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 2022

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.*

ANNUAL RESULTS

The board of Directors of the Company (the "**Board**") announces the audited consolidated results of the Group for the year ended 31 December 2022 (the "**Financial Year**"), together with the comparative audited figures for the year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**2022** **RM'000**	2021 RM'000
Revenue	*3*	**162,155**	132,902
Cost of sales		**(120,753)**	(86,676)
Gross profit		**41,402**	46,226
Other income/(expenses), net	*4*	**2,186**	(8,267)
Selling and distribution costs		**(3,313)**	(6,931)
Administrative expenses		**(23,273)**	(24,081)
Interest income		**758**	608
Finance costs	*5*	**(667)**	(1,074)
Share of profit of a joint venture, net of tax		**462**	490
Share of profit of associates, net of tax		**3,669**	518
Profit before income tax expense	*6*	**21,224**	7,489
Income tax expense	*7*	**(3,057)**	(2,308)
Profit for the year		**18,167**	5,181
Other comprehensive income/(expense), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**1,867**	3,371
Realisation of reserves from deemed disposal of an associate		**(189)**	–
Realisation of reserves from disposal of subsidiaries		**–**	(82)
Share of other comprehensive income of a joint venture		**19**	61
Share of other comprehensive income of associates		**138**	51

	Note	2022 *RM'000*	2021 *RM'000*
Total other comprehensive income, net of tax		**1,835**	3,401
Total comprehensive income for the year		**20,002**	8,582
Profit/(Loss) for the year attributable to:			
Owners of the Company		**18,167**	(770)
Non-controlling interests		**–**	5,951
		18,167	5,181
Total comprehensive income for the year attributable to:			
Owners of the Company		**20,002**	2,440
Non-controlling interests		**–**	6,142
		20,002	8,582
Earnings/(Loss) per share:	*9*		
Basic and diluted (cents)		**3.16**	(0.14)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 RM'000	2021 RM'000
Non-current assets			
Property, plant and equipment		**19,554**	19,910
Right-of-use assets		**12,309**	8,093
Intangible assets		**15,618**	1,239
Interests in associates		**–**	6,383
Interest in a joint venture		**1,411**	930
Loan receivable	*10*	**5,000**	–
Deferred tax assets		**24**	10
		53,916	36,565
Current assets			
Inventories		**26,091**	30,211
Trade and other receivables	*10*	**50,952**	33,188
Contract assets and contract costs		**25,727**	–
Amount due from a joint venture		**82**	57
Current tax recoverable		**1,077**	406
Time deposits maturing over three months		**11,274**	6,094
Cash and bank balances		**48,517**	28,265
		163,720	98,221
Current liabilities			
Trade and other payables	*11*	**31,262**	16,990
Contract liabilities		**1,108**	2,270
Bank borrowings		**18,225**	875
Lease liabilities		**1,459**	304
Current tax liabilities		**5,985**	2,518
		58,039	22,957
Net current assets		**105,681**	75,264
Total assets less current liabilities		**159,597**	111,829

	Note	**2022**	2021
		RM'000	*RM'000*
Non-current liabilities			
Other payable	*11*	**15,569**	–
Bank borrowings		**11,363**	8,311
Lease liabilities		**5,690**	3,028
Deferred tax liabilities		**2,252**	1,238
		34,874	12,577
NET ASSETS		**124,723**	99,252
Capital and reserves			
Share capital		**32,633**	30,255
Reserves		**92,090**	68,997
TOTAL EQUITY		**124,723**	99,252

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its ordinary shares in issued have been listed on the GEM of The Stock Exchange of Hong Kong Limited since 16 October 2017 (the "**Listing**"). The addresses of the Company's registered office and its headquarters are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Lot 1883, Jalan KPB9, Kg. Bharu Balakong, 43300 Seri Kembangan, Selangor, Malaysia, respectively. The principal place of business in Hong Kong is 31st Floor, 148 Electric Road, North Point, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are principally engaged in the manufacturing and sale of elastic textile, webbing, rubber tape and polyvinyl chloride ("**PVC**") related products, energy efficiency business and retail sale of garment products prior to the closure of retail store by the Group in the second quarter of the year ended 31 December 2021. The ultimate holding company of the Company is PRG Holdings Berhad which is a public limited liability company incorporated in Malaysia and the issued shares of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), International Accounting Standards ("**IAS**"), and Interpretations (hereinafter collectively referred to as the "**IFRSs**") issued by the International Accounting Standards Board 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 operating subsidiaries and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

