant to By-Laws 33.1(i), (ii), (iii), (iv) or (v) above, the SGP Participant(s) shall have no right to compensation or damages or any claim against the Company or any other member of PRG Group from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any SGP Award(s) or his/her SGP Award(s) ceasing to be valid.

33.3 Notwithstanding By-Law 33.1(i) above, the LTIP Committee may at its discretion allow for all or any part of any unvested SGP Award(s) to vest in accordance with the provisions of these By-Laws, and at the times or period at or within such SGP Award(s) may vest (provided that no SGP Award(s) shall vest after the SGP Vesting Date(s) has passed) on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:

(i) retirement upon or after attaining the age in accordance with the Company's retirement policy; or

(ii) retirement before attaining the normal retirement age with the consent of his/her employer; or

(iii) ill-health, injury, physical or mental disability; or

(iv) redundancy or retrenchment pursuant to the acceptance by that SGP Participant(s) or a voluntary separation scheme offered by a company within PRG Group; or

(v) any other circumstance as may be deemed as acceptable to the LTIP Committee in its sole discretion.

33.4 Applications under By-Law 33.3 shall be made within the duration of the Scheme and:

(i) in a case where By-Law 33.3 (i), (ii) or (v) is applicable, within 1 month before the SGP Participant(s)' last day of employment, the SGP Participant(s) may be vested with such number of unvested PRG Shares under the SGP Award(s) within the said 1 month period. In the event that no application is received by the LTIP Committee within the said period, any such number of unvested PRG Shares under the SGP Award(s) at the expiry of the said period shall be automatically terminated;

(ii) in a case where By-Law 33.3(iii) is applicable, within 1 month after the SGP Participant(s) notifies his/her employer of his/her resignation due to ill health, injury, physical or mental disability, the SGP Participant(s) may apply to the LTIP Committee to be vested with such number of unvested PRG Shares under the SGP Award(s) within the said 1 month period. In the event that no application is received by the LTIP Committee within the said period, any unvested PRG Shares under the SGP Award(s) at the expiry of the said period shall be automatically terminated;

(iii) in a case where By-Law 33.3(iv) is applicable, within 1 month after the SGP Participant(s) is notified that he/she will be retrenched or, where he/she is given an offer by his/her employer as to whether he/she wishes to accept retrenchment upon certain terms, within 1 month after he/she accepts such offer. Thereafter, any such number of unvested PRG Shares under the SGP Award(s) at the expiry of the said period shall be automatically terminated.

SECTION 2

SOP

34. SOP AWARD

34.1 During the duration of the Scheme as provided under By-Law 13, the LTIP Committee may, at its sole discretion, at any time and from time to time an award of the SOP Award(s) in writing to any Eligible Person(s) subject to the Maximum Allowable Allotment as set out in By-Law 5 that may be awarded to an Eligible Person(s) under the Scheme and further subject to the terms and conditions of these By-Laws. Each SOP Award(s) awarded to any Eligible Person(s) shall be separate and independent from any previous or subsequent SOP Award(s) granted by the LTIP Committee to that Eligible Person.

34.2 The SOP Award(s) will be granted on an annual basis or at the sole and absolute discretion of the LTIP Committee but in any event, within the duration of the Scheme.

34.3 The actual number of SOP Option(s) which may be awarded to an Eligible Person shall be at the discretion of the LTIP Committee, subject to any adjustments that may be made under By-Law 9. The number of SOP Option(s) awarded which may be exercised in respect of all or any part of the PRG Shares shall not be less than 100 PRG Shares nor more than the Maximum Allowable Allotment as set out in By-Law 5 that may be awarded to an Eligible Person under the Scheme and shall be in multiples of 100 Shares. The LTIP Committee may stipulate any terms and conditions it deems appropriate in a SOP Award(s) and the terms and conditions of each may differs.

34.4 The LTIP Committee shall state the following particulars in the SOP Award(s) letter:

(i) the number of SOP Option(s) that are being awarded to the Eligible Person;

(ii) the number of PRG Share(s) which the Eligible Person shall be entitled to subscribe for upon the exercise of the SOP Option(s);

(iii) the SOP Award Date;

(iv) the Option Price;

(v) the closing date for acceptance of the SOP Award(s);

(vi) the vesting conditions of the SOP Option(s) as determined by the LTIP Committee, if any;

(vii) SOP Vesting Date(s); and

(viii) any other information deemed necessary by the LTIP Committee.

34.5 Without prejudice to By-Law 14, in the event the SOP Award(s) letter contains an error on the part of the Company in stating any of the particulars in By-Law 34.4 above, the following provisions shall apply:

(i) as soon as possible but in any event no later than 1 month after discovery of the error, the Company shall issue a supplemental letter of award, stating the correct particulars referred to in By-Law 34.4;

(ii) in the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental letter of award shall remain as the Option Price as per the original letter of award; and

(iii) in the event that the error relates to the Option Price, the applicable Option Price shall be the Option Price in the supplemental letter of award and with effect as at the date of the supplemental letter of award, save and except with respect to any SOP Option(s) which have already been exercised as at the date of issue of the supplemental letter of award.

35. ACCEPTANCE

35.1 The SOP Award(s) will be valid for acceptance by the Eligible Person(s) for a period of 30 days from the SOP Award Date (inclusive) or such period as the LTIP Committee at its sole discretion on a case to case basis.

