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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 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.*

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 2021 (the “**Financial Year**”), together with the comparative audited figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 <i>RM'000</i>	2020 <i>RM'000</i>
<u>Continuing operations</u>			
Revenue	3	132,902	99,261
Cost of sales		<u>(86,676)</u>	<u>(70,014)</u>
Gross profit		46,226	29,247
Other expenses, net	4	(8,267)	(34,148)
Selling and distribution costs		(6,931)	(7,438)
Administrative expenses		(24,081)	(19,130)
Interest income		608	593
Finance costs	5	(1,074)	(2,003)
Share of profit of a joint venture, net of tax		490	335
Share of profit/(loss) of associates, net of tax		518	(345)
Profit/(Loss) before income tax expense from continuing operations	6	7,489	(32,889)
Income tax expense	7	(2,308)	(1,225)
Profit/(Loss) for the year from continuing operations		5,181	(34,114)
<u>Discontinued operation</u>			
Gain for the year from discontinued operation		–	1,902
Profit/(Loss) for the year		5,181	(32,212)
Other comprehensive income/(expense), net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
<u>Continuing operations</u>			
Exchange differences on translation of foreign operations		3,371	1,031
Realisation of reserves from disposal of subsidiaries		(82)	–
Share of other comprehensive income/(expense) of a joint venture		61	(32)
Share of other comprehensive income of associates		51	11
Other comprehensive income from continuing operations for the year, net of tax		3,401	1,010

	<i>Note</i>	2021 RM'000	2020 RM'000
<u>Discontinued operation</u>			
Exchange differences on translation of foreign operations		—	1,393
Total other comprehensive income, net of tax		3,401	2,403
Total comprehensive income/(expense) for the year		8,582	(29,809)
(Loss)/Profit for the year attributable to:			
Owners of the Company			
— from continuing operations		(770)	(34,114)
— from discontinued operation		—	1,902
		(770)	(32,212)
Non-controlling interests			
— from continuing operations		5,951	—
		5,181	(32,212)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company			
— from continuing operations		2,440	(33,104)
— from discontinued operation		—	3,295
		2,440	(29,809)
Non-controlling interests			
— from continuing operations		6,142	—
		8,582	(29,809)
(Loss)/Earnings per share:			
Basic and diluted (RM cents)	9		
— from continuing operations		(0.14)	(6.09)
— from discontinued operation		—	0.34
		(0.14)	(5.75)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	<i>Notes</i>	2021 RM'000	2020 RM'000
Non-current assets			
Property, plant and equipment		19,910	18,756
Right-of-use assets		8,093	10,711
Intangible assets		1,239	19,412
Interest in associates		6,383	–
Interest in a joint venture		930	1,414
Deposits	<i>10</i>	–	106
Deferred tax assets		10	215
		<u>36,565</u>	<u>50,614</u>
Current assets			
Inventories		30,211	23,170
Trade and other receivables	<i>10</i>	33,188	35,421
Amount due from a joint venture		57	56
Amount due from associates		–	1,440
Loan to an associate		–	4,820
Current tax recoverable		406	306
Time deposits maturing over three months		6,094	12,854
Bank balances held on behalf of clients		–	24,516
Cash and bank balances		28,265	19,877
		<u>98,221</u>	<u>122,460</u>
Current liabilities			
Trade and other payables	<i>11</i>	16,990	42,360
Contract liabilities		2,270	2,360
Bank borrowings		875	1,455
Lease liabilities		304	4,432
Current tax liabilities		2,518	2,368
		<u>22,957</u>	<u>52,975</u>
Net current assets		<u>75,264</u>	<u>69,485</u>
Total assets less current liabilities		<u>111,829</u>	<u>120,099</u>

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Non-current liabilities		
Bank borrowings	8,311	9,571
Lease liabilities	3,028	12,400
Provision for restoration costs	–	680
Deferred tax liabilities	1,238	1,798
	<u>12,577</u>	<u>24,449</u>
NET ASSETS	<u>99,252</u>	<u>95,650</u>
Capital and reserves		
Share capital	30,255	30,255
Reserves	68,997	65,395
TOTAL EQUITY	<u>99,252</u>	<u>95,650</u>

