

# FURNIWEB HOLDINGS LIMITED

## 飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8480



2022  
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 2022 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2021, as follows:

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
<b>Revenue</b>	4	<b>32,492</b>	22,641	<b>90,349</b>	101,508
Cost of sales		<b>(23,673)</b>	(17,103)	<b>(66,169)</b>	(61,256)
<b>Gross profit</b>		<b>8,819</b>	5,538	<b>24,180</b>	40,252
Other income, net	5	<b>278</b>	278	<b>899</b>	7,726
Selling and distribution costs		<b>(893)</b>	(824)	<b>(2,757)</b>	(6,090)
Administrative expenses		<b>(5,128)</b>	(4,445)	<b>(15,163)</b>	(16,273)
Interest income		<b>144</b>	90	<b>390</b>	336
Finance costs	6	<b>(194)</b>	(132)	<b>(453)</b>	(925)
Share of profit of a joint venture, net of tax		<b>140</b>	141	<b>330</b>	317
Share of profit of associates, net of tax		<b>1,161</b>	-	<b>3,175</b>	-
<b>Profit before income tax expense</b>	7	<b>4,327</b>	646	<b>10,601</b>	25,343
Income tax expense	8	<b>(591)</b>	265	<b>(1,791)</b>	(1,047)
<b>Profit for the period</b>		<b>3,736</b>	911	<b>8,810</b>	24,296

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
<b>Other comprehensive income/ (expenses), net of tax</b>					
<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		686	967	2,029	3,729
Share of other comprehensive income of a joint venture, net of tax		33	33	66	79
Share of other comprehensive income of an associate, net of tax		200	-	129	-
<b>Total other comprehensive income, net of tax</b>		<b>919</b>	<b>1,000</b>	<b>2,224</b>	<b>3,621</b>
<b>Total comprehensive income for the period</b>		<b>4,655</b>	<b>1,911</b>	<b>11,034</b>	<b>27,917</b>
<b>Profit attributable to:</b>					
Owners of the Company		3,736	911	8,810	17,004
Non-controlling interests		-	-	-	7,292
		<b>3,736</b>	<b>911</b>	<b>8,810</b>	<b>24,296</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		4,655	1,911	11,034	20,625
Non-controlling interests		-	-	-	7,292
		<b>4,655</b>	<b>1,911</b>	<b>11,034</b>	<b>27,917</b>
<b>Earnings per share:</b>					
Basic and diluted (cents)	10	<b>0.65</b>	0.16	<b>1.56</b>	3.04

# Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Share capital	Share premium	Merger reserve	Exchange translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2021 (audited)</b>	30,255	80,824	39,433	(2,889)	(51,973)	95,650	-	95,650
Profit for the period	-	-	-	-	17,004	17,004	7,292	24,296
Realisation of reserves from disposal of subsidiaries	-	-	-	(75)	-	(75)	(112)	(187)
Exchange differences on translation of foreign operations	-	-	-	3,617	-	3,617	112	3,729
Share of other comprehensive income of a joint venture, net of tax	-	-	-	79	-	79	-	79
Total comprehensive income	-	-	-	3,621	17,004	20,625	7,292	27,917
<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)
<b>Balance as at 30 September 2021 (unaudited)</b>	30,255	80,824	39,433	732	(34,969)	116,275	-	116,275
<b>Balance as at 1 January 2022 (audited)</b>	30,255	80,824	39,433	321	(51,581)	99,252	-	99,252
Profit for the period	-	-	-	-	8,810	8,810	-	8,810
Exchange differences on translation of foreign operations	-	-	-	2,029	-	2,029	-	2,029
Share of other comprehensive income of a joint venture, net of tax	-	-	-	66	-	66	-	66
Share of other comprehensive income of associates, net of tax	-	-	-	129	-	129	-	129
Total comprehensive income	-	-	-	2,224	8,810	11,034	-	11,034
<i>Transaction with owners</i>								
Issue of shares	2,377	3,089	-	-	-	5,466	-	5,466
<b>Balance as at 30 September 2022 (unaudited)</b>	32,632	83,913	39,433	2,545	(42,771)	115,752	-	115,752

# 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 KP9, 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, rubber tape 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 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.

