FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8480)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

ANNUAL RESULTS

The Board of Directors of the Company (the "**Board**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2017 (the " **Financial Year**"), together with the comparative audited figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	**2017** ***RM'000***	2016 *RM'000*
Revenue	*4*	**109,745**	97,937
Cost of sales		**(79,514)**	(71,074)
Gross profit		**30,231**	26,863
Other income, net	*5*	**6,432**	861
Distribution costs		**(3,048)**	(2,609)
Administrative expenses		**(22,355)**	(16,666)
Interest income		**368**	485
Finance costs	*6*	**(1,144)**	(1,155)
Share of loss of an associate, net of tax		**(290)**	–
Share of profit of a joint venture, net of tax		**282**	215
Profit before income tax expense	*7*	**10,476**	7,994
Income tax expense	*8*	**(1,902)**	(1,326)
Profit for the year		**8,574**	6,668
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(3,099)**	1,210
Reclassification adjustments for a foreign subsidiary disposed of during the year		**(104)**	–
Share of other comprehensive income of an associate		**(45)**	–
Share of other comprehensive income of a joint venture		**(88)**	46
Other comprehensive income for the year, net of tax		**(3,336)**	1,256
Total comprehensive income for the year		**5,238**	7,924

	Notes	**2017** *RM'000*	2016 *RM'000*
Profit/(loss) attributable to:			
Owners of the Company		**8,804**	6,826
Non-controlling interests		**(230)**	(158)
		8,574	6,668
Total comprehensive income attributable to:			
Owners of the Company		**5,261**	8,085
Non-controlling interests		**(23)**	(161)
		5,238	7,924
Earnings per ordinary share attributable to owners of the Company (cents):			
Basic and diluted	*10*	**2.18**	1.81

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 RM'000	2016 RM'000
Non-current assets			
Property, plant and equipment		**33,478**	39,903
Intangible assets		**1,275**	1,277
Interest in an associate		**5,231**	–
Interest in a joint venture		**1,109**	1,355
Loan to a fellow subsidiary		**–**	7,489
Deferred tax assets		**177**	3
		41,270	50,027
Current assets			
Inventories		**21,481**	23,888
Trade and other receivables	*11*	**17,670**	20,792
Amount due from a joint venture		**78**	47
Amount due from an associate		**4,853**	–
Amounts due from fellow subsidiaries		**–**	7,819
Amount due from ultimate holding company		**–**	2,902
Current tax recoverable		**375**	283
Time deposits maturing over three months		**1,817**	127
Cash and bank balances		**36,376**	15,424
		82,650	71,282
Current liabilities			
Trade and other payables	*12*	**13,787**	21,924
Amounts due to fellow subsidiaries		**–**	994
Amount due to ultimate holding company		**–**	8,216
Obligations under finance leases		**270**	256
Bank borrowings		**647**	1,445
Current tax liabilities		**499**	665
		15,203	33,500
Net current assets		**67,447**	37,782
Total assets less current liabilities		**108,717**	87,809

	Notes	**2017**	2016
		RM'000	*RM'000*
Non-current liabilities			
Obligations under finance leases		**340**	610
Bank borrowings		**9,917**	10,186
Deferred tax liabilities		**854**	996
		11,111	11,792
NET ASSETS		**97,606**	76,017
Equity			
Share capital		**27,285**	–
Reserves		**70,321**	75,994
Equity attributable to owners of the Company		**97,606**	75,994
Non-controlling interests		**–**	23
TOTAL EQUITY		**97,606**	76,017

NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND REORGANISATION

(a) 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. The address of the Company's registered office and its headquarters are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Lot 1883, Jalan KPB9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor, Malaysia respectively.

The ultimate holding company of the Company is PRG Holdings Berhad which is a public limited liability company incorporated in Malaysia and the shares of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of elastic textile and webbings.

The shares of the Company are listed on GEM on 16 October 2017 (the "**Listing**").

(b) Reorganisation and basis of presentation

Pursuant to the reorganisation of the Company (the "**Reorganisation**") in connection with the listing of shares of the Company on the GEM by way of the public offer and the placing (the "**Share Offer**"), the Company has become the holding company of its subsidiaries now comprising the Group since 21 September 2017. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 29 September 2017 (the "**Prospectus**").

Accordingly, the audited consolidated statement of profit or loss and other comprehensive income is prepared as if the current group structure had been in existence throughout the reporting period except for the reduction of the Company's interest in Furnitech Components (Vietnam) Co., Ltd. on 14 September 2017.

All companies now comprising the Group have adopted 31 December as their financial year end date.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These audited financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), International Accounting Standards ("**IAS**"), amendments and interpretations (hereinafter collectively referred to as the "**IFRSs**") issued by 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 audited consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), which is the functional currency of the Company's major subsidiaries and all values are rounded to the nearest thousand except when otherwise indicated.

New or revised IFRSs that have been issued but are not yet effective

The following new revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

IFRS 9 (2014)	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2014–2016 Cycle[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

The Directors anticipate that there will be no material impact on the Group's results and financial position upon the adoptions of these new or revised IFRSs.

3. REVENUE AND SEGMENT INFORMATION

(a) Business segment

The Company's subsidiaries are principally engaged in the manufacturing and sales of elastic textile and webbings. The Group determines its operating segments based on the reports reviewed by chief operating decision-maker ("**CODM**").

The CODM assesses performance of the operating segments on the basis of gross profit. Inter segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources and evaluate the performance of the operating segments.

Year ended 31 December 2017

	Elastic Textile *RM'000*	Webbing *RM'000*	Other products *RM'000*	Elimination *RM'000*	Total *RM'000*
Revenue					
Revenue from external customers	**58,468**	**37,790**	**13,487**	**–**	**109,745**
Inter-segment revenue	**336**	**102**	**68**	**(506)**	**–**
Total revenue	**58,804**	**37,892**	**13,555**	**(506)**	**109,745**
Segment cost of sales	**(42,626)**	**(27,069)**	**(10,966)**	**1,147**	**(79,514)**
Gross profit	**16,178**	**10,823**	**2,589**	**641**	**30,231**
Other income, net					**6,432**
Distribution costs					**(3,048)**
Administrative expenses					**(22,355)**
Interest income					**368**
Finance costs					**(1,144)**
Share of loss of an associate, net of tax					**(290)**
Share of profit of a joint venture, net of tax					**282**
Profit before income tax expense					**10,476**
Income tax expense					**(1,902)**
Profit for the year					**8,574**
Other segment information:					
Depreciation included in cost of sales	**2,016**	**369**	**385**	**–**	**2,770**

Note: Included in segment cost of sales was intra-group rental expenses of RM641,000 and the corresponding rental income was eliminated in other income, net in the consolidated statements of profit or loss and other comprehensive income.

Year ended 31 December 2016

	Elastic Textile *RM'000*	Webbing *RM'000*	Other products *RM'000*	Elimination *RM'000*	Total *RM'000*
Revenue					
Revenue from external customers	53,290	32,028	12,619	–	97,937
Inter-segment revenue	457	133	238	(828)	–
Total revenue	53,747	32,161	12,857	(828)	97,937
Segment cost of sales	(38,170)	(23,183)	(11,173)	1,452	(71,074)
Gross profit	15,577	8,978	1,684	624	26,863
Other income, net					861
Distribution costs					(2,609)
Administrative expenses					(16,666)
Interest income					485
Finance costs					(1,155)
Share of profit of a joint venture, net of tax					215
Profit before income tax expense					7,994
Income tax expense					(1,326)
Profit for the year					6,668
Other segment information:					
Depreciation included in cost of sales	1,937	657	471	–	3,065

Note: Included in segment cost of sales was intra-group rental expenses of RM624,000 and the corresponding rental income was eliminated in other income, net in the consolidated statements of profit or loss and other comprehensive income.

(b) Geographical information

The Company is domiciled in the Cayman Islands while the Group's manufacturing facilities and sales offices are based in Malaysia and Vietnam.

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.

	2017	2016
	RM'000	*RM'000*
Revenue from external customers		
Malaysia	**8,667**	9,751
Vietnam	**38,655**	35,413
Asia Pacific (excluding Malaysia and Vietnam)	**27,960**	27,077
Europe	**16,391**	13,290
North America	**17,143**	11,556
Others	**929**	850
Total	**109,745**	97,937

	2017	2016
	RM'000	*RM'000*
Specified non-current assets		
Malaysia	**20,823**	21,924
Vietnam	**13,930**	19,256
	34,753	41,180

(c) Information about major customers

During the Financial Year, there is no customer which generated 10% or above of the total revenue of the Group.

During the year ended 31 December 2016, the Group generated revenue from transactions with a single external customer from elastic textile segment of RM10,652,000, which amount to over 10% of the total revenue of the Group.

4. REVENUE

Revenue represents the net invoiced value of goods sold.

5. OTHER INCOME, NET

	2017	2016
	RM'000	*RM'000*
(Loss)/gain on foreign exchange, net		
— realised	**(603)**	49
— unrealised	**(513)**	212
Commission income	**137**	75
Sales of scrap	**215**	205
Gain on disposal of property, plant and equipment	**31**	118
Gain on disposal of a subsidiary	**6,824**	–
Others	**341**	202
Total	**6,432**	861

6. FINANCE COSTS

	2017	2016
	RM'000	*RM'000*
Interest on bank overdrafts	**9**	16
Interest on bank borrowings	**1,036**	981
Interest on amount due to the ultimate holding company	**63**	128
Interest on obligations under finance leases	**36**	30
Total	**1,144**	1,155

7. PROFIT BEFORE INCOME TAX EXPENSE

	2017	2016
	RM'000	*RM'000*
Profit before income tax expense is arrived at after charging/(crediting):		
Auditor's remuneration	**372**	147
Amortisation of intangible assets	**22**	23
Depreciation of property, plant and equipment	**3,323**	3,634
Listing expenses (including professional fees and other expenses)	**7,153**	2,404
Interest income from:		
— fixed deposits	**(82)**	(30)
— bank balances	**(39)**	(32)
— advance to an associate	**(36)**	–
— advance to a fellow subsidiary	**(211)**	(423)
Inventories written down	**191**	587
Reversal of inventories written down	**(111)**	(63)
Net gain on disposal of property, plant and equipment	**(31)**	(118)
Property, plant and equipment written off	**–**	17
Rental expenses on:		
— Building	**364**	380
— land	**362**	379
Impairment loss of trade receivables	**38**	15
Reversal of impairment loss of trade receivables	**(10)**	–
Employee costs included in:		
— cost of sales	**19,790**	17,714
— distribution costs	**402**	321
— administrative expenses	**11,266**	10,848

8. INCOME TAX EXPENSE

	2017	2016
	RM'000	*RM'000*
Current tax		
— provision for the year	**2,104**	1,689
— under/(over) provision in prior years	**114**	(192)
	2,218	1,497
Deferred tax		
— current year	**(170)**	(60)
— over provision in prior years	**(146)**	(111)
	(316)	(171)
Income tax expense	**1,902**	1,326

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profits for the years ended 31 December 2017 and 2016 whereas the Vietnamese corporate income tax during the years ended 31 December 2017 and 2016 is calculated at the preferential tax rate of 15% on the assessable profits.

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

9. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation. During the Financial Year and prior to the Listing, certain subsidiaries had declared and paid dividends amounting to RM26.6 million in aggregate.

The Directors do not recommend payment of any dividend for the Financial Year.

10. EARNINGS PER SHARE

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

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

	2017	2016
	RM'000	*RM'000*
Earnings		
Profit for the year attributable to owners of the Company	**8,804**	6,826
Number of shares		
Weighted average number of ordinary shares in issue during the year	**404,581,000**	378,000,000

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the year has been determined based on the assumption that the Capitalisation Issue as described in the Prospectus had been effective on 1 January 2016.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the years ended 31 December 2017 and 2016.

11. TRADE AND OTHER RECEIVABLES

	2017	2016
	RM'000	*RM'000*
Trade receivables	**14,978**	16,932
Other receivables	**2,692**	3,860
	17,670	20,792

The trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 90 days from date of invoice. They are recognised at their original invoice amount, which represent their fair values on initial recognition.

The ageing analysis of trade receivables, based on invoice dates, as at 31 December 2017 and 2016 are as follows:

	2017	2016
	RM'000	*RM'000*
Within 30 days	**7,468**	8,145
31 to 60 days	**4,045**	4,304
61 to 90 days	**1,955**	2,834
Over 90 days	**1,510**	1,649
	14,978	16,932

The ageing of trade receivables which are past due but not impaired as at 31 December 2017 and 2016 are as follows:

	2017	2016
	RM'000	*RM'000*
Neither past due nor impaired	**11,943**	12,978
Past due but not impaired		
Within 30 days	**2,634**	2,769
31 to 60 days	**202**	913
61 to 90 days	**33**	87
Over 90 days	**166**	185
	14,978	16,932

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the Financial Year.

The Group has trade receivables amounting to RM3,035,000 and RM3,954,000 that are past due as at 31 December 2017 and 2016 respectively but not impaired. Trade receivables of the Group that are past due but not impaired are unsecured. The Group closely monitors the financial standing of these debtors on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The movements in provision for impairment of trade receivables are as follows:

	2017	2016
	RM'000	*RM'000*
At 1 January	**89**	135
Impairment loss recognised	**38**	15
Recovery of impairment loss previously recognised	**(10)**	–
Bad debts written off	**–**	(64)
Exchange differences	**(9)**	3
At 31 December	**108**	89

Trade receivables that are individually determined to be impaired as at 31 December 2017 and 2016 relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Included in the Group's trade receivables are amounts due from the Group's joint ventures and an associate of RM40,000 and RM42,000 respectively (2016: nil) which are repayable on credit terms similar to those offered to the other customers of the Group.

12. TRADE AND OTHER PAYABLES

	2017	2016
	RM'000	*RM'000*
Trade payables	**5,607**	6,102
Bill payables	**4,105**	10,141
Other payables	**4,075**	5,681
	13,787	21,924

Trade payables are non interest bearing and the normal trade credit terms granted to the Group range from one month to three months from the invoice date.

The ageing analysis of trade and bills payables, based on invoice dates, as at 31 December 2017 and 2016 are as follows:

	2017	2016
	RM'000	*RM'000*
Within 30 days	**3,690**	5,350
31 to 60 days	**2,890**	3,243
61 to 90 days	**1,520**	2,808
Over 90 days	**1,612**	4,842
	9,712	16,243

Included in trade and other payables are trade payables of RM48,000 (2016: nil) due to a joint venture which are repayable on credit terms similar to those offered by the joint venture to its customers.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 business model of the Group has remained unchanged and the revenue and cost structure had remained stable during the Financial Year. Although the elastic textile and webbing market are highly competitive, the Group will implement various strategies as stated in the Prospectus with the intention to strengthen its market position as well as to increase its market share. The Group will closely monitor the market situations and make necessary adjustments to its strategies and operations.

(i) Elastic Textile

For the Financial Year, the revenue of elastic textile increased by RM5.2 million or 9.7% as compared to last year. The increase was mainly due to increased sales volume in covered elastic yarn by 12.8%. For narrow elastic fabric, the revenue increased by 6.5% despite the decrease in sales volume as compared to last year due to the products produced by needle weaving process having a higher unit price as compared to those produced by the knitting process.

(ii) Webbing

Revenue from furniture webbing and seat belt webbing increased by RM5.8 million or 18.0% as compared to last year in aggregate. This was mainly attributable to the increased sales volume as well as change in sales mix for higher specification products.

(iii) Other Products

During the Financial Year, the revenue of other products increased by RM0.9 million or 6.9%, mainly contributed by the increase in sales volume of rubber tapes products. This was mainly driven by the sales to a major customer in the United States who procured higher priced rubber tapes for medical disposable products. The revenue of the metal components for furniture dropped by 42.1% as compared to last year. As disclosed in the Prospectus, Furnitech Components (Vietnam) Co., Ltd. ("**FCV (VN)**"), a then subsidiary of the Company, which sells metal components for furniture, has became an associate of the Company since 14 September 2017 in which the Company has an indirect interest of 45.06%.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Financial Year amounted to RM109.7 million, representing an increase of RM11.8 million or 12.1% as compared with RM97.9 million for last year. Majority of the Group's revenue was attributable to elastic textile and webbing products for both periods, which accounted for approximately 53.3% and 34.4% of the total revenue respectively during the Financial Year and 54.4% and 32.7% respectively during the year ended 31 December 2016.

During the Financial Year, domestic sales and export sales accounted for around 43.1% and 56.9% (2016: 46.1% and 53.9%) of the revenue, respectively. Asia Pacific region (excluding Malaysia and Vietnam), Europe and North America continue to be the major export countries of the Group during both years.

The increase in revenue was mainly due to increased sales volume of covered elastic yarn and webbing products as well as sales of high specification products with higher selling price for narrow elastic fabric.

Cost of Sales

For the Financial Year, the cost of sales of the Group amounted to RM79.5 million (2016: RM71.1 million), representing an increase of RM8.4 million or 11.8% compared to last year. The increase of the cost of sales was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

For the Financial Year, the Group achieved a gross profit of approximately RM30.2 million (2016: RM26.9 million), representing an increase of RM3.3 million or 12.3% as compared to last year.

The gross profit margin of the Group remained stable at 27.5% (2016: 27.4%).

Other Income, net

During the Financial Year, the Group disposed part of its interest in FCV (VN) on 14 September 2017 and recognised a gain on disposal of RM6.8 million. Thereafter, FCV (VN) became an associate of the Company and is accounted for by equity accounting.

The other income was mitigated by higher losses arising from unrealised and realised foreign exchange of RM0.5 million and RM0.6 million respectively. The foreign exchange loss was mainly due to RM being strengthened against United States dollar ("**USD**") during the year by 9.8% (December 2017: USD1: RM4.0475; December 2016: USD1: RM4.486). The strengthening of RM against USD accelerated in November and December 2017 by 4.3% (October 2017: USD1: RM4.231; November 2017: USD1: RM4.0875), giving rise to an unrealised translation loss of RM0.5 million.

Distribution Costs

For the Financial Year, the distribution costs of the Group amounted to RM3.0 million (2016: RM2.6 million), representing an increase of RM0.4 million or 15.4% compared to last year. The increase was mainly due to the increase in transportation expenses and customs declaration charges during the Financial Year which was in line with the increase in revenue.

Administrative Expenses

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

For the Financial Year, the administrative expenses of the Group amounted to RM22.4 million (2016: RM16.7 million), representing an increase of RM5.7 million or 34.1% compared to last year. The increase was mainly due to the recognition of the listing expenses (including professional fees and other expenses) of approximately RM7.2 million (2016: RM2.4 million) during the Financial Year. Excluding the listing expenses (including professional fees and other expenses), the increase in administrative expenses would have increased by RM0.9 million or 6.3% which was mainly due to a general increase in salary as well as additional expenses for the administration of the listed company.

Profit for the Financial Year

The profit for the Financial Year amounted to RM8.6 million (2016: RM6.7 million), representing an increase of approximately RM1.9 million or 28.4% as compared to last year. Should the listing expenses (including professional fees and other expenses) of RM7.2 million (2016: RM2.4 million) and gain on disposal of part of the Group's interest in FCV (VN) of RM6.8 million (2016: NIL) be excluded, the Group would record an adjusted profit of RM9.0 million (2016: RM9.1 million), representing a marginal decrease of RM0.1 million or 1.1% as compared to last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group's total equity attributable to owners of the Company amounted to RM97.6 million (2016: RM76.0 million).

The Group's net current assets was approximately RM67.4 million (2016: RM37.8 million) and the Group had cash and cash equivalents of approximately RM36.4 million (2016: RM15.4 million). The Group had bank borrowings and finance lease obligations of approximately RM10.6 million (2016: RM11.6 million) and RM0.6 million (2016: RM0.9 million) respectively.

As at 31 December 2017, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the year) was approximately 5.4 times (2016: 2.1 times). The Group's gearing ratio (calculated by dividing total debt by total equity as at the end of the year) was approximately 11.4% (2016: 16.4%).

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

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since the Listing. The share capital of the Company only comprises of ordinary shares.

DIVIDEND

The Directors do not recommend the payment of any final dividend for the Financial Year.

SIGNIFICANT INVESTMENT HELD BY THE GROUP

As at 31 December 2017, there was no significant investment held by the Group (2016: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The companies comprising the Group underwent the Reorganisation to rationalise the Group's structure in preparation for the Listing. Details of the Reorganisation were set out in the section headed "History, Reorganisation and Corporate Structure" of the Prospectus.

During the Financial Year, the Group disposed part of its interest in FCV (VN) on 14 September 2017 and recognised a gain on disposal of RM6.8 million. Thereafter, FCV (VN) became an associate of the Company and is accounted for by equity accounting.

PLEDGE OF ASSETS

As at 31 December 2017 and 2016, freehold land, long term leasehold land, buildings and certain plant and machinery of the Group with carrying amount of RM25,133,000 and RM30,515,000 respectively are pledged to licensed banks as security for credit facilities granted to the Group.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed above and in the Prospectus, the Group does not have other plans for material investments and capital assets for the year ending 31 December 2018 as at the date of this announcement.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 December 2017, the Group had no capital commitments (2016: RM0.7 million for the acquisition of production machinery).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group employed 912 employees (2016: 1,031 employees, of which 119 employees were staff of FCV(VN), which ceased to be a subsidiary of the Company on 14 September 2017 and became an associate of the Company since then. Excluding the number of staff of FCV (VN), the Group maintained the same level of staff as at 31 December 2017 and 2016). Employee costs amounted to approximately RM31.5 million for the Financial Year (2016: approximately RM28.9 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 a primary purpose to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company. As at 31 December 2017, no share options have been granted under the Share Option Scheme.

FOREIGN CURRENCY RISK

The Group derives a significant portion of its revenue in USD from the business with its international counterparts. The Group had a net USD exposure arising from our 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. In case our Directors hold the view that USD may depreciate against RM and Vietnamese Dong ("**VND**"), the Group will consider taking steps to hedge the foreign currency exposures, including entering into hedging with financial instruments. The Group may also negotiate with customers to increase the price of products to reduce the impact on the Group's profitability.

SUBSEQUENT EVENTS

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2017 and up to the date of this announcement.

COMPARISON OF BUSINESS OBJECTIVES AND STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The principal business objective of the Group is to enhance our market share in the elastic textile and webbing industry and continue to strengthen our competitive strengths. An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the date of the Listing to 31 December 2017 is set out below:

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 2017
(i) Expand our production capacity	Expand the production capacity for narrow elastic fabrics, covered elastic yarn and seat belt webbing to cater for the growing demand for these products by constructing a new factory in Vietnam and acquiring new machines.	Listing proceeds of approximately RM17.6 million (equivalent to HK$32.4 million)	— Acquired machineries for narrow elastic fabric and seat belt webbing of RM1.3 million. — Evaluating the new machineries including the Manufacturing Execution System ("**MES**") software to increase capacity and improve quality control.
(ii) Move into new product applications and markets	Explore the business potential of our existing products by expanding the application of narrow elastic fabric to sportswear and tapping into the South Korean market for our seat belt webbing.	Our internal resources of the Group	— Carrying on-going discussion and developing narrow elastic fabric samples for prospective customers that manufacture sportswear. — Undergoing qualification and testing for seat belt webbing samples for a South Korean safety belt manufacturer and other prospective customers.

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 2017
(iii) Enhance our quality control systems	Enhance our quality control system by increasing headcount and improving the training program for our quality control department.	Our internal resources of the Group	— Evaluating MES software to improve and enable control of production process. — Carrying on-going internal training.
(iv) Upgrade our information technology systems	Upgrade enterprise resource planning ("**ERP**") system	Listing proceeds of approximately RM1.1million (equivalent to HK$2 million)	— Evaluating vendors for ERP system and integrated software application.

USE OF PROCEEDS

The net proceeds from the Share Offer, after deducting underwriting fees and other expenses payable by the Group in connection thereto, were approximately HK$35.6 million (or RM19.3 million at the exchange rate of approximately RM1.00 to HK$1.84) as disclosed in the Prospectus.

The net proceeds from the Share Offer from the date of the Listing to 31 December 2017 were used as follows:

	Planned use of net proceeds from the Listing as stated in the Prospectus *RM'million*	Actual use of of proceeds from the date of Listing to 31 December 2017 *(Note (a))* *RM'million*	Unutilised amount as at 31 December 2017 *(Note (b))* *RM'million*
Expand our production capacity	17.6	1.3	16.3
Upgrade our information technology systems	1.1	–	1.1
Funding of our working capital and general corporate purposes	0.6	0.6	–
	19.3	1.9	17.4

Notes:

(a) Please refer to the section headed "Comparison of business objectives with actual business progress" in this announcement for the update of the actual business progress up to 31 December 2017.

(b) The unutilised proceeds are deposited in a licensed bank in Hong Kong.

FUTURE PROSPECTS AND OUTLOOK

The Group will continue to expand the application of the products to different application, as well as to explore new export markets and to expand existing customer base. In this regard, the Group has planned to expand the production capacity, enhance capability of the product modification department, and improve quality control systems and information technology systems by utilising the listing proceeds from the Listing according to the manner set out in the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus.

The Group anticipates the prospect of manufacturing business remains promising and is pursuing its strategies to capture new business opportunities. However, we also foresee challenges from the recent crude oil price surge that may increase the price of certain crude-oil based raw materials, such as polyester high tenacity filament yarn, polypropylene multifilament yarn and synthetic rubber, which may impact on the gross profit margin if the Group is unable to pass on the increment in raw material prices entirely to its customers. The Group will closely monitor the raw material prices on a regular basis and adjust the procurement plan and pricing strategy, if necessary. Further, any significant and abrupt movement in the exchange rate between the RM, VND and the USD may result in foreign exchange gains or losses which may affect the Group's results as the Group derives a significant amount of its revenue in USD.

The Group will strive to enhance its market position, further its business development and actively consider new opportunities for growth.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

The shares of the Company were successfully listed on GEM on 16 October 2017. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code since the date of Listing and up to 31 December 2017.

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 securities since the date of Listing and up to 31 December 2017.

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 enquiry to the Directors, all Directors have confirmed that they have complied with the required standard of dealings and there is no event of non-compliance since the date of Listing and up to 31 December 2017.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "**AGM**") will be held on Wednesday, 9 May 2018. 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

In order to determine entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 4 May 2018 to Wednesday, 9 May 2018, both days inclusive, during which period no transfer of shares 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 for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 3 May 2018.

AUDIT COMMITTEE

The Company established an audit committee on 20 September 2017 with written terms of reference in compliance with the GEM Listing Rules. 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 the Company, and to oversee the audit process.

The audit committee currently comprises of three independent non-executive Directors, namely, Mr. Ho Ming Hon, Dato' Dr. Hou Kok Chung and Dato' Sri Wee Jeck Seng. Mr. Ho Ming Hon is the chairman of the audit committee.

The audit committee had reviewed the audited consolidated financial statements of the Group for the Financial Year 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 complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

FINANCIAL INFORMATION

The financial information set out in this announcement does not constitute the Group's audited consolidated financial statements for the Financial Year, but represents an extract from those financial statements. The financial information has been reviewed by the Audit Committee, approved by the Board and agreed by the Group's external auditors, BDO Limited, as to the amounts set out in the Group's audited consolidated financial statements. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

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

Hong Kong, 15 March 2018

As at the date of this announcement, the chairman and non-executive director is Dato' Lim Heen Peok, the executive Directors are Mr. Cheah Eng Chuan, Mr. Tan Chuan Dyi and Dato' Lua Choon Hann, and the independent non-executive Directors are Mr. Ho Ming Hon, Dato' Sri Wee Jeck Seng and Dato' Dr. Hou Kok Chung.

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