

Furniweb Holdings Limited 飛電控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8480

2024
Annual Report

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Corporate Information

BOARD OF DIRECTORS

Chairman and Non-Executive Director

Dato' Lim Heen Peok

Non-Executive Director

Mr. Ng Tzee Penn

Executive Directors

Er. Kang Boon Lian

Mr. Andrew Chan Lim-Fai (*appointed on 25 March 2024*)

Mr. Tan Chuan Dyi (*appointed on 1 April 2024*)

Mr. Cheah Eng Chuan (*resigned on 31 March 2024*)

Dato' Lua Choon Hann (*resigned on 30 September 2024*)

Independent Non-Executive Directors

Mr. Ho Ming Hon

Dato' Sri Dr. Hou Kok Chung

Dato' Lee Chee Leong

Ms. Tai Lung Hsing (*appointed on 20 December 2024*)

BOARD COMMITTEES

Audit Committee

Mr. Ho Ming Hon (*chairman*)

Dato' Sri Dr. Hou Kok Chung

Dato' Lee Chee Leong

Ms. Tai Lung Hsing (*appointed on 20 December 2024*)

Remuneration Committee

Dato' Lee Chee Leong (*chairman*)

Mr. Ho Ming Hon

Dato' Sri Dr. Hou Kok Chung

Andrew Chan Lim-Fai (*appointed on 30 September 2024*)

Ms. Tai Lung Hsing (*appointed on 20 December 2024*)

Dato' Lua Choon Hann (*resigned on 30 September 2024*)

Nomination Committee

Dato' Sri Dr. Hou Kok Chung (*chairman*)

Mr. Ho Ming Hon

Dato' Lee Chee Leong

Andrew Chan Lim-Fai (*appointed on 30 September 2024*)

Ms. Tai Lung Hsing (*appointed on 20 December 2024*)

Mr. Cheah Eng Chuan (*resigned on 31 March 2024*)

Dato' Lua Choon Hann (*appointed on 31 March 2024 and resigned on 30 September 2024*)

Risk Management Committee

Mr. Ho Ming Hon (*chairman*)

Dato' Lee Chee Leong

Andrew Chan Lim-Fai (*appointed on 30 September 2024*)

Ms. Tai Lung Hsing (*appointed on 20 December 2024*)

Dato' Lua Choon Hann (*resigned on 30 September 2024*)

COMPLIANCE OFFICER

Mr. Andrew Chan Lim-Fai

(*appointed on 30 September 2024*)

Mr. Cheah Eng Chuan (*resigned on 31 March 2024*)

Dato' Lua Choon Hann (*appointed on 31 March 2024 and resigned on 30 September 2024*)

AUTHORISED REPRESENTATIVE

(for the purpose of the GEM Listing Rules)

Mr. Andrew Chan Lim-Fai (*appointed on 31 March 2024*)

Mr. Tan Chuan Dyi (*appointed on 30 September 2024*)

Mr. Cheah Eng Chuan (*resigned on 31 March 2024*)

Dato' Lua Choon Hann (*resigned on 30 September 2024*)

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited

China Construction Bank (Asia) Corporation Limited

HL Bank

Hong Leong Bank Berhad

Maybank Islamic Berhad

Maybank Singapore Limited

Public Bank Berhad

Public Bank Vietnam Limited

RHB Bank Berhad

United Overseas Bank Limited

Vietcombank

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681 Grand Cayman KY1-1111

Cayman Islands

HEADQUARTERS

Lot 1883, Jalan KP9

Kg. Bharu Balakong

43300 Seri Kembangan

Selangor

Malaysia

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31st Floor, 148 Electric Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

BDO Limited

Certified Public Accountants and
Registered Public Interest Entity Auditor
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

COMPANY SECRETARY

Ms. Cheng Lucy
(Fellow member of The Hong Kong
Chartered Governance Institute)
Mr. Au Yeung Yiu Chung
(Fellow member of The Hong Kong
Chartered Governance Institute)

LEGAL ADVISER

Chiu & Partners

Solicitors, Hong Kong
40th Floor, Jardine House
1 Connaught Place
Hong Kong

COMPANY WEBSITE

www.furniweb.com.my

GEM STOCK CODE

8480

Chairman's Statement

Dear Shareholders,

For the year 2024, the Group continued to face uncertainty in the face of supply chain disruptions caused largely by tariff wars, persistent inflation and to some extent volatility in foreign exchange, particularly on our exports out of our production base in Vietnam and Malaysia. Additionally, the scarcity of some high technology skills talent was also an impediment to our business growth in Singapore. Nevertheless, the Group's strategy to maintain a cautious approach, prudent capital expenditure and adopting other risks mitigation measures was instrumental in delivering positive results for the year.

FINANCIAL PERFORMANCE

The Group as a whole, recorded revenue of RM191.1 million, reflecting an 11.9% decrease compared to the previous year. There were two main reasons for the drop in revenue; firstly, our decision to dispose of our China manufacturing unit in 2023 and secondly, in the same year, our energy efficiency segment had fewer large value projects compared to 2023. Also, the flow over of projects from 2023 to 2024 were less than expected due to earlier completion of those projects.

Despite the lower revenue, both the manufacturing and energy efficiency segments delivered stronger profitability numbers, with a total profit of RM20.1 million compared to RM16.8 million in 2023. This improvement came about from better management of our cost and operating expenses driven by cost reduction initiatives and also Kaizen improvement in our engineering and production processes in our plants. However, the Group's overall profitability was impacted by an impairment loss of RM7.9 million related to overdue consideration balances from the disposal of the China manufacturing unit. With the above factors, the overall profit of the Group decreased from RM12.5 million in 2023 to RM9.0 million in 2024.

MANUFACTURING SEGMENT: SUPPLY AND DEMAND RISK

The manufacturing segment faces significant headwinds due to escalating trade wars between the world's major economies. The unilateral imposition of tariffs by the United States and resultant reciprocal responses are reshaping global supply chains, and accelerating the shift of manufacturing activities to alternative regions. Whilst this constitutes a significant market risk from a demand perspective, our production cost advantage will to some extent mitigate this risk. At the same time, we continue to maintain close engagement with our major customers to ensure we have better visibility on the road ahead and respond quickly. We have primed our production capability to be as agile as possible to mitigate fluctuating demand in the near term. At the same time effort has been made to improve our plant efficiency through Kaizen initiatives, automation and evaluating the benefits of AI driven smart manufacturing

ENERGY EFFICIENCY SEGMENT: GROWTH POTENTIAL

Our energy efficiency segment is well recognised in Singapore as a capable technology and services solution company in the area of Energy Management, having secured and successfully executed projects for many well-known organisations in that country. It has also built up a pool of highly skilled talents in this arena and their credentials have helped us secure projects in Malaysia. We see potential to grow this business using our well proven technology and the capabilities of our people. Furthermore, we continue to explore new areas of business where we can leverage our experience and knowledge. We believe that as the world moves towards more use cases for AI across our daily lives, efficient utilisation of energy in the enabling infrastructures will be paramount.

Chairman's Statement

LOOKING AHEAD

As we move into 2025, we are mindful of the turbulence ahead, particularly the continuing trade wars and the consequential risks to our business. We will adopt a cautious approach, optimising capital expenditure, controlling variable costs and sustaining profitability. At the same time, we will look for ways to ensure our products and services remain competitive in the market and also keeping a close eye on the horizon to react quickly. Most of all we will continue to nurture and build our people and organisation and together we foster a better future for all.

Thank you.

Dato' Lim Heen Peek

Chairman

Management Discussion and Analysis

BUSINESS REVIEW

(a) Manufacturing Segment

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, the United Kingdom, India, Indonesia, Australia, Sri Lanka and Pakistan.

The Group ventured into manufacture and sale of polyvinyl chloride ("**PVC**") related products in 2019 by acquiring the entire issued share capital of a company with subsidiaries in Hong Kong and the People's Republic of China ("**PRC**"). Subsequently, the Group disposed of these subsidiaries by entering into a sale and purchase agreement on 19 September 2023. The disposal was completed on 30 September 2023.

During the year ended 31 December 2024 (the "**Financial Year**"), domestic sales and export sales accounted for approximately 28.9% and 71.1% (2023: 35.5% and 64.5%) of the total revenue from the manufacturing segment, respectively. The Asia-Pacific region, Europe and North America continued to be the major export countries of the Group during the years ended 31 December 2024 and 2023.

Revenue generated from the sale of elastic textile, webbing and other manufacturing products accounted for approximately 41.1%, 48.2% and 10.7% (2023: 30.4%, 45.5% and 24.1%) of the total revenue from the manufacturing segment, respectively during the Financial Year.

The revenue from the manufacturing segment for the Financial Year was approximately RM92.4 million (2023: RM96.1 million), which decreased by approximately RM3.7 million or 3.9% as compared to 2023. The overall decrease in revenue from the manufacturing segment was mainly due to the disposal of the PVC related products business on 30 September 2023 which contributed revenue of RM9.7 million for the year ended 31 December 2023. During the Financial Year, the revenue for the existing products was higher than 2023 by RM6.0 million or 6.9%.

The performance by products is stated as below:

(i) Elastic textile

For the Financial Year, the revenue of elastic textile was approximately RM38.0 million (2023: RM29.2 million), which increased by approximately RM8.8 million or 30.1% as compared to 2023. This was mainly due to the increase in sales volume mainly from customers in North America during the Financial Year.

(ii) Webbing

For the Financial Year, the revenue of webbing was approximately RM44.5 million (2023: RM43.7 million), which slightly increased by RM0.8 million or 1.8% as compared to 2023. This was mainly contributed by higher demand for seatbelt webbing products during the Financial Year.

(iii) Other manufacturing products

During the Financial Year, the revenue of other manufacturing products was approximately RM9.9 million (2023: RM23.2 million), which decreased by approximately RM13.3 million or 57.3% as compared to 2023. This was mainly due to (i) the disposal of the Company's subsidiaries which engaged in the manufacturing and sale of PVC related products in September 2023 and such subsidiaries contributed RM9.7 million revenue for the year ended 31 December 2023; and (ii) lower sales order for rubber tape products during the Financial Year.

Management Discussion and Analysis

(b) Energy Efficiency Segment

During the Financial Year, the revenue from the energy efficiency segment mainly comprised energy solution contracts, maintenance service contracts, other services and sales of goods, which accounted for approximately 73.3%, 16.0%, 10.5% and 0.2% (2023: 83.8%, 10.9%, 5.1% and 0.2%) of total revenue for the energy efficiency segment, respectively. The revenue for the Financial Year from the energy efficiency segment was approximately RM98.6 million (2023: RM120.5 million), representing a decrease of RM21.9 million or 18.2% as compared to 2023. The decrease of revenue from the energy efficiency segment was mainly due to the completion of several key projects in 2023 and fewer larger value projects were undertaken during the Financial Year. Such decrease was offset by the increase in maintenance services income and other services income as compared to 2023.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Financial Year amounted to approximately RM191.1 million (2023: RM216.8 million), representing a decrease of RM25.7 million or 11.9% as compared to 2023. The decrease of revenue was mainly due to lower revenue contributed by both the manufacturing segment and energy efficiency segment during the Financial Year as compared to 2023, which was explained in "Business Review" of the section headed "Management Discussion and Analysis" in this annual report.

The Group's total revenue for the Financial Year was accounted for approximately 48.3% and 51.6% (2023: 44.3% and 55.6%) by the manufacturing segment and the energy efficiency segment respectively.

Cost of Sales and Services

For the Financial Year, the cost of sales and services of the Group amounted to approximately RM138.4 million (2023: RM162.0 million), representing a decrease of approximately RM23.6 million or 14.6% as compared to 2023. The decrease in cost of sales was consistent with the decrease in revenue contributed by the energy efficiency segment and the manufacturing segment.

Gross Profit and Gross Profit Margin

For the Financial Year, the Group achieved gross profit of approximately RM52.7 million (2023: RM54.8 million), representing a decrease of approximately RM2.1 million or 3.8% as compared to 2023, which was mainly due to reduction in gross profit generated by the energy efficiency segment and the manufacturing segment during the Financial Year, being in line with lower sales of the Group for the Financial Year.

The gross profit margin of the Group increased from 25.3% in 2023 to 27.6% in 2024, which was mainly due to disposal of subsidiaries with low gross profit margin in September 2023 by the Group and higher gross profit margin contributed by the energy efficiency segment during the Financial Year.

Other Income and Other Gains or Losses, net

For the Financial Year, the total other income and other gains or losses, net of the Group amounted to approximately a loss of RM0.04 million (2023: gain of RM0.95 million), representing a decrease of RM0.99 million or 104.2% as compared to 2023, which was mainly due to a net loss on foreign exchange of RM0.59 million (2023: net gain of RM0.29 million) and a decrease in value of investment in life insurance policy by RM0.28 million (2023: Nil).

Selling and Distribution Costs

For the Financial Year, the selling and distribution costs of the Group amounted to RM2.4 million (2023: RM1.8 million), representing an increase of approximately RM0.6 million or 33.3% as compared to 2023. The increase was in line with the higher revenue generated from existing manufacturing products during the Financial Year.

Management Discussion and Analysis

Administrative Expenses

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

For the Financial Year, the administrative expenses of the Group amounted to RM30.4 million (2023: RM32.2 million), representing a decrease of RM1.8 million or 5.6% as compared to 2023. The decrease was mainly due to disposal of subsidiaries of the Company which engaged in the manufacturing and sale of PVC related products in September 2023.

Profit for the Financial Year

Profit for the Financial Year amounted to RM9.0 million (2023: RM12.5 million), representing a decrease of approximately RM3.5 million or 28.0% as compared to 2023. The decrease was mainly due to recognition of expected credit loss allowance for the outstanding consideration receivable of RM7.9 million in relation to disposal of subsidiaries of the Company in September 2023 during the Financial Year and reduction in profit contributed by the energy efficiency segment which was in line with reduction in revenue during the Financial Year. Meanwhile, in 2023, the Group disposed subsidiaries incurring net loss of RM6.2 million for the Group for the year ended 31 December 2023, which brought positive impact to the Group's profit for the Financial Year. Despite this positive impact from the disposal, the Group's overall profit for the Financial Year still experienced a decline.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's primary uses of cash are to satisfy our working capital and capital expenditure needs. Since our establishment, our working capital needs and capital expenditure requirements have been principally financed through a combination of shareholders' equity, cash generated from operations, trade facilities and loans.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in USD, RM, Hong Kong Dollar ("HK\$"), Vietnamese Dong ("VND") and Singapore Dollar ("SGD"), are generally deposited with certain financial institutions such as bank. The Group's borrowings are mainly denominated in USD, RM and SGD.

As at 31 December 2024, the Group's total equity attributable to owners of the Company amounted to approximately RM142.8 million (2023: RM138.4 million).

As at 31 December 2024, the Group's net current assets were approximately RM86.6 million (2023: RM100.0 million) and the Group had cash and cash equivalents (deducted bank overdrafts) of approximately RM49.6 million (2023: RM42.7 million). The Group had borrowings of approximately RM15.3 million (2023: RM11.9 million).

The interest rates of the Group's term loans, bank overdrafts and trust receipts as at 31 December 2024 and 2023 ranged from 3.00% to 8.89% per annum and 2.50% to 8.89% per annum respectively.

As at 31 December 2024, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the year) was approximately 2.5 times (2023: 3.2 times). The Group was in a net cash position as at 31 December 2024 and 2023, therefore gearing ratio was not applicable.

Based on the Group's existing cash and cash equivalents and credit facilities available to the Group, the Group has adequate financial resources to fund the working capital required for its business operations in the coming year.

Management Discussion and Analysis

CAPITAL STRUCTURE

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

SIGNIFICANT INVESTMENT HELD BY THE GROUP

As at 31 December 2024 and 2023, there was no significant investment held by the Group.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in “Significant Events During the Financial Year” of the section headed “Management Discussion and Analysis” in this annual report, the Group does not have any other material acquisitions and disposals of subsidiaries, associates and joint ventures during the Financial Year.

PLEDGE OF ASSETS

As at 31 December 2024 and 2023, property, plant and equipment, right-of-use assets, , investment in life insurance policy and time deposits of the Group with carrying amount of RM28.8 million and RM15.8 million respectively were pledged to banks and other financial institutions as security for the credit facilities granted to the Group.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in “Significant Events During the Financial Year” and “Important Events Since 31 December 2024 And Up To The Date Of This Annual Report” of the section headed “Management Discussion and Analysis” in this annual report, the Group does not have any other plans for material investments and capital assets for the year ending 31 December 2025 as at the date of this annual report.

CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group did not have material contingent liabilities.

CAPITAL COMMITMENTS

As at 31 December 2024, capital commitments of the Group for the acquisition of property, plant and equipment and properties under construction amounted to approximately RM0.3 million and RM54.5 million (2023: RM5.1 million and RM54.5 million) respectively.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommend the payment of a final dividend of HK\$0.01 per share (2023: Nil) for the year ended 31 December 2024. Subject to the approval at the forthcoming annual general meeting of the Company (the “AGM”), which will be convened on 15 May 2025, the final dividend will be paid on or after 20 June 2025 to the Shareholders whose names appear on the register of members of the Company on 30 May 2025. For the purpose of determining the entitlements of the Shareholders to receive the proposed final dividend of the Company for the year ended 31 December 2024, the register of members of the Company will be closed from 28 May 2025 to 30 May 2025 (both days inclusive). In order to be qualified for the entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 27 May 2025. Details of payment of final dividend were set out in the circular of the Company in respect of distribution of dividends and other matters published (and/or despatched to its shareholders).

Management Discussion and Analysis

ANNUAL GENERAL MEETING

For the purpose of determining the entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 12 May 2025 to 15 May 2025 (both days inclusive). In order to be eligible to attend and vote at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 9 May 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed 695 employees (2023: 631 employees). Employee costs amounted to approximately RM53.4 million for the Financial Year (2023: approximately RM49.7 million). The Group will endeavor to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions and that employees' remuneration is determined based on their performance. The Company has also adopted a share option scheme (the **"Share Option Scheme"**) with the primary purpose to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company.

The Group aspires to develop and grow with our employees and is willing to invest in both work-related training and personal development of our employees. In general, the Group provides diversified on-the-job trainings based on the needs of respective positions, talents and interests of employees. The Group provides both internal and external trainings for employees, including specialised trainings for different departments on management skills as well as soft skills. Moreover, the Group established guidelines to assess the performance of our employees and implements development programs for our employees.

SHARE OPTION SCHEME

As at 31 December 2024, no share options had been granted under the Share Option Scheme. The number of options available for grant under the Share Option Scheme mandate at the beginning and the end of the Financial Year was 50,400,000.

CHANGE IN AUDITORS

With effect from 25 October 2024, ZHONGHUI ANDA CPA Limited (**"ZHONGHUI"**) has resigned as the Company's auditor and with effect from 25 October 2024, BDO Limited has been appointed to fill the vacancy following the resignation of ZHONGHUI and to hold office until the conclusion of the forthcoming AGM.

Save as disclosed above, there is no other change in auditors of the Company in the three years preceding to the date of this annual report.

FOREIGN CURRENCY RISK

For manufacturing segment, the Group derives a significant portion of its revenue in USD from the business with its international counterparts. The Group had a net USD exposure arising from the income after settling the purchases. While the Group adopted RM as the reporting currency, some of the assets and liabilities such as trade receivables and payables were denominated in other currencies, such as USD. From time to time, the Group has a net position in such currencies. These foreign currency balances are revalued at each accounting year or period end with the then prevailing exchange rate and may give rise to translational foreign currency exchange gain or loss. The Directors will consult the bankers from time to time for the upcoming trends of foreign currencies. As the USD fluctuates against RM and VND, the Group is cautiously monitoring the foreign currency trends and may consider taking steps to hedge the foreign currency exposures if required, including entering into hedging with financial instruments in order to reduce the risk. The Group may also negotiate with customers to increase the price of products to reduce the impact on the Group's profitability.

Management Discussion and Analysis

FUTURE PROSPECTS AND OUTLOOK

The global economic landscape remains uncertain, shaped by persistent inflationary pressures, interest rate fluctuations, and geopolitical conflicts. The recent shift in U.S. trade policies under the new administration, marked by intensified tariff measures and escalating trade tensions, is further complicating global supply chains, increasing production costs, and heightening market volatility. These developments have accelerated the relocation of manufacturing activities to alternative regions, leading to higher operational costs and reshaping trade flows. Rising costs, supply chain disruptions, and ongoing currency and commodity price volatility continue to strain the manufacturing sectors worldwide. In response to this evolving landscape, the Group is taking proactive measures to mitigate risks and drive sustainable growth. This includes strategic recalibration of market positioning, pricing strategies, sourcing expansion, as well as optimising production efficiency through automation and digitalisation. Additionally, cost structure improvement improvements and operational flexibility will be key to maintaining long-term competitiveness in an increasingly volatile global market.

Conversely, the energy efficiency sector is poised for continued expansion amid growing concerns over energy security and environmental sustainability. With global energy prices remaining volatile and governments worldwide implementing stricter ESG policies and carbon reduction targets, demand for energy-efficient solutions is accelerating. The transition towards cleaner energy and enhanced energy management systems is further supported by policy incentives and corporate sustainability commitments. Recognising these opportunities, the Group is strengthening its presence in the energy efficiency market by leveraging its expertise in sustainable energy solutions and expanding project capabilities. With favourable regulatory support and increasing corporate demand for ESG-aligned initiatives, the energy efficiency segment is well-positioned for sustained growth.

As the global economic and trade landscape evolves, the Group remains resilient and adaptive, continuously refining its strategies to manage risks while seizing new opportunities for long-term business sustainability and value creation.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) Change of Directors and authorised representatives of the Company, and change in composition of Board committees

During the Financial Year:

1. Mr. Andrew Chan Lim-Fai was appointed as (i) an executive Director with effect from 25 March 2024; (ii) an authorised representative of the Company under Rule 5.24 of the GEM Listing Rules ("**Authorised Representative**") with effect from 31 March 2024; and (iii) a compliance officer under the GEM Listing Rules and a member of each of the risk management committee, nomination committee and remuneration committee of the Company with effect from 30 September 2024;
2. Mr. Cheah Eng Chuan resigned (i) as an executive Director, the chief executive officer of the Company and an Authorised Representative with effect from 31 March 2024; and (ii) ceased to be a member of the nomination committee of the Company with effect from 31 March 2024;
3. Dato' Lua Choon Hann (i) was appointed as a member of the nomination committee of the Company with effect from 31 March 2024; (ii) resigned as an executive Director, compliance officer under the GEM Listing Rules and an Authorised Representative with effect from 30 September 2024; and (iii) ceased to be a member of each of the risk management committee, nomination committee and remuneration committee of the Company with effect from 30 September 2024;

Management Discussion and Analysis

4. Mr. Tan Chuan Dyi was appointed as (i) an executive Director with effect from 1 April 2024; and (ii) an Authorised Representative with effect from 30 September 2024; and
5. Ms. Tai Lung Hsing was appointed as (i) an independent non-executive Director with effect from 20 December 2024; and (ii) a member of the audit committee, remuneration committee, nomination committee and risk management committee of the Company with effect from 20 December 2024.

For further details, please refer to the announcements of the Company dated 25 March 2024, 1 April 2024, 30 September 2024, 3 October 2024 and 20 December 2024.

(ii) Purchase of 50 condominium units located within Picasso Residence in Malaysia

On 27 April 2023, PRG Holdings (as vendor), PRG Land Sdn Bhd (as purchaser and a wholly-owned subsidiary of the Company) (the **"Purchaser"**), and the Company entered into a conditional sale and purchase agreement dated 27 April 2023 (the **"Master Agreement"**) as supplemented by a supplemental master agreement dated 7 June 2023 in relation to the purchase of 50 condominium units located within a residential development to be known as Picasso Residence in Malaysia (the **"Properties"**) by the Purchaser from PRG Holdings in accordance with the terms and conditions of the Master Agreement for a total consideration of RM61,982,000.00 (equivalent to HK\$109,689,545.40) which is partly payable by the Company in cash and partly satisfied by the allotment and issue of new shares of the Company (**"Shares"**) to PRG Holdings. Completion of the Master Agreement was subject to satisfaction (or waiver) of the Conditions Precedent on or before 30 June 2024 (the **"Original Long Stop Date"**).

On 29 June 2024, the Purchaser, PRG Holdings and the Company entered into a supplemental agreement (the **"Supplemental Master Agreement No. 2"**) postponing the Original Long Stop Date of 30 June 2024 to 30 June 2025 or such longer period as the Purchaser, PRG Holdings and the Company may agree in writing (the **"Extended Long Stop Date"**) conditional upon approval by the independent non-interest shareholders of the Company and the independent non-interest shareholders of PRG Holdings as follows:

- (a) the obtaining of the approval from the independent non-interest shareholders of the Company at an extraordinary general meeting of the Company to the Master Agreement as varied, supplemented and amended by the Supplemental Master Agreement No. 2 including the purchase of the Properties by the Purchaser from PRG Holdings, the allotment and issue of the 321,756,000 new Shares (**"Consideration Shares"**) to PRG Holdings at the issue price of HK\$0.30 and the grant of a specific mandate therefor and the other transactions contemplated under the Master Agreement as varied, supplemented and amended by the Supplemental Master Agreement No. 2; and
- (b) the receipt by PRG Holdings of the approval from the independent non-interest shareholders of PRG Holdings at an extraordinary general meeting of PRG Holdings for the sale of the Properties by PRG Holdings to the Purchaser under the Master Agreement as varied, supplemented and amended by the Supplemental Master Agreement No. 2.

Management Discussion and Analysis

Save the postponement of the Original Long Stop Date of 30 June 2024 to the Extended Long Stop Date, there are no other changes in the other terms and conditions of the Master Agreement all of which remain valid and binding on the Purchaser, PRG Holdings and the Company.

As PRG Holdings is a connected person of the Company for being a controlling shareholder of the Company, the purchase of the Properties constituted a connected transaction for the Company.

The above matter was approved by the Shareholders at the extraordinary general meeting of the Company held on 11 November 2024.

For further details, please refer to the announcements of the Company dated 27 April 2023, 7 June 2023, 8 August 2023, 2 July 2024, 30 August 2024 and 11 November 2024, and the circulars of the Company dated 14 July 2023 and 25 September 2024.

(iii) Loan extension agreement

Pursuant to a loan agreement dated 11 November 2022 entered into between the Company (as lender) and PRG Holdings (as borrower) (the **"Loan Agreement"**), a loan in the principal amount of RM5 million (the **"Loan"**) was granted by the Company to PRG Holdings on 11 November 2022. The Loan was originally due for repayment in full on 10 November 2024 (the **"Original Maturity Date"**).

On 11 November 2024, the Company and PRG Holdings entered into a loan extension agreement, pursuant to which:

- (a) the Original Maturity Date for repayment of the Loan is extended for a further period of two (2) years from 11 November 2024 to 10 November 2026 (the **"Extended Maturity Date"**);
- (b) interest on the Loan during the extended term shall continue to accrue at the rate of 6% per annum from 11 November 2024 and remain payable on a yearly basis without withholding or deduction of any taxes and charges; and
- (c) the Loan shall be repaid by PRG Holdings to the Company in full and in one lump on the Extended Maturity Date.

Save for the above, all other terms and conditions of the Loan Agreement, including without limitation, events of default, shall remain unchanged and in full force and effect.

For further details, please refer to the announcements of the Company dated 11 November 2022 and 11 November 2024.

Management Discussion and Analysis

Save as disclosed above, the Board is not aware of any other significant events requiring disclosure under the GEM Listing Rules that have taken place during the Financial Year.

IMPORTANT EVENTS SINCE 31 DECEMBER 2024 AND UP TO THE DATE OF THIS ANNUAL REPORT

On 7 February 2025, all the conditions precedent to completion of the purchase of the Properties were fulfilled and the transaction was completed. The Consideration Shares were allotted and issued to PRG Holdings. The percentage of shareholdings of PRG Holdings in the Company increase from 50.45% to 67.72%. The 50 condominium units were recognised as investment properties of the Group for earning rental income or capital appreciation.

For further details, please refer to the announcement of the Company dated 7 February 2025.

Save as disclosed above, the Board is not aware of any significant events requiring disclosure under the GEM Listing Rules that have taken place since 31 December 2024 and up to the date of this annual report.

Directors and Senior Management

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dato' Lim Heen Peok ("Dato' Lim"), aged 76, chairman and non-executive Director.

The biography of Dato' Lim is summarised as follows:

Date of joining the Group	:	November 2004 (as an independent non-executive chairman of PRG Holdings)
Roles and responsibilities within the Group	:	Giving guidance on the long-term strategic planning of the Group
Position held in other members of the Group	:	None
Directorship in public companies	:	An independent non-executive chairman of PRG Holdings from 25 November 2004 to 20 September 2017
Experience	:	<p>More than 30 years of experience in the automotive industry with rich experience in production, distribution and retail</p> <p>Assumed offices, among others, in the following entities:</p> <ul style="list-style-type: none">• Director, Otomobil Sejahtera Sdn. Bhd. (1988–1999)• Director, KYB–UMW Malaysia Sdn. Bhd. (1988–2004)• Director, UMW Toyota Motor Sdn. Bhd. (1998–2004)• Director, Seat Industries (Malaysia) Sdn. Bhd. (1988–2004)• Director, Assembly Services Sdn. Bhd. (1988–2004)• Director (appointed as the chairman in 2004), Automotive Industries Sdn. Bhd. (1988–2004)• Chairman, JTEKT Automotive (Malaysia) Sdn. Bhd. (formerly known as T&K Autoparts Sdn. Bhd.) (1990–2004)• Director, Toyota Capital Malaysia Sdn. Bhd. (2002–2004)• Chairman, Toyota Boshoku UMW Sdn. Bhd. (2003–2004)• Independent non-executive director, Alliance Bank Malaysia Berhad (2005–2008)

Directors and Senior Management

- Independent non-executive director, PROTON Holdings Berhad (2006–2012)
- Independent non-executive director, Liberty General Insurance Berhad (2016–March 2025)
- Independent non-executive director, Amgeneral Insurance Berhad (2023–March 2025)
- Independent non-executive director, Assunta Hospital (2019–Present)

Other qualifications and major appointments	:	Obtained Bachelor of Science (First Class Honours) in Mechanical Engineering from University of Strathclyde, the United Kingdom in June 1975
	:	Vice president of the Malaysian Automotive Association from January 2000 to March 2003
	:	Appointed on the Board of Governors of the Japanese Chamber of Trade & Industry Malaysia Foundation from 2015 to Present

NON-EXECUTIVE DIRECTOR

Mr. Ng Tzee Penn (“Mr. Ng”), aged 48, non-executive Director.

The biography of Mr. Ng is summarised as follows:

Date of joining the Group	:	28 December 2020
Roles and responsibilities within the Group	:	Advising the management on the long-term strategic planning of the Group
Position held in other members of the Group	:	None
Directorship in public companies	:	A non-independent director of PRG Holdings from 8 May 2020 to 10 June 2020, and was redesignated as an executive director of PRG Holdings on 11 June 2020
Experience	:	Chief operating officer and executive director of Tessa Therapeutics Ltd. (2016–2023)
	:	General manager, Dark Horse Consulting (2023–Present)
Other qualifications and major appointments	:	Obtained Bachelor of Engineering (major in electrical engineering) from National University of Singapore in July 2001
Others	:	Son of Ng Yan Cheng, the major shareholder of PRG Holdings and a substantial shareholder of the Company
	:	Brother-in-law of Mr. Andrew Chan Lim-Fai, an executive Director

Directors and Senior Management

EXECUTIVE DIRECTOR

Er. Kang Boon Lian ("Er. Kang"), aged 55, executive Director.