New and revised IFRSs that are effective for annual period beginning on 1 January 2022

New and revised IFRSs		**Effective date**
Amendments to IFRS 3	*Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16	*Property, Plant and Equipment — Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022

Annual Improvements to IFRSs 2018–2020 Cycle		**Effective date**
IFRS 1	*Subsidiary as a first-time adopter*	1 January 2022
IFRS 9	*Fees in the '10 per cent' test for derecognition of financial liabilities*	1 January 2022
IFRS 16	*Lease incentives*	1 January 2022
IAS 41	*Taxation in fair value measurements*	1 January 2022

The adoption of the above new and revised IFRSs did not result in significant changes to and material effect on the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

New and revised IFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

New and revised IFRSs		Effective date
IFRS 17	*Insurance Contracts*	1 January 2023
IAS 1	*Amendments in relation to Disclosure of Accounting Policies*	1 January 2023
IAS 8	*Amendments in relation to Definition of Accounting Estimates*	1 January 2023
IAS 12	*Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
IFRIC-int 5	*Amendments in relation to Amendments to IAS 1*	1 January 2024
IFRS 16	*Amendments in relation to Lease Liability in a Sale and Leaseback*	1 January 2024
IAS 1	*Amendments in relation to Classification of Liabilities as Current or Non-current*	1 January 2024
IAS 1	*Amendments in relation to Non-current Liabilities with Covenants*	1 January 2024
IFRS 10 and IAS 28	*Amendments in relation to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND OPERATING SEGMENTS

(a) Business segment

The Company's subsidiaries are principally engaged in the manufacturing and sale of elastic textile, webbing, rubber tape and PVC related products, and retail sale of garment products prior to the closure of retail store by the Group in the second quarter of the year ended 31 December 2021. The business segment of the Group was diversified to include energy efficiency business following completion of the Company's acquisition of 37.25% and the remaining 62.75% interest in Energy Solution Global Limited ("**ESGL**") on 13 December 2021 and 29 August 2022 respectively.

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

The Group has arrived at two reportable segments for the year ended 31 December 2022 summarised as follows:

(i) Manufacturing (the "**Manufacturing Division**"); and

(ii) Energy Efficiency (the "**Energy Efficiency Division**").

While the Group had discontinued the business of retail sales of garment products, disclosures in relation to the Retail Division for the year ended 31 December 2021 remained for comparative purpose.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

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

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

Year ended 31 December 2022

	Manufacturing *RM'000*	**Energy Efficiency** *RM'000*	**Others** *RM'000*	**Total** *RM'000*
Revenue				
Revenue from external customers	**112,145**	**49,754**	**256**	**162,155**
Results				
Operating profit/(loss)	**11,781**	**9,408**	**(4,187)**	**17,002**
Interest income	**723**	**5**	**30**	**758**
Finance costs	**(602)**	**(65)**	**–**	**(667)**
Share of profit of a joint venture, net of tax	**462**	**–**	**–**	**462**
Share of profit of associates, net of tax	**–**	**3,669**	**–**	**3,669**
Profit/(Loss) before income tax expense	**12,364**	**13,017**	**(4,157)**	**21,224**
Income tax expense	**(1,855)**	**(1,202)**	**–**	**(3,057)**
Profit/(Loss) for the year	**10,509**	**11,815**	**(4,157)**	**18,167**
Other segment items				
Amortisation and depreciation	**(2,066)**	**(617)**	**–**	**(2,683)**
Fair value change of profit guarantee	**–**	**(85)**	**–**	**(85)**
Gain on deemed disposal of an associate	**–**	**2,105**	**–**	**2,105**
Reversal of impairment loss on trade receivables, net	**65**	**–**	**–**	**65**

