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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 (the “**Period**”), together with the unaudited comparative figures for the corresponding period in 2021, and certain comparative figures as at 31 December 2021, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	(Unaudited)	(Unaudited)
		RM’000	RM’000
Revenue	4	57,857	78,867
Cost of sales		<u>(42,496)</u>	<u>(44,153)</u>
Gross profit		15,361	34,714
Other income, net	5	621	7,448
Selling and distribution costs		(1,864)	(5,266)
Administrative expenses		(10,035)	(11,828)
Interest income		246	246
Finance costs	6	(259)	(793)
Share of profit of a joint venture, net of tax		190	176
Share of profit of associates, net of tax		<u>2,014</u>	<u>–</u>
Profit before income tax expense	7	6,274	24,697
Income tax expense	8	<u>(1,200)</u>	<u>(1,312)</u>
Profit for the period		5,074	23,385
Other comprehensive income/(expenses), net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Realisation of reserves from disposal of subsidiaries		–	(187)
Exchange differences on translation of foreign operations		1,343	2,762
Share of other comprehensive income of a joint venture, net of tax		33	46
Share of other comprehensive expense of an associate, net of tax		<u>(71)</u>	<u>–</u>
Other comprehensive income, net of tax		<u>1,305</u>	<u>2,621</u>
Total comprehensive income for the period		<u>6,379</u>	<u>26,006</u>

		Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
<i>Notes</i>		RM'000	RM'000
Profit attributable to:			
	Owners of the Company	5,074	16,093
	Non-controlling interests	–	7,292
		<u>5,074</u>	<u>23,385</u>
Total comprehensive income attributable to:			
	Owners of the Company	6,379	18,714
	Non-controlling interests	–	7,292
		<u>6,379</u>	<u>26,006</u>
Earnings per share:			
	Basic and diluted (<i>cents</i>)	0.91	2.87
<i>10</i>		<u>0.91</u>	<u>2.87</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		As at 30 June 2022 (Unaudited) RM'000	As at 31 December 2021 (Audited) RM'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	<i>11</i>	18,955	19,910
Right-of-use assets		9,865	8,093
Intangible assets		1,245	1,239
Interests in associates		8,574	6,383
Interest in a joint venture		1,153	930
Deferred tax assets		11	10
		<u>39,803</u>	<u>36,565</u>
Current assets			
Inventories		30,503	30,211
Trade and other receivables	<i>12</i>	37,212	33,188
Amount due from a joint venture		23	57
Current tax recoverable		218	406
Time deposits maturing over three months		11,964	6,094
Cash and bank balances		20,334	28,265
		<u>100,254</u>	<u>98,221</u>
Current liabilities			
Trade and other payables	<i>13</i>	13,879	16,990
Contract liabilities		2,259	2,270
Bank borrowings	<i>14</i>	896	875
Lease liabilities		643	304
Current tax liabilities		2,924	2,518
		<u>20,601</u>	<u>22,957</u>
Net current assets		<u>79,653</u>	<u>75,264</u>
Total assets less current liabilities		<u>119,456</u>	<u>111,829</u>

		As at 30 June 2022 (Unaudited) RM'000	As at 31 December 2021 (Audited) RM'000
Non-current liabilities			
Bank borrowings	<i>14</i>	8,083	8,311
Lease liabilities		4,504	3,028
Deferred tax liabilities		1,238	1,238
		<u>13,825</u>	<u>12,577</u>
NET ASSETS		<u>105,631</u>	<u>99,252</u>
Equity			
Share capital	<i>15</i>	30,255	30,255
Reserves		75,376	68,997
TOTAL EQUITY		<u>105,631</u>	<u>99,252</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	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 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
Realisation of reserves from 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
<i>Transactions with owners</i>								
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)	<u>30,255</u>	<u>80,824</u>	<u>39,433</u>	<u>(268)</u>	<u>(35,880)</u>	<u>114,364</u>	<u>-</u>	<u>114,364</u>
Balance as at 1 January 2022 (audited)	30,255	80,824	39,433	321	(51,581)	99,252	-	99,252
Profit for the period	-	-	-	-	5,074	5,074	-	5,074
Exchange differences on translation of foreign operations	-	-	-	1,343	-	1,343	-	1,343
Share of other comprehensive income of a joint venture, net of tax	-	-	-	33	-	33	-	33
Share of other comprehensive expense of an associate, net of tax	-	-	-	(71)	-	(71)	-	(71)
Total comprehensive income	-	-	-	1,305	5,074	6,379	-	6,379
Balance as at 30 June 2022 (unaudited)	<u>30,255</u>	<u>80,824</u>	<u>39,433</u>	<u>1,626</u>	<u>(46,507)</u>	<u>105,631</u>	<u>-</u>	<u>105,631</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	<i>Note</i>	RM'000	RM'000
Net cash (used in)/generated from operating activities		(2,585)	5,645
Net cash used in investing activities		(6,907)	(2,828)
Net cash generated from/(used in) financing activities		1,198	(3,282)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(8,294)	(465)
Cash and cash equivalents at the beginning of the period		27,832	19,605
Effect of exchange rate changes		350	393
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		19,888	19,533
		<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		20,334	20,029
Bank overdraft	<i>14</i>	(446)	(496)
		<hr/>	<hr/>
		19,888	19,533
		<hr/> <hr/>	<hr/> <hr/>