35.2 The SOP Award(s) shall be accepted by an Eligible Person (regardless of the number of SOP Options comprised therein) within the time as aforesaid by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00).

35.3 The day of receipt by the Company of such written notice shall constitute the date of acceptance of SOP Award(s).

35.4 If the SOP Award(s) is not accepted in the manner as set out in By-Law 35.2 and within the time as set out in By-Law 35.1 or in the event of death or cessation of employment of the Eligible Person or the Eligible Person becomes a bankrupt prior to his/her acceptance of the SOP Award(s), the SOP Award(s) shall automatically lapse and the SOP Award(s) will be null and void. The SOP Option(s) comprised in such SOP Award(s) may, at the discretion of the LTIP Committee, be re-offered to other Eligible Person.

35.5 Upon acceptance of the SOP Award(s) by the Eligible Person(s), the SOP Award(s) will be vested to the SOP Participant(s) on the SOP Vesting Date(s) during the duration of the Scheme, subject to the SOP Participant(s) fulfilling the vesting condition(s), if any, as determined by the LTIP Committee.

36. NON-TRANSFERABILITY

36.1 An SOP Award(s) is personal to the Eligible Person(s) and shall be accepted solely by that Eligible Person(s) and is not capable of being accepted on behalf of that Eligible Person(s) by his/her representative or any other persons.

36.2 Subject to the provisions in these By-Laws, an SOP Option is exercisable by the SOP Participant(s) personally during his/her employment or appointment within PRG Group and it shall not be transferred, assigned or disposed of by the SOP Participant(s).

37. SOP VESTING CONDITIONS AND EXERCISE OF OPTIONS

37.1 Subject to the provisions of these By-Laws, SOP Option(s) granted to the SOP Participant(s) under the SOP Award(s) is exercisable by that SOP Participant(s) during his/she employment in PRG Group within the duration of the Scheme. All unexercised SOP Options shall become null and void after the expiry date of this Scheme.

37.2 The LTIP Committee shall, as and when it deems necessary, review and determine at its own discretion the vesting conditions specified in respect of the SOP Award(s). A SOP Participant shall exercise the SOP Option(s) granted to him/her after the vesting conditions, if any, are fully and duly satisfied which includes amongst others, the following:

(i) the SOP Participant(s) must remain as an employee and shall not have given a notice to resign or receive a notice of termination as at the SOP Vesting Date; and

(ii) any other conditions which are determined by the LTIP Committee.

37.3 If applicable, where the LTIP Committee has determined that the vesting conditions have been fully and duly satisfied, the LTIP Committee shall notify the SOP Participant(s) the number of

SOP Options vested or which will be vested to him/her on the SOP Vesting Date ("**SOP Vesting Notice**").

37.4 A SOP Participant shall exercise his/her vested SOP Option(s) by notice in writing to the Company in such form as the LTIP Committee may prescribe or approve. The procedure for the exercise of the SOP Option(s) to be complied with by a SOP Participant shall be determined by the LTIP Committee from time to time.

37.5 Every written notice to exercise the SOP Option(s) shall state the number of PRG Shares that the SOP Participant intends to subscribe and shall state his CDS Account ("**Notice of Exercise**") and shall be accompanied with a remittance for the full amount of the subscription monies payable in respect thereof PROVIDED THAT the number of PRG Shares stated therein shall not exceed the amount of SOP Options awarded to the SOP Participant.

37.6 Within 8 Market Days (or such other period as may be prescribed by Bursa Securities and subject to the Constitution) after the receipt of the complete and valid Notice of Exercise together with the remittance from the SOP Participant and subject to the provisions of the Listing Requirements, the Central Depositories Act, the Rules of Bursa Depository, the Constitution and any other relevant laws, the Company shall allot and issue such number of new PRG Shares and despatch a notice of allotment to the SOP Participant, if applicable. The said PRG Shares will be credited directly into the CDS Account of the SOP Participant or his/her financier, as the case may be. For SOP Participant who do not have CDS Account, such SOP Participant is required to open a CDS Account at their own expense before they can exercise their SOP Option(s).

37.8 Any failure to comply with the procedures specified by the LTIP Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the sole discretion of the LTIP Committee. The LTIP Committee shall inform the SOP Participant of the rejection of the Notice of Exercise within 5 Market Days from the date of rejection and the SOP Participant shall then be deemed not to have exercised his/her SOP Option(s).

37.9 The LTIP Committee may with its power under By-Law 14, at any time and from time to time, before and after the SOP Award(s) is granted, limit the exercise of the SOP Options to a maximum number of PRG Shares and/or such percentage of the total PRG Shares comprised in the SOP Options and impose any other terms and/or conditions deemed appropriate by the LTIP Committee in its sole discretion.

37.10 A SOP Participant shall exercise the SOP Option(s) granted to him/her in multiples of and not less than 100 new PRG Shares or such other units of PRG Shares constituting 1 board lot as may be determined by the LTIP Committee, save and except where a SOP Participant's balance of SOP Option(s) exercisable in accordance with these By-Laws shall be less than 100 new PRG Shares or such other units of PRG Shares constituting 1 board lot as may be determined by the LTIP Committee, in which case the said balance shall, if exercised, be exercised in a single tranche. Such partial exercise of an SOP Option shall not preclude the SOP Participant from exercising the SOP Option(s) as to the balance of any SOP Option(s).