The biography of Er. Kang is summarised as follows:

Date of joining the Group	:	July 2023
Roles and responsibilities within the Group	:	Implementing strategic planning, business development and overseeing operational management of the energy efficiency segment of the Group
Position held in other members of the Group	:	Director, Energy Solution Global Limited (" ESGL "), Measurement & Verification Pte. Ltd. and Measurement & Verification Sdn. Bhd.
Directorship in public companies	:	N/A
Experience	:	<p>More than 25 years of international management experience in the heating, ventilation and air-conditioning industry ranging from business development to engineering applications and training</p> <p>Business Development and Sales Director, Asia Energy Services in Trane (June 2009–October 2013)</p> <p>Regional Manager, Business Development Retrofit Solutions, Service Asia in Johnson Controls (S) Pte Ltd. (January 2013)</p> <p>Committee member of BCA Energy Auditor Registration Committee (July 2016 and June 2019)</p>
Other qualifications and major appointments	:	<p>Obtained Bachelor of Engineering (Mechanical) from National University of Singapore in July 1994</p> <p>Ambassador for the Singapore's Building and Construction Authority (BCA) in July 2012</p> <p>Committee member of BCA Energy Auditor Registration Committee (July 2016 and June 2019)</p> <p>Member of the Working Group appointed by the Technical Committee on Building Maintenance and Management for the Singapore Standard on Chiller Plant Measurement and Verification in November 2013 and the Singapore Standard on Air-conditioning and Mechanical Ventilation in Buildings in April 2016.</p>

Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Andrew Chan Lim-Fai (“Mr. Andrew”), aged 46, executive Director.

The biography of Mr. Andrew is summarised as follows:

Date of joining the Group	:	March 2024
Roles and responsibilities within the Group	:	Overseeing corporate matters and operational management of the Group
Position held in other members of the Group	:	Director, Furniweb Manufacturing Sdn. Bhd. (“ FMSB (MY) ”) and PRG Land Sdn. Bhd. (“ PLSB (MY) ”)
	:	Group Managing Director, PRG Holdings
Directorship in public companies	:	N/A
Experience	:	<p>Joined Accenture’s North American business from June 2001 until May 2008, providing supply chain management consultancy services to multinational clients across the United States, China, Japan and SE Asia. From 2008 until 2016, he transferred to Accenture’s Singapore office to help build up SE Asia’s supply chain management consultancy capabilities, eventually leading the Process Transformation practice within the supply chain management consultancy, specialising in business transformations (process, organisational) and strategy development . His last position was Director.</p> <p>Joined Grab’s Singapore business from August 2016 until April 2023, leading the passenger mobility business in Singapore to profitability and eventual listing on the NASDAQ market. From 2021–2023, he transferred to a new role to lead the regional parcel delivery business (GrabExpress) across SE Asia. In both roles, he was overall responsible for the operations and financial performance of those business units. His last position was Managing Director.</p>
Other qualifications and major appointments	:	Obtained Bachelor of Science from New York University — Leonard N. Stern School of Business in 2001
Others	:	<p>Son-in-law of Ng Yan Cheng, the major shareholder of PRG Holdings and a substantial shareholder of the Company</p> <p>Brother-in-law of Mr. Ng Tzee Penn, a non-executive Director</p>

Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Tan Chuan Dyi ("Mr. Tan"), aged 53, executive Director.

The biography of Mr. Tan is summarised as follows:

Date of joining the Group	:	January 2014
Roles and responsibilities within the Group	:	Implementing strategic planning, business development and overseeing operational management of the manufacturing segment of the Group
Position held in other members of the Group	:	Director, FMSB (MY), Furniweb Safety Webbing Sdn. Bhd. (" FSWSB (MY) "), TS Meditape Sdn. Bhd. (" TMSB (MY) "), Texstrip Manufacturing Sdn. Bhd. (" TMSB (MY) "), Webtex Trading Sdn. Bhd. (" WTSB (MY) "), Syarikat Sri Kepong Sdn. Bhd. (" SSKSB (MY) ") and FIPB International Limited (" FIPB ")
	:	Member of board of management, Furniweb (Vietnam) Shareholding Company (" FVSC (VN) ") and Trunet (Vietnam) Co., Ltd. (" TNV (VN) ")
Directorship in public companies	:	An independent non-executive director of Naim Holdings Berhad, a company whose shares are listed on Bursa Malaysia Securities Berhad
Experience	:	<p>More than 20 years of experience in the financial services industry, particularly in the areas of fund management, institutional broking, investment banking and capital markets</p> <p>Prior to joining PRG Holdings, Mr. Tan served as a portfolio management officer at AMMB Asset Management Sdn. Bhd. from January 1995 to June 2000 where he provided analysis on securities and portfolio management. Later, he took up the role as a senior vice-president at Institutional Sales Department of Affin-UOB Securities Sdn. Bhd. from July 2000 to February 2006. In February 2006, he joined another securities firm, CIMB Securities Sdn. Bhd., also as the senior vice-president of its Institutional Sales Department until December 2006. In these two securities firms, he was involved in equity sales and placements in both domestic and international placements. Subsequently, he joined RHB Investment Bank Bhd. from January 2007 to June 2011 as the Head of Equity Capital Market Department. He was a director, Head of Equity Syndication of Group Investment Banking, Kenanga Investment Bank Bhd. from September 2011 to December 2013. During his employment with both banks, he was involved in researching, marketing and placement of equity and equity linked products.</p>
Other qualifications and major appointments	:	Obtained Bachelor of Science in Business Administration (Major in Finance) from California State University, Fresno in the United States in May 1993

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Ho Ming Hon ("Mr. Ho"), aged 49, independent non-executive Director.

The biography of Mr. Ho is summarised as follows:

Date of joining the Group	:	20 September 2017
Roles and responsibilities within the Group	:	Overseeing management independently
	:	Appointed as the chairman of the audit committee (the " Audit Committee ") and the risk management committee (the " Risk Management Committee ") and a member of the remuneration committee (the " Remuneration Committee ") and the nomination committee (the " Nomination Committee ") of the Board on 20 September 2017
Directorship in public companies	:	None
Experience	:	Joined PricewaterhouseCoopers from April 1998 to February 2002 with his last position as an assistant manager. He then subsequently worked at an investment bank, AmlInvestment Bank Berhad, from February 2002 until November 2007, with his last position as an associate director, where he specialised in corporate finance and had undertaken various corporate exercises such as mergers and acquisitions, restructuring, fund raising and also initial public offerings
	:	Joined PBS Berhad (formerly known as Pelikan International Corporation Bhd.) (" PBS ") in November 2007, a company whose shares are listed on Bursa Malaysia Securities Berhad and currently, he holds office as the senior vice-president and Head of Group Finance and Corporate Services of PBS. He is mainly responsible for the overall management of the operations, financial management including treasury and reporting, corporate, secretarial and legal functions of PBS
Other qualifications and major appointments	:	Obtained Bachelor of Accounting from The National University of Malaysia in May 1998
	:	Certified Public Accountant and a member of The Malaysian Institute of Certified Public Accountants

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Sri Dr. Hou Kok Chung ("Dato' Sri Dr. Hou"), aged 62, independent non-executive Director.

The biography of Dato' Sri Dr. Hou is summarised as follows:

Date of joining the Group	:	20 September 2017
Roles and responsibilities within the Group	:	Overseeing management independently
	:	Appointed as the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Board on 20 September 2017
Directorship in public companies	:	A non-executive director of Parkson Retail Group Limited, a company listed on the Main Board of the Stock Exchange since 2014 (stock code: 3368)
	:	An independent non-executive director, Chairman of Wong Engineering Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad since 2024 (stock code: 7050)
Experience	:	An expert in East Asian and China studies. He served at University of Malaya from 1990 to 2008 as a lecturer and lastly as Associate Professor. During his tenure in University of Malaya, he had been appointed and held positions as Head of Department of East Asian Studies, and director of Institute of China Studies. He attended various conferences and seminars and worked on a handful of publications relating to economy, political environment and culture of East Asian countries and China. His vast experience, knowledge and understanding on this subject will enable him to contribute to the Group by bringing his insights in enhancing the future marketing strategies and positioning in East Asian market

Directors and Senior Management

Other qualifications and major appointments	:	Obtained Bachelor and Master of Arts from University of Malaya in August 1987 and August 1990, respectively
	:	Obtained Doctor of Philosophy from the School of Oriental and African Studies, the University of London in January 1998
	:	Member of Parliament and the Deputy Minister of Higher Education Malaysia from 2008 to 2013
	:	Vice-president of the Malaysian Chinese Association (2013–2018)
	:	Chairman of the Institute of Strategic Analysis & Policy Research (2014–2018)
	:	Chairman of Melaka Port Authority in Malaysia (2017–2018)
	:	Member of the Senate in the Parliament of Malaysia (2014–2018)
	:	Member of Board of Governors of Tunku Abdul Rahman University College (2008–Present)
	:	Council member of Tunku Abdul Rahman University (2008–Present)
	:	Guest professor at Xiamen University China (2014–Present)
	:	Adjunct Professor, University of Malaya (2021–Present)
	:	Deputy Chairman, Board of Governors, Tunku Abdul Rahman University of Management & Technology (2023–Present)

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Lee Chee Leong ("Dato' Lee"), aged 67, independent non-executive Director.

The biography of Dato' Lee is summarised as follows:

Date of joining the Group	:	25 March 2020
Roles and responsibilities within the Group	:	Overseeing management independently
	:	Appointed as the chairman of the Remuneration Committee and a member of the Audit Committee, the Nomination Committee and the Risk Management Committee of the Board on 25 March 2020
Directorship in public companies	:	None
Experience	:	Held a long and distinguished career in politics in Malaysia and is a member of the Malaysian Chinese Association
	:	Served as State Assemblyman for Tualang, Perak from 1990 to 1995, and as State Assemblyman for Malim Nawar from 1995 to 2008
Other qualifications and major appointments	:	Obtained Bachelor of Arts majoring in accounting and finance from Bristol Polytechnic (with honours) in England in 1981
	:	Member of the Youth Central Committee in 1996
	:	Kampar Division Chairman (2005)
	:	Perak State Liaison Vice Chairman (2005)
	:	Perak State Liaison secretary and central committee member (2008)
	:	Presidential council member and central committee member (2009–2013)
	:	Vice president and Kedah State liaison chairman (2013–2018)
	:	Treasurer General and Kampar division chairman (2018–2023)

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms. Tai Lung Hsing (“Ms. Tai”), aged 54, independent non-executive Director.

The biography of Ms. Tai is summarised as follows:

Date of joining the Group	:	20 December 2024
Roles and responsibilities within the Group	:	Overseeing management independently
	:	Appointed as a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee of the Board on 20 December 2024
Directorship in public companies	:	None
Experience	:	Extensive experience in managing human resources across various multinational corporations and industries
	:	Human Resource Director of Volkswagen Group Malaysia (February 2006–December 2009)
	:	Regional Human Resources Director of Audi China (September 2009–February 2013)
	:	Vice President of Human Resources, Global Operations, of Beijing Automotive International Corporation, a subsidiary of BAIC Motor Corporation Limited (stock code: 1958) (June 2013 to March 2015)
	:	Vice President of Human Resources, Greater China (April 2015 to January 2016)
	:	Director of Human Resources Business Partners, Asia-Pacific of Faraday Future Electric Vehicles and FCA Fiat Chrysler Automobiles (February 2016 to June 2018)
	:	Head of Human Resources, Greater China (July 2018 to December 2020)
	:	Diversity & Inclusion Officer, Mainland China of National Basketball Association (NBA) China (July 2018 to December 2020)

Directors and Senior Management

Other qualifications and major appointments	:	Obtained Master's degree in Business Administration from University of South Australia in 2001
	:	Founder of Furong (Shanghai) Enterprise Management Consulting Co., Ltd. (賦容(上海)企業管理諮詢有限公司) (November 2020–Present)
	:	Consulting advisor of Lee Hecht Harrison and Hello Ezra through the engagement with LHH DBM Management Consulting (Shanghai) Co. Ltd. (May 2021–Present)
	:	Founder of Xinmoer (Shanghai) Technology Co., Ltd. (鑫摩耳(上海)科技有限公司) (October 2023–Present)
	:	Founder of 5M Technology Sdn. Bhd. (April 2024–Present)

Directors and Senior Management

SENIOR MANAGEMENT

Ms. Ho Phei Suan ("Ms. Ho"), aged 45, chief financial officer.

The biography of Ms. Ho is summarised as follows:

Date of joining the Group	:	May 2014
Roles and responsibilities within the Group	:	Overseeing the financial management of the Group
	:	Primarily responsible for daily accounting, budgeting, financial reporting and financial planning of the Group
Position held in other members of the Group	:	Director, ESG, FMSB (MY), FWSB (MY), TSMSB (MY), TMSB (MY), WTSB (MY), SSK (MY), FIPB and PLSB (MY).
	:	Member of board of management, FVSC (VN) and TNV (VN)
Directorship in public companies	:	An independent non-executive director of Top Wealth Group Holding Limited, a company listed on the Nasdaq Stock Market
Experience	:	Over 20 years of experience in financial management and auditing
	:	Prior to joining the Group, Ms. Ho worked in Ernst & Young Malaysia from August 2002 to February 2008 with her last position as a manager, and later joined KPMG China from March 2008 to October 2010 with her last position as a manager. In both positions, she was involved in audit and other assurance services to clients. She also worked in Encorp Berhad, a property development company in Malaysia, from April 2012 to April 2014 as a senior manager of their corporate finance department, where she was involved in corporate finance matters of Encorp Berhad including evaluation of projects or companies, performance analysis and financial modelling.
Other qualifications and major appointments	:	Obtained Bachelor of Accounting from The University of Malaya in September 2002
	:	Certified Public Accountant and a member of The Malaysian Institute of Certified Public Accountants

Report of the Directors

The Directors submit their report together with the consolidated financial statements of the Group for the Financial Year.

BUSINESS REVIEW

The business review, analysis of key financial performance indicator and business development of the Group for the Financial Year are set out in the sections headed **“Chairman’s Statement”** and **“Management Discussion and Analysis”** in this annual report.

An analysis of the Group’s performance during the Financial Year, using financial performance indicators are provided in the section headed **“Management Discussion and Analysis”** in this annual report.

A review on the Group’s environmental policies and performance, compliance with relevant laws and regulations and key relationships with the major stakeholders to the Group (including its employees, customers and suppliers) are provided in **“Environmental Policy and Performance”**, **“Compliance with Relevant Laws and Regulations”** and **“Key Relationships”** in the section headed **“Report of the Directors”** respectively.

A review on the principal risks and uncertainties of the Group is provided in **“Principal Risks and Uncertainties”** in the section headed **“Report of the Directors”**.

CORPORATE 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 GEM of the Stock Exchange since 16 October 2017 (the **“Listing Date”**).

The ultimate holding company of the Company is PRG Holdings, 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.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally a manufacturer and sale of elastic textile, webbing and rubber tape related products, and engaged in energy efficiency business. The principal activities of the subsidiaries of the Company are set out in Note 36 to the consolidated financial statements contained in this annual report.

FINANCIAL RESULTS

The results of the Group for the Financial Year and the financial position of the Group as at 31 December 2024 are set forth in the consolidated financial statements on pages 90 to 92 of this annual report.

DIVIDEND

Subsequent to the end of the Financial Year, the Board has recommended a final dividend of HK\$0.01 per ordinary share, amounting to approximately HK\$9,233,000 (equivalent to approximately RM5,399,000) in respect of the financial year ended 31 December 2024 (2023: Nil).

The final dividend proposed by the Board after the end of the Financial Year is subject to the approval by the Company’s shareholders (**“Shareholders”**) at the forthcoming AGM. The proposed final dividend is not reflected as dividend payable in the financial statements for the year ended 31 December 2024.

Report of the Directors

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the published consolidated financial statements is set out on page 172 of this annual report. The summary does not form part of the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Financial Year and up to the date of this report are set out in Notes 31 and 42 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Financial Year are set out in Note 16 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (the **"Treasury Shares"**) within the meaning under the GEM Listing Rules) for the Financial Year. As at 31 December 2024, the Company did not hold any Treasury Shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (**"Articles of Association"**) and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RESERVES

Movements in the reserves of the Group and the Company during the Financial Year are set out in the consolidated statement of changes in equity and Note 32 to the consolidated financial statements on page 93 and page 158 of this annual report, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company was incorporated in the Cayman Islands on 3 March 2017 as an investment holding company. As at 31 December 2024, the Company's reserves available for distribution amounted to RM78.8 million (2023: RM72.7 million).

SHARE OPTION SCHEME

The Company adopted a share option scheme (the **"Share Option Scheme"**) on 20 September 2017. Summary of the Share Option Scheme disclosed in accordance with the GEM Listing Rules is as follows:

(i) Purposes of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

Report of the Directors

(ii) Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for shares:

- (a) any employee (whether full-time or part-time including any executive Director but excluding any non-executive Director) of the Company or any of its subsidiaries or any entity ("**Invested Entity**") in which any member of the Group holds an equity interest;
- (b) any non-executive Directors (including independent non-executive Directors) of the Company or any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity;
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group;

and, for the purposes of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

(iii) Maximum number of shares available for issue

The total number of shares available for issue under the Share Option Scheme is 50,400,000 Shares, representing 10% and 5.46% of the Company's issued share capital on the Listing Date and as at the date of this report respectively.

(iv) Maximum entitlement of each participant

The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other Share Option Scheme of the Company (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the number of the shares in issue for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by the shareholders in general meeting of the Company with such grantee and his close associates abstaining from voting.

Report of the Directors

(v) Time of acceptance and exercise of option

An offer of grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised by the grantee in accordance with the terms of the Share Option Scheme at any time during a period as determined by the board of Directors and not exceeding 10 years from the date of grant of option under the Share Option Scheme.

(vi) Minimum period for which an option must be held before it can be exercised

There is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee.

(vii) Vesting period of options granted

As at 31 December 2024, no share options had ever been granted under the Share Option Scheme.

(viii) Consideration for the option

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(ix) Subscription price for the shares

The subscription price for the shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of share as stated in the Stock Exchange's daily quotations sheet on the date of the offer for the grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

(x) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing from 20 September 2017, being the date of its adoption. The remaining life of the Share Option Scheme is approximately 2.5 years as at the date of this report.

As at 31 December 2024, no share options had been granted under the Share Option Scheme. The number of options available for grant under the Share Option Scheme mandate at the beginning and the end of the Financial Year was 50,400,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the Financial Year, the five largest suppliers of the Group accounted for less than 30% of the Group's total cost of sales.

During the Financial Year, the five largest customers of the Group accounted for about 46.4% of the Group's total revenue and the largest customer accounted for about 12.6% of the total revenue.

Based on the information publicly available to the Company and to the best knowledge of the Directors, during the Financial Year, none of the Directors, their respective close associates (as defined in the GEM Listing Rules) or any Shareholders (which to the knowledge of the Directors, own more than 5% of the Company's shares) had an interest in any of the Group's five largest customers or suppliers referred to above.

Report of the Directors

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group understands the importance of environmental sustainability and protection. We are committed to protecting the environment, minimising the environmental impact brought by our business operations and complying with applicable environmental legislative and regulatory requirements. We have an environmental policy that guides our daily operations to achieve higher environmental standards. The Environmental, Social and Governance Report for the Financial Year containing all information required by the GEM Listing Rules is set out on pages 63 to 84 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various types of risks, including operational risks, market risks, liquidity risks, credit risks and regulatory risks. The Directors have established a set of risk management policies and measures to identify, evaluate and manage risks arising from its operations. The following are the primary risks that may materially and adversely affect the Group's business, financial condition and results of operation as well as the corresponding risk management measures.

Key risks related to the Group's businesses and to the industries in which the Group operates include:

1. Global economic conditions and geopolitical risks

For the manufacturing segment, our products are typically used to serve our end customers which are manufacturers in, among others, the textile and apparel, furniture, automotive, food packaging, agriculture, medical and transportation industries. Our products are also exported to various geographical locations such as the United States, the United Kingdom, India, Indonesia, Australia, Sri Lanka and Pakistan. The performance and growth of such industries depend, to a certain extent, on the global economic, geopolitical and market conditions. The recent shift in U.S. trade policies, intensified tariff measures, escalating trade tensions, is further complicating global supply chains, increasing production costs, and heightening market volatility. The uncertainty of the global economies and geopolitical risks have made our operating environment very challenging.

2. Risks relating to conducting business in Malaysia, Vietnam, Singapore and Hong Kong

All of our operating assets are situated in Malaysia, Vietnam, Singapore and Hong Kong. As such, our business, financial conditions and results of operations whether presently or in the future, depend to a certain extent on the economic, political and regulatory developments of local governments and authorities. Such developments and future uncertainties include, but not limited to, changes in political leadership, risks of war, expropriation and changes in laws and regulations. In particular, any unfavourable changes in government policies on import and export duties and tariffs, foreign exchange controls, restrictions on production, price controls, taxation, environmental protection, employment and health and safety, could materially and adversely impact our business operations, financial conditions and international competitiveness.

Report of the Directors

3. Risks relating to renewal of licenses

We are subject to various laws and regulations in jurisdictions in which we operate. In respect of our business operations in Malaysia, we are required to maintain business license and various licenses, permits and registrations in relation to, among other things, manufacturing, purchase and storage of certain materials, wastewater treatment plant operation and fitness of plant and machinery. In accordance with the laws and regulations of Vietnam, we are required to maintain various approvals, licenses and permits in order to operate our manufacturing business in both countries. Most of these licenses are subject to examinations or verifications by relevant authorities and are valid only for a fixed period of time subject to renewal and accreditation. Compliance with the relevant laws and regulations may require substantial expense, and any non-compliance may expose us to liabilities. In case of any non-compliance, we may have to incur significant expenses and divert substantial management time to remedy any deficiencies. We may also experience adverse publicity arising from such non-compliance with any laws and regulations that negatively impacts our brand.

4. Risks relating to foreign labour supply

The supply of foreign workers in Malaysia are subject to the policies of the Malaysian governments. Any future changes to employment policies, visa restrictions and reductions in work permit quotas may impact the supply of foreign workers in Malaysia. Should any of the above occurs, the labour supply will also be effectively reduced and consequently competition for foreign workers may also cause the general cost of labour across the nation to increase. This could adversely affect the cost of labour and ability to employ foreign workers or to renew our employees' work permits to support our production process. As such, the business operations and financial condition could be materially and adversely affected.

5. Risk relating to foreign currency

The Group derives a significant portion of its revenue in USD from the business with its international counterparts. While the Group adopted RM as the reporting currency, some of the assets and liabilities such as trade receivables and payables were denominated in other currencies, such as USD. From time to time, the Group has a net USD position arising from the income after settling the purchases. These foreign currency balances are revalued at each accounting year or period end with the then prevailing exchange rate and may give rise to translational foreign currency exchange gain or loss.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group and its activities are subject to requirements under various laws in Malaysia, Vietnam, the Cayman Islands, the British Virgin Islands, Hong Kong and Singapore and all applicable regulations, guidelines, policies and license terms issued or promulgated under or in connection with these statutes. In addition, the GEM Listing Rules also apply to the Company. The Company seeks to ensure compliance with these requirements through various measures such as internal controls and approval procedures, training and oversight of various business units with the designated resources at different levels of the Group.

The Group has compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing responsibility to monitor adherence and compliance with all significant legal and regulatory requirements. During the Financial Year, the Group had complied with, and was not aware of any material non-compliance with the relevant laws and regulations that have significant impact on the business of the Group.

Report of the Directors

KEY RELATIONSHIPS

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including employees, customers and suppliers.

Employees

Employees are important assets and we strive to provide our employees with a fair and diverse working environment. We encourage communication between management and employees; the periodic review provides an opportunity for management and employees to discuss opportunities for career advancement. The Group ensures all employees are reasonably remunerated, continues to improve the regular review and updates its policies on remuneration and benefits, training, occupational health and safety.

Suppliers and sub-contractors

The Group has developed long-standing relationships with a number of suppliers and sub-contractors which commit to high quality business ethics from time to time. The Group carefully assesses and selects its suppliers and sub-contractors on various criteria including history, experience, financial strength, reputation and quality standards.

Customers

Relationship is the fundamentals of business. The Group fully understands this principle and thus maintains close relationship with the customers to fulfil their immediate and long-term need. For the manufacturing segment, the Group enhances the service quality by assisting customers to develop their products samples and eventually secure our close and long-term business relationships with them. Further, the Group's ability to supply products of high and consistent quality to cater the changing product specifications required by our customers has been instrumental in establishing our broad clientele. For the energy efficiency segment, the Group fosters strong customer relationship by providing tailored energy solutions that support sustainability goals and cost optimization. Though close collaboration, the Group offers end-to-end support, from energy audits to implementation and performance monitoring, ensuring long-term efficiency gains.

DIRECTORS

The Directors during the Financial Year and up to the date of this report were as follows:

Chairman and Non-Executive Director

Dato' Lim Heen Peok

Non-Executive Director

Mr. Ng Tzee Penn

Executive Directors

Er. Kang Boon Lian

Mr. Andrew Chan Lim-Fai (*appointed on 25 March 2024*)

Mr. Tan Chuan Dyi (*appointed on 1 April 2024*)

Mr. Cheah Eng Chuan (*resigned on 31 March 2024*)

Dato' Lua Choon Hann (*resigned on 30 September 2024*)

Independent Non-Executive Directors

Mr. Ho Ming Hon

Dato' Sri Dr. Hou Kok Chung

Dato' Lee Chee Leong

Ms. Tai Lung Hsing (*appointed on 20 December 2024*)

Report of the Directors

Pursuant to Article 105(A) of the Company's Articles of Association, one-third of the Directors will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

By virtue of Article 105(A) of Articles of Association, Dato' Lim Heen Peok, Mr. Ho Ming Hon and Dato' Lee Chee Leong will each retire and all being eligible, offer themselves for re-election at forthcoming AGM.

By virtue of Article 109 of Articles of Association, Ms. Tai Lung Hsing being appointed on 20 December 2024 as an additional Director to the Board by the Directors of the Company shall only hold office until the forthcoming AGM of the Company. Ms. Tai Lung Hsing, being eligible, will offer herself for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, subject to review by the Board and upon the recommendation of its Remuneration Committee. The appointment of each of the executive Director may be terminated by either party by giving not less than three months' notice in writing to the other.

Save for Ms. Tai Lung Hsing, each of the non-executive Directors and the independent non-executive Directors was appointed for an initial term of two years, provided that either party may terminate the appointment at any time by giving at least two months' notice in writing to the other. Ms. Tai Lung Hsing was appointed for an initial term of one year, provided that either party may terminate the appointment at any time by giving at least two months' notice in writing to the other. All the non-executive Directors and independent non-executive Directors are currently not appointed for a specific term after expiration of their initial term of appointment, but they are subject to retirement by rotation in accordance with the Articles. None of the independent non-executive Directors has served more than nine years during the year ended 31 December 2024.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in Note 38 to the consolidated financial statements and **"Material acquisitions and disposal of subsidiaries, associates and joint ventures"** of the section headed **"Management Discussion and Analysis"** in this annual report, no contracts of significance in relation to the business of the Group to which the Company, any of its holding companies, any of its subsidiaries or any of its fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Financial Year or at any time during the Financial Year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Board considers all of the independent non-executive Directors to be independent and have met the independence guidelines set out in Rule 5.09 of the GEM Listing Rules since their respective dates of appointment and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Financial Year.

Report of the Directors

EMOLUMENT POLICY

The Company has established a Remuneration Committee in compliance with the GEM Listing Rules. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the remuneration policy and other remuneration related matters, including benefits-in-kind and other compensation payable to the Directors and senior management of the Group.

Under the remuneration policy of the Company, the Remuneration Committee will consider factors such as corporate and individual performance, salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group in assessing the amount of remuneration payable to the Directors and senior management. The Company has adopted a Share Option Scheme as an incentive to selected participants.

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, which contains certain non-compete undertakings (the **“Non-Compete Undertakings”**) in favour of the Company (for itself and as trustee for each member of the Group).

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

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

- (a) the date on which the Controlling Shareholder and its close associates (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 has provided a written confirmation to the Company that it has complied with the Deed of Non-Competition for the Financial Year and there is no matter in relation to their compliance with or enforcement of the Deed of Non-Competition that needs to be brought to the attention of the Stock Exchange, the Company and/or the shareholders of the Company.

The independent non-executive Directors have also confirmed to the Company that, having made such reasonable enquiries with the Controlling Shareholder and reviewed the annual 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 Financial Year.

Report of the Directors

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 Financial Year and up to the date of this report.

COMMERCIAL ACTIVITIES IN SANCTIONED COUNTRIES

During the Financial Year, 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 sanctions lists including the Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the United States, the European Union, the United Nations or Australia (the “**Sanctioned Persons**”) that the Group believes would put the Group or its investors at risk of violating or becoming the target of sanction-related laws and regulations in the United States, the European Union, the United Nations and Australia (the “**International Sanctions**”).

To continuously monitor and evaluate the Group’s business and take measures to comply with the Group’s continuing undertakings to the Stock Exchange as disclosed in the Prospectus, and to protect the interests of the Group and the shareholders of the Company, the 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 three independent non-executive Directors and one executive Director, whose responsibilities include, among others, overseeing the Group’s management activities in managing key risks, ensuring 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. Since the date of Listing and up to the date of this report, 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.

Report of the Directors

DISCLOSURE OF INTEREST

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

As at 31 December 2024, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) held by the Directors and chief executive of the Company as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

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

Name of Director	Capacity/Nature of interest	Number of securities (Note 1)	Approximate percentage of shareholding (Note 2)
Kang Boon Lian	Beneficial owner	200,000 Shares (L)	0.03%

Notes:

1. The letter "L" denotes the long position of the Director in the Shares.
2. The percentage of shareholding is calculated on the basis of 601,565,600 Shares in issue as at 31 December 2024.

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

Name of Director	Name of the associated corporation	Capacity/Nature of interest	Number of securities (Note 2)	Number of underlying shares held under equity derivatives (Note 2)	Approximate percentage of shareholding (Note 4)
Dato' Lim Heen Peok	PRG Holdings (Note 1)	Beneficial owner	108,800 shares (L)	–	0.02%
Kang Boon Lian	PRG Holdings (Note 1)	Beneficial owner	572,592 shares (L)	–	0.12%
Tan Chuan Dyi	PRG Holdings (Note 1)	Beneficial owner	441,694 shares (L)	1,588,775 shares (L) (Note 3)	0.42%

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. Tan Chuan Dyi is interested in 470,000 and 1,118,775 share options in PRG Holdings at an exercise price of RM0.165 and RM0.179 per share respectively.
4. The percentage of shareholding is calculated on the basis of 487,165,708 shares in PRG Holdings in issue as at 31 December 2024.

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 31 December 2024.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 31 December 2024, 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 of the Company

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	3,796,000 Shares (L) (Note 5)	0.63%
Ng Yan Cheng	Beneficial owner	66,693,600 Shares (L) (Note 6)	11.13%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- PRG Holdings is a company incorporated in Malaysia and whose issued shares are listed on the Main Market of Bursa Malaysia Securities Berhad.
- Mr. Andrew Chan Lim-Fai, an executive Director, is the group managing director of PRG Holdings. Ng Tzee Penn, a non-executive Director, is an executive director of PRG Holdings.
- According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man had acquired up to 53,572,000 Shares on 29 August 2022.
- 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.
- According to the disclosure of interest form filed by Ng Yan Cheng, Ng Yan Cheng had acquired up to 66,693,600 Shares on 28 August 2024.
- The percentage of shareholding is calculated on the basis of 601,565,600 Shares in issue of the Company as at 31 December 2024.

