FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8480)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 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.*

The board of Directors (the "**Board**") announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2018 (the "**Period**"), together with the comparative figures for the corresponding period in 2017 and certain comparative figures as at 31 December 2017, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***RM'000***	*RM'000*
Revenue	*4*	**44,496**	58,445
Cost of sales		**(33,866)**	(40,868)
Gross profit		**10,630**	17,577
Other income/(expenses), net	*5*	**208**	(95)
Distribution costs		**(1,320)**	(1,527)
Administrative expenses		**(7,964)**	(11,552)
Interest income		**313**	250
Finance costs	*6*	**(398)**	(607)
Share of profit of a joint venture, net of tax		**50**	82
Share of loss of an associate, net of tax		**(530)**	–
Profit before income tax expense	*7*	**989**	4,128
Income tax expense	*8*	**(377)**	(1,566)
Profit for the period		**612**	2,562
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		**(1,782)**	(1,194)
Share of other comprehensive income of a joint venture		**(41)**	(37)
Share of other comprehensive income of an associate		**91**	–
Other comprehensive income for the period, net of tax		**(1,732)**	(1,231)
Total comprehensive income for the period		**(1,120)**	1,331

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***RM'000***	*RM'000*
Profit/(loss) attributable to:			
Owners of the Company		**612**	2,709
Non-controlling interests		**–**	(147)
		612	2,562
Total comprehensive income attributable to:			
Owners of the Company		**(1,120)**	1,474
Non-controlling interests		**–**	(143)
		(1,120)	1,331
Earnings per share:			
Basic and diluted (cents)	*10*	**0.12**	0.72

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	**As at 30 June 2018 (Unaudited)** ***RM'000***	As at 31 December 2017 (Audited) *RM'000*
Non-current assets			
Property, plant and equipment	*11*	**33,825**	33,478
Intangible assets		**1,261**	1,275
Interest in a joint venture		**827**	1,109
Interest in an associate		**4,642**	5,231
Deferred tax assets		**176**	177
		40,731	41,270
Current assets			
Inventories		**21,736**	21,481
Trade and other receivables	*12*	**17,422**	17,670
Amount due from a joint venture		**63**	78
Amount due from an associate		**5,099**	4,853
Current tax recoverable		**718**	375
Time deposits maturing over three months		**635**	1,817
Cash and bank balances		**32,487**	36,376
		78,160	82,650
Current liabilities			
Trade and other payables	*13*	**10,420**	13,787
Obligations under finance leases	*14*	**276**	270
Bank borrowings	*15*	**661**	647
Current tax liabilities		**214**	499
		11,571	15,203
Net current assets		**66,589**	67,447
Total assets less current liabilities		**107,320**	108,717

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	**As at 30 June 2018 (Unaudited)** ***RM'000***	As at 31 December 2017 (Audited) *RM'000*
Non-current liabilities			
Obligations under finance leases	*14*	**200**	340
Bank borrowings	*15*	**9,780**	9,917
Deferred tax liabilities		**854**	854
		10,834	11,111
NET ASSETS		**96,486**	97,606
Equity			
Share capital	*16*	**27,285**	27,285
Reserves		**69,201**	70,321
Equity attributable to owners of the Company		**96,486**	97,606
TOTAL EQUITY		**96,486**	97,606

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Share capital *RM'000* *(Note 16)*	Share premium *RM'000*	Capital reserve *RM'000*	Merger reserve *RM'000*	Exchange translation reserve *RM'000*	Retained earnings *RM'000*	Equity attributable to owners of the Company *RM'000*	Non-controlling interests *RM'000*	Total *RM'000*
Balance at 1 January 2017 (audited)	–	–	30,158	–	47	45,789	75,994	23	76,017
Profit for the period	–	–	–	–	–	2,709	2,709	(147)	2,562
Exchange differences on translation of foreign operations	–	–	–	–	(1,198)	–	(1,198)	4	(1,194)
Share of other comprehensive income of a joint venture, net of tax	–	–	–	–	(37)	–	(37)	–	(37)
Total comprehensive income	–	–	–	–	(1,235)	2,709	1,474	(143)	1,331
Transaction with owners									
Capital contribution by ultimate holding company to a subsidiary	–	–	13,131	–	–	(13,131)	–	–	–
Dividends paid/declared	–	–	–	–	–	(8,463)	(8,463)	–	(8,463)
Total transaction with owners	–	–	13,131	–	–	(21,594)	(8,463)	–	(8,463)
Balance at 30 June 2017 (unaudited)	–	–	43,289	–	(1,188)	26,904	69,005	(120)	68,885
Balance at 1 January 2018 (audited)	27,285	3,609	–	42,208	(3,496)	28,000	97,606	–	97,606
Profit for the period	–	–	–	–	–	612	612	–	612
Exchange differences on translation of foreign operations	–	–	–	–	(1,782)	–	(1,782)	–	(1,782)
Share of other comprehensive income of a joint venture, net of tax	–	–	–	–	(41)	–	(41)	–	(41)
Share of other comprehensive income of an associate, net of tax	–	–	–	–	91	–	91	–	91
Total comprehensive income	–	–	–	–	(1,732)	612	(1,120)	–	(1,120)
Balance at 30 June 2018 (unaudited)	27,285	3,609	–	42,208	(5,228)	28,612	96,486	–	96,486

