

# Furniweb Holdings Limited 飛靄控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8480

Third Quarterly Report

# 2023



# CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This report, for which the directors (the “**Directors**”) of FURNIWEB HOLDINGS LIMITED (the “**Company**”) together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The Board of Directors of the Company (the “Board”) announces the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2023 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2022, as follows:

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023	2022	2023	2022
		(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
<b>Revenue</b>	4	<b>46,994</b>	32,492	<b>153,906</b>	90,349
Cost of sales		<b>(34,008)</b>	(23,673)	<b>(116,629)</b>	(66,169)
<b>Gross profit</b>		<b>12,986</b>	8,819	<b>37,277</b>	24,180
Other income, net	5	<b>358</b>	278	<b>1,022</b>	899
Selling and distribution costs		<b>(444)</b>	(893)	<b>(1,425)</b>	(2,757)
Administrative expenses		<b>(9,017)</b>	(5,128)	<b>(28,201)</b>	(15,163)
Interest income		<b>376</b>	144	<b>1,054</b>	390
Finance costs	6	<b>(232)</b>	(194)	<b>(726)</b>	(453)
Share of profit of a joint venture, net of tax		<b>79</b>	140	<b>138</b>	330
Share of profit of associates, net of tax		–	1,161	–	3,175
<b>Profit before income tax expense</b>	7	<b>4,106</b>	4,327	<b>9,139</b>	10,601
Income tax expense	8	<b>(1,482)</b>	(591)	<b>(4,023)</b>	(1,791)
<b>Profit for the period</b>		<b>2,624</b>	3,736	<b>5,116</b>	8,810

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
		RM'000	RM'000	RM'000	RM'000
<b>Other comprehensive (expenses)/ income, net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Realisation of reserves from disposal of subsidiaries		(1,151)	–	(1,151)	–
Exchange differences on translation of foreign operations		(1,100)	686	2,887	2,029
Share of other comprehensive (expense)/income of a joint venture, net of tax		(27)	33	28	66
Share of other comprehensive income of an associate, net of tax		–	200	–	129
<b>Total other comprehensive (expense)/income, net of tax</b>		<b>(2,278)</b>	<b>919</b>	<b>1,764</b>	<b>2,224</b>
<b>Total comprehensive income for the period</b>		<b>346</b>	<b>4,655</b>	<b>6,880</b>	<b>11,034</b>
<b>Earnings per share:</b>					
Basic and diluted (cents)	10	0.44	0.65	0.85	1.56

# Unaudited Condensed Consolidated Statement of Changes in Equity

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Share capital	Share premium	Merger reserve	Exchange translation reserve	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2022 (audited)</b>	30,255	80,824	39,433	321	(51,581)	99,252
Profit for the period	-	-	-	-	8,810	8,810
Exchange differences on translation of foreign operations	-	-	-	2,029	-	2,029
Share of other comprehensive income of a joint venture, net of tax	-	-	-	66	-	66
Share of other comprehensive income of associates, net of tax	-	-	-	129	-	129
Total comprehensive income	-	-	-	2,224	8,810	11,034
<i>Transactions with owners</i>						
Issue of shares	2,377	3,089	-	-	-	5,466
<b>Balance as at 30 September 2022 (unaudited)</b>	32,632	83,913	39,433	2,545	(42,771)	115,752
<b>Balance as at 1 January 2023 (audited)</b>	<b>32,633</b>	<b>83,915</b>	<b>39,433</b>	<b>2,156</b>	<b>(33,414)</b>	<b>124,723</b>
Profit for the period	-	-	-	-	5,116	5,116
Realisation of reserves from disposal of subsidiaries	-	-	-	(1,151)	-	(1,151)
Exchange differences on translation of foreign operations	-	-	-	2,887	-	2,887
Share of other comprehensive income of a joint venture, net of tax	-	-	-	28	-	28
Total comprehensive income	-	-	-	1,764	5,116	6,880
<b>Balance as at 30 September 2023 (unaudited)</b>	<b>32,633</b>	<b>83,915</b>	<b>39,433</b>	<b>3,920</b>	<b>(28,298)</b>	<b>131,603</b>