Report of the Directors

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in **"Share Option Scheme"** in this section, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors or their associates to acquire benefits by means of acquisition of shares in, or debenture of, the Company or any body corporate during the Financial Year.

AUDIT COMMITTEE

The Company had established its Audit Committee on 20 September 2017 with written terms of reference in compliance with the GEM Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board in providing an oversight of the financial reporting and disclosure processes, internal control and risk management systems of our Company, and to oversee the audit process.

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Associations and subject to the applicable laws, the Directors shall be indemnified out of the Company's assets from and against all actions, costs, charges, losses, damages and expenses which they may incur in the execution of their duties, except for those incurred through their own fraud or dishonesty. The above indemnity provision was in force during the course of the Financial Year and remained in force as of the date of this report.

RELATED PARTY TRANSACTIONS

Related party transactions of the Group during the Financial Year are disclosed in Note 38 to the consolidated financial statements. Those related party transactions which also constitute connected transactions are fully exempted connected transactions of the Group under Chapter 20 of the GEM Listing Rules.

Save as disclosed in the paragraph **"Connected Transaction"** below in this section, none of these related party transactions constituted connected transaction and/or continuing connected transaction (as the case may be) as defined under Chapter 20 of the GEM Listing Rules. Please refer to Note 38 to the consolidated financial statements for further details.

CONNECTED TRANSACTIONS

The related party transactions with PRG Holdings, Netventure Properties Two Pte. Ltd. and Netventure Reality Pte. Ltd. in relation to the rental expenses as disclosed in Note 38 to the consolidated financial statements also constituted connected transactions for the Group under Chapter 20 of the GEM Listing Rules. These connected transactions are de minimis connected transactions fully exempted from the annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Report of the Directors

The purchase of 50 condominium units located within Picasso Residence in Malaysia and the loan extension agreement with PRG Holdings as disclosed in **“Significant Events During the Financial Year”** of the section headed **“Management Discussion and Analysis”** in this annual report constituted connected transactions of the Company under Chapter 20 of the GEM Listing Rules as PRG Holdings is a connected person of the Company for being a controlling shareholder of the Company. For details, please refer to **“Significant Events During the Financial Year”** of the section headed **“Management Discussion and Analysis”** in this annual report. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

IMPORTANT EVENTS SINCE 31 DECEMBER 2024 AND UP TO THE DATE OF THIS REPORT

On 7 February 2025, all the conditions precedent to completion of the purchase of the Properties were fulfilled and the transaction was completed. The Consideration Shares were allotted and issued to PRG Holdings. The percentage of shareholdings of PRG Holdings in the Company increase from 50.45% to 67.72%. The 50 condominium units were recognised as investment properties of the Group for earning rental income or capital appreciation.

For further details, please refer to the announcement of the Company dated 7 February 2025.

Save as disclosed above, the Board is not aware of any other important events requiring disclosure under the GEM Listing Rules that have taken place since 31 December 2024 and up to the date of this report.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming AGM will be held on Thursday, 15 May 2025. A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner required by the GEM Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Monday, 12 May 2025 to Thursday, 15 May 2025, both days inclusive, during which period no transfer of Shares in the Company will be effected. In order to be eligible to attend and vote at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 9 May 2025.

Report of the Directors

INDEPENDENT AUDITOR

The consolidated financial statements for the Financial Year were audited by BDO Limited, the independent auditor of the Company, who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution will be proposed at the forthcoming AGM to re-appoint BDO Limited as auditor and to authorise the Directors to fix its remuneration.

On behalf of the Board
FURNIWEB HOLDINGS LIMITED
Andrew Chan Lim-Fai
Director

Malaysia, 26 March 2025

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code in Part 2 of Appendix C1 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 of the Company.

To the best knowledge of the Board, the Company had complied with all the code provisions in the CG Code for the Financial Year.

CORPORATE CULTURE AND STRATEGY

By recognising the importance of stakeholders at the Board level and throughout the Group, we strive to create values to the stakeholders through sustainable growth and continuous development. The Board of the Company has set out the core values to provide guidance on employees' conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company's vision, mission, policies and business strategies.

Our Vision

To transform the communities we operate in into better and healthier places to live, work and play.

Our Mission

We help our customers and stakeholders thrive by delivering exceptional value through innovation, sustainable practices, and responsible operations.

Our Core Values

- Reliability — We deliver on our promises and strive to be dependable in all our interaction.
- Integrity — We operate with transparency, honesty, and ethics, always doing the right thing even when it's difficult.
- Creativity — We embrace innovation and imagination, constantly seeking new and better ways to solve problems and deliver value for today and the future.
- Empathy — We listen with compassion and understanding, putting ourselves in others' shoes to build strong relationships and deliver exceptional experiences.

The Group recognises that a healthy corporate culture across the Group is vital for the Group to achieve its vision and mission towards sustainable growth, and has gradually developed a corporate culture emphasising on lawful, ethical and responsible business conduct over the years, which has been reflected in the overall operations and management of the Group. It is the Board's role to foster a healthy corporate culture and ensure that the Company's vision, values and business strategies are aligned to it. The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

Corporate Governance Report

In order to promote open communication in the workplace and high ethical standards among staff and management of the Group, the Group has established its Anti-Bribery and Corruption Policy and Whistleblowing Policy and Guidelines on 6 November 2020, to provide guidance on identifying relevant breaches or improper behaviour, reporting procedures and consequences of violations of such policies. For further details on the Group's Anti-Bribery and Corruption Policy and Whistleblowing Policy and Guidelines, please see page 79 of this report.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

Board Composition

The Directors who held office during the year ended 31 December 2024 and as at the date of this report are as follows:

Non-Executive Directors

Dato' Lim Heen Peok (*Chairman*)
Mr. Ng Tzee Penn

Executive Directors

Er. Kang Boon Lian
Mr. Andrew Chan Lim-Fai (*appointed on 25 March 2024*)
Mr. Tan Chuan Dyi (*appointed on 1 April 2024*)
Mr. Cheah Eng Chuan (*resigned on 31 March 2024*)
Dato' Lua Choon Hann (*resigned on 30 September 2024*)

Independent Non-Executive Directors ("INEDs")

Mr. Ho Ming Hon
Dato' Sri Dr. Hou Kok Chung
Dato' Lee Chee Leong
Ms. Tai Lung Hsing (*appointed on 20 December 2024*)

The biographical details of the Directors of the Company are set out under the section headed "**Directors and Senior Management**" in this annual report.

Functions, Roles and Responsibilities of the Board

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's mission and standards and ensures that the requisite financial and human resources support are in place for the Group to achieve its objectives.

Corporate Governance Report

The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the respective websites of the GEM and the Company. The Board may from time to time delegate certain functions to senior management of the Group if and when considered appropriate. The management of day to-day operation of the Group's businesses and implementation of the business plans, strategies and policies adopted by the Board has been delegated to the senior management of the Group.

The functions performed by the Board include but are not limited to the following matters:

- formulating the Group's strategy and direction and monitoring the implementation thereof;
- deciding all material contracts, acquisitions, investments, divestments, disposals of assets or any significant capital expenditure;
- approving of the Group's financial statements, published reports, price sensitive announcement and other disclosure required under the GEM Listing Rules;
- developing, monitoring and reviewing the Group's corporate governance practices and the effectiveness of the Group's financial controls, internal control and risk management systems;
- Board appointment and other major appointments or removal; and
- monitoring the performance of the management.

The Directors have full and timely access to information and accounts of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The non-executive Directors and independent non-executive Directors do not involve in general management and day-to-day operation of the Group. However, they will provide advice on strategic direction for the Group in the Board meetings.

All Directors, including the non-executive Directors and independent non-executive Directors bring a wide range of business and financial expertise, experience and independent judgement to the Board, on issues of strategic direction, policies, development, performance and risk management. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, they scrutinize the Company's performance in achieving corporate goals and objectives and monitor performance reporting. By doing so, they are able to contribute positively to the development of the Company's strategy and policies through independent, constructive and informed comments at Board and committee meetings.

Each of the Directors has confirmed that he/she can give sufficient time and attention to the Company's affairs and has regularly provided information on the number and nature of offices held in public companies or organisations and other significant commitments, including the identity of such companies or organisations and an indication of the time involved.

Corporate Governance Report

The Company has received written annual confirmation from each of the independent non-executive Directors of his/her independence pursuant to the requirements of the GEM Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the GEM Listing Rules.

Saved as disclosed in the section headed **"Directors and Senior Management"** this annual report, the Board members have no other financial, business, family or other material/relevant relationship with each other.

The Company has arranged appropriate insurance cover for Directors' liabilities in respect of legal actions against them for corporate activities.

Chairman

Dato' Lim Heen Peek is the chairman and non-executive Director, who gives guidance on the long-term strategic planning for the Group.

Non-Executive Directors and Independent Non-Executive Directors

Save for Ms. Tai Lung Hsing, each of the non-executive Directors and the independent non-executive Directors signed a letter of appointment with the Company for an initial term of two years, provided that either the Company or the non-executive Directors and the independent non-executive Directors may terminate such appointment at any time by giving at least two months' notice in writing to the other. Ms. Tai Lung Hsing was appointed for an initial term of one year, provided that either party may terminate the appointment at any time by giving at least two months' notice in writing to the other. All the non-executive Directors and independent non-executive Directors are currently not appointed for a specific term after expiration of their initial term of appointment, but they are subject to retirement by rotation in accordance with the Articles. None of the independent non-executive Directors has served more than nine years during the year ended 31 December 2024.

Independence of Independent Non-Executive Directors

The Board is committed to reviewing and assessing the independence of the independent non-executive Directors. The Group has established a policy on 10 November 2022 regarding mechanisms to ensure independent views and input are available to the Board and such policy will be reviewed annually by the Board. Key mechanisms as set out in the policy include, but not limited to, the following:

- a. At least three (3) Directors or one-third (1/3) of the Board, whichever is the higher, are INEDs.
- b. Apart from complying with the requirements prescribed by the GEM Listing Rules as to the composition of certain Board committees, INEDs will be appointed to all Board committees as far as possible to ensure independent views are available.
- c. The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the GEM Listing Rules with regard to the nomination and appointment of INEDs.
- d. Each INED is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence and must provide an annual confirmation of his independence to the Company.

Corporate Governance Report

- e. The Nomination Committee is mandated to assess annually the independence of all INEDs by reference to the independence criteria as set out in the GEM Listing Rules to ensure that they can continually exercise independent judgement.
- f. The Board have full and unrestricted access to the advice and services of the Senior Management personnel and/or the Company Secretaries in the discharge of the Board's duties and responsibilities. The Board is also allowed to seek advice from independent professional advisers when necessary at the expense of the Company to allow them to discharge their duties effectively. All Independent Non-Executive Directors have access to the Executive Directors and/or Senior Management personnel should there be any explanation or clarification needed on any aspects of the Group's operations and/or management issues.
- g. The Director shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.
- h. The Chairman of the Board shall at least annually hold meetings with the INEDs without the presence of other Directors to discuss major issues and any concerns.

Board Meetings

Directors' resolutions were passed by physical meetings during the year.

The Board is expected to meet regularly and at least four times a year. The Board meets regularly to discuss the overall strategy as well as the operations and financial performance of the Group, and to review and to approve the Company's annual reports and accounts, summary of financial reports, half-year reports and circular to shareholders.

The Directors are allowed to include any other matters in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at the Board meetings and to make informed decisions, an agenda and the accompanying Board papers together with all appropriate and relevant information in relation to the matters of the meetings are sent to all Directors at least three days before the intended date of each regular Board meeting and three days or such other period as agreed before each other Board meeting. All Directors should have access to the advice and services of the company secretary of the Company (the **"Company Secretary"**) with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record within a reasonable time after each meeting and the final version is open for the Directors' inspection.

The Company has to comply with the CG code provisions with regard to the conduct of meetings, notices of each meeting shall be given to Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is required to be given.

According to the GEM Listing Rules, any Directors and their close associates with a material interest in the transactions to be discussed at the Board meetings will abstain from voting on resolutions approving such transactions and are not counted in the quorum of such meetings.

Corporate Governance Report

During the Financial Year, five Board meetings were held, an AGM of the Company was held on 8 May 2024 (the “**2024 AGM**”), and an extraordinary general meeting of the Company was held on 11 November 2024 (the “**2024 EGM**”). The attendance of each Director at the Board meetings, 2024 AGM and 2024 EGM is set out as follows:

Name of Director	Number of attendance/ Number of Meetings		
	Board Meeting	2024 AGM	2024 EGM
Dato’ Lim Heen Peok	5/5	1/1	1/1
Mr. Ng Tzee Penn	2/5	0/1	1/1
Er. Kang Boon Lian	5/5	1/1	1/1
Mr. Andrew Chan Lim-Fai (Note 1)	3/3	1/1	1/1
Mr. Tan Chuan Dyi (Note 2)	3/3	1/1	1/1
Mr. Ho Ming Hon	5/5	1/1	1/1
Dato’ Sri Dr. Hou Kok Chung	5/5	1/1	1/1
Dato’ Lee Chee Leong	5/5	1/1	1/1
Ms. Tai Lung Hsing (Note 3)	N/A	N/A	N/A
Mr. Cheah Eng Chuan (Chief Executive Officer) (Note 4)	2/2	N/A	N/A
Dato’ Lua Choon Hann (Note 5)	4/4	1/1	N/A

Notes:

1. Mr. Andrew Chan Lim-Fai was appointed on 25 March 2024, three board meetings were held since then.
2. Mr. Tan Chuan Dyi was appointed on 1 April 2024, three board meetings were held since then.
3. Ms. Tai Lung Hsing was appointed on 20 December 2024, no board meetings were held since then.
4. Mr. Cheah Eng Chuan has resigned on 31 March 2024, two board meeting were held before 31 March 2024.
5. Dato’ Lua Choon Hann has resigned on 30 September 2024, four board meetings were held before 30 September 2024.

DIRECTORS’ CONTINUOUS PROFESSIONAL DEVELOPMENT

According to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training placing an appropriate emphasis on the roles, functions and duties of a listed company director as per the GEM Listing Rules.

Dato’ Lim Heen Peok, Mr. Ng Tzee Penn, Er. Kang Boon Lian, Mr. Andrew Chan Lim-Fai, Mr. Tan Chuan Dyi, Mr. Ho Ming Hon, Dato’ Sri Dr. Hou Kok Chung, Dato’ Lee Chee Leong, Ms. Tai Lung Hsing, Mr. Cheah Eng Chuan and Dato’ Lua Choon Hann, have confirmed that they had participated in continuous professional development by attending seminars and reading materials during the Financial Year and have provided a record of their training to the Company, in compliance with code provision C.1.4 of the CG Code. Mr. Andrew Chan Lim-Fai and Mr. Tan Chuan Dyi who was appointed as an executive Director with effect from 25 March 2024 and 1 April 2024 respectively, have obtained the legal advice referred to in Rule 5.02D under the GEM Listing Rules on 22 March 2024 and have confirmed that they understood their obligations as a director of a listed issuer. Ms. Tai Lung Hsing, who was appointed as an independent non-executive Director with effect from 20 December 2024, has obtained the legal advice referred to in Rule 5.02D under the GEM Listing Rules on 16 December 2024 and has confirmed that she understood her obligations as a director of a listed issuer.

Corporate Governance Report

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee, to oversee particular aspects of the Company's affairs. The Audit Committee, Remuneration Committee and Nomination Committee are established with written terms of reference, which have complied with the CG Code and are available on the Stock Exchange website at www.hkexnews.hk and the Company's website at www.furniweb.com.my and are available to Shareholders upon request.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense. The Board committees will report back to the Board on their decisions or recommendations.

Audit Committee

The Company has established the Audit Committee on 20 September 2017 with written terms of reference in compliance with the GEM Listing Rules. 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 our Board in providing an oversight of the financial reporting and disclosure processes, internal control and risk management systems of our Company, and to oversee the audit process.

Following the appointment of Ms. Tai Lung Hsing on 20 December 2024, the Audit Committee currently comprises four independent non-executive Directors, namely, Mr. Ho Ming Hon, Dato' Sri Dr. Hou Kok Chung, Dato' Lee Chee Leong and Ms. Tai Lung Hsing. Mr. Ho Ming Hon is the chairman of the Audit Committee.

The Audit Committee shall meet at least four times a year. During the Financial Year, six Audit Committee meetings were held and attendance of each Director at the Audit Committee meeting is set out as follows:

Name of Director	Number of attendance/Number of meetings
Mr. Ho Ming Hon	6/6
Dato' Sri Dr. Hou Kok Chung	6/6
Dato' Lee Chee Leong	6/6
Ms. Tai Lung Hsing (<i>Note</i>)	N/A

Note:

Ms. Tai Lung Hsing was appointed on 20 December 2024, no Audit Committee meetings were held since then.

The summary of work of the Audit Committee during the Financial Year is as follows:

- reviewed terms of reference of Audit Committee;
- reviewed the Company's interim results announcement and report, annual results and report and made recommendations for the Board's approval;
- recommended the re-appointment of ZHONGHUI as auditors of the Company, subject to the shareholders' approval at the 2024 AGM;

Corporate Governance Report

- made recommendation to the Board on the appointment of BDO Limited as auditor of the Company to fill the casual vacancy arising from the resignation of ZHONGHUI;
- reviewed audit fee proposals the audit planning for the year ended 31 December 2024; and
- reviewed the Group's quarterly internal control reports and risk management reports.

Nomination Committee

The Company has established the Nomination Committee on 20 September 2017 with written terms of reference in compliance with the GEM Listing Rules. The Board has adopted a revised terms of reference of the Nomination Committee effective on 20 March 2019. The primary duties of the Nomination Committee are to review the structure, size and composition of our Board, assess the independence of the independent non-executive Directors and to make recommendations to the Board on the appointment and removal of Directors.

Following the resignation of Mr. Cheah Eng Chuan and Dato' Lua Choon Hann on 31 March 2024 and 30 September 2024 respectively and appointment of Mr. Andrew Chan Lim-Fai and Ms. Tai Lung Hsing on 30 September 2024 and 20 December 2024 respectively, the Nomination Committee currently comprises four independent non-executive Directors, namely, Dato' Sri Dr. Hou Kok Chung, Mr. Ho Ming Hon, Dato' Lee Chee Leong and Ms. Tai Lung Hsing, and one executive Director, namely, Mr. Andrew Chan Lim-Fai. Dato' Sri Dr. Hou Kok Chung is the chairman of the Nomination Committee.

The members of the Nomination Committee should meet at least once a year. During the Financial Year, two Nomination Committee meetings were held and attendance of each Director at the Nomination Committee meeting is set out as follows:

Name of Director	Number of attendance/Number of meetings
Dato' Sri Dr. Hou Kok Chung	2/2
Mr. Ho Ming Hon	2/2
Dato' Lee Chee Leong	2/2
Mr. Andrew Chan Lim-Fai (Note 1)	N/A
Ms. Tai Lung Hsing (Note 2)	N/A
Mr. Cheah Eng Chuan (Note 3)	2/2
Dato' Lua Choon Hann (Note 4)	N/A

Notes:

1. Mr. Andrew Chan Lim-Fai was appointed on 30 September 2024, no Nomination Committee meetings were held since then.
2. Ms. Tai Lung Hsing was appointed on 20 December 2024, no Nomination Committee meetings were held since then.
3. Mr. Cheah Eng Chuan has resigned on 31 March 2024, two Nomination Committee meetings were held before 31 March 2024.
4. Dato' Lua Choon Hann has appointed on 31 March 2024 and resigned on 30 September 2024, no Nomination Committee meetings were held between 31 March 2024 and 30 September 2024.

Corporate Governance Report

The Board adopted a board diversity policy ("**Board Diversity Policy**") effective on 13 October 2017 and reviews the implementation and effectiveness of the Board Diversity Policy on an annual basis. The Company recognises and embraces the benefits of a diverse Board to enhance the quality of its performance. The Board Diversity Policy states that the selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service, which are the measurable objectives for implementing the Board Diversity Policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. For the year ended 31 December 2024, the Company has achieved the following measurable objectives that the Board has set for implementing the Board Diversity Policy:

- a. To ensure at least one member of the Board shall have obtained accounting or other professional qualification;
- b. To ensure at least 50% of the members of the Board shall have attained bachelor's degree or higher level of education;
- c. To ensure the Board has members coming from different cultural backgrounds; and
- d. To ensure the age distribution of the members of the Board comprised of people from at least two decades.

In terms of gender diversity, the Nomination Committee and the Board recognises the importance and benefits of gender diversity at the Board level. In line with this, Ms. Tai Lung Hsing was appointed as an independent non-executive Director on 20 December 2024.

As at 31 December 2024, the Group had 485 male employees (31 December 2023: 440 male employees) and 210 female employees (31 December 2023: 196 female employees) and the male-to-female ratio in the workforce, including the senior management, was approximately 69.8%:30.2% (31 December 2023: 69.2%:30.8%), which is regarded by the Board as satisfactory and in line with the industry which the Group operates its businesses in.

The Company will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time with the ultimate goal of achieving gender parity, such that there is a pipeline of female senior management and potential successors to the Board in the future. The Board will periodically monitor the gender composition of the workforce and set targets if and as needed.

On 20 March 2019, the Board also adopted the nomination policy. The Nomination Committee shall endeavor to select individuals of high integrity who have a solid record of accomplishment in their chosen fields and who possess the qualifications, qualities and skills to effectively represent the best interests of the Group and the shareholders. Candidates will be selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives. Candidates also will be assessed in the context of the then-current composition of the Board, the operating requirements of the Group. In conducting this assessment, the Nomination Committee will, in connection with its assessment and recommendation of candidates for director, consider diversity (including, but not limited to, gender, race, ethnicity, age, experience and skills) and such other factors as it deems appropriate given the current and anticipated future needs of the Board and the Company, and to maintain a balance of perspectives, qualifications, qualities and skills on the Board.

The nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship are contained in the nomination policy, which is reproduced as follows:

Corporate Governance Report

SELECTION OF CANDIDATE

I. Selection Process

The Nomination Committee shall:

- a. proactively exchange views with Board members to study the needs of the Company for new Directors;
- b. request nominations from the Board, as well as to seek suggestions for possible nominees from other sources actively. The Nomination Committee may consider using executive search firms to assist with finding candidates with the required skills and background;
- c. make recommendation(s) to the Board in writing, describing the experience, expertise and background of the proposed nominee(s), and how he or she will complement the skills and backgrounds represented by the continuing members of the Board;
- d. ensure ample time is given to the Board to consider the Nomination Committee's recommendations in light of the importance of the decision; and
- e. instruct management to conduct an orientation programme for new Board member(s), and periodically review the programme for quality and scope in order to assist new Board member(s) to understand the Company's organisation and businesses as well as to be able to discharge his or her duties effectively as soon as possible.

II. Selection Criteria

The Nomination Committee will evaluate all recommended candidate(s) based on the following criteria:

For Director

- a. The candidate must possess high standards of ethics, integrity and professionalism, display independent and sound judgment and have meaningful experience and expertise in business, corporate, accountancy, law, finance or other relevant endeavors;
- b. The qualifications of a candidate will be considered by the Nomination Committee in addition to other factors it deems appropriate based on the current needs and requirements of the Board, including specific desired business and financial expertise, experience as a director of public listed company, age, gender and ethnic diversity; and
- c. The candidate must possess the necessary technical skills and knowledge relating to particular business areas or the general industry of the Company.

For independent non-executive Director

- a. In addition to the criteria set forth above, the nominee for an independent non-executive director's vacancy must fulfil the independence guidelines under the GEM Listing Rules.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee may also consider such other factors as it may see fit which are in the best interest of the Company and its shareholders as a whole.

Corporate Governance Report

ASSESSMENT OF CANDIDATE

I. Assessment Process

- a. The Nomination Committee shall gather all relevant information of the candidate such as academic achievements, professional titles, detailed work experience, etc. for evaluation. It may seek the help of the company secretary or human resource department of the Company to assist in such information gathering as well as background verification;
- b. The Nomination Committee shall assess the experience, expertise and business relationships represented by the continuing Board members in light of the existing and planned businesses to determine the skills and background of the new Board member(s) in order to complement those of the continuing Board members; and
- c. The Nomination Committee shall interview shortlisted candidate(s) and provide an opportunity for the Chairman or President/Chief Executive Officer to interview the prospective candidate(s), to assess the suitability of the candidate(s), if required.

NOMINATION PROCEDURES

The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from members of the Board if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by members of the Board.

For filling a casual vacancy or appointing an additional member to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval.

For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

A circular will be sent to the shareholders of the Company to provide them with the name, brief biography, proposed remuneration, (where an independent non-executive Director is to be nominated) independency and other information of the proposing candidate in accordance with the requirements of the applicable laws, rules and regulations including those of the GEM Listing Rules.

A shareholder can serve a written notice to the Company for the attention of the Company Secretary of his/her intention to propose a certain person for election as a Director. This written notice, together with (i) the information of the candidate as required to be disclosed under Rule 17.50(2) of the GEM Listing Rules and such other information as may be considered relevant to his/her proposed election; and (ii) the written consent by that person to the publication of his/her personal data provided pursuant to (i) immediately above, by the Company in its corporation communication documents in compliance with the GEM Listing Rules or as may be required by the Stock Exchange at the headquarters and principal place of business in Hong Kong of the Company or at the office of the Company's branch share registrar and transfer office in Hong Kong at least seven (7) clear days before the date of the general meeting and the period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and shall be at least seven (7) clear days in length.

The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

Corporate Governance Report

The summary of work of Nomination Committee during the Financial Year is as follows:

- reviewed the terms of reference of Nomination Committee and the nomination policy;
- reviewed the structure, size and composition of the Board;
- assessed the independence of the independent non-executive directors;
- reviewed the Board Diversity Policy;
- made recommendation to the Board for consideration the re-appointment of all the retiring Directors at the 2024 AGM;
- reviewed the reason for resignation of Mr. Cheah Eng Chuan and Dato' Lua Choon Hann;
- in accordance with the selection process, selection criteria, assessment process and nomination procedures stipulated in the nomination policy set out above, reviewed and assessed the suitability of the proposed appointment of Mr. Andrew Chan Lim-Fai and Mr. Tan Chuan Dyi as executive Directors and Ms. Tai Lung Hsing as independent non-executive Director, and recommended the appointment to the Board for approval;
- reviewed the renewal of service contract of executive Directors and made recommendation to Board for approval; and
- reviewed the renewal of re-appointment of non-executive Directors and independent non-executive Directors and made recommendation to the Board for approval.

Remuneration Committee

The Company has established the Remuneration Committee on 20 September 2017 with written terms of reference in compliance with the GEM Listing Rules. The Board has adopted a revised terms of reference of the Remuneration Committee effective on 30 December 2022. The primary duties of the Remuneration Committee are to determine the policy for the remuneration of executive Directors, review the terms of the remuneration package of our Directors and members of our senior management to make recommendations to our Board on our Company's policy and structure for all remuneration of Directors and our senior management. The Remuneration Committee is also responsible for assessing performance of executive Directors and approving the terms of executive Directors' service contracts.

Following the resignation of Dato' Lua Choon Hann on 30 September 2024 and appointment of Mr. Andrew Chan Lim-Fai and Ms. Tai Lung Hsing on 30 September 2024 and 20 December 2024 respectively, the Remuneration Committee currently comprises four independent non-executive Directors, namely, Dato' Lee Chee Leong, Mr. Ho Ming Hon, Dato' Sri Dr. Hou Kok Chung and Ms. Tai Lung Hsing, and one executive Director, Andrew Chan Lim-Fai. Dato' Lee Chee Leong is the chairman of the Remuneration Committee.

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The members of the Remuneration Committee should meet at least once a year. During the Financial Year, four Remuneration Committee meetings were held and attendance of each Director at the Remuneration Committee meeting is set out as follows:

Name of Director	Number of attendance/Number of meetings
Dato' Lee Chee Leong	4/4
Mr. Ho Ming Hon	4/4
Dato' Sri Dr. Hou Kok Chung	4/4
Andrew Chan Lim-Fai (<i>Note 1</i>)	1/1
Ms. Tai Lung Hsing (<i>Note 2</i>)	N/A
Dato' Lua Choon Hann (<i>Note 3</i>)	3/3

Notes:

1. Mr. Andrew Chan Lim-Fai was appointed on 30 September 2024, one Remuneration Committee meeting was held since then.
2. Ms. Tai Lung Hsing was appointed on 20 December 2024, no Remuneration Committee meetings were held since then.
3. Dato' Lua Choon Hann has resigned on 30 September 2024, three Remuneration Committee meetings were held before 30 September 2024.

The summary of work of Remuneration Committee during the Financial Year is as follows:

- reviewed the terms of reference of Remuneration Committee;
- reviewed and recommended to the Board on the Directors' remuneration policy and structure;
- reviewed the remuneration packages and bonuses (if any) of the executive Directors and senior management and made recommendation to Board for approval; and
- reviewed and recommended to the Board on the Directors' fee of non-executive Directors.

Risk Management Committee

The Company has established the Risk Management Committee on 20 September 2017. The primary duties of the Risk Management Committee are to oversee the management's activities in managing key risks, ensure the risk management process is functioning effectively and review risk management strategies, policies, risk appetite and risk tolerance.

Following the resignation of the resignation of Dato' Lua Choon Hann on 30 September 2024 and appointment of Mr. Andrew Chan Lim-Fai and Ms. Tai Lung Hsing on 30 September 2024 and 20 December 2024 respectively, the Risk Management Committee currently comprises three independent non-executive Directors, namely, Mr. Ho Ming Hon, Dato' Lee Chee Leong and Ms. Tai Lung Hsing, and an executive Director, Andrew Chan Lim-Fai. Mr. Ho Ming Hon is the chairman of the Risk Management Committee.

Corporate Governance Report

During the Financial Year, four Risk Management Committee meetings were held and attendance of each Director at the Risk Management Committee meeting is set out as follows:

Name of Director	Number of attendance/Number of meetings
Mr. Ho Ming Hon	4/4
Dato Lee Chee Leong	4/4
Andrew Chan Lim-Fai (Note 1)	1/1
Ms. Tai Lung Hsing (Note 2)	N/A
Dato' Lua Choon Hann (Note 3)	3/3

Notes:

1. Mr. Andrew Chan Lim-Fai was appointed on 30 September 2024, one Risk Management Committee meeting was held since then.
2. Ms. Tai Lung Hsing was appointed on 20 December 2024, no Risk Management Committee meetings were held since then.
3. Dato' Lua Choon Hann has resigned on 30 September 2024, three Risk Management Committee meetings were held before 30 September 2024.

During the Financial Year, the Risk Management Committee has reviewed the Company's risk management report, internal control systems and the effectiveness of the Company's internal audit function and report to Audit Committee.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee of the Company has been established. The Board as a whole is responsible for performing the corporate governance duties, which include:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The terms of reference for performing the corporate governance functions in compliance with the CG Code in Part 2 of Appendix C1 to the GEM Listing Rules were approved by the Board for adoption on 20 September 2017.

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ACCOUNTABILITY AND AUDIT

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's performance, position and prospects in annual, interim and quarterly reports, and other financial disclosures required by the GEM Listing Rules. The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group which give a true and fair view of the state of affairs of the Group's results and cash flows for the Financial Year and are properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards.

The management provides the Board with quarterly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibility of the Company's auditor, BDO Limited, is set out in the section headed "**Independent Auditor's Report**" on pages 85 to 89 of this annual report.

SENIOR MANAGEMENT'S REMUNERATION

The remuneration payment of the senior management of the Group (excluding the Directors) for the Financial Year falls within the following bands:

	Number of individuals
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	1

AUDITOR'S REMUNERATION

The Audit Committee is responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal.

