FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8480)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

DELAY IN PUBLICATION OF THE AUDITED ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Due to the outbreak of the Novel Corona Virus Disease-2019 (the "**COVID-19**") pandemic, the Company has been informed by the Group's external auditors, ZHONGHUI ANDA CPA LIMITED, that the progress of the relevant audit field work in the People's Republic of China (the "**PRC**"), has been adversely affected by the travel restrictions and mandatory medical surveillance measures imposed. As such, the expected date of the publication of the audited financial results for the year ended 31 December 2019 and the annual report for the year ended 31 December 2019 will need to be further agreed with the ZHONGHUI ANDA CPA LIMITED. Based on the information currently available to the Company, the Board estimates the audited financial results for the year ended 31 December 2019 and the annual report for the year ended 31 December 2019 will be published in April 2020. However, this estimate may be subject to further changes and the Company shall keep the shareholders informed of the latest developments.

The board of Directors of the Company (the "**Board**") announces the unaudited consolidated results of the Group for the year ended 31 December 2019 (the "**Financial Year**") which have yet to be agreed with ZHONGHUI ANDA CPA LIMITED, together with the comparative audited figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019 (Unaudited) *RM'000***	2018 (Audited) *RM'000*
Continuing operations			
Revenue	*4*	**125,938**	73,639
Cost of sales		**(91,742)**	(52,241)
Gross profit		**34,196**	21,398
Other (expenses)/income, net	*5*	**(42,932)**	1,185
Selling and distribution costs		**(11,305)**	(2,112)
Administrative expenses		**(20,119)**	(15,738)
Interest income		**468**	650
Finance costs	*6*	**(1,622)**	(447)
Share of profit of a joint venture, net of tax		**294**	332
Share of loss of associates, net of tax		**(1,389)**	(1,029)
(Loss)/Profit before income tax expense from continuing operations	*7*	**(42,409)**	4,239
Income tax expense	*8*	**(1,917)**	(1,111)
(Loss)/Profit for the year from continuing operations		**(44,326)**	3,128
Discontinued operation			
Loss for the year from discontinued operation		**(3,936)**	(2,202)
(Loss)/Profit for the year		**(48,262)**	926

	Notes	**2019** **(Unaudited)** ***RM'000***	2018 (Audited) *RM'000*
Other comprehensive income, net of tax			
Continuing operations			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(2,119)**	457
Share of other comprehensive income of a joint venture		**(21)**	(4)
Share of other comprehensive income of associates		**(49)**	(28)
Other comprehensive income from continuing operations		**(2,189)**	425
Discontinued operation			
Other comprehensive income from discontinued operation		**(27)**	(70)
Total other comprehensive income, net of tax		**(2,216)**	355
Total comprehensive income for the year		**(50,478)**	1,281
(Loss)/Profit for the year attributable to:			
Owners of the Company			
— from continuing operations		**(44,326)**	3,128
— from discontinued operation		**(3,936)**	(2,202)
		(48,262)	926
Total comprehensive income for the year attributable to:			
Owners of the Company			
— from continuing operations		**(46,515)**	3,553
— from discontinued operation		**(3,963)**	(2,272)
		(50,478)	1,281
(Loss)/Earnings per share:	*10*		
Basic and diluted (RM cents)			
— from continuing operations		**(8.32)**	0.62
— from discontinued operation		**(0.74)**	(0.44)
		(9.06)	0.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	**2019 (Unaudited) *RM'000***	2018 (Audited) *RM'000*
Non-current assets			
Property, plant and equipment		**23,872**	34,815
Rights-of-use assets		**23,771**	–
Intangible assets		**34,416**	1,255
Interest in a joint venture		**1,111**	1,146
Interest in associates		**–**	4,175
Loan to an associate		**4,622**	4,712
Deferred tax assets		**369**	673
		88,161	46,776
Current assets			
Inventories		**21,192**	22,120
Trade and other receivables	*11*	**54,532**	19,501
Amount due from a joint venture		**77**	84
Amounts due from associates		**4,324**	721
Current tax recoverable		**303**	448
Time deposits maturing over three months		**7,980**	647
Cash and bank balances		**13,669**	31,600
Assets held for sale		**15,171**	–
		117,248	75,121
Current liabilities			
Trade and other payables	*12*	**33,890**	11,254
Contract liabilities		**128**	127
Lease liabilities		**3,751**	–
Bank borrowings		**1,378**	1,095
Current tax liabilities		**2,513**	442
Liabilities directly associated with the assets held for sale		**8,066**	–
		49,726	12,918
Net current assets		**67,522**	62,203
Total assets less current liabilities		**155,683**	108,979

	Notes	**2019 (Unaudited) *RM'000***	2018 (Audited) *RM'000*
Non-current liabilities			
Lease liabilities		**15,882**	–
Bank borrowings		**10,523**	9,574
Provision for restoration cost		**633**	–
Deferred tax liabilities		**683**	743
		27,721	10,317
NET ASSETS		**127,962**	98,662
EQUITY			
Share capital		**30,255**	27,285
Reserves		**97,707**	71,377
TOTAL EQUITY		**127,962**	98,662

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited since 16 October 2017 (the "**Listing**"). The address of the Company's registered office and its headquarters are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Lot 1883, Jalan KPB9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor, Malaysia, respectively.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sale of elastic textile, webbings and Polyvinyl Chloride ("**PVC**") related products, and retail business. The ultimate holding company of the Company is PRG Holdings Berhad ("**PRG Holdings**" or the "**Controlling Shareholder**") which is a public limited liability company incorporated in Malaysia and the shares of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), International Accounting Standards ("**IAS**"), amendments and interpretations (hereinafter collectively referred to as the "**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosure requirements of the GEM Listing Rules. They have been prepared under the historical cost basis.

The unaudited consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), which is the functional currency of the Company's major operating subsidiaries and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

Adoption of new or revised IFRSs effective for annual periods beginning on or after 1 January 2019

In the current year, the Group has adopted all the new and revised IFRSs issued by IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's unaudited consolidated financial statements and amounts reported for the current year and prior years except as stated below.

