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FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8480)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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.*

ANNUAL RESULTS

The board of Directors of the Company (the "**Board**") announces the audited consolidated results of the Group for the year ended 31 December 2020 (the "**Financial Year**"), together with the comparative audited figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	**2020** ***RM'000***	2019 *RM'000*
Continuing operations			
Revenue	*3*	**99,261**	125,938
Cost of sales		**(70,014)**	(91,634)
Gross profit		**29,247**	34,304
Other expenses, net	*4*	**(34,148)**	(45,667)
Selling and distribution costs		**(7,438)**	(11,305)
Administrative expenses		**(19,130)**	(20,119)
Interest income		**593**	468
Finance costs	*5*	**(2,003)**	(1,622)
Share of profit of a joint venture, net of tax		**335**	294
Share of loss of associates, net of tax		**(345)**	(1,389)
Loss before income tax expense from continuing operations	*6*	**(32,889)**	(45,036)
Income tax expense	*7*	**(1,225)**	(1,854)
Loss for the year from continuing operations		**(34,114)**	(46,890)
Discontinued operation			
Gain/(Loss) for the year from discontinued operation		**1,902**	(3,936)
Loss for the year		**(32,212)**	(50,826)
Other comprehensive income/(expenses), net of tax			
Continuing operations			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**1,031**	(2,058)
Share of other comprehensive expense of a joint venture		**(32)**	(21)
Share of other comprehensive income/(expense) of associates		**11**	(49)
Other comprehensive income/(expenses) from continuing operations for the year, net of tax		**1,010**	(2,128)

	Notes	**2020** **RM'000**	2019 RM'000
Discontinued operation			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**1,393**	(27)
Total other comprehensive income/(expenses), net of tax		**2,403**	(2,155)
Total comprehensive expenses for the year		**(29,809)**	(52,981)
(Loss)/Profit for the year attributable to:			
Owners of the Company			
— from continuing operations		**(34,114)**	(46,890)
— from discontinued operation		**1,902**	(3,936)
		(32,212)	(50,826)
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company			
— from continuing operations		**(33,104)**	(49,018)
— from discontinued operation		**3,295**	(3,963)
		(29,809)	(52,981)
(Loss)/Earnings per share:	*9*		
Basic and diluted (RM cents)			
— from continuing operations		**(6.09)**	(8.80)
— from discontinued operation		**0.34**	(0.74)
		(5.75)	(9.54)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 RM'000	2019 RM'000
Non-current assets			
Property, plant and equipment		**18,756**	23,872
Right-of-use assets		**10,711**	23,771
Intangible assets		**19,412**	32,957
Interest in associates		**–**	–
Interest in a joint venture		**1,414**	1,111
Loan to an associate		**–**	4,622
Deposits	*10*	**106**	–
Deferred tax assets		**215**	369
		50,614	86,702
Current assets			
Inventories		**23,170**	21,192
Trade and other receivables	*10*	**35,421**	54,479
Amount due from a joint venture		**56**	77
Amounts due from associates		**1,440**	4,324
Loan to an associate		**4,820**	–
Current tax recoverable		**306**	304
Time deposits maturing over three months		**12,854**	7,980
Bank balances held on behalf of clients		**24,516**	–
Cash and bank balances		**19,877**	13,669
Assets held for sale		**–**	15,171
		122,460	117,196
Current liabilities			
Trade and other payables	*11*	**42,360**	32,697
Contract liabilities		**2,360**	1,159
Bank borrowings		**1,455**	1,378
Lease liabilities		**4,432**	3,751
Current tax liabilities		**2,368**	2,513
Liabilities directly associated with the assets held for sale		**–**	8,066
		52,975	49,564
Net current assets		**69,485**	67,632
Total assets less current liabilities		**120,099**	154,334

	Notes	**2020**	2019
		RM'000	*RM'000*
Non-current liabilities			
Bank borrowings		**9,571**	10,523
Lease liabilities		**12,400**	15,882
Provision for restoration costs		**680**	633
Deferred tax liabilities		**1,798**	1,837
		24,449	28,875
NET ASSETS		**95,650**	125,459
EQUITY			
Share capital		**30,255**	30,255
Reserves		**65,395**	95,204
TOTAL EQUITY		**95,650**	125,459

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 ordinary shares in issue have been listed on the GEM of the Stock Exchange of Hong Kong Limited since 16 October 2017 (the "**Listing**"). The addresses 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, webbing and polyvinyl chloride ("**PVC**") related products, and retail sale of garment products. 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 issued shares of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), International Accounting Standard ("**IAS**"), and Interpretation (hereinafter collectively referred to as the "**IFRSs**") issued by 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 audited 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.