37.11 Notwithstanding anything contrary contained in these By-Laws, the LTIP Committee shall have the right, at its sole discretion by notice in writing to the relevant SOP Participant(s) to that effect, to suspend the right of any SOP Participant(s) who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such SOP Participant or are found to have had no basis or justification) to exercise his/her SOP Option(s) pending the outcome of such disciplinary proceedings.

37.12 In addition to the right to suspend, the LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate at its sole discretion, on the SOP Participant's right to exercise his/her SOP Option(s) having regard to the nature of the charges made or brought against such SOP Participant, PROVIDED ALWAYS that:

(i) in the event such SOP Participant is found not guilty of the charges which gave rise to such disciplinary proceedings, the LTIP Committee shall reinstate the right of such SOP Participant to exercise his/her SOP Option(s);

(ii) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such SOP Participant, all unexercised and partially exercised SOP Option(s) of the SOP Participant shall immediately lapse and be null and void and of no further force and effect, without notice to the SOP Participant, upon pronouncement of the dismissal or termination of service of such SOP Participant notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the SOP Participant in any other forum;

(iii) in the event the SOP Participant is found guilty but no dismissal or termination of service is recommended, the LTIP Committee shall have the right to determine at its sole discretion whether or not the SOP Participant may continue to exercise his/her SOP Option(s) or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights.

and nothing herein shall impose any obligations on the LTIP Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceedings and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the LTIP Committee's exercise of or failure to exercise any of its rights under these By-Laws.

38. OPTION PRICE

38.1 Subject to any adjustments in accordance with By-Law 9 and pursuant to the Listing Requirements, the Option Price shall be based on a price to be determined by the Board upon recommendation of the LTIP Committee which will be based on the volume weighted average price of PRG Shares for the 5 Market Days immediately preceding the SOP Award Date with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme.

39. TERMINATION OF SOP OPTION(S)

39.1 Any SOP Option(s) which has not been exercised by the SOP Participant(s) shall be terminated in the following circumstances:

(i) termination or cessation of employment or appointment of the SOP Participant(s) with PRG Group for any reasons whatsoever, in which event the SOP Option(s) shall be automatically terminated on the effective date of such termination or cessation. If the SOP Participant(s) ceases his employment or appointment with PRG Group by reason of his resignation, the date of acceptance of a SOP Participant(s)' resignation by PRG Group shall be deemed to be the effective date when the SOP Participant(s) ceases his employment or appointment with PRG Group; or

(ii) bankruptcy of the SOP Participant(s), in which event the SOP Option(s) shall be automatically terminated on the date a receiving order is made against the SOP Participant(s) by a court of competent jurisdiction; or

(iii) upon the happening of any other event which results in the SOP Participant(s) being deprived of the beneficial ownership of the SOP Award(s), in which event the SOP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or PRG Group on the date such event occurs; or

(iv) winding up or liquidation of the Company, in which event the SOP Option(s) shall be automatically terminated on the following date:

(a) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or

(b) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or

(v) termination of the Scheme pursuant to By-Law 13.5, in which event the SOP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or PRG Group on the termination date;

whichever shall be applicable.

39.2 Upon the termination of the SOP Option(s) pursuant to By-Laws 39.1(i), (ii), (iii), (iv) or (v) above, the SOP Participant(s) shall have no right to compensation or damages or any claim against the Company or any other member of PRG Group from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any SOP Award(s) or his/her SOP Award(s) ceasing to be valid.

39.3 Notwithstanding By-Law 39.1 above, a SOP Participant may apply in writing to the LTIP Committee to be allowed to continue to hold and to exercise any SOP Option(s) held by him/her upon termination of employment and/or appointment with PRG Group in the following circumstances:

(i) retirement upon or after attaining the age in accordance with the Company's retirement policy; or

(ii) retirement before the age specified under the above said retirement policy, with the consent of his/her employer; or

(iii) ill-health, injury, physical or mental disability; or

(iv) redundancy, retrenchment pursuant to the acceptance by that SOP Participant(s) or voluntary separation scheme offered by a company within PRG Group; or

(v) any other circumstances as may be deemed as acceptable to the LTIP Committee in its sole discretion.

39.4 Applications under By-Law 39.3 shall be made within the duration of the Scheme and:

(i) in a case where By-Law 39.3(i), (ii) or (v) is applicable, within 1 month before the SOP Participant(s)' last day of employment, the SOP Participant(s) may be granted with such number of unvested SOP Options under the SOP Award(s) within the said 1 month period. In the event that no application is received by the LTIP Committee within the said period, any such number of unvested SOP Options under the SOP Award(s) at the expiry of the said period shall be automatically terminated;

(ii) in a case where By-Law 39.3(iii) is applicable, within 1 month after the SOP Participant(s) notifies his/her employer of his/her resignation due to ill-health, injury, physical or mental disability, the SOP Participant(s) may apply to the LTIP Committee to be granted with such number of unvested SOP Options under the SOP Award(s) within the said 1 month period. In the event that no application is received by the LTIP Committee within the said period, any unvested SOP Options under the SOP Award(s) at the expiry of the said period shall be automatically terminated; and

(iii) in a case where By-Law 39.3(iv) is applicable, within 1 month after the SOP Participant(s) is notified that he/she will be retrenched or, where he/she is given an offer by his/her employer as to whether he/she wishes to accept retrenchment upon certain terms, within 1 month after he/she accepts such offer. Thereafter, any such number of unvested and/or unexercised SOP Options under the SOP Award(s) at the expiry of the said period shall be automatically terminated.