IFRS 16 "Leases"

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

The following table summarises the impact of transaction to IFRS 16 on retained earnings as at 1 January 2019:

	1 January 2019
	RM'000
Retained earnings as at 31 December 2018 (audited)	**28,697**
Adjustments under IFRS 16 (unaudited)	**(407)**
Retained earnings as at 1 January 2019 (Restated) (unaudited)	**28,290**

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17 "Leases."

The reconciliation of operating lease commitment to lease liabilities is set out below:

	RM'000
Operating lease commitments disclosed as at 31 December 2018 (audited)	**29,134**
Less: Leases commitment not yet commences (unaudited)	**(21,456)**
Gross operating lease obligations at 1 January 2019 (unaudited)	**7,678**
Discounting (unaudited)	**(2,191)**
Lease liabilities discounted at relevant incremental borrowing rates at 1 January 2019 (unaudited)	**5,487**
Add: Extension options reasonably certain to be exercised (unaudited)	**424**
Lease liabilities as at 1 January 2019 (unaudited)	**5,911**
Analysed as:	
Current (unaudited)	**530**
Non-current (unaudited)	**5,381**
	5,911

The carrying amount of right-of-use assets at 1 January 2019 comprises the following:

	RM'000
	(Unaudited)
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	**5,492**
Amount included in property, plant and equipment	**5,202**
	10,694
By class:	
Land use rights	**9,670**
Land and buildings	**1,024**
	10,694

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The 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 its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

(a) Business segment

The Company's subsidiaries are principally engaged in the manufacturing and sale of elastic textile, webbings and PVC related products, and retail business. The Group determines its operating segments based on the reports reviewed by chief executive officer who is the chief operating decision-maker (the "**CODM**").

The Group has arrived at two reportable segments summarised as follows:

(i) Manufacturing; and

(ii) Retail.

During the Financial Year, the Group has changed the reportable segments to Manufacturing and Retail Division as the Group has commenced retail business in 2019. The change is in-line with the manner the internal management reporting and operating results were reviewed by the Group's management to make decisions about the resources to be allocated to the segments and to assess their performance.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The CODM assesses performance of the operating segments on the basis of profit before income tax expense. Inter segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

There were no separate segment assets and segment liabilities information provided to the CODM, as the CODM does not use this information to allocate resources and evaluate the performance of the operating segments.

On 4 October 2019, the Company entered into a term sheet with FOUR K INVESTMENT LIMITED (the "**Purchaser**") for the sale (the "**Disposal**") of Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd ("**PEWAV(VN)**"), a member of the Group principally engaged in the manufacture and sale of narrow elastic fabrics. On 10 January 2020, the Group entered into a capital transfer agreement (the "**Capital Transfer Agreement**") with the Purchaser pursuant to which the Purchaser has conditionally agreed with the Group to (i) acquire the entire registered and paid-in charter capital of USD2,100,000 of PEWAV(VN) and (ii) pay the agreed amount of inter-company loans and debts owed by PEWAV(VN) as at 10 January 2020, being the date of the Capital Transfer Agreement, subject to and upon the terms and conditions of the Capital Transfer Agreement. The Disposal constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. Further details in relation to the Disposal were disclosed in the announcements dated 10 January 2020 and 13 February 2020. As at the date of this announcement, the conditions precedent set out under the Capital Transfer Agreement has not been completed.

In view of the Disposal, the operation of PEWAV(VN) was classified as discontinued operation in income statement whereas the assets and liabilities of PEWAV(VN) were classified as assets held for sale and liabilities directly associated with the assets held for sales in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, which were measured at the lower of carrying amount and fair value less costs to sell, and were presented separately in the statement of financial position.

Year ended 31 December 2019 (Unaudited)

	Continuing operations				Discontinued operation	
	Manufacturing *RM'000*	**Retail** *RM'000*	**Others** *RM'000*	**Sub-total** *RM'000*	**Manufacturing** *RM'000*	**Total** *RM'000*
Revenue						
Total revenue	**119,609**	**6,376**	**28**	**126,013**	**16,977**	**142,990**
Inter-segment revenue	**(75)**	**–**	**–**	**(75)**	**(78)**	**(153)**
Revenue from external customers	**119,534**	**6,376**	**28**	**125,938**	**16,899**	**142,837**
Results						
Operating loss	**(29,959)**	**(5,952)**	**(4,249)**	**(40,160)**	**(3,224)**	**(43,384)**
Interest income	**450**	**2**	**16**	**468**	**1**	**469**
Finance costs	**(675)**	**(939)**	**(8)**	**(1,622)**	**(360)**	**(1,982)**
Share of profit of a joint venture, net of tax	**294**	**–**	**–**	**294**	**–**	**294**
Share of loss of associates, net of tax	**(591)**	**(798)**	**–**	**(1,389)**	**–**	**(1,389)**
Loss before income tax expense	**(30,481)**	**(7,687)**	**(4,241)**	**(42,409)**	**(3,583)**	**(45,992)**
Income tax expense	**(1,917)**	**–**	**–**	**(1,917)**	**(353)**	**(2,270)**
Loss for the year	**(32,398)**	**(7,687)**	**(4,241)**	**(44,326)**	**(3,936)**	**(48,262)**
Other segment items:						
Amortisation and depreciation	**(2,237)**	**(3,303)**	**(76)**	**(5,616)**	**(1,695)**	**(7,311)**
Fair value change of profit guarantee	**(2,593)**	**–**	**–**	**(2,593)**	**–**	**(2,593)**
Impairment loss on assets held for sale	**(5,624)**	**–**	**–**	**(5,624)**	**–**	**(5,624)**
Impairment loss on goodwill	**(31,764)**	**–**	**–**	**(31,764)**	**–**	**(31,764)**
Impairment loss on interest on associate	**(3,244)**	**–**	**–**	**(3,244)**	**–**	**(3,244)**

Year ended 31 December 2018 (Restated)