The remunerations paid or payable to BDO Limited ("**BDO**") and other member firms of BDO, and other external auditors for the services rendered for the Financial Year was as follows:

Category of services	Amount (RM'000)
Audit services — Annual audit	
— BDO and other member firms of BDO	458
— Others	101
Non-audit services — Comfort letters on circular of the Company dated 25 September 2024	
— ZHONGHUI	58

Corporate Governance Report

COMPANY SECRETARY

Mr. Au Yeung Yiu Chung ("**Mr. Au Yeung**") was appointed as joint Company Secretary on 11 March 2019. Mr. Au Yeung is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Au Yeung is an International Certified Valuation Specialist holder and a Certified M&A Dealmaker issued by the China Mergers & Acquisitions Association and the Museum of Mergers and Acquisitions in the People's Republic of China. Mr. Au Yeung is currently a company secretary of Jiading International Group Holdings Limited (formerly known as Farnova Group Holdings Limited) (stock code: 8153), the issued shares of which are listed on GEM.

Ms. Cheng Lucy ("**Ms. Cheng**") has been appointed as a Joint Company Secretary and a process for the acceptance of services of process and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 6 November 2020. Ms. Cheng is a senior corporate secretarial manager of Boardroom Corporate Services (HK) Limited. She is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Cheng has over 15 years of experience in the corporate secretarial field.

Mr. Au Yeung and Ms. Cheng have complied with the relevant professional training for the Financial Year, in compliance with Rule 5.15 of the GEM Listing Rules. The primary person of the Company with whom Mr. Au Yeung and Ms. Cheng have been contacting in respect of company secretarial matters is Ms. Ho Phei Suan, the chief financial officer.

Rights to convene an extraordinary general meeting and procedures to putting forward and proposals at shareholders' meeting

The following procedures for shareholders to convene a general meeting (the "**EGM**") other than an annual general meeting of the Company are subject to the Company's Articles of Association, the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and applicable legislation and regulation:

1. One or more shareholders (the "**Requisitionist(s)**") holding, at the date of deposit of the requisition (the "**Requisition**"), not less than one tenth of the paid up capital of the Company having the right of voting at general meetings of the Company, shall have the right, by written notice, to require an EGM to be called by the Directors for the transaction of any business specified in such Requisition.
2. The Requisition must state the general nature of the business to be dealt with at the EGM and may include the text of a resolution that may properly be moved and is intended to be moved at the EGM.
3. The Requisition may consist of several documents in like form which may be sent to the Board or the Company Secretary of the Company in hard copy form or in electronic form (and must be authenticated by the Requisitionist(s)) in the following manner:

Address: Lot 1883, Jalan KPB 9
Kg. Bharu Balakong
43300 Seri Kembangan
Selangor
Malaysia
Email: ir@furniweb.com.my
Attention: The Board of Directors/Company Secretary

Corporate Governance Report

4. The Directors must call the EGM within 21 days after the date of the deposit of the Requisition and the EGM must be held within two months after the date of the deposit of the Requisition.
5. If the Directors are required under paragraph (1) immediately above to call an EGM and fail to do so pursuant to paragraph (4) immediately above, the Requisitionist(s) may themselves call the EGM. Any reasonable expenses incurred by the Requisitionist(s) by reason of the failure of the Directors duly to call the EGM must be reimbursed by the Company.

Right to Put Enquiries to the Board

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar and transfer office in Hong Kong whose contact details are as follows:

Tricor Investor Services Limited

Address: 17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Email: is-enquiries@hk.tricorglobal.com

Tel: (852) 2980 1333

Fax: (852) 2810 8185

Shareholders may at any time raise any enquiry in respect of the Company at the following designated contacts, correspondence addresses, email addresses and enquiry hotlines of the Company:

Address: Lot 1883, Jalan KPB 9

Kg. Bharu Balakong

43300 Seri Kembangan

Selangor

Malaysia

Email: ir@furniweb.com.my

Attention: The Board of Directors/Company Secretary

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for risk management and internal control system and reviewing their effectiveness. The Group has an in-house audit department that carries out regular reviews of the Group's operations and system of internal control by examining and evaluating business processes to determine the adequacy and efficiency of financial and operating controls, and highlighting significant risks and non-compliance impacting the Group. In accordance with the applicable laws and regulations, the Group has established an internal control system, covering areas such as corporate governance, risk management, operations, management, legal matters, finance and audit. The Group believes that our internal control system is sufficient in terms of comprehensiveness, practicability and effectiveness. The objective of internal control is to safeguard the Group's assets and ensure its accounting records are properly maintained, so that all the financial information is accurate and reliable. It should be acknowledged that the internal control systems in place are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement of loss.

Corporate Governance Report

The Group has adopted a series of internal control policies and procedures designed to provide reasonable assurance for achieving the objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Mr. Andrew Chan Lim-Fai, our executive Director, will be responsible for overseeing our risk management and internal control system in general and will act as the chief coordinator of matters relating to legal, regulatory and financial reporting compliance. Upon receipt of any query or report relating to legal, regulatory, financial reporting compliance and other material internal control defects, Mr. Andrew Chan Lim-Fai will look into the matter and, if considered necessary or appropriate, seek advice, guidance or recommendation from professional advisers and report to our Board. All employees are committed to continually enhancing the risk management measures to ensure that these measures work in line with the growth of our business strategies and integrated into day-to-day operation of the business.

The Board convened meetings quarterly to discuss business risks, financial risks, compliance risks and operation and other risks. The Board, as supported by the Audit Committee and the in-house audit department, has conducted a review of the effectiveness of the risk management and internal control system of the Group, covering all material controls such as financial, operational and compliance controls and risk management functions, and considered that the risk management and internal control system and procedures of the Group, including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programs and budget, are adequate and effective and have complied with the provisions of the CG Code for the Financial Year.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an extraordinary general meeting. To ensure compliance with the CG Code, the notice of the AGM, the annual report and the circular containing information on the proposed resolutions will be sent to shareholders at least 20 clear business days before the AGM. Voting at the AGM will be by way of a poll. An explanation of the detailed procedures of conducting a poll will be provided to the shareholders at the commencement of the AGM to ensure that the shareholders are familiar with such procedures.

Poll results will be counted by the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, and will be posted on the websites of the Company and of the Stock Exchange on the day the shareholders' meeting is held. The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The chairman of the Board as well as the chairman of the Remuneration Committee, Nomination Committee and Audit Committee, or in their absence, other members of the respective committees, are available to answer questions at the shareholders' meetings. The Company will also arrange for the external auditors of the Company to attend the AGM to answer relevant questions if necessary.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors.

Corporate Governance Report

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 20 March 2019 (the “**Dividend Policy**”). It is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company’s profits whilst retaining adequate reserves for the Group’s future growth.

The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company’s financial results, future prospects and other factors, and subject to:

- (a) the Articles of Association of the Company;
- (b) the applicable restrictions and requirements under the laws of the Cayman Islands;
- (c) the Company’s actual and expected financial performance;
- (d) the Group’s liquidity position;
- (e) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (f) the level of the Group’s debts to equity ratio, return on equity and the relevant financial covenants;
- (g) any restrictions on payment of dividends that may be imposed by the Group’s lenders;
- (h) the Group’s expected working capital requirements and future expansion plans;
- (i) general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- (j) any other factors that the Board deem appropriate.

SHAREHOLDERS’ COMMUNICATION POLICY AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group’s business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The shareholders’ communication policy was adopted on 13 October 2017. It sets out the Group’s commitment of and channels for maintaining an effective ongoing dialogue with shareholders. The shareholders’ communication policy is reviewed by the Board on a regular basis.

The general meetings of the Company provide a forum for dialogue and interaction between the Board and the shareholders. The Board encourages and welcomes participation from shareholders to ask questions regarding the resolution being proposed at the meeting and also other matters pertaining to the business activities of the Group. The Directors are present during the meeting to respond to questions raised by shareholders.

Corporate Governance Report

The Company has established a range of communication channels between itself and the shareholders, its investors and other stakeholders. These include AGMs, the annual, interim and quarterly reports, notices, announcements and circulars and the Company's website at www.furniweb.com.my.

The Board has reviewed the implementation of the shareholders' communications policy and is satisfied that it is effective for the Board to understand the views and opinion of the shareholders through the available channels during the Financial Year. The Company continues to enhance the communication and relationship with its investors. Enquiries from investors are dealt with in an informative and timely manner.

Handling and Dissemination of Inside Information

The Company has established and maintained the procedures and internal controls for the handling and dissemination of inside information. The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. The Group has strictly prohibited unauthorised use of confidential or insider information or any use of such information for the advantage of himself or others. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules will be announced on the respective websites of GEM and the Company in due course.

Investors Relations

The Company has established a range of communication channels between itself and the shareholders, its investors and other stakeholders. These include AGMs, the annual, interim and quarterly reports, notices, announcements and circulars and the Company's website at www.furniweb.com.my.

CONSTITUTIONAL DOCUMENTS

There had been no change in the Company's constitutional documents during the Financial Year.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This Environmental, Social and Governance Report ("**ESG Report**") intends to give insight into the approaches adopted and actions taken by the Group regarding its operations and sustainability that have implication for the Group and the interest to stakeholders.

The Group understands the importance of the ESG Report and is committed to making continuous improvements in corporate social responsibility into our business in order to better meet the changing needs of an advancing society. The Group endeavours to improve its sustainability performance and continue to optimise and improve the disclosure requirements.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("**ESG Reporting Guide**") set out in Appendix C2 of the GEM Listing Rules and has complied with "comply or explain" provision set out in the ESG Reporting Guide. A complete list of index in compliance with the ESG Reporting Guide is also available at the end of this ESG Report for an easier reference.

REPORTING PRINCIPLES

We have applied the following reporting principles in preparing the ESG report:

1. **Materiality** — The Group made a consensus on the material topics through internal discussion and also analysed key stakeholders' concerns through regular communication, industry associations, customer audits and seminars.
2. **Quantitative** — To ensure that the effectiveness of environmental, social and governance ("**ESG**") policies and management systems can be evaluated and validated, we presented our ESG performance with the aid of environmental and social key performance indicators ("**KPIs**"), with reference to the ESG Reporting Guide.
3. **Balance** — The ESG Report provides an objective, unbiased picture of the Group's performance. The ESG Report avoids selections, omissions or presentation formats that might inappropriately influence a decision of or judgment by the report reader.
4. **Consistency** — The ESG Report has been prepared based on the same methodologies, standard and reporting scope as compared to previous year.

REPORTING SCOPE AND REPORTING PERIOD

The ESG Report mainly focuses on the ESG performance for the manufacturing segment and the energy efficiency segment of the Group, representing the core business and main sources of revenue of the Group from 1 January 2024 to 31 December 2024 ("**Financial Year**").

Environmental, Social and Governance Report

GOVERNANCE STRUCTURE

The Board is responsible for, among other things, the development of the Group's long-term corporate strategies. As such, the Board has oversight of and overall responsibility for, and is engaged in, the Group's sustainability strategy and reporting, including identifying, evaluating and managing ESG-related risks, and ensuring appropriate and effective ESG risk management and internal control systems are in place. The management provides confirmation to the Board on the effectiveness of these systems.

The management is delegated by the Board to identify, evaluate, prioritise, manage and mitigate material ESG related issues that might adversely affect business of the Group. The Board will discuss and review the Group's ESG risks and opportunities, performance, progress, goals and targets regularly with the assistance of the management, with reference to the applicable environmental-related targets set by the local governments and compare our outcomes with these targets.

APPROVAL OF THIS REPORT

The ESG Report was reviewed and approved by the Board on 26 March 2025.

STAKEHOLDER ENGAGEMENT

We place significant importance on the feedback provided by our stakeholders as their opinions are critical to our decision-making process, with far-reaching implications for both the financial and non-financial components of our value chain. To gather these valuable insights and understand the material concerns of our stakeholders, we engage with them through various channels to ensure our sustainability activities meets their specific needs and expectations.

Shareholders and Investors Investors and shareholders are essential contributors to a company's success, providing crucial capital, influencing its decision-making and sharing in both the risks and rewards of the business.

Engagement Platform	Areas of Concern	The Group's Response
<ul style="list-style-type: none">• Annual and interim reports/results announcements• Annual general meeting ("AGM")• Extraordinary general meeting ("EGM")• Announcements on the Stock Exchange• Company website• Press release and coverage• Investor Relations Website	<ul style="list-style-type: none">• Financial performance• Business strategies and directions• Compliance with regulations• Corporate governance and transparency• Ethics and integrity	<ul style="list-style-type: none">• Provide financial performance interim and annually.• Communicate business strategies through annual reports and updates.• Maintain clear communication about the Group's compliance efforts and regulatory adherence.• Maintain ethical business practices and implement policies related to Anti-Bribery and Anti-Corruption, the code of conduct and whistleblowing.

Environmental, Social and Governance Report

Government & Regulators

The government and regulators are crucial to a company as they provide a legal framework, establish industry standards and enforce regulations, ensuring fair competition, compliance and the overall stability of the business environment.

Engagement Platform

- Emails/Letters
- Dialogues with the authorities
- Regulatory authorities-led workshops and trainings

Areas of Concern

- Compliance with laws, Regulations, guidelines and national policies
- Governance compliance
- Occupational health and safety

The Group's Response

- Establish a compliance management system that involves conducting regular audits and assessments to ensure full compliance with all relevant laws and regulations.
- Engage regularly with government agencies to address concerns and build cooperative relationships.
- Invest in occupational health and safety programmes, conduct risk assessments and implement preventive measures.

Employees

Employees are essential to a company's success, serving as the driving force behind innovation, productivity and the delivery of products or services while also contributing significantly to the company's culture and overall performance.

Engagement Platform

- Appraisal meetings
- Training programmes
- Individual development plans
- Circulation of internal memos
- Email communications
- Employee engagement activities
- Festive gatherings
- Team building activities
- Meeting with the management
- Weekly sport activities

Areas of Concern

- Performance and remuneration
- Training and career development
- Talent retention
- Employee welfare
- Occupational health and safety

The Group's Response

- Conduct regular salary reviews and provide performance-related bonuses or incentives.
- Provide a range of training and development programmes.
- Offer a comprehensive remuneration package and address employees' concerns when raised.
- Provide a variety of employee benefits and encourage open communication channels for employees to voice their concerns.
- Conduct regular safety training sessions and provide necessary safety equipment for work.

Environmental, Social and Governance Report

Vendors/ Suppliers

Vendors and Suppliers are vital to a company, playing a critical role in the supply chain by providing the necessary goods and services, influencing product quality, production efficiency and overall operational success.

Engagement Platform	Areas of Concern	The Group's Response
<ul style="list-style-type: none"> • Negotiations with vendors/suppliers • Supplier periodical performance evaluation • New vendor evaluation and registration 	<ul style="list-style-type: none"> • Development of vendor and supplier long-term relationship • Stable quality supply and on time delivery 	<ul style="list-style-type: none"> • Conduct regular communication of business goals and expectations with vendors and suppliers. • Provide feedback and establish clear contractual terms and fair payment practices. • Implement quality control measures to ensure consistent product quality. • Develop a reliable supply chain management system to track and optimise delivery timelines.

Customers

Customers are paramount to a company's success, as their satisfaction and loyalty drive revenue, market reputation and sustained business growth.

Engagement Platform	Areas of Concern	The Group's Response
<ul style="list-style-type: none"> • Social media • Official website • Dedicated sales and marketing personnel 	<ul style="list-style-type: none"> • Brand reputation • Products and services quality • Customer satisfaction • Delivery schedule • Data privacy 	<ul style="list-style-type: none"> • Transparently communicate values and sustainability efforts. • Embrace corporate social responsibility initiatives. • Implement stringent quality control measures and provide responsive customer service. • Optimise delivery schedules with an efficient supply chain management system. • Adopt strict data privacy policies and implement robust cybersecurity measures.

Environmental, Social and Governance Report

Media

Media is crucial to a company as it shapes public perception, disseminates information and influences brand image, playing a pivotal role in marketing, reputation management and overall corporate communication.

Engagement Platform	Areas of Concern	The Group's Response
<ul style="list-style-type: none"> Engagement sessions and interviews AGM and EGM Press release and coverage Company's website and announcements 	<ul style="list-style-type: none"> Company reputation Publicity Business performance 	<ul style="list-style-type: none"> Engage with the media through press releases, interviews and updates to highlight the positive aspects of the Group's activities. Maintain open communication channels with the media, ensuring timely and accurate responses to inquiries. Release performance updates and strategic plans on website

Local Communities

Local communities are essential to a company, serving as key stakeholders whose support and well-being can impact the company's reputation, social license to operate and long-term sustainability.

Engagement Platform	Areas of Concern	The Group's Response
<ul style="list-style-type: none"> Community engagement programmes Volunteering programmes Charity donation and events 	<ul style="list-style-type: none"> Social responsibility Community development Environmental impacts 	<ul style="list-style-type: none"> Engage with local communities and get involved in community initiatives and charitable projects. Explore and adopt environmentally sustainable practices such as energy efficient technologies.

With regards to sustainable development, we believe stakeholders' inputs are essential in shaping our roadmap and strategy to strengthen our ESG management and we will actively engage in different platforms to communicate with our stakeholders.

Environmental, Social and Governance Report

A. ENVIRONMENTAL

The Group understands the importance of environmental sustainability and protection. The Group takes measures to protect the environment in which we operate through the implementation of an environmental management system at our factories.

The Group is committed to operating in compliance with applicable environmental laws and regulations in all material respects and protecting environment by minimising the negative impact of the Group's operation on the environment. A subsidiary of the Group has been certified with the ISO 14001:2015 Certification for Environmental Management Systems issued by SGS (Malaysia) Sdn. Bhd. and SGS United Kingdom Limited. For the other subsidiaries, we have put in place our own environmental management system that identifies and manages our environmental risks concerning our businesses. We are able to identify environmental opportunities, enforce programs, promote awareness among our employees and stakeholders and seek continuous improvement.

During the Financial Year, the Group has strictly complied with relevant environmental laws and regulations relating to air, greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste in Malaysia and Vietnam. The Group is not aware of any material non-compliance of the relevant environmental laws and regulations that have a significant impact on the Group.

A1. Emission

During the Financial Year, the Group's total emissions are summarised in table below:

Emission category	Item	Unit	2024	2023	Target
GHG	Scope 1 (Direct Emission)	tonnes CO ₂ e	30	29	20% reduction in intensity by year 2030 from the year 2020 baseline
	Scope 2 (Energy Indirect Emission)	tonnes CO ₂ e	3,282	3,281	
	Total (Scope 1 & 2)	tonnes CO ₂ e	3,312	3,310	
	GHG emission intensity	tonnes CO ₂ e/employee	4.81	5.25	
Hazardous waste	Industrial wastage	tonnes	41	55	10% reduction in intensity by year 2030 from the year 2020 baseline
	Hazardous waste intensity	tonnes/employee	0.06	0.09	
Non-hazardous waste	Wastewater	tonnes	7,336	14,317	10% reduction in intensity by year 2030 from the year 2020 baseline
	Solid wastage	tonnes	213	197	
	Total non-hazardous waste	tonnes	7,549	14,514	
	Non-hazardous waste intensity	tonnes/employee	10.96	23.00	

Environmental, Social and Governance Report

Notes:

1. The above key performance indicators ("KPI") does not form part of the consolidated financial statements. The above data are not independently audited or verified.
2. The GHG emissions intensity is calculated based on the total emissions (in tonnes) under each scope, divided by the Group's number of employees in 2024 and 2023, to reflect both manufacturing and energy efficiency operations. The GHG emissions intensity figures for 2023 have been restated to align with the revised GHG data for that year.

Scope 1 emissions refer to direct GHG emissions from sources owned or controlled by the Group. In our case, these emissions are generated from the combustion of gas in boilers used for our manufacturing processes, which are under our operational control.

Scope 2 emissions are indirect GHG emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed by the Group. The primary source of Scope 2 emissions is the consumption of purchased electricity in the Group's production plants and offices, with the manufacturing segment accounting for 98% of these emissions.

The total emission for Scope 1 and Scope 2 GHG in 2024 remained consistent with 2023. However, the overall GHG emission intensity decreased by 9.7% in 2024, driven by a reduction in purchased electricity consumption. This decline was primarily due to the installation of solar panel, despite an increase in production activities.

The Group achieved a 25% reduction in hazardous industrial waste in 2024, with a 32% decrease in waste intensity, primarily due to improved waste management and recycling practices. Non-hazardous wastewater decreased by 49% in 2024, largely attributed to the installation of an upgraded wastewater treatment system. Meanwhile, solid wastage increased by 8% in 2024, in line with higher production output for certain products. Despite this, the overall intensity of non-hazardous waste declined by 52%. The Company remains committed to further reducing GHG emissions, hazardous industrial waste, and non-hazardous waste by closely monitoring the manufacturing activities, enhancing energy efficiency, optimizing production processes, engaging suppliers to reduce material waste, and promoting employee awareness of sustainable practices.

We are committed to complying with all relevant laws and regulations in the regions where we operate. The Group had obtained the necessary registration books as a hazardous waste generator for generating hazardous waste, including waste oil, waste sludge, chemical containers generated from manufacturing activities. Non-hazardous waste, such as wastewater from the dyeing process and other solid waste requiring special treatment, is managed in accordance with applicable environmental standards and regulations in Malaysia and Vietnam.

To mitigate environmental risks, the Group has implemented several measures, including engaging an independent and licensed pollutant treatment company to hazardous waste disposal. Wastewater is centrally collected and treated before discharged, while non-hazardous wastes and hazardous wastes are separately collected and stored before being transferred to landfill for disposal. All waste handling and disposal processes strictly adhere to the relevant laws and regulations in Malaysia and Vietnam.

Environmental, Social and Governance Report

A2. Use of resources

The Group prioritises the efficient use of resources such as energy, water and paper. Optimising resource consumption not only lowers operating costs but also reduces the Group's carbon footprint. Recognising that sustainability is a collective efforts, the Group emphasizes raising environmental awareness among employees and actively seeks opportunities to enhance operating efficiency. To minimise resource consumption, key initiatives have been implemented to improve energy efficiency, ensuring a more sustainable and responsible approach to business operations.

During the Financial Year, the Group's total use of resources are as follows:

Resource category	Item	Unit	2024	2023	Target
Energy	Electricity	kwh'000	4,886	4,697	20% reduction in intensity by year 2030 from the year 2020 baseline
	Energy intensity	kwh/employee	7.09	7.44	
Water	Water	M ³	53,409	63,540	20% reduction in intensity by year 2030 from the year 2020 baseline
	Water intensity	M ³ /employee	77.52	100.70	
Materials	Office paper	tonnes	3.2	2.3	10% reduction in intensity by year 2030 from the year 2020 baseline
	Packaging materials — Paper, box carton, plastic	tonnes	284	213	
	Total materials	tonnes	287.2	215.3	
	Materials intensity	tonnes/employee	0.42	0.31	

Notes:

1. The above key performance indicators ("KPI") does not form part of the consolidated financial statements. The above data are not independently audited or verified.
2. The GHG emissions intensity is calculated based on the total emissions (in tonnes) under each scope, divided by the Group's number of employees in 2024 and 2023, to reflect both manufacturing and energy efficiency operations. The GHG emissions intensity figures for 2023 have been restated to align with the revised GHG data for that year.

Electricity

The Group's electricity consumption primarily stems from the operations of machinery in factories and daily office use. To enhance energy efficiency, we have upgraded our facilities, implemented proper production planning, and conduct monthly energy consumption monitoring. Additionally, energy-saving equipment enhancements are carried out where appropriate. In previous financial years, we replaced the traditional light bulbs with electricity-savings alternatives in our offices and factories to reduce overall electricity consumption.

Environmental, Social and Governance Report

To further promote energy efficiency, employees are encouraged to use electricity responsibly. Office lights are switched off during lunch and after normal working hours, and idle machines and office equipment are turned off during when not in use. The office temperature is maintained between 24°C and 26°C with natural ventilation preferred over air-conditioning whenever possible. The Group continually reviews the energy consumption and seeks further opportunity for reduction.

Beyond internal energy efficiency effort, the Group integrates green initiatives into its network-related operations and production processes. We collaborate energy consultants to explore and implement energy-efficient solutions at our plants.

In line with our commitment to sustainability, the Group invested solar panels for one of our offices and factories in Malaysia, commencing operations in June 2024. Moving forward, we plan to expand solar panel installations across additional offices and factories in Malaysia to reduce dependence on traditional electricity sources. Solar power, being a renewable energy source, will help lower electricity costs over time.

Electricity consumption in 2024 increased by 4.0% compared to 2023 due to higher production volumes for products. However, electricity intensity decreased by 4.7%, reflecting improved energy efficiency measures implemented by the Group.

Water

Water is primarily used in dyeing process at our factory and for daily operations. Wastewater from dyeing process is treated in accordance with applicable environmental standards before discharge. The Group is committed to minimising water pollution by closely monitoring water usage across all facilities. Employees are encouraged to be mindful of environmental protection, water conservation, and pollution prevention.

To enhance water resource efficiency, the Group conducts regular inspections and maintenance of water tap, pipes, and storage systems. Additionally, the use of bottled water in meeting rooms has been reduced to further promote sustainable water usage.

In 2024, water consumption decreased by 15.9%, while the overall intensity declined by 23.0%. This reduction was mainly attributed to installation of an ungraded wastewater treatment system, as noted in the **"Emission"** section. The Group did not experience any issues in sourcing water fit for operational use.

Materials

The Group is committed to minimising the environmental impact of paper usage. To promote a paperless workflow, we have developed various digital workflow systems that replace traditional paper forms and physical documents. Customers are provided with electronic billing and statements via email, while employees are encouraged to use double side printing and reuse paper where possible. Internal announcement and communications are primarily conducted via email to further reduce paper consumption.

In 2024, paper consumption increased by 39.1% compared to 2023. This was mainly due to higher paper usage for production recording, in line with increased production output, as well as the establishment of the new Johor office for the energy efficiency segment, which required additional paper for its projects or maintenance services.

Environmental, Social and Governance Report

The Group also utilizes carton box, paper and plastic as packaging materials. In 2024, packaging material consumption rose by 33.3% compared to 2023, primarily due to higher sales volumes. To mitigate environmental impact, the Group continues to explore alternative packaging methods and the use of recycled packaging materials to reduce the consumption. As a result, the overall material intensity increased by 22.22%.

Moving forward, the Group will continue to closely monitor resource utilisation and conduct regular assessments to identify opportunities for improving environmental sustainability.

A3. Environmental and natural resources

The Group's business operations do not involve activities that have a direct or significant impact on natural resources.

Recognising the potential threats of climate change to communities, the Group has made continuous progress in reducing its carbon footprints across its operations. The primary sources of GHG emissions within the Group include combustion of gas for boiler steam, electricity consumption for machineries, and wastewater discharge. Regular assessments are conducted to ensure wastewater treatment and steam emissions comply with local government standards and do not negatively impact the surrounding environment. Additionally, routine machinery inspections are carried out to minimise breakdowns, thereby reducing production waste and electricity consumption.

In addition to closely monitoring and enhancing environmental performance, the Group actively provides training to employees to strengthen their awareness and knowledge of environmental protection. During the Financial Year, the Group organized training sessions on ISO 14001:2015 to ensure employees are well-informed about environmental management standards and best practices.

A4. Climate change

Climate change is one of the most pressing global challenges affecting society today. The Group is committed to adhering to and responding to local government policies and initiatives in the identifying and mitigating significant climate-related risks. Extreme weather events may lead to physical damage to assets, disrupting in the supply chain, and increased repair and maintenance costs, which could impact the Company's operational efficiency and financial performance. While such events may be beyond our control, the Group believes that collective action from all stakeholders is essential in addressing climate change.

In addition to the measures outlined above, the Group continues to implement strategies to reduce GHG emissions. Whenever possible, virtual meetings are conducted to minimize unnecessary overseas business travel. When travel is unavoidable, direct flights are preferred to reduce carbon emissions. The Group remains committed to lowering its operational GHG emissions while supporting energy efficiency solutions and technologies for a more sustainable future.

Environmental, Social and Governance Report

B. SOCIAL

B1. Employment

Employees are our greatest assets. Our business success is dependent on how well we can attract, retain and develop our talents. We offer our employees competitive remuneration incentives and ample opportunities to develop their career. The Group expects that all employees and contractors treat one another with respect and dignity. The Group has put in place human resources policies and guidelines in compliance with the relevant labour laws and regulations of the local governments. The policies covered issues relating to compensation and dismissal, recruitment and promotion, working hours, leaves, equal opportunity, diversity anti-discrimination and other benefits and welfare.

During the Financial Year, the Group has strictly complied with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, leaves, equal opportunity, diversity anti-discrimination and other benefits and welfare in Malaysia, Singapore and Vietnam. The Group is not aware of any material non-compliance of the relevant employment laws and regulations that have a significant impact on the Group.

Ratio

The Group recruits its employees based on their industry experience and interpersonal skills. The Group reviews the performance of its employees and the review results will be taken into account in the salary review and promotion appraisal. The Group evaluates the development of competencies in the context of each person's role yearly.

The employees are one of the key stakeholders of the Group, the human resources policies are conducive to building a better working environment, with more development opportunities and attractive employee benefits have contributed to employees' satisfaction levels and retention level. We aim to provide an enriching environment of a professional and harassment-free working environment. As part of its human resources policies, the Group organises recreational activities, such as team building & training programs, celebration of festivals and annual dinners to strengthen the bond among the employees.

Environmental, Social and Governance Report

Employee profile

As at 31 December 2024, the Group employed 686 employees in the manufacturing and energy efficiency segments and the employee turnover rate is about 18.8%. The employee compositions and employee turnover rate are as follows:

			2024
Employee compositions			
Total number of employees (person)			686
By gender	Male		69.5%
	Female		30.5%
By age group	Below aged 30		26.7%
	Aged 30 to 50		58.6%
	Above aged 50		14.7%
By geographical region	Malaysia		37.9%
	Vietnam		44.2%
	Singapore		17.9%
By employment type	Permanent		70.6%
	Contract		29.4%
Employee turnover rate *			
Total number of employees resigned (person)			129
Employee turnover rate			18.8%
By gender	Male		20.5%
	Female		14.8%
By age group	Below aged 30		33.3%
	Aged 30 to 50		14.9%
	Above aged 50		7.9%
By geographical region	Malaysia		20.0%
	Vietnam		17.8%
	Singapore		18.7%

* The turnover rate was calculated by dividing the employees in the specified category leaving employment by the number of employees at the end of the Financial Year.

B2. Health and Safety

The Group endeavours to ensure our employees are provided with a safe working environment. The Group has a safety and health policy and has implemented various measures at our production facilities to promote occupational health and safety and to ensure compliance with applicable laws and regulations. Health and safety on-the-job training will be conducted for all new employees as and when appropriate for continuous improvement. The Group also publishes bulletins with occupational health and safety guidelines, rules and procedures to remind and promote the importance of safety in the workplace at all times and maintain an internal record of workplace accidents.

Environmental, Social and Governance Report

As required by the relevant laws and regulations in Malaysia, we have set up an Occupational Safety and Health Committee (“**OSHC**”) to review health and safety matters from time to time to oversee safety in the work environment and regular internal meetings to discuss safety issues, review any recent industrial accidents and to design any required remedial actions. Fire drills, gas leakage control and spillage control are conducted on a regular basis and briefings in relation to evacuation procedures are given to employees. An Emergency Response Team was set up under purview of the OSHC to ensure that a quick response will be available to our people in the event of an emergency. Members of the team are given training on the use of firefighting equipment, first aid, Cardiopulmonary Resuscitation (CPR) and other measures to be taken in the event of emergency.