New/Revised IFRSs adopted during the financial year

New/Revised IFRSs		**Effective date**
Amendments to References to the Conceptual Framework in IFRS Standards		1 January 2020
Amendments to IFRS 3	*Definition of a Business*	1 January 2020
Amendments to IAS 1 and 8	*Definition of Material*	1 January 2020
Amendments to IFRS 7 and 9 and IAS 39	*Interest Rate Benchmark Reform*	1 January 2020
Amendments to IFRS 16	*COVID-19-Related Rent Concessions*	1 June 2020

The adoption of the above new and revised IFRSs did not result in significant changes to and material effect on the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

New or revised IFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

New/Revised IFRSs		**Effective date**
Amendments to IFRS 4, 7, 9 and 16 and IAS 39	*Interest Rate Benchmark Reform*	1 January 2021
Amendments to IFRS 3	*Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16	*Property, Plant and Equipment — Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*	1 January 2023
IFRS 17	*Insurance Contracts*	1 January 2023
IAS 1	*Amendments in relation to Disclosure of Accounting Policies*	1 January 2023
IAS 8	*Amendments in relation to Definition of Accounting Estimates*	1 January 2023
IFRIC-Int 5	*Amendments in relation to Amendments to IAS 1*	1 January 2023
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

Annual Improvements to IFRS Standards 2018–2020 Cycle		**Effective date**
IFRS 1	*Subsidiary as a first-time adopter*	1 January 2022
IFRS 9	*Fees in the '10 per cent' test for derecognition of financial liabilities*	1 January 2022
IFRS 16	*Lease incentives*	1 January 2022
IAS 41	*Taxation in fair value measurements*	1 January 2022

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, webbing and PVC related products, and retail sale of garment products. 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 (the "**Manufacturing Division**"); and

(ii) Retail (the "**Retail Division**").

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.

Year ended 31 December 2020

	Continuing operations				Discontinued operation	
	Manufacturing *RM'000*	**Retail** *RM'000*	**Others** *RM'000*	**Sub-total** *RM'000*	**Manufacturing** *RM'000*	**Total** *RM'000*
Revenue						
Revenue from external customers	**95,711**	**2,940**	**610**	**99,261**	**–**	**99,261**
Results						
Operating loss	**(6,343)**	**(22,266)**	**(2,860)**	**(31,469)**	**–**	**(31,469)**
Interest income	**583**	**10**	**–**	**593**	**–**	**593**
Finance costs	**(576)**	**(1,412)**	**(15)**	**(2,003)**	**–**	**(2,003)**
Share of profit of a joint venture, net of tax	**335**	**–**	**–**	**335**	**–**	**335**
Share of loss of associates, net of tax	**(345)**	**–**	**–**	**(345)**	**–**	**(345)**
Loss before income tax expense	**(6,346)**	**(23,668)**	**(2,875)**	**(32,889)**	**–**	**(32,889)**
Income tax expense	**(1,203)**	**–**	**(22)**	**(1,225)**	**–**	**(1,225)**
Loss for the year	**(7,549)**	**(23,668)**	**(2,897)**	**(34,114)**	**–**	**(34,114)**
Other segment items:						
Amortisation and depreciation	**(2,965)**	**(4,958)**	**(192)**	**(8,115)**	**–**	**(8,115)**
Impairment losses on:						
— amount due from an associate	**–**	**(4,053)**	**–**	**(4,053)**	**–**	**(4,053)**
— goodwill	**(16,310)**	**–**	**–**	**(16,310)**	**–**	**(16,310)**
— property, plant and equipment	**–**	**(4,214)**	**–**	**(4,214)**	**–**	**(4,214)**
— right-of-use assets	**–**	**(9,814)**	**–**	**(9,814)**	**–**	**(9,814)**

Year ended 31 December 2019

	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	(32,586)	(5,952)	(4,249)	(42,787)	(3,224)	(46,011)
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	(592)	(797)	–	(1,389)	–	(1,389)
Loss before income tax expense	(33,109)	(7,686)	(4,241)	(45,036)	(3,583)	(48,619)
Income tax expense	(1,854)	–	–	(1,854)	(353)	(2,207)
Loss for the year	(34,963)	(7,686)	(4,241)	(46,890)	(3,936)	(50,826)
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 losses on:						
— assets held for sale	(5,624)	–	–	(5,624)	–	(5,624)
— goodwill	(34,498)	–	–	(34,498)	–	(34,498)
— interest in an associate	(3,244)	–	–	(3,244)	–	(3,244)

(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 the Republic of Singapore ("**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 associates, interest in a joint venture, loan to an associate, deposits and deferred tax assets ("**Specified non-current assets**").