	Continuing operations				Discontinued operation	
	Manufacturing *RM'000*	Retail *RM'000*	Others *RM'000*	Sub-total *RM'000*	Manufacturing *RM'000*	Total *RM'000*
Revenue						
Total revenue	73,700	–	–	73,700	18,931	92,631
Inter-segment revenue	(61)	–	–	(61)	(5)	(66)
Revenue from external customers	73,639	–	–	73,639	18,926	92,565
Results						
Operating profit/(loss)	6,994	(763)	(1,498)	4,733	(2,348)	2,385
Interest income	460	1	189	650	1	651
Finance costs	(447)	–	–	(447)	(202)	(649)
Share of profit of a joint venture, net of tax	332	–	–	332	–	332
Share of loss of an associate, net of tax	(1,029)	–	–	(1,029)	–	(1,029)
Profit/(Loss) before income tax expense	6,310	(762)	(1,309)	4,239	(2,549)	1,690
Income tax expense	(1,111)	–	–	(1,111)	347	(764)
Profit/(Loss) for the year	5,199	(762)	(1,309)	3,128	(2,202)	926
Other segment item:						
Amortisation and depreciation	(1,391)	(1)	–	(1,392)	(1,631)	(3,023)

(b) Geographical information

The Company is domiciled in the Cayman Islands while the Group's manufacturing facilities and sales offices are based in Malaysia, Vietnam, the People's Republic of China ("**PRC**") and Hong Kong, and the retail business is based in Singapore.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers from which the sales transactions originated.

The non-current assets based on the geographical location of the Group's assets do not include interest in an associate, interest in a joint venture, loan to an associate and deferred tax assets ("**Specified non-current assets**").

	Continuing operations		**Discontinued operation**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Revenue from external customers						
Asia Pacific	**99,785**	48,500	**14,765**	17,936	**114,550**	66,436
Europe	**7,773**	8,285	**2,126**	958	**9,899**	9,243
North America	**16,760**	16,546	**8**	32	**16,768**	16,578
Others	**1,620**	308	**–**	–	**1,620**	308
	125,938	73,639	**16,899**	18,926	**142,837**	92,565

	2019	2018
	(Unaudited)	(Audited)
	RM'000	*RM'000*
Specified non-current assets		
Malaysia	**20,689**	20,329
Vietnam	**5,251**	13,865
Singapore	**21,415**	1,876
Hong Kong	**166**	–
PRC	**34,538**	–
	82,059	36,070

(c) Information about major customers

Revenue from individual customer contributing over 10% of the total revenue of the Group for the reporting periods was as follows:

	2019	2018
	(Unaudited)	(Audited)
	RM'000	*RM'000*
Customer A	***–**	10,730

* Revenue from this customer did not exceed 10% of the total revenue of the Group during the year. These amounts were shown for comparative purpose.

No individual customer contribute over 10% of the total revenue of the Group in 2019.

All revenue from customers during the years ended 31 December 2019 and 2018 were recognised at point in time.

4. REVENUE

Revenue represents the net invoiced value of goods sold.

5. OTHER (EXPENSES)/INCOME, NET

	Continuing operations		Discontinued operation		Total	
	2019	2018	**2019**	2018	**2019**	2018
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
(Loss)/Gain on foreign exchange, net						
— realised	**(284)**	294	**(69)**	(19)	**(353)**	275
— unrealised	**(207)**	169	**82**	(142)	**(125)**	27
Commission income	**269**	199	**–**	–	**269**	199
Fair value change of profit guarantee	**(2,593)**	–	**–**	–	**(2,593)**	–
Impairment loss on assets held for sale	**(5,624)**	–	**–**	–	**(5,624)**	–
Impairment loss on goodwill	**(31,764)**	–	**–**	–	**(31,764)**	–
Impairment loss on interest on associate	**(3,244)**	–	**–**	–	**(3,244)**	–
Net gain on disposal of property, plant and equipment	**59**	116	**–**	–	**59**	116
Sales of scrap	**55**	52	**5**	6	**60**	58
Others	**401**	355	**20**	(2)	**421**	353
	(42,932)	1,185	**38**	(157)	**(42,894)**	1,028

6. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2019	2018	**2019**	2018	**2019**	2018
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Interest on bank overdrafts	**33**	8	**–**	–	**33**	8
Interest on bank borrowings	**567**	417	**285**	202	**852**	619
Interest on lease liabilities	**992**	–	**75**	–	**1,067**	–
Interest on obligations under finance leases	**–**	22	**–**	–	**–**	22
Others	**30**	–	**–**	–	**30**	–
	1,622	447	**360**	202	**1,982**	649

7. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

The Group's (loss)/profit before income tax expense for the year is stated after charging/(crediting) the following:

	Continuing operations		Discontinued operation		Total	
	2019	2018	**2019**	2018	**2019**	2018
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Auditor's remuneration	**489**	368	**27**	27	**516**	395
Amortisation of intangible assets	**431**	5	**8**	15	**439**	20
Cost of inventories recognised as expenses	**74,623**	32,828	**8,044**	7,454	**82,667**	40,282
Depreciation of property, plant and equipment	**2,168**	1,387	**1,624**	1,616	**3,792**	3,003
Depreciation of right-of-use assets	**3,017**	–	**63**	–	**3,080**	–
Fair value change of profit guarantee	**2,593**	–	–	–	**2,593**	–
Impairment loss on assets held for sale	**5,624**	–	**–**	–	**5,624**	–
Impairment loss on goodwill	**31,764**	–	**–**	–	**31,764**	–
Impairment loss on interest on associate	**3,244**	–	**–**	–	**3,244**	–
Impairment loss on trade receivables	**18**	30	**–**	18	**18**	48
Interest income from:						
— fixed deposits	**(275)**	(485)	**–**	–	**(275)**	(485)
— bank balances	**(52)**	(28)	**(1)**	(1)	**(53)**	(29)
— advance to an associate	**(141)**	(137)	**–**	–	**(141)**	(137)
Inventories written down	**1,612**	315	**–**	114	**1,612**	429
Inventories written off	**67**	–	**–**	–	**67**	–
Net gain on disposal of property, plant and equipment	**(59)**	(116)	**–**	–	**(59)**	(116)
Property, plant and equipment written off	**1**	–	**–**	–	**1**	–
Rental expenses on:						
— building	**207**	337	**–**	–	**207**	337
— land	**–**	140	**–**	109	**–**	249
Reversal of impairment loss on trade receivables	**(25)**	(13)	**(10)**	(9)	**(35)**	(22)
Reversal of inventories written down	**–**	(317)	**(110)**	–	**(110)**	(317)
Employee costs included in:						
— cost of sales	**12,025**	10,116	**5,785**	6,499	**17,810**	16,615
— selling and distribution costs	**1,028**	208	**197**	207	**1,225**	415
— administrative expenses	**13,267**	11,159	**473**	632	**13,740**	11,791