Year ended 31 December 2021

	Manufacturing *RM'000*	Retail *RM'000*	Others *RM'000*	Total *RM'000*
Revenue				
Revenue from external customers	115,930	1,767	15,205	132,902
Results				
Operating (loss)/profit	(6,636)	8,934	4,649	6,947
Interest income	603	–	5	608
Finance costs	(561)	(506)	(7)	(1,074)
Share of profit of a joint venture, net of tax	490	–	–	490
Share of profit of associates, net of tax	–	–	518	518
(Loss)/Profit before income tax expense	(6,104)	8,428	5,165	7,489
Income tax expense	(422)	–	(1,886)	(2,308)
(Loss)/Profit for the year	(6,526)	8,428	3,279	5,181
Other segment items				
Amortisation and depreciation	(3,047)	(2,093)	(125)	(5,265)
Gain on bargain purchase of associates	–	–	692	692
Impairment losses on:				
— customer relationship	(3,619)	–	–	(3,619)
— goodwill	(12,110)	–	–	(12,110)
— trade receivables, net	(2,572)	–	–	(2,572)
Lease modification — early termination	8	11,236	–	11,244
Loss on disposal of subsidiaries	–	–	(5,241)	(5,241)
Reversal of provision for restoration costs	–	713	–	713

(b) Geographical information

The Company is domiciled in the Cayman Islands while the Group's manufacturing facilities and sales offices are based in Malaysia, Vietnam, the People's Republic of China ("**PRC**") and Hong Kong; the energy efficiency business is based in the Republic of Singapore ("**Singapore**") and Malaysia; and the retail business is based in Singapore prior to the closure of retail store by the Group in the second quarter of the year ended 31 December 2021.

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.

The non-current assets based on the geographical location of the Group's assets do not include interests in associates, interest in a joint venture and deferred tax assets (collectively referred to as "**Specified Non-current Assets**").

	2022	2021
	RM'000	*RM'000*
Revenue from external customers		
Asia Pacific	**130,324**	105,166
Europe	**8,478**	7,888
North America	**22,183**	18,215
Others	**1,170**	1,633
Total	**162,155**	132,902

	2022	2021
	RM'000	*RM'000*
Specified Non-current Assets		
Malaysia	**29,109**	22,986
Vietnam	**5,670**	5,422
Singapore	**17,072**	–
PRC	**630**	834
Total	**52,481**	29,242

(c) Timing of revenue recognition

	2022	2021
	RM'000	*RM'000*
Recognised at point in time:		
Sales of goods:		
— Elastic textile	**36,943**	28,292
— Webbing	**43,177**	47,079
— Other manufacturing products	**32,025**	40,559
— Fashion garment products and accessories	**–**	1,767
— Others	**1,332**	15,205
Recognised over time:		
Contract income	**42,292**	–
Maintenance service	**6,386**	–
Total	**162,155**	132,902

(d) Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group for the reporting periods mainly from the Manufacturing and Energy Efficiency Divisions (2021: Others) were as follows:

	2022	2021
	RM'000	*RM'000*
Customer A	**19,162**	–
Customer B	**17,155**	*
Customer C	**–**	14,521

* Revenue from this customer did not exceed 10% of the total revenue of the Group for the year ended 31 December 2021.