39.5 The LTIP Committee shall consider applications under By-Law 39.3 on a case to case basis and may at its sole discretion approve or reject any application in whole or in part without giving any reasons thereof and may impose any terms and conditions in granting an approval. The decisions of the LTIP Committee shall be final and binding. In the event the LTIP Committee approves an application in whole or in part, the SOP Participant(s) may exercise the SOP Option(s) which are the subject of the approval for such period so approved by the LTIP Committee within the duration of the Scheme and subject to the provisions of By-Law 37. Any SOP Option(s) in respect of which an application is rejected shall be deemed automatically terminated on the date of termination stipulated in the relevant paragraph of By-Law 39.1 or on the date of the LTIP Committee's decision, whichever is the later.

39.6 In the event a SOP Participant(s) dies before the expiration of the duration of the Scheme and at the time of his/her death held unexercised SOP Option(s), such unexercised SOP Option(s) may be exercised by the representative of the deceased SOP Participant(s) after the date of his/her death provided that such exercise shall be within the duration of the Scheme subject to the approval of the LTIP Committee.

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, to the best of the Board's knowledge and belief there are no false or misleading statements or information contained in this Circular, or other facts and information the omission of which would make any statement in this Circular false or misleading.

2. CONSENT

2.1 Adviser

TA Securities, being the Adviser for the Proposed Acquisition, Proposed Diversification and the Proposed LTIP, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

2.2 Independent Adviser

Asia Equity Research Sdn Bhd, being the independent adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

2.3 Valuer

Roma Appraisals Limited, being the valuer for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the Valuation Letter for the Proposed Acquisition dated 30 June 2022 and all references thereto in the form and context in which they appear in this Circular.

2.4 Independent Market Researcher

China Insight Consultancy, being the independent market researcher for the Proposed Diversification, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTEREST

3.1 Adviser

TA Securities has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the Adviser for the Proposed Acquisition, Proposed Diversification and the Proposed LTIP.

3.2 Independent Adviser

Asia Equity Research Sdn Bhd has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the independent adviser for the Proposed Acquisition.

3.3 Valuer

Roma Appraisals Limited has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the valuer for the Proposed Acquisition.

3.4 Independent Market Researcher

China Insight Consultancy has confirmed that there is no conflict of interest which exists or is likely to exist in its capacity as the independent market researcher for the Proposed Diversification.

ADDITIONAL INFORMATION *(CONT'D)*

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, PRG Group is not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of PRG Group and the Board confirms that there are no proceedings, pending or threatened, or of any facts likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of PRG Group.

5. MATERIAL COMMITMENT

Saved as disclosed below, as at the LPD, there is no material commitment incurred or known to be incurred by PRG Group which may have a material impact on the financial results/position of PRG Group:

Capital commitments	**RM'000**
Contracted but not provided for: - acquisition of property, plant and equipment	 3,575
Total	**3,575**

6. CONTINGENT LIABILITIES

Save as disclosed below, the Board has confirmed that there are no other contingent liabilities incurred or known to be incurred by PRG Group, which upon becoming enforceable, may have a material impact on the financial position of PRG Group:

	Company level (RM'000)	**Group level (RM'000)**
Corporate guarantees given to banks for credit facilities granted to subsidiaries		
- limit of guarantee	64,637	64,637
- amount utilised	16,330	16,330
Corporate guarantees given to third parties for credit facilities granted to subsidiaries		
- limit of guarantee	119,250	119,250
- amount utilised	384	384

7. MATERIAL CONTRACTS

PRG Group has not entered into any material contract (not being contract entered into in the ordinary course of business) within 2 years immediately preceding the date of this Circular, save for the SSA and the following:

(i) On 12 January 2021, Rich Day Global Limited ("**RDGL**"), a subsidiary of Delightful Grace Holdings Limited ("**DGHL**") which in turn is a wholly-owned subsidiary of Furniweb, has entered into a subscription agreement with Colour Sail International Limited ("**CSIL**") for the subscription of 7,500 shares of RDGL of USD1.00 per RDGL share by CSIL for a consideration of HK$6,000,000.00. The transaction was completed on 12 January 2021.

(ii) On 12 January 2021, RDGL further entered into a subscription agreement with Colourful Day Global Limited ("**CDGL**") for the subscription of 7,500 shares of RDGL of USD1.00 per RDGL share by CDGL for a consideration of HK$6,000,000.00. The transaction was completed on 12 January 2021.

(iii) On 22 March 2021, DGHL and Cheng Tsan Sang entered into a shares sale agreement for the disposal of 5,000 shares in RDGL by DGHL for a total consideration to HK$4,250,000.00. The transaction was completed on 31 March 2021.

(iv) On 22 March 2021, DGHL and Luo Hongcheng entered into a shares sale agreement for the disposal of DGHL's remaining 5,000 shares in RDGL for a total consideration to HK$4,250,000.00. The transaction was completed on 31 March 2021.

(v) On 1 November 2021, Furniweb, Pua Lay Cheng and Lee Eng Hock entered into a shares sale agreement for the acquisition of 37.25% of the issued and paid-up share capital of ESGL with a total cash consideration of HK$9,564,496.00. On 17 November 2021, a supplemental letter was executed to revise the payment terms of the consideration. The acquisition was completed on 13 December 2021.