8. INCOME TAX EXPENSE

	Continuing operations		Discontinued operation		Total	
	2019	2018	**2019**	2018	**2019**	2018
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Current tax						
— provision for the year	**1,989**	1,264	**–**	–	**1,989**	1,264
— under provision in prior years	**17**	107	**–**	–	**17**	107
	2,006	1,371	**–**	–	**2,006**	1,371
Deferred tax						
— current year	**(62)**	(121)	**–**	(347)	**(62)**	(468)
— (over)/under provision in prior years	**(27)**	(139)	**353**	–	**326**	(139)
	(89)	(260)	**353**	(347)	**264**	(607)
	1,917	1,111	**353**	(347)	**2,270**	764

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profits for the years ended 31 December 2019 and 2018; the Vietnamese corporate income tax is calculated at the preferential tax rate of 15% on the assessable profits for the years ended 31 December 2019 and 2018; the PRC corporate income tax is calculated at the preferential tax rate of 15% on the assessable profits for the year ended 31 December 2019; the subsidiary incorporated in Singapore is subject to Singapore corporate tax of 17% for the year ended 31 December 2019 and the subsidiaries incorporated in Hong Kong are subject to Hong Kong Projects Tax rate of 16.5% for the year ended 31 December 2019.

9. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

The Board does not recommend payment of any final dividend for the Financial Year (2018: Nil).

10. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the Financial Year.

The calculation of basic and diluted (loss)/earnings per share is based on the following information:

	2019	2018
	(Unaudited)	(Audited)
	RM'000	*RM'000*
(Loss)/Earnings		
(Loss)/Profit for the year attributable to owners of the Company		
— from continuing operations	**(44,326)**	3,128
— from discontinued operation	**(3,936)**	(2,202)
	(48,262)	926
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings for share	**532,690**	504,000

Diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares outstanding for the years ended 31 December 2019 and 2018.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	(Unaudited)	(Audited)
	RM'000	*RM'000*
Trade receivables	**39,417**	14,889
Less: Allowance for impairment losses	**(226)**	(364)
	39,191	14,525
Other receivables	**11,911**	4,976
Loan receivables	**3,430**	–
	54,532	19,501

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 90 days from invoice date. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

The ageing analysis of trade receivables, based on invoice dates and before allowance for impairment losses, as at 31 December 2019 and 2018 are as follows:

	2019	2018
	(Unaudited)	(Audited)
	RM'000	*RM'000*
Within 30 days	**11,323**	7,132
31 to 60 days	**10,431**	4,514
61 to 90 days	**4,791**	995
91 to 180 days	**11,392**	2,020
Over 180 days	**1,480**	228
	39,417	14,889

12. TRADE AND OTHER PAYABLES

	2019	2018
	(Unaudited)	(Audited)
	RM'000	*RM'000*
Trade payables	**21,118**	4,375
Bills payable	**1,020**	3,096
Other payables	**11,752**	3,783
	33,890	11,254

Trade payables are non interest bearing and the normal trade credit terms granted to the Group range from one month to three months from invoice date.

The ageing analysis of trade and bills payables, based on invoice dates, as at 31 December 2019 and 2018 are as follows:

	2019	2018
	(Unaudited)	(Audited)
	RM'000	*RM'000*
Within 30 days	**5,015**	3,528
31 to 60 days	**6,587**	1,719
61 to 90 days	**3,428**	900
Over 90 days	**7,108**	1,324
	22,138	7,471

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

(a) Manufacturing Division

The Group is a long-established elastic textile and webbing manufacturer in Malaysia and Vietnam. The products are manufactured and sold in Malaysia and Vietnam, and also exported to over 30 countries including the United States, United Kingdom, India, Indonesia, Australia, Sri Lanka and Pakistan.

On 28 June 2019, the Group has completed the acquisition of the entire issued share capital of Meinaide Holdings Group Limited (the "**Acquisition**"), whose subsidiaries in Hong Kong and PRC (together with Meinaide Holdings Group Limited, collectively the "**PVC Subsidiaries**") are mainly engaged in the manufacture and sale of PVC related products to customers in Hong Kong, PRC and other Asian countries. The revenue from the Manufacturing Division for the Financial Year was approximately RM119.5 million, increased by approximately RM45.9 million or 62.4% as compared to 2018. During the Financial Year, domestic sales and export sales accounted for approximately 53.8% and 46.2% (2018: 35.8% and 64.2%) of the total revenue, respectively. Asia Pacific region, Europe and North America continued to be the major export countries of the Group during both years.

Revenue generated from the sale of elastic textile, webbing and PVC products accounted for approximately 25.0%, 31.4% and 30.1% (2018: 39.6%, 45.6% and Nil) of the total revenue respectively during the Financial Year. The performance by products as below:

(i) Elastic textile

For the Financial Year, the revenue of elastic textile was approximately RM31.5 million, increased by approximately RM2.4 million or 8.1% as compared to 2018, mainly due to an increase in sales orders from the customers in Asia Pacific region and North America as well as an increase in average selling price during the Financial Year.

(ii) Webbing

For the Financial Year, the revenue of webbing was approximately RM39.6 million, increased by approximately RM6.0 million or 17.9% as compared to 2018. This was mainly attributable to an increase in sales orders for both furniture webbing and seat belt webbing from customers in Asia Pacific region as well as an increase in average selling price during the Financial Year.

(iii) Other manufacturing products

During the Financial Year, the revenue of other manufacturing products was approximately RM48.4 million, increased by approximately RM37.5 million or 343% as compared to 2018, mainly due to the revenue contributed by the PVC Subsidiaries of approximately RM37.9 million (2018: Nil).