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 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 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 2021 annual financial statements, except for those that relate to new standards or interpretations effective for the period beginning on or after 1 January 2022. 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 2022

Title

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>

Annual Improvements to IFRSs 2018–2020 Cycle

IFRS 1	<i>Subsidiary as a first-time adopter</i>
IFRS 9	<i>Fees in the ‘10 per cent’ test for derecognition of financial liabilities</i>
IFRS 16	<i>Lease incentives</i>
IAS 41	<i>Taxation in fair value measurements</i>

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, sale of elastic textile and 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 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. Inter segment revenue is priced along the same lines as sales to external customers and is eliminated in the unaudited condensed consolidated financial statements.

Six months ended 30 June 2022 (unaudited)

	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>57,719</u>	<u>-</u>	<u>138</u>	<u>57,857</u>
Results				
Operating profit/(loss)	6,484	(24)	(2,377)	4,083
Interest income	246	-	-	246
Finance costs	(259)	-	-	(259)
Share of profit of a joint venture, net of tax	190	-	-	190
Share of profit of associates, net of tax	<u>-</u>	<u>-</u>	<u>2,014</u>	<u>2,014</u>
Profit/(Loss) before income tax expense	6,661	(24)	(363)	6,274
Income tax expense	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>(1,200)</u>
Profit/(Loss) for the period	5,461	(24)	(363)	5,074
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) attributable to owners of the Company	<u>5,461</u>	<u>(24)</u>	<u>(363)</u>	<u>5,074</u>
Other segment information:				
Amortisation and depreciation	<u>(1,017)</u>	<u>-</u>	<u>-</u>	<u>(1,017)</u>

Six months ended 30 June 2021 (unaudited)

	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>60,962</u>	<u>1,803</u>	<u>16,102</u>	<u>78,867</u>
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	<u>176</u>	<u>–</u>	<u>–</u>	<u>176</u>
Profit before income tax expense	8,963	9,779	5,955	24,697
Income tax expense	<u>(1,312)</u>	<u>–</u>	<u>–</u>	<u>(1,312)</u>
Profit for the period	7,651	9,779	5,955	23,385
Non-controlling interests	<u>–</u>	<u>–</u>	<u>(7,292)</u>	<u>(7,292)</u>
Profit/(Loss) attributable to owners of the Company	<u>7,651</u>	<u>9,779</u>	<u>(1,337)</u>	<u>16,093</u>
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	<u>–</u>	<u>712</u>	<u>–</u>	<u>712</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.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Revenue from external customers		
Asia Pacific	40,606	64,267
Europe	5,896	4,716
North America	10,446	9,257
Others	909	627
	<hr/>	<hr/>
Total	57,857	78,867
	<hr/> <hr/>	<hr/> <hr/>

(c) Information about major customers

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	
	2022	2021
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Customer A	7,821	*
Customer B	7,963	*
	<hr/> <hr/>	<hr/> <hr/>

* Revenue from these customers individually 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	
	2022	2021
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Revenue breakdown		
Elastic textile	18,879	14,885
Webbing	24,080	28,016
Other manufacturing products	14,760	18,061
Fashion garment products and accessories	–	1,803
Others	138	16,102
	<hr/>	<hr/>
Total	57,857	78,867
	<hr/> <hr/>	<hr/> <hr/>

All revenue from customers during the period ended 30 June 2022 and 2021 were recognised at point in time.