(vi) On 1 November 2021 and pursuant to the shares sale agreement stated in item (iv) above, Furniweb, Dato' Ng Yan Cheng and Lee Eng Hock entered into a shareholders' agreement to record the intention of the parties in respect to the organisation, management and operation of ESGL and to specify the relation between the parties, all being the shareholders of ESGL. The shareholders' agreement is valid and subsisting as at the LPD.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of PRG at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of PRG's forthcoming EGM:

(i) the Constitutions of PRG and ESGL;

(ii) the audited financial statements of the following:

(a) PRG Group for the past 2 FYEs 31 December 2020 and 31 December 2021;
(b) ESGL Group from 19 July 2021 (date of incorporation) to 31 December 2021;
(c) Furniweb for the past 2 FYEs 31 December 2020 and 31 December 2021;
(d) M&V SG for the past 2 FYEs 31 December 2020 and 31 December 2021; and
(e) M&V MY for the past 2 FYEs 31 December 2020 and 31 December 2021.

(iii) the unaudited financial statements of the following:

(a) PRG Group for the 3M-FPE 31 March 2022;
(b) ESGL Group for the 3M-FPE 31 March 2022;
(c) Furniweb for the 3M-FPE 31 March 2022;
(d) M&V SG for the 3M-FPE 31 March 2022; and
(e) M&V MY for the 3M-FPE 31 March 2022.

(iv) the accountant's reports of the following:

(a) ESGL Group from 19 July 2021 (date of incorporation) to 31 December 2021;
(b) M&V SG for the FYE 31 December 2019, 2020 and 2021; and
(c) M&V MY for the FYE 31 December 2019, 2020 and 2021.

(v) SSA, Valuation Report and IMR Report;

(vi) the By-Laws of the Proposed LTIP;

(vii) the letters of consent and confirmation of no conflict of interest as referred to in **Sections 2** and **3** of this Appendix; and

(viii) the material contracts referred to in **Section 7** of this Appendix.

[The rest of this page has been intentionally left blank]

ADMINISTRATIVE GUIDE FOR THE EGM

PRG
HOLDINGS BERHAD
(Registration No.: 200101005950 (541706-V))
(Incorporated in Malaysia)

Administrative Guide for the Extraordinary General Meeting
("EGM" or "the Meeting")

Day, Date, and Time of Meeting	:	Monday, 8 August 2022 at 10.00 a.m.
Broadcast Venue	:	Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor
Remote Participation and Voting Facilities	:	*Cloud EGM Platform operated by ARB Wemeet Sdn. Bhd. at https://member.arbwemeet.com*
Domain Registration Numbers with MYNIC	:	D1A457700

The EGM of the Company will be held and conducted on a virtual basis through live streaming from the Broadcast Venue for remote participation and voting ("RPV") via Cloud EGM Platform operated by ARB Wemeet Sdn. Bhd. ("ARB Wemeet") at https://member.arbwemeet.com.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of shareholders and proxies. Hence, please ensure that internet connectivity throughout the duration of the EGM is maintained.

ENTITLEMENT TO PARTICIPATE AND VOTE REMOTELY

Shareholders whose names appear in the Record of Depositors ("ROD") as at 2 August 2022 shall be eligible to attend, participate and vote remotely at the EGM, or appoint proxy(ies)/corporate representative(s) to attend, participate and/or vote on his/her behalf.

PROCEDURES TO PARTICIPATE VIA RPV FACILITIES

Please follow the procedures to participate via the RPV facilities as summarised below:

BEFORE THE MEETING DAY

A:	**REGISTRATION**	
	Description	**Procedure**
i.	Shareholders to Register with ARB Wemeet • Individual Shareholder	a. Access website at *https://member.arbwemeet.com*. b. Select *"**Sign Up**"* to sign up as user. c. Read and accept the 'Privacy Policy' and 'Terms & Conditions'. Then select *"**Next**"*. d. Fill-in your details – (i) enter your valid email address (ii) create your own password (iii) enter the CDS account then click "**OK**" e. Registration as user completed. f. An email notification will be sent to you. g. Click the link in the email to verify the account. *Note:* *If you have already signed up/registered as a user with ARB Wemeet, you are not required to register again.*

ADMINISTRATIVE GUIDE FOR THE EGM *(CONT'D)*

B:	APPOINTMENT AND REGISTRATION OF PROXY	
	Description	**Procedure**
i.	Submission of Proxy Form (hard copy) • Individual Shareholder • Corporate Shareholder • Authorised Nominee • Exempt Authorised Nominee	a. The appointment of proxy(ies) or corporate representative may be made vide a hardcopy form or electronic means. b. For submission of Form of Proxy in hardcopy, please ensure that the original Form of Proxy is deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the EGM i.e. latest by 6 August 2022 at 10.00 a.m. c. For body corporate, the original Certificate of Appointment of Corporate Representative/ Power of Attorney/ other documents evidencing the appointment (i.e Corporate Representative's NRIC No., e-mail address and contact number) must be submitted to the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur no later than 6 August 2022 at 10.00 a.m. d. The submitted Form of Proxy and Certificate of Appointment of Corporate Representative/ Power of Attorney/ other documents evidencing the appointment will be verified. e. After verification, the proxy(ies) or corporate representative will receive email notification. (Please refer to the steps stated in the email notification in order to participate in the Meeting. f. Please click the "WeMeet" button in the notification email and you will be directed to the login page at https://member.arbwemeet.com. g. Login with your email and you will be prompted to change password.
ii.	Submission of Proxy Form via Electronic Means	a. For submission of Form of Proxy electronically, please send the duly signed Form of Proxy or Certificate of Appointment of Corporate Representative/ Power of Attorney/ other documents evidencing the appointment (i.e Corporate Representative's NRIC No., e-mail address and contact number) to arbwemeet@arbberhad.com, no later than 6 August 2022 at 10.00 a.m. b. After verification, the proxy(ies) or corporate representative will receive email notification. c. Please refer to the steps stated in the email notification in order to participate in the Meeting. d. Please click the "WeMeet" button in the notification email and you will be directed to the login page at https://member.arbwemeet.com. e. Login with your email and you will be prompted to change password.
iii.	Revocation of Proxy	For revocation of proxy(ies), please email to arbwemeet@arbberhad.com no later than 6 August 2022 at 10.00 a.m.