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***RM'000***	*RM'000*
Net cash generated from operating activities		**221**	7,055
Net cash used in investing activities		**(507)**	(962)
Net cash used in financing activities		**(2,779)**	(8,869)
Net decrease in cash and cash equivalents		**(3,065)**	(2,776)
Cash and cash equivalents at beginning of period		**36,376**	14,765
Effect of exchange rate changes		**(1,120)**	(283)
Cash and cash equivalents at the end of Period		**32,191**	11,706
Analysis of the balances of cash and cash equivalents			
Cash and bank balance		**32,487**	12,275
Bank overdraft	*15*	**(296)**	(569)
		32,191	11,706

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. On 16 October 2017, the Company's shares were listed on GEM of the Stock Exchange (the "**Listing**").

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sale of elastic textile and webbings. The ultimate holding company of the Company is PRG Holdings Berhad ("**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.

(b) Reorganisation

Pursuant to the reorganisation of the Company (the "**Reorganisation**") in connection with the listing of shares of the Company on GEM by way of the public offer and the placing, 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" to the prospectus of the Company dated 29 September 2017 (the "**Prospectus**").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard ("**IFRS**") 34 — Interim Financial Reporting, 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.

These unaudited condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2017 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for the periods beginning on or after 1 January 2018. Details of changes in accounting policies are set out below.

The unaudited condensed consolidated interim financial statements are presented in Malaysian Ringgit ("**RM**"), which is the functional currency of the Company's major subsidiaries. The Directors consider that it is more appropriate to adopt RM as the reporting currency as the Group is a subsidiary of PRG Holdings which adopts RM as its reporting currency. All values are rounded to the nearest thousand except when otherwise indicated.

The IASB has issued a number of new or amended IFRSs that are first effective for the current accounting period of the Group:

— IFRS 9, Financial Instruments
— IFRS 15, Revenue from Contracts with Customers
— IC Interpretation 22, Foreign Currency Transactions and Advance Considerations
— Amendments to IFRS 15: Clarifications to IFRS 15
— Amendments to IFRS 28 included in Annual Improvements to IFRSs 2014-2016 Cycle, Investments in Associates and Joint Ventures

The adoptions of the IC Interpretations 22 and Amendments to IFRS 28 do not have any effect on the Group's accounting policies and no financial impact on the financial performance of the Group.

IFRS 9, Financial Instruments

This is to replace IFRS 39 that relates to recognition, classifications and measurements of financial assets and financial liabilities, recognition of financial instruments and impairment of financial assets.

The main impact of adopting the above on the Group's accounting policies is as follows:

From 1 January 2018, the Group classifies its financial assets into those to be measured subsequently at fair value (either through other comprehensive income or profit or loss) and those to be measured at amortised costs.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. At initial recognition, financial assets are measured at fair value plus transactions costs for those financial assets not at fair value through profit or loss. Transactions costs relating to financial assets at fair value through profit and loss are expensed to profit or loss. For trade receivables, the Group assesses on a forward looking basis using the expected lifetime credit losses for impairment. The accounting policy is adopted retrospectively with no financial impact from its adoption.

IFRS 15, Revenue from contracts with customers

This is to replace IFRS 18, Revenue and IFRS 11, Constructions contracts.

The main impact of adopting the above on the Group's accounting policies is as follows:

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days. The accounting policy is adopted retrospectively with no financial impact from its adoption.

3. REVENUE AND SEGMENT INFORMATION

(a) Business segment

The Company's subsidiaries are principally engaged in the manufacturing and sale of elastic textile and webbings. The Group determines its operating segments based on the reports reviewed by chief executive officer who is the 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.