5. OTHER INCOME, NET

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Gain on foreign exchange, net		
— realised	306	121
— unrealised	247	233
Commission income	42	41
Loss on disposal of subsidiaries	–	(4,975)
Gain on disposal of property, plant and equipment	24	–
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	2	71
	<hr/>	<hr/>
Total	621	7,448
	<hr/> <hr/>	<hr/> <hr/>

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Interest on bank overdraft	13	17
Interest on bank borrowings	171	271
Interest on lease liabilities	75	484
Others	–	21
	<hr/>	<hr/>
Total	259	793
	<hr/> <hr/>	<hr/> <hr/>

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	
	2022	2021
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Auditor's remuneration	191	228
Amortisation of intangible assets	2	451
Depreciation of property, plant and equipment	795	1,332
Depreciation of right-of-use assets	220	1,932
Loss on disposal of subsidiaries	–	4,975
Gain on disposal of property, plant and equipment	(24)	–
Interest income from:		
— fixed deposits	(213)	(234)
— bank balances	(33)	(12)
Intangible assets written off	–	21
Lease modification — early termination	–	(11,111)
Property, plant and equipment written off	–	172
Reversal of impairment loss on amount owing by an associate	–	(134)
Reversal of inventories written down, net	(105)	(2,032)
Reversal of provision for restoration costs	–	(712)
Employee costs included in:		
— cost of sales	6,967	6,819
— selling and distribution costs	77	439
— administrative expenses	6,837	7,148
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Current tax expense		
— Malaysian income tax	594	855
— Overseas income tax	606	569
	<u>1,200</u>	<u>1,424</u>
Deferred tax		
— current year	—	(112)
	<u>1,200</u>	<u>1,312</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% of the estimated taxable profits for the six months ended 30 June 2022 and 2021.

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

9. DIVIDENDS

The Board does not recommend payment of any dividend for the Period (2021: 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	
	2022	2021
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Earnings		
Profit for the period attributable to owners of the Company	<u>5,074</u>	<u>16,093</u>
Number of shares		
Weighted average number of ordinary shares in issue during the Period	<u>560,000,000</u>	<u>560,000,000</u>

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 2022 and 2021.

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, additions to property, plant and equipment amounted to RM1.4 million (during the six months ended 30 June 2021: RM3.4 million).

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 (Unaudited) RM'000	As at 31 December 2021 (Audited) RM'000
Trade receivables	25,406	22,346
Less: Allowance for impairment loss	(2,971)	(2,876)
	22,435	19,470
Prepayments, deposits and other receivables	11,325	10,229
Loan receivables	3,452	3,489
	37,212	33,188

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 2022 and 31 December 2021 are as follows:

	As at 30 June 2022 (Unaudited) RM'000	As at 31 December 2021 (Audited) RM'000
Within 30 days	10,048	9,262
31 to 60 days	4,500	4,978
61 to 90 days	3,053	3,125
91 to 180 days	761	1,220
Over 180 days	7,044	3,761
	25,406	22,346

13. TRADE AND OTHER PAYABLES

	As at 30 June 2022 (Unaudited) RM'000	As at 31 December 2021 (Audited) RM'000
Trade payables	5,169	5,781
Bills payable	832	1,873
Other payables	7,878	9,336
	<u>13,879</u>	<u>16,990</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 30 June 2022 and 31 December 2021 are as follows:

	As at 30 June 2022 (Unaudited) RM'000	As at 31 December 2021 (Audited) RM'000
Within 30 days	2,533	3,089
31 to 60 days	2,254	2,934
61 to 90 days	970	1,281
Over 90 days	244	350
	<u>6,001</u>	<u>7,654</u>

14. BANK BORROWINGS

	As at 30 June 2022 (Unaudited) RM'000	As at 31 December 2021 (Audited) RM'000
Term loans (secured)	8,533	8,753
Bank overdraft (secured)	446	433
	<u>8,979</u>	<u>9,186</u>
Borrowings are repayable as follows:		
— within one year	896	875
— after one year but within two years	467	458
— after two years but within five years	1,510	1,482
— after five years	6,106	6,371
	<u>8,979</u>	<u>9,186</u>
Less: Amount due within one year included in current liabilities	(896)	(875)
	<u>8,083</u>	<u>8,311</u>
Amount included in non-current liabilities	<u>8,083</u>	<u>8,311</u>