ADMINISTRATIVE GUIDE FOR THE EGM *(CONT'D)*

ON THE DAY OF EGM

1. Log in to https://member.arbwemeet.com with your registered email address and password.
2. Cloud EGM Platform will be opened for log in one (1) hour before the commencement of the Meeting.
3. Log in and select the general meeting event that you are attending. On the main page, you are able to access the following:

	Description	Procedures
i.	Live Streaming	a. Click on the live streaming link to view the live streaming.
ii.	Submission of Question (real-time)	a. Select *"**Ask Question**"* button to pose a question. b. Type in your question and select *"**Submit**"*. *Note:* *The Company will endeavour to respond to the questions submitted during the Meeting.*
iii.	Online Remote Voting	a. On the main page, scroll down and select *"**Select CDS Account & Vote Now**"*. b. To vote, select your voting choices from the options provided. A confirmation screen will appear to show your selected votes. Select *"**Next**"* to continue voting for all resolutions. c. After you have completed voting, a Voting Summary page will appear to show all the resolutions with your voting choices. Select *"**Finish Voting**"* to submit your votes. d. To change your votes, re-select your voting choices in *"**View My Vote**"* before the end of the voting session.
iv.	View Voting Results	On the main page, scroll down and select *"**View My Vote**"*.
v.	End of Cloud EGM Platform	Upon the announcement by the Chairman of the closure of the EGM, the live streaming will end.

POLL VOTING PROCEDURE

Pursuant to paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the EGM will be conducted by poll. The Company has appointed ARB Wemeet Sdn. Bhd. as the poll administrator to conduct the polling process and Aegis Communication Sdn. Bhd. as the independent scrutineers to verify the results of the poll.

NO E-VOUCHER, GIFT, AND FOOD VOUCHER

There will be no e-Voucher, gift, and food voucher for shareholders, proxies and corporate representatives who participate in the EGM.

ENQUIRY

For enquiries relating to RPV facilities or issues encountered during registration, log in, connecting to the live streaming and online voting facilities, please contact ARB Wemeet helpdesk during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:

Telephone : 03 2276 1143
No. Email : supportsales@arbberhad.com

PRG
HOLDINGS BERHAD
Registration No.: 200101005950 (541706-V)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting of PRG Holdings Berhad ("**PRG**" or "**Company**") will be conducted on a virtual basis through live streaming from the broadcast venue at Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor for remote participation and voting via Cloud EGM Platform operated by ARB Wemeet Sdn. Bhd. at https://member.arbwemeet.com on Monday, 8 August 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF THE REMAINING 62.75% EQUITY INTEREST IN ENERGY SOLUTION GLOBAL LIMITED ("ESGL") BY FURNIWEB HOLDINGS LIMITED ("FURNIWEB" OR "PURCHASER") (A 54.19%-OWNED SUBSIDIARY OF PRG) FOR A TOTAL PURCHASE CONSIDERATION OF HK$58,191,840 (EQUIVALENT TO RM31,423,594) TO BE SATISFIED VIA CASH AND ISSUANCE OF NEW ORDINARY SHARES IN FURNIWEB ("FURNIWEB SHARES") ("PROPOSED ACQUISITION")

"THAT subject to passing of Ordinary Resolution 2, approvals of all relevant authorities or parties (where required) and the relevant conditions precedent as stipulated in the conditional shares sale agreement dated 8 June 2022 and supplemental shares sale agreement dated 13 June 2022 entered between Furniweb and Dato' Ng Yan Cheng ("**Vendor**") ("**SSA**") for the Proposed Acquisition being met or waived (as the case may be), approval be and is hereby given to the Board of Directors of PRG ("**Board**") to undertake the Proposed Acquisition.

AND THAT the Board be and is further authorised to do all acts, deeds and things and execute, sign, deliver and cause to be delivered on behalf of the Company all necessary documents and/or arrangements as they may deem fit or expedient in order to carry out, finalise and give full effect to and complete the Proposed Acquisition with full powers to assent to or make any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board in the best interest of the Company."

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE BUSINESSES OF THE COMPANY AND ITS SUBSIDIARIES ("PRG GROUP") TO INCLUDE THE ENERGY EFFICIENCY BUSINESS ("PROPOSED DIVERSIFICATION")

"THAT subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities or parties (where required), approval be and is hereby given for the diversification of PRG Group's principal activities to include energy efficiency business.

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things and enter into any arrangement and/or undertakings and to execute sign and deliver on behalf of the Company, all such documents as the Board may deem necessary, expedient and/or appropriate to implement and give full effect to and to complete the Proposed Diversification with full power to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Diversification."