Six months ended 30 June 2018 (unaudited)

	Elastic textile *RM'000*	**Webbing** *RM'000*	**Other products** *RM'000*	**Elimination** *RM'000*	**Total** *RM'000*
Revenue					
Revenue from external customer	**23,349**	**15,547**	**5,600**	**–**	**44,496**
Inter-segment revenue	**38**	**–**	**1**	**(39)**	**–**
Total revenue	**23,387**	**15,547**	**5,601**	**(39)**	**44,496**
Segment cost of sales	**(17,518)**	**(12,193)**	**(4,515)**	**360**	**(33,866)**
Gross profit	**5,869**	**3,354**	**1,086**	**321**	**10,630**
Other income, net					**208**
Distribution costs					**(1,320)**
Administrative expenses					**(7,964)**
Interest income					**313**
Finance costs					**(398)**
Share of profit of a joint venture,net of tax					**50**
Share of loss of an associate,net of tax					**(530)**
Profit before income tax expense					**989**
Income tax expense					**(377)**
Profit for the period					**612**

Other segment item included in the unaudited condensed consolidated statements of profit or loss and other comprehensive income for the Period is as follows:

Depreciation included in cost of sales	**941**	**179**	**123**	**–**	**1,243**

Note: Included in segment cost of sales was intra-group rental expenses of RM321,000 and the corresponding rental income was eliminated in "other income, net" in the unaudited condensed consolidated statements of profit or loss and other comprehensive income.

Six months ended 30 June 2017 (unaudited)

	Elastic textile *RM'000*	Webbing *RM'000*	Other products *RM'000*	Elimination *RM'000*	Total *RM'000*
Revenue					
Revenue from external customer	31,255	19,839	7,351	–	58,445
Inter-segment revenue	154	65	14	(233)	–
Total revenue	31,409	19,904	7,365	(233)	58,445
Segment cost of sales	(21,557)	(13,898)	(5,967)	554	(40,868)
Gross profit	9,852	6,006	1,398	321	17,577
Other expenses, net					(95)
Distribution costs					(1,527)
Administrative expenses					(11,552)
Interest income					250
Finance costs					(607)
Share of profit of a joint venture,net of tax					82
Profit before income tax expense					4,128
Income tax expense					(1,566)
Profit for the period					2,562

Other segment item included in the unaudited condensed consolidated statements of profit or loss and other comprehensive income for the six months ended 30 June 2017 is as follows:

	Elastic textile *RM'000*	Webbing *RM'000*	Other products *RM'000*	Elimination *RM'000*	Total *RM'000*
Depreciation included in cost of sales	1,015	183	225	–	1,423

Note: Included in segment cost of sales was intra-group rental expenses of RM321,000 and the corresponding rental income was eliminated in "other expenses, net" in the unaudited condensed 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.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Revenue from external customers		
Malaysia	**3,949**	4,525
Vietnam	**14,996**	22,590
Asia Pacific (excluding Malaysia and Vietnam)	**12,907**	15,727
Europe	**3,925**	6,525
North America	**8,532**	8,552
Others	**187**	526
Total	**44,496**	58,445

(c) Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group for the reporting periods were as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Customer A	**4,772**	N/A
Customer B	**4,520**	N/A

4. REVENUE

Revenue represents the net invoiced value of goods sold.

5. OTHER INCOME/(EXPENSES), NET

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Loss on foreign exchange, net		
— realised	**(78)**	(293)
— unrealised	**(83)**	(133)
Commission income	**192**	39
Sales of scrap	**23**	141
Gain on disposal of property, plant and equipment	**4**	9
Others	**150**	142
Total	**208**	(95)

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Interest on bank overdrafts	**1**	5
Interest on bank borrowings	**385**	539
Interest on amount due to the ultimate holding company	**–**	44
Interest on obligations under finance leases	**12**	19
Total	**398**	607

7. PROFIT BEFORE INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Profit before income tax expense is arrived at after charging/(crediting):		
Auditor's remuneration	**172**	77
Amortisation of intangible assets	**12**	10
Depreciation of property, plant and equipment	**1,487**	1,707
Listing expenses (including professional fees and other expenses)	**–**	3,973
Interest income from:		
— fixed deposits	**(232)**	(25)
— bank balances	**(15)**	(15)
— advance to an associate	**(66)**	–
— advance to a fellow subsidiary	**–**	(210)
Inventories written down	**196**	219
Reversal of inventories written down	**(48)**	(240)
Net gain on disposal of property, plant and equipment	**(4)**	(9)
Rental expenses on:		
— building	**166**	182
— land	**122**	200
Employee costs included in:		
— cost of sales	**8,242**	10,465
— distribution costs	**199**	203
— administrative expenses	**5,796**	5,688

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Current tax		
— Provision for the period	**377**	1,665
Deferred tax		
— current period	**–**	(44)
— over provision in prior periods	**–**	(55)
	–	(99)
Income tax expense	**377**	1,566

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profits for the six months ended 30 June 2018 and 2017 whereas the Vietnamese corporate income tax during the six months ended 30 June 2018 and 2017 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 six months ended 30 June 2017, certain subsidiaries had declared and paid dividends amounting to RM8.5 million in aggregate.