15. SHARE CAPITAL

	Number '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	<u>1,000,000</u>	<u>100,000</u>
	Number '000	Amount HK\$'000
Issued and fully paid:		Amount RM'000
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	<u>560,000</u>	<u>30,255</u>

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:

Name of related party	Relationship	Nature of transactions	Six months ended 30 June	
			2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
Trunet (Vietnam) Co., Ltd.	Joint venture	Sales of goods	375	399
		Sales of services	114	113
		Purchases of materials	(30)	(43)
		Commission received/receivable	42	41
		Rental income	54	56
		Dividend received	–	202
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	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
Fees	161	183
Salaries, allowances and other benefits	723	1,166
Discretionary bonus	92	83
Contributions to defined contribution plans	145	229
	<u>1,121</u>	<u>1,661</u>

17. CAPITAL COMMITMENTS

	As at 30 June 2022 (Unaudited) RM'000	As at 31 December 2021 (Audited) RM'000
Commitments for the acquisition of property, plant and equipment: Contracted for but not provided	<u>3,575</u>	<u>4,115</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.

The revenue from the Manufacturing Division for the Period was approximately RM57.7 million (2021: RM61.0 million), decreased by approximately RM3.3 million or 5.4% as compared to the corresponding period of 2021.

During the Period, domestic sales and export sales accounted for approximately 40.1% and 59.9% (2021: 43.2% and 56.8%) 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 2022 and 2021.

Revenue generated from the sale of elastic textile, webbing and other manufacturing products accounted for approximately 32.7%, 41.7% and 25.6% (2021: 24.4%, 46.0% and 29.6%) 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 RM18.9 million (2021: RM14.9 million), increased by RM4.0 million or 26.8% as compared to the corresponding period of 2021, mainly due to an increase in sales volume from customers in Asia Pacific region and North America during the Period.

(ii) Webbing

For the Period, the revenue of webbing was approximately RM24.1 million (2021: RM28.0 million), decreased by RM3.9 million or 13.9% as compared to the corresponding period of 2021. This was mainly attributable to the decrease in sales volume for furniture webbing products from customers in Asia Pacific region and North America during the Period.

(iii) Other manufacturing products

During the Period, the revenue of other manufacturing products was approximately RM14.7 million (2021: RM18.1 million), decreased by RM3.4 million or 18.8% as compared to the corresponding period of 2021, mainly due to the decrease in revenue for both PVC related products and rubber tapes products as compared to corresponding period of 2021.

(b) Retail Division

No revenue was generated from the Retail Division since the second quarter of 2021 when the Group closed the retail store in Singapore due to the difficulties in operations given the prolonged COVID-19 pandemic and closure of borders. The Retail Division was remained for comparative purpose for the period ended 31 June 2021.

(c) Others

The revenue of RM16.0 million for the corresponding period of 2021 was contributed by the security brokerage business disposed by the Group in March 2021 (2022: RMNil).

FINANCIAL REVIEW

Revenue

The Group's revenue for the Period amounted to approximately RM57.9 million (2021: RM78.9 million), representing a decrease of RM21.0 million or 26.6% as compared to the corresponding period of 2021. The decrease of revenue was mainly due to the disposal of security brokerage business, which contributed one-off revenue of RM16.0 million for the corresponding period of 2021 (2022: RMNil) and lower revenue contributed by the Manufacturing Division given the lower sales orders for webbing and other manufacturing products during the Period as compared to the corresponding period of 2021.

A majority of the Group's revenue was contributed by the Manufacturing Division, which accounted for approximately 99.7% (2021: 77.3%) of the total revenue for the Period.

Cost of Sales

For the Period, the cost of sales of the Group amounted to approximately RM42.5 million (2021: RM44.2 million), representing a decrease of RM1.7 million or 3.8% as compared to the corresponding period of 2021. The decrease in cost of sales was in line with the decrease in revenue (excluded the one-off revenue of RM16.0 million due to the disposal of security brokerage business).

Gross Profit and Gross Profit Margin

For the Period, the Group achieved gross profit of approximately RM15.4 million (2021: RM34.7 million), representing a decrease of RM19.3 million or 55.6% as compared to the corresponding period of 2021, mainly due to the disposal of security brokerage business, which contributed gross profit of RM16.0 million for the corresponding period of 2021 (2022: RMNil).