# Notes to the Financial Information

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its ordinary shares in issue have been listed on the GEM of the Stock Exchange since 16 October 2017 (the "**Listing**"). The addresses of the Company's registered office and its headquarters are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Lot 1883, Jalan KP9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor, Malaysia, respectively. The principal place of business in Hong Kong is 31st Floor, 148 Electric Road, North Point, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sale of elastic textile, webbing, rubber tape and polyvinyl chloride ("**PVC**") related products, and energy efficiency business. The Company disposed off the subsidiaries which engaged in the manufacturing and sale of PVC related products by entering into a sales and purchase agreement on 19 September 2023. The ultimate holding company of the Company is PRG Holdings Berhad ("**PRG Holdings**" or the "**Controlling Shareholder**") which is a public limited liability company incorporated in Malaysia and the issued shares of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ("**IFRS**"), issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosure requirements of the GEM Listing Rules. They have been prepared under the historical cost basis.

The unaudited condensed consolidated financial statements are presented in Malaysian Ringgit ("**RM**") which is the functional currency of the Company's major operating subsidiaries and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The unaudited condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2022 annual financial statements, except for those that relate to new standards or interpretations effective for the period beginning on or after 1 January 2023. Details of changes in accounting policies are set out below.

# Notes to the Financial Information

## Adoption of new or revised IFRSs effective for annual periods beginning on or after 1 January 2023

### New and revised IFRSs

IFRS 17	<i>Insurance Contracts</i>
IAS 1	<i>Amendments in relation to Disclosure of Accounting Policies</i>
IAS 8	<i>Amendments in relation to Definition of Accounting Estimates</i>
IAS 12	<i>Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
IAS 12	<i>Amendments in relation to International Tax Reform - Pillar Two Model Rules</i>

The adoption of the above standards did not have any significant changes and material effect on the unaudited condensed consolidated financial statements of the Group.

## 3. REVENUE AND SEGMENT INFORMATION

### (a) Business segment

The Company's subsidiaries are principally engaged in the manufacturing and sale of elastic textile and webbing, rubber tape and PVC related products, and energy efficiency business. The Company disposed off the subsidiaries which engaged in the manufacturing and sale of PVC related products by entering a sale and purchase agreement on 19 September 2023.

The Group determines its operating segments based on the reports reviewed by chief executive officer who is the chief operating decision-maker (the "CODM").

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

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

The CODM assesses performance of the operating segments on the basis of profit before income tax expense.

There were no separate segment assets and segment liabilities information provided to the CODM as the CODM does not use this information to allocate resources and evaluate the performance of the operating segments. Inter segment revenue is priced along the same lines as sales to external customers and is eliminated in the unaudited condensed consolidated financial statements.

# Notes to the Financial Information

## Nine months ended 30 September 2023 (unaudited)

	Manufacturing RM'000	Energy Efficiency RM'000	Others RM'000	Total RM'000
<b>Revenue</b>				
Revenue from external customers	74,900	78,876	130	153,906
<b>Results</b>				
Operating profit/(loss)	1,251	9,943	(2,521)	8,673
Interest income	818	6	230	1,054
Finance costs	(502)	(224)	–	(726)
Share of profit of a joint venture, net of tax	138	–	–	138
Profit/(Loss) before income tax expense	1,705	9,725	(2,291)	9,139
Income tax expense	(2,180)	(1,843)	–	(4,023)
(Loss)/Profit for the period	(475)	7,882	(2,291)	5,116
<b>Other segment items:</b>				
Amortisation and depreciation	(1,547)	(1,591)	–	(3,138)
Gain on disposal of subsidiaries	–	–	665	665

# Notes to the Financial Information

## Nine months ended 30 September 2022 (unaudited) (restated)

	Manufacturing RM'000	Energy Efficiency RM'000	Others RM'000	Total RM'000
<b>Revenue</b>				
Revenue from external customers	84,116	6,039	194	90,349
<b>Results</b>				
Operating profit/(loss)	9,529	1,175	(3,545)	7,159
Interest income	389	1	–	390
Finance costs	(433)	(20)	–	(453)
Share of profit of a joint venture, net of tax	330	–	–	330
Share of profit of associates, net of tax	–	3,175	–	3,175
Profit/(Loss) before income tax expense	9,815	4,331	(3,545)	10,601
Income tax expense	(1,615)	(176)	–	(1,791)
Profit/(Loss) for the period	8,200	4,155	(3,545)	8,810
<b>Other segment item:</b>				
Amortisation and depreciation	(1,531)	(80)	–	(1,611)