4. OTHER INCOME/(EXPENSES), NET

	2022	2021
	RM'000	*RM'000*
Advisory and consultancy fee	**–**	1,053
Commission income	**111**	92
Fair value change of profit guarantee	**(85)**	–
Gain on bargain purchase of associates	**–**	692
Gain on deemed disposal of an associate	**2,105**	–
Gain on disposal of property, plant and equipment, net	**33**	1
Gain/(Loss) on foreign exchange, net		
— realised	**521**	495
— unrealised	**(243)**	(190)
Impairment losses on:		
— customer relationship	**–**	(3,619)
— goodwill	**–**	(12,110)
Lease modification — early termination	**–**	11,244
Loss on disposal of subsidiaries	**–**	(5,241)
Reversal of provision for restoration costs	**–**	713
Written off of amount due from an associate	**–**	(1,421)
Written off of other receivable and deposit	**–**	(224)
Others	**(256)**	248
	2,186	(8,267)

5. FINANCE COSTS

	2022	2021
	RM'000	*RM'000*
Interest on bank overdraft	**32**	30
Interest on bank borrowings	**420**	460
Interest on lease liabilities	**215**	562
Others	**–**	22
	667	1,074

6. PROFIT BEFORE INCOME TAX EXPENSE

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

	2022	2021
	RM'000	*RM'000*
Auditor's remuneration		
— Statutory audit		
— current	**461**	419
— over-provision in prior year	**–**	(2)
— Other services	**225**	–
Amortisation of intangible assets	**240**	910
Cost of inventories recognised as expenses	**56,511**	62,802
Depreciation of property, plant and equipment	**1,584**	2,066
Depreciation of right-of-use assets	**859**	2,289
Gain on bargain purchase of associates	**–**	(692)
Gain on deemed disposal of an associate	**(2,105)**	–
Gain on disposal of property, plant and equipment, net	**(33)**	(1)
(Reversal of)/Impairment losses on:		
— customer relationship	**–**	3,619
— goodwill	**–**	12,110
— trade receivables, net	**(65)**	2,572
Lease modification — early termination	**–**	(11,244)
Loss on disposal of an associate	**–**	130
Loss on disposal of subsidiaries	**–**	5,241
Reversal of inventories written down, net	**(274)**	(2,562)
Reversal of provision for restoration costs	**–**	(713)
Written off of:		
— amount due from an associate	**–**	1,421
— intangible assets	**–**	22
— property, plant and equipment	**4**	115
— other receivable and deposit	**–**	224
Employee costs (including directors' emoluments) included in:		
— cost of sales	**16,805**	13,321
— selling and distribution costs	**161**	495
— administrative expenses	**16,765**	14,026

7. INCOME TAX EXPENSE

	2022	2021
	RM'000	*RM'000*
Current tax — Malaysian income tax		
— provision for the year	**605**	600
— over provision in prior years	**(185)**	(102)
	420	498
Current tax — Overseas		
— provision for the year	**2,494**	2,217
— over provision in prior years	**(6)**	–
	2,488	2,217
Total current tax	**2,908**	2,715
Deferred tax		
— current year	**249**	(449)
— (over)/under provision in prior years	**(100)**	42
Total deferred tax	**149**	(407)
Total income tax expense	**3,057**	2,308

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

The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the year ended 31 December 2022.

Income tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

8. DIVIDENDS

The Board does not recommend payment of any final dividend for the Financial Year (2021: RMNil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following information:

	2022	2021
Earnings/(Loss)		
Earnings/(Loss) for the purpose of calculating basic earnings/(loss) per share		
Profit/(Loss) for the year attributable to owners of the Company *(RM'000)*	**18,167**	(770)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share *('000)*	**574,235**	560,000

Diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding for the years ended 31 December 2022 and 2021.

10. TRADE AND OTHER RECEIVABLES

	2022	2021
	RM'000	*RM'000*
Trade receivables	**38,524**	22,346
Less: Allowance for impairment loss	**(2,898)**	(2,876)
	35,626	19,470
Prepayments, deposits and other receivables	**11,931**	10,229
Loan receivables	**8,395**	3,489
	55,952	33,188
Represents:		
Non-current	**5,000**	–
Current	**50,952**	33,188
	55,952	33,188

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

The ageing analysis of trade receivables, based on invoice dates and before allowance for impairment loss, as at 31 December 2022 and 2021 are as follows:

	2022	2021
	RM'000	*RM'000*
Within 30 days	**25,508**	9,262
31 to 60 days	**5,714**	4,978
61 to 90 days	**2,019**	3,125
91 to 180 days	**1,983**	1,220
Over 180 days	**3,300**	3,761
	38,524	22,346