	Continuing operations		Discontinued operation		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Revenue from external customers						
Asia Pacific	**76,786**	99,785	**–**	14,765	**76,786**	114,550
Europe	**6,097**	7,773	**–**	2,126	**6,097**	9,899
North America	**15,309**	16,760	**–**	8	**15,309**	16,768
Others	**1,069**	1,620	**–**	–	**1,069**	1,620
Total	**99,261**	125,938	**–**	16,899	**99,261**	142,837

	2020	2019
	RM'000	*RM'000*
Specified non-current assets		
Malaysia	**23,149**	20,689
Vietnam	**5,153**	5,251
Singapore	**762**	21,414
Hong Kong	**2,763**	166
PRC	**17,052**	33,080
Total	**48,879**	80,600

	Continuing operations		Discontinued operation		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Revenue breakdown						
Elastic textile	**27,649**	31,495	**–**	16,899	**27,649**	48,394
Webbing	**36,887**	39,581	**–**	–	**36,887**	39,581
PVC related products and other products	**31,048**	48,388	**–**	–	**31,048**	48,388
Fashion garment products and accessories	**2,940**	6,376	**–**	–	**2,940**	6,376
Others	**737**	98	**–**	–	**737**	98
Total	**99,261**	125,938	**–**	16,899	**99,261**	142,837

(c) Timing of revenue recognition

All revenue from customers during the years ended 31 December 2020 and 2019 were recognised at point in time.

(d) Information about major customer

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

	2020	2019
	RM'000	*RM'000*
Customer A	**12,518**	*

* Revenue from this customer did not exceed 10% of the total revenue of the Group in 2019.

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

4. OTHER (EXPENSES)/INCOME, NET

	Continuing operations		**Discontinued operation**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
(Loss)/Gain on foreign exchange, net						
— realised	**(285)**	(284)	**–**	(69)	**(285)**	(353)
— unrealised	**(67)**	(207)	**–**	82	**(67)**	(125)
Commission income	**162**	269	**–**	–	**162**	269
Fair value change of profit guarantee	**–**	(2,593)	**–**	–	**–**	(2,593)
Impairment losses on:						
— amount due from an associate	**(4,053)**	–	**–**	–	**(4,053)**	–
— assets held for sale	**–**	(5,624)	**–**	–	**–**	(5,624)
— goodwill	**(16,310)**	(34,498)	**–**	–	**(16,310)**	(34,498)
— interest in an associate	**–**	(3,244)	**–**	–	**–**	(3,244)
— property, plant and equipment	**(4,214)**	–	**–**	–	**(4,214)**	–
— right-of-use assets	**(9,814)**	–	**–**	–	**(9,814)**	–
Net gain on disposal of property, plant and equipment	**55**	59	**–**	–	**55**	59
Sales of scrap	**17**	55	**–**	5	**17**	60
Others	**361**	400	**–**	20	**361**	420
	(34,148)	(45,667)	**–**	38	**(34,148)**	(45,629)

5. FINANCE COSTS

	Continuing operations		**Discontinued operation**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Interest on bank overdraft	**20**	33	**–**	–	**20**	33
Interest on bank borrowings	**574**	567	**–**	285	**574**	852
Interest on lease liabilities	**1,361**	992	**–**	75	**1,361**	1,067
Others	**48**	30	**–**	–	**48**	30
	2,003	1,622	**–**	360	**2,003**	1,982