The Board does not declare the payment of any dividend for the Period.

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 Period.

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
Earnings		
Profit for the period attributable to owners of the Company	**612**	2,709
Number of shares		
Weighted average number of ordinary shares in issue during the period	**504,000,000**	378,000,000

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the period has been determined based on the assumption that the Capitalisation Issue as described in the Prospectus had been effective on 1 January 2017.

Diluted earnings per share are same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, additions to property, plant and equipment amounted to RM2.3 million.

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018	As at 31 December 2017
	(Unaudited)	(Audited)
	RM'000	*RM'000*
Trade receivables	**13,644**	14,978
Other receivables	**3,778**	2,692
	17,422	17,670

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 amounts which represent their fair values on initial recognition.

The ageing analysis of trade receivables, based on invoice dates, as at 30 June 2018 and 31 December 2017 are as follows:

	As at 30 June 2018 (Unaudited) *RM'000*	As at 31 December 2017 (Audited) *RM'000*
Within 30 days	**6,975**	7,468
31 to 60 days	**3,531**	4,045
61 to 90 days	**2,176**	1,955
Over 90 days	**962**	1,510
	13,644	14,978

13. TRADE AND OTHER PAYABLES

	As at 30 June 2018 (Unaudited) *RM'000*	As at 31 December 2017 (Audited) *RM'000*
Trade payables	**4,718**	5,607
Bills payables	**2,115**	4,105
Other payables	**3,587**	4,075
	10,420	13,787

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 date of invoice.

The ageing analysis of trade and bills payables, based on invoice dates, as at 30 June 2018 and 31 December 2017 are as follows:

	As at 30 June 2018 (Unaudited) *RM'000*	As at 31 December 2017 (Audited) *RM'000*
Within 30 days	**2,913**	3,690
31 to 60 days	**2,116**	2,890
61 to 90 days	**670**	1,520
Over 90 days	**1,134**	1,612
	6,833	9,712

14. OBLIGATIONS UNDER FINANCE LEASE

The Group financed certain motor vehicles purchase through finance lease arrangement.

	Minimum lease payments	**Interest**	**Present value of minimum lease payments**
	RM'000	*RM'000*	*RM'000*
As at 31 December 2017			
Not later than one year	292	22	270
Later than one year but not later than two years	256	9	247
Later than two years but not later than five years	96	3	93
	644	34	610
As at 30 June 2018			
Not later than one year	**292**	**16**	**276**
Later than one year but not later than two years	**144**	**5**	**139**
Later than two years but not later than five years	**62**	**1**	**61**
	498	**22**	**476**

The present value of future lease payments are analysed as:

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
	RM'000	*RM'000*
Current liabilities	**276**	270
Non-current liabilities	**200**	340
	476	610

15. BANK BORROWINGS

	As at 30 June 2018 (Unaudited) *RM'000*	As at 31 December 2017 (Audited) *RM'000*
Term loans (secured)	**10,145**	10,564
Bank overdraft (secured)	**296**	–
	10,441	10,564
Borrowings are repayable as follows:		
— within one year	**661**	647
— after one year but within two years	**280**	273
— after two years but within five years	**928**	905
— after five years	**8,572**	8,739
	10,441	10,564
Amount due within one year included in current liabilities	**661**	647
Amount included in non-current liabilities	**9,780**	9,917

16. SHARE CAPITAL

	Number	*Amount HK$'000*
Ordinary shares of par value of HK$0.1 each		
Authorised		
On date of incorporation on 3 March 2017 *(Note (a))*	1,000,000	100
Increase in authorised share capital on 21 September 2017 *(Note (b))*	999,000,000	99,900
As at 30 June 2018 and 31 December 2017	**1,000,000,000**	**100,000**

	Number	*Amount HK$'000*	*Amount RM'000*
Ordinary shares of par value of HK$0.1 each			
Issued and fully paid			
On 21 September 2017 *(Note (c))*	20,000,000	2,000	1,081
Issue of shares under public offer and placing *(Note (d))*	126,000,000	12,600	6,822
Capitalisation issue *(Note (e))*	358,000,000	35,800	19,382
As at 30 June 2018 and 31 December 2017	**504,000,000**	**50,400**	**27,285**

(a) The Company was incorporated in the Cayman Islands on 3 March 2017 with an authorised share capital of HK$100,000 divided into 1,000,000 ordinary shares with a par value of HK$0.1 per share. On 3 March 2017, one nil-paid share was allotted to the initial subscriber which was transferred to PRG Holdings on the same date and 999,999 shares were allotted and issued, nil paid, to PRG Holdings.