# Notes to the Financial Information

## (b) Geographical information

The Company is domiciled in the Cayman Islands while the Group's manufacturing facilities and sales offices are based in Malaysia, Vietnam, the People's Republic of China ("PRC") and Hong Kong, and the energy efficiency business is based in the Republic of Singapore ("Singapore") and Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers from which the sales transactions originated.

	Three months ended 30 September		Nine months ended 30 September	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000
	<b>Revenue from external customers</b>			
Asia-Pacific	41,782	25,082	133,861	65,688
Europe	1,407	1,500	5,176	7,396
North America	3,624	5,909	14,195	16,355
Others	181	1	674	910
<b>Total</b>	<b>46,994</b>	<b>32,492</b>	<b>153,906</b>	<b>90,349</b>

## (c) Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group for the reporting periods mainly from the Energy Efficiency Division (2022: Manufacturing Division) were as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000
	Customer A	3,376	*	28,326
Customer B	#	4,778	#	12,599
Customer C	#	3,838	#	11,801

\* Revenue from this customer did not exceed 10% of the total revenue of the Group for the period ended 30 September 2022.

# Revenue from these customers did not exceed 10% of the total revenue of the Group for the period ended 30 September 2023.

# Notes to the Financial Information

## 4. REVENUE

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
<b>Recognised at point in time:</b>				
Sales of goods:				
— Elastic textile	6,786	9,651	21,562	28,530
— Webbing	11,891	9,376	32,672	33,456
— Other manufacturing products	6,244	7,370	20,666	22,130
Others	1,599	230	3,152	368
<b>Recognised over time:</b>				
Contract income	17,151	4,476	66,766	4,476
Maintenance service	3,323	1,389	9,088	1,389
<b>Total</b>	<b>46,994</b>	<b>32,492</b>	<b>153,906</b>	<b>90,349</b>

## 5. OTHER INCOME, NET

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Gain/(Loss) on foreign exchange, net				
— realised	197	54	479	360
— unrealised	(291)	435	(16)	682
Commission income	16	33	52	75
Gain on disposal of subsidiaries	347	—	347	—
Gain on disposal of property, plant and equipment	1	9	26	33
Others	88	(253)	134	(251)
<b>Total</b>	<b>358</b>	<b>278</b>	<b>1,022</b>	<b>899</b>

# Notes to the Financial Information

## 6. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Interest on bank overdraft	11	10	26	23
Interest on bank borrowings	135	116	417	287
Interest on lease liabilities	86	68	283	143
<b>Total</b>	<b>232</b>	<b>194</b>	<b>726</b>	<b>453</b>

## 7. PROFIT BEFORE INCOME TAX EXPENSE

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

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
Amortisation of intangible assets	187	-	550	2
Depreciation of property, plant and equipment	394	358	1,167	1,153
Depreciation of right-of-use assets	528	236	1,421	456
Gain on disposal of subsidiaries	(347)	-	(347)	-
Gain on disposal of property, plant and equipment	(1)	(9)	(26)	(33)
Impairment loss on trade and other receivables	21	-	3,544	-
(Reversal)/Provision of inventories written down, net	(138)	(264)	2,452	(369)

# Notes to the Financial Information

## 8. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000
Current tax expense				
— Malaysian income tax	415	302	1,052	896
— Overseas income tax	675	474	2,645	1,080
Under/(Over) provision in prior periods	424	(185)	419	(185)
	<b>1,514</b>	591	<b>4,116</b>	1,791
Deferred tax				
— current year	(32)	–	(93)	–
	<b>1,482</b>	591	<b>4,023</b>	1,791

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

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profits for the nine months ended 30 September 2023 and 2022.

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

## 9. DIVIDENDS

The Board does not recommend payment of any dividend for the Period (2022: RMNil).

