FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8480)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

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.*

The Board of Directors of the Company (the "**Board**") announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2021 (the "**Period**"), together with the unaudited comparative figures for the corresponding period in 2020, and certain comparative figures as at 31 December 2020, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***RM'000***	*RM'000*
Revenue	*4*	**78,867**	44,433
Cost of sales		**(44,153)**	(30,923)
Gross profit		**34,714**	13,510
Other income, net	*5*	**7,448**	3,812
Selling and distribution costs		**(5,266)**	(4,751)
Administrative expenses		**(11,828)**	(9,079)
Interest income		**246**	320
Finance costs	*6*	**(793)**	(931)
Share of profit of a joint venture, net of tax		**176**	94
Share of loss of an associate, net of tax		**–**	(345)
Profit before income tax expense	*7*	**24,697**	2,630
Income tax expense	*8*	**(1,312)**	(666)
Profit for the period		**23,385**	1,964
Other comprehensive (expenses)/income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Disposal of subsidiaries		**(187)**	(1,382)
Exchange differences on translation of foreign operations		**2,762**	3,556
Share of other comprehensive income of a joint venture		**46**	45
Share of other comprehensive income of an associate		**–**	11
Other comprehensive income, net of tax		**2,621**	2,230
Total comprehensive income for the period		**26,006**	4,194

	Notes	Six months ended 30 June **2021** **(Unaudited)** ***RM'000***	 2020 (Unaudited) *RM'000*
Profit attributable to:			
Owners of the Company		**16,093**	1,964
Non-controlling interests		**7,292**	–
		23,385	1,964
Total comprehensive income attributable to:			
Owners of the Company		**26,006**	4,194
Non-controlling interests		**–**	–
		26,006	4,194
Earnings per share:			
Basic and diluted (cents)	*10*	**2.87**	0.35

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	**As at 30 June 2021 (Unaudited)** ***RM'000***	As at 31 December 2020 (Audited) *RM'000*
Non-current assets			
Property, plant and equipment	*11*	**19,977**	18,756
Right-of-use assets		**8,378**	10,711
Intangible assets		**17,402**	19,412
Interest in a joint venture		**1,434**	1,414
Deposits	*12*	**–**	106
Deferred tax assets		**187**	215
		47,378	50,614
Current assets			
Inventories		**28,183**	23,170
Trade and other receivables	*12*	**36,012**	35,421
Amount due from a joint venture		**72**	56
Amounts due from associates		**1,491**	1,440
Loan to an associate		**3,238**	4,820
Current tax recoverable		**245**	306
Time deposits maturing over three months		**12,708**	12,854
Bank balances held on behalf of clients		**–**	24,516
Cash and bank balances		**20,029**	19,877
Assets held for sale		**–**	–
		101,978	122,460
Current liabilities			
Trade and other payables	*13*	**16,566**	42,360
Contract liabilities		**158**	2,360
Bank borrowings	*14*	**929**	1,455
Lease liabilities		**426**	4,432
Current tax liabilities		**3,518**	2,368
		21,597	52,975
Net current assets		**80,381**	69,485
Total assets less current liabilities		**127,759**	120,099

	Notes	As at 30 June 2021 (Unaudited) RM'000	As at 31 December 2020 (Audited) RM'000
Non-current liabilities			
Bank borrowings	*14*	**8,534**	9,571
Lease liabilities		**3,124**	12,400
Provision for restoration costs		**–**	680
Deferred tax liabilities		**1,737**	1,798
		13,395	24,449
NET ASSETS		**114,364**	95,650
Equity			
Share capital	*15*	**30,255**	30,255
Reserves		**84,109**	65,395
TOTAL EQUITY		**114,364**	95,650