11. TRADE AND OTHER PAYABLES

	2022	2021
	RM'000	*RM'000*
Trade payables	**11,374**	5,781
Bills payable	**–**	1,873
Other payables	**35,457**	9,336
	46,831	16,990
Represents:		
Non-current	**15,569**	–
Current	**31,262**	16,990
	46,831	16,990

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

The ageing analysis of trade and bills payables, based on invoice dates, as at 31 December 2022 and 2021 are as follows:

	2022	2021
	RM'000	*RM'000*
Within 30 days	**7,529**	3,089
31 to 60 days	**1,774**	2,934
61 to 90 days	**1,002**	1,281
Over 90 days	**1,069**	350
	11,374	7,654

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

(a) Manufacturing Division

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

The Group ventured into manufacture and sale of PVC related products in 2019 by acquiring the entire issued share capital of a company whose subsidiaries in Hong Kong and PRC are mainly engaged in the manufacture and sale of PVC related products.

During the Financial Year, domestic sales and export sales accounted for approximately 41.1% and 58.9% (2021: 46.7% and 53.3%) of the total revenue from the Manufacturing Division, respectively. Asia Pacific region, Europe and North America continued to be the major export countries of the Group during both years.

Revenue generated from the sale of elastic textile, webbing and other manufacturing products accounted for approximately 32.9%, 38.5% and 28.6% (2021: 24.4%, 40.6% and 35.0%) of the total revenue from the Manufacturing Division respectively during the Financial Year.

The revenue from the Manufacturing Division for the Financial Year was approximately RM112.1 million (2021: RM115.9 million), decreased by approximately RM3.8 million or 3.3% as compared to 2021.

The performance by products is stated as below:

(i) Elastic textile

For the Financial Year, the revenue of elastic textile was approximately RM36.9 million (2021: RM28.3 million), increased by approximately RM8.6 million or 30.4% as compared to 2021, mainly due to an increase in sales volume from customers in Asia Pacific region, North America and Europe during the Financial Year.

(ii) Webbing

For the Financial Year, the revenue of webbing was approximately RM43.2 million (2021: RM47.1 million), decreased by approximately RM3.9 million or 8.3% as compared to 2021. This was mainly attributable to a lower demand for furniture webbing from customers in Asia Pacific region during the Financial Year as the customers have not resumed production capacity to pre-pandemic level. Nonetheless, the revenue of seatbelt webbing increased by RM3.2 million as a result of an increase in sales volume.

(iii) Other manufacturing products

During the Financial Year, the revenue of other manufacturing products was approximately RM32.0 million (2021: RM40.5 million), decreased by approximately RM8.5 million or 21.0% as compared to 2021, mainly due to a decrease in revenue contributed by both PVC related products and rubber tape products as compared to 2021.

(b) Energy Efficiency Division

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

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

During the Financial Year, the revenue of the Energy Efficiency Division, comprising energy solution contracts and maintenance service contracts, was approximately RM49.8 million (2021: RMNil).

The Energy Efficiency Division recorded a strong revenue during the Financial Year by securing a few major projects, in particular, Singapore Changi Airport Terminal 2 and data centres projects.

(c) Retail Division

No revenue was generated from the Retail Division since the second quarter of 2021 when the Group closed the retail store in Singapore due to the difficulties in operations given the prolonged COVID-19 pandemic and closure of borders. Disclosures in relation to the Retail Division for the year ended 31 December 2021 remained for comparative purpose.

(d) Others

The decrease in revenue by RM15.0 million in 2022 was mainly due to the disposal of security brokerage business which contributed one-off revenue of RM15.0 million for 2021 (2022: RMNil).