# Notes to the Financial Information

## Adoption of new or revised IFRSs effective for annual periods beginning on or after 1 January 2022

### Title

Amendments to IFRS 3

*Reference to the Conceptual Framework*

Amendments to IAS 16

*Property, Plant and Equipment — Proceeds before Intended Use*

Amendments to IAS 37

*Onerous Contracts — Cost of Fulfilling a Contract*

### *Annual Improvements to IFRSs 2018–2020 Cycle*

IFRS 1

*Subsidiary as a first-time adopter*

IFRS 9

*Fees in the '10 per cent' test for derecognition of financial liabilities*

IFRS 16

*Lease incentives*

IAS 41

*Taxation in fair value measurements*

The adoption of the above standards did not have any significant effects on the unaudited condensed consolidated 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, rubber tape 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 business segment of the Group was diversified to include energy efficiency business following completion of the Company's acquisition of a further 62.75% interest in Energy Solution Global Limited ("ESGL") on 29 August 2022.

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 three reportable segments summarised as follows:

- (i) Manufacturing (the "Manufacturing Division");
- (ii) Energy Efficiency (the "Energy Efficiency Division"); and
- (iii) Retail (the "Retail Division").

While the Group had discontinued the business of retail sales of garment products, disclosures in relation to the Retail Division for the period ended 30 September 2021 remained for comparative purpose.

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.

# Notes to the Financial Information

## Nine months ended 30 September 2022 (unaudited)

	Manufacturing RM'000	Energy efficiency RM'000	Retail RM'000	Others RM'000	Total RM'000
<b>Revenue</b>					
Revenue from external customers	84,116	6,039	-	194	90,349
<b>Results</b>					
Operating profit/(loss)	9,529	1,175	(24)	(3,521)	7,159
Interest income	389	1	-	-	390
Finance costs	(433)	(20)	-	-	(453)
Share of profit of a joint venture, net of tax	330	-	-	-	330
Share of profit of associates, net of tax	-	3,175	-	-	3,175
<b>Profit/(Loss) before income tax expense</b>	9,815	4,331	(24)	(3,521)	10,601
Income tax expense	(1,615)	(176)	-	-	(1,791)
<b>Profit/(Loss) for the period</b>	8,200	4,155	(24)	(3,521)	8,810
Non-controlling interests	-	-	-	-	-
Attributable to owners of the parent	8,200	4,155	(24)	(3,521)	8,810
<b>Other segment information:</b>					
Amortisation and depreciation	(1,531)	(80)	-	-	(1,611)

# Notes to the Financial Information

Nine months ended 30 September 2021 (unaudited)

	Manufacturing RM'000	Retail RM'000	Others RM'000	Total RM'000
<b>Revenue</b>				
Revenue from external customers	83,519	1,807	16,182	101,508
<b>Results</b>				
Operating profit	9,767	10,485	5,363	25,615
Interest income	331	–	5	336
Finance costs	(412)	(507)	(6)	(925)
Share of profit of a joint venture, net of tax	317	–	–	317
<b>Profit before income tax expense</b>				
Income tax expense	(1,047)	–	–	(1,047)
Profit for the period	8,956	9,978	5,362	24,296
Non-controlling interests	–	–	(7,292)	(7,292)
Attributable to owners of the parent	8,956	9,978	(1,930)	17,004
<b>Other segment information:</b>				
Amortisation and depreciation	(2,268)	(2,094)	(125)	(4,487)
Loss on disposal of subsidiaries	–	–	(4,975)	(4,975)
Lease modification — early termination	9	11,105	–	11,114
Reversal of provision for restoration costs	–	713	–	713

# 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, the People's Republic of China ("PRC") and Hong Kong; the retail business is based in the Republic of Singapore ("Singapore"); and the energy efficiency business is based in Singapore and Malaysia.