The gross profit margin of the Group decreased from 44.0% to 26.6%, mainly due to the disposal of security brokerage business, which contributed higher gross profit margin for the corresponding period of 2021 and the closure of the Retail Division. By excluding the impact of the disposal and the closure of the Retail Division, the gross profit margin was 29.8% for the corresponding period of 2021. The gross profit margin was still lower mainly due to an increase in raw material prices and manufacturing overhead costs during the Period.

Other Income, net

For the Period, the other income of the Group amounted to approximately RM0.6 million (2021: RM7.4 million), representing a decrease of RM6.8 million or 91.9% as compared to the corresponding period of 2021. The decrease was mainly due to for the corresponding period of 2021, there were one-off reversal of expenses of RM11.7 million from the Retail Division and one-off loss of RM5.0 million on disposal of subsidiaries which engage in the security brokerage business (2022: RMNil).

Selling and Distribution Costs

For the Period, the selling and distribution costs of the Group amounted to approximately RM1.9 million (2021: RM5.3 million), representing a decrease of approximately RM3.4 million or 64.2% as compared to the corresponding period of 2021. The decrease was mainly due to closure of retail store in Singapore in the second quarter of 2021 and the Group disposed off its security brokerage business in March 2021. Hence, there was no selling and distribution costs incurred by the Retail Division and security brokerage business during the Period. Besides, the lower selling and distribution costs for the Manufacturing Division during the Period as compared to the corresponding period of 2021 was in line with the decrease in revenue.

Administrative Expenses

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

For the Period, the administrative expenses of the Group amounted to approximately RM10.0 million (2021: RM11.8 million), representing a decrease of RM1.8 million or 15.3% as compared to the corresponding period in 2021. The decrease was mainly due to the administrative expenses of RM2.7 million for the corresponding period of 2021 was incurred by the security brokerage business disposed by the Group in March 2021 (2022: RMNil). The decrease was offset with the professional fee and other expenses incurred for the corporate exercises during the Period.

Profit for the Period

Profit for the Period amounted to RM5.1 million (2021: RM23.4 million), representing a decrease of approximately RM18.3 million or 78.2% as compared to the corresponding period of 2021. The decrease was mainly due to (i) operating profit of RM12.2 million for the corresponding period of 2021 generated by the security brokerage subsidiaries disposed by the Group in March 2021 (2022: RMNil); (ii) profit of RM9.8 million for the corresponding period of 2021 from the Retail Division (2022: loss of RM0.02 million); (iii) profit contributed by the Manufacturing Division during the Period decreased by RM2.2 million as compared to the corresponding period of 2021; and (iv) professional fees and other expenses incurred for the corporate exercises during the Period (2021: RMNil). These amounts were offset with share of profit of newly acquired associates in December 2021 amounted to approximately RM2.0 million during the Period (2021: RMNil) and the loss on disposal of security brokerage subsidiaries of RM5.0 million which was recognised for the corresponding period of 2021 (2022: RMNil).

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") and Renminbi ("RMB"), are generally deposited with certain financial institutions such as banks. The Group's borrowings are mainly denominated in USD and RM.

As at 30 June 2022, the Group's total equity attributable to owners of the Company amounted to approximately RM105.6 million (As at 31 December 2021: RM99.3 million).

As at 30 June 2022, the Group's net current assets were approximately RM79.7 million (As at 31 December 2021: RM75.3 million) and the Group had cash and cash equivalents of approximately RM19.9 million (As at 31 December 2021: RM27.8 million). The Group had bank borrowings of approximately RM9.0 million (As at 31 December 2021: RM9.2 million).

The interest rates of the Group's term loans and bank overdraft as at 30 June 2022 and 31 December 2021 ranged from 3.72% to 7.89% and 3.47% to 7.64% per annum respectively.

As at 30 June 2022, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the Period) was approximately 4.9 times (As at 31 December 2021: 4.3 times). The Group was in a net cash position as at 30 June 2022 and 31 December 2021, therefore gearing ratio was not applicable.

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 (2021: RMNil).

SIGNIFICANT INVESTMENT HELD BY THE GROUP

As at 30 June 2022, there was no significant investment held by the Group (2021: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 8 June 2022, the Company conditionally agreed to acquire the remaining 62.75% interest in Energy Solution Global Limited from Dato' Ng Yan Cheng (the "Vendor") by entering into a sale and purchase agreement with the Vendor, which was supplemented by a supplemental agreement dated 13 June 2022 for a total consideration of HK\$58,191,840.00 (equivalent to approximately RM31,423,594.00). The resolution proposed at the extraordinary general meeting on 8 August 2022 was duly passed by the independent shareholders by way of poll.