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 prior to the closure of retail store by the Group in the second quarter of 2021. 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 Standards (“**IAS**”), and Interpretations (hereinafter collectively referred to as the “**IFRSs**”) issued by the International Accounting Standards Board 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 IFRS 4, 7, 9 and 16, and IAS 39	<i>Interest Rate Benchmark Reform</i>	1 January 2021
IFRS 16	<i>Amendments in relation to Covid-19-Related Rent Concessions</i>	1 April 2021

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 and revised IFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

New/Revised IFRSs		Effective date
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to IAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>	1 January 2022
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
IFRS 17	<i>Insurance Contracts</i>	1 January 2023
IAS 1	<i>Amendments in relation to Disclosure of Accounting Policies</i>	1 January 2023
IAS 8	<i>Amendments in relation to Definition of Accounting Estimates</i>	1 January 2023
IAS 12	<i>Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
IFRIC-int 5	<i>Amendments in relation to Amendments to IAS 1</i>	1 January 2023
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Annual Improvements to IFRSs 2018-2020 Cycle		Effective date
IFRS 1	<i>Subsidiary as a first-time adopter</i>	1 January 2022
IFRS 9	<i>Fees in the ‘10 per cent’ test for derecognition of financial liabilities</i>	1 January 2022
IFRS 16	<i>Lease incentives</i>	1 January 2022
IAS 41	<i>Taxation in fair value measurements</i>	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 OPERATING SEGMENTS

(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 prior to the closure of retail store by the Group in the second quarter of 2021. 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 2021

	Manufacturing <i>RM'000</i>	Retail <i>RM'000</i>	Others <i>RM'000</i>	Total <i>RM'000</i>
Revenue				
Total revenue from external customers	<u>115,930</u>	<u>1,767</u>	<u>15,205</u>	<u>132,902</u>
Results				
Operating (loss)/profit	(6,636)	8,934	4,649	6,947
Interest income	603	–	5	608
Finance costs	(561)	(506)	(7)	(1,074)
Share of profit of a joint venture, net of tax	490	–	–	490
Share of profit of associates, net of tax	<u>–</u>	<u>–</u>	<u>518</u>	<u>518</u>
(Loss)/Profit before income tax expense	(6,104)	8,428	5,165	7,489
Income tax expense	<u>(422)</u>	<u>–</u>	<u>(1,886)</u>	<u>(2,308)</u>
(Loss)/Profit for the year	<u>(6,526)</u>	<u>8,428</u>	<u>3,279</u>	<u>5,181</u>
Other segment items:				
Amortisation and depreciation	(3,047)	(2,093)	(125)	(5,265)
Gain on bargain purchase of associates	–	–	692	692
Impairment losses on:				
— customer relationship	(3,619)	–	–	(3,619)
— goodwill	(12,110)	–	–	(12,110)
— trade receivables, net	(2,572)	–	–	(2,572)
Loss on disposal of subsidiaries	–	–	(5,241)	(5,241)
Lease modification				
— early termination	8	11,236	–	11,244
Reversal of provision for restoration costs	<u>–</u>	<u>713</u>	<u>–</u>	<u>713</u>