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Share capital *RM'000*	Share premium *RM'000*	Merger reserve *RM'000*	Exchange translation reserve *RM'000*	Accumulated losses *RM'000*	Equity attributable to owners of the Company *RM'000*	Non-controlling interests *RM'000*	Total *RM'000*
Balance as at 1 January 2020 (audited)	30,255	80,824	42,208	(5,292)	(22,536)	125,459	–	125,459
Profit for the period	–	–	–	–	1,964	1,964	–	1,964
Disposal of a subsidiary	–	–	(2,775)	1,393	–	(1,382)	–	(1,382)
Exchange differences on translation of foreign operations	–	–	–	3,556	–	3,556	–	3,556
Share of other comprehensive income of a joint venture, net of tax	–	–	–	45	–	45	–	45
Share of other comprehensive income of an associate, net of tax	–	–	–	11	–	11	–	11
Total comprehensive (expenses)/income	–	–	(2,775)	5,005	1,964	4,194	–	4,194
Balance as at 30 June 2020 (unaudited)	30,255	80,824	39,433	(287)	(20,572)	129,653	–	129,653
Balance as at 1 January 2021 (audited)	**30,255**	**80,824**	**39,433**	**(2,889)**	**(51,973)**	**95,650**	**–**	**95,650**
Profit for the period	**–**	**–**	**–**	**–**	**16,093**	**16,093**	**7,292**	**23,385**
Disposal of subsidiaries	**–**	**–**	**–**	**(75)**	**–**	**(75)**	**(112)**	**(187)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**2,650**	**–**	**2,650**	**112**	**2,762**
Share of other comprehensive income of a joint venture, net of tax	**–**	**–**	**–**	**46**	**–**	**46**	**–**	**46**
Total comprehensive income	**–**	**–**	**–**	**2,621**	**16,093**	**18,714**	**7,292**	**26,006**
Transactions with owners								
Shares acquired by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**6,288**	**6,288**
Arising from disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(13,580)**	**(13,580)**
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**(7,292)**	**(7,292)**
Balance as at 30 June 2021 (unaudited)	**30,255**	**80,824**	**39,433**	**(268)**	**(35,880)**	**114,364**	**–**	**114,364**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***RM'000***	*RM'000*
Net cash generated from operating activities		**5,645**	3,794
Net cash (used in)/generated from investing activities		**(2,828)**	1,553
Net cash used in financing activities		**(3,282)**	(2,084)
Net (decrease)/increase in cash and cash equivalents		**(465)**	3,263
Cash and cash equivalents at beginning of period		**19,605**	13,285
Bank balances reclassified to assets held for sale at beginning of period		**–**	1,640
Effect of exchange rate changes		**393**	601
Cash and cash equivalents at the end of period		**19,533**	18,789
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**20,029**	19,293
Bank overdraft	*14*	**(496)**	(504)
		19,533	18,789

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 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 principal place of business in Hong Kong is 31st Floor, 148 Electric Road, North Point, Hong Kong.

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 unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard ("**IFRS**") 34 — Interim Financial Reporting, 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 condensed consolidated interim 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.

The unaudited condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2020 annual financial statements, except for those that relate to new standards or interpretations effective for the period beginning on or after 1 January 2021. Details of changes in accounting policies are set out below.

Adoption of new or revised IFRSs effective for annual periods beginning on or after 1 January 2021

Title	
Amendments to IFRS 4, 7, 9 and 16, and IAS 39	*Interest Rate Benchmark Reform*

The adoption of the above standards did not have any significant effects on the unaudited condensed consolidated interim financial statements of the Group.

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 CODM assesses performance of the operating segments on the basis of profit before income tax expense.

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.

Six months ended 30 June 2021 (unaudited)

	Manufacturing *RM'000*	**Retail** *RM'000*	**Others** *RM'000*	**Total** *RM'000*
Revenue				
Revenue from external customers	**60,962**	**1,803**	**16,102**	**78,867**
Results				
Operating profit	**8,827**	**10,285**	**5,956**	**25,068**
Interest income	**241**	**–**	**5**	**246**
Finance costs	**(281)**	**(506)**	**(6)**	**(793)**
Share of profit of a joint venture, net of tax	**176**	**–**	**–**	**176**
Profit before income tax expense	**8,963**	**9,779**	**5,955**	**24,697**
Income tax expense	**(1,312)**	**–**	**–**	**(1,312)**
Profit for the period	**7,651**	**9,779**	**5,955**	**23,385**
Non-controlling interests	**–**	**–**	**(7,292)**	**(7,292)**
Profit/(Loss) attributable to owners of the parent	**7,651**	**9,779**	**(1,337)**	**16,093**
Other segment information:				
Amortisation and depreciation	**(1,500)**	**(2,090)**	**(125)**	**(3,715)**
Loss on disposal of subsidiaries	**–**	**–**	**(4,975)**	**(4,975)**
Lease modification — early termination	**8**	**11,103**	**–**	**11,111**
Reversal of provision for restoration costs	**–**	**712**	**–**	**712**

Six months ended 30 June 2020 (unaudited)

	Manufacturing *RM'000*	Retail *RM'000*	Others *RM'000*	Total *RM'000*
Revenue				
Revenue from external customers	43,037	1,259	137	44,433
Results				
Operating profit/(loss)	8,127	(3,154)	(1,481)	3,492
Interest income	320	–	–	320
Finance costs	(305)	(621)	(5)	(931)
Share of profit of a joint venture, net of tax	94	–	–	94
Share of loss of an associate, net of tax	(345)	–	–	(345)
Profit/(Loss) before income tax expense	7,891	(3,775)	(1,486)	2,630
Income tax expense	(666)	–	–	(666)
Profit/(Loss) for the period	7,225	(3,775)	(1,486)	1,964
Non-controlling interests	–	–	–	–
Profit/(Loss) attributable to owners of the parent	7,225	(3,775)	(1,486)	1,964
Other segment information:				
Amortisation and depreciation	(1,436)	(2,241)	(63)	(3,740)
Gain on disposal of a subsidiary	3,249	–	–	3,249

(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.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Revenue from external customers		
Asia Pacific	**64,267**	33,100
Europe	**4,716**	3,328
North America	**9,257**	7,435
Others	**627**	570
Total	**78,867**	44,433

(c) **Information about major customer**

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Customer A	*	6,420

* Revenue from this customer did not exceed 10% of the total revenue of the Group for the period ended 30 June 2021.