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	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
	<b>Revenue from external customers</b>			
Asia Pacific	25,082	15,827	65,688	80,094
Europe	1,500	1,522	7,396	6,238
North America	5,909	4,554	16,355	13,811
Others	1	738	910	1,365
<b>Total</b>	<b>32,492</b>	<b>22,641</b>	<b>90,349</b>	<b>101,508</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	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
	Customer A	4,778	–	12,599
Customer B	3,838	–	11,801	*

\* Revenue from these customers did not exceed 10% of the total revenue of the Group for the period ended 30 September 2021.

# Notes to the Financial Information

## 4. REVENUE

	Three months ended 30 September		Nine months ended 30 September	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
	<b>Recognised at point in time:</b>			
Sales of goods:				
— Elastic textile	9,651	6,623	28,530	21,508
— Webbing	9,376	7,969	33,456	35,985
— Other manufacturing products	7,370	7,965	22,130	26,026
— Fashion garment products and accessories	—	4	—	1,807
— Others	230	80	368	16,182
<b>Recognised over time:</b>				
Contract income	4,476	—	4,476	—
Maintenance service	1,389	—	1,389	—
<b>Total</b>	<b>32,492</b>	<b>22,641</b>	<b>90,349</b>	<b>101,508</b>

## 5. OTHER INCOME, NET

	Three months ended 30 September		Nine months ended 30 September	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
	Gain/(Loss) on foreign exchange, net			
— realised	54	177	360	298
— unrealised	435	(387)	682	(154)
Commission income	33	23	75	64
Loss on disposal of subsidiaries	—	—	—	(4,975)
Gain on disposal of property, plant and equipment	9	—	33	—
Lease modification — early termination	—	3	—	11,114
Reversal of provision for restoration costs	—	1	—	713
Reversal of impairment loss on amount owing by an associate	—	359	—	493
Others	(253)	102	(251)	173
<b>Total</b>	<b>278</b>	<b>278</b>	<b>899</b>	<b>7,726</b>

# Notes to the Financial Information

## 6. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Interest on bank overdraft	10	5	23	22
Interest on bank borrowings	116	88	287	359
Interest on lease liabilities	68	38	143	522
Others	–	1	–	22
<b>Total</b>	<b>194</b>	<b>132</b>	<b>453</b>	<b>925</b>

## 7. PROFIT BEFORE INCOME TAX EXPENSE

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

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Amortisation of intangible assets	–	228	2	679
Depreciation of property, plant and equipment	358	368	1,153	1,700
Depreciation of right-of-use assets	236	176	456	2,108
Loss on disposal of subsidiaries	–	–	–	4,975
Gain on disposal of property, plant and equipment	(9)	–	(33)	–
Intangible assets written off	–	1	–	22
Lease modification — early termination	–	(3)	–	(11,114)
Property, plant and equipment written off	–	(49)	–	123
Reversal of impairment loss on amount owing by an associate	–	(359)	–	(493)
Reversal of inventories written down, net	(264)	(2)	(369)	(2,034)
Reversal of provision for restoration costs	–	(1)	–	(713)

# Notes to the Financial Information

## 8. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
Current tax expense				
— Malaysian income tax	302	191	896	1,046
— Overseas income tax	474	(399)	1,080	170
Over provision in prior periods	(185)	–	(185)	–
	591	(208)	1,791	1,216
Deferred tax				
— current year	–	(57)	–	(169)
	591	(265)	1,791	1,047

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 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).

# Notes to the Financial Information

## 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:

	Three months ended 30 September		Nine months ended 30 September	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
<b>Earnings</b>				
Profit for the period attributable to owners of the Company	3,736	911	8,810	17,004
<b>Number of shares</b>				
Weighted average number of ordinary shares in issue during the Period	574,909,400	560,000,000	565,024,413	560,000,000

Diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding for the periods ended 30 September 2022 and 2021.