6. LOSS BEFORE INCOME TAX EXPENSE

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

	Continuing operations		Discontinued operation		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Auditor's remuneration	**447**	489	**–**	27	**447**	516
Amortisation of intangible assets	**865**	431	**–**	8	**865**	439
Cost of inventories recognised as expenses	**47,502**	74,623	**–**	8,044	**47,502**	82,667
Depreciation of property, plant and equipment	**2,843**	2,168	**–**	1,624	**2,843**	3,792
Depreciation of right-of-use assets	**4,407**	3,017	**–**	63	**4,407**	3,080
Fair value change of profit guarantee	**–**	2,593	**–**	–	**–**	2,593
Impairment losses on:						
— amount due from an associate	**4,053**	–	**–**	–	**4,053**	–
— assets held for sale	**–**	5,624	**–**	–	**–**	5,624
— goodwill	**16,310**	34,498	**–**	–	**16,310**	34,498
— interest in an associate	**–**	3,244	**–**	–	**–**	3,244
— property, plant and equipment	**4,214**	–	**–**	–	**4,214**	–
— right-of-use assets	**9,814**	–	**–**	–	**9,814**	–
— trade receivables	**105**	18	**–**	–	**105**	18
Interest income from:						
— fixed deposits	**(433)**	(275)	**–**	–	**(433)**	(275)
— bank balances	**(18)**	(52)	**–**	(1)	**(18)**	(53)
— advance to an associate	**(142)**	(141)	**–**	–	**(142)**	(141)
Inventories written down	**1,704**	1,612	**–**	–	**1,704**	1,612
Inventories written off	**–**	67	**–**	–	**–**	67
Net gain on disposal of property, plant and equipment	**(55)**	(59)	**–**	–	**(55)**	(59)
Property, plant and equipment written off	**1**	1	**–**	–	**1**	1
Rental expenses on buildings	**263**	207	**–**	–	**263**	207
Reversal of impairment loss on trade receivables	**(20)**	(25)	**–**	(10)	**(20)**	(35)
Reversal of inventories written down	**(1,915)**	–	**–**	(110)	**(1,915)**	(110)
Employee costs included in:						
— cost of sales	**12,421**	12,025	**–**	5,785	**12,421**	17,810
— selling and distribution costs	**993**	1,028	**–**	197	**993**	1,225
— administrative expenses	**13,510**	13,267	**–**	473	**13,510**	13,740

7. INCOME TAX EXPENSE

	Continuing operations		Discontinued operation		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RM'000	*RM'000*	***RM'000***	*RM'000*	***RM'000***	*RM'000*
Current tax — Malaysian income tax						
— provision for the year	**370**	291	**–**	–	**370**	291
— under/(over) provision in prior years	**17**	(64)	**–**	–	**17**	(64)
	387	227	**–**	–	**387**	227
Current tax — Overseas						
— provision for the year	**882**	1,698	**–**	–	**882**	1,698
— (over)/under provision in prior years	**(156)**	81	**–**	–	**(156)**	81
	726	1,779	**–**	–	**726**	1,779
Total current tax	**1,113**	2,006	**–**	–	**1,113**	2,006
Deferred tax						
— current year	**211**	(125)	**–**	–	**211**	(125)
— (over)/under provision in prior years	**(99)**	(27)	**–**	353	**(99)**	326
	112	(152)	**–**	353	**112**	201
	1,225	1,854	**–**	353	**1,225**	2,207

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% (2019: 24%) of the estimated taxable profits for the year ended 31 December 2020.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

8. 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 (2019: RM Nil).

9. (LOSS)/EARNINGS PER SHARE

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

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

	2020	2019
	RM'000	*RM'000*
Loss		
(Loss)/Profit for the year attributable to owners of the Company		
— from continuing operations	**(34,114)**	(46,890)
— from discontinued operation	**1,902**	(3,936)
	(32,212)	(50,826)
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings for share	**560,000**	532,690

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 2020 and 2019.

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	RM'000	*RM'000*
Trade receivables	**22,946**	39,417
Less: Allowance for impairment loss	**(277)**	(226)
	22,669	39,191
Prepayments, deposits and other receivables	**12,776**	11,858
Loan receivables	**82**	3,430
	35,527	54,479

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 loss, as at 31 December 2020 and 2019 are as follows:

	2020	2019
	RM'000	*RM'000*
Within 30 days	**11,418**	11,323
31 to 60 days	**4,486**	10,431
61 to 90 days	**2,226**	4,791
91 to 180 days	**1,603**	11,392
Over 180 days	**3,213**	1,480
	22,946	39,417

11. TRADE AND OTHER PAYABLES

	2020	2019
	RM'000	*RM'000*
Trade payables	**7,385**	21,118
Cash client	**24,585**	–
Bills payable	**525**	1,020
Other payables	**9,865**	10,559
	42,360	32,697

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 2020 and 2019 are as follows:

	2020	2019
	RM'000	*RM'000*
Within 30 days	**5,455**	5,015
31 to 60 days	**1,522**	6,587
61 to 90 days	**496**	3,428
Over 90 days	**437**	7,108
	7,910	22,138

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 Subsidiary**") are mainly engaged in the manufacture and sale of PVC related products to customers in Hong Kong, PRC and other Asian countries.

On 10 January 2020, the Group entered into a conditional capital transfer agreement (the "**Capital Transfer Agreement**") with an independent party (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 Premier Elastics Webbing & Accessories (Vietnam) Co., Ltd. ("**PEWAV (VN)**"), a wholly-owned subsidiary of the Company 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 for a total consideration of USD2,945,911 (equivalent to approximately RM12,016,000), subject to and upon the terms and conditions of the Capital Transfer Agreement. The sale of PEWAV (VN) (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 of the Company dated 10 January 2020 and 13 February 2020. The financial results of PEWAV (VN) ceased to be accounted for in the Group's consolidated financial statements during the Financial Year.