4. REVENUE

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Revenue breakdown		
Elastic textile	**14,885**	14,388
Webbing	**28,016**	15,703
PVC related products and other products	**18,061**	12,946
Fashion garment products and accessories	**1,803**	1,259
Others	**16,102**	137
Total	**78,867**	44,433

All revenue from customers during the period ended 30 June 2021 and 2020 were recognised at point in time.

5. OTHER INCOME, NET

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Gain/(Loss) on foreign exchange, net		
— realised	**121**	372
— unrealised	**233**	(72)
Commission income	**41**	116
(Loss)/Gain on disposal of subsidiaries	**(4,975)**	3,249
Gain on disposal of property, plant and equipment	**–**	46
Lease modification — early termination	**11,111**	–
Reversal of provision for restoration costs	**712**	–
Reversal of impairment loss on amount owing by an associate	**134**	–
Others	**71**	101
Total	**7,448**	3,812

6. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Interest on bank overdraft	**17**	9
Interest on bank borrowings	**271**	313
Interest on lease liabilities	**484**	585
Others	**21**	24
Total	**793**	931

7. PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Auditor's remuneration	**228**	197
Amortisation of intangible assets	**451**	429
Depreciation of property, plant and equipment	**1,332**	1,371
Depreciation of right-of-use assets	**1,932**	1,940
Loss/(Gain) on disposal of subsidiaries	**4,975**	(3,249)
Gain on disposal of property, plant and equipment	**–**	(46)
Interest income from:		
— fixed deposits	**(234)**	(237)
— bank balances	**(12)**	(11)
— advance to an associate	**–**	(72)
Intangible assets written off	**21**	–
Lease modification — early termination	**(11,111)**	–
Property, plant and equipment written off	**172**	1
Reversal of impairment loss on amount owing by an associate	**(134)**	–
Reversal of inventories written down	**(2,032)**	(350)
Reversal of provision for restoration costs	**(712)**	–
Employee costs included in:		
— cost of sales	**6,819**	5,837
— selling and distribution costs	**439**	472
— administrative expenses	**7,148**	6,603

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Current tax expense		
— Malaysian income tax	**855**	186
— Overseas income tax	**569**	544
	1,424	730
Deferred tax		
— current year	**(112)**	(64)
	1,312	666

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 six months ended 30 June 2021 and 2020.

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

9. DIVIDENDS

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

The Board does not recommend payment of any dividend for the Period (2020: RMNil).

10. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of ordinary shares in issue during the Period.

The calculation of basic earnings per share is based on the following information:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Earnings		
Profit for the period attributable to owners of the Company	**16,093**	1,964
Number of shares		
Weighted average number of ordinary shares in issue during the Period	**560,000,000**	560,000,000

Diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding for the periods ended 30 June 2021 and 2020.

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, additions to property, plant and equipment amounted to RM3.4 million (during the six months ended 30 June 2020: RM0.2 million).

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 (Unaudited) ***RM'000***	As at 31 December 2020 (Audited) *RM'000*
Trade receivables	**22,867**	22,946
Less: Allowance for impairment loss	**(283)**	(277)
	22,584	22,669
Prepayments, deposits and other receivables	**9,525**	12,776
Loan receivables	**3,903**	82
	36,012	35,527
Analysed as:		
Non-current	**–**	106
Current	**36,012**	35,421
	36,012	35,527

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 30 June 2021 and 31 December 2020 are as follows:

	As at 30 June 2021 (Unaudited) ***RM'000***	As at 31 December 2020 (Audited) *RM'000*
Within 30 days	**7,448**	11,418
31 to 60 days	**4,369**	4,486
61 to 90 days	**1,634**	2,226
91 to 180 days	**3,246**	1,603
Over 180 days	**6,170**	3,213
	22,867	22,946

13. TRADE AND OTHER PAYABLES

	As at 30 June 2021 (Unaudited) *RM'000*	As at 31 December 2020 (Audited) *RM'000*
Trade payables	**7,550**	7,385
Cash client	**–**	24,585
Bills payable	**1,750**	525
Other payables	**7,266**	9,865
	16,566	42,360

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 30 June 2021 and 31 December 2020 are as follows:

	As at 30 June 2021 (Unaudited) *RM'000*	As at 31 December 2020 (Audited) *RM'000*
Within 30 days	**4,319**	5,455
31 to 60 days	**3,870**	1,522
61 to 90 days	**315**	496
Over 90 days	**796**	437
	9,300	7,910