# Notes to the Financial Information

## 10. EARNINGS PER SHARE

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

The calculation of basic earnings per share is based on the following information:

	Three months ended 30 September		Nine months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
	RM'000	RM'000	RM'000	RM'000
<b>Earnings</b>				
Profit for the period attributable to owners of the Company	2,624	3,736	5,116	8,810
<b>Number of shares</b>				
Weighted average number of ordinary shares in issue during the Period ('000)	601,566	574,909	601,566	565,024

Diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding for the periods ended 30 September 2023 and 2022.

# Management Discussion and Analysis

## BUSINESS REVIEW

### (a) Manufacturing Division

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

The Group ventured into manufacture and sale of PVC related products in 2019 by acquiring the entire issued share capital of a company with subsidiaries in Hong Kong and the PRC. Subsequently, the Group disposed off these subsidiaries by entering a sale and purchase agreement on 19 September 2023 (the “**Agreement**”).

During the Period, domestic sales and export sales accounted for approximately 36.8% and 63.2% (2022: 39.4% and 60.6%) of the total revenue from the Manufacturing Division, respectively. The Asia-Pacific region, Europe and North America continued to be the major export countries of the Group during the Period and the corresponding period in 2022.

Revenue generated from the sale of elastic textile, webbing and other manufacturing products accounted for approximately 28.8%, 43.6% and 27.6% (2022: 33.9%, 39.8% and 26.3%) of the total revenue from the Manufacturing Division respectively during the Period.

The revenue from the Manufacturing Division for the Period was approximately RM74.9 million (2022: RM84.1 million), decreased by approximately RM9.2 million or 10.9% as compared to the corresponding period of 2022. The overall decrease in revenue from the Manufacturing Division was mainly due to the slowdown in global demand and rising inflation.

The performance by products is stated as below:

#### (i) **Elastic textile**

For the Period, the revenue of elastic textile was approximately RM21.5 million (2022: RM28.5 million), decreased by RM7.0 million or 24.6% as compared to the corresponding period of 2022, mainly due to decrease in sales volume from customers in the Asia-Pacific region, North America, Europe and Middle East during the Period.

#### (ii) **Webbing**

For the Period, the revenue of webbing was approximately RM32.7 million (2022: RM33.5 million), decreased by RM0.8 million or 2.4% as compared to the corresponding period of 2022. This was mainly contributed by lower demand for furniture webbing products from customers in the Asia-Pacific region, Europe and North America during the Period.

# Management Discussion and Analysis

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

During the Period, the revenue of other manufacturing products was approximately RM20.7 million (2022: RM22.1 million), decreased by RM1.4 million or 6.3% as compared to the corresponding period of 2022, mainly due to the decrease in revenue contributed by PVC related products as compared to the corresponding period of 2022, which offset the increase in revenue contributed by rubber tape products.

## **(b) Energy Efficiency Division**

During the Period, the revenue from the Energy Efficiency Division of approximately RM78.9 million (2022: RM6 million) was mainly comprised of energy solution contracts, maintenance service contracts and others, which accounted for approximately 84.7%, 11.5% and 3.8% (2022: 74.1%, 23.0% and 2.9%) of total revenue from the Energy Efficiency Division respectively. The revenue increased significantly during the Period by RM72.9 million as compared to the corresponding period of 2022. The increase was mainly due to the fact that Energy Solution Global Limited and its subsidiaries became wholly-owned subsidiaries of the Group on 29 August 2023, hence, there was only 1 month revenue being consolidated into the Group for the corresponding period of 2022. Besides, the Energy Efficiency Division recorded a strong revenue by recognising progress completion and delivery of projects during the Period.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the Period amounted to approximately RM153.9 million (2022: RM90.3 million), representing a significant increase of RM63.6 million or 70.4% as compared to the corresponding period of 2022. The increase of revenue was mainly contributed by the Energy Efficiency Division which amounted to approximately RM78.9 million during the Period (2022: RM6.0 million). However, the increase in revenue was offset by the lower revenue contributed by the Manufacturing Division given the decrease in sales orders resulted from the softening of global demand for textile and furniture industries during the Period as compared to the corresponding period of 2022.

The Group's total revenue for the Period was accounted for approximately 48.7% and 51.3% (2022: 93.1% and 6.6%) by the Manufacturing Division and the Energy Efficiency Division respectively.