(b) Retail Division

The Group had ventured into retail business in the second quarter of 2018 and became an authorised dealer of the luxurious apparel brand "**Philipp Plein**" in Singapore, Malaysia, Thailand and a few approved additional territories. The first flagship store was opened in Marina Bay Sands, Singapore in April 2019, which is the first "**Philipp Plein**" store in South East Asia. The second store which is 49% owned by the Group, was opened in IconSiam, Bangkok in Thailand in July 2019.

In order to promote the brand in South East Asia, the Group has incurred substantial marketing expenses for grand opening events, marketing initiative and promotion events to reach out to the local customers as well as tourist traffic. For the Financial Year, being the first year the Group commenced its retail business, the Group was still adjusting its product mix, understanding market trend, profiling customers preference and cautiously managed its inventories at a healthy level, in particular, minimising its slow-moving items.

The Retail Division generated revenue amounted to approximately RM6.4 million for the Financial Year (2018: Nil).

FINANCIAL REVIEW

Revenue

The Group's revenue for the Financial Year amounted to approximately RM125.9 million (2018: RM73.6 million), representing an increase of approximately RM52.3 million or 71.1% as compared to 2018.

A majority of the Group's revenue was contributed by the Manufacturing Division, which accounted for approximately 94.9% (2018: 100%) of the total revenue for the Financial Year.

Revenue from the Manufacturing Division increased by approximately RM45.9 million mainly due to additional revenue contributed by the PVC Subsidiaries starting from third quarter of 2019 of approximately RM37.9 million (2018: Nil) as well as increase in sales volume for covered elastic yarn and webbing products during the Financial Year as compared to 2018.

During the Financial Year, the Retail Division also contributed revenue of approximately RM6.4 million to the Group (representing 5.1% of the total revenue) (2018: Nil) upon the opening of its first "**Philipp Plein**" flagship store in Singapore in April 2019.

Cost of Sales

For the Financial Year, the cost of sales of the Group amounted to approximately RM91.7 million (2018: RM52.2 million), representing an increase of approximately RM39.5 million or 75.7% as compared to 2018. The increase of the cost of sales was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

For the Financial Year, the Group achieved gross profit of approximately RM34.2 million (2018: RM21.4 million), representing an increase of approximately RM12.8 million or 59.8% as compared to 2018. The gross profit margin of the Group decreased from 29.1% to 27.2% during the Financial Year.

The gross profit margin of the Manufacturing Division decreased from 29.1% to 26.0% during the Financial Year, which was resulted from (i) lower gross profit margin contributed by the PVC Subsidiaries; (ii) an increase in raw material costs of chemical and dye stuff; and (iii) an increase in labour costs as the minimum wages in Malaysia and Vietnam increased from January 2019 onwards. Due to the stiff market competition and the uncertainty in global trade market, the increased costs were unable to be entirely passed on to customers despite the increase in average selling price. However, the management is constantly reviewing the cost structure and negotiating with customers to take any opportunity to improve the sales terms of the Group.

Other Expenses, net

The significant decrease in other income to a loss of approximately RM42.9 million (2018: income of RM1.2 million) was mainly due to (i) impairment loss on goodwill arising from the Acquisition amounted to approximately RM31.8 million due to the challenging operating environment, in particular, the outbreak of COVID-19 which has materially and adversely impacted general business activities nationwide in the PRC since January this year; (ii) impairment loss on assets held for sale amounted to approximately RM5.6 million as consideration of the Disposal is lower than the carrying amount of PEWAV(VN); (iii) impairment loss on goodwill arising from the associate, namely Furnitech Components (Vietnam) Co., Ltd., that sells metal components for furniture, amounted to approximately RM3.2 million due to weaker sales performance during the Financial Year; and (iv) fair value change of profit guarantee amounted to approximately RM2.6 million.

Selling and Distribution Costs

The increase in selling and distribution costs of approximately RM9.2 million was mainly due to the selling and marketing expenses incurred by the Retail Division during the Financial Year. The Retail Division commenced its operation in the second quarter of 2019, and has since then incurred marketing expenses for grand opening events, marketing initiative and promotion events to reach out to potential customers, store staff costs as well as depreciation of right-of-use assets arising from the adoption of IFRS 16 Leases.

Administrative Expenses

The administrative expenses mainly included salaries for management and administrative staff, depreciation of property, plant and equipment not directly used for production, and other miscellaneous expenses.

For the Financial Year, the administrative expenses of the Group amounted to approximately RM20.1 million (2018: RM15.7 million), representing an increase of approximately RM4.4 million or 28.0% as compared to 2018. The increase was mainly due to (i) the one-off professional fees of approximately RM1.5 million incurred for the Acquisition during the Financial Year; (ii) additional expenses contributed by the Retail Division; (iii) a general increase in salary and additional headcount of managerial directors and staff as well as (iv) additional administrative expenses and headcount arising from the PVC Subsidiaries.

Loss for the Financial Year

The loss for the Financial Year amounted to approximately RM48.3 million (2018: profit of RM0.9 million), representing a decrease of approximately RM49.2 million as compared to 2018. The loss incurred was mainly due to (i) impairment losses amounted to approximately RM40.6 million on goodwill, assets held for sale and interest on associate; (ii) loss of approximately RM7.7 million from the Retail Division which was still at the start-up stage; (iii) fair value change of profit guarantee amounted to approximately RM2.6 million; and (iv) the one-off professional fees for the Acquisition of approximately RM1.5 million during the Financial Year.

However, the overall decrease in profit was partially offset by the profit contributed by the PVC Subsidiaries. Setting aside the loss incurred by the Retail Division, one-off impairment losses at fair value change of profit guarantee, professional fees and corporate expenses, the Manufacturing Division made a profit of approximately RM6.9 million (2018: RM3.0 million) for the Financial Year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's primary uses of cash are to satisfy our working capital and capital expenditure needs. Since our establishment, our working capital needs and capital expenditure requirements have been principally financed through a combination of shareholders' equity, cash generated from operations, trade facilities and bank loans.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in USD, RM, Hong Kong Dollar ("**HK$**"), Vietnamese Dong ("**VND**"), Singapore Dollar ("**SGD**") and Renminbi ("**RMB**"), are generally deposited with certain financial institutions such as bank. The Group's borrowings are mainly denominated in USD, RM, VND and SGD.