FINANCIAL REVIEW

Revenue

The Group's revenue for the Financial Year amounted to approximately RM162.2 million (2021: RM132.9 million), representing an increase of RM29.3 million or 22.0% as compared to 2021. The increase of revenue was mainly due to the revenue contributed by the new Energy Efficiency Division which was amounted to approximately RM49.8 million during the Financial Year (2021: RMNil) offsetting with the disposal of security brokerage business which contributed one-off revenue of RM15.0 million for 2021 (2022: RMNil) and lower sales for Manufacturing Division during the Financial Year.

A majority of the Group's revenue was contributed by the Manufacturing Division, which accounted for approximately 69.2% (2021: 87.2%) of the total revenue for the Financial Year.

Cost of Sales

For the Financial Year, the cost of sales of the Group amounted to approximately RM120.8 million (2021: RM86.7 million), representing an increase of approximately RM34.1 million or 39.3% as compared to 2021. The increase in cost of sales was mainly contributed by the increase in revenue of the new Energy Efficiency Division, which the Group completed its acquisition in August 2022.

Gross Profit and Gross Profit Margin

For the Financial Year, the Group achieved gross profit of approximately RM41.4 million (2021: RM46.2 million), representing a decrease of approximately RM4.8 million or 10.4% as compared to 2021, mainly due to (i) disposal of security brokerage business, which contributed gross profit of RM15.0 million for 2021 (2022: RMNil), and (ii) lower gross profit contributed by the Manufacturing Division during the Financial Year, offsetting with gross profit generated by new Energy Efficiency Division of RM11.8 million.

The gross profit margin of the Group decreased from 34.8% to 25.5%, mainly due to the disposal of security brokerage business, which contributed higher gross profit margin for 2021 and the closure of the Retail Division. By excluding the impact of the disposal and the closure of the Retail Division, the gross profit margin was 26.6% for 2021. The gross profit margin was still lower mainly due to lower gross profit margin from the Energy Efficiency Division and also lower gross profit margin from the Manufacturing Division resulted from an increase in labour costs and manufacturing overhead costs during the Financial Year.

Other Income, net

For the Financial Year, the net other income of the Group amounted to approximately RM2.2 million (2021: net other expenses of RM8.3 million), representing an increase of RM10.5 million or 126.5% as compared to 2021. The increase in net other income was mainly due to (i) gain on deemed disposal of an associate of RM2.1 million in 2022, (ii) other expenses of RM4.2 million from security brokerage business disposed off in 2021, and (iii) one-off impairment loss on assets of RM15.7 million in 2021. These amounts were offset by other income of RM10.4 million for reversal of expenses in 2021, contributed by the Retail Division which ceased operation in 2021.

Selling and Distribution Costs

For the Financial Year, the selling and distribution costs of the Group amounted to RM3.3 million (2021: RM6.9 million), representing a decrease of approximately RM3.6 million or 52.2% as compared to 2021. The decrease was mainly due to closure of retail store in Singapore in the second quarter of 2021 and the disposal of its security brokerage business in March 2021. Hence, there was no selling and distribution costs incurred by the Retail Division and security brokerage business during the Financial Year.

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 RM23.3 million (2021: RM24.1 million), representing a decrease of RM0.8 million or 3.3% as compared to 2021. The decrease was mainly due to the administrative expenses of RM2.7 million incurred by the disposal of security brokerage business in March 2021 (2022: RMNil) and lower impairment loss on trade receivables. The decrease was offset by the administrative expenses from the new Energy Efficiency Division.

Profit for the Financial Year

Profit for the Financial Year amounted to RM18.2 million (2021: RM5.2 million), representing an increase of approximately RM13.0 million or 250.0% as compared to 2021. The increase was mainly due to profit contributed by the new Energy Efficiency Division which amounted to approximately RM11.8 million during the Financial Year (including the share of profit of associates, net of tax of RM3.7 million) (2021: RM0.5 million), and improvement in profit for certain subsidiaries in the Manufacturing Division during the Financial Year.

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, Hong Kong Dollar ("**HK$**"), Vietnamese Dong ("**VND**"), Singapore Dollar ("**SGD**") and Renminbi ("**RMB**"), are generally deposited with certain financial institutions such as bank. The Group's borrowings are mainly denominated in USD, RM and SGD.