The Group also provides the employees with proper personal protective equipment to prevent potential accidents at work and to minimise the impact of occupational hazards on the health of the employees at every job position. The Group provides supplies to the employees, where applicable, including but not limited to: ear plugs, goggles, dust respirators, masks, rubber gloves, boots, insulated shoes, safety belts, etc.

As part of our internal reporting protocol, any workplace accidents, identified cases of occupational diseases and health and safety incidents shall be first reported to the human resources department while cases such as industrial accidents or accidental spills or discharges of pollutants may be referred to local labour or environmental government authorities.

The Group is striving to raise employees’ safety and health awareness by providing training programs to ensure the working environment is healthy, safe and congenial.

In the event of any accidents at site, the Group is required to report for the accidents caused any fatalities, or any serious bodily injury or where a dangerous occurrence takes place in any place of work. The Group is committed to maintain a zero-fatality rate annually by preventing any workplace incidents. No fatalities were reported in the Group in FY2024.

	2024	2023
Total hours worked	1,512,237	1,401,047
Number of work-related fatalities	0	0
Number of work-related injuries	1	3
Lost-time incident rate (“ LTIR ”)	0.13	0.43
Number of lost-days due to work injuries	18.0	57.5

The Group has always put emphasis on the assessment of potential hazards in the plant, and according to the results of the assessment of safety executives, training to enhance occupational health and safety has been strengthened, thereby enhancing the safety awareness and operational skills of employees. The Group has stepped up training for all employees, in particular for the training of the new employees who may lack the awareness of occupational health and safety as well as experience, in order to minimise cases of work injuries.

During the Financial Year, the Group has strictly complied with relevant laws and regulations relating to safe working environment and protecting employees from occupational hazards. The Group is not aware of any material non-compliance of the relevant health and safety laws and regulations that have a significant impact on the Group. Also, the Group was not subject to any punishment by the government and was not involved in any lawsuit related to health and safety. In addition, the Group did not experience any strike or labour dispute with its employees which had caused significant disruption to the Group’s business operations.

Environmental, Social and Governance Report

B3. Development and Training

The Group aspires to develop and grow with our employees and is willing to invest in both work-related training and personal development of our human capital. Moreover, the Group's guidelines are established to assess the performance of employees so as to identify and implement development programs for employees. These include:

- briefing for new employees to familiarise with the company environment and departmental requirements;
- first aid training for proper and effective way to handle accidents related to injured employees at work, as well as to strengthen occupational health and safety to prevent unexpected occupational diseases or viruses;
- fire-fighting protection training to enhance the awareness of fire prevention, and fire drill in a proper and effective manner;
- on-the-job trainings based on the needs of respective positions and talents and interests of employees to enhance the employees' work skills and techniques in term of technical and management skills; and
- internal and external trainings for employees, including specialised trainings such as ISO trainings, tax and financial trainings, management trainings as well as soft skills trainings.

During the Financial Year, we have provided staff training for a total of 9,533 hours. The breakdown of training per employee is as follows:

	Average hours of training per employee [#]	Percentage of employees trained
By gender		
Male	15.3	84.3%
Female	10.7	87.6%
By position		
Senior management	14.4	73.3%
Management	23.5	68.1%
Executive	23.4	78.6%
Non-executive	11.6	88.1%

[#] It is calculated by dividing the employees received training in the specified category by the number of employees in the specified category at the end of the Financial Year.

Environmental, Social and Governance Report

B4. Labour Standards

The Group prohibits child and forced labour. The Group has guidelines setting the procedures and standards on recruitment by the management and human resource team. It is to ensure employee employment strictly complies with local employment regulations. The guidelines are reviewed on a regular basis so as to ensure the consistency with any update of the relevant rules and regulations in all locations of our operations. Once any case that violates the relevant labour laws, regulations or standards is found, the relevant employment contract will be immediately terminated and the individuals responsible for the management of human resources will be disciplined accordingly.

During the Financial Year, the Group strictly complies with the local employment laws and regulations in all locations of our operations in preventing forced or child labour.

OPERATING PRACTICES

B5. Supply Chain Management

The Group has a wide range of suppliers globally providing various products and services. Supply chain management is critical in facilitating our operations and we aim to build mutually beneficial relationships with our suppliers in the long run. Therefore, the Group engages with suppliers fairly, transparently and ethically. The Group will review the suppliers based on, among other things, price and payment terms, product and service quality, operation scale and geographical proximity to our production facilities. We will take all reasonable efforts to conduct appropriate evaluations and assess the background information of the potential suppliers and communicate our expectation to promote environmentally and socially responsible practices to our suppliers. To identify and manage environmental and social risks along the supply chain, we also perform tests on samples collected from potential suppliers and may engage them on trial basis. Quality evaluation reports for each of these potential suppliers are compiled and those who pass the evaluation procedures to our satisfaction will be admitted as our qualified suppliers. A qualified supplier list for our principal raw materials is maintained by our purchase and procurement department and all principal raw materials must be purchased from our qualified suppliers. We closely monitor the performance of our suppliers and quotations from different suppliers that are generally obtained prior to certain procurement to ensure the competitiveness of their pricing. Suppliers failing to keep up with our requirements on product and service quality or contribute to material product defects at any stage of production may be removed from the qualified supplier list.

During the Financial Year, the Group was not aware of any key suppliers and/or subcontractors that have any significant negative impact, either actual and/or potential on the business ethics, environmental protection and labour practices. At present, we have 21 major suppliers mainly located in Asia Pacific region and Europe. The aforementioned supplier policies and practices are being implemented on all of the Group's suppliers.

Environmental, Social and Governance Report

B6. Product Responsibility

With the knowledge that reliable delivery of quality products to our customers is critical to our success, our Group has implemented quality control procedures throughout our production process. For instance, we only source raw materials from suppliers on our suppliers list and evaluate our qualified supplier from time to time and performs tests on samples collected from potential suppliers before engage them as our suppliers.

The Group ensures none of our products would harm the safety and health of our customers. Over the years, we have received a number of awards and certifications in recognition of our business development and quality standards including ISO 9001: 2015, ISO 14001: 2015, IATF 16949:2016, OEKO-TEX® STANDARD 100 Product Class I & II, ISO 13485: 2016 and BRC Global Standard for Packaging Materials Issue 6: August 2019. As we are to supply to textile industry, the OEKO-TEX® STANDARD 100 is widely used in this industry as a uniform global standard of testing and certification. The OEKO-TEX® STANDARD 100 tests harmful substances at all stages of production, including raw materials, semi-finished products and finished products. Only manufacturers who comply with strict testing and inspection procedures and provide verifiable quality assurance are allowed to place the OEKO-TEX® label on their products. The Group's management team members have equipped themselves with risk management knowledge by having attended risk management training, including understanding of ISO 9001 quality management system.

For any complaints from customers in relation to product quality, our quality control team will analyse the details of the complaints and the respective products and determine the reasons of and take safeguard measures to prevent it from happening in the future. The quality control team will identify reasons of defective products such as defective raw materials, errors in manufacturing process or improper loading/unloading during transportation. Our procurement team will communicate and verify with suppliers for the quality issues on raw materials. Suppliers shall bear the responsibility once identified and confirmed, such raw materials supplier will be removed from our qualified supplier list if defective raw materials are being identified repeatedly. If the errors are identified in manufacturing process, the quality control team will analyse the details including going through the manufacturing process with production team. Production team will take immediate assessment on the production process so as to improve the production process and avoid the occurrence of repeated mistakes. The procurement team will communicate and verify with carriers for the improper loading/unloading and carriers shall bear the responsibility once identified and confirmed. Defective products will be collected from customers and be replaced with new batch of products.

The Group secures its intellectual property by using trademarks, confidential information and other applicable forms of legal protection. The Group had registered four trademarks and six domain names in Malaysia, Vietnam and Singapore which are material in relation to our business. In addition, the Group has set up customer services team that are in charge of handling customer complaints. We are also committed to protecting customer's personal data. Data is our valuable asset. The Group has developed a policy of information management system to provide guidance to employees on control and usage of company data and to restrict access or use where necessary to protect the interests of the Group. Data is classified into different levels according to its confidentiality as public, internal, and restricted/confidential data.

During the Financial Year, the Group has strictly complied with relevant laws and regulations relating to product responsibility, in particular the health and safety, advertising and labelling of our products. Also, the Group was not aware of any incidents of non-compliance with relevant laws and regulations regarding health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress that have significant impact on the Group.

During the Financial Year, there were no products sold or shipped that were subject to recalls for safety or health reasons; there were no written complaints related to product and service quality either.

Environmental, Social and Governance Report

B7. Anti-Corruption

On 6 November 2020, the Group has adopted Anti-Bribery and Corruption Policy related to employees, contractors and suppliers of the Group to maintain high ethical standards and a workplace free from corruption. The Group has provided training on anti-corruption to all the directors and staff of the Group.

All employees are expected to discharge their duties with integrity and to follow relevant local laws and regulations. The Group monitors closely the conduct of its management staff to prevent wrong-doings among the Board, senior management and staff, such as prohibiting transfer of benefits while considering new customers, suppliers or any project investment.

The Group has also adopted the Whistleblowing Policy and Guidelines on 6 November 2020. Any person may report allegations of suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Group, the Group's customers, shareholders, employees, investors or the public at large.

The Anti-Bribery and Corruption Policy and Whistleblowing Policy and Guidelines were further enhanced by 23 March 2023.

The key business associates, contractors, suppliers, vendors had made their integrity pledge to our Group during the Financial Year as part of our Group's effort to comply with Anti-Bribery and Corruption Policy.

During the Financial Year, the Group has strictly complied with relevant anti-corruption laws and regulations relating to bribery, extortion, fraud and money laundering and the Group was not aware of any incidents regarding corrupt practices brought against the Group or its employees.

The Group has provided training regarding Anti-Bribery and Corruption Policy to directors and staff during the Financial Year.

COMMUNITY

B8. Community Involvement

For the continuous effort in giving back to the society, the Group would seek for opportunities to get involved in various community programs. The Group's approach towards community involvement is as follows:

- The Group would fulfill corporate social responsibility through the sustainable development strategy to expand its efforts in the areas of charity work.
- Assessment will be taken on how to give business activities to the interests of community.
- The Group is committed to the provision of career opportunities to the locals and promotes the development of the community's economy.

Donation to Hin Hua High School for Chinese New Year Celebration

Celebrating the richness of community diversity is integral to Furniweb Holdings Limited. In 2024, we supported Hin Hua High School in Klang, Malaysia, during the Chinese New Year celebrations, by contributing to the organisation of a Lion Dance performance. This engagement exemplifies our dedication to supporting cultural initiatives across the region, reinforcing social bonds and contributing to the vibrant tapestry of cultural heritage within our society. As we progress on our journey, these concentrated efforts are a testament to our commitment to enriching the diverse communities we are privileged to be a part of.

Environmental, Social and Governance Report

Donation of tourniquets to Hospital Rehabilitasi Cheras and Hospital Shah Alam

As part of our ongoing commitment to supporting healthcare and community well-being, our Group is proud to announce our donation of 10,000 pcs and 1,000 pcs tourniquets to Hospital Rehabilitasi Cheras and Hospital Shah Alam respectively in 2024. This donation aims to assist the hospital in providing critical care to patients experiencing severe trauma and bleeding emergencies.

Tourniquet is a constricting or compressing bandage made of high quality synthetic material that controls venous and arterial circulation to an extremity for a given period of time, mainly used for blood collection.

Our decision to donate tourniquets aligns with our broader CSR strategy of contributing to public health, safety, and well-being. We believe that healthcare is a fundamental pillar of a thriving community, and we are committed to playing an active role in enhancing the quality of care provided to patients.

To our poor and disabled communities

Financial assistance is always a direct way to support the needy minorities such as disabled or orphan children. Apart from donations, we believe helping and serving the community through visits could demonstrate our love and care to the needy groups.

Supporting the Dong Nai Disabled Children Training Centre

Since 2019, we have partnered with the Dong Nai Disabled Children Training Centre in Vietnam, dedicated to enhancing the well-being of vulnerable children with disabilities. Through collaborative efforts, we have donated essential supplies to address their most immediate needs. This assistance provides the centre with the flexibility to allocate resources where they are needed most, whether it be nutritious food like milk and cake, staple supplies such as oil, sugar and instant noodles or other crucial equipment like televisions and blackboards. We also extend our support beyond financial assistance by addressing infrastructure needs through repairs to doors and yards.

By supporting the Dong Nai Disabled Children Training Centre, we contribute to the development of a more just and equitable society for all. The Group remains committed to continuing our partnership, making a lasting positive impact on the lives of children with disabilities in Vietnam.

To our staff community

Work-life balance is one of the important elements in retaining employees in the Group. In this spirit, the Group has organised various activities to help relieve employees from work stress, as well as to foster employees' relationship, for example, the Group organised a weekly sports activities, annual dinners and team buildings activities.

In October 2024, we have organised team building for our Malaysia staff to Bilut Hills aimed at enhancing teamwork and promoting sustainable practices in both the workplace and in our communities. Through these initiatives, we have not only enhanced team collaboration and morale but also successfully fostered a shared commitment to sustainability among our staff. By building a culture of teamwork and environmental consciousness, we empower our employees to contribute to our sustainability goals both in and outside the workplace. Moving forward, we will continue to prioritise team building as a cornerstone of our sustainability strategy, ensuring that our employees remain engaged, motivated, and equipped to drive positive change for a sustainable future.

Environmental, Social and Governance Report

ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Related Section
A. Environmental		
Aspect A1. Emissions		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental
KPI A1.1	The types of emissions and respective emission data.	Emission
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Emission
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emission and Environmental and natural resources
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emission and Environmental and natural resources
Aspect A2. Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of resources and Environmental and natural resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of resources and Environmental and natural resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of resources

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Related Section
Aspect A3. The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental and natural resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B. Social		
Employment and Labour Practices		
Aspect B1. Employment		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employee profile
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee profile
Aspect B2. Health and Safety		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work- related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Related Section
Aspect B3. Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4. Labour Standards		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Operating Practices		
Aspect B5. Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Related Section
Aspect B6. Product Responsibility		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility
Aspect B7. Anti-corruption		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community		
Aspect B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community

Independent Auditor's Report



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TO THE SHAREHOLDERS OF FURNIWEB HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Furniweb Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 90 to 171, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSA**s”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these items.

Impairment of trade receivables, other receivables and loans receivable and contract assets

Refer to notes 4(h)(ii), 4(m), 5(a), 6(b), 22 and 23(b) to the consolidated financial statements

The gross carrying amounts of the Group's trade receivables, other receivables, loans receivable and contract assets as at 31 December 2024 were RM31,507,000, RM16,361,000, RM6,418,000 and RM7,597,000 respectively. The Group assessed impairment for the receivables and contract assets based on expected credit losses model under IFRS 9 *Financial Instruments* ("IFRS 9"). Loss allowances for expected credit losses amounting to RM8,146,000 in aggregate have been made for the receivables for the year ended 31 December 2024.

Assessing expected credit losses on receivables and contract assets is a subjective area as it requires the application of judgment and uses of estimates. To determine the amount of the loss allowance, management considers a wide range of factors such as creditworthiness and past collection history of the debtors, and adjusted for factors that are specific to the debtors, where appropriate. Management is also required to consider forward-looking information with reference to market and economic conditions that may affect the ability of the debtors to settle the receivables.

We have identified impairment assessment of receivables and contract assets as a key audit matter due to the significance of these balances to the consolidated financial statements and considerable amount of judgment and estimation applied by the management as mentioned in the foregoing paragraph.

Our procedures in relation to management's assessment of expected credit loss on trade receivables, other receivables, loans receivable and contract assets included:

- Understanding and evaluating management's key internal control in respect of the valuation of receivables and contract assets which include credit control procedures and estimate of expected credit losses under the Group's policy.
- Obtaining an understanding on how loss allowance for receivables and contract assets is estimated by the management and assessing whether the Group's impairment policy is in accordance with the requirements under IFRS 9.
- Reviewing the arithmetic accuracy of the expected credit losses provision matrix prepared by the management and the expected credit losses calculation.
- Testing the arithmetic accuracy of ageing of receivables and contract assets to the underlying invoices on a sample basis.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Impairment of trade receivables, other receivables and loans receivable and contract assets *(Continued)*

- Assessing the appropriateness of management's estimate of loss allowance by examining the information provided by management to derive such estimates, including testing the historical payment records and historical loss rates; assessing how reasonably management has incorporated in their assessment of forward-looking information including expected changes in economic and financial conditions which is expected to cause a significant change in the debtors' ability to meet their debt obligations.
- Obtaining a list of receivables and contract assets which were long overdue and assessing the recoverability of these outstanding receivables and contract assets through discussion with management and with reference to supporting information provided by management, such as financial background and historical payment trend of these debtors.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 25 March 2024.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

Certified Public Accountants

Lee Ming Wai

Practising Certificate no. P05682

Hong Kong, 26 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RM'000	2023 RM'000 (Restated)
Revenue	7	191,090	216,830
Cost of sales and services		(138,419)	(162,046)
Gross profit		52,671	54,784
Other income	8	806	384
Selling and distribution costs		(2,440)	(1,828)
Administrative expenses		(30,434)	(32,242)
Interest income	9	1,220	1,521
Finance costs	10	(1,004)	(1,757)
Impairment loss on financial assets		(8,146)	(3,600)
Other gains or losses, net	8	(848)	563
Share of profit of a joint venture, net of tax		558	291
Profit before income tax expense	11	12,383	18,116
Income tax expense	12	(3,350)	(5,660)
Profit for the year attributable to owners of the Company		9,033	12,456
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
— Exchange differences on translation of foreign operations		(2,139)	2,322
— Realisation of reserve from disposal of subsidiaries		—	(1,151)
— Share of other comprehensive income of a joint venture		(90)	2
		(2,229)	1,173
<i>Items that will not be reclassified subsequently to profit or loss</i>			
— Exchange differences on translation into presentation currency		(2,394)	—
Total other comprehensive income for the year, net of tax		(4,623)	1,173
Total comprehensive income for the year attributable to owners of the Company		4,410	13,629
		RM cents	RM cents
Earnings per share			
— Basic and diluted	15	1.50	2.07

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2024

	Notes	2024 RM'000	2023 RM'000
Assets and liabilities			
Non-current assets			
Property, plant and equipment	16	30,709	26,160
Right-of-use assets	17	9,590	12,137
Goodwill and intangible assets	18	14,407	15,423
Interest in a joint venture	19	938	1,269
Loan receivable	22(c)	5,000	–
Other investment	20	1,116	–
Deferred tax assets	30	–	9
		61,760	54,998
Current assets			
Inventories	21	28,712	19,272
Contract costs	23(a)	2,120	467
Trade and other receivables	22	42,386	54,274
Contract assets	23(b)	7,597	11,341
Amount due from a joint venture	24	139	124
Current tax recoverable		1,929	1,447
Time deposits with original maturities over three months	25	11,182	14,983
Cash and cash equivalents	25	50,220	42,970
		144,285	144,878
Current liabilities			
Trade and other payables	26	38,130	34,952
Contract liabilities	23(c)	65	1,151
Borrowings	27	15,260	3,118
Lease liabilities	28	1,610	2,256
Current tax liabilities		2,572	3,409
		57,637	44,886
Net current assets		86,648	99,992
Total assets less current liabilities		148,408	154,990
Non-current liabilities			
Borrowings	27	–	8,740
Lease liabilities	28	3,076	4,900
Deferred income	29	973	–
Deferred tax liabilities	30	1,597	2,951
		5,646	16,591
Net assets		142,762	138,399

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2024

	Notes	2024 RM'000	2023 RM'000
Capital and reserves			
Share capital	31	32,633	32,633
Reserves	32	110,129	105,766
Total equity		142,762	138,399

The consolidated financial statements on page 90 to 171 were approved and authorised for issue by the board of directors on 26 March 2025 and were signed on behalf by:

Er. Kang Boon Lian
Director

Mr. Tan Chuan Dyi
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital RM'000 (note 31)	Share premium RM'000 (note 32)	Merger reserve RM'000 (note 32)	Exchange translation reserve RM'000 (note 32)	Share- based payment reserve RM'000 (note 32)	Accumulated losses RM'000	Total RM'000
As at 1 January 2023	32,633	83,915	39,433	2,156	–	(33,414)	124,723
Profit for the year	–	–	–	–	–	12,456	12,456
Exchange differences on translation of foreign operations	–	–	–	2,322	–	–	2,322
Realisation of reserves from disposal of subsidiaries (note 37)	–	–	–	(1,151)	–	–	(1,151)
Share of other comprehensive income of a joint venture	–	–	–	2	–	–	2
Total comprehensive income for the year	–	–	–	1,173	–	12,456	13,629
Share-based payments (note 34)	–	–	–	–	47	–	47
At 31 December 2023 and 1 January 2024	32,633	83,915	39,433	3,329	47	(20,958)	138,399
Profit for the year	–	–	–	–	–	9,033	9,033
Exchange differences on translation of foreign operations and translation into presentation currency	–	–	–	(4,533)	–	–	(4,533)
Share of other comprehensive income of a joint venture	–	–	–	(90)	–	–	(90)
Total comprehensive income for the year	–	–	–	(4,623)	–	9,033	4,410
Share-based payments (note 34)	–	–	–	–	(47)	–	(47)
At 31 December 2024	32,633	83,915	39,433	(1,294)	–	(11,925)	142,762

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RM'000	2023 RM'000
Cash flows from operating activities			
Profit before income tax expense		12,383	18,116
Adjustments for:			
Amortisation of intangible assets		742	740
Depreciation of property, plant and equipment		2,452	1,654
Depreciation of right-of-use assets		2,348	2,087
Decrease in value of other investment		281	–
Fair value loss on profit guarantee		–	96
Gain on disposal of property, plant and equipment		(10)	(26)
Gain on disposal of subsidiaries		–	(347)
Government grant		(27)	–
Impairment loss on financial assets		8,146	3,600
(Reversal of provision)/Provision for inventories, net		(13)	2,433
Write-off of inventories		38	77
Lease modification		(14)	–
Interest income		(1,220)	(1,521)
Finance costs		1,004	1,757
Share of profit of a joint venture, net		(558)	(291)
Unrealised loss on foreign exchange, net		149	272
Operating profit before working capital changes		25,701	28,647
(Increase)/Decrease in inventories		(10,211)	1,405
(Increase)/Decrease in contract costs		(1,739)	22,183
(Increase)/Decrease in trade and other receivables		(3,065)	8,268
Decrease/(Increase) in contract assets		3,347	(7,059)
Increase/(Decrease) in trade and other payables		23,398	(12,412)
(Decrease)/Increase in contract liabilities		(1,056)	1,022
Cash generated from operations		36,375	42,054
Tax paid, net		(5,864)	(6,482)
<i>Net cash generated from operating activities</i>		30,511	35,572

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RM'000	2023 RM'000
Cash flows from investing activities			
Acquisition of other investment		(1,438)	–
Purchase of property, plant and equipment		(7,274)	(8,873)
Deposits paid for acquisition of properties under construction		–	(7,438)
Proceeds from disposal of property, plant and equipment		10	26
Receipt of government grant	29	1,000	–
Payment of remaining consideration for acquisition of subsidiaries	26(b)	(17,012)	–
Net cash outflow from disposal of subsidiaries	37	–	(2,721)
Advance made to a joint venture		(19)	(42)
Dividend received from a joint venture		799	435
Interest received		1,474	1,221
Deposits placed with financial institutions with original maturities over three months		(22,107)	(29,158)
Proceeds received from financial institutions upon maturity of deposits with original maturities over three months		25,015	25,520
<i>Net cash used in investing activities</i>		(19,552)	(21,030)
Cash flows from financing activities	41		
Proceeds from borrowings		6,538	8,336
Repayment of borrowings		(5,284)	(26,894)
Payment of capital element of lease liabilities		(2,255)	(1,898)
Payment of interest element of lease liabilities		(306)	(350)
Other interests paid		(698)	(579)
<i>Net cash used in financing activities</i>		(2,005)	(21,385)
Net increase/(decrease) in cash and cash equivalents		8,954	(6,843)
Cash and cash equivalents at the beginning of the year		42,727	48,248
Effect of foreign exchange rate changes		(2,044)	1,322
Cash and cash equivalents at the end of the year		49,637	42,727
Analysis of cash and cash equivalents			
Cash and cash equivalents as stated in the consolidated statement of financial position	25	50,220	42,970
Less: Bank overdrafts	27	(583)	(243)
Cash and cash equivalents as stated in the consolidated statement of cash flows		49,637	42,727

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

1. GENERAL INFORMATION

Furniweb Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands 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 are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 October 2017. The addresses of the Company’s registered office and its headquarters are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Lot 1883, Jalan KPB9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor, Malaysia, respectively. The principal place of business in Hong Kong is 31st Floor, 148 Electric Road, North Point, Hong Kong.

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in the manufacturing and sales of elastic textile, webbing and rubber tape related products, and energy efficiency business.

The immediate holding company of the Company is PRG Holdings Berhad (“**PRG Holdings**”), 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. In the opinion of the directors, PRG Holdings is also the ultimate holding company of the Company.

2. CHANGES IN ACCOUNTING POLICIES

(a) Adoption of new and amendments to IFRS Accounting Standards — Effective on 1 January 2024

In the current year, the Group has applied for the first time the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”), which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liabilities in a Sale and Leaseback

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures — Supplier Finance Arrangements

The amendments introduce disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity’s liabilities and exposure to liquidity risk. In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by IAS 7.44H(b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments. The Group has provided additional disclosures related to the amendments in notes 27 and 41.

Except for the above amendments which result in changes in disclosures related to supplier finance arrangements in the consolidated financial statements, the adoption of the above amendments to IFRS Accounting Standards that are effective for the current accounting period did not have material impact on the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New and amendments to IFRS Accounting Standards that have been issued but not yet effective

The following new and amendments to IFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature — Dependent Electricity ²
Annual Improvements	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a material effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation or disaggregation and labelling of information, and disclosure of management-defined performance measures.

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are currently assessing the possible effect of these new and amendments to standards on the Group's results and financial position in the first year of application. Except for the above new standards which may result in changes in presentation and disclosure of items in the consolidated financial statements, those new and amendments to IFRS Accounting Standards that have been issued but not yet effective are unlikely to have a material impact on the Group's results and financial position upon application.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 5.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment in life insurance policy which is measured at account value.

All values are rounded to the nearest thousand except when otherwise indicated.

(c) Functional and presentation currency

The functional currency of the Company is Hong Kong dollars, while the Group's consolidated financial statements are presented in Malaysia Ringgit ("RM").

The directors consider that it is more appropriate to adopt RM as the Group's and the Company's presentation currency as the Group is a subsidiary of PRG Holdings which adopts RM as its reporting currency.

(d) Restatements

During the year, the directors have revisited the nature and classification of certain income, expenses, gains and losses and proposed to reclassify certain financial statement items to enhance the presentation of financial statements. Restatements have been made to certain comparative figures in the consolidated statement of profit or loss and other comprehensive income to conform to current year's presentation as follows:

- (1) In last year, reversal of impairment losses on trade receivables of RM122,000 were included in "Other income, net" whereas impairment loss on trade receivables and other receivables of RM2,371,000 and RM1,334,000 respectively and write-off of other receivables of RM17,000 were included in "Administrative expenses". These amounts in aggregate of RM3,600,000 are reclassified to a new line item "Impairment losses on financial assets" which is separately presented in the consolidated statement of profit or loss and other comprehensive income.
- (2) In last year, certain gain or losses items of aggregate amount of RM563,000, comprising mainly gain on disposal of subsidiaries of RM347,000, net foreign exchange gain of RM286,000 and fair value loss on profit guarantee of RM96,000 were included in "Other income, net". To conform to current year's classification, these items are reclassified to a new line item "Other gain or losses, net" which is separately presented in the consolidated statement of profit or loss and other comprehensive income. In addition, the line item "Other income, net" is changed to "Other income".

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

3. BASIS OF PREPARATION *(Continued)*

As a result of the above restatements, the comparative figures of "Other income" and "Administrative expenses" are reduced by RM685,000 and RM3,722,000, respectively, and the comparative figures of "Impairment loss on financial assets" and "Other gains or losses, net" amounting RM3,600,000 and RM563,000 were recognised.

4. MATERIAL ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (note 4(b)) made up to 31 December each year. Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from the investee; and
- (iii) the ability to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment, other than freehold land and construction in progress, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land has unlimited useful lives and is not depreciated. Construction in progress is not depreciated and it is reclassified to the appropriate category of property, plant and equipment when completed and ready for use. Freehold land and construction in progress are stated at cost and subject to any impairment losses.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Property, plant and equipment *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment other than freehold land and construction in progress, to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%–3%
Leasehold improvements	Over the shorter of the remaining lease term or estimated useful life (33.33%)
Plant and machinery	10%–20%
Furniture, fittings and office equipment	10%–33.33%
Motor vehicles	10%–20%

The residual values, useful lives and depreciation method are reviewed, and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss.

(d) Leases — the Group as a lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group except for short-term leases and/or low value leases. The Group has elected not to recognise right-of-use assets and lease liabilities for assets of value below United States Dollar ("USD") 5,000 and leases for which at the commencement date have a lease term of 12 months or less. Lease payments associated with those leases are recognised as expenses in profit or loss on straight-line basis over the lease term.

Right-of-use assets

Right-of-use asset is recognised at cost and comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are stated at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use asset is depreciated on a straight-line basis over the lease terms, which are as follows:

Land use rights	47–48 years
Land and buildings	2–5 years
Motor vehicles	5–7 years
Plant and machinery	10 years

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(d) Leases — the Group as a lessee *(Continued)*

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or a reflect revised in-substance fixed lease payments.

(e) Goodwill

Goodwill arising from acquisition of businesses is measured at cost less any impairment losses.

(f) Intangible assets (other than goodwill)

Intangible assets are stated at cost less accumulated amortisation and any impairment losses.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets are amortised from the date they are available for use over their estimated useful lives as follows:

Computer software	2–5 years
Customer relationship	7 years

The estimated useful lives and the method of amortisation are reviewed annually.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories costs of the manufacturing business comprise raw materials, work in progress and finished goods, which are determined using weighted average basis. Inventories costs for the energy efficiency projects included in "Other consumables" are determined using specific identification basis. Inventories costs for other consumables are determined using first-in-first-out basis. Cost comprises of direct materials, direct labour and an appropriate proportion of production overheads, and where appropriate, subcontracting charges. Net realisable value is the estimated selling prices in the ordinary course of business, less any estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments

(i) *Financial assets at amortised cost*

The Group classifies its financial assets as financial assets at amortised cost, which are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue and are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

(ii) *Impairment loss on financial assets*

The Group recognises loss allowance for expected credit losses ("**ECL**") on financial assets at amortised cost. ECL are measured on either of the following bases:

- 12-month ECL: these are the ECL that result from possible default events within 12 months after the reporting date; and
- lifetime ECL: these are the ECL that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are probability-weighted estimate of credit losses. Credit losses are measured at the difference between all contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group measures loss allowances for trade receivables using simplified approach and calculates ECL based on lifetime ECL. The Group estimates the loss allowance using probability of default, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, ECL are based on 12-month ECL except when there has been a significant increase in credit risk since initial recognition, in which case the loss allowance will be based on the lifetime ECL.

The Group recognises an impairment loss or reversal in profit or loss for financial assets at amortised cost by adjusting their carrying amount through the use of a loss allowance account.

(iii) *Financial liabilities*

The Group classifies its financial liabilities as financial liabilities at amortised cost. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred and subsequently measured at amortised cost using the effective interest method. The related interest expense is recognised in profit or loss.