Year ended 31 December 2020

	Manufacturing <i>RM'000</i>	Retail <i>RM'000</i>	Others <i>RM'000</i>	Total <i>RM'000</i>
Revenue				
Total revenue from external customers	<u>95,711</u>	<u>2,940</u>	<u>610</u>	<u>99,261</u>
Results				
Operating loss	(6,343)	(22,266)	(2,860)	(31,469)
Interest income	583	10	–	593
Finance costs	(576)	(1,412)	(15)	(2,003)
Share of profit of a joint venture, net of tax	335	–	–	335
Share of loss of associates, net of tax	<u>(345)</u>	<u>–</u>	<u>–</u>	<u>(345)</u>
Loss before income tax expense	(6,346)	(23,668)	(2,875)	(32,889)
Income tax expense	<u>(1,203)</u>	<u>–</u>	<u>(22)</u>	<u>(1,225)</u>
Loss for the year	<u>(7,549)</u>	<u>(23,668)</u>	<u>(2,897)</u>	<u>(34,114)</u>
Other segment items:				
Amortisation and depreciation	(2,965)	(4,958)	(192)	(8,115)
Impairment losses on:				
— amount due from an associate	–	(4,053)	–	(4,053)
— goodwill	(16,310)	–	–	(16,310)
— property, plant and equipment	–	(4,214)	–	(4,214)
— right-of-use assets	–	(9,814)	–	(9,814)
— trade receivables, net	<u>(85)</u>	<u>–</u>	<u>–</u>	<u>(85)</u>

(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, deposits and deferred tax assets (collectively referred to as "Specified non-current assets").

	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Revenue from external customers		
Asia Pacific	105,166	76,786
Europe	7,888	6,097
North America	18,215	15,309
Others	1,633	1,069
	<hr/>	<hr/>
Total	132,902	99,261
	<hr/> <hr/>	<hr/> <hr/>

	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Specified non-current assets		
Malaysia	22,986	23,149
Vietnam	5,422	5,153
Singapore	–	762
Hong Kong	–	2,763
PRC	834	17,052
	<hr/>	<hr/>
Total	29,242	48,879
	<hr/> <hr/>	<hr/> <hr/>

	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Revenue breakdown		
Elastic textile	28,292	27,649
Webbing	47,079	36,887
PVC related products and other products	40,559	31,175
Fashion garment products and accessories	1,767	2,940
Others	15,205	610
	<hr/>	<hr/>
Total	132,902	99,261
	<hr/> <hr/>	<hr/> <hr/>

(c) **Timing of revenue recognition**

All revenue from customers during the years ended 31 December 2021 and 2020 were recognised at a 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:

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Customer A	*	12,518
Customer B	<u>14,521</u>	<u>—</u>

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

4. OTHER EXPENSES, NET

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Advisory and consultancy fee	1,053	—
Commission income	92	162
Gain on bargain purchase of associates	692	—
Gain on disposal of property, plant and equipment, net	1	55
Gain/(Loss) on foreign exchange, net		
— realised	495	(285)
— unrealised	(190)	(67)
Impairment losses on:		
— amount due from an associate	—	(4,053)
— customer relationship	(3,619)	—
— goodwill	(12,110)	(16,310)
— property, plant and equipment	—	(4,214)
— right-of-use assets	—	(9,814)
Lease modification — early termination	11,244	—
Loss on disposal of subsidiaries	(5,241)	—
Reversal of provision for restoration costs	713	—
Written off amount due from an associate	(1,421)	—
Written off other receivable and deposit	(224)	—
Others	248	378
	<u>(8,267)</u>	<u>(34,148)</u>

5. FINANCE COSTS

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Interest on bank overdraft	30	20
Interest on bank borrowings	460	574
Interest on lease liabilities	562	1,361
Others	22	48
	<u>1,074</u>	<u>2,003</u>

6. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

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

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Auditor's remuneration		
— current	419	481
— over-provision in prior year	(2)	(34)
	417	447
Amortisation of intangible assets	910	865
Cost of inventories recognised as expenses	62,802	47,502
Depreciation of property, plant and equipment	2,066	2,843
Depreciation of right-of-use assets	2,289	4,407
Gain on bargain purchase of associates	(692)	—
Gain on disposal of property, plant and equipment, net	(1)	(55)
Impairment losses on:		
— amount due from an associate	—	4,053
— customer relationship	3,619	—
— goodwill	12,110	16,310
— property, plant and equipment	—	4,214
— right-of-use assets	—	9,814
— trade receivables, net	2,572	85
Lease modification — early termination	(11,244)	—
Loss on disposal of an associate	130	—
Loss on disposal of subsidiaries	5,241	—
Reversal of inventories written down, net	(2,562)	(211)
Reversal of provision for restoration costs	(713)	—
Written off of:		
— amount due from an associate	1,421	—
— intangible assets	22	—
— property, plant and equipment	115	1
— other receivable and deposit	224	—
Employee costs included in:		
— cost of sales	13,321	12,421
— selling and distribution costs	495	993
— administrative expenses	14,026	13,510