# 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 RM84.1 million (2021: RM83.5 million), which was consistent with the corresponding period of 2021.

During the Period, domestic sales and export sales accounted for approximately 39.4% and 60.6% (2021: 42.7% and 57.3%) of the total revenue from the Manufacturing Division, respectively. Asia Pacific region, Europe and North America continued to be the major export countries of the Group during the nine months ended 30 September 2022 and 2021.

Revenue generated from the sale of elastic textile, webbing and other manufacturing products accounted for approximately 33.9%, 39.8% and 26.3% (2021: 25.7%, 43.1% and 31.2%) 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 RM28.5 million (2021: RM21.5 million), increased by RM7.0 million or 32.6% as compared to the corresponding period of 2021, mainly due to an increase in sales volume from customers in Asia Pacific region, North America and Europe during the Period.

#### (ii) *Webbing*

For the Period, the revenue of webbing was approximately RM33.5 million (2021: RM36.0 million), decreased by RM2.5 million or 6.9% as compared to the corresponding period of 2021. This was mainly contributed by lower demand for furniture webbing products from customers in Asia Pacific region during the Period.

#### (iii) *Other manufacturing products*

During the Period, the revenue of other manufacturing products was approximately RM22.1 million (2021: RM26.0 million), decreased by RM3.9 million or 15.0% as compared to the corresponding period of 2021, mainly due to the decrease in revenue for both PVC related products and rubber tape products as compared to the corresponding period of 2021.

# Management Discussion and Analysis

## (b) Energy Efficiency Division

The Group ventured into energy efficiency business in December 2021 by acquiring 37.25% issued share capital of ESGL, whose subsidiaries in Singapore and Malaysia mainly provide smart energy saving solution by designing and installing energy-efficient heating, ventilation and air conditioning systems which aims to achieve optimal energy consumption, lower greenhouse gas emissions, and reduction in energy cost.

Subsequently, the Board was of the view that the energy efficiency business has great potential in the future, therefore, the Company further acquired the remaining 62.75% issued share capital of ESGL. Upon completion on 29 August 2022, ESGL and its subsidiaries became wholly-owned subsidiaries of the Company. For details, please refer to the announcements of the Company dated 8 June 2022, 13 June 2022, 8 August 2022 and 29 August 2022, and the circular dated 30 June 2022.

During the Period, the revenue of the Energy Efficiency Division, comprising energy solution contracts and maintenance service contracts, was approximately RM6.0 million (2021: RMNil).

## (c) 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. Disclosures in relation to the Retail Division for the period ended 30 September 2021 remained for comparative purpose.

## (d) 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 RM90.3 million (2021: RM101.5 million), representing a decrease of RM11.2 million or 11.0% 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), offsetting with the revenue contributed by the new Energy Efficiency Division which amounted to approximately RM6.0 million during the Period (2021: RMNil).

A majority of the Group's revenue was contributed by the Manufacturing Division, which accounted for approximately 93.1% (2021: 82.3%) of the total revenue for the Period.

# Management Discussion and Analysis

## Cost of Sales

For the Period, the cost of sales of the Group amounted to approximately RM66.2 million (2021: RM61.3 million), representing an increase of RM4.9 million or 8.0% as compared to the corresponding period of 2021. The increase in cost of sales was mainly contributed by the new Energy Efficiency Division, which the Group completed its acquisition in August 2022.

## Gross Profit and Gross Profit Margin

For the Period, the Group achieved gross profit of approximately RM24.2 million (2021: RM40.3 million), representing a decrease of RM16.1 million or 40.0% 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 39.7% to 26.8%, 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 labour cost and manufacturing overhead costs during the Period.

## Other Income, net

For the Period, the other income of the Group amounted to approximately RM0.9 million (2021: RM7.7 million), representing a decrease of RM6.8 million or 88.3% as compared to the corresponding period of 2021. The decrease was mainly due to one-off reversal of expenses of RM11.8 million from the Retail Division offsetting with one-off loss of RM5.0 million on disposal of subsidiaries which engage in the security brokerage business for the corresponding period of 2021 (2022: RMNil).