14. BANK BORROWINGS

	As at 30 June 2021 (Unaudited) ***RM'000***	As at 31 December 2020 (Audited) *RM'000*
Term loans (secured)	**8,967**	10,754
Bank overdraft (secured)	**496**	272
	9,463	11,026
Borrowings are repayable as follows:		
— within one year	**929**	1,455
— after one year but within two years	**450**	1,258
— after two years but within five years	**1,454**	1,428
— after five years	**6,630**	6,885
	9,463	11,026
Less: Amount due within one year included in current liabilities	**929**	1,455
Amount included in non-current liabilities	**8,534**	9,571

15. SHARE CAPITAL

	Number *'000*	**Amount** *HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	**1,000,000**	**100,000**

	Number *'000*	**Amount** *HK$'000*	**Amount** *RM'000*
Issued and fully paid:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	**560,000**	**56,000**	**30,255**

16. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the unaudited condensed consolidated interim financial statements, the Group had the following transactions with related parties during the Period:

			Six months ended 30 June	
			2021	2020
			(Unaudited)	(Unaudited)
			RM'000	*RM'000*
Name of related party	**Relationship**	**Nature of transactions**		
Trunet (Vietnam) Co., Ltd.	Joint venture	Sales of goods	**399**	390
		Sales of services	**113**	102
		Purchases of materials	**(43)**	(89)
		Commission received/ receivable	**41**	42
		Rental income	**56**	52
		Dividend received	**202**	–
Furnitech Components (Vietnam) Co., Ltd.	Associate	Interest income	**–**	140
		Commission income	**–**	70
		Business development fee	**–**	77
		Sales of goods	**–**	42
		Purchase of goods	**–**	(36)
PRG Asset Holdings Sdn. Bhd.	Related company	Sales of goods	**199**	–

The related party transactions described above were carried out based on negotiated terms and conditions agreed with related parties. None of these related party transactions constituted connected transaction and/or continuing connected transaction (as the case may be) as defined under Chapter 20 of the GEM Listing Rules.

(b) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise).

The remuneration of Directors during the Period was as follows:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Fees	**183**	149
Salaries, allowances and other benefits	**1,166**	1,103
Discretionary bonus	**83**	94
Contributions to defined contribution plans	**229**	223
	1,661	1,569

17. CAPITAL COMMITMENTS

	As at 30 June 2021 (Unaudited) *RM'000*	As at 31 December 2020 (Audited) *RM'000*
Commitments for the acquisition of property, plant and equipment:		
Contracted for but not provided	**65**	710

18. CONTINGENT LIABILITIES

	As at 30 June 2021 (Unaudited) *RM'000*	As at 31 December 2020 (Audited) *RM'000*
Corporate guarantee given to a bank for credit facilities granted to an associate — unsecured		
— Limit of guarantee	**2,077**	2,007
— Amount utilised	**–**	319

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

The fair value of the cross guarantee at date of inception is not material and is not recognised in the unaudited condensed consolidated interim financial statements.

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.

The Group ventured into manufacture and sale of PVC related products in 2019 by acquiring the entire issued share capital of a company whose subsidiaries in Hong Kong and PRC are mainly engaged in the manufacture and sale of PVC related products.

In year 2020, the Group disposed off a subsidiary of the Group, mainly manufacture and sale of narrow elastic fabric products.

The revenue from the Manufacturing Division for the Period was approximately RM61.0 million, increased by approximately RM18.0 million or 41.9% as compared to the corresponding period of 2020.

During the Period, domestic sales and export sales accounted for approximately 43.2% and 56.8% (2020: 47.7% and 52.3%) 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 the six months ended 30 June 2021 and 2020.

Revenue generated from the sale of elastic textile, webbing and other manufacturing products accounted for approximately 24.4%, 46.0% and 29.6% (2020: 33.4%, 36.5% and 30.1%) of the total revenue from the Manufacturing Division respectively during the Period. The performance by products is stated as below:

(i) Elastic textile

For the Period, the revenue of elastic textile was approximately RM14.9 million, slightly increased by RM0.5 million or 3.5% as compared to the corresponding period of 2020. The Group was able to maintain the sales orders during the pandemic period.

(ii) Webbing

For the Period, the revenue of webbing was approximately RM28.0 million, increased by RM12.3 million or 78.3% as compared to the corresponding period of 2020. This was mainly attributable to an increase in sales volume for both furniture webbing and seat belt webbing from customers in Asia Pacific region, North America and Europe during the Period.

(iii) Other manufacturing products

During the Period, the revenue of other manufacturing products was approximately RM18.1 million, increased by RM5.2 million or 40.3% as compared to the corresponding period of 2020, mainly due to the increase in revenue contributed by the PVC related products by RM2.1 million and rubber tapes products by RM3.1 million as compared to corresponding period of 2020.

The overall revenue of the Manufacturing Division has shown an improvement as compared to corresponding period of 2020, mainly due to recovery of sales from the impact of Novel Coronavirus Disease-2019 ("**COVID-19**") pandemic during the Period.