For details, please refer to the announcements of the Company dated 8 June 2022, 13 June 2022 and 8 August 2022 and circular dated 30 June 2022.

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 2022 and 31 December 2021, freehold land, buildings and certain plant and machinery and right-of-use assets of the Group with an aggregate carrying amount of RM16.0 million and RM15.8 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 LIABILITY

As at 30 June 2022, the Group did not have any significant contingent liabilities (As at 31 December 2021: RMNil).

CAPITAL COMMITMENTS

As at 30 June 2022, the capital commitments of the Group for the acquisition of property, plant and equipment amounted to approximately RM3.6 million (31 December 2021: RM4.1 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group employed 520 employees (2021: 536 employees). Employee costs amounted to approximately RM13.9 million for the Period (2021: approximately RM14.4 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 2022, 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. As our Directors hold the view that USD may appreciate against RM and VND which is favourable to the Group, the Group is cautiously monitoring the foreign currency trends and taking steps to hedge the foreign currency exposures if required, including entering into hedging with financial instruments in order to reduce the risk. The Group may also negotiate with customers to increase the price of products if the foreign currency trend is unfavourable to 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 2022 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 2022 is set out below:

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 30 June 2022
(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"> <li data-bbox="1059 274 1414 789">— In previous years, the Group had acquired machineries for narrow elastic fabric, covered elastic yarn, seat belt webbing of RM11.4 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 RM1.4 million. <li data-bbox="1059 838 1414 1204">— 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. <li data-bbox="1059 1253 1414 1540">— 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 30 June 2022
(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)	<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 which shall be applied by it as its working capital	Listing Proceeds of approximately HK\$13.5 million (equivalent to approximately RM7.3 million)	<ul style="list-style-type: none"> — 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 were 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 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 2022 were set out below:

	Planned use of Listing Proceeds as stated in the Prospectus <i>RM'million</i>	Reallocation of use of Listing Proceeds on 17 December 2019 <i>RM'million</i> <i>(Note (a))</i>	Reallocation of use of Listing Proceeds on 31 December 2021 <i>RM'million</i>	Actual use of Listing Proceeds up to 30 June 2022 <i>RM'million</i> <i>(Note (b))</i>	Unutilised amount as at 30 June 2022 <i>RM'million</i> <i>(Note (c))</i>	Expected timeline for utilising the unutilised proceeds
Expand our production capacity	17.6	(7.3)	3.8	(13.6)	0.5	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>(18.8)</u>	<u>0.5</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 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 2022.
- (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.
- (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 was reallocated for expansion of our production capacity.

FUTURE PROSPECTS AND OUTLOOK

Higher-than-expected inflation, especially in the United States and major European economies, is triggering a tightening of global financial conditions. China’s slowdown has been worse than anticipated amid COVID-19 outbreaks and lockdowns, and there have been further negative spillovers from the war in Ukraine. As a result, global economy is expected to contract in the second half of this year.

The supply chain disruption coupled with the rising costs of material remain the major challenges that affect manufacturing operations. Material and labour shortages, lingering shipping issues also have made our manufacturing operating environment extremely challenging. In view of the uncertainty of global economy, the Group will continue to operate within the constraints, revisit the market demand, pricing strategies as well as rationalise the cost structure in order to stay competitive in the market.

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

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 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 2022, 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 2022, 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 2022.

(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	32,322,800 shares (L)	7.51%
		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 2022.

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 2022.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2022, 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 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	55,024,000 Shares (L) (Note 4)	9.82%
	Interest of spouse	6,312,000 Shares (L) (Note 5)	1.13%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- PRG Holdings is a company incorporated in Malaysia and whose issued shares are listed on the Main Market of Bursa Malaysia Securities Berhad.
- Dato' Lua Choon Hann, an executive Director, is the group executive vice chairman of PRG Holdings.
- According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man had acquired up to 55,024,000 Shares on 9 August 2021.
- 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.
- The percentage of shareholding is calculated on the basis of 560,000,000 Shares in issue of the Company as at 30 June 2022.

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, 8 August 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>.