### **Cost of Sales**

For the Period, the cost of sales of the Group amounted to approximately RM116.6 million (2022: RM66.2 million), representing an increase of RM50.4 million or 76.1% as compared to the corresponding period of 2022. The increase in cost of sales was consistent with the increase in revenue, mainly contributed by the Energy Efficiency Division.

# Management Discussion and Analysis

## Gross Profit and Gross Profit Margin

For the Period, the Group achieved gross profit of approximately RM37.3 million (2022: RM24.2 million), representing an increase of RM13.1 million or 54.1% as compared to the corresponding period of 2022, mainly generated by the Energy Efficiency Division during the Period, offset by the lower gross profit generated by the Manufacturing Division during the Period which was in line with lower sales and higher chemical and utilities costs.

The gross profit margin of the Group decreased from 26.8% to 24.2%, mainly due to a one-off provision of slow moving stocks of PVC related products which amounted to approximately RM2.5 million and the increase in chemical and utilities costs during the Period.

## Other Income, net

For the Period, the net other income of the Group amounted to approximately RM1.0 million (2022: RM0.9 million), representing an increase of RM0.1 million or 11.1% as compared to corresponding period of 2022 which was mainly due to gain on disposal of subsidiaries of RM0.3 million offset by the lower gain on foreign exchange during the Period as compared to the corresponding period of 2022.

## Selling and Distribution Costs

For the Period, the selling and distribution costs of the Group amounted to approximately RM1.4 million (2022: RM2.8 million), representing a decrease of approximately RM1.4 million or 50.0% as compared to the corresponding period of 2022. The decrease was mainly due to lower sales from the Manufacturing Division and decrease in global freight and shipping costs during the Period.

## Administrative Expenses

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

For the Period, the administrative expenses of the Group amounted to approximately RM28.2 million (2022: RM15.2 million), representing an increase of approximately RM13.0 million or 85.5% as compared to the corresponding period of 2022. The significant increase was mainly due to consolidation of nine months of administrative expenses from the Energy Efficiency Division during the Period, whereas in the corresponding period of 2022 only consolidation of one month of administrative expenses and a one-off impairment loss on trade and other receivables amounted to RM3.5 million from the Manufacturing Division.

# Management Discussion and Analysis

## Profit for the Period

Profit for the Period amounted to approximately RM5.1 million (2022: RM8.8 million), representing a decrease of approximately RM3.7 million or 42.0% as compared to the corresponding period of 2022. The decrease was mainly due to lower profit generated from the Manufacturing Division which resulted from lower revenue, as well as one-off impairment loss on trade and other receivables and provision for slow moving stock with a total of RM6.0 million, offsetting the higher profit contributed by the Energy Efficiency Division which amounted to approximately RM7.9 million during the Period (2022: RM4.2 million) and gain on disposal of subsidiaries amounted to RM0.3 million.

## SHARE OPTION SCHEME

As at 30 September 2023, no share options had been granted under the share option scheme adopted by the Company on 20 September 2017. The number of options available for grant under the scheme mandate at the beginning and the end of the Period was 50,400,000.

## FUTURE PROSPECTS AND OUTLOOK

Inflation rates and interest rates hikes have exceeded expectations in the United States and major European economies, impacting global household consumption. Furthermore, negative spillovers from the war in Ukraine and China's slow recovery are impacting economic stability.

The supply chain disruption coupled with the rising costs of material and slow demand remain the major challenges that affect manufacturing operations. In view of the uncertainty of global economy, the Group will continue to operate within the constraints, revisit the market demand, pricing strategies as well as rationalise the cost structure in order to stay competitive in the market.

On the energy front, global energy consumption continues to rise in 2023, while energy prices remain high. There is also a growing urgency to reduce energy consumption globally, especially with potential disruptions in gas and oil supplies. Governments are increasingly emphasizing climate change mitigation policies, greenhouse gas emission reduction, and energy efficiency initiatives. Amidst those global trends, the Group believes that the energy efficiency business presents a positive growth opportunity. Governments' support for environmental initiatives and the increasing focus on environmental, social, and governance issue are expected to bolster the Group's results in the Energy Efficiency Division.