The revenue from the Manufacturing Division for the Financial Year was approximately RM95.7 million, decreased by approximately RM23.8 million or 19.9% as compared to 2019.

During the Financial Year, domestic sales and export sales accounted for approximately 50.9% and 49.1% (2019: 53.8% and 46.2%) of the total revenue from the Manufacturing Division, 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 other manufacturing products accounted for approximately 28.9%, 38.5% and 32.6% (2019: 26.4%, 33.1% and 40.5%) of the total revenue from the Manufacturing Division respectively during the Financial Year. The performance by products is stated as below:

(i) Elastic textile

For the Financial Year, the revenue of elastic textile was approximately RM27.6 million, decreased by approximately RM3.9 million or 12.4% as compared to 2019, mainly due to the decrease in sales volume from customers in Asia Pacific region, Europe and North America during the Financial Year.

(ii) Webbing

For the Financial Year, the revenue of webbing was approximately RM36.9 million, decreased by approximately RM2.7 million or 6.8% as compared to 2019. This was mainly attributable to a decrease in sales volume for both furniture webbing and seat belt webbing from customers in Asia Pacific region and North America during the Financial Year.

(iii) Other manufacturing products

During the Financial Year, the revenue of other manufacturing products was approximately RM31.2 million, decreased by approximately RM17.3 million or 35.7% as compared to 2019, mainly due to the decrease in revenue contributed by the PVC Subsidiaries by RM17.9 million as compared to 2019.

The overall sales of the Manufacturing Division was sluggish especially in the second quarter of year 2020, mainly due to the lockdown and movement restrictions order implemented by various countries under the Novel Coronavirus Disease-2019 ("**COVID-19**") pandemic which has affected the global consumption severely. Further, the disruption of production due to the temporary closure of certain plants of the Group for approximately 2 months also affected the performance of the Manufacturing Division during the Financial Year. Although there was rebound in sales orders towards the year end of 2020, it still needs a longer time to pick up to the sales to level of pre-COVID-19.

(b) Retail Division

The Group had ventured into retail business in the second quarter of 2018 and became an authorised dealer of a 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.

For the Financial Year, the revenue of the Retail Division was approximately RM2.9 million (2019: RM6.4 million), decreased by RM3.5 million or 54.7% as compared to 2019, mainly due to the outbreak of the COVID-19 pandemic, which led to a decrease in tourists arrival and deterioration of overall consumers' spending during the Financial Year. Further, the store in Singapore was temporarily closed for 2 months in the second quarter of 2020 under the 'circuit breaker' implemented by the Singapore government to curb the spread of COVID-19, during which no revenue was generated.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Financial Year amounted to approximately RM99.3 million (2019: RM125.9 million), representing a decrease of approximately RM26.6 million or 21.1% as compared to 2019.

A majority of the Group's revenue was contributed by the Manufacturing Division, which accounted for approximately 96.4% (2019: 94.9%) of the total revenue for the Financial Year.

Revenue from the Manufacturing Division decreased by approximately RM23.8 million or 19.9% as compared to 2019, 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 Financial Year. The temporary closure of certain plants of the Group for approximately 2 months during the Financial Year also disrupted the production and delayed the delivery of products to customers.

During the Financial Year, the revenue from the Retail Division decreased by approximately RM3.5 million or 54.7% as compared to 2019, mainly due to the outbreak of the COVID-19 pandemic and the consequential introduction of "stay at home" directive from the Singapore government, resulting in decrease in tourist numbers and the consumption by customers in Singapore during the Financial Year.

Cost of Sales

For the Financial Year, the cost of sales of the Group amounted to approximately RM70.0 million (2019: RM91.6 million), representing a decrease of approximately RM21.6 million or 23.6% as compared to 2019. The decrease of the cost of sales was in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

For the Financial Year, the Group achieved gross profit of approximately RM29.2 million (2019: RM34.3 million), representing a decrease of approximately RM5.1 million or 14.9% as compared to 2019, mainly due lower sales in the Retail Division and certain manufacturing subsidiaries of the Company during the Financial Year. However, the gross profit margin of the Group improved from 27.2% to 29.5%, resulted from lower raw materials costs in certain manufacturing subsidiaries of the Company during the Financial Year.

