



# FURNIWEB HOLDINGS LIMITED 飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**Stock Code : 8480**

**2020**  
THIRD  
QUARTERLY  
REPORT

# 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 report, 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 report 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 report misleading.*

The Board of Directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2020 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2019, as follows:

## Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 (Unaudited) RM'000	2019 (Unaudited) RM'000 Re-presented	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000 Re-presented
<b>Continuing operations</b>					
Revenue	4	26,627	31,139	71,060	72,774
Cost of sales		(17,697)	(21,778)	(48,620)	(51,033)
<b>Gross profit</b>		<b>8,930</b>	9,361	<b>22,440</b>	21,741
Other (expense)/income, net	5	(280)	406	3,532	697
Selling and distribution costs		(1,234)	(3,400)	(5,985)	(7,038)
Administrative expenses		(4,603)	(4,981)	(13,682)	(15,347)
Interest income		136	107	456	327
Finance costs	6	(579)	(541)	(1,510)	(859)
Share of profit of a joint venture, net of tax		76	86	170	164
Share of loss of an associate, net of tax		-	(153)	(345)	(553)
<b>Profit/(Loss) before income tax expense</b>	7	<b>2,446</b>	885	<b>5,076</b>	(868)
Income tax expense	8	(652)	(302)	(1,318)	(990)
<b>Profit/(Loss) for the period from continuing operations</b>		<b>1,794</b>	583	<b>3,758</b>	(1,858)
<b>Discontinued operation</b>					
Loss for the period from discontinued operation	9	-	(762)	-	(2,544)
<b>Profit/(Loss) for the period</b>		<b>1,794</b>	(179)	<b>3,758</b>	(4,402)

# Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

Notes	Three months ended 30 September		Nine months ended 30 September	
	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000 Re-presented	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000 Re-presented
<b>Other comprehensive (expenses)/income, net of tax</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
<b>Continuing operations</b>				
Realisation of reserves from disposal of a subsidiary	–	–	(1,382)	–
Exchange differences on translation of foreign operations	(1,029)	254	2,527	(195)
Share of other comprehensive (expense)/income of a joint venture	(35)	12	10	(3)
Share of other comprehensive (expense)/income of an associate	–	(47)	11	(8)
Other comprehensive (expense)/ income, net of tax from continuing operations	(1,064)	219	1,166	(206)
<b>Discontinued operation</b>				
Other comprehensive income/ (expense), net of tax from discontinued operation — exchange difference on translation of foreign operations	–	32	–	(11)
<b>Total other comprehensive (expense)/income, net of tax</b>	(1,064)	251	1,166	(217)
<b>Total comprehensive income/ (expense) for the period</b>	<b>730</b>	<b>72</b>	<b>4,924</b>	<b>(4,619)</b>

# Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

Notes	Three months ended 30 September		Nine months ended 30 September	
	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000 Re-presented	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000 Re-presented
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company				
— from continuing operations	1,794	879	3,758	(1,352)
— from discontinued operation	-	(762)	-	(2,544)
	1,794	117	3,758	(3,896)
Non-controlling interests				
— from continuing operations	-	(296)	-	(506)
	1,794	(179)	3,758	(4,402)
<b>Total comprehensive income/ (expense) attributable to:</b>				
Owners of the Company				
— from continuing operations	730	1,093	4,924	(1,557)
— from discontinued operation	-	(730)	-	(2,555)
	730	363	4,924	(4,112)
Non-controlling interests				
— from continuing operations	-	(291)	-	(507)
	730	72	4,924	(4,619)
<b>Earnings/(Loss) per share:</b>				
Basic and diluted (cents)	11			
— from continuing operations	0.32	0.17	0.67	(0.26)
— from discontinued operation	-	(0.15)	-	(0.48)
	0.32	0.02	0.67	(0.74)

# Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Exchange translation reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total RM'000
<b>Balance as at 1 January 2019 (audited)</b>	27,285	3,609	42,208	(3,137)	28,697	98,662	-	98,662
Loss for the period	-	-	-	-	(3,896)	(3,896)	(506)	(4,402)
Exchange differences on translation of foreign operations	-	-	-	(205)	-	(205)	(1)	(206)
Share of other comprehensive expense of a joint venture, net of tax	-	-	-	(3)	-	(3)	-	(3)
Share of other comprehensive expense of an associate, net of tax	-	-	-	(8)	-	(8)	-	(8)
Total comprehensive expense	-	-	-	(216)	(3,896)	(4,112)	(507)	(4,619)
<i>Transactions with owners</i>								
Issue of shares	2,970	71,286	-	-	-	74,256	-	74,256
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	876	876
	2,970	71,286	-	-	-	74,256	876	75,132
<b>Balance as at 30 September 2019 (unaudited)</b>	30,255	74,895	42,208	(3,353)	24,801	168,806	369	169,175
<b>Balance as at 1 January 2020 (audited)</b>	30,255	80,824	42,208	(5,292)	(22,536)	125,459	-	125,459
Profit for the period	-	-	-	-	3,758	3,758	-	3,758
Realisation of reserves from disposal of a subsidiary	-	-	(2,775)	1,393	-	(1,382)	-	(1,382)
Exchange differences on translation of foreign operations	-	-	-	2,527	-	2,527	-	2,527
Share of other comprehensive income of a joint venture, net of tax	-	-	-	10	-	10	-	10
Share of other comprehensive income of an associate, net of tax	-	-	-	11	-	11	-	11
Total comprehensive income	-	-	(2,775)	3,941	3,758	4,924	-	4,924
<b>Balance as at 30 September 2020 (unaudited)</b>	30,255	80,824	39,433	(1,351)	(18,778)	130,383	-	130,383

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

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (“**IFRS**”), 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 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 financial statements have been prepared with the same accounting policies adopted in the 2019 annual financial statements, except for those that relate to new standards or interpretations effective for the period beginning on or after 1 January 2020. 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 2020**

Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to IFRS 3 *Definition of a Business*

Amendments to IAS 1 and IAS 8 *Definition of Material*

Amendments to IFRS 9, IAS 139 and IFRS 7 *Interest Rate Benchmark Reform*

Amendment to IFRS 16 *COVID-19-Related Rent Concessions*

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

# Notes to the Financial Information

## 3. REVENUE AND SEGMENT INFORMATION

### (a) Business segment

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

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

- (i) manufacturing (the "**Manufacturing Division**"); and
- (ii) retail (the "**Retail Division**").

In the third quarter of 2019, the Group streamlined the reportable segments to Manufacturing Division and Retail Division to reflect how the internal management reporting and operating results were reviewed by the Group's management for their decision making on segment resources allocation and performance assessment.

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 unaudited condensed 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.



# Notes to the Financial Information

## Nine months ended 30 September 2020 (unaudited)

	Continuing operations			Discontinued operation		Total RM'000
	Manufacturing RM'000	Retail RM'000	Others RM'000	Sub-total RM'000	Manufacturing RM'000	
<b>Revenue</b>						
Total revenue	68,745	2,107	208	71,060	-	71,060
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	68,745	2,107	208	71,060	-	71,060
<b>Results</b>						
Operating profit/(loss)	11,714	(3,366)	(2,043)	6,305	-	6,305
Interest income	447	9	-	456	-	456
Finance costs	(437)	(1,066)	(7)	(1,510)	-	(1,510)
Share of profit of a joint venture, net of tax	170	-	-	170	-	170
Share of loss of an associate, net of tax	(345)	-	-	(345)	-	(345)
Profit/(Loss) before income tax expense	11,549	(4,423)	(2,050)	5,076	-	5,076
Income tax expense	(1,318)	-	-	(1,318)	-	(1,318)
Profit/(Loss) for the period	10,231	(4,423)	(2,050)	3,758	-	3,758
Non-controlling interests	-	-	-	-	-	-
Attributable to owners of the parent	10,231	(4,423)	(2,050)	3,758	-	3,758
<b>Other segment information:</b>						
Amortisation and depreciation	(2,189)	(3,721)	(94)	(6,004)	-	(6,004)

# Notes to the Financial Information

## Nine months ended 30 September 2019 (unaudited) (re-presented)

	Manufacturing RM'000	Continuing operations			Discontinued operation		Total RM'000
		Retail RM'000	Others RM'000	Sub-total RM'000	Manufacturing RM'000		
<b>Revenue</b>							
Total revenue	68,153	4,696	–	72,849	12,999	85,848	
Inter-segment revenue	(75)	–	–	(75)	(78)	(153)	
Revenue from external customers	68,078	4,696	–	72,774	12,921	85,695	
<b>Results</b>							
Operating profit/(loss)	7,212	(3,901)	(3,258)	53	(2,278)	(2,225)	
Interest income	309	2	16	327	1	328	
Finance costs	(503)	(352)	(4)	(859)	(267)	(1,126)	
Share of profit of a joint venture, net of tax	164	–	–	164	–	164	
Share of loss of an associate, net of tax	(553)	–	–	(553)	–	(553)	
Profit/(Loss) before income tax expense	6,629	(4,251)	(3,246)	(868)	(2,544)	(3,412)	
Income tax expense	(990)	–	–	(990)	–	(990)	
Profit/(Loss) for the period	5,639	(4,251)	(3,246)	(1,858)	(2,544)	(4,402)	
Non-controlling interests	–	506	–	506	–	506	
Attributable to owners of the parent	5,639	(3,745)	(3,246)	(1,352)	(2,544)	(3,896)	
<b>Other segment information:</b>							
Amortisation and depreciation	(1,307)	(1,710)	(42)	(3,059)	(1,295)	(4,354)	