(b) Retail Division

The Group had opened a retail store in Singapore and a 49%-owned store in Thailand in year 2019. The retail business was severely impacted by the COVID-19 since the beginning of year 2020 when the borders of countries were closed which led to a decrease in tourists arrival and resulted in deterioration of overall consumers' spending. The efforts of sales promotion, cost saving as well as rental concessions from landlords did not achieve the expected results. In view of the prolonged COVID-19 pandemic and closure of borders, the retail business had experienced unprecedented difficulties in their operations and is unlikely to have major recovery in the short run. Therefore, the Board has decided to close the retail stores. The Group has reached an agreement with landlord of the retail store in Singapore on early termination and to waive the contractual liabilities on remaining lease payments and reinstatement of store. Therefore, the corresponding lease liabilities and provision for restoration costs were reversed during the Period.

The Board believes this decision allows the Group to conserve management and financial resources during the pandemic and to reallocate the resources to those businesses that have a better long term demand trajectory.

For the Period, the revenue of the Retail Division was approximately RM1.8 million (2020: RM1.3 million), increased by RM0.5 million or 38.5% as compared to the corresponding period of 2020, mainly due to greater promotional discount given to customers for stock clearance in April and May 2021.

(c) Others

For the Period, the revenue of approximately RM16.1 million (2020: RM0.1 million) was mainly contributed by the underwriter fees, brokerage fees and financial advisor fees from security brokerage business which the Group acquired in the fourth quarter of 2020. The security brokerage business was subsequently disposed off in March 2021. The Board believes the disposal allows the Group to focus on its existing business and conserve the funds and resources amid the economic uncertainties.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Period amounted to approximately RM78.9 million, representing an increase of RM34.5 million or 77.7% as compared to the corresponding period of 2020.

A majority of the Group's revenue was contributed by the Manufacturing Division, which accounted for approximately 77.3% (2020: 96.8%) of the total revenue for the Period.

Revenue from the Manufacturing Division increased by approximately RM18.0 million, mainly due to rebound in sales orders during the Period. For the corresponding period of 2020, the sales orders were affected by the lockdown and movement restrictions order implemented by various countries under the COVID-19 pandemic.

The revenue of RM16.0 million or 20.3% of the total revenue was contributed by the underwriter fees, brokerage fees and financial advisor fees from security brokerage business acquired by the Group in the fourth quarter of 2020 which was subsequently disposed off in March 2021.

Cost of Sales

For the Period, the cost of sales of the Group amounted to approximately RM44.2 million (2020: RM30.9 million), representing an increase of RM13.3 million or 43.0% as compared to the corresponding period of 2020. The increase in cost of sales was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

For the Period, the Group achieved gross profit of approximately RM34.7 million (2020: RM13.5 million), representing an increase of RM21.2 million or 157.0% as compared to the corresponding period of 2020, mainly due to higher gross profit contributed by (i) the security brokerage business acquired by the Group in the fourth quarter of 2020 which was subsequently disposed off in March 2021 and (ii) the improved gross profit of certain manufacturing subsidiaries of the Group during the Period.

The gross profit margin of the Group improved from 30.4% to 44.0%, mainly due to the higher gross profit margin contributed by the security brokerage business acquired by the Group in the fourth quarter of 2020 which was subsequently disposed off in March 2021.

Other Income, net

For the Period, the other income of the Group amounted to approximately RM7.4 million (2020: RM3.8 million), representing an increase of RM3.6 million as compared to the corresponding period of 2020. The increase was mainly due to lease modification arising from early termination of RM11.1 million and reversal of restoration costs of RM0.7 million as a result of termination of lease for retail store in Singapore in May 2021. However, this other income was offset with one-off loss on disposal of subsidiaries of RM5.0 million recognised during the Period whereas one-off gain on disposal of a subsidiary of RM3.2 million was recognised in corresponding period of 2020.

Selling and Distribution Costs

For the Period, the selling and distribution costs of the Group amounted to approximately RM5.3 million (2020: RM4.8 million), representing an increase of approximately RM0.5 million or 10.4% as compared to the corresponding period of 2020. The increase was mainly due to the marketing expenses incurred by the security brokerage business acquired by the Group in the fourth quarter of 2020 which was subsequently disposed off in March 2021 (2020: RMNil) and higher selling and marketing expenses incurred by the Manufacturing Division which was in line with respective increase in revenue. The increase was offset with lower selling and distribution costs incurred by Retail Division due to lease concession during the Period.

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 Period, the administrative expenses of the Group amounted to RM11.8 million (2020: RM9.1 million), representing an increase of RM2.7 million or 29.7% as compared to the corresponding period in 2020. The increase was mainly due to the administrative expenses incurred by the security brokerage business acquired by the Group in the fourth quarter of 2020 which was subsequently disposed off in March 2021 (2020: RMNil).