As at 31 December 2019, the Group's total equity attributable to owners of the Company amounted to approximately RM128.0 million (2018: RM98.7 million).

As at 31 December 2019, the Group's net current assets were approximately RM67.5 million (2018: RM62.2 million) and the Group had cash and cash equivalents of approximately RM13.7 million (2018: RM31.6 million). The Group had bank borrowings of approximately RM11.9 million (2018: RM10.7 million).

The interest rates of the Group's term loans and bank overdraft as at 31 December 2019 and 2018 ranged from 4.72% to 8.89% per annum and 4.97% to 9.04% per annum respectively.

As at 31 December 2019, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the year) was approximately 2.4 times (2018: 5.8 times). The Group's gearing ratio (calculated by dividing total debt by total equity as at the end of the year and then multiplying by 100%) was approximately 9.3% (2018: 10.8%).

Based on the Group's existing cash and cash equivalents and banking facilities available to the Group, the Group has adequate financial resources to fund the working capital required for its business operations in the coming year.

CAPITAL STRUCTURE

Save for the issuance of the Consideration Shares as set out in "**Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures — (a) Acquisition of the PVC Subsidiaries**" below, there has been no material change in the capital structure of the Group during the Financial Year. The share capital of the Company only comprises ordinary shares.

SIGNIFICANT INVESTMENT HELD BY THE GROUP

As at 31 December 2019, there was no significant investment held by the Group (2018: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Acquisition of the PVC Subsidiaries

On 12 March 2019, a sale and purchase agreement ("**S&P Agreement**") was entered into among the Company, Triumph Star Global Limited (the "**Vendor**") and Ms. Jim Ka Man (the guarantor of the Vendor) for the acquisition of the entire issued share capital of Meinaide Holdings Group Limited (together with its subsidiaries, collectively, the "**PVC Subsidiaries**") (the "**Acquisition**") for the consideration of HK$151,200,000 (the "**Consideration**"), which was satisfied by the Company by its allotment and issue of 56,000,000 new shares of the Company (the "**Consideration Shares**"), credited as fully paid, at the issue price of HK$2.70 per Consideration Share to the Vendor upon completion, which took place on 28 June 2019. The Acquisition constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules.

Following the completion of the Acquisition, the PVC Subsidiaries have become direct wholly-owned subsidiaries of the Company and their financial results were consolidated to the Group's unaudited consolidated financial statements.

(b) Disposal of PEWAV(VN)

On 4 October 2019, the Company entered into a term sheet with FOUR K INVESTMENT LIMITED (the "**Purchaser**") for the sale (the "**Disposal**") of Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd ("**PEWAV(VN)**"), a member of the Group principally engaged in the manufacture and sale of narrow elastic fabrics. On 10 January 2020, the Group entered into a capital transfer agreement (the "**Capital Transfer Agreement**") with the Purchaser pursuant to which the Purchaser has conditionally agreed with the Group to (i) acquire the entire registered and paid-in charter capital of USD2,100,000 of PEWAV(VN) and (ii) pay the agreed amount of inter-company loans and debts owed by PEWAV(VN) as at 10 January 2020, being the date of the Capital Transfer Agreement, subject to and upon the terms and conditions of the Capital Transfer Agreement. The Disposal constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. Further details in relation to the Disposal were disclosed in the announcements dated 10 January 2020 and 13 February 2020. As at the date of this announcement, the conditions precedent set out under the Capital Transfer Agreement has not been completed.

(c) Investment in PMIL by way of subscription by Ignatius

On 8 November 2019, Premier Management International Limited ("**PMIL**"), a wholly owned subsidiary of the Company that holds the Group's interests in the Retail Division, and Ignatius International Private Limited ("**Ignatius**") entered into a subscription agreement whereby PMIL agreed to issue, and Ignatius agreed to subscribe, 35% of the equity interests of PMIL at the subscription price of RM6,450,000 (equivalent to approximately HK$12,180,000). Further details of the subscription were disclosed in the announcement dated 8 November 2019. As at the date of this announcement, the subscription of shares has not been completed.

(d) Acquisition of RSI

On 18 December 2019, Rich Day Global Limited, a wholly owned subsidiary of the Company, entered into an agreement with RSI Capital Limited, to acquire the sale shares, representing the entire issued share capital of the RSI Securities Limited ("**RSI**") for a total consideration of HK$8.5 million. RSI is principally engaged in securities broking and brokering introductory service in Hong Kong. Further details of the acquisition of RSI were disclosed in the announcement dated 17 December 2019. As at the date of this announcement, the application to Securities and Futures Commission to change the shareholder of RSI is still in the process.

Other than as disclosed above, the Group does not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the Financial Year.

PLEDGE OF ASSETS

As at 31 December 2019 and 2018, freehold land, long term leasehold land, buildings and certain plant, machinery and deposit placed with a licensed bank of the Group with carrying amount of RM17.9 million and RM23.7 million respectively were pledged to licensed banks as security for credit facilities granted to the Group.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group does not have other plans for material investments and capital assets for the year ending 31 December 2020 as at the date of this announcement.

CONTINGENT LIABILITIES

As at 31 December 2019, the contingent liability of the Group is related to an unsecured corporate guarantee given to a bank for credit facilities granted to an associate of approximately RM2.0 million (As at 31 December 2018: RM2.1 million).

At the end of the Financial Year, the Directors did not consider it probable that a claim would be made against the Group under the above guarantee.

CAPITAL COMMITMENTS

As at 31 December 2019, there is no capital commitments of the Group related to acquisition of property, plant and equipment (As at 31 December 2018: RM1.7 million).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group employed 833 employees (2018: 825 employees). The Group had increased its number of employees in 2019 as compared to 2018. Employee costs amounted to approximately RM32.8 million for the Financial Year (2018: approximately RM28.8 million). The Group will endeavor to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions and that employees' remuneration is determined based on their performance. The Company has also adopted a share option scheme (the "**Share Option Scheme**") with the primary purpose to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company. As at 31 December 2019, no share options had been granted under the Share Option Scheme.