(iv) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments *(Continued)*

(v) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9 *Financial Instruments* ("IFRS 9").

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or have expired.

(i) **Other investment**

Other investment represents payment for life insurance policy (note 20). Other investment is measured at account value at the end of the reporting period based on the statement issued by the insurance company, with any change in value being recognised in profit or loss.

(j) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits with banks and other financial institutions, short-term highly liquid deposits with original maturities of three months or less that readily convertible into known amount of cash, subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(k) **Foreign currency translation**

Transactions and balances in the financial statements of the group entities

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are translated into the respective functional currency of the group entities on initial recognition at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the exchange rates at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the Consolidated Financial Statements

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4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Foreign currency translation *(Continued)*

Translation on consolidation

The results and financial position of the group entities that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities are translated at the closing rate;
- income and expenses are translated at average exchange rates when the average rate for the period approximates the exchange rates of the dates of transaction; and
- the resulting exchange differences are recognised in the exchange translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in the exchange translation reserve. On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(l) Recognition of revenue and other income

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised goods or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over the good or service to a customer. If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the good or service.

Contract modifications which mainly arise from variation orders are recognised when they are approved by customers. Generally modification to an energy efficiency contract is not accounted for as a separate contract. Contract modification is accounted for as if it were a part of the existing contract and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the contract sum and on the Group's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (i.e. the adjustment to revenue is made on a cumulative catch-up basis). For approved modifications where a change in price has not been agreed, they are accounted for following the requirements in relation to variable consideration, that is to include in the transaction price to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

Notes to the Consolidated Financial Statements

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4. MATERIAL ACCOUNTING POLICIES (Continued)

(l) Recognition of revenue and other income (Continued)

Revenue from contracts with customers (Continued)

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, a provision is recognised in accordance with the accounting policy for onerous contracts as set out in note 4(s).

Further details of the Group's revenue recognition policies on sales of goods, contract income, maintenance service income and other services income from energy efficiency contracts are set out in note 7.

Revenue from other sources

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial assets. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(m) Contract balances

Contract assets

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. Contract assets are recognised when the Group completes the contract works under the energy efficiency contracts but not yet certified by the surveyors or accepted by the customers. Any amount previously recognised as contract assets is reclassified to trade receivables when work performed is certified by the surveyor or accepted by the customer.

Retention monies retained by customers to secure for the due performance of the contracts are contract assets in nature. When the conditions attached to retention monies are fulfilled, the retention monies are released by customers and such retention monies have become trade receivables in nature.

Contract assets are assessed for ECL on the same basis as trade receivables in accordance with the policy set out in note 4(h)(ii).

Contract liabilities

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the consideration (including advances received from customers) exceeds the revenue recognised to date then the Group recognises a contract liability for the difference.

Contract costs

The Group recognises an asset for the costs incurred to fulfil a contract when those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(m) **Contract balances** *(Continued)*

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses.

Capitalised contract costs are subsequently amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate.

(n) **Employee benefits**

Short-term employee benefits

Short-term employee benefits are expensed when employees rendered the related services to the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short-term non accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

Defined contribution plans

The Group's contributions to the defined contribution retirement plans are expensed as incurred.

(o) **Share-based payments**

The ultimate holding company of the Company issues share option awards and share awards to certain directors and employees of the Group to recognise their contributions and services to the Group.

Equity-settled share-based transactions

Where share options are awarded to employees under equity-settled share-based transactions, the fair value of the services received is measured by reference to the fair value of the equity instruments at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share-based payment reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Notes to the Consolidated Financial Statements

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4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(o) **Share-based payments** *(Continued)*

Cash-settled share-based transactions

Where share options and shares are awarded to employees under cash-settled share-based transactions, the fair value of the services and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the Group shall remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The approach used to account for the vesting conditions when measuring equity-settled share-based transactions also applies to cash-settled share-based transactions.

(p) **Taxation**

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets also arise from unused tax losses and unused tax credits. Except for temporary differences arising on (i) the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting or taxable profit and does not give rise to equal taxable and deductible temporary differences; and (ii) investments in subsidiaries and a joint venture where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period, and reflects any uncertainty related to income taxes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income taxes are recognised in profit or loss.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

(q) Impairment of non-financial assets

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets including property, plant and equipment, right-of-use assets, intangible assets with finite useful lives, interest in a joint venture, are tested for impairment whenever events or changes in circumstances indicate that their carrying amount might not be recoverable.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit ("CGU")). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Impairment loss is charged pro-rata to the assets in the CGU, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal, or value-in-use, if determinable.

An impairment loss in respect of goodwill is not reserved. For other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of such impairment is credited to profit or loss in the period in which it arises.

(r) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the Group has elected to present the grant in the consolidated statement of financial position as deferred income, which is recognised in profit or loss on straight-line method over the useful life of the related asset.

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reliably estimated. Specifically, provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Consolidated Financial Statements

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5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated financial statements, key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(a) *ECL allowance on receivables and contract assets*

The measurement of loss allowance for ECL of receivables and contract assets requires judgment and estimation, in particular, the assessment of a significant increase in credit risk and credit-impaired balances as well as the estimation of the amount and timing of future cash flows when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At the end of each reporting period, the Group measures the ECL of trade receivables, other receivables, loans receivable and contract assets. To determine the amount of the loss allowance, management considers a wide range of factors such as creditworthiness and past collection history of the debtors, and adjusted for factors that are specific to the debtors, where appropriate. In addition, management consider forward-looking information with reference to market and economic conditions that may affect the ability of the debtors to settle the balances. These require significant estimation and judgment by the management. The Group's historical credit experience and forecast of economic conditions may not be representative of a customer's or debtor's default in the future.

During the year ended 31 December 2024, the Group recognised provision for impairment loss on receivables of RM8,146,000 (2023: RM3,583,000) in aggregate. Further details of the carrying amounts of the Group's trade receivables, other receivables, loans receivable and contract assets and the ECL assessment are set out in notes 22 and 23(b).

(b) *Allowance for inventories*

The carrying amount of inventories as at 31 December 2024 was RM28,712,000 (2023: RM19,272,000) (note 21). Management assesses the allowance for inventories taking into account the ageing and the estimated net realisable value of the inventories. A considerable amount of judgment and estimates is required in determining such allowance. If conditions which have an impact on the net realisable value of inventories deteriorate, or inventories are no longer salable or consumable due to changes in customer preferences and demand and market trend that result, additional allowances may be required. During the year ended 31 December 2024, the Group recognised net reversal of provision for inventories amounting to RM13,000 (2023: net provision for inventories of RM2,433,000) (note 11).

Notes to the Consolidated Financial Statements

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5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

Key sources of estimation uncertainty *(Continued)*

(c) Impairment of non-financial assets and goodwill

The Group reviews at least annually and assesses whether goodwill have suffered any impairment. Other assets including property, plant and equipment, right-of-use assets, intangible assets with definite useful lives, interest in a joint venture are reviewed for impairment whenever events or changes in circumstance indicate that these assets have suffered an impairment loss.

The carrying amount of goodwill as at 31 December 2024 was RM11,006,000 (2023: RM11,207,000) and the intangible assets arising from customer relationship was RM3,398,000 (2023: RM4,210,000) (note 18). For impairment assessment purposes, they are allocated to the CGU to which they belong and the recoverable amount of the respective CGU is determined based on value-in-use calculations using discounting cash flow approach.

The use of discounted cash flow approach in estimating the recoverable amount of the CGU incorporates a number of key estimates and assumptions about future events and therefore, are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgments for discounted cash flow approach, the directors take into consideration assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. Future changes in the events and conditions underlying the estimates and judgments would affect the estimation of recoverable amounts and result in adjustments to their carrying amounts.

Based on the annual impairment assessment, the recoverable amounts of the CGUs to which the goodwill and intangible assets belong to are higher than their carrying amounts, thus, no impairment provision is recognised in the current year. Further details of the impairment assessment of the related non-financial assets of the CGUs are set out in note 18.

(d) Recognition of contract income, contract costs, contract assets and contract liabilities of energy efficiency contracts

As explained in note 7, revenue recognition of contract income arising from energy efficiency contracts is dependent on management's estimation of the total outcome of the contract and with reference to the stage of completion at the end of the reporting period. The Group reviews and revises the estimates of contract income, total budget contract costs and any variation orders for each contract as the contract progresses.

Estimated contract income of individual contract is determined in accordance with the terms set out in the relevant contract. In determining the contract income at the end of the reporting period, the Group would measure the progress towards complete satisfaction of the performance obligation of the relevant contract, which is determined with reference to surveyors' certificates and customers' acceptances of services rendered. The Group would assess and estimate the value if there were significant work performed between the date of latest certification and the reporting date.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

Key sources of estimation uncertainty *(Continued)*

(d) Recognition of contract income, contract costs, contract assets and contract liabilities of energy efficiency contracts (Continued)

Estimated total budget contract costs of individual contract, which mainly comprise materials, subcontract charges and direct labour, are supported by estimated costs of materials, estimated subcontracting charges and estimated costs of direct labour based on management's experience and, from time to time, quotations provided by the suppliers and the subcontractors.

Given the above, recognition of contract income and recognised contract profit requires significant management judgment and involves estimation uncertainty. If the progress towards complete satisfaction of the performance obligation of the relevant contract does not reflect the work performed to date, the contract income, the contract costs and the gross profit recognised in a period could be significantly distorted. If contract budgets are not up-to-date to adjust for changes in circumstances which include cost overrun, over-budgeting, variation orders and to come up with reasonable cost estimates for the expected rectification work during the defects liability period, the contract costs and the gross profit recognised in a period can also be significantly distorted. In order to keep contract budgets more accurate and up-to-date, management conducts periodic review of contract budgets and revises the estimates of contract income and contract costs where necessary. Despite the regular review of contract budgets by the management, the actual outcome of contracts in terms of revenue and costs may be higher or lower than the estimates and that will affect the amount of contract income and gross profit recognised in each period.

Further details of the Group's contract income, contract costs, contract assets and contract liabilities are set out in notes 7 and 23.

(e) Estimates of current tax and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgment is required in determining the amount of the provision for taxation, the timing of payment of the related taxation and the implementation of taxes rules in the countries in which the Group operates. The Group recognised income tax and other taxes based on management's best estimates according to their understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the tax expense in the period in which the tax calculations are finalised with the local tax authorities or when such estimate is changed.

Details of the Group's income tax expense and deferred tax are disclosed in notes 12 and 30 respectively.

Notes to the Consolidated Financial Statements

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6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks which comprise foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group's business transactions, assets and liabilities are principally denominated in the functional currencies of the group entities. The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies of the respective group companies. In addition, the Group holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to foreign currency risk are primarily USD and Euro. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the foreign currency denominated monetary assets and liabilities in net position as at 31 December 2024 and 2023 are as follows:

	USD RM'000	Euro RM'000
As at 31 December 2024		
Trade and other receivables	10,807	1,323
Cash and bank balances	10,838	2,131
Trade and other payables	(4,171)	–
Lease liabilities	(2,365)	–
	15,109	3,454
	USD RM'000	Euro RM'000
As at 31 December 2023		
Trade and other receivables	8,041	4
Cash and bank balances	9,950	519
Trade and other payables	(1,484)	(10)
Lease liabilities	(2,518)	–
	13,989	513

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Foreign currency risk *(Continued)*

The following table illustrates the approximate change in the Group's profit for the year and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period:

	Increase in profit for the year and decrease in accumulated losses	
	2024 RM'000	2023 RM'000
USD appreciated by 10%	1,511	1,399
Euro appreciated by 10%	345	51

The changes in exchange rates do not affect the Group's other component of equity. The same percentage depreciation in the foreign currencies against the functional currency of the respective group entities would have the same magnitude on profit and accumulated losses but of opposite effect.

The sensitivity analysis is prepared assuming that the assumed percentage change in foreign currency exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities, exposure to currency risk for financial instruments in existence at that date, and all other variables, in particular interest rates, remain constant. The assumed percentage change in foreign currency exchange rates represents management's assessment of reasonably possible changes in the foreign exchange rates over the period until the next reporting date.

(b) Credit risk

The carrying amount of trade receivables, other receivables, loans receivable, amount due from a joint venture, cash and bank balances (including time deposits with original maturities over three months) and other investment included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales and loans are made to customers and debtors with an appropriate credit history. Other receivables including the amount due from joint venture are closely monitored by the directors. The credit risk on bank balances is limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Credit risk *(Continued)*

The Group assesses whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout the year by comparing the risk of a default occurring on the financial assets as at the reporting date with the risk of default as at the date of initial recognition. For this purposes, the Group considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment, including forward-looking information. In particular, the following information is taken into account when assessing whether credit risk has significantly since initial recognition:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of the debtor.

The Group presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor fails to make contractual payment if more than 90 days past due.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- a significant difficulty of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a debt by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

The gross carrying amount to financial assets is written off to the extent that there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a receivable for write off when a debtor fails to make contractual payments more than 365 days past due. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, if practical and economical. Further details of the credit risk assessment of financial assets at amortised cost and contract assets are set out in notes 22 and 23(b).

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period based the contractual undiscounted cash flows and the scheduled repayment dates set out in the loan agreements:

	Carrying amount RM'000	Total contractual undiscounted cash flow RM'000	Within 1 year or repayable on demand RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	More than 5 years RM'000
As at 31 December 2024						
Trade and other payables	38,130	38,130	38,130	–	–	–
Borrowings (note)	15,260	18,340	5,414	2,018	5,165	5,743
	53,390	56,470	43,544	2,018	5,165	5,743
Lease liabilities	4,686	5,744	1,792	768	772	2,412
	58,076	62,214	45,336	2,786	5,937	8,155
	Carrying amount RM'000	Total contractual undiscounted cash flow RM'000	Within 1 year or repayable on demand RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	More than 5 years RM'000
As at 31 December 2023						
Trade and other payables	34,952	34,952	34,952	–	–	–
Borrowings (note)	11,858	14,781	3,578	2,133	2,495	6,575
	46,810	49,733	38,530	2,133	2,495	6,575
Lease liabilities	7,156	8,533	2,556	2,200	1,123	2,654
	53,966	58,266	41,086	4,333	3,618	9,229

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Liquidity risk *(Continued)*

The following table shows the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period based the contractual undiscounted cash flows and the earliest date the Group may be required to pay. Specially, for borrowings which contain a repayment on demand clause which can be exercised at the lender's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	Carrying amount RM'000	Total contractual undiscounted cash flow RM'000	Within 1 year or repayable on demand RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	More than 5 years RM'000
As at 31 December 2024						
Trade and other payables	38,130	38,130	38,130	–	–	–
Borrowings (note)	15,260	15,278	15,278	–	–	–
	53,390	53,408	53,408	–	–	–
Lease liabilities	4,686	5,744	1,792	768	772	2,412
	58,076	59,152	55,200	768	772	2,412
	Carrying amount RM'000	Total contractual undiscounted cash flow RM'000	Within 1 year or repayable on demand RM'000	More than 1 year but less than 2 years RM'000	More than 2 years but less than 5 years RM'000	More than 5 years RM'000
As at 31 December 2023						
Trade and other payables	34,952	34,952	34,952	–	–	–
Borrowings (note)	11,858	11,879	11,510	369	–	–
	46,810	46,831	46,462	369	–	–
Lease liabilities	7,156	8,533	2,556	2,200	1,123	2,654
	53,966	55,364	49,018	2,569	1,123	2,654

Note: The Group complies with the terms and conditions of the respective loan agreements. Taking into account the Group's financial position, the directors do not consider that it is probable that lenders will exercise their discretion to demand immediate repayment. The directors believe that the Group's borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group will fluctuate because of changes in market interest rates. The Group's cash flow interest rate risk mainly arises from the floating-rate interest-bearing borrowings including bank overdraft, bills payable, certain term loans and trust receipt loan.

The Group's bank balances (other than time deposits) also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on bank balances. The directors consider the Group's exposure on bank balances to cash flow interest rate risk is not significant as these deposits are within short maturity periods in general.

Time deposits, lease liabilities and borrowings which are interest-bearing at fixed rates are insensitive to changes in interest rates and a change in interest rate at the end of the reporting period would not affect the Group's profit or loss.

The Group currently does not have a interest rate hedging policy. However, the management monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2024, approximately 65% (2023: 69%) of the borrowings bore interest at floating rates, which are based on the bank's base lending rate or cost of fund adjusted by certain basis points. Management assessed that the Group does not have significant concentrated interest rate risk arising from borrowings.

The following table shows the interest rate profile of the Group's floating-rate financial liabilities at the end of the reporting period.

	2024		2023	
	Effective interest rate	Amount RM'000	Effective interest rate	Amount RM'000
Floating rate				
Bank overdrafts	8.64%–8.89%	583	8.64%–8.89%	243
Bills payable	N/A	–	5.14%–5.39%	850
Trust receipt loan	4.62%	1,920	N/A	–
Term loans	4.72%–5.22%	7,449	4.72%–5.22%	7,896
		9,952		8,989

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6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Interest rate risk *(Continued)*

The following sensitivity demonstrates the Group's exposure to a reasonably possible change in interest rates on its floating-rate borrowings with all other variables held constant at the end of the reporting period:

	(Decrease)/Increase in profit for the year and (increase)/ decrease in accumulated losses	
	2024 RM'000	2023 RM'000
Increase by 0.5%	(38)	(34)
Decrease by 0.5%	38	34

The sensitivity analysis is prepared assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The sensitivity analysis is performed on the same basis as 2023.

(e) Categories of financial instruments

	2024 RM'000	2023 RM'000
Financial assets		
Financial assets at amortised cost	107,241	110,313
Other financial asset — other investment	1,116	—
Financial liabilities		
Financial liabilities at amortised cost	53,390	46,810
Other financial liabilities — Lease liabilities	4,686	7,156

(f) Fair value of financial instruments

Financial instruments not measured at fair value include trade receivables, other receivables, loans receivable, amount due from a joint venture, cash and bank balances (including time deposits with original maturities over three months), trade and other payables and borrowings.

The carrying amounts of trade and other receivables, amount due from a joint venture, cash and bank balances, trade and other payables, current portion of loans receivable and borrowings approximate their fair values at the end of the reporting period due to their short-term maturities.

The carrying amounts of the non-current portion of loans receivable and borrowings as well as time deposits with original maturities over three months are assumed to approximate their fair values as the amounts bear interest at commercial rates.

As at 31 December 2024 and 2023, the Group did not have any financial instruments measured at fair value and accordingly, no analysis on fair value hierarchy is presented.

Notes to the Consolidated Financial Statements

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7. REVENUE AND SEGMENT REPORTING

The Company's subsidiaries are principally engaged in the manufacturing and sales of elastic textile, webbing and rubber tape related products, and energy efficiency business.

Previously, certain subsidiaries were principally engaged in the manufacturing and sales of polyvinyl chloride ("**PVC**") related products. The Company disposed of these subsidiaries in September 2023 and the Group has not engaged in the manufacturing and sales of PVC products since then.

The Group determines its operating segments and prepares segment information based on the financial information provided regularly to the chief executive officer who is the chief operating decision-maker ("**CODM**") for the purposes of resources allocation and assessment of segment performance. The Group has identified the following two reportable segments for its operating segments:

- Manufacturing (the "**manufacturing segment**"); and
- Energy efficiency (the "**energy efficiency segment**").

In addition to the above reportable segments, the Group has identified one other segment, i.e. "Others", which includes the businesses and activities of property investment and money lending as well as head office.

The CODM assesses the performance of the operating segments on the basis of profit before income tax expense calculated in accordance with IFRS Accounting Standards. Inter-segment sales are priced along the same lines as sales to external customers, and is eliminated in the consolidated financial statements.

Information of the operating segments of the Group reported to the CODM for the purposes of resources allocation and performance assessment does not include segment assets and segment liabilities. Accordingly, no information of segment assets and segment liabilities is presented.

Notes to the Consolidated Financial Statements

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7. REVENUE AND SEGMENT REPORTING *(Continued)*

Segment revenue and segment results

	Manufacturing RM'000	Energy efficiency RM'000	Others RM'000	Total RM'000
Year ended 31 December 2024				
Revenue				
Revenue from external customers	92,366	98,601	123	191,090
Results				
Segment profit/(loss)	9,181	13,795	(11,367)	11,609
Interest income	840	86	294	1,220
Finance costs	(816)	(182)	(6)	(1,004)
Share of profit or a joint venture, net of tax	558	–	–	558
Profit/(Loss) before income tax expense	9,763	13,699	(11,079)	12,383
Income tax expense	(720)	(2,630)	–	(3,350)
Profit/(Loss) for the year	9,043	11,069	(11,079)	9,033
Other segment items				
Amortisation and depreciation	(2,931)	(2,498)	(113)	(5,542)
Decrease in value of other investment	–	(281)	–	(281)
Government grant	27	–	–	27
Impairment loss on financial assets	(67)	–	(8,079)	(8,146)

Notes to the Consolidated Financial Statements

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7. REVENUE AND SEGMENT REPORTING (Continued)

Segment revenue and segment results (Continued)

	Manufacturing RM'000	Energy efficiency RM'000	Others RM'000	Total RM'000
Year ended 31 December 2023				
Revenue				
Revenue from external customers	96,113	120,546	171	216,830
Results				
Segment profit/(loss)	5,207	16,629	(3,775)	18,061
Interest income	1,189	22	310	1,521
Finance costs	(682)	(240)	(835)	(1,757)
Share of profit or a joint venture, net of tax	291	–	–	291
Profit/(Loss) before income tax expense	6,005	16,411	(4,300)	18,116
Income tax expense	(2,843)	(2,817)	–	(5,660)
Profit/(Loss) for the year	3,162	13,594	(4,300)	12,456
Other segment items				
Amortisation and depreciation	(2,155)	(2,256)	(70)	(4,481)
Fair value loss on profit guarantee	–	(96)	–	(96)
Gain on disposal of subsidiaries	347	–	–	347
Impairment loss on financial assets	(3,506)	(94)	–	(3,600)

Geographical information

The Company is domiciled in the Cayman Islands. The Group's manufacturing facilities and sales offices are based in Malaysia and Vietnam whereas its energy efficiency business is based in the Republic of Singapore ("Singapore") and Malaysia. The Group's PVC business which was disposed of in September 2023 was based in the People's Republic of China (the "PRC").

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

7. REVENUE AND SEGMENT REPORTING *(Continued)*

Geographical information *(Continued)*

An analysis of the Group's revenue from external customers by geographical location, determined based on location of customers from which the sales transactions originated, is as follows:

	2024 RM'000	2023 RM'000
Asia Pacific		
Malaysia	32,768	15,735
Singapore	74,341	114,375
Vietnam	19,200	19,675
Other regions of Asia Pacific	31,618	40,643
	157,927	190,428
Europe	9,191	6,477
North America	23,176	19,249
Others	796	676
	191,090	216,830

An analysis of the Group's non-current assets other than financial instruments, deferred tax assets and asset arising under insurance contract (i.e. specific non-current assets) by geographical locations, determined based on the location of the assets or location of operations in case of interest in a joint venture, is as follows:

	2024 RM'000	2023 RM'000
Malaysia	34,742	30,839
Vietnam	6,561	6,900
Singapore	14,300	17,094
Hong Kong	41	156
	55,644	54,989

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group for the reporting periods is as follows:

	2024 RM'000	2023 RM'000
Customer A	24,041	N/A
Customer B	N/A	37,874

N/A: Revenue derived from Customer A and Customer B was below 10% of the Group's total revenue for the respective years.

Revenue derived from the above major customers is reported under the energy efficiency segment.

Notes to the Consolidated Financial Statements

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7. REVENUE AND SEGMENT REPORTING (Continued)

Disaggregation of revenue by sources and timing of revenue recognition

	Manufacturing RM'000	Energy efficiency RM'000	Other RM'000	Total RM'000
Year ended 31 December 2024				
Revenue from contracts with customers				
Recognised at a point in time:				
— Sales of goods				
— Elastic textile	38,010	—	—	38,010
— Webbing	44,478	—	—	44,478
— Other manufacturing products	9,878	—	—	9,878
— Others	—	178	—	178
	92,366	178	—	92,544
Recognised at over time:				
— Contract income	—	72,306	—	72,306
— Maintenance service income	—	15,789	—	15,789
— Other services	—	10,328	—	10,328
	—	98,423	—	98,423
	92,366	98,601	—	190,967
Revenue from other sources				
— Others	—	—	123	123
	92,366	98,601	123	191,090

	Manufacturing RM'000	Energy efficiency RM'000	Other RM'000	Total RM'000
Year ended 31 December 2023				
Revenue from contracts with customers				
Recognised at a point in time:				
— Sales of goods				
— Elastic textile	29,196	—	—	29,196
— Webbing	43,743	—	—	43,743
— Other manufacturing products	23,174	—	—	23,174
— Others*	—	200	—	200
	96,113	200	—	96,313
Recognised over time:				
— Contract income	—	100,961	—	100,961
— Maintenance service income	—	13,199	—	13,199
— Other services*	—	6,186	—	6,186
	—	120,346	—	120,346
	96,113	120,546	—	216,559
Revenue from other sources				
— Others*	—	—	171	171
	96,113	120,546	171	216,830

* These amounts were reclassified to conform to current year's classification.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

7. REVENUE AND SEGMENT REPORTING *(Continued)*

Revenue recognition

Sales of goods

The Group manufactures and sells elastic textile, webbing and rubber tape related products to the customers. Previously, the Group also engaged in manufacturing and sales of PVC related products, and such business was disposed of by the Group in September 2023.

Revenue from sales of goods is recognised at a point in time when the customers obtain control of the goods, being the time when the goods are delivered to the customers' specified location and there is no unfulfilled obligation that could affect the customers' acceptance of the goods and the customers have obtained legal titles to the goods.

Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the goods are delivered to the customers as this is the point of time that the consideration is unconditional because only the passage of time is required before the payment is due.

Contract income, maintenance service income and other services income from energy efficiency business

The Group provides energy efficiency consultancy, maintenance and other services to the customers. Contract income, maintenance services income and other services income are recognised over time based on the progress towards complete satisfaction of the performance obligation of the respective contracts at the end of the reporting period.

In respect of contract income from energy efficiency contracts, management assessed that the stage of completion determined based on surveyors' certificates and customers' acceptance of services rendered is an appropriate measure of the progress towards complete satisfaction of the performance obligations of these contracts.

In respect of maintenance services under term contracts, income is recognised by reference to the invoiced amount when it corresponds directly with the value to the customers of the Group's performance completed to date.

In respect of other services income, income is recognised over time as the relevant services are provided.

Notes to the Consolidated Financial Statements

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8. OTHER INCOME AND OTHER GAINS OR LOSSES, NET

	2024 RM'000	2023 RM'000 (Restated)
Other income		
Commission income	113	91
Government grant (note 29)	27	–
Others	666	293
	806	384
	2024 RM'000	2023 RM'000 (Restated)
Other gains or losses, net		
Decrease in value of other investment (note 20)	(281)	–
Fair value loss on profit guarantee	–	(96)
Gain on disposal of property, plant and equipment	10	26
Gain on disposal of subsidiaries (note 37)	–	347
Gain on lease modification	14	–
Net foreign exchange (loss)/gain	(591)	286
	(848)	563

9. INTEREST INCOME

	2024 RM'000	2023 RM'000
Interest income from:		
— time deposits	830	1,170
— bank balances	97	44
— loan to ultimate holding company of the Company	293	307
	1,220	1,521

Notes to the Consolidated Financial Statements

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10. FINANCE COSTS

	2024 RM'000	2023 RM'000
Interest on:		
— borrowings	698	579
— lease liabilities (note 17)	306	350
Unwinding interest on other payable	—	828
	1,004	1,757

11. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before income tax expense is arrived at after charging/(crediting) the followings:

	2024 RM'000	2023 RM'000
Auditor's remuneration		
— Statutory audit		
— Current	561	530
— Over-provision in prior year	(2)	(3)
— Other services	58	58
Amortisation and depreciation	5,542	4,481
— Amortisation of intangible assets [#]	742	740
— Depreciation of property, plant and equipment	2,452	1,654
— Depreciation of right-of-use assets	2,348	2,087
Cost of inventories recognised as expense*	122,162	145,728
(Reversal of provision)/Provision for inventories, net	(13)	2,433
— Provision for inventories	235	2,648
— Reversal of provision for inventories	(248)	(215)
Write-off of inventories	38	77
Impairment loss on financial assets	8,146	3,600
— Impairment loss on trade receivables	67	2,249
— Impairment loss on other receivables	7,893	1,334
— Impairment loss on loans receivable	186	—
— Write-off of other receivables	—	17
Employee costs (note 13) included in:	53,430	49,734
— cost of sales and services	33,182	27,484
— selling and distribution costs	206	158
— administrative expenses	20,042	22,092

[#] Amortisation of intangible assets of RM742,000 (2023: RM740,000) was included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

* The comparative figure of cost of inventories recognised as expense was restated to conform to the current year's classification of inventory components.

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

12. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 RM'000	2023 RM'000
Current tax — Malaysian income tax		
— provision for the year	1,997	589
— under-provision in prior years	238	88
	2,235	677
Current tax — Other major tax jurisdictions		
— provision for the year	2,684	3,905
— (over)/under-provision in prior years	(237)	394
	2,447	4,299
Total current tax	4,682	4,976
Deferred tax (note 30)	(1,332)	684
Total income tax expense	3,350	5,660

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax the Cayman Islands.

Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 24%) of the estimated taxable profit for the year.

Income tax expense for other major tax jurisdictions including Singapore, Vietnam, Hong Kong and the PRC, are calculated at the rates prevailing in those respective jurisdictions.

The Group operates in certain jurisdictions where the Pillar Two Rules are enacted but not effective. However, as the Group's consolidated annual revenue is expected to be less than EUR750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

Notes to the Consolidated Financial Statements

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12. INCOME TAX EXPENSE *(Continued)*

Income tax expense for the year can be reconciled to profit before income tax expense in the consolidated statement of profit or loss and other comprehensive income at Malaysian income tax rate as follows:

	2024 RM'000	2023 RM'000
Profit before income tax expense	12,383	18,116
Tax calculated at Malaysian income tax rate of 24%	2,972	4,348
Effect of different tax rates in other tax jurisdictions	(453)	(827)
Tax incentive	(501)	(193)
Tax effect of expenses not deductible for tax purposes	2,307	2,612
Tax effect of income not taxable for tax purposes	(29)	(347)
Utilisation of tax losses and other temporary differences previously not recognised	(10)	(311)
Tax effect of tax losses and other temporary differences not recognised	226	68
Tax effect of share of profit of a joint venture	(134)	(70)
Under-provision of current income tax in prior years	1	482
Deferred tax recognised for tax allowance from tax authority	(622)	–
Others	(407)	(102)
Income tax expense	3,350	5,660

13. EMPLOYEE COSTS

Employee costs (including directors' emoluments (note 14)) comprises:

	2024 RM'000	2023 RM'000
Wages, salaries and bonus	42,999	41,355
Contribution to defined contribution retirement plans	4,246	3,682
Share-based payment expenses	479	445
Other benefits	5,706	4,252
	53,430	49,734

Retirement benefits to employees are provided through defined contribution plans. The Group operates defined contribution retirement plans namely Employee Provident Fund, Vietnam Social Insurance, Central Provident Fund ("CPF") Scheme and Mandatory Provident Fund ("MPF") Scheme in Malaysia, Vietnam, Singapore and Hong Kong respectively.

Notes to the Consolidated Financial Statements

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13. EMPLOYEE COSTS *(Continued)*

Contributions to these plans are made based on a percentage of the employees' relevant income. The Group's employer contributions vest fully with the employees when contributed into the plans. Contributions to these plans are recognised as an expense in profit or loss when the services are rendered by the employees.