Profit for the Period

For the Period, the profit amounted to RM23.4 million (2020: RM2.0 million), representing an increase of approximately RM21.4 million as compared to the corresponding period of 2020. The profit was mainly arising from (i) profit of RM12.2 million generated by the security brokerage business acquired by the Group in the fourth quarter of 2020 which was subsequently disposed off in March 2021, (ii) profit from the Retail Division of RM9.8 million (2020: loss of RM3.8 million) mainly due to one-off recognition of reversal of lease liabilities arising from early termination and decrease in operational expenses during the Period and (iii) the improved gross profit of the Group during the Period. This amount was offset with loss on disposal of the aforementioned subsidiaries which were engaged in security brokerage business of RM5.0 million (2020: Gain on disposal of subsidiaries which were engaged in manufacturing business of RM3.2 million).

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 United States Dollar ("**USD**"), RM, Hong Kong Dollar ("**HK$**"), Vietnamese Dong ("**VND**"), Singapore Dollar ("**SGD**") and Renminbi ("**RMB**"), are generally deposited with certain financial institutions such as banks. The Group's borrowings are mainly denominated in USD, RM, VND and SGD.

As at 30 June 2021, the Group's total equity attributable to owners of the Company amounted to RM114.4 million (As at 31 December 2020: RM95.7 million).

As at 30 June 2021, the Group's net current assets were approximately RM80.4 million (As at 31 December 2020: RM69.5 million) and the Group had cash and cash equivalents of approximately RM19.5 million (As at 31 December 2020: RM19.6 million). The Group had bank borrowings of approximately RM9.5 million (As at 31 December 2020: RM11.0 million).

The interest rates of the Group's term loans and bank overdraft as at 30 June 2021 and 31 December 2020 ranged from 3.47% to 7.64% and 3.47% to 7.64% per annum respectively.

As at 30 June 2021, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the Period) was approximately 4.7 times (As at 31 December 2020: 2.3 times). The Group was in a net cash position as at 30 June 2021 and 31 December 2020.

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 period.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the Period. The share capital of the Company only comprises ordinary shares.

DIVIDEND

The Board does not declare the payment of any interim dividend for the Period (2020: RMNil).

SIGNIFICANT INVESTMENT HELD BY THE GROUP

As at 30 June 2021, there was no significant investment held by the Group (2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 23 March 2021, the Board has approved the disposal of Rich Day Global Limited 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 RM4.5 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 Period.

PLEDGE OF ASSETS

As at 30 June 2021 and 31 December 2020, freehold land, buildings and certain plant and machinery, right-of-use assets and time deposits maturing over three months of the Group with an aggregate carrying amount of RM15.9 million and RM17.5 million respectively were pledged to licensed banks as security for credit facilities granted to the Group.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

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 LIABILITY

As at 30 June 2021, no contingent liability of the Group was related to an unsecured corporate guarantee given to a bank for credit facilities granted to an associate (As at 31 December 2020: RM0.3 million).

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

CAPITAL COMMITMENTS

As at 30 June 2021, the capital commitments of the Group for the acquisition of property, plant and equipment amounted to RM0.1 million (31 December 2020: RM0.7 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group employed 536 employees (2020: 544 employees). Employee costs amounted to approximately RM14.4 million for the Period (2020: approximately RM12.9 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.

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 implement development programs for our employees.

SHARE OPTION SCHEME

As at 30 June 2021, 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

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2021 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 of the shares of the Company on GEM (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 Securities Limited ("**West Bull**")(formerly known as RSI Securities Limited) at a cash consideration of HK$8.5 million (equivalent to approximately RM4.5 million); and (ii) granting a term loan facility in the amount up to HK$5.0 million (equivalent to approximately RM2.8 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.

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 the newly ventured security brokerage business to two independent third party purchasers for a total consideration of HK$8.5 million (equivalent to approximately RM4.5 million) on 23 March 2021. The Board believes the disposal allows the Group to focus on its existing businesses and conserve the funds and resources amid the economic uncertainties.

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 30 June 2021 is set out below:

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 30 June 2021
(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)	— In previous years, the Group had 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. During the Period, the Group has upgraded and/or replaced the seatbelt weaving machines, webbing machines and rubber tape machines of RM2.3 million. — 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.

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 30 June 2021
(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.
(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 RM2.8 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 and it was subsequently disposed off in March 2021. The Unutilised Listing Proceeds that was initially intented for the granting of the credit facility shall be reallocated to other investment opportunities and/or other production capacity. The Board will carefully evaluate different business opportunities and make necessary update.

Note: Business strategies undertaken in 2020 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.

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 funds 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 30 June 2021 were set out below:

	Planned use of Listing Proceeds as stated in the Prospectus *RM'million*	**Reallocation of use of Listing Proceeds on 17 December 2019** *(Note (a))* *RM'million*	**After reallocation of use of Listing Proceeds on 17 December 2019** *RM'million*	**Actual use of Listing Proceeds up to 30 June 2021** *(Note (b))* *RM'million*	**Unutilised amount as at 30 June 2021** *(Note (c))* *RM'million*	**Expected timeline for utilising the unutilised proceeds**
Expand our production capacity	17.6	(7.3)	10.3	(9.6)	0.7	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	– *(Note (e))*
	19.3	–	19.3	(14.8)	4.5	

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 RM2.8 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 30 June 2021.