7. INCOME TAX EXPENSE

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Current tax — Malaysian income tax		
— provision for the year	600	370
— (over)/under provision in prior years	<u>(102)</u>	<u>17</u>
	498	387
Current tax — Overseas		
— provision for the year	2,217	882
— over provision in prior years	<u>-</u>	<u>(156)</u>
	2,217	726
Total current tax	<u>2,715</u>	<u>1,113</u>
Deferred tax		
— current year	(449)	211
— under/(over) provision in prior years	<u>42</u>	<u>(99)</u>
	(407)	112
Total income tax expense	<u>2,308</u>	<u>1,225</u>

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% (2020: 24%) of the estimated taxable profits for the year ended 31 December 2021.

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

8. DIVIDENDS

The Board does not recommend payment of any final dividend for the Financial Year (2020: RM Nil).

9. (LOSS)/EARNINGS PER SHARE

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

	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
(Loss)/Earnings		
(Loss)/earnings for the purpose of calculating basic (loss)/earnings per share		
(Loss)/Profit for the year attributable to owners of the Company		
— from continuing operations	(770)	(34,114)
— from discontinued operation	—	1,902
	<u>(770)</u>	<u>(32,212)</u>
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>560,000</u>	<u>560,000</u>

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 2021 and 2020.

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Trade receivables	22,346	22,946
Less: Allowance for impairment loss	<u>(2,876)</u>	<u>(277)</u>
	19,470	22,669
Prepayments, deposits and other receivables	10,229	12,776
Loan receivables	<u>3,489</u>	<u>82</u>
	<u>33,188</u>	<u>35,527</u>

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 2021 and 2020 are as follows:

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Within 30 days	9,262	11,418
31 to 60 days	4,978	4,486
61 to 90 days	3,125	2,226
91 to 180 days	1,220	1,603
Over 180 days	3,761	3,213
	<u>22,346</u>	<u>22,946</u>

11. TRADE AND OTHER PAYABLES

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Trade payables	5,781	7,385
Bills payable	1,873	525
Other payables	9,336	9,865
Cash client	–	24,585
	<u>16,990</u>	<u>42,360</u>

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 2021 and 2020 are as follows:

	2021 <i>RM'000</i>	2020 <i>RM'000</i>
Within 30 days	3,089	5,455
31 to 60 days	2,934	1,522
61 to 90 days	1,281	496
Over 90 days	350	437
	<u>7,654</u>	<u>7,910</u>

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.

As part of the strategy to streamline the Group's business, the Group disposed off its subsidiary and an associate in Vietnam, which engaged in manufacturing and sell of narrow elastic fabric products and metal components for furniture respectively since 2020.

The revenue from the Manufacturing Division for the Financial Year was approximately RM115.9 million (2020: RM95.7 million), increased by approximately RM20.2 million or 21.1% as compared to 2020.

During the Financial Year, domestic sales and export sales accounted for approximately 46.7% and 53.3% (2020: 50.9% and 49.1%) 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 24.4%, 40.6% and 35.0% (2020: 28.9%, 38.5% and 32.6%) of the total revenue from the Manufacturing Division respectively during the Financial Year.