Other Expenses, net

For the Financial Year, the other expenses of the Group amounted to approximately RM34.1 million (2019: RM45.7 million), representing a decrease of RM11.6 million or 25.4% as compared to 2019. The decrease was mainly due to lower impairment losses on goodwill and other assets by RM9.0 million recognised during the Financial Year (2020: impairment losses of RM34.4 million from impairment losses of (i) goodwill of RM16.3 million; (ii) property, plant and equipment of RM4.2 million; (iii) right-of-use assets of RM9.8 million; and (iv) amount due from an associate of RM4.1 million) (2019: impairment losses of RM43.4 million from impairment losses of (i) goodwill of RM34.5 million; (ii) assets held for sale of RM5.6 million; and (iii) interest in an associate of RM3.3 million), and there was a fair value change of profit guarantee of RM2.6 million recognised in 2019 (2020: RM Nil).

The above impairment losses were based on the best estimate of the management after taking into consideration of the uncertainty of market conditions and operational challenges may continue to be affected by the outbreak of the COVID-19 pandemic in both the Manufacturing and Retail Divisions.

Selling and Distribution Costs

For the Financial Year, the selling and distribution costs of the Group amounted to approximately RM7.4 million (2019: RM11.3 million), representing a decrease of RM3.9 million or 34.5% as compared to 2019. The decrease was mainly due to lower selling and marketing expenses incurred by the Retail Division which was in line with respective decrease in revenue.

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 RM19.1 million (2019: RM20.1 million), representing a decrease of approximately RM1 million or 5.0% as compared to 2019. The decrease was mainly due to the one-off professional fee of RM1.5 million (2020: RM Nil) incurred in 2019 in relation to the Acquisition as well as cost rationalisation strategies implemented by the Group during the Financial Year.

Loss for the Financial Year

The loss for the Financial Year amounted to approximately RM32.2 million (2019: RM50.8 million), representing a decrease of approximately RM18.6 million or 36.6% as compared to 2019. Lower loss for the Financial Year was mainly due to (i) lower impairment losses on goodwill and other assets recognised during the Financial Year; (ii) fair value change of profit guarantee of RM2.6 million in 2019 (2020: RM Nil); (iii) lower selling and marketing expenses incurred by the Retail Division; (iv) gain on disposal of discontinued operation of RM1.9 million (2019: RM Nil); (v) improved gross profit margin of certain manufacturing subsidiaries of the Company; and (vi) lower professional fee incurred during the Financial Year.

Setting aside the operating loss incurred by the Retail Division, corporate expenses, one-off impairment losses and gain on disposal of discontinued operation, the Manufacturing Division made a profit of approximately RM8.8 million (2019: RM7.1 million) for the Financial Year mainly due to improvement of gross profit margin in certain subsidiaries of the Company.

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 2020, the Group's total equity attributable to owners of the Company amounted to approximately RM95.7 million (2019: RM125.5 million).

As at 31 December 2020, the Group's net current assets were approximately RM69.5 million (2019: RM67.6 million) and the Group had cash and cash equivalents of approximately RM19.6 million (2019: RM13.3 million). The Group had bank borrowings of approximately RM11.0 million (2019: RM11.9 million).

The interest rates of the Group's term loans and bank overdraft as at 31 December 2020 and 2019 ranged from 3.47% to 7.64% per annum and 4.72% to 8.89% per annum respectively.

As at 31 December 2020, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the year) was approximately 2.3 times (2019: 2.4 times). The Group was in a net cash position as at 31 December 2020 and 2019.

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

There has been no 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 2020, there was no significant investment held by the Group (2019: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Disposal of PEWAV (VN)

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 for a total consideration of USD2,945,911 (equivalent to approximately RM12,016,000), 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 of the Company dated 10 January 2020 and 13 February 2020. The financial results of PEWAV (VN) ceased to be accounted for in the Group's consolidated financial statements during the Financial Year.

(b) Acquisition of West Bull Securities Limited (formerly known as RSI Securities Limited) (the "West Bull")

On 18 December 2019, Rich Day Global Limited ("**Rich Day**"), 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 West Bull for a total consideration of HK$8.5 million (equivalent to approximately RM4.6 million) (the "**Acquisition of West Bull**"). West Bull is principally engaged in securities broking and brokering introductory service in Hong Kong. Further details of the Acquisition of West Bull were disclosed in the announcement of the Company dated 17 December 2019.

Following the completion of the Acquisition of West Bull on 15 October 2020, West Bull became an indirect wholly-owned subsidiary of the Company and its financial results were consolidated to the Group's consolidated financial statements.

On 23 March 2021, the Board has approved the disposal of Rich Day through its wholly-owned subsidiary of the Company, Delightful Grace Holdings Limited to two independent third party purchasers for a total consideration of HK$8.5 million (equivalent to approximately RM4.4 million). Further details in relation to the disposal were disclosed in the section "**Comparison of business objectives and strategies with actual business progress**" in this announcement. The disposal is not a notifiable transaction under the GEM Listing Rules as all of the applicable percentage ratios as calculated under the GEM Listing Rules in respect of the disposal are less than 5%.