# Notes to the Financial Information

## (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 and 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.

	Three months ended 30 September		Nine months ended 30 September	
	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000
	<b>Continuing operations:</b>			
<b>Revenue from external customers</b>				
Asia Pacific	20,049	24,905	53,149	52,918
Europe	1,520	1,551	4,848	6,089
North America	4,728	4,168	12,163	12,986
Others	330	515	900	781
<b>Total</b>	<b>26,627</b>	<b>31,139</b>	<b>71,060</b>	<b>72,774</b>

## (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:

	Three months ended 30 September		Nine months ended 30 September	
	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000
	<b>Continuing operations:</b>			
Customer A	3,838	3,525	10,258	9,763

All revenue from customers during the period ended 30 September 2020 and 2019 were recognised at point in time.

# Notes to the Financial Information

## 4. REVENUE

	Three months ended 30 September		Nine months ended 30 September	
	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000
	<b>Continuing operations:</b>			
Elastic textile	7,932	7,892	22,320	24,495
Webbing	10,689	11,469	26,392	28,964
PVC related products and other products	7,075	8,988	19,961	14,571
Fashion garment products and accessories	848	2,742	2,107	4,696
Others	83	48	280	48
<b>Total</b>	<b>26,627</b>	<b>31,139</b>	<b>71,060</b>	<b>72,774</b>

## 5. OTHER (EXPENSE)/INCOME, NET

	Three months ended 30 September		Nine months ended 30 September	
	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000
	<b>Continuing operations:</b>			
(Loss)/Gain on foreign exchange, net				
— realised	(379)	35	(7)	(3)
— unrealised	(31)	(92)	(103)	(86)
Commission income	17	76	133	193
Gain on disposal of a subsidiary	—	—	3,249	—
Gain/(Loss) on disposal of property, plant and equipment, net	10	(1)	56	58
Sales of scrap	3	123	16	145
Others	100	265	188	390
<b>Total</b>	<b>(280)</b>	<b>406</b>	<b>3,532</b>	<b>697</b>

# Notes to the Financial Information

## 6. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000
	<b>Continuing operations:</b>			
Interest on bank overdrafts	5	11	14	25
Interest on bank borrowings	137	170	450	405
Interest on lease liabilities	426	360	1,011	429
Others	11	–	35	–
<b>Total</b>	<b>579</b>	<b>541</b>	<b>1,510</b>	<b>859</b>

## 7. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

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

	Three months ended 30 September		Nine months ended 30 September	
	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000
	<b>Continuing operations:</b>			
Amortisation of intangible assets	216	4	645	7
Depreciation of property, plant and equipment	723	796	2,094	1,600
Depreciation of right-of-use assets	1,325	1,220	3,265	1,452
Gain on disposal of a subsidiary	–	–	(3,249)	–
(Gain)/Loss on disposal of property, plant and equipment, net	(10)	1	(56)	(58)
Inventories written down	–	20	–	255
Property, plant and equipment written off	–	–	1	–
Reversal of inventories written down	(447)	(33)	(797)	(35)
Rental expenses on building	–	(86)	142	31

# Notes to the Financial Information

## 8. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000
<b>Continuing operations:</b>				
Current tax expense				
— Malaysian income tax	308	107	494	212
— Overseas income tax	372	259	916	842
Under/(Over) provision in prior periods	4	(64)	4	(64)
	684	302	1,414	990
Deferred tax				
— current year	(32)	–	(96)	–
	652	302	1,318	990

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 nine months ended 30 September 2020 and 2019.