# Management Discussion and Analysis

## COMMERCIAL ACTIVITIES IN SANCTIONED COUNTRIES

During the Period, the Group did not enter into any transactions in countries or territories which are targeted with certain economic sanctions under the laws of the United States, the European Union, the United Nations and Australia (the “**Sanctioned Countries**”) or with certain person(s) and entity(ies) listed on the Office of Foreign Assets Control of the United States Department of Treasury’s Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the United States, the European Union, the United Nations or Australia (the “**Sanctioned Persons**”) that the Group believes would put the Group or its investors at risk of violating or becoming the target of sanction-related laws and regulations in the United States, the European Union, the United Nations and Australia (the “**International Sanctions**”).

To continuously monitor and evaluate the Group’s business and take measures to comply with the Group’s continuing undertakings to the Stock Exchange as disclosed in the Company’s prospectus dated 29 September 2017 (the “**Prospectus**”), and to protect the interests of the Group and the shareholders of the Company (the “**Shareholders**”), the Group has undertaken the following measures and efforts to monitor and evaluate its business activities in connection with possible International Sanctions risks. As at the date of this report:

- (i) the Group has set up a risk management committee, comprising of two independent non-executive Directors and one executive Director, whose responsibilities include, among others, overseeing the Group’s management activities in managing key risks, ensuring that the risk management process is functioning effectively and reviewing risk management strategies, policies, risk appetite and risk tolerance;
- (ii) the Group will evaluate sanctions risks prior to determining whether the Group should embark on any business opportunities in a Sanctioned Country or with Sanctioned Persons; and
- (iii) as and when the risk management committee considers necessary, the Group will retain an external International Sanctions legal adviser with necessary expertise and experience in International Sanctions matters for recommendations and advice. During the Period, the risk management committee did not identify any exposure to sanctions risks by the Group which it considered necessary for the Group to retain an external International Sanctions legal adviser.

The Directors are of the view that such risk management measures and efforts provided a reasonably adequate and effective framework to assist the Group in identifying and monitoring any material International Sanctions risk so as to protect the interests of the Company and its shareholders as a whole.

# Other Information

## CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "**CG Code**") and in relation to, among others, the Directors, chairman and chief executive officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the Shareholders.

To the best knowledge of the Board, the Company had complied with the code provisions as set out in Part 2 of the CG Code during the Period.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Other than as disclosed in "Significant Events During the Period — (a) Purchase of the Properties involving Issue of the Consideration Shares under Specific Mandate, Non-Compete Undertaking Amendments, and Proposed Authorised Share Capital Increase" in this report, none of the Directors or his connected entity had a material interest, whether directly or indirectly, in any arrangement, transaction or contract of significance to the business of the Group subsisting during the Period or at the end of the Period to which the Company or any of its subsidiaries or fellow subsidiaries was a party.

Other than as disclosed in "Significant Events During the Period — (a) Purchase of the Properties involving Issue of the Consideration Shares under Specific Mandate, Non-Compete Undertaking Amendments, and Proposed Authorised Share Capital Increase" in this report, no arrangement, transaction or contract of significance had been entered into between the Company, or any of its subsidiaries or fellow subsidiaries and the Controlling Shareholder or any of its subsidiaries during the Period.

## DEED OF NON-COMPETITION

As disclosed in the section "**Relationship With Our Controlling Shareholder — Competition — Undertakings given by our Controlling Shareholder**" in the Prospectus, the Controlling Shareholder has entered into a Deed of Non-Competition dated 28 September 2017 (the "**Deed of Non-Competition**"), which contains certain non-compete undertakings (the "**Non-Compete Undertakings**") in favour of the Company (for itself and as trustee for each member of the Group).

## Other Information

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

- \* the "**Relevant Period**" means the period commencing from the date of Listing and shall expire on the earlier of the dates below:
- (a) the date on which the Controlling Shareholder and its close associates (as defined under the GEM Listing Rules) (whether individually or taken as a whole) cease to own 30% of the then issued share capital of the Company (whether directly or indirectly) or cease to be the controlling shareholder of the Company for the purpose of the GEM Listing Rules; and
  - (b) the date on which the shares of the Company ("**Shares**") cease to be listed on GEM or (if applicable) other stock exchange.