(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 early this year. The Company is unable to assess the degree of certainty and cannot assure its shareholders that the unutilised proceeds as at 30 June 2021 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.

(e) The Acquisition of West Bull was completed on 15 October 2020 and on 23 March 2021, the Board has approved the disposal of Rich Day Global Limited, the holding company of West Bull, 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 RM4.5 million). The Unutilised Listing Proceeds that were initially intended for the granting of the credit facility shall be reallocated to other investment opportunities and or other production capacity. The Board will carefully evaluate different business opportunities and make necessary update.

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 recent lockdown and movement restrictions order in Malaysia and Vietnam due to the resurgence in infection of COVID-19, has also further disrupted our operations since June 2021. The Company will continue to strive to operate within the constraints as well as looking into risk mitigation measures to ensure business continuity and long term sustainability.

COMMERCIAL ACTIVITIES IN SANCTIONED COUNTRIES

During the Period, the Group did not enter into any transactions in countries or territories which are targeted with certain economic sanctions under the laws of the United States, the European Union, the United Nations and Australia (the "**Sanctioned Countries**") or with certain person(s) and entity(ies) listed on the Office of Foreign Assets Control of the United States Department of Treasury's Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the United States, the European Union, the United Nations or Australia (the "**Sanctioned Persons**") that the Group believes would put the Group or its investors at risk of violating or becoming the target of sanction-related laws and regulations in the United States, the European Union, the United Nations and Australia (the "**International Sanctions**").

To continuously monitor and evaluate the Group's business and take measures to comply with the Group's continuing undertakings to the Stock Exchange as disclosed in the Prospectus, and to protect the interests of the Group and the shareholders of the Company (the "**Shareholders**"), the Group has undertaken the following measures and efforts to monitor and evaluate its business activities in connection with possible International Sanctions risks as at the date of this announcement:

(i) the Group has set up a risk management committee, comprising of two independent non-executive Directors and one executive Director, whose responsibilities include, among others, overseeing the Group's management activities in managing key risks, ensuring that the risk management process is functioning effectively and reviewing risk management strategies, policies, risk appetite and risk tolerance;

(ii) the Group will evaluate sanctions risks prior to determining whether the Group should embark on any business opportunities in a Sanctioned Country or with Sanctioned Persons; and

(iii) as and when the risk management committee considers necessary, the Group will retain an external International Sanctions legal adviser with necessary expertise and experience in International Sanctions matters for recommendations and advice. During the Period, the risk management committee did not identify any exposure to sanctions risks by the Group which it considered necessary for the Group to retain an external International Sanctions legal adviser.

The Directors are of the view that such risk management measures and efforts provided a reasonably adequate and effective framework to assist the Group in identifying and monitoring any material International Sanctions risk so as to protect the interests of the Company and its shareholders as a whole.

OTHER INFORMATION

RETIREMENT OF DIRECTOR

As announced by the Company on 7 May 2021, Mr. Yang Guang retired as a non-executive Director with effect from the conclusion of the annual general meeting of the Company held on 7 May 2021 in accordance with article 105 of the articles of association of the Company.

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**") and in relation to, among others, the Directors, chairman and chief executive officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the Shareholders.

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the Period.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

During the Period, none of the Directors or his connected entity had a material interest, whether directly or indirectly, in any arrangement, transaction or contract of significance to the business of the Group subsisting during the Period or at the end of the Period to which the Company or any of its subsidiaries or fellow subsidiaries was a party.

As at 30 June 2021, no arrangement, transaction or contract of significance had been entered into between the Company, or any of its subsidiaries or fellow subsidiaries and the Controlling Shareholder or any of its subsidiaries.

DEED OF NON-COMPETITION

As disclosed in the section "Relationship With Our Controlling Shareholder — Competition — Undertakings given by our Controlling Shareholder" in the Prospectus, the Controlling Shareholder has entered into a Deed of Non-Competition dated 28 September 2017 (the "**Deed of Non-Competition**"), which contains certain non-compete undertakings (the "**Non-Compete Undertakings**") in favour of the Company (for itself and as trustee for each member of the Group).

Pursuant to these Non-Compete Undertakings, the Controlling Shareholder has, among other matters, irrevocably undertaken to the Company that at any time during the Relevant Period*, the Controlling Shareholder shall, and shall procure that its close associates and/or companies controlled by it (other than the Group) shall not, directly or indirectly, be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete with the businesses of the Group (including but not limited to the manufacturing of elastic textile, webbing and other products including rubber tape and metal components for furniture) in Malaysia, Vietnam and/or any other country or jurisdiction in or to which the Group sells its products and/or in which any member of the Group carries out the abovementioned business from time to time.