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

## 9. DISCONTINUED OPERATION

On 4 October 2019, the Group entered into a term sheet with a potential purchaser for the disposal of Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd. ("**PEWAV (VN)**"), a member of the Group principally engaged in the manufacture and sale of narrow elastic fabrics. Subsequently, on 10 January 2020, the Group entered into the Capital Transfer Agreement (as defined below) with the Purchaser (as defined below) pursuant to which the Purchaser has conditionally agreed with the Group to among others, acquire the entire registered and paid-in charter capital of PEWAV(VN). Accordingly, the assets and liabilities in PEWAV (VN) in 2019 were classified as disposal group held for sale and the financial results of PEWAV (VN) for the period ended 30 September 2019 was classified as discontinued operation in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The Group's unaudited condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 September 2019 have been re-presented to show the discontinued operation separately from the continuing operations.

# Notes to the Financial Information

Analysis of the results for the period from the discontinued operation in 2019 is as follows:

	Three months ended 30 September 2019 (Unaudited) RM'000	Nine months ended 30 September 2019 (Unaudited) RM'000
<b>Revenue</b>	4,060	12,921
Cost of sales	(4,421)	(14,095)
<b>Gross loss</b>	(361)	(1,174)
Other income, net	33	7
Selling and distribution costs	(112)	(345)
Administrative expenses	(230)	(766)
Interest income	–	1
Finance costs	(92)	(267)
<b>Loss before income tax expense</b>	(762)	(2,544)
Income tax expense	–	–
<b>Loss for the period</b>	(762)	(2,544)

	Three months ended 30 September 2019 (Unaudited) RM'000	Nine months ended 30 September 2019 (Unaudited) RM'000
Loss before income tax expense is stated after charging the following:		

Loss before income tax expense is stated after charging the following:

Amortisation of intangible assets	2	7
Depreciation of property, plant and equipment	414	1,233
Depreciation of right-of-use assets	18	55
Impairment loss on trade receivables	–	5
Inventories written down	47	47

# Notes to the Financial Information

## 10. DIVIDENDS

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

The Board does not recommend payment of any dividend for the Period (2019: RMNil).

## 11. EARNINGS/(LOSS) PER SHARE

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000	2020 (Unaudited) RM'000	2019 (Unaudited) RM'000
<b>Earnings/(Loss)</b>				
Profit/(Loss) for the period attributable to owners of the Company				
— from continuing operations	1,794	879	3,758	(1,352)
— from discontinued operation	–	(762)	–	(2,544)
	1,794	117	3,758	(3,896)
<b>Number of shares</b>				
Weighted average number of ordinary shares in issue during the period	560,000,000	523,354,941	560,000,000	523,354,941

Diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding for the periods ended 30 September 2020 and 2019.



# Management Discussion and Analysis

## BUSINESS REVIEW

### (a) Manufacturing Division

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

On 28 June 2019, the Group has completed the acquisition of the entire issued share capital of Meinaide Holdings Group Limited (the "**Acquisition**"), whose subsidiaries in Hong Kong and PRC (together with Meinaide Holdings Group Limited, collectively the "**PVC Subsidiaries**") are mainly engaged in the manufacture and sale of PVC related products to customers in Hong Kong, PRC and other Asian countries.

On 10 January 2020, the Group entered into a conditional capital transfer agreement (the "**Capital Transfer Agreement**") with an independent party (the "**Purchaser**") pursuant to which the Purchaser has conditionally agreed with the Group to (i) acquire the entire registered and paid-in charter capital of USD2,100,000 of Premier Elastics Webbing & Accessories (Vietnam) Co., Ltd. ("**PEWAV (VN)**"), a wholly-owned subsidiary of the Company and (ii) pay the agreed amount of inter-company loans and debts owed by PEWAV (VN) as at 10 January 2020, being the date of the Capital Transfer Agreement for a total consideration of USD2,945,911 (equivalent to approximately RM12,028,155), subject to and upon the terms and conditions of the Capital Transfer Agreement. The disposal constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. Further details in relation to the disposal were disclosed in the announcements of the Company dated 10 January 2020 and 13 February 2020. The financial results of PEWAV (VN) ceased to be accounted for in the Group's unaudited condensed consolidated financial statements during the Period.

The revenue from the Manufacturing Division for the Period was approximately RM68.7 million, increased by approximately RM0.7 million or 1.0% as compared to the corresponding period of 2019.

During the Period, domestic sales and export sales accounted for approximately 47.8% and 52.2% (2019: 40.7% and 59.3%) of the total revenue from the Manufacturing Division, respectively. Asia Pacific region, Europe and North America continued to be the major export countries of the Group during both periods.