As at 31 December 2022, the Group's total equity attributable to owners of the Company amounted to approximately RM124.7 million (2021: RM99.3 million).

As at 31 December 2022, the Group's net current assets were approximately RM105.7 million (2021: RM75.3 million) and the Group had cash and cash equivalents of approximately RM48.2 million (2021: RM27.8 million). The Group had bank borrowings of approximately RM29.6 million (2021: RM9.2 million).

The interest rates of the Group's term loans, bank overdraft and trust receipts as at 31 December 2022 and 2021 ranged from 2.50% to 8.64% per annum and 3.47% to 7.64% per annum respectively.

As at 31 December 2022, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the year) was approximately 2.8 times (2021: 4.3 times). The Group was in a net cash position as at 31 December 2022 and 2021, therefore gearing ratio was not applicable.

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 during the Financial Year. The share capital of the Company only comprises ordinary shares.

SIGNIFICANT INVESTMENT HELD BY THE GROUP

As at 31 December 2022, there was no significant investment held by the Group (2021: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 8 June 2022, the Company conditionally agreed to acquire the remaining 62.75% interest in ESGL from Dato' Ng Yan Cheng (the "**Vendor**") by entering into a sale and purchase agreement with the Vendor, which was supplemented by a supplemental agreement dated 13 June 2022 for a total consideration of HK$58,191,840.00 (equivalent to approximately RM31,423,594.00). The acquisition is a connected transaction under Chapter 20 of the GEM Listing Rules as the Vendor is a connected person of the Company for being the father of Mr. Ng Tzee Penn, a non-executive Director. Upon completion on 29 August 2022, ESGL and its subsidiaries became wholly-owned subsidiaries of the Company, and the results of operation and financial position of ESGL and its subsidiaries will be consolidated into the financial statements of the Group.

For details, please refer to the announcements of the Company dated 8 June 2022, 13 June 2022, 8 August 2022 and 29 August 2022, and the circular dated 30 June 2022.

Other than as disclosed above, the Group does not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Financial Year.

PLEDGE OF ASSETS

As at 31 December 2022 and 2021, freehold land, buildings and right-of-use assets of the Group with carrying amount of RM15.6 million and RM15.8 million respectively were pledged to licensed banks as security for credit facilities granted to the Group.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group does not have other plans for material investments and capital assets for the year ending 31 December 2023 as at the date of this announcement.

CONTINGENT LIABILITIES

As at 31 December 2022, the contingent liabilities of the Group for the guarantees given to third parties in respect of trade and contract amounted to RM14.2 million (As at 31 December 2021: RMNil).

CAPITAL COMMITMENTS

As at 31 December 2022, capital commitments of the Group for the acquisition of property, plant and equipment amounted to approximately RM3.9 million (As at 31 December 2021: RM4.1 million).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group employed 623 employees (2021: 515 employees). Employee costs amounted to approximately RM33.7 million for the Financial Year (2021: approximately RM27.8 million). The Group will endeavor to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions and that employees' remuneration is determined based on their performance. The Company has also adopted a share option scheme (the "**Share Option Scheme**") with the primary purpose to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company.

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

SHARE OPTION SCHEME

As at 31 December 2022, no share options had been granted under the Share Option Scheme. The number of options available for grant under the Share Option Scheme mandate at the beginning and the end of the Financial Year was 50,400,000.

FOREIGN CURRENCY RISK

For Manufacturing Division, the Group derives a significant portion of its revenue in USD from the business with its international counterparts. The Group had a net USD exposure arising from the income after settling the purchases. While the Group adopted RM as the reporting currency, some of the assets and liabilities such as trade receivables and payables were denominated in other currencies, such as USD. From time to time, the Group has a net position in such currencies. These foreign currency balances are revalued at each accounting year or period end with the then prevailing exchange rate and may give rise to translational foreign currency exchange gain or loss. The Directors will consult the bankers from time to time for the upcoming trends of foreign currencies. As the USD fluctuates