## Selling and Distribution Costs

For the Period, the selling and distribution costs of the Group amounted to RM2.8 million (2021: RM6.1 million), representing a decrease of approximately RM3.3 million or 54.1% 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, whereas the selling and distribution costs for the Manufacturing Division during the Period remained consistent with the corresponding period of 2021.

## 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.

# Management Discussion and Analysis

For the Period, the administrative expenses of the Group amounted to RM15.2 million (2021: RM16.3 million), representing a decrease of RM1.1 million or 6.7% as compared to the corresponding period of 2021. The decrease was mainly due to the administrative expenses of RM2.7 million for the corresponding period of 2021 was incurred by the disposal of security brokerage business in March 2021. The decrease was offset by the professional fee and other expenses incurred for the corporate exercises during the Period, and the administrative expenses from the new Energy Efficiency Division.

## Profit for the Period

Profit for the Period amounted to RM8.8 million (2021: RM24.3 million), representing a decrease of approximately RM15.5 million or 63.8% 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 was generated by the security brokerage subsidiaries disposed by the Group in March 2021 (2022: RMNil); and (ii) profit of RM10.0 million for the corresponding period of 2021 from the Retail Division (2022: loss of RM0.02 million). These amounts were offset with profit contributed by the new Energy Efficiency Division which amounted to approximately RM4.2 million during the Period (including the share of profit of associates of RM3.2 million) (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).

## SHARE OPTION SCHEME

As at 30 September 2022, 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 2022 and up to the date of this report.

## 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. The global economy is facing an increasingly gloomy and uncertain outlook.

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.

# Management Discussion and Analysis

Global energy consumption is expected to continue growing in 2023 amid a slowing economy. The energy prices remaining high and possible contraction in gas and oil supplies from Russia have driven the needs and urgency to reduce energy consumption globally. The Group is of the view that governments will move towards the direction of reducing greenhouse gas emissions, establishing climate change mitigation policies and promoting energy efficiency initiatives. With the support from governments, rising energy costs and the global push for environmental, social and governance initiatives, the Group believes the newly ventured energy efficiency business will contribute positively to the Group's results.

## 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.

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 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).

## Other Information

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 (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.

## Other Information

### 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 September 2022, 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:

#### (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 long position of the Director in the shares in PRG Holdings.
2. The percentage of shareholding is calculated on the basis of 601,565,600 Shares in issue as at 30 September 2022.

## Other Information

### (II) 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	32,322,800 shares (L)	7.52%
		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 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 September 2022.

## Other Information

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

As at 30 September 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 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 7)
PRG Holdings (Notes 2 and 3)	Beneficial owner	303,468,000 Shares (L)	50.45%
Jim Ka Man	Beneficial owner	53,572,000 Shares (L) (Note 4)	8.91%
	Interest of spouse	5,192,000 Shares (L) (Note 5)	0.86%
Ng Yan Cheng	Beneficial owner	66,977,600 Shares (L) (Note 6)	11.13%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. PRG Holdings is a company incorporated in Malaysia and whose issued shares are listed on the Main Market of Bursa Malaysia Securities Berhad.
3. Dato' Lua Choon Hann, an executive Director, is the group executive vice chairman of PRG Holdings.
4. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man had acquired up to 53,572,000 Shares as at 29 August 2022.
5. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man was deemed to be interested in the Shares held directly by her spouse under Part XV of the SFO.
6. According to the disclosure of interest form filed by Ng Yan Cheng, Ng Yan Cheng had acquired up to 66,977,600 Shares as at 29 August 2022.
7. The percentage of shareholding is calculated on the basis of 601,565,600 Shares in issue of the Company as at 30 September 2022.

# Other Information

## 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, 10 November 2022

*As at the date of this report, 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 report 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 report will also be posted on the Company's website at <http://www.furniweb.com.my>.*