The Group aspires to develop and grow with our employees and is willing to invest in both work-related training and personal development of our employees. In general, the Group provides diversified on-the-job trainings based on the needs of respective positions, talents and interests of employees. The Group provides both internal and external trainings for employees, including specialised trainings for different departments on management skills as well as soft skills. Moreover, the Group established guidelines to assess the performance of our employees and implements development programs for our employees.

SHARE OPTION SCHEME

As at 31 December 2019, no share options had been granted under the Share Option Scheme.

FOREIGN CURRENCY RISK

The Group derives a significant portion of its revenue in USD from the business with its international counterparts. The Group had a net USD exposure arising from the income after settling the purchases. While the Group adopted RM as the reporting currency, some of the assets and liabilities such as trade receivables and payables were denominated in other currencies, such as USD. From time to time, the Group has a net position in such currencies. These foreign currency balances are revalued at each accounting year or period end with the then prevailing exchange rate and may give rise to translational foreign currency exchange gain or loss. The Directors will consult the bankers from time to time for the upcoming trends of foreign currencies. In case our Directors hold the view that USD may depreciate against RM and VND, the Group may consider taking steps to hedge the foreign currency exposures, including entering into hedging with financial instruments. The Group may also negotiate with customers to increase the price of products to reduce the impact on the Group's profitability.

SUBSEQUENT EVENTS

On 10 January 2020, the Group entered into the Capital Transfer Agreement with the Purchaser pursuant to which the Purchaser has conditionally agreed with the Group to (i) acquire the entire registered and paid-in charter capital of USD2,100,000 of PEWAV(VN) and (ii) pay the agreed amount of inter-company loans and debts owed by PEWAV(VN) as at 10 January 2020, being the date of the Capital Transfer Agreement, subject to and upon the terms and conditions of the Capital Transfer Agreement. The Disposal constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. Further details in relation to the Disposal were disclosed in the announcements dated 10 January 2020 and 13 February 2020.

With effect from 10 March 2020, Dato' Sri Wee Jeck Seng has resigned as the independent non-executive Director, chairman of the remuneration committee and a member of each of the audit committee, nomination committee and risk management committee of the Board due to his recent appointment as the Deputy Minister of Plantation Industries and Commodities of Malaysia, which requires his substantial devotion. Further details were disclosed in the announcement dated 10 March 2020.

With effect from 25 March 2020, Dato' Lee Chee Leong was appointed as an independent non-executive Director, a member of each of the audit committee, nomination committee and risk management committee, as well as the chairman of the remuneration committee of the Board. Further details were disclosed in the announcement dated 25 March 2020.

Other than as disclosed above, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2019 and up to the date of this announcement.

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

Set out below is an analysis comparing the Group's business objectives as set out in the prospectus issued by the Company on 29 September 2017 (the "**Prospectus**") and the corresponding intended application of the net proceeds (after reallocation) raised from the share offer in October 2017 (the "**Listing Proceeds**"), against the actual progress and application for the period from the date of the Listing to 31 December 2019:

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 2019
(i) Expand our production capacity	Expand the production capacity for narrow elastic fabrics, covered elastic yarn and seat belt webbing to cater for the growing demand for these products by constructing a new factory in Vietnam and acquiring new machines.	Listing Proceeds of approximately RM10.3 million (equivalent to HK$18.9 million)	— Acquired machineries for narrow elastic fabric, covered elastic yarn and seat belt webbing of RM5.4 million. Further, the Group has also upgraded certain machines for rubber tape, fire protection and lighting system of RM0.4 million. — Due to uncertainty of the market condition and stiff competition in Vietnam, the performance of narrow elastic fabric in the Vietnam market was below expectation. Hence, on 4 October 2019, the Company announced that it has entered into a term sheet to dispose PEWAV(VN) which is principally engaged in the manufacture and sale of narrow elastic fabrics. In light of the above, the Directors are of the view that portion of the unutilised Listing Proceeds that was initially intended for the use of expanding the production capacity of PEWAV(VN) shall be reallocated to other investment opportunities. Further details in relation to the reallocation were disclosed in the announcement dated 17 December 2019. Acquisition schedule of certain machines such as weaving, cutting and covering machines was also delayed and will be adjusted by the management of the Group based on market demand and outlook from time to time. — The management constantly monitors the economic conditions and market performance by evaluating the customers' orders trend, market demand and industry outlook. The production capacity will be expanded in more cautious manner by reassessing the performance of every products.

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 2019
(ii) Move into new product applications and markets	Explore the business potential of our existing products by expanding the application of narrow elastic fabric to sportswear and tapping into the South Korean market for our seat belt webbing.	Internal resources of the Group	— The customer's priority is for us to focus on supplying seat belt webbing to India to replace part of their imports from South Korea. Since the specification of the new car model is the same as in South Korea, the South Korean safety belt manufacturer will consider sourcing seat belt webbing from the Group in phases after we have fulfilled India's requirements on replacement of part of their imports from South Korea.
(iii) Enhance our quality control systems	Enhance our quality control system by increasing headcount and improving the training program for our quality control department.	Internal resources of the Group	— Hired additional production staff to improve the quality control system and processes. The improvement process and internal training are on-going.
(iv) Upgrade our information technology systems	Upgrade enterprise resource planning ("**ERP**") system	Listing Proceeds of approximately RM1.1million (equivalent to HK$2.0 million)	— Acquired a Manufacturing Execution System ("**MES**") software to improve the operation and control over our production system. The management is evaluating the performance of the MES software and may extend its application to other operations of the Group. The management is considering the proposals to upgrade the accounting systems and their effective integration with MES software. — The management considers the foregoing action plans as a substitute to the single ERP system is more efficient and cost effective.
(v) Potential acquisition of RSI and granting of the credit facility *(Note)*	Acquisition of the entire issued shares of RSI; and the Company to grant a term loan facility in the amount up to HK$5.0 million to the RSI	Listing Proceeds of approximately RM7.3 million (equivalent to HK$13.5 million)	— As at 31 December 2019, RM3.0 million was paid as deposit for the potential acquisition.