ORDINARY RESOLUTION 3

PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN ("LTIP") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES IN PRG (EXCLUDING TREASURY SHARES, IF ANY) AT ANY ONE TIME THROUGHOUT THE DURATION OF THE LTIP FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF PRG AND ITS NON-DORMANT SUBSIDIARIES ("PROPOSED LTIP")

"THAT approval be and is hereby given to the Board to:

(i) establish, implement and administer the Proposed LTIP which comprises a share option plan ("**SOP**") and a share grant plan ("**SGP**") for all eligible employees of PRG Group including Directors of the Group (excluding PRG's dormant subsidiaries) who meet the criteria for eligibility for participation of the Proposed LTIP as set out in the by-laws of the Proposed LTIP ("**By-Laws**"), a draft of which is set out in Appendix VIII of the circular to shareholders of PRG dated 22 July 2022 ("**Circular**");

(ii) allot and issue new ordinary shares in the Company ("**PRG Shares**") pursuant to the Proposed LTIP from time to time as may be required for the purpose of the Proposed LTIP, provided always that the total number of PRG Shares which may be made available under the Proposed LTIP and any other employee share issuance scheme to be implemented by the Company, if any, shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any time during the existence of the Proposed LTIP;

(iii) modify and/or amend the Proposed LTIP and/or the By-Laws from time to time provided that such modifications and/or amendments are permitted and effected in accordance with the provisions of the By-Laws relating to modifications and/or amendments; and

(iv) do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds and to make such rules or regulations, or impose such terms and conditions or delegate its power as may be necessary or expedient in order to give full effect to the Proposed LTIP and terms of the By-Laws, with full power to consent to and to adopt such conditions, modifications, variations and/or amendments as they may deem fit and/or as may be required by the relevant authorities."

ORDINARY RESOLUTION 4

PROPOSED GRANTING OF LTIP AWARDS TO DATO' LUA CHOON HANN

"THAT subject to the passing of Ordinary Resolution 3 and the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby authorised, at any time and from time to time during the existence of the Proposed LTIP, to offer and grant to Dato' Lua Choon Hann, being the Group Executive Vice Chairman of the Company, options to subscribe for such number of new PRG Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed LTIP, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued PRG Shares (excluding treasury shares, if any), does not exceed 10% of the LTIP Awards granted, and subject always to such terms and conditions of the Proposed LTIP as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirement**"), or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new PRG Shares to Dato' Lua Choon Hann pursuant to the exercise of SOP options and/or vesting of SGP awards under the Proposed LTIP."

ORDINARY RESOLUTION 5

PROPOSED GRANTING OF LTIP AWARDS TO DATO' WEE CHENG KWAN

"THAT subject to the passing of Ordinary Resolution 3 and the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby authorised, at any time and from time to time during the existence of the Proposed LTIP, to offer and grant to Dato' Wee Cheng Kwan, being the Managing Director – Property & Construction of the Company, options to subscribe for such number of new PRG Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed LTIP, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued PRG Shares (excluding treasury shares, if any), does not exceed 10% of the LTIP Awards granted, and subject always to such terms and conditions of the Proposed LTIP as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new PRG Shares to Dato' Wee Cheng Kwan pursuant to the exercise of SOP options and/or vesting of SGP awards under the Proposed LTIP."

ORDINARY RESOLUTION 6

PROPOSED GRANTING OF LTIP AWARDS TO NG TZEE PENN

"THAT subject to the passing of Ordinary Resolution 3 and the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby authorised, at any time and from time to time during the existence of the Proposed LTIP, to offer and grant to Ng Tzee Penn, being the Executive Director of the Company, options to subscribe for such number of new PRG Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed LTIP, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued PRG Shares (excluding treasury shares, if any), does not exceed 10% of the LTIP Awards granted, and subject always to such terms and conditions of the Proposed LTIP as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new PRG Shares to Ng Tzee Penn pursuant to the exercise of SOP options and/or vesting of SGP awards under the Proposed LTIP."

ORDINARY RESOLUTION 7

PROPOSED GRANTING OF LTIP AWARDS TO LIM CHEE HOONG

"THAT subject to the passing of Ordinary Resolution 3 and the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby authorised, at any time and from time to time during the existence of the Proposed LTIP, to offer and grant to Lim Chee Hoong, being the Independent Non-Executive Director of the Company, options to subscribe for such number of new PRG Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed LTIP, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued PRG Shares (excluding treasury shares, if any), does not exceed 10% of the LTIP Awards granted, and subject always to such terms and conditions of the Proposed LTIP as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new PRG Shares to Lim Chee Hoong pursuant to the exercise of SOP options under the Proposed LTIP."

ORDINARY RESOLUTION 8

PROPOSED GRANTING OF LTIP AWARDS TO JI HAITAO

"THAT subject to the passing of Ordinary Resolution 3 and the approvals of all relevant authorities or parties (where required) being obtained, the Board be and is hereby authorised, at any time and from time to time during the existence of the Proposed LTIP, to offer and grant to Ji Haitao, being the Independent Non-Executive Director of the Company, options to subscribe for such number of new PRG Shares to be issued (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed LTIP, provided that the allocation to any eligible participant who, either singly or collectively through person connected with him, holds 20% or more of the total number of issued PRG Shares (excluding treasury shares, if any), does not exceed 10% of the LTIP Awards granted, and subject always to such terms and conditions of the Proposed LTIP as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

AND THAT approval be and is hereby given to the Board to allot and issue such number of new PRG Shares to Ji Haitao pursuant to the exercise of SOP options under the Proposed LTIP."