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

PLEDGE OF ASSETS

As at 31 December 2020 and 2019, freehold land, buildings, certain plant and machinery, right-of-use assets and time deposits maturing over three months of the Group with carrying amount of RM17.5 million and RM24.0 million (including PEWAV (VN) of RM6.1 million for 2019) 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 2021 as at the date of this announcement.

CONTINGENT LIABILITIES

As at 31 December 2020, 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 RM0.3 million (As at 31 December 2019: RM2.0 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 2020, capital commitments of the Group of approximately RM0.7 million is related to acquisition of property, plant and equipment (As at 31 December 2019: RM Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group employed 559 employees (2019: 833 employees of which 273 employees were staff of PEWAV (VN) which ceased to be a subsidiary of the Group during the Financial Year). Employee costs amounted to approximately RM26.9 million for the Financial Year (2019: approximately RM32.8 million (including PEWAV (VN) of RM6.5 million for 2019)). 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.

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 2020, 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 EVENT

On 23 March 2021, the Board has approved the disposal of Rich Day through its wholly-owned subsidiary of the Company, Delightful Grace Holdings Limited to two independent third party purchasers for a total consideration of HK$8.5 million (equivalent to approximately RM4.4 million). The disposal is not a notifiable transaction under the GEM Listing Rules as all of the applicable percentage ratios as calculated under the GEM Listing Rules in respect of the disposal are less than 5%.

Other than as disclosed above, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2020 and up to the date of this announcement.

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The principal business objective of the Group as set out in the prospectus (the "**Prospectus**") of the Company dated 29 September 2017 in connection with the Listing is to enhance our market share in the elastic textile and webbing industry and continue to strengthen our competitive strengths.

On 17 December 2019, the Board has resolved to change the use of approximately HK$13.5 million (equivalent to approximately RM7.3 million) out of the unutilised Listing Proceeds (as defined below) amounting to approximately RM12.8 million (equivalent to approximately HK$23.6 million) (the "**Unutilised Listing Proceeds**") for (i) acquiring the entire issued shares of West Bull at a cash consideration of HK$8.5 million (equivalent to approximately RM4.6 million); and (ii) granting a term loan facility in the amount up to HK$5.0 million (equivalent to approximately RM2.7 million) to West Bull which shall be applied by it as its working capital. Further details in relation to the Acquisition of West Bull were disclosed in the announcement of the Company dated 17 December 2019.

An analysis comparing the aforesaid business objectives and the intended application of the net proceeds raised from the share offer in October 2017 (the "**Listing Proceeds**") with the Group's actual business progress for the period from the date of the Listing to 31 December 2020 is set out below:

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 2020
(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 RM6.5 million. Further, the Group has also upgraded certain machines for rubber tape, fire protection and lighting system of RM0.8 million.

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 2020
			— Due to the disposal of PEWAV (VN) in year 2020, the 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 and/or other production capacity. Acquisition schedule of certain machines such as weaving, cutting and covering machines was also delayed due to uncertainty of the market condition and stiff competition and will be adjusted by the management of the Group based on market demand and outlook from time to time.
(ii) Upgrade our information technology systems	Upgrade enterprise resource planning ("**ERP**") system	Listing Proceeds of approximately RM1.1 million (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.

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 2020
(iii) Acquisition of West Bull and granting of the credit facility *(Note)*	Acquisition of the entire issued shares of West Bull; and the Company to grant a term loan facility in the amount up to HK$5.0 million (equivalent to approximately RM2.7 million) to West Bull which shall be applied by it as its working capital	Listing Proceeds of approximately HK$13.5 million (equivalent to approximately RM7.3 million)	— The Acquisition of West Bull was completed on 15 October 2020.

Note: Business strategies undertaken which were not stated in the Prospectus.

Apart from the foregoing business objectives, the Group also ventured into retail business in 2018 and manufacture of PVC related products in 2019. Details of the Group's segmental performances and business plans are set out in the paragraphs headed "**Business Review**" in this section.