Note: Business strategies undertaken during the Financial Year were not stated in the Prospectus.

On 17 December 2019, the Board has resolved to change the use of approximately RM7.3 million (equivalent to approximately HK$13.5 million) out of the unutilised Listing Proceeds amount to approximately RM12.8 million (equivalent to approximately HK$23.6 million) (the "**Unutilised Listing Proceeds**") for (i) acquiring (the "**Potential Acquisition**") the entire issued shares (the "**Sale Shares**") of RSI Securities Limited (the "**RSI**") at a cash consideration of HK$8.5 million; and (ii) granting a term loan facility in the amount up to HK$5.0 million to RSI. Further details in relation to the Potential Acquisition were disclosed in the announcement dated 17 December 2019.

In the event that any part of the business strategies of our Group does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the intended funding to other business plans and/or to new projects of our Group and/or to hold the funds as short-term interest bearing deposits so long as our Directors consider it to be in the best interest of our Company and our shareholders taken as a whole.

USE OF PROCEEDS

The Listing Proceeds, after deducting underwriting fees and other expenses payable by the Group in connection thereto, were approximately HK$35.6 million (or RM19.3 million at the exchange rate of approximately RM1.00 to HK$1.84). The intended application of these proceeds as stated in the Prospectus and their actual application from the date of the Listing up to 31 December 2019 were set out below:

	Planned use of Listing Proceeds as stated in the Prospectus	Reallocation of use of Listing Proceeds on 17 December 2019 *(Note (a))*	After reallocation of use of Listing Proceeds on 17 December 2019	Actual use of Listing Proceeds to 31 December 2019 *(Note (b))*	Unutilised amount as at 31 December 2019 *(Note (c))*
	RM'million	*RM'million*	*RM'million*	*RM'million*	*RM'million*
Expand our production capacity	17.6	(7.3)	10.3	(5.8)	4.5
Upgrade our information technology systems	1.1	–	1.1	(0.1)	1.0
Funding of our working capital and general corporate purposes	0.6	–	0.6	(0.6)	–
Potential acquisition of RSI and granting of the credit facility	–	7.3	7.3	(3.0)	4.3
	19.3	–	19.3	(9.5)	9.8

Notes:

(a) On 17 December 2019, the Board has resolved to change the use of approximately RM7.3 million (equivalent to approximately HK$13.5 million) out of the Unutilised Listing Proceeds for (i) the Potential Acquisition of the Sale Shares of RSI; and (ii) the Company to grant a term loan facility in the amount up to HK$5.0 million to RSI.

(b) Please refer to the section headed "**Comparison of business objectives and strategies with actual business progress**" in this announcement for the update of the actual business progress up to 31 December 2019.

(c) The unutilised proceeds are deposited in licensed banks.

FUTURE PROSPECTS AND OUTLOOK

The outbreak of the COVID-19 pandemic has adversely affected the global supply chain. The uncertainty of the global economies, unresolved trade war, volatility in currency, disruption of global supply chain, and the intensifying regional business competition have made our operating environment very challenging. Global economy is expected to be even weaker in 2020.

In view of the rapid change of global economy and competition landscape, the Manufacturing Division will continue to explore new potential export markets, broadening its products application and potential strategic partnership. The Group will be cautious in implementing its business strategies, closely monitor the volatility of raw material prices, regularly review its pricing strategies and cost structure as well as take more effective measures to control its overhead costs and expenses. Notwithstanding the above, the Group is also constantly reviewing its portfolio and identifying opportunities in investing into new potential business and joint venture or divesting on current non-profitable entity in order to enhance its overall profitability.

The retail sector is suffering from further headwinds with the outbreak of COVID-19 pandemic. The visitor arrivals and overall consumption have deteriorated, the retail outlook is expected to be extremely challenging. During the current adverse climate, the Retail Division has negotiated with landlords for rental concessions, shorten store operational hours, getting more marketing support for both retailer-driven promotions and mall-wide marketing initiatives. The Group hopes that with the holistic support from landlords, exploring different sales channels such as digital retailing and social medias as well as cost-saving strategies would overcome this challenging time.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

During the Financial Year, the Company had complied with the code provisions in the CG Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Financial Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own securities dealing code regarding Directors' dealings in securities of the Company. Having made specific enquiry to the Directors, all Directors have confirmed that they have complied with the required standard of dealings and there is no event of non-compliance during the Financial Year.

AUDIT COMMITTEE

The Company established an audit committee on 20 September 2017 with written terms of reference in compliance with the GEM Listing Rules and the CG Code. The Board has adopted a revised terms of reference of the audit committee effective on 20 March 2019. The primary duties of the audit committee are to assist the Board in overseeing the financial reporting and disclosure processes, internal control and risk management systems of the Company, and the audit process.

The audit committee currently comprises of three independent non-executive Directors, namely, Mr. Ho Ming Hon, Dato' Sri Dr. Hou Kok Chung and Dato' Lee Chee Leong. Mr. Ho Ming Hon is the chairman of the audit committee.

The audit committee has reviewed the unaudited consolidated results of the Group for the Financial Year and discussed with the management of the Company the accounting principles and practices adopted by the Group as well as internal controls and other financial reporting matters. Save as disclosed in the section headed "**Delay in publication of the audited annual results announcement and despatch of the annual report for the year ended 31 December 2019**", the audit committee is of the opinion that such results have been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

FINANCIAL INFORMATION

As set out in this announcement, due to COVID-19 pandemic, the Board estimates the audited financial results for the year ended 31 December 2019 and the annual report for the year ended 31 December 2019 will be published in April 2019.

The financial information set out in this announcement represents an extract from the unaudited consolidated financial statements. The financial information has been reviewed by the audit committee, approved by the Board but is yet to be agreed by the Group's external auditors, ZHONGHUI ANDA CPA LIMITED as the progress of the relevant audit field work in the PRC has been adversely affected by the COVID-19 pandemic. The respective work performed by ZHONGHUI ANDA CPA LIMITED as at the date of this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by ZHONGHUI ANDA CPA LIMITED on this announcement.

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

Malaysia, 31 March 2020

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

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