* the "Relevant Period" means the period commencing from the date of Listing and shall expire on the earlier of the dates below:

(a) the date on which the Controlling Shareholder and its close associates (whether individually or taken as a whole) cease to own 30% of the then issued share capital of the Company (whether directly or indirectly) or cease to be the controlling shareholder of the Company for the purpose of the GEM Listing Rules; and

(b) the date on which the issued shares of the Company cease to be listed on GEM or (if applicable) other stock exchange.

The Controlling Shareholder had provided a written confirmation to the Company that it had complied with the Deed of Non-Competition for the Period and there was no matter in relation to their compliance with or enforcement of the Deed of Non-Competition that needed to be brought to the attention of the Stock Exchange, the Company and/or the Shareholders.

The independent non-executive Directors have also confirmed to the Company that, having made such reasonable enquiries with the Controlling Shareholder and reviewed the written confirmation from the Controlling Shareholder and/or such documents as they considered appropriate, nothing has come to their attention that causes them to believe that the terms of the Deed of Non-Competition had not been complied with by the Controlling Shareholder during the Period.

COMPETING INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDER AND THEIR RESPECTIVE CLOSE ASSOCIATES

None of the Directors or the Controlling Shareholder or any of their respective close associates (as defined under the GEM Listing Rules) had any business or interests in any business, apart from the business operated by members of the Group, which competes or is likely to compete, directly or indirectly, with the business of the Group and/or has or is likely to have other conflict of interest with the Group during the Period.

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 listed securities during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY AND/OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**") held by the Directors and chief executive of the Company as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows.

(i) Long positions in the ordinary shares of HK$0.10 each in the Company (the "Shares")

Name of Director	**Capacity/ Nature of interest**	**Number of securities** *(Note 1)*	**Approximate percentage of shareholding** *(Note 2)*
Dato' Lua Choon Hann	Beneficial owner	260,000 Shares (L)	0.04%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. The percentage of shareholding is calculated on the basis of 560,000,000 Shares in issue of the Company as at 30 June 2021.

(ii) Long positions in the ordinary shares in the associated corporation of the Company

Name of Director	Name of the associated corporation	Capacity/ Nature of interest	Number of securities *(Note 2)*	Approximate percentage of shareholding *(Note 4)*
Dato' Lim Heen Peok	PRG Holdings *(Note 1)*	Beneficial owner	108,800 shares (L)	0.03%
Dato' Lua Choon Hann	PRG Holdings *(Note 1)*	Beneficial owner	33,216,900 shares (L)	7.73%
	Interest of spouse		300,000 shares (L) *(Note 3)*	0.07%
Cheah Eng Chuan	PRG Holdings *(Note 1)*	Beneficial owner	1,000,000 shares (L)	0.23%

Notes:

1. PRG Holdings is the holding company and the associated corporation of the Company within the meaning under Part XV of the SFO.

2. The letter "L" denotes the long position of the Director in the shares in PRG Holdings.

3. Dato' Lua Choon Hann was deemed to be interested in the shares in PRG Holdings held directly by his spouse under Part XV of the SFO.

4. The percentage of shareholding is calculated on the basis of 429,857,221 shares in PRG Holdings in issue as at 30 June 2021.

Save as disclosed above, none of the Directors or chief executive of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2021.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2021, so far as are known to the Directors, the following persons (other than the Directors or chief executive of the Company) were recorded in the register kept by the Company under Section 336 of the SFO; or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Interests and short positions in the ordinary shares of HK$0.10 each in the Company (the "Shares")

Name of Shareholder	Capacity/ Nature of interest	Number of securities *(Note 1)*	Approximate percentage of shareholding *(Note 6)*
PRG Holdings *(Notes 2 and 3)*	Beneficial owner	303,468,000 Shares (L)	54.19%
Jim Ka Man	Beneficial owner	58,472,000 Shares (L) *(Note 4)*	10.44%
	Interest of spouse	6,592,000 Shares (L) *(Note 5)*	1.18%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. PRG Holdings is a company incorporated in Malaysia and whose issued shares are listed on the Main Market of Bursa Malaysia Securities Berhad.

3. Dato' Lua Choon Hann, an executive Director, is the group executive vice chairman of PRG Holdings.

4. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man had acquired up to 58,472,000 Shares on 2 September 2020.

5. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man was deemed to be interested in the Shares held directly by her spouse under Part XV of the SFO.

6. The percentage of shareholding is calculated on the basis of 560,000,000 Shares in issue of the Company as at 30 June 2021.

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, with terms no less exacting than the code of conduct regarding Directors' securities transactions in securities of the Company. Having made specific enquiries to the Directors by the Company, all Directors have confirmed that they had complied with the required standard of dealings and there was no event of non-compliance during the Period.

REVIEW OF FINANCIAL STATEMENTS

The Company established the 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 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 condensed consolidated results of the Group for the Period 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 have been made.

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

Malaysia, 6 August 2021

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

This announcement will remain on the "Latest Listed Company Information" 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.