(b) On 21 September 2017, the authorised share capital of the Company was increased from HK$100,000 to HK$100,000,000 by the creation of 999,000,000 new shares.

(c) On 21 September 2017, the Company acquired the entire issued share capital in FIPB International Limited in consideration of and in exchange for which the Company (i) allotted and issued, credited as fully paid, an aggregate of 19,000,000 new shares to PRG Holdings; and (ii) credited as fully paid at par the 1,000,000 shares issued as nil paid which were registered in the name of PRG Holdings.

(d) 126,000,000 new ordinary shares of par value of HK$0.1 each were issued, by way of public offer and placing, at a price of HK$0.5 per share.

(e) Pursuant to the written resolutions of the sole shareholder passed on 20 September 2017, conditional upon the share premium account of the Company being credited with the proceeds of the public offer and placing, the Directors were authorised to allot and issue a total of 358,000,000 shares credited as fully paid at par to PRG Holdings by way of capitalisation of the sum of HK$35,800,000 standing to the credit of the share premium account of the Company.

17. OPERATING LEASES

The Group had operating lease commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
	RM'000	*RM'000*
Not later than one year	**400**	474
Later than one year and not later than five years	**1,131**	1,258
Later than five years	**5,996**	6,250
	7,527	7,982

The Group's operating lease commitment comprises the following:

(i) rental of three parcels of land under operating leases to industrial zone owners in Vietnam. The leases will expire in 2044 and 2048, with an option to renew the lease at the end of the lease term; and

(ii) rental of a factory for a period of three years, with an option to renew the lease at the end of the lease term.

None of the leases included contingent rentals.

18. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties during the Period:

			Six months ended 30 June	
			2018	2017
			(Unaudited)	(Unaudited)
			RM'000	*RM'000*
Name of related party	**Relationship**	**Nature of transactions**		
Trunet (Vietnam) Co., Ltd	Joint venture	Sales of goods	**635**	597
		Sales of services	**96**	112
		Purchase of materials	**(39)**	(53)
		Commission received/ receivable	**33**	33
		Rental income	**49**	54
		Dividend received	**291**	440
Furnitech Components (Vietnam) Co., Ltd. ("**FCV (VN)**")	Associate	Interest income	**66**	–
		Commission income	**58**	–
		Business development fee	**101**	–
		Sales of goods	**32**	–
		Rental expense	**(23)**	–
		Purchase of materials	**(54)**	–
Premier De Muara Sdn Bhd.	Fellow subsidiary	Interest income	**–**	210
PRG Holdings	Ultimate holding company	Interest expenses	**–**	(44)

The related party transactions described above were carried out based on negotiated terms and conditions agreed with related parties. 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. It is also noted that the related party transactions with the fellow subsidiary and ultimate holding company of the Company took place before the Listing, and hence did not constitute connected transaction and/or continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

(b) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise).

The remuneration of Directors during the Period was as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RM'000	*RM'000*
— Fee	**130**	–
— Salaries, allowances, other benefits and bonus	**1,151**	1,165
— Contributions to defined contribution plans	**217**	194
	1,498	1,359

19. CAPITAL COMMITMENTS

As at 30 June 2018, the Group had no material capital commitments (2017: Nil).

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 has remained stable during the Period. Although the elastic textile and webbing markets 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 Period, the revenue of elastic textile decreased by RM7.9 million or 25.3% as compared to corresponding period of 2017. Revenue of covered elastic yarn decreased by 19.7% mainly due to increased sales of products of lower price range as well as depreciation of United States dollar ("**USD**") against RM, which lowered the revenue reported in RM for the sales denominated in USD in the first half of 2018 as compared to the corresponding period of 2017. For narrow elastic fabric, the revenue decreased by 31.0% as compared to the corresponding period of 2017 due to lower sales orders in the first half of 2018 from some customers in Vietnam, which were developing new specifications of certain products and thus reduced their orders for certain existing products.

(ii) Webbing

Revenue decreased by RM4.3 million or 21.6% as compared to corresponding period of 2017. This was mainly attributable to lower sales orders from customers in furniture webbings in certain Asian and European countries due to slower restocking in view of their cautious stance on the impact of the depreciation in their local currencies against USD.

(iii) Other products

During the Period, the revenue of other products decreased by RM1.8 million or 23.8% as revenue from sales of metal components for furniture was excluded as compared to the corresponding period of 2017. As disclosed in the Prospectus and the 2017 Annual Report, FCV (VN), a then subsidiary of the Company, which sells metal components for furniture, has become an associate of the Company since 14 September 2017, in which the Company has an indirect interest of 45.06%.