The Employee Provident Fund is a government-managed fund in Malaysia which is mandatory for the Malaysian employees. The standard contribution rate from the employer is 13% for employees with monthly salary of RM5,000 and below and 12% for employees with monthly salary above RM5,000. The standard contribution rate from the employees is 11% of monthly salary.

The Group participates in the CPF Scheme, which is a state-managed retirement benefit scheme operated by Singapore government. The Group is required to make monthly contributions to CPF in respect of each employee, who is either a citizen or permanent resident of Singapore. CPF contributions are required for both ordinary wages and additional wages (subject to any ordinary wages ceiling) of employees at the contribution rates prescribed under the Central Provident Fund Act (Cap 36) of Singapore ("CPFA"). Employer must make payment for both employer's and employee's share of the monthly contribution. Pursuant to section 7(2) of the CPFA, the employer is allowed to recover certain amounts as stipulated in the CPFA from the monthly wages of an employee.

The Vietnam Social Insurance is administrative by the Social Insurance Agency of the Vietnam government. Under the Vietnam Social Insurance scheme, the employer and its employees are each required to make contributions to the scheme at 17.5% and 8% respectively of the employees' monthly salaries, and is cap at 20 times of the minimum wage set by the government.

The Group operates the MPF Scheme under the Mandatory Provident Fund Scheme Ordinance in Hong Kong for those employees eligible to participate in the MPF Scheme. The MPF Scheme is administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000.

The only obligation of the Group with respect to the above schemes is to make the specified contributions. The Group has no further payment obligations once the contributions have been paid.

For the year ended 31 December 2024, no forfeited contribution in respect of the defined contribution retirement plans were utilised by the Group to reduce the contribution payable to the plans (2023: nil). As at 31 December 2024, no forfeited contribution under these plans is available to reduce future contribution (2023: nil).

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14. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Directors' and chief executive's emoluments

The emoluments paid or payable to directors and chief executive of the Company are as follows:

	Fees RM'000	Salaries and other benefits RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Share-based payment expenses* RM'000	Gratuity payment RM'000	Total RM'000
Year ended 31 December 2024							
Non-executive directors							
Dato' Lim Heen Peok	80	3	-	-	5	-	88
Mr. Ng Tzee Penn	60	1	-	-	-	-	61
Executive directors							
Er. Kang Boon Lian	-	1,014	327	96	134	-	1,571
Mr. Andrew Chan Lim-Fai (note (a))	-	480	-	35	-	-	515
Mr. Tan Chuan Dyi (note (b))	-	807	184	149	100	-	1,240
Mr. Cheah Eng Chuan (note (c))	-	386	-	-	-	1,000	1,386
Dato' Lua Choon Hann (note (d))	-	236	-	35	-	-	271
Independent non-executive directors							
Mr. Ho Ming Hon	60	4	-	-	3	-	67
Dato' Sri Dr. Hou Kok Chung	60	4	-	-	3	-	67
Dato' Lee Chee Leong	60	4	-	-	3	-	67
Ms. Tai Lung Hsing (note (e))	2	-	-	-	-	-	2
Total	322	2,939	511	315	248	1,000	5,335

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14. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(Continued)

Directors' and chief executive's emoluments (Continued)

	Fees RM'000	Salaries and other benefits RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Share-based payment expenses* RM'000	Total RM'000
Year ended 31 December 2023						
Non-executive directors						
Dato' Lim Heen Peok	80	–	–	–	9	89
Mr. Ng Tzee Penn	60	–	–	–	–	60
Executive directors						
Mr. Cheah Eng Chuan	–	937	136	81	17	1,171
Dato' Lua Choon Hann	–	396	–	61	–	457
Mr. Cheah Hannon (note (f))	–	92	–	14	–	106
Er. Kang Boon Lian (note (g))	–	863	321	97	45	1,326
Independent non-executive directors						
Mr. Ho Ming Hon	60	–	–	–	7	67
Dato' Sri Dr. Hou Kok Chung	60	–	–	–	7	67
Dato' Lee Chee Leong	60	–	–	–	7	67
Total	320	2,288	457	253	92	3,410

Notes:

- (a) Mr. Andrew Chan Lim-Fai was appointed as executive director with effect from 25 March 2024.
- (b) Mr. Tan Chuan Dyi was appointed as executive director with effect from 1 April 2024.
- (c) Mr. Cheah Eng Chuan resigned as executive director with effect from 31 March 2024.
- (d) Dato' Lua Choon Hann resigned as executive director with effect from 30 September 2024.
- (e) Ms. Tai Lung Hsing was appointed as independent non-executive director with effect from 20 December 2024.
- (f) Mr. Cheah Hannon resigned as executive director with effect from 30 April 2023.
- (g) Er. Kang Boon Lian was appointed as executive director with effect from 1 July 2023.

* The share-based payment expenses were related to share option awards and share awards granted by PRG Holdings, ultimate holding of the Company, to certain directors of the Company for the year ended 31 December 2023. They are accounted for in accordance with IFRS 2 **Share-based Payment** ("IFRS 2"). No share option and share award has been granted to the directors during the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

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14. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(Continued)

Directors' and chief executive's emoluments (Continued)

Salaries, allowances and other benefits paid to or for the executive directors are generally emoluments in respect of other services rendered by them in connection with the management of the affairs of the Group.

During the year, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil). In addition, none of the directors has waived or agreed to waive any emoluments during the year (2023: nil).

Emoluments of five highest paid individuals in the Group

Of the five individuals with the highest emoluments in the Group, 3 (2023: 3) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining 2 (2023: 2) individuals were as follows:

	2024 RM'000	2023 RM'000
Salaries and other benefits	1,133	1,442
Discretionary bonus	300	193
Contributions to defined contribution plans	120	167
Share-based payment expenses	81	11
	1,634	1,813

The emoluments of each of the above highest paid individuals (excluding the directors of the Company) for the years ended 31 December 2024 and 2023 are within the following bands:

	Number of individuals	
	2024	2023
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	1	1

No emolument was paid by the Group to any of the non-director highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the years ended 31 December 2024 and 2023.

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15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following information:

	2024	2023
Earnings		
Profit for the year attributable to owners of the Company (RM'000)	9,033	12,456
Number of shares		
Weighted average number of ordinary shares in issue during the year ('000)	601,566	601,566

Diluted earnings per share are same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence for the years ended 31 December 2024 and 2023.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Leasehold improvements RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
Cost								
At 1 January 2023	1,009	19,476	–	40,252	2,444	1,318	781	65,280
Additions	–	69	–	913	254	5	7,632	8,873
Disposals	–	–	–	(1,856)	(49)	(33)	–	(1,938)
Disposal of subsidiaries (note 37)	–	–	–	(4,662)	(51)	(682)	–	(5,395)
Written off	–	–	–	–	(403)	–	–	(403)
Transfer from right-of-use assets	–	–	–	–	–	300	–	300
Reclassification	–	–	–	7,235	–	–	(7,235)	–
Translation adjustment	–	39	–	183	155	24	–	401
At 31 December 2023 and 1 January 2024	1,009	19,584	–	42,065	2,350	932	1,178	67,118
Additions	–	62	36	2,748	318	–	4,110	7,274
Disposals	–	–	–	(852)	(61)	(129)	–	(1,042)
Written off	–	–	–	(2,347)	(249)	–	–	(2,596)
Transfer from right-of-use assets	–	–	–	–	–	194	–	194
Reclassification	–	–	–	2,886	8	–	(2,894)	–
Translation adjustment	–	(271)	(1)	(639)	177	76	–	(658)
At 31 December 2024	1,009	19,375	35	43,861	2,543	1,073	2,394	70,290

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16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Freehold land RM'000	Buildings RM'000	Leasehold improvements RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Construction in progress RM'000	Total RM'000
Accumulated depreciation and impairment								
At 1 January 2023	-	8,087	-	34,489	2,020	1,130	-	45,726
Charge for the year	-	405	-	990	204	55	-	1,654
Disposals	-	-	-	(1,856)	(49)	(33)	-	(1,938)
Disposal of subsidiaries (note 37)	-	-	-	(4,001)	(51)	(677)	-	(4,729)
Written off	-	-	-	-	(403)	-	-	(403)
Transfer from right-of-use assets	-	-	-	-	-	300	-	300
Translation adjustment	-	20	-	162	144	22	-	348
At 31 December 2023 and 1 January 2024	-	8,512	-	29,784	1,865	797	-	40,958
Charge for the year	-	408	4	1,774	235	31	-	2,452
Disposals	-	-	-	(852)	(61)	(129)	-	(1,042)
Written off	-	-	-	(2,347)	(249)	-	-	(2,596)
Transfer from right-of-use assets	-	-	-	-	-	194	-	194
Reclassification	-	-	-	(1)	1	-	-	-
Translation adjustment	-	(149)	-	(511)	192	83	-	(385)
At 31 December 2024	-	8,771	4	27,847	1,983	976	-	39,581
Net carrying amount								
At 31 December 2024	1,009	10,604	31	16,014	560	97	2,394	30,709
At 31 December 2023	1,009	11,072	-	12,281	485	135	1,178	26,160

As at 31 December 2024, freehold land, buildings and a machinery of the Group with a total carrying amount of RM15,262,000 (2023: freehold land and buildings of RM10,381,000) were pledged to licensed banks as security for the credit facilities granted to the Group as disclosed in note 27.

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17. LEASES AND RIGHTS-OF-USE ASSETS

The Group holds certain land use rights and leases various factories, buildings, hostel, motor vehicles and plant and machinery for its operations. The lease terms of the leases ranged from 2 to 78 years (2023: 2 to 78 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Disclosures of lease-related items:

	2024 RM'000	2023 RM'000
As at 31 December		
Right-of-use assets		
— Land use rights	6,931	7,199
— Land and buildings	1,057	2,758
— Plant and machinery	1,302	1,503
— Motor vehicles	300	677
	9,590	12,137
	2024 RM'000	2023 RM'000
Year ended 31 December		
Depreciation of right-of-use assets		
— Land use rights	210	210
— Land and buildings	1,586	1,288
— Plant and machinery	201	201
— Motor vehicles	351	388
	2,348	2,087
Interest on lease liabilities (note 10)	306	350
Payment of lease liabilities	2,561	2,248
Expenses related to short-term leases	690	626
Expenses related to low value leases	8	7
Total cash flows for leases (including short-term leases and low value leases)	3,259	2,881
Additions to right-of-use assets	563	1,672
Modifications to right-of-use assets	(608)	—

As at 31 December 2024, right-of-use assets with carrying amount of RM4,827,000 (2023: RM4,918,000) were pledged to secure for the credit facilities of the Group (note 27). In addition, plant and machinery and motor vehicles included in right-of-use assets with aggregate carrying amount of RM1,302,000 as at 31 December 2024 (2023: RM1,503,000) and RM300,000 (2023: RM677,000), respectively were acquired by the Group under hire purchase arrangements.

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18. GOODWILL AND INTANGIBLE ASSETS

	Goodwill RM'000	Customer relationship RM'000	Computer software RM'000	Total RM'000
Cost				
At 1 January 2023	76,214	10,798	152	87,164
Disposal of subsidiaries	(66,211)	(5,876)	–	(72,087)
Translation adjustment	1,204	278	–	1,482
At 31 December 2023 and 1 January 2024	11,207	5,200	152	16,559
Translation adjustment	(201)	(104)	–	(305)
At 31 December 2024	11,006	5,096	152	16,254
Accumulated depreciation and impairment				
At 1 January 2023	65,376	6,028	142	71,546
Amortisation charge for the year	–	737	3	740
Disposal of subsidiaries	(66,211)	(5,876)	–	(72,087)
Translation adjustment	835	101	1	937
At 31 December 2023 and 1 January 2024	–	990	146	1,136
Amortisation charge for the year	–	739	3	742
Translation adjustment	–	(31)	–	(31)
At 31 December 2024	–	1,698	149	1,847
Carrying amount				
31 December 2024	11,006	3,398	3	14,407
31 December 2023	11,207	4,210	6	15,423

The carrying amount of goodwill as at 31 December 2024 amounting to RM11,006,000 (2023: RM11,207,000) comprises of the followings:

- Goodwill with carrying amount of RM1,233,000 (2023: RM1,233,000) arising from the acquisition of additional 40% equity interest in Furniweb Safety Webbing Sdn. Bhd. ("FSWSB (MY)") in 2006, which is attributable to the CGU of manufacturing and sales of safety webbing operated by FSWSB (MY).
- Goodwill with carrying amount of RM9,773,000 (2023: RM9,974,000) arising from the acquisition of additional 62.75% equity interest in Energy Solution Global Limited ("ESGL") in 2022, which is attributable to the CGU of energy efficiency business operated by the two wholly-owned subsidiaries of ESGL.

The estimated useful life of the customer relationship is 7 years and as at 31 December 2024, the remaining amortisation period is 4.67 years (2023: 5.67 years).

Property, plant equipment, intangible assets and right-of-use assets that generate cash flows together with the related goodwill are included in the respective CGUs for the purpose of impairment assessment.

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18. GOODWILL AND INTANGIBLE ASSETS *(Continued)*

Impairment assessment

For the purpose of impairment testing as at 31 December 2024, the recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use of the CGUs are determined by discounting the future cash flows to be derived from the CGUs. The calculations use cash flow projections based on financial budgets approved by management for 2025 to 2027 (2023: 2024 to 2026) and the cash flows beyond the budget period are extrapolated using an estimated growth rate.

The key assumptions used in the value-in-use calculations are as follows:

	CGU of manufacturing and sales of safety webbing	
	2024	2023
— Average annual revenue growth rate	4.44%	8.58%
— Long-term growth rate	2.00%	2.00%
— Pre-tax discount rate	14.40%	17.31%

	CGU of energy efficiency business	
	2024	2023
— Long-term growth rate	2.00%	2.00%
— Pre-tax discount rate	24.05%	26.66%

In addition to the above, in preparing the value-in-use calculations of the CGU of energy efficiency business, management estimated the project budget for the forecast period, which includes the estimated contract sum and the work schedule of the energy efficiency projects.

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18. GOODWILL AND INTANGIBLE ASSETS *(Continued)*

Impairment assessment *(Continued)*

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determine the values
Average annual revenue growth rate for the CGU of manufacturing and sales of safety webbing	<p>Revenue growth rate is for the three years' forecast period which is based on past performance and management's expectations of market development.</p> <p>Revenue growth has been reassessed taking into consideration change due to ongoing uncertain macroeconomic and geopolitical environment.</p>
Project contract sum and billings for the CGU of energy efficiency business	<p>Project contract sum is based on the project on hands and potential projects in the forecast period, which are estimated based on past performance, tenders submitted to the contractors and expectations of new projects based on market development. Project billings for the existing projects is based on the work schedule agreed with the contractors and project billings for the potential projects are estimated by management based on past experience, and normal industry practice.</p> <p>Project contract sum and billings have been reassessed taking into consideration change due to ongoing uncertain macroeconomic geopolitical environment.</p>
Long-term growth rate	The cash flows of the CGU beyond the budget period are extrapolated using a growth rate which was below the average growth rate of manufacturing and energy efficiency industries.
Pre-tax discount rate	The discount rate used is pre-tax and reflects the overall weighted average cost of capital of the CGU.

The recoverable amount of the CGU of manufacturing and sales of safety webbing exceeds its carrying amount. If the discount rate was changed to 16.35% (2023: 34.34%) or the budgeted sales covering 3-year period were reduced by 15.75% (2023: 44.62%), while other parameters remain constant, the recoverable amount of the CGU of manufacturing of sales of safety webbing would equal its carrying amount.

The recoverable amount of the CGU of energy efficiency business is significantly above its carrying amount. The management of the Group believes that any reasonably possible change in any of these assumptions is unlikely to result in impairment.

Based on management's assessment, no impairment provision is recognised in the current year (2023: nil).

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19. INTEREST IN A JOINT VENTURE

	2024 RM'000	2023 RM'000
Share of net assets	938	1,269

The particulars of the joint venture are as follows:

Name	Place and date of incorporation	Issued and paid up capital	Effective interest held by the Company		Principal activities
			2024	2023	
Trunet (Vietnam) Co., Ltd. (" TNV (VN) ")	Vietnam, 15 February 2001	USD300,000 (equivalent to RM1,140,000)	50%	50%	Manufacturing and marketing of meat netting in Vietnam

The Group has equity interest in TNV (VN), a separate vehicle established in Vietnam. The Group has joint control over this joint arrangement having regard to the voting rights in the shareholders' and directors' meetings as well as unanimous consent is required for all parties to the arrangement for the relevant activities. The contractual arrangement provide the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with the separate vehicle. Accordingly, this joint arrangement is classified as joint venture and accounted for in the consolidated financial statements using the equity method.

The following table shows the Group's share of the amounts of the TNV (VN), which is assessed by the directors as an immaterial joint venture.

	2024 RM'000	2023 RM'000
As at 31 December		
Carrying amount of the Group's interest in a joint venture	938	1,269
Year ended 31 December		
Share of the joint venture's profit for the year	558	291
Share of the joint venture's other comprehensive income for the year	(90)	2
Share of the joint venture's total comprehensive income for the year	468	293
Dividend received from joint venture	799	435

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20. OTHER INVESTMENT

	2024 RM'000	2023 RM'000
Investment in life insurance policy	1,116	–

An indirect wholly-owned subsidiary of the Company, in the capacity of policy holder and beneficiary, has entered into a life insurance policy with an insurance company for Er. Kang Boon Lian, an executive director of the Company and director of the aforementioned subsidiary. The policy requires a one-off upfront payment of the total policy premium. The policy holder may apply at any time to surrender the insurance policy and receive cash based on the value at the date of withdrawal (i.e. account value), which is determined by the gross premium amount paid at inception plus accumulated investment return and minus premium charged, or by the guaranteed cash value. If such surrender is required at any time during the respective surrender period, a pre-determined surrender charge would be imposed.

The investment is classified as non-current asset. At initial recognition and as at 31 December 2024, the Group has no intention to terminate the policy nor withdraw cash prior to the lapse of the surrender period and the expected life of the policy remained unchanged from initial recognition.

The life insurance policy is denominated in Singapore Dollar (“SGD”). The particulars of the insurance policy are as follows:

Insured sum:	SGD1,000,000 (equivalent to approximate RM3,286,000)
Premium payment:	One-off upfront payment of SGD421,971 (equivalent to RM1,438,000)

The investment in life insurance policy is measured at the account value at the end of each reporting period based on the statement issued by the insurance company. The decrease in value of the life insurance policy for the year ended 31 December 2024 of RM281,000 was recognised in profit or loss (note 8).

As at 31 December 2024, the life insurance policy was pledged to a bank to secure for the credit facilities granted to the Group (note 27).

21. INVENTORIES

	2024 RM'000	2023 RM'000
Raw materials	9,996	7,226
Work in progress	5,066	4,835
Finished goods	5,829	4,445
Other consumables	7,821	2,766
	28,712	19,272

During the year ended 31 December 2024, the Group reversed inventories provision amounting to RM248,000 (2023: RM215,000) as the Group was able to sell those inventories above their carrying amounts.

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22. TRADE AND OTHER RECEIVABLES

	Note	2024 RM'000	2023 RM'000
Trade receivables		31,507	28,449
Less: Allowance for impairment losses		(384)	(324)
Trade receivables, net	(a)	31,123	28,125
Other receivables, deposits and prepayments		17,801	18,799
Less: Allowance for impairment losses		(7,773)	–
Other receivables, deposits and prepayments, net	(b)	10,028	18,799
Loans receivable		6,418	7,350
Less: Allowance for impairment losses		(183)	–
Loans receivable, net	(c)	6,235	7,350
		47,386	54,274
Analysed into:			
Non-current assets		5,000	–
Current assets		42,386	54,274
		47,386	54,274

(a) Trade receivables

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 90 days from invoice date. They are recognised at the original invoice amounts.

Included in the Group's trade receivables is an amount due from the Group's joint venture of RM50,000 (2023: RM108,000) which is trade nature and repayable on credit terms similar to those offered to the other customers of the Group.

The ageing analysis of the gross carrying amount of trade receivables, based on invoice dates, as at 31 December 2024 and 2023 are as follows:

	2024 RM'000	2023 RM'000
Within 30 days	21,227	13,249
31–60 days	5,416	10,071
61–90 days	3,096	3,135
91–180 days	1,645	1,215
Over 180 days	123	779
	31,507	28,449

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

22. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables *(Continued)*

The Group applies the simplified approach under IFRS 9 to measure loss allowance for trade receivables based on lifetime ECL. Except for the trade receivables with material outstanding balances or are assessed as credit-impaired and thus are assessed for impairment individually, trade receivables are assessed for impairment on collective basis using a provision matrix by reference to historical data on payment pattern. Under collective assessment, trade receivables are grouped based on shared credit risk characteristics and the days past due. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The ECL also incorporates forward-looking information. Normally, the Group does not obtain collateral from customers.

Manufacturing segment

The following table provides information about the Group's exposure to credit risk and the ECL for trade receivables of the Group's manufacturing segment as at 31 December 2024 and 2023:

	Collective assessment					Individual assessment	Total
	Current	1-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due		
As at 31 December 2024							
Weighted average expected loss rate	0.86%	1.96%	4.01%	18.28%	79.17%	100%	
Trade receivables (RM'000)	12,408	1,479	374	93	24	111	14,489
Loss allowance (RM'000)	107	29	15	17	19	111	298
As at 31 December 2023							
Weighted average expected loss rate	0.57%	1.92%	4.69%	N/A	10.91%	100%	
Trade receivables (RM'000)	8,074	3,481	64	–	55	111	11,785
Loss allowance (RM'000)	46	67	3	–	6	111	233

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22. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables *(Continued)*

Energy efficiency division

In respect of energy efficiency business in Singapore, trade receivables of RM86,000 (2023: RM91,000) were assessed for credit loss on individual basis. Based on management's assessment, those trade receivables were assessed as credit-impaired and full ECL allowance was provided for as at 31 December 2024. The remaining balance of RM12,444,000 (2023: RM15,879,000) were assessed for credit loss on collective basis for which the ECL allowance in respect of these balances were considered minimal and no ECL allowance was provided for as at 31 December 2024 (2023: nil).

In respect of energy efficiency business in Malaysia, trade receivables of RM4,441,000 (2023: RM618,000) were assessed for credit loss on individual basis and no loss allowance was provided for as at 31 December 2024 (2023: nil). The remaining balances of trade receivables of RM47,000 (2023: RM76,000) were assessed for credit losses on collective basis for which the ECL in respect of these balances were considered minimal and no ECL allowance was provided for as at 31 December 2024 (2023: nil).

The expected loss rates are based on actual loss experience over the past three years for the manufacturing division and over the past two years for the energy efficiency division. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected life of the trade receivables.

Movements in the allowance for impairment of trade receivables are as follows:

	2024 RM'000	2023 RM'000
At 1 January	324	2,898
Impairment loss recognised, net	67	2,249
Disposal of subsidiaries	–	(5,031)
Translation adjustment	(7)	208
At 31 December	384	324

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31 DECEMBER 2024

22. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Other receivables, deposits and prepayments

The Group's gross carrying amount of other receivables, deposits and prepayments as at 31 December 2024 mainly comprised of:

- deposit of RM7,438,000 (2023: RM7,438,000) paid by the Group to PRG Holdings, ultimate holding company in relation to the acquisition of 50 condominium units of a residential development in Malaysia. The transaction was subsequently completed in February 2025 and further details are set out in note 42;
- amount due from PRG Holdings of RM330,000 as at 31 December 2023, which was unsecured, interest-free and repayable on demand; and
- outstanding consideration receivable of HK\$13,500,000, equivalent to RM7,773,000 (2023: RM7,932,600) in relation to disposal of 100% equity interest in Meinaide Holdings Group Limited ("**Meinaide**") in 2023 with details set out in note 37.

Movements in the allowance for impairment of other receivables are as follows:

	2024 RM'000	2023 RM'000
At 1 January	–	–
Impairment loss recognised	7,893	1,334
Disposal of subsidiaries	–	(1,336)
Translation adjustment	(120)	2
At 31 December	7,773	–

The Group regularly monitors the financial position of the counterparties to assess the recoverability of the other receivables. As at 31 December 2024, the consideration receivable in relation to disposal of Meinaide of RM7,773,000 was assessed as credit-impaired and full ECL allowance was provided for in the current year. The Group has actively monitored the settlement of the outstanding consideration. However, the Group has since November 2024 failed to establish effective communication with the counterparty. The outstanding consideration has not yet been settled up to the date of these financial statements and it has been long overdue. The Group is exploring feasible actions to recover the receivable, including resorting to take legal action.

Other than that, management does not expect any losses from non-performance by the counterparties including PRG Holdings and the ECL in respect of the other receivables was immaterial, thus no ECL allowance was made as at 31 December 2024 (2023: nil).

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22. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Loans receivable

	2024 RM'000	2023 RM'000
Loans receivable, net	6,235	7,350
Analysed into:		
Non-current assets	5,000	–
Current assets	1,235	7,350
At 31 December	6,235	7,350

Loans receivable as at 31 December 2024 comprised of the following balances:

- loan receivable from PRG Holdings, ultimate holding company of RM5,042,000 (2023: RM5,000,000).

In November 2022, the Group granted a loan with principal amount of RM5,000,000 to PRG Holdings, which was unsecured, interest-bearing at a fixed rate of 6% per annum and repayable on the twenty-four months from the date of drawdown. On 11 November 2024, the Group entered into a loan extension agreement with PRG Holdings pursuant to which the maturity date of the loan has been extended for a further period of 2 years to 30 November 2026. The loan remains unsecured and interest-bearing at a fixed rate of 6% per annum and interest is payable on yearly basis.

- loan receivable from a third-party borrower with gross carrying amount of RM1,376,000 (2023: RM2,350,000). The loan is denominated in HK\$, unsecured and interest-bearing at a fixed rate of 6% per annum. The loan as at 31 December 2023 was partially repaid on the due date in May 2024 and the due date of the unsettled loan plus interest accrued was extended to May 2025.

The Group regularly monitors the financial position of the counterparties to assess the recoverability of the loans receivable.

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22. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Loans receivable *(Continued)*

The Group categorise loans receivable into two categories which reflect their risk and determine the loss allowance for each of the categories. In determining the ECL rates, the Group considers historical loss rates for each of the categories and adjusts for the appropriate forward-looking rates.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12-month ECL
Non-performing	Significant increase in credit risk	Lifetime ECL

Management assessed that there has been no significant increase in credit risk on the balances. As at 31 December 2024, no loss allowance was provided for the loan receivable from PRG Holdings (2023: nil) and loss allowance of RM183,000 was provided for the loan receivable from the third-party borrower (2023: nil).

Movements in the allowance for impairment of loans receivable are as follows:

	2024 RM'000	2023 RM'000
At 1 January	–	–
Impairment loss recognised, net	186	–
Translation adjustment	(3)	–
At 31 December	183	–

23. CONTRACT ASSETS, CONTRACT COSTS AND CONTRACT LIABILITIES

(a) Contract costs

	2024 RM'000	2023 RM'000
Contract costs		
— costs incurred to fulfil contracts with customers	2,120	467

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23. CONTRACT ASSETS, CONTRACT COSTS AND CONTRACT LIABILITIES *(Continued)*

(b) Contract assets

	2024 RM'000	2023 RM'000
Contract assets		
Unbilled revenue	2,975	6,988
Retention receivables	4,622	4,353
	7,597	11,341

The Group's energy efficiency contracts include payment schedules which require stage payment over the contract period once milestones are reached. When the revenue recognises exceeds the milestone payments, the Group recognises contract assets for the difference.

In addition, the Group generally provides retention period. Retention receivables are part of consideration arising from energy efficiency contracts that are retained by the customers and payable to the Group upon passing inspection satisfactorily or on achievement of the specified milestone in the contracts. The terms and conditions in relation to the release of retention monies vary from contract to contract, which may be subject to expiry of the defects liability period and rectification of defects to the satisfaction of the customers. The release of retention monies is conditional on passing inspection satisfactorily or on achievement of the specified milestone. Retention monies not yet released by the customer are contract assets whereas retention monies that have been released by the customers are reclassified to trade receivables (note 22(a)).

The expected timing of recovery or settlement of contract assets at the end of the reporting period is as follows:

	2024 RM'000	2023 RM'000
Within one year	4,379	7,766
More than one year	3,218	3,575
	7,597	11,341

The Group recognises impairment allowance on contract assets based on the accounting policy as stated in note 4(h)(ii). Management assessed that the ECL in respect of the contract assets was immaterial, thus no ECL allowance was made as at 31 December 2024 (2023: nil).

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23. CONTRACT ASSETS, CONTRACT COSTS AND CONTRACT LIABILITIES *(Continued)*

(c) Contract liabilities

	2024 RM'000	2023 RM'000
Contract liabilities	65	1,151

For some contracts in relation to sales of goods, the Group may request the customers to pay in advance which gives rise to contract liabilities and such amounts are recognised as revenue when control of the goods is transferred to the customers.

The following table shows the amount of revenue recognised during the year that was included in the contract liabilities at the beginning of the year:

	2024 RM'000	2023 RM'000
Revenue recognised during the year that was included in the contract liabilities at the beginning of the year	211	968

(d) Unsatisfied performance obligations of contracts at the end of the reporting period

Revenue expected to be recognised in the future in respect of the energy efficiency contracts amounted to RM112,354,000 (2023: RM56,597,000), which is expected to be recognised in the coming 1 to 36 months (2023: 1 to 36 months). Such expected revenue represents the aggregate amount of the consideration entitled by the Group allocated to the remaining performance obligations of those contracts existed at the end of the reporting period.

The Group's contracts for sales of goods and certain maintenance services have an original expected duration of one year or less. In addition, for maintenance services under term contracts, the Group has right to consideration in an amount that corresponds directly with the value to the customers of the Group's performance completed to date and thus, revenue is recognised in the amount to which the Group has a right to invoice. Accordingly, the Group has applied the practical expedients in IFRS 15 *Revenue from Contracts with Customers* not to disclose the remaining performance obligations for these contracts.

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24. AMOUNT DUE FROM A JOINT VENTURE

The amount due from a joint venture is non-trade in nature and is unsecured, interest-free and repayable on demand.

Details of the Group's trade balance with the joint venture as at the end of the reporting period are disclosed in note 22(a).

25. CASH AND BANK BALANCES

	2024 RM'000	2023 RM'000
Short-term bank deposits with original maturities over three months	11,182	14,983
Short-term bank deposits with original maturity of three months or less	5,614	6,132
Cash at banks and in hand	44,606	36,838
	61,402	57,953
Cash and cash equivalents in the consolidated statement of financial position	50,220	42,970

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The Group's short-term time deposits as at 31 December 2024 were placed with banks with original maturity of seven days and twelve months and earn interest at interest rate of 0.55% to 4.40% (2023: 2.32% to 7.60%) per annum.

As at 31 December 2024, bank deposits amounting to RM7,586,000 (2023: RM500,000) were pledged to secured the Group's credit facilities and borrowings (note 27). These bank deposits are included in "Short-term bank deposits with original maturities over three months".

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26. TRADE AND OTHER PAYABLES

	2024 RM'000	2023 RM'000
Trade payables (note (a))	12,975	6,218
Bills payable (note (a))	–	850
Other payables (note (b))	25,155	27,884
	38,130	34,952

(a) Trade and bills payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one month to three months from invoice date.