# Management Discussion and Analysis

Revenue generated from the sale of elastic textile, webbing and other manufacturing products accounted for approximately 32.5%, 38.4% and 29.1% (2019: 36.0%, 42.5% and 21.5%) 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 RM22.3 million, decreased by RM2.2 million or 9.0% as compared to the corresponding period of 2019, mainly due to the decrease in sales volume from customers in Asia Pacific region, Europe and North America during the Period.

**(ii) Webbing**

For the Period, the revenue of webbing was approximately RM26.4 million, decreased by RM2.6 million or 9.0% as compared to the corresponding period of 2019. This was mainly attributable to the decrease in sales volume for both furniture webbing and seat belt webbing 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 RM20.0 million, increased by RM5.4 million or 37.0% as compared to the corresponding period of 2019, mainly due to the completion of the acquisition of the PVC Subsidiaries on 28 June 2019, which contributed revenue of approximately RM12.0 million to the Group for the Period (2019: RM6.5 million).

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

# Management Discussion and Analysis

## (b) Retail Division

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

For the Period, the revenue of the Retail Division was approximately RM2.1 million (2019: RM4.7 million), decreased by RM2.6 million or 55.3% as compared to the corresponding period of 2019, mainly due to the outbreak of the COVID-19 pandemic, which led to a decrease in the tourists arrival and the deterioration of overall consumers’ spending during the Period. Further, the store in Singapore was temporarily closed for 2 months in the second quarter of 2020 under the ‘circuit breaker’ implemented by the Singapore government to curb the spread of COVID-19, during which no revenue was generated.

## FINANCIAL REVIEW

### Revenue

The Group’s revenue for the Period amounted to approximately RM71.1 million, representing a decrease of RM1.7 million or 2.3% as compared to the corresponding period of 2019.

A majority of the Group’s revenue was contributed by the Manufacturing Division, which accounted for approximately 96.7% (2019: 93.5%) of the total revenue for the Period.

Revenue from the Manufacturing Division increased by approximately RM0.7 million, mainly due to revenue contributed by the PVC Subsidiaries of approximately RM12.0 million (2019: RM6.5 million) offset by the decrease in sales volume for elastic textile and webbing during the Period as compared to the corresponding period of 2019 mainly due to the lockdown and movement restrictions order implemented by various countries under the COVID-19 pandemic as well as the disruption of production due to the temporary closure of certain plants for approximately 2 months during the Period.

During the Period, the Retail Division also contributed revenue of approximately RM2.1 million to the Group (representing 3.0% of total revenue) (2019: RM4.7 million). Lower revenue was mainly due to the outbreak of the COVID-19 pandemic, resulting in decrease in tourist numbers and ‘stay at home’ directive from Singapore government during the Period.

# Management Discussion and Analysis

## Cost of Sales

For the Period, the cost of sales of the Group amounted to approximately RM48.6 million (2019: RM51.0 million), representing a decrease of RM2.4 million or 4.7% as compared to the corresponding period of 2019. The decrease in cost of sales was in line with the decrease in revenue.

## Gross Profit and Gross Profit Margin

For the Period, the Group achieved gross profit of approximately RM22.4 million (2019: RM21.7 million), representing an increase of RM0.7 million or 3.2% as compared to the corresponding period of 2019, mainly due to improved gross profit margin resulted from lower raw material costs in certain manufacturing subsidiaries during the Period.

## Other Income, net

For the Period, the other income of the Group amounted to approximately RM3.5 million (2019: RM0.7 million), representing an increase of RM2.8 million as compared to the corresponding period of 2019. The increase was mainly arising from the gain on disposal of a subsidiary of RM3.2 million (2019: RMNil) offset with the lower commission income and sales of scrap as compared to the corresponding period of 2019.

## Selling and Distribution Costs

For the Period, the selling and distribution costs of the Group amounted to approximately RM6.0 million (2019: RM7.0 million), representing a decrease of approximately RM1.0 million or 14.3% as compared to the corresponding period of 2019. The decrease was mainly due to lower selling and marketing expenses incurred by the Retail Division which was in line with respective decrease in revenue.

## Administrative Expenses

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

For the Period, the administrative expenses of the Group amounted to RM13.7 million (2019: RM15.3 million), representing a decrease of RM1.6 million or 10.5% as compared to the corresponding period in 2019. The decrease was mainly due to the one-off professional fee of RM1.5 million (2020: RMNil) incurred in 2019 in relation to the Acquisition.