By Order of the Board

YEOH CHONG KEAT (MIA 2736) (SSM PC NO. 201908004096)
LIM FEI CHIA (MAICSA 7036158) (SSM PC NO. 202008000515)
Company Secretaries
Kuala Lumpur
Date: 22 July 2022

Notes:

1. *The Company's Extraordinary General Meeting ("**EGM**") will be conducted on a virtual basis from the Broadcast Venue. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting.*

   Shareholders are to participate and vote remotely at the EGM via the remote participation and voting facilities provided by the Poll Administrator, ARB Wemeet Sdn. Bhd..

   Please refer to the Administrative Guide for the EGM and follow the procedures provided in order to participate and vote remotely at the EGM.

2. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 2 August 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.*

3. *A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.*

4. *Where a member appoints two (2) proxies, the member shall specify the proportion of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*

5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *To be valid, the original Form of Proxy, duly completed must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof. Alternatively, the Form of Proxy can be submitted electronically to arbwemeet@arbberhad.com not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof. Kindly refer to the Administrative Guide for the EGM on the procedures for electronic lodgement of the Form of Proxy.*

7. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.*

8. *Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of this meeting will be put to vote by way of poll.*

9. *The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company and/or its agents the personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/or processed in connection with the foregoing.*

[The rest of this page has been intentionally left blank]

PRG
HOLDINGS BERHAD
(Registration No.: 200101005950 (541706-V))
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
Total number of ordinary shares held	

I/We____NRIC/Passport/Registration No. ____________________________________
(FULL NAME IN BLOCK LETTERS)
of____
(FULL ADDRESS)
email address:____ and contact no. ____

being a member/members of **PRG HOLDINGS BERHAD**, do hereby appoint____
(FULL NAME IN BLOCK LETTERS AND NRIC/PASSPORT NO.)
of____
(FULL ADDRESS)
email address:____ and contact no. ____

or failing him/her____
(FULL NAME IN BLOCK LETTERS AND NRIC/PASSPORT NO.)
of____
(FULL ADDRESS)
email address:____ and contact no. ____

#or failing him/her, *the Chairman of the meeting as *my/our proxy(ies) to vote and act for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be conducted on a virtual basis through live streaming from the broadcast venue at Lot C601, Capital 3, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor for remote participation and voting via Cloud EGM Platform operated by ARB Wemeet Sdn. Bhd. at https://member.arbwemeet.com on Monday, 8 August 2022 at 10.00 a.m. or at any adjournment thereof.

The proportion of *my/our holdings to be represented by *my/our proxy(ies) are as follows:

First Proxy: ____________ %	Second Proxy: ____________ %

*My/our proxy(ies) is to vote as indicated below:

Ordinary Resolutions		FOR	AGAINST
1.	Proposed Acquisition		
2.	Proposed Diversification		
3.	Proposed LTIP		
4.	Proposed Granting of LTIP Awards to Dato' Lua Choon Hann		
5.	Proposed Granting of LTIP Awards to Dato' Wee Cheng Kwan		
6.	Proposed Granting of LTIP Awards to Ng Tzee Penn		
7.	Proposed Granting of LTIP Awards to Lim Chee Hoong		
8.	Proposed Granting of LTIP Awards to Ji Haitao		

Please indicate with an "X" in the space provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.
* *Delete if not applicable.*
\# *If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "or failing him/her, the Chairman of the meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the space(s) provided.*

Dated this ______________ day of _________________ 2022.

____
Signature or Common Seal of Shareholder(s)

Notes:

1. *The Company's Extraordinary General Meeting ("**EGM**") will be conducted on a virtual basis from the Broadcast Venue. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting.*

   Shareholders are to participate and vote remotely at the EGM via the remote participation and voting facilities provided by the Poll Administrator, ARB Wemeet Sdn. Bhd..

   Please refer to the Administrative Guide for the EGM and follow the procedures provided in order to participate and vote remotely at the EGM.

2. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 2 August 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at this meeting.*

3. *A member shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at this meeting. A proxy may but need not be a member of the Company.*

4. *Where a member appoints two (2) proxies, the member shall specify the proportion of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*

5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *To be valid, the original Form of Proxy, duly completed must be deposited at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof. Alternatively, the Form of Proxy can be submitted electronically to arbwemeet@arbberhad.com not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof. Kindly refer to the Administrative Guide for the EGM on the procedures for electronic lodgement of the Form of Proxy.*

7. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.*

8. *Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of this meeting will be put to vote by way of poll.*

9. *The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to the Company and/or its agents the personal data which may include the name, contact details and mailing address, a member of the Company hereby consent, agree and authorise the processing and/ or disclosure of any personal data of or relating to the member for the purposes of issuing the notice of this meeting and convening the meeting (including any adjournment thereof), including but not limited to preparation and compilation of documents and other matters, whether or not supplied by the member. The member further confirms to have obtained the consent, agreement and authorisation of all persons whose personal data the member have disclosed and/or processed in connection with the foregoing.*

Then fold here

AFFIX
STAMP

The Company Secretary
PRG HOLDINGS BERHAD

c/o Archer Corporate Services Sdn. Bhd.
Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

1st fold here