The Controlling Shareholder had provided a written confirmation to the Company that it had complied with the Deed of Non-Competition for the Period and there was no matter in relation to their compliance with or enforcement of the Deed of Non-Competition that needed to be brought to the attention of the Stock Exchange, the Company and/or the Shareholders.

The independent non-executive Directors have also confirmed to the Company that, having made such reasonable enquiries with the Controlling Shareholder and reviewed the written confirmation from the Controlling Shareholder and/or such documents as they considered appropriate, nothing has come to their attention that causes them to believe that the terms of the Deed of Non-Competition had not been complied with by the Controlling Shareholder during the Period.

## Other Information

### COMPETING INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDER AND THEIR RESPECTIVE CLOSE ASSOCIATES

None of the Directors or the Controlling Shareholder or any of their respective close associates (as defined under the GEM Listing Rules) had any business or interests in any business, apart from the business operated by members of the Group, which competes or is likely to compete, directly or indirectly, with the business of the Group and/or has or is likely to have other conflict of interest with the Group during the Period.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the Period.

### SIGNIFICANT EVENTS DURING THE PERIOD

#### (a) Purchase of the Properties involving Issue of the Consideration Shares under Specific Mandate, Non-Compete Undertaking Amendments, and Proposed Authorised Share Capital Increase

Reference is made to the announcements of the Company dated 27 April 2023, 7 June 2023 and 8 August 2023 and the circular of the Company dated 14 July 2023.

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 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 to PRG Holdings (the "**Purchase of the Properties**").

## Other Information

On 27 April 2023, PRG Holdings and the Company entered into the conditional non-compete undertaking supplemental deed excluding the business of property investment, whether through holding, development, redevelopment or otherwise, to earn returns on the investment in the form of rental income, gain on sale or other disposals, dividends or any other forms, from the business which PRG Holdings has undertaken in favour of the Company not to be, and procure its close associates and companies controlled by it not to be, interested or involved or engaged directly or indirectly under the non-compete undertaking. On 7 June 2023, PRG Holdings and the Company entered into a deed of termination terminating the non-compete undertaking supplemental deed with immediate effect from the date of the non-compete undertaking supplemental deed.

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.

To accommodate the future expansion and growth of the Group and to provide the Company with greater flexibility for future expansion in its share capital, on 27 April 2023, the Company proposed the increase in the Company's authorised share capital from HK\$100,000,000 divided into 1,000,000,000 Shares each to HK\$200,000,000 divided into 2,000,000,000 Shares.

The above matters were approved by the Shareholders in the EGM of the Company held on 8 August 2023.

## Other Information

### **(b) Resignation of Executive Director, Change of Compliance Officer, Change in Composition of Risk Management Committee, and Change of Authorised Representative**

Reference is made to the announcement of the Company dated 1 May 2023.

With effect from 30 April 2023, Mr. Cheah Hannon resigned as an executive Director, a compliance officer, an authorised representative under the GEM Listing Rules and a member of the risk management committee of the Company. Dato' Lua Choon Hann was appointed as a compliance officer under the GEM Listing Rules and a member of the risk management committee of the Company. Mr. Cheah Eng Chuan was appointed as an authorised representative under the GEM Listing Rules.

### **(c) Appointment of Executive Director**

Reference is made to the announcement of the Company dated 2 July 2023.

With effect from 1 July 2023, Er. Kang Boon Lian was appointed as an executive Director.

### **(d) Disposal of Meinaide Holdings Group Limited (“Meinaide”) (the “Disposal”)**

Reference is made to the announcement of the Company dated 19 September 2023.

On 19 September 2023, the Company entered into the Agreement with the purchaser in respect of the Disposal. Pursuant to the Agreement, the Company has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire, the sale shares, representing the entire issued share capital of Meinaide, at the consideration of HK\$15,000,000 (equivalent to approximately RM8,878,500). Upon completion of the Disposal, Meinaide ceased to be a subsidiary of the Company and the financial results of Meinaide and its subsidiaries will no longer be consolidated into the financial statements of the Company.

Other than as disclosed above, the Board is not aware of any significant event requiring disclosure that has taken place during the Period.