# Management Discussion and Analysis

## Profit for the Period

For the Period, the profit amounted to RM3.8 million (2019: loss of RM1.9 million), representing a turnaround of approximately RM5.7 million as compared to the corresponding period of 2019. The profit was mainly arising from (i) the gain on disposal of a subsidiary of RM3.2 million (2019: RMNil), (ii) lower professional fee incurred during the Period as compared to the corresponding period of 2019; and (iii) improved gross profit margin of certain manufacturing subsidiaries of the Company.

The overall profit of the Group was partially offset by the loss incurred by the Retail Division of RM4.4 million (2019: loss of RM4.3 million) as the COVID-19 pandemic has severely affected the performance of the Retail Division during the Period.

## SHARE OPTION SCHEME

As at 30 September 2020, no share options had been granted under the Share Option Scheme.

## SUBSEQUENT EVENT

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2020 and up to the date of this report.

## FUTURE PROSPECTS AND OUTLOOK

The global outlook remains bleak as the pandemic resurgence in many countries poses difficult economy versus health decisions. Also the ongoing trade war, volatility in currency, disruption in global supply chain and the intensifying regional business competition have made our operating environment extremely challenging and difficult to predict. In view of the increasing pandemic risk, the Company is continually reviewing the demand and supply situation and cost mitigation measures to ensure business continuity and longer term sustainability.

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

# Management Discussion and Analysis

## 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 Company’s prospectus dated 29 September 2017 (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 report:

- (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 and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "**CG Code**") and in relation to, among others, the Directors, chairman and chief executive officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the Shareholders.

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

Save as disclosed above, 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 September 2020, 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.

## Other Information

### INTERESTS OF COMPLIANCE ADVISER

As disclosed in the Company's announcement dated 3 January 2020, the Company and Shenwan Hongyuan Capital (H.K.) Limited have mutually agreed to terminate the compliance adviser's agreement with effect from 5 January 2020. Sunfund Capital Limited was appointed as the new compliance adviser of the Company (the "**Compliance Adviser**") with effect from 6 January 2020 in accordance with Rule 6A.19 of the GEM Listing Rules. The Compliance Adviser has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules.

As at 30 September 2020, as notified by the Compliance Adviser, except for the compliance adviser's agreement entered into between the Company and the Compliance Adviser on 5 January 2020 where the Compliance Adviser received and will receive fees for acting as the compliance adviser of the Company, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### 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.



## Other Information

- \* 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 (as defined under the GEM Listing Rules) (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 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.

## Other Information

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

As at 30 September 2020, the interests and 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 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:

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

Name of Directors	Name of the associated corporation	Capacity/ Nature of interest	Number of securities (Note 2)	Approximate percentage of shareholding (Note 4)
Dato' Lim Heen Peok	PRG Holdings (Note 1)	Beneficial owner	108,800 shares (L)	0.03%
Dato' Lua Choon Hann	PRG Holdings (Note 1)	Beneficial owner	33,973,900 shares (L)	7.90%
		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 September 2020.

## Other Information

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 September 2020.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 September 2020, so far as are known to the Directors, the following persons (other than the Directors or chief executive of the Company) were recorded in the register kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

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

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

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. PRG Holdings is a company incorporated in Malaysia and whose issued shares are listed on the Main Market of Bursa Malaysia Securities Berhad.
3. Dato' Lua Choon Hann, an executive Director, is the group executive vice chairman of PRG Holdings.

## Other Information

4. According to the disclosure of interest form filed by Jim Ka Man, pursuant to the sales and purchase agreement entered into among the Company, Triumph Star Global Limited ("**Triumph Star**") and herself for the Acquisition, 56,000,000 Shares (as consideration shares) were issued to Triumph Star. Jim Ka Man, who is the ultimate beneficial owner interested in a 85% equity interest of Triumph Star, became interested and/or was deemed to be interested (by virtue of her controlling interest in Triumph Star) in 56,000,000 Shares under Part XV of the SFO. According to the disclosure of interest form filed by Jim Ka Man with the Stock Exchange, Jim Ka Man had further acquired 2,472,000 Shares on 2 September 2020.
5. According to the disclosure of interest form filed by Jim Ka Man with the Stock Exchange, Jim Ka Man was deemed to be interested in the Shares held directly by her spouse under Part XV of the SFO.
6. The percentage of shareholding is calculated on the basis of 560,000,000 Shares in issue of the Company as at 30 September 2020.

## 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.

## Other Information

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

The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the Period and discussed with the management of the Company the accounting principles and practices adopted by the Group as well as internal controls and other financial reporting matters. The Audit Committee is of the opinion that such results have been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Malaysia, 6 November 2020

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