Due to resurgence in infection of Novel Coronavirus Disease-2019 (“**COVID-19**”), the operations in Malaysia and Vietnam were disrupted from June to October 2021. Despite all these challenges, the overall sales performance of the Manufacturing Division has shown a strong improvement as compared to 2020, mainly due to reopening of economy and recovery from the impact of COVID-19 pandemic 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 RM28.3 million (2020: RM27.6 million), increased by approximately RM0.7 million or 2.5% as compared to 2020, mainly due to an increase in sales volume from customers in Europe during the Financial Year.

(ii) Webbing

For the Financial Year, the revenue of webbing was approximately RM47.1 million (2020: RM36.9 million), increased by approximately RM10.2 million or 27.6% as compared to 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 and North America during the Financial Year.

(iii) Other manufacturing products

During the Financial Year, the revenue of other manufacturing products was approximately RM40.5 million (2020: RM31.2 million), increased by approximately RM9.3 million or 29.8% as compared to 2020, mainly due to an increase in revenue contributed by PVC related products by RM6.1 million and rubber tape products by RM3.2 million as compared to 2020.

(b) Retail Division

The Group had opened a retail store in Singapore and a 49%-owned store in Thailand in year 2019. After few months of operations, the retail business was severely impacted by the COVID-19 since the beginning of year 2020. The borders of countries were closed which led to a decrease in tourists arrival and resulted in deterioration of overall consumers' spending. During the pandemic, the Group had put in effort in sales promotion, exploring digital retailing and social media platform as well as implementing cost rationalisation to overcome this difficult time. Due to 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 in the second quarter of 2021. 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 Financial Year.

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 Financial Year, the revenue of the Retail Division was approximately RM1.8 million (2020: RM2.9 million), decreased by RM1.1 million or 37.9% as compared to 2020, mainly due to closure of retail store in Singapore in the second quarter of 2021.

(c) Others

For the Financial Year, the revenue of approximately RM15.2 million (2020: RM0.7 million) was mainly contributed by the underwriting 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 core business and conserve the funds and resources amid the economic uncertainties.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Financial Year amounted to approximately RM132.9 million (2020: RM99.3 million), representing an increase of approximately RM33.6 million or 33.8% as compared to 2020.

A majority of the Group's revenue was contributed by the Manufacturing Division, which accounted for approximately 87.2% (2020: 96.4%) of the total revenue for the Financial Year.

Revenue from the Manufacturing Division increased by approximately RM20.2 million or 21.1% as compared to 2020, mainly due to rebound in sales orders during the Financial Year. For 2020, the sales orders were affected by the lockdown implemented by various countries under the COVID-19 pandemic.

The revenue of RM15.0 million or 11.3% of the total revenue was mainly contributed by the underwriting 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 Financial Year, the cost of sales of the Group amounted to approximately RM86.7 million (2020: RM70.0 million), representing an increase of approximately RM16.7 million or 23.9% as compared to 2020. The increase of the cost of sales was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

For the Financial Year, the Group achieved gross profit of approximately RM46.2 million (2020: RM29.2 million), representing an increase of approximately RM17.0 million or 58.2% as compared to 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 Financial Year.

The gross profit margin of the Group improved from 29.4% to 34.8%, 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.

Excluding the disposed security brokerage business, the gross profit margin of the Group was 26.9% (2020: 29.0%).

Other Expenses, net

For the Financial Year, the net other expenses of the Group amounted to approximately RM8.3 million (2020: RM34.1 million), representing a decrease of RM25.8 million as compared to 2020. The decrease was mainly due to (i) lower impairment losses on assets by RM18.7 million; (ii) reversal of lease liabilities and restoration costs amounted to RM11.2 million and RM0.7 million respectively arising from early termination of lease for retail store in Singapore; (iii) advisory and consultancy fee income of RM1.0 million generated from security brokerage business acquired by the Group in the fourth quarter of 2020 which was subsequently disposed off in March 2021; and (iv) gain on bargain purchase of associates of RM0.7 million. However, these amounts were offset with one-off loss on disposal of subsidiaries of RM5.2 million and written off of amount due from an associate of RM1.4 million during the Financial Year.