This product segment has a steady growth in the second quarter of 2018.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Period amounted to RM44.5 million, representing a decrease of RM13.9 million or 23.8% as compared with RM58.4 million for the corresponding period of 2017. A majority of the Group's revenue was attributable to elastic textile and webbing products for both periods, which contributed approximately 52.5% and 34.9% respectively during the Period and 53.5% and 33.9% respectively during the six months ended 30 June 2017.

The decrease in revenue was mainly due to reduced sales for certain existing products as those customers were developing new specifications for their products, reduced procurement from certain customers as their local currencies depreciated against USD, depreciation of USD against RM, which lowered the revenue reported in RM for the sales denominated in USD, and the revenue from sales of metal components for furniture (from the subsidiary which has become an associate of the Company since 14 September 2017) was excluded from consolidation during the Period.

During the Period, domestic sales and export sales accounted for around 42.6% and 57.4% (2017: 46.4% and 53.6%) 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 periods.

Cost of Sales

For the Period, the cost of sales of the Group amounted to RM33.9 million (2017: RM40.9 million), representing a decrease of RM7.0 million or 17.1% compared to the corresponding period in 2017. The decrease of the cost of sales was in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

For the Period, the Group achieved gross profit of approximately RM10.6 million (2017: RM17.6 million), representing a decrease of RM7.0 million or 39.8% as compared to the corresponding period in 2017.

The decrease in the gross profit of the Group was mainly due to lower sales for the first half of 2018. The gross profit margin of the Group decreased from 30.1% to 23.9% during the Period, resulting from the higher material prices of crude-oil based raw materials such as yarn, abrupt weakness in USD against RM in the first half of 2018 and a decrease in sales volume which in turn increased the weighing of fixed overheads over total cost of sales as compared to corresponding period in 2017. The Company is also taking a strategy not to pass on the increased costs in the short term in view of the competitions and looming uncertainty in the global trade.

Other income/(expenses), net

Other income during the Period mainly arising from higher commission income and lower loss on foreign exchange.

Distribution Costs

For the Period, the distribution costs of the Group amounted to RM1.3 million (2017: RM1.5 million), representing a decrease of RM0.2 million or 13.3% compared to the corresponding period in 2017. The decrease was mainly due to the decreases in transportation expenses and customs declaration charges during the Period, which was in line with the decrease in revenue.

Administrative Expenses

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

For the Period, the administrative expenses of the Group amounted to RM8.0 million (2017: RM11.6 million), representing a decrease of RM3.6 million or 31.0% as compared to the corresponding period in 2017. The decrease was mainly due to the recognition of the Listing expenses (including professional fees and other expenses) of approximately RM4.0 million during the six months ended 30 June 2017.

Profit for the period

For the Period, the profit for the period amounted to RM0.6 million (2017: RM2.6 million), representing a decrease of approximately RM2.0 million or 76.9% as compared to the corresponding period in 2017. The decrease in profit was mainly due to lower sales for the first half of year 2018 as well as the additional corporate expenses of RM0.7 million, such as the fees of the compliance adviser, legal adviser, stock exchange, company secretary and share registrar.

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 bank loans.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in USD, RM and Vietnamese Dong ("**VND**"), are generally deposited with certain financial institutions such as bank. The Group's borrowings are mainly denominated in USD, RM and VND.

As at 30 June 2018, the Group's total equity attributable to owners of the Company amounted to RM96.5 million (As at 31 December 2017: RM97.6 million).

As at June 2018, the Group's net current assets were approximately RM66.6 million (As at 31 December 2017: RM67.4 million) and the Group had cash and cash equivalents of approximately RM32.5 million (As at 31 December 2017: RM36.4 million). As at June 2018, the Group had bank borrowings and finance lease obligations of approximately RM10.4 million (As at 31 December 2017: RM10.6 million) and RM0.5 million (As at 31 December 2017: RM0.6 million) respectively.

The interest rates of the Group's term loans and bank overdraft as at 30 June 2018 and 31 December 2017 ranged from 3.50% to 9.04% and 3.50% to 8.79% per annum respectively.

As at 30 June 2018, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the period) was approximately 6.8 times (As at 31 December 2017: 5.4 times) and the Group's gearing ratio (calculated by dividing total debt by total equity as at the end of the period) was approximately 11.3% (As at 31 December 2017: 11.4%).

Based on the 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 period.

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 ordinary shares.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the Period.

SIGNIFICANT INVESTMENT HELD BY THE GROUP

As at 30 June 2018, there was no significant investment held by the Group (2017: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not have any material acquisitions or disposals of subsidiaries during the Period.