## Other Information

### SUBSEQUENT EVENT AFTER THE PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2023 and up to the date of this report.

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

As at 30 September 2023, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) held by the Directors and chief executive of the Company as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### (I) Long positions in the ordinary Shares of HK\$0.10 each in the Company

Name of Director	Capacity/ Nature of interest	Number of securities (Note 1)	Approximate percentage of shareholding (Note 2)
Dato' Lua Choon Hann	Beneficial owner	260,000 Shares (L)	0.04%

Notes:

1. The letter "L" denotes the long position of the Director in the Shares.
2. The percentage of shareholding is calculated on the basis of 601,565,600 Shares in issue as at 30 September 2023.

## Other Information

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

Name of Directors	Name of the associated corporation	Capacity/ Nature of interest	Number of securities (Note 2)	Approximate percentage of shareholding (Note 4)
Dato' Lim Heen Peok	PRG Holdings (Note 1)	Beneficial owner	108,800 shares (L)	0.03%
Dato' Lua Choon Hann	PRG Holdings (Note 1)	Beneficial owner	32,322,800 shares (L)	7.51%
		Interest of spouse	300,000 shares (L) (Note 3)	0.07%
Cheah Eng Chuan	PRG Holdings (Note 1)	Beneficial owner	1,000,000 shares (L)	0.23%

Notes:

1. PRG Holdings is the holding company and the associated corporation of the Company within the meaning under Part XV of the SFO.
2. The letter "L" denotes the long position of the Director in the shares in PRG Holdings.
3. Dato' Lua Choon Hann was deemed to be interested in the shares in PRG Holdings held directly by his spouse under Part XV of the SFO.
4. The percentage of shareholding is calculated on the basis of 430,598,212 shares in PRG Holdings in issue as at 30 September 2023.

Save as disclosed above, none of the Directors or chief executive of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 September 2023.

## Other Information

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

As at 30 September 2023, so far as are known to the Directors, the following persons (other than the Directors or chief executive of the Company) were recorded in the register kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

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

<b>Name of Shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of securities</b> (Note 1)	<b>Approximate percentage of shareholding</b> (Note 7)
PRG Holdings (Notes 2 and 3)	Beneficial owner	303,468,000 Shares (L)	50.45%
Jim Ka Man	Beneficial owner	53,572,000 Shares (L) (Note 4)	8.91%
	Interest of spouse	5,192,000 Shares (L) (Note 5)	0.86%
Ng Yan Cheng	Beneficial owner	66,977,600 Shares (L) (Note 6)	11.13%

## Other Information

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. PRG Holdings is a company incorporated in Malaysia and whose issued shares are listed on the Main Market of Bursa Malaysia Securities Berhad.
3. Dato' Lua Choon Hann, an executive Director, is the group executive vice chairman of PRG Holdings. Ng Tzee Penn, a non-executive Director, is an executive director of PRG Holdings.
4. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man had acquired up to 53,572,000 Shares as at 29 August 2022.
5. According to the disclosure of interest form filed by Jim Ka Man, Jim Ka Man was deemed to be interested in the Shares held directly by her spouse under Part XV of the SFO.
6. According to the disclosure of interest form filed by Ng Yan Cheng, Ng Yan Cheng had acquired up to 66,977,600 Shares as at 29 August 2022.
7. The percentage of shareholding is calculated on the basis of 601,565,600 Shares in issue of the Company as at 30 September 2023.

### **DIRECTORS' SECURITIES TRANSACTIONS**

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

# Other Information

## REVIEW OF FINANCIAL STATEMENTS

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

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

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

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

Malaysia, 8 November 2023

*As at the date of this report, the non-executive Directors are Dato' Lim Heen Peok (the Chairman) and Mr. Ng Tzee Penn, the executive Directors are Mr. Cheah Eng Chuan, Dato' Lua Choon Hann and Er. Kang Boon Lian, and the independent non-executive Directors are Mr. Ho Ming Hon, Dato' Sri Dr. Hou Kok Chung and Dato' Lee Chee Leong.*

*This report will remain on the "Latest Listed Company Information" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting. This report will also be posted on the Company's website at <http://www.furniweb.com.my>.*