Selling and Distribution Costs

For the Financial Year, the selling and distribution costs of the Group amounted to RM6.9 million (2020: RM7.4 million), representing a decrease of approximately RM0.5 million or 6.8% as compared to 2020. The decrease was mainly due to lower selling and distribution costs incurred by the Retail Division due to closure of retail store in Singapore in the second quarter of 2021 offset with 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: RM Nil) and higher selling and marketing expenses incurred by the Manufacturing Division which was in line with respective increase 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 RM24.1 million (2020: RM19.1 million), representing an increase of RM5.0 million or 26.2% as compared to 2020. The increase was mainly due to the administrative expenses of RM3.0 million 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: RM0.6 million) and impairment loss on trade receivables of RM2.6 million (2020: RM0.1 million).

Profit for the Financial Year

For the Financial Year, the profit amounted to RM5.2 million (2020: loss of RM32.2 million) mainly arising from (i) profit of RM9.9 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 RM8.4 million mainly due to one-off recognition of reversal of lease liabilities and provision for restoration costs arising from early termination of lease agreement with landlord of the retail store in Singapore and decrease in operational expenses during the Financial Year (2020: loss of RM23.7 million which comprised of one-off impairment losses on assets of RM18.1 million); (iii) share of profit and gain on bargain purchase of associates of RM1.2 million; and (iv) the improved gross profit of the Manufacturing Division during the Financial Year. These amounts were offset with loss on disposal of the aforementioned subsidiaries which were engaged in security brokerage business of RM5.2 million and impairment losses on goodwill and customer relationship of the PRC subsidiary of RM15.7 million (2020: RM16.3 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 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 and SGD.

As at 31 December 2021, the Group's total equity attributable to owners of the Company amounted to approximately RM99.3 million (2020: RM95.7 million).

As at 31 December 2021, the Group's net current assets were approximately RM75.3 million (2020: RM69.5 million) and the Group had cash and cash equivalents of approximately RM27.8 million (2020: RM19.6 million). The Group had bank borrowings of approximately RM9.2 million (2020: RM11.0 million).

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

As at 31 December 2021, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the year) was approximately 4.3 times (2020: 2.3 times). The Group was in a net cash position as at 31 December 2021 and 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 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 2021, there was no significant investment held by the Group (2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Disposal of Rich Day Global Limited (“Rich Day”)

On 23 March 2021, the Board has approved the disposal of Rich Day through a 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%.

(b) Acquisition of Energy Solution Global Limited (“ESGL”)

On 1 November 2021, the Company as purchaser and Ms. Pua Lay Cheng and Mr. Lee Eng Lock as vendors (the “**Vendors**”) entered into the sale and purchase agreement, pursuant to which the Vendors have conditionally agreed to sell and the Company has conditionally agreed to acquire the 37.25% of issued share capital of ESGL, whose two wholly-owned operating subsidiaries are principally engaging in provision of smart energy solution business, at the total consideration of HK\$9,564,496 (approximately RM5,186,826). The acquisition is a connected transaction under Rule 20.26(2) of the GEM Listing Rules as Dato’ Ng Yan Cheng (a substantial shareholder of ESGL holding 51% shares in ESGL immediately before the acquisition), father of Mr. Ng Tzee Penn, a non-executive Director, is an associate of a controller of the Company under Rule 20.26(1) of the GEM Listing Rules. For details, please refer to the announcements of the Company dated 1 November 2021, 17 November 2021 and 14 December 2021.

Following the completion of the acquisition of ESGL on 13 December 2021, ESGL and its two wholly-owned subsidiaries became 37.25%-owned associates of the Company and the results of operation and financial position of ESGL and its subsidiaries will be accounted for in the financial statements of the Group on an equity basis.

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 2021 and 2020, freehold land, buildings, right-of-use assets and time deposits maturing over three months of the Group with carrying amount of RM15.8 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 2022 as at the date of this announcement.

CONTINGENT LIABILITIES

As at 31 December 2021, there was no contingent liability of the Group 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).