PLEDGE OF ASSETS

As at 30 June 2018 and 31 December 2017, freehold land, long term leasehold land, buildings and certain plant and machinery of the Group with carrying amount of RM24,833,000 and RM25,133,000 respectively were 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 30 June 2018, the Group did not have any significant contingent liabilities.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had no material capital commitments (As at 31 December 2017: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group employed 859 employees (2017: 1,029 employees of which 108 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 a lower level of staff as at 30 June 2018 as a result of staff turnover. Employee costs amounted to approximately RM14.2 million for the Period (2017: approximately RM16.4 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 30 June 2018, no share options have been granted under the Share Option Scheme.

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 and implement development programs for its employees.

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 the Directors hold the view that USD may depreciate against RM and VND, the Group may consider seeking professional advice on measures to manage the foreign currency exposures, such as hedging by financial instruments. The Group may also negotiate with customers to increase the price of products to reduce the impact on the Group's profitability.

SHARE OPTION SCHEME

As at 30 June 2018, no share options had been granted under the Share Option Scheme.

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 30 June 2018 is set out below:

	Business strategies as stated in the prospectus	Implementation plans	Sources of funding	Actual business progress up to 30 June 2018
(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 RM3.0 million. These machineries are compatible with the newly-acquired Manufacturing Execution System ("**MES**") software. — Engaging architect to draw and design the set up of the new factory.
(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.
(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	— Hired additional production staff to improve the quality control system and processes. The improvement process and internal trainings are on-going. — Evaluating MES software to further improve and enable control of production system.

	Business strategies as stated in the prospectus	Implementation plans	Sources of funding	Actual business progress up to 30 June 2018
(iv)	Upgrade information technology systems	Upgrade enterprise resource planning ("**ERP**") system	Listing proceeds of approximately RM1.1 million (equivalent to HK$2 million)	— Acquired a MES software to increase visibility and tracking process of the production. On-going testing of MES software, to be integrated with ERP system. — Upgrading of computers/ laptops.

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 Company has been applying, and will apply, the net proceeds according to the section "Statement of Business Objectives and Use of Proceeds" in the Prospectus.

The net proceeds from the Share Offer from the date of the Listing to 30 June 2018 were used as follows:

	Planned use of net proceeds from the Listing as stated in the Prospectus	**Actual use of proceeds from the date of Listing to 30 June 2018**	**Unutilised amount as at 30 June 2018**
		(Note (a))	*(Note (b))*
	RM'million	*RM'million*	*RM'million*
Expand our production capacity	17.6	3.0	14.6
Upgrade our information technology systems	1.1	0.1	1.0
Funding of our working capital and general corporate purposes	0.6	0.6	–
	19.3	3.7	15.6

Notes:

(a) Please refer to the section headed "Comparison of business objectives and strategies with actual business progress" in this announcement for the update of the actual business progress up to 30 June 2018.

(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 recent trade policies announced by the United States poses risk to the global trade and increases uncertainty in the market and may result to a lower global growth rate. Also, it has led to uncertainty in demand among some of our customers who prefer to take a cautious stance in term of their purchase in the near term. With the global economy under threat with the impending tariff war, the Group anticipates the prospect of manufacturing business in the near future will be challenging. However, the Group will continue to explore and pursued its strategies to capture new business opportunities. The recent crude oil price surge has also increased the price of certain crude-oil based raw materials, such as polyester high tenacity filament yarn, polypropylene multifilament yarn and spandex, which have impacted on the gross profit margin of the Group. The Group will closely monitor the raw material prices on the regular basis and adjust the procurement plan and pricing strategy, if necessary. Further, any significant and abrupt movement in the exchange rate between RM and 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 manufacturing division will strive to enhance its market position, further its business development and actively consider new opportunities for growth.

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 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 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 announcement:

(i) the Group has set up a risk management committee, comprising two independent non-executive Directors and one executive Director, whose responsibilities include, among others, overseeing the Group's management activities in managing key risks, ensuring that the risk management process is functioning effectively and reviewing risk management strategies, policies, risk appetite and risk tolerance;

(ii) the Group will evaluate sanctions risks prior to determining whether the Group should embark on any business opportunities in a Sanctioned Country or with Sanctioned Persons; and

(iii) as and when the risk management committee considers necessary, the Group will retain an external International Sanctions legal adviser with necessary expertise and experience in International Sanctions matters for recommendations and advice. During the Period, the risk management committee did not identify any exposure to sanctions risks by the Group which it considered necessary for the Group to retain an external International Sanctions legal adviser.

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

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the Period.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

None of the Directors or his connected entity had a material interests, whether directly or indirectly, in any arrangement, transaction or contract of significance to the business of the Group subsisting during the Period or at the end of the Period to which the Company or any of its subsidiaries or fellow subsidiaries was a party.