The ageing analysis of trade and bills payables, based on invoice date, as at as at 31 December 2024 and 2023 are as follows:

	2024 RM'000	2023 RM'000
Within 30 days	9,806	4,515
31–60 days	1,888	2,035
61–90 days	1,127	430
Over 90 days	154	88
	12,975	7,068

(b) Other payables

Included in the Group's other payables as at 31 December 2024 were accruals for costs incurred for the energy efficiency projects amounting to RM12,129,000. Other payables as at 31 December 2023 included the following balances:

- amount due to a director of the Company of RM490,000 which was unsecured, interest-free and repayable on demand; and
- outstanding consideration in relation to the acquisition of 62.75% interest in ESGI in 2022 amounting to HK\$29,095,920, equivalent to RM17,097,000, which was payable to the vendor, Dato' Ng Yan Cheng. Dato' Ng Yan Cheng is a substantial shareholder of the Company. The Group has fully settled the outstanding consideration during the current year.

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27. BORROWINGS

	2024 RM'000	2023 RM'000
Secured borrowings (note (a))		
— Term loans	12,757	11,615
— Bank overdrafts	583	243
— Trust receipt loan (note (b))	1,920	–
	15,260	11,858
Analysed into:		
Current liabilities	15,260	3,118
Non-current liabilities	–	8,740
	15,260	11,858

Interest rate profile and maturity of the borrowings at the end of the reporting period are as follows:

		2024			2023		
		Effective interest rate	Maturity	Amount RM'000	Effective interest rate	Maturity	Amount RM'000
— Term loans	Fixed rate	3.00% to 5.00%	2025-2029	5,308	3.00% to 5.00%	2024-2029	3,719
— Term loans	Floating rate	4.72% to 5.22%	2036-2037	7,449	4.72% to 5.22%	2036-2037	7,896
— Bank overdrafts	Floating rate	8.64% to 8.89%	On demand	583	8.64% to 8.89%	On demand	243
— Trust receipt loan	Floating rate	4.62%	2025	1,920	–	–	–
				15,260			11,858

Notes to the Consolidated Financial Statements

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27. BORROWINGS (Continued)

The maturity analysis of the Group's borrowings based on the scheduled repayment dates set out in the loan agreements is as follows:

	2024 RM'000	2023 RM'000
Within one year	4,805	3,118
After one year but within two years	1,507	1,760
After two years but within five years	4,102	1,559
After five years	4,846	5,421
	15,260	11,858

Included in borrowings as at 31 December 2024 was a term loan with outstanding balance of RM4,440,000 arranged by the Group with a financial institution to finance the acquisition of a machinery. As at 31 December 2024, this term loan was due for repayment as to RM964,000 within one year, RM1,013,000 for more than one year but within two years, and RM2,463,000 due after two years but within five years.

The carrying amounts of the borrowings are denominated in the following currencies:

	2024 RM'000	2023 RM'000
RM	12,472	8,140
SGD	2,788	3,718
	15,260	11,858

The Group's borrowings and credit facilities are secured by:

- (i) a pledge over the Group's freehold land, buildings and a machinery with carrying amount of RM15,262,000 (2023: freehold land and buildings of RM10,381,000) disclosed in note 16;
- (ii) a pledge over the Group's right-of-use assets with carrying amount of RM4,827,000 (2023: RM4,918,000), as disclosed 17;
- (iii) pledge of bank deposits of RM7,586,000 (2023: RM500,000) as disclosed in note 25;
- (iv) life insurance policy held by the Group as disclosed in note 20;
- (v) floating charge over the inventories and receivables financed by the banks;
- (vi) assignment of contract and contract proceeds and first fixed charge over account in respect of certain energy efficiency contracts;
- (vii) joint and several personal guarantee by certain directors of the Company and its subsidiaries;
- (viii) corporate guarantee granted by the Company; and
- (ix) first legal mortgages over the properties of a director's spouse of the Company's subsidiaries.

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27. BORROWINGS *(Continued)*

As at 31 December 2024, the Group had aggregate borrowing facilities of RM106,100,000 (2023: RM101,742,000), of which RM75,895,000 (2023: RM70,576,000) were unutilised.

Notes:

- (a) Borrowings as at 31 December 2024 included term loans amounting to RM10,455,000 (2023: RM8,374,000) which are due for payment after twelve months from the end of the reporting period but subject to repayment on demand clause that grants the lenders the sole discretion to request immediate repayment.

During the year, management reassessed the enforceability of the relevant terms of the loan agreements and reclassified these borrowings as current liabilities as at 31 December 2024.

The Group complies with the terms and conditions of the respective loan agreements. Taking into account the Group's financial position, the directors do not consider that it is probable that the lenders will exercise their discretion to demand immediate repayment. The directors believe that the Group's borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

- (b) During the year, the Group entered into an financing arrangement with the bank, under which the Group obtained extended credit in respect of the invoice amount owed to a supplier of raw materials. Under the arrangement, the bank has agreed to pay the supplier the invoice amount owed by the Group on the original due date, which is 45 days after the delivery date of the raw materials, and the Group has agreed to settle the invoice amount with interest to the bank within 75 days after the original due date. In the consolidated statement of financial position, the Group has presented the amount due to the bank under the abovementioned financing arrangement as "borrowings", in view of the nature and function of such liabilities when compared with the Group's trade payables to suppliers.

As at 31 December 2024, the carrying amount of financial liabilities under such financing arrangement amounted to RM1,920,000, of which the supplier has received full payment of RM1,920,000 from the bank.

In the consolidated statement of cash flows, payments to the bank under such financing arrangement during the year are included within financing cash flows, and payments to the supplier by the bank amounting to RM1,991,000 is non-cash transaction.

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28. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Within one year	1,792	2,556	1,610	2,256
More than one year but less than two years	768	2,200	649	1,996
More than two years but less than five years	772	1,123	542	862
More than five years	2,412	2,654	1,885	2,042
	5,744	8,533	4,686	7,156
Less: Future finance charges	(1,058)	(1,377)	–	–
Present value of lease liabilities	4,686	7,156	4,686	7,156
			2024 RM'000	2023 RM'000
Analysed into:				
Current liabilities			1,610	2,256
Non-current liabilities			3,076	4,900
			4,686	7,156

As at 31 December 2024, the average incremental borrowing rates on lease liabilities ranged from 1.88% to 6.45% (2023: 1.88% to 6.45%) per annum. The interest rates are fixed at contract dates thus expose the Group to fair value interest rate risk.

	2024 RM'000	2023 RM'000
Lease liabilities payable to:		
Financial institutions (note)	1,209	1,804
Non-financial institutions	3,477	5,352
	4,686	7,156

Note: The lease liabilities payable to financial institution represent obligation under hire purchase arrangements entered into by the banks in relation to acquisition of machinery and motor vehicles.

Notes to the Consolidated Financial Statements

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29. DEFERRED INCOME

	RM'000
Government grant	
At 1 January 2024	–
Government grant received during the year	1,000
Release to profit or loss during the year (note 8)	(27)
At 31 December 2024	973

During the year ended 31 December 2024, a subsidiary operating in Malaysia received government grant of RM1,000,000 for the purchase of a machinery. There are no unfulfilled conditions or contingencies attached to the grant.

30. DEFERRED TAXATION

Details of the deferred tax liabilities and assets recognised and movements during the current and prior years are as follows:

	Intangible assets RM'000	Accelerated depreciation and industrial building allowance RM'000	Other deductible temporary differences including tax allowance RM'000	Unused tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2023	811	1,717	(368)	–	68	2,228
Recognised in profit or loss (note 12)	(125)	715	109	–	(15)	684
Translation adjustment	30	–	–	–	–	30
At 31 December 2023 and 1 January 2024	716	2,432	(259)	–	53	2,942
Recognised in profit or loss (note 12)	(125)	(196)	(823)	(326)	138	(1,332)
Translation adjustment	(13)	–	–	–	–	(13)
At 31 December 2024	578	2,236	(1,082)	(326)	191	1,597

	2024 RM'000	2023 RM'000
Represented by:		
Deferred tax assets	–	(9)
Deferred tax liabilities	1,597	2,951
	1,597	2,942

Notes to the Consolidated Financial Statements

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30. DEFERRED TAXATION *(Continued)*

The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	2024 RM'000	2023 RM'000
Unused tax losses	1,129	1,148
Others	593	20
	1,722	1,168

No deferred tax assets have been recognised by the Group in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised. Among the aforementioned tax losses as at 31 December 2024 of RM1,129,000 (2023: RM1,148,000), tax losses of RM256,000 (2023: RM258,000) will expire from year 2025 to 2033 (2023: year 2025 to 2033) whereas the remaining tax losses of RM873,000 (2023: RM890,000) may be carried forward indefinitely. In respect of the other deductible temporary differences, they can be carried forward indefinitely.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

31. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised		
Ordinary shares of HK\$0.1 each		
At 1 January 2023	1,000,000	100,000
Increase in authorised share capital (note)	1,000,000	100,000
At 31 December 2023, 1 January 2024 and 31 December 2024	2,000,000	200,000

	Number of shares '000	Amount HK\$'000	Amount RM'000
Issued and fully paid			
Ordinary shares of HK\$0.1 each			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	601,566	60,157	32,633

Note: On 8 August 2023, the authorised share capital of the Company was increased from HK\$100,000,000 divided into 1,000,000,000 shares to HK\$200,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,000,000,000 shares.

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31. SHARE CAPITAL *(Continued)*

Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged during the current year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group regularly reviews the gearing ratio to ensure they are at acceptable levels and within industry norms. Net debts are calculated as total borrowings and leases arranged with financial institutions, less cash and bank balances (including time deposits with original maturities over three months).

The gearing ratios of the Group as at 31 December 2024 and 2023 are as follows;

	2024 RM'000	2023 RM'000
Total borrowings	15,260	11,858
Total leases arranged with financial institutions	1,209	1,804
Less: Cash and bank balances	(61,402)	(57,953)
Net debts	(44,933)	(44,291)
Total equity	142,762	138,399
Gearing ratio	N/A	N/A

N/A: not applicable as the Group is in net cash position as at 31 December 2024 and 2023.

For certain credit facilities granted to the Group, the Group is required to comply with certain loan covenants during the facilities period. The Group has complied with these covenants throughout the reporting period.

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32. RESERVES

Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Company

	Share premium RM'000	Contribution surplus RM'000	Exchange translation reserve RM'000	Share-based payment reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2023	83,915	68,936	7,648	–	(68,409)	92,090
Loss for the year	–	–	–	–	(11,822)	(11,822)
Other comprehensive income	–	–	4,687	–	–	4,687
Share-based payments	–	–	–	30	–	30
At 31 December 2023 and 1 January 2024	83,915	68,936	12,335	30	(80,231)	84,985
Profit for the year	–	–	–	–	6,155	6,155
Other comprehensive income	–	–	(2,455)	–	–	(2,455)
Share-based payments	–	–	–	(30)	–	(30)
At 31 December 2024	83,915	68,936	9,880	–	(74,076)	88,655

Nature and purpose of reserves of the Group and the Company

Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

Merger reserve

Merger reserve represents the difference between the investment costs in subsidiaries and the aggregate amount of issued share capital of subsidiaries acquired pursuant to the reorganisation.

Exchange translation reserve

Exchange translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations and translation into the Group's presentation currency in accordance with the accounting policies in note 4(k).

Share-based payment reserve

Share-based payment reserve comprises the fair value of the share options and share awards granted by the ultimate holding company to the directors and employees of the Group for the services rendered to the Group in accordance with the accounting policies set out in note 4(o), less amounts recharged by the ultimate holding company against the Group under the recharge arrangement in respect of the equity instruments granted.

Contribution surplus

Contribution surplus of the Company represents the difference between the net asset value of the subsidiaries acquired and the nominal value of the shares of the Company issued in exchange thereof pursuant to the reorganisation.

Notes to the Consolidated Financial Statements

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33. DIVIDENDS

Subsequent to the end of the reporting period, the board of directors has recommended a final dividend of HK\$0.01 per ordinary share, amounting to HK\$9,233,000 (equivalent to approximately RM5,399,000) in respect of the financial year ended 31 December 2024.

The final dividend proposed by the board of directors is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. The proposed final dividend is not reflected as dividend payable in the financial statements for the year ended 31 December 2024.

34. SHARE-BASED PAYMENT ARRANGEMENTS

The Company adopted a share option scheme (the **"Furniweb Share Option Scheme"**) on 20 September 2017. No share options under Furniweb Share Option Scheme have been granted, exercised or cancelled since its adoption.

PRG Holdings, ultimate holding company of the Company, has implemented Long Term Incentive Plan (the **"LTIP scheme"**) to recognise the contributions and services of the eligible persons and to attract and retain high-calibre eligible persons. Eligible participants include the employees and directors, of the Company and the Company's subsidiaries. The LTIP scheme comprises of granting share option plan (**"SOP"**) award(s) and share grant plan (**"SGP"**) award(s) to eligible person in accordance with the provisions of By-Laws. The LTIP scheme was approved by the shareholders of PRG Holdings at the extraordinary general meeting held on 8 August 2022 and came into effect on 1 November 2022. The LTIP scheme shall be in force for a period of five years with effect from 1 November 2022 and, unless otherwise cancelled or amended, will remain in force until 31 October 2027. The SOP awards and SGP awards are forfeited if the employee leaves the Group.

SOP under LTIP

Under the SOP, eligible person will be granted options, in consideration of the payment of sum RM1.00, to subscribe for and be allotted a number of ordinary shares of PRG Holdings.

On 24 February 2023 and 26 May 2023, an aggregate of 18,466,398 options to subscribe for the ordinary share of PRG Holdings were granted under the SOP to certain directors and employees of the Group for their services rendered to the Group. The share options shall vest based on the vesting schedules specified in the offer documents of the respective grantees. No share options were granted by PRG Holdings to the directors and employees of the Group during the year ended 31 December 2024.

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34. SHARE-BASED PAYMENT ARRANGEMENTS *(Continued)*

SOP under LTIP *(Continued)*

The movements of the share options granted under the SOP to the Group's directors and employees are as follows:

Date of grant	Weighted average exercise price	Exercisable period	Number of share options				At 31 December 2024
			At 1 January 2024	Granted	Exercised	Forfeited	
24/02/2023	RM0.165	24/08/2023 to 31/10/2027	13,324,005	–	(775,830)	(1,549,707)	10,998,468
26/05/2023	RM0.179	31/12/2023 to 31/10/2027	3,600,465	–	(720,093)	–	2,880,372
			16,924,470	–	(1,495,923)	(1,549,707)	13,878,840

Date of grant	Weighted average exercise price	Exercisable period	Number of share options				At 31 December 2023
			At 1 January 2023	Granted	Exercised	Forfeited	
24/02/2023	RM0.165	24/08/2023 to 31/10/2027	–	14,865,933	(1,070,854)	(471,074)	13,324,005
26/05/2023	RM0.179	31/12/2023 to 31/10/2027	–	3,600,465	–	–	3,600,465
			–	18,466,398	(1,070,854)	(471,074)	16,924,470

The weighted average share price of PRG Holdings at the date of exercise for share options exercised during the year ended 31 December 2024 was RM0.138 (2023: RM0.206).

As at 31 December 2024, there was 13,878,840 (2023: 16,924,470) share options outstanding under the SOP, of which 5,032,400 (2023: 3,070,811) share options are exercisable. The weighted average remaining contractual life of the share options outstanding as at 31 December 2024 was 2.84 (2023: 3.84) years.

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34. SHARE-BASED PAYMENT ARRANGEMENTS (Continued)

SOP under LTIP (Continued)

The fair value of the share options granted by PRG Holdings under the SOP during the year ended 31 December 2023 was RM1,135,000. The fair value of these share options, was estimated as at the date of grant using the Black-Scholes pricing model, taking into account the terms and conditions upon which the share options were granted. The following table summarises the inputs used in the model:

Date of grant	24 February 2023	26 May 2023
Weighted average share price	RM0.1818	RM0.1985
Exercise price	RM0.165	RM0.179
Expected volatility	20.932%	44.033%
Expected life	4.7 years	4.4 years
Risk free rate	3.62%	3.52%
Expected dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the share price of PRG Holdings over the previous 12 months.

SGP under LTIP

The SGP involves the granting of new shares of PRG Holdings to the eligible persons subject to the terms and conditions of the By-Laws.

During the year ended 31 December 2023, an aggregate of 2,137,500 share awards related to the ordinary share of PRG Holdings were granted under the SGP to certain directors and employees of the Group for their services rendered to the Group. The share awards shall vest based on the vesting schedules specified in the offer documents of the respective grantees. No share awards were granted by PRG Holdings to the directors and employees of the Group during the year ended 31 December 2024.

The fair value of the share awards granted by PRG Holdings under the SGP during the year ended 31 December 2023 was RM454,000. The fair value of these share awards, was estimated as at the date of grant based on the share price of PRG Holdings, which are summarised as follows:

Date of grant	RM
— 24/08/2023	0.235
— 29/09/2023	0.210

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34. SHARE-BASED PAYMENT ARRANGEMENTS (Continued)

SGP under LTIP (Continued)

The movements of the share awards granted under the SGP to the Group's directors and employees are as follows:

Date of grant	Number of share awards				At 31 December 2024
	At 1 January 2024	Granted	Allotment	Forfeited	
24/08/2023	196,800	–	(32,380)	(34,900)	129,520
29/09/2023	1,940,700	–	(386,360)	(53,140)	1,501,200
	2,137,500	–	(418,740)	(88,040)	1,630,720

Date of grant	Number of share awards				At 31 December 2023
	At 1 January 2023	Granted	Allotment	Forfeited	
24/08/2023	–	196,800	–	–	196,800
29/09/2023	–	1,940,700	–	–	1,940,700
	–	2,137,500	–	–	2,137,500

As at 31 December 2024, there were 1,630,720 (2023: 2,137,500) share awards outstanding under the SGP, of which no share awards are exercisable (2023: nil). The weighted average remaining contractual life of the share awards outstanding as at 31 December 2024 was 2.84 (2023: 3.84) years.

For the year ended 31 December 2024, total share-based payment expenses recognised in profit or loss for the share options and share awards granted under the SOP and the SGP amounted to RM479,000 (2023: RM445,000). Out of this sum, RM261,000 (2023: RM371,000) was related to equity-settled share-based payment transaction and RM218,000 (2023: RM74,000) was related to cash-settled share-based payment transaction. As at 31 December 2024, total carrying amount of liabilities arising from the cash-settled share-based payment transactions payable to PRG Holdings amounted to RM53,000 (2023: RM13,000).

For certain share options and share awards granted by PRG Holdings to the Group's directors and employees for their services to the Group, the Group is obliged to repay to the PRG Holdings under the recharge arrangement. The aggregate amount recharged by PRG Holdings for the year ended 31 December 2024 amounted to RM261,000 (2023: RM371,000). Such recharge was recorded as payable to PRG Holdings with a corresponding debit to share-based payment reserve.

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35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 RM'000	2023 RM'000
Assets and liabilities			
Non-current assets			
Interests in subsidiaries	36	113,335	115,657
Loan receivable		5,000	–
		118,335	115,657
Current assets			
Other receivables		192	8,461
Loan receivable		42	5,000
Amount due from a subsidiary	36	13,590	14,754
Cash and cash equivalents		260	2,190
		14,084	30,405
Current liabilities			
Other payables		1,494	18,047
Amounts due to subsidiaries	36	9,637	10,397
		11,131	28,444
Net current assets		2,953	1,961
Net assets		121,288	117,618
Capital and reserves			
Share capital	31	32,633	32,633
Reserves	32	88,655	84,985
Total equity		121,288	117,618

Signed on behalf of the directors

Er. Kang Boon Lian
Director

Mr. Tan Chuan Dyi
Director

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36. INTERESTS IN SUBSIDIARIES

The amounts due from and due to subsidiaries are non-trade in nature, interest-free and repayable on demand.

The particulars of the subsidiaries as at 31 December 2024 are as follows:

Name of subsidiary	Place of incorporation and operation, and date of incorporation	Issued and paid up capital	Effective interest held by the Company		Principal activities
			2024	2023	
Directly held subsidiaries					
FIPB International Limited^	British Virgin Islands ("BVI"), Malaysia, 28 December 2016	USD101	100%	100%	Investment holding
Delightful Grace Holdings Limited^	BVI, Hong Kong, 8 February 2019	USD5,000	100%	100%	Investment holding
PRG Land Sdn. Bhd.^	Malaysia, Malaysia, 16 March 2018	RM1	100%	100%	Property investment and renting, letting or other similar arrangement to derive rental income
ESGL ^	BVI, Singapore, 19 July 2021	USD10,000	100%	100%	Investment holding
Indirectly held subsidiaries					
Furniweb Manufacturing Sdn. Bhd.^	Malaysia, Malaysia, 3 October 1987	RM5,827,500	100%	100%	Manufacturing and sales of upholstery webbings, covered elastic yarn and rigid webbings
FSWSB (MY)^	Malaysia, Malaysia, 19 June 1996	RM2,501,000	100%	100%	Manufacturing and sales of safety webbings
Furniweb (Vietnam) Shareholding Company ("FVSC (VN)")#	Vietnam, Vietnam, 16 January 1997	Vietnamese Dong 147,000,000,000	100%	100%	Manufacturing and sales of upholstery webbings and covered elastic yarn
Syarikat Sri Kepong Sdn. Bhd.^	Malaysia, Malaysia, 5 December 1974	RM50,000	100%	100%	Property holding company

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36. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation and operation, and date of incorporation	Issued and paid up capital	Effective interest held by the Company		Principal activities
			2024	2023	
Texstrip Manufacturing Sdn. Bhd. [^]	Malaysia, Malaysia, 13 June 1988	RM2,700,000	100%	100%	Manufacturing and marketing of rubber strips and sheets
TS Meditape Sdn. Bhd. [^]	Malaysia, Malaysia, 29 December 1994	RM2,490,000	100%	100%	Marketing and sales of rubber strips and sheets
Webtex Trading Sdn. Bhd. [^]	Malaysia, Malaysia, 23 November 1984	RM32,250,000	100%	100%	Investment holding and trading of machinery and accessories
Indirectly held subsidiaries					
Fly High Finance Limited [^]	Hong Kong, Hong Kong, 17 April 2019	HK\$1	100%	100%	Money lending
Measurement & Verification Pte. Ltd. [^]	Singapore, Singapore 7 September 2009	Singapore Dollars 2,300,000	100%	100%	Consultants and suppliers of energy conservation systems in buildings
Measurement & Verification Sdn. Bhd. [^]	Malaysia, Malaysia, 8 March 2010	RM250,000	100%	100%	Mechanical and electrical consultants, specialist turnkey contractors for clean rooms and outfitting of industrial premises and design of building automation system

[^] These companies are limited liability companies.

[#] This company is established in Vietnam as a joint-stock company.

None of the subsidiaries had issued any debt securities as at 31 December 2024 and 2023.

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37. DISPOSAL OF SUBSIDIARIES

On 19 September 2023, the directors have approved the disposal of Meinaide to an independent third-party purchaser for a total consideration of HK\$15,000,000 (equivalent to approximately RM8,988,000). The disposal of Meinaide was completed on 30 September 2023.

Meinaide is a limited liability company incorporated in the BVI and is principally engaged in investment holdings. Meinaide and its subsidiaries ("**Meinaide Group**") are principally engaged in manufacturing and sales of PVC related products.

Net assets of Meinaide Group at the date of disposal were as follows:

	2023 RM'000
Property, plant and equipment	666
Inventories	3,101
Trade and other receivables	7,034
Cash and bank balances	3,620
Trade and other payables	(1,944)
Contract liabilities	(1,013)
Current tax liabilities	(1,672)
Net assets disposed of	9,792
Release of exchange translation reserve	(1,151)
Gain on disposal of subsidiaries (note 8)	347
Total consideration	8,988
Satisfied by:	
Cash consideration received in 2023	899
Cash consideration	8,089
	8,988
Net cash outflow arising on disposal	
Cash consideration	899
Cash and cash equivalents disposed of	(3,620)
	(2,721)

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38. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year:

Name of related party	Relationship	Nature of transactions	Amount	
			2024 RM'000	2023 RM'000
TNV (VN)	Joint venture	Sales of goods	1,288	1,197
		Provision of services	73	69
		Purchase of materials	–	132
		Commission received/ receivable	113	91
		Dividends received	799	435
		Lease payment received	115	115
PRG Holdings	Ultimate holding company	Lease payment paid	26	47
		Interest income	293	330
Netventure Properties Two Pte. Ltd.	Spouse of a key management has equity interest	Lease payment paid	552	551
Netventure Reality Pte. Ltd.	A key management has equity interest	Lease payment paid	132	106

The related party transactions were carried out based on negotiated terms and conditions agreed with related parties.

Save for the transactions with PRG Holdings, Netventure Properties Two Pte. Ltd. and Netventure Reality Pte. Ltd. in relation to the rental expenses, which constituted de minimis connected transactions fully exempted from the annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules, and the interest income from loan advanced by the Company to PRG Holdings pursuant to a loan agreement entered into by the Company as lender and PRG Holdings as borrower dated 11 November 2022, as amended by a loan extension agreement dated 11 November 2024, which constituted a discloseable and connected transaction for the Company as announced in the announcements of the Company dated 11 November 2022 and 11 November 2024 and the Company has complied with the applicable requirements under Chapters 19 and 20 of the GEM Listing Rules in respect the loan agreements, none of the other related party transactions constituted connected transaction or continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

Notes to the Consolidated Financial Statements

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38. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Compensation of key management personnel

The remuneration of directors and other members of key management were as follows:

	2024 RM'000	2023 RM'000
Fees, salaries, allowances and other benefits	5,205	4,700
Contribution to defined contribution retirement plans	435	420
Share-based payment expenses	329	103
Gratuity payment	1,000	–
	6,969	5,223

39. CAPITAL COMMITMENTS

	2024 RM'000	2023 RM'000
Contracted for but not provided by		
— acquisition of property, plant and equipment	284	5,115
— acquisition of investment properties	54,544	54,544
	54,828	59,659

40. PERFORMANCE GUARANTEES

In respect of certain energy efficiency contracts of the Group, as requested by the customers, the banks and an insurance company issued performance guarantees in favour of the customers for the due performance and observance of the Group's obligations under the contracts. If the Group fails to provide satisfactory performance to its customers to whom the performance guarantees have been given, the customers may demand the banks or the insurance company, where appropriate, to pay them the sum or sum stipulate in such demand.

Details of the performance guarantees at the end of the reporting period are as follows:

	2024 RM'000	2023 RM'000
Aggregate value of:		
— performance guarantees issued in favour of customer	11,440	13,018

The surety bonds are required for the entire period of the relevant construction contracts. As at 31 December 2024, the relevant construction contracts were expected to be completed in year 2025 to 2027 (2023: 2024 to 2027).

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

40. PERFORMANCE GUARANTEES *(Continued)*

The performance guarantees as at 31 December 2024 and 2023 issued by the banks were granted under certain credit facilities, which were secured by the followings:

- (i) joint and several personal guarantee by certain directors of the Company and its subsidiaries;
- (ii) first legal mortgages over the properties of a director's spouse of the Company's subsidiaries;
- (iii) life insurance policy held by the Group (note 20);
- (iv) floating charge over the inventories and receivables financed by the bank; and
- (v) assignment of contract and contract proceeds and first fixed charge over account in respect of certain energy efficiency contracts.

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Other interest payable RM'000	Lease liabilities RM'000	Borrowings (excluding bank overdrafts) RM'000	Total RM'000
At 1 January 2024	–	7,156	11,615	18,771
Changes in cash flows:				
Proceeds from borrowings	–	–	6,538	6,538
Repayment of borrowings	–	–	(5,284)	(5,284)
Payment of capital element of lease liabilities	–	(2,255)	–	(2,255)
Payment of interest element of lease liabilities	–	(306)	–	(306)
Other interest paid	(37)	–	(661)	(698)
Total changes from financing cash flows	(37)	(2,561)	593	(2,005)
Translation adjustment	–	(156)	(183)	(339)
Other changes:				
Bank loans arising from supplier finance arrangement (note 27(b))	–	–	1,991	1,991
Increase in lease liabilities from entering into new leases during the year	–	563	–	563
Effect of lease modification	–	(622)	–	(622)
Interest expense (note 10)	37	306	661	1,004
Total changes from financing cash flows	37	247	2,652	2,936
At 31 December 2024	–	4,686	14,677	19,363

Notes to the Consolidated Financial Statements

31 DECEMBER 2024

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Changes in liabilities arising from financing activities *(Continued)*

	Other interest payable RM'000	Lease liabilities RM'000	Borrowings (excluding bank overdrafts) RM'000	Total RM'000
At 1 January 2023	–	7,149	29,319	36,468
Changes in cash flows:				
Proceeds from borrowings	–	–	8,336	8,336
Repayment of borrowings	–	–	(26,894)	(26,894)
Payment of capital element of lease liabilities	–	(1,898)	–	(1,898)
Payment of interest element of lease liabilities	–	(350)	–	(350)
Other interest paid	(65)	–	(514)	(579)
Total changes from financing cash flows	(65)	(2,248)	(19,072)	(21,385)
Translation adjustment	–	233	854	1,087
Other changes:				
Increase in new liabilities from entering into new lease during the year	–	1,672	–	1,672
Interest expense (note 10)	65	350	514	929
Total changes from financing cash flows	65	2,022	514	2,601
At 31 December 2023	–	7,156	11,615	18,771

Notes to the Consolidated Financial Statements

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42. EVENT AFTER THE END OF THE REPORTING PERIOD

In 2023, PRG Holdings, the Company and PRG Land Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement pursuant to which the Group agreed to purchase 50 condominium units of a residential development in Malaysia (the **"Properties"**) from PRG Holdings at a consideration of RM61,982,000 (**"Consideration"**). The Consideration was settled by cash consideration of RM7,438,000 and the remaining consideration of RM54,544,000 is to be settled by the Company by issuing 321,756,000 ordinary shares to PRG Holdings.

On 7 February 2025, the Company issued and allotted 321,756,000 ordinary shares to PRG Holdings as settlement of the remaining consideration. Upon issuing consideration shares, the conditions precedent to completion of the acquisition were fulfilled and the acquisition of the Properties was completed on 7 February 2025.

As a result of the issue of the consideration shares, the issued share capital of the Company increased by 321,756,000 ordinary shares from 601,565,600 ordinary shares to 923,321,600 ordinary shares. The new shares rank pari passu with the existing shares in all respects.

Further details of the issue of the shares and the completion of the acquisition are disclosed in the announcement of the Company on 7 February 2025.

43. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the board of directors on 26 March 2025.

Financial Summary

FOR THE YEAR ENDED 31 DECEMBER 2024

A summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the published consolidated financial statements of the Company is set out below.

RESULTS

	For the year ended 31 December				
	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Continuing operations					
Revenue	99,261	132,902	162,155	216,830	191,090
(Loss)/Profit before income tax expense					12,383
Income tax expense	(32,889)	7,489	21,224	18,116	(3,350)
(Loss)/Profit for the year from continuing operations	(34,114)	5,181	18,167	12,456	9,033
Discontinued operation					
Gain for the year	1,902	–	–	–	–
(Loss)/Profit for the year	(32,212)	5,181	18,167	12,456	9,033
(Loss)/Profit attributable to:					
Owners of the Company					9,033
— from continuing operations	(34,114)	(770)	18,167	12,456	–
— from discontinued operation	1,902	–	–	–	–
Non-controlling interests					–
— from continuing operations	–	5,951	–	–	–
	(32,212)	5,181	18,167	12,456	9,033

ASSETS AND LIABILITIES

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Total assets	173,074	134,786	217,636	199,876	206,045
Total liabilities	(77,424)	(35,534)	(92,913)	(61,477)	(63,283)
Total equity	95,650	99,252	124,723	138,399	142,762
Equity attributable to owners of the Company	95,650	99,252	124,723	138,399	142,762