CAPITAL COMMITMENTS

As at 31 December 2021, capital commitments of the Group approximately RM4.1 million related to acquisition of property, plant and equipment (As at 31 December 2020: RM0.7 million).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group employed 515 employees (2020: 559 employees). Employee costs amounted to approximately RM27.8 million for the Financial Year (2020: approximately RM26.9 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 implements development programs for our employees.

SHARE OPTION SCHEME

As at 31 December 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 31 December 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**”) at a cash consideration of HK\$8.5 million (equivalent to RM4.5 million); and (ii) granting a term loan facility in the amount up to HK\$5.0 million (equivalent to RM2.8 million) to West Bull. 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 31 December 2021 is set out below:

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 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)	<ul style="list-style-type: none"> — 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 Financial Year, the Group has upgraded and/or replaced the seatbelt weaving machines, webbing machines and rubber tape machines of RM4.9 million. — Due to 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. — The Group planned to upgrade the dyeing machine to cater for rising demand of weldable webbing. The Directors have resolved to reallocate the Unutilised Listing Proceeds from (ii) & (iii) to increase our production capacity.

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 2021
(ii) Upgrade our information technology systems	Upgrade enterprise resource planning (“ERP”) system	Listing Proceeds of approximately RM1.1million (equivalent to HK\$2.0 million)	<ul style="list-style-type: none"> — 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. — After due consideration, the management decided to reallocate the balance of Unutilised Listing Proceeds towards expanding our production capacity.
(iii) Acquisition of West Bull and granting of the credit facility <i>(Note)</i>	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	Listing Proceeds of approximately HK\$13.5 million (equivalent to 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 intended for the granting of the credit facility will be reallocated to expand our production capacity accordingly.

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.

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 2021 were set out below:

	Planned use of Listing Proceeds as stated in the Prospectus	Reallocation of use of Listing Proceeds on 17 December 2019	Reallocation of use of Listing Proceeds on 31 December 2021	Actual use of Listing Proceeds up to 31 December 2021	Unutilised amount as at 31 December 2021	Expected timeline for utilising the unutilised proceeds
	<i>(Note (a))</i>	<i>(Note (a))</i>	<i>(Note (b))</i>	<i>(Note (b))</i>	<i>(Note (c))</i>	
	RM'million	RM'million	RM'million	RM'million	RM'million	
Expand our production capacity	17.6	(7.3)	3.8	(12.2)	1.9	On or before 31 December 2022 <i>(Note (d))</i>
Upgrade our information technology systems	1.1	-	(1.0)	(0.1)	-	
Funding of our working capital and general corporate purposes	0.6	-	-	(0.6)	-	
Acquisition of West Bull and granting of the credit facility	-	7.3	(2.8)	(4.5)	-	- <i>(Note (e))</i>
	<u>19.3</u>	<u>-</u>	<u>-</u>	<u>(17.4)</u>	<u>1.9</u>	

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 RM2.8 million) to West Bull.
- (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 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 in early this year. The Company is unable to assess the degree of certainty and cannot assure its shareholders that the unutilised proceeds as at 31 December 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 resolved the disposal of Rich Day, the holding company of West Bull, through a 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 was reallocated to expansion of our production capacity.

FUTURE PROSPECTS AND OUTLOOK

The global economy was anticipated to have a brisk recovery in year 2022 amid signs the Omicron coronavirus variant was having less of an impact, but the Russia-Ukraine crisis has rapidly emerged as a risk to supply chains and is likely to accelerate cost pressures. The sanctions against Russia in response to the invasion of Ukraine have jolted markets and boosted oil prices, adding to already high inflation and supply-chain disruptions.

The Russia-Ukraine crisis has clouded global outlook. The further disruption in global supply chain, rising raw material price, economic sanctions over Russia and volatility in currency have made our operating environment extremely challenging. 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.

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").

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

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

The audit committee has reviewed the 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 for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 2022

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

*This announcement 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>.*