The global economies have been facing substantial and unprecedented challenges, particularly those resulted from trade wars and COVID-19 pandemic. In view of these unforeseen situations, the Board has taken a number of measures trying to safeguard the assets and liquidity resources of the Group as well as enhancing its return to shareholders by strengthening our businesses and/or disposing of unsustainable businesses. Notwithstanding the Board has been exercising its due care, diligence and duty in pursuing the aforesaid business plans, the global political, social and economic adversities have been proliferating to every industry sector rapidly. After careful evaluation with the current market conditions and our risk appetite, the Board has approved the disposal of newly ventured security brokerage business to two independent third parties for a total consideration of HK$8.5 million (equivalent to approximately RM4.4 million) on 23 March 2021. The Board believes the disposal allows the Group to focus on its existing businesses and conserve the funding and resources amid the economic uncertainties. The unutilised Listing Proceeds that was initially intended for granting of the credit facility to West Bull as its working capital shall be reallocated to other investment and/or other production capacity.

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 as revised in the announcement of the Company dated 17 December 2019) and their actual application from the date of the Listing up to 31 December 2020 were set out below:

	Planned use of Listing Proceeds as stated in the Prospectus	Reallocation of use of Listing Proceeds on 17 December 2019	After reallocation of use of Listing Proceeds on 17 December 2019	Actual use of Listing Proceeds up to 31 December 2020	Unutilised amount as at 31 December 2020	Expected timeline for utilising the unutilised proceeds
		(Note (a))		*(Note (b))*	*(Note (c))*	
	RM'million	*RM'million*	*RM'million*	*RM'million*	*RM'million*	
Expand our production capacity	17.6	(7.3)	10.3	(7.3)	3.0	On or before 31 December 2022 *(Note (d))*
Upgrade our information technology systems	1.1	–	1.1	(0.1)	1.0	On or before 31 December 2022 *(Note (d))*
Funding of our working capital and general corporate purposes	0.6	–	0.6	(0.6)	–	
Acquisition of West Bull and granting of the credit facility	–	7.3	7.3	(4.5)	2.8	On or before 31 December 2022 *(Note (d))*
	19.3	–	19.3	(12.5)	6.8	

Notes:

(a) On 17 December 2019, the Board has resolved to change the use of approximately HK$13.5 million (equivalent to approximately RM7.3 million) out of the Unutilised Listing Proceeds for (i) the Acquisition of West Bull; and (ii) to grant a term loan facility in the amount up to HK$5.0 million (equivalent to approximately RM2.7 million) to West Bull which shall be applied by it as its working capital.

(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 2020.

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

(d) The expected timeline for utilising the unutilised proceeds is based on the best estimation of the present and future business market conditions by the Board. The Board has considered several factors such as disruption of supply chain and low visibility in demand resulted from the outbreak of COVID-19 pandemic in year 2020 as well as unresolved trade dispute among the PRC, the United States and other countries. The Company is unable to assess the degree of certainty and cannot assure its shareholders that the unutilised proceeds as at 31 December 2020 will be fully utilised in accordance with the above expected timeline. The Company will continue to monitor closely the business environment and to revise its business expansion plans, as appropriate, and disclose any further corresponding change in application and timeline of utilisation of its unutilised proceeds pursuant to the requirements of the GEM Listing Rules.

FUTURE PROSPECTS AND OUTLOOK

The global outlook remains challenging as the resurgence of the pandemic in many countries poses difficult economy versus health decisions. Additionally, the ongoing trade war, volatility in currency, disruption in global supply chain and the intensifying regional business competition have made our operating environment extremely challenging and difficult to predict. The global vaccination programme has been rolled out since the beginning of year 2021, the efficacy of the vaccines as well as the speed and coverage of the vaccination programme remain to be observed. The Company is continually reviewing the demand and supply situation and cost mitigation measures to ensure business continuity and longer term sustainability.

As we reorganise ourselves to meet the operating environment of the new normal, we are optimistic that we will prevail.

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**").

On 10 March 2020, following Dato' Sri Wee Jeck Seng's resignation 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, there were only two independent non-executive Directors in the Board and only two members in the audit committee as additional time was required to identify suitable candidate. On 25 March 2020, the Board has appointed Dato' Lee Chee Leong as the independent non-executive Director, chairman of the remuneration committee and a member of each of audit committee, nomination committee and risk management committee of the Board.

Save as disclosed above, 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.

Following the resignation of Dato' Sri Wee Jeck Seng on 10 March 2020, the vacancy in the audit committee was filled by Dato' Lee Chee Leong after his appointment on 25 March 2020, 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 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. 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

The financial information set out in this announcement does not constitute the Group's audited consolidated financial statements for the Financial Year, but represents an extract from those financial statements. The financial information has been reviewed by the audit committee, approved by the Board and agreed by the Group's external auditors, ZHONGHUI ANDA CPA Limited, as to the amounts set out in the Group's audited consolidated financial statements. The work performed by ZHONGHUI ANDA CPA Limited in this respect 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, 23 March 2021

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

*This announcement 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**.*