As at 30 June 2018, no 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.

INTERESTS OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Shenwan Hongyuan Capital (H.K.) Limited (the "**Compliance Adviser**") as its compliance adviser. The Compliance Adviser, being the sole sponsor of the Company to the Listing, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules.

As at 30 June 2018, as notified by the Compliance Adviser, except for the compliance adviser's agreement entered into between the Company and the Compliance Adviser on 25 September 2017 where the Compliance Adviser received and will receive fees for acting as the compliance adviser of the Company, neither the Compliance Adviser nor any of its Directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options or rights to subscriber for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DEED OF NON-COMPETITION

As disclosed in the section "Relationship With Our Controlling Shareholder — Competition — Undertakings given by our Controlling Shareholder" in the Prospectus, the Controlling Shareholder has entered into a Deed of Non-Competition dated 28 September 2017, 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 (whether individually or taken as a whole) cease to own 30% of the then issued share capital of the Company (whether directly or indirectly) or cease to be the controlling shareholder of the Company for the purpose of the GEM Listing Rules; and

(b) the date on which the shares of the Company cease to be listed on GEM or (if applicable) other stock exchange.

The Controlling Shareholder had provided a written confirmation to the Company that it has complied with the Deed of Non-Competition for the Period 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 written confirmation from the Controlling Shareholder and/or such documents as they considered appropriate, nothing has come to their attention that causes them to believe that the terms of the Deed of Non-Competition had not been complied with by the Controlling Shareholder during the Period.

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

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND/OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, 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 SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive is taken or deemed to have under such provision of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows.

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

Name of Director	Name of the associated corporation	Capacity/ Nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding
Dato' Lim Heen Peok	PRG Holdings *(Note 2)*	Beneficial owner	108,800 shares of RM0.25 each (L)	0.04%
Mr. Cheah Eng Chuan	PRG Holdings *(Note 2)*	Beneficial owner	15,742,716 shares of RM0.25 each (L)	5.19%
Mr. Tan Chuan Dyi	PRG Holdings *(Note 2)*	Beneficial owner	62,000 shares of RM0.25 each (L)	0.02%
Dato' Lua Choon Hann	PRG Holdings *(Note 2)*	Beneficial owner	55,358,700 shares of RM0.25 each (L)	18.25%

Notes:

1 The letter "L" denotes the long position of the Director in the shares in PRG Holdings.

2 PRG Holdings is the holding company and the associated corporation of the Company within the meaning under Part XV of the SFO.

(2) Long positions (in respect of equity derivatives) in underlying shares in the associated corporation of the Company

Name of Director	Name of the associated corporation	Capacity/ Nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding
Dato' Lim Heen Peok	PRG Holdings *(Note 2)*	Beneficial owner	40,800 shares of RM0.25 each (L)	0.01%
Dato' Lua Choon Hann	PRG Holdings *(Note 2)*	Beneficial owner	20,991,100 shares of RM0.25 each (L)	6.92%
Mr. Cheah Eng Chuan	PRG Holdings *(Note 2)*	Beneficial owner	5,603,518 shares of RM0.25 each (L)	1.85%
Dato' Dr. Hou Kok Chung	PRG Holdings *(Note 2)*	Beneficial owner	315,000 shares of RM0.25 each (L)	0.10%

Notes:

1 The letter "L" denotes the long position of the Director in the underlying shares in PRG Holdings.

2 PRG Holdings is the holding company and the associated corporation of the Company within the meaning under Part XV of the SFO.

3 The warrants were issued by PRG Holdings pursuant to a deed poll dated 2 June 2014 which entitle the registered holders thereof to subscribe for new ordinary shares in PRG Holdings at the adjusted exercise price of RM0.375 each (subject to adjustment pursuant to the terms of the deed poll) within a period of five years commencing on the date of issue of the warrants (that is, 7 July 2014).

Save as disclosed above, as at 30 June 2018, 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 recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' Interests and Other Persons' Interests and/or Short Positions in the Shares and Underlying Shares of the Company

As at 30 June 2018, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Interests and short positions in the Company

Name of Shareholder	Capacity/Nature of interest	Number and class of securities	Approximate percentage of shareholding *(Note 1)*
PRG Holdings *(Notes 2&3)*	Beneficial owner	378,000,000 Shares (L)	75.0%

Notes:

1 The letter "L" denotes the person's long position (as defined under Part XV of the SFO) 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 managing director of PRG Holdings.

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 during the Period.

REVIEW OF FINANCIAL STATEMENTS

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 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 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.

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

Hong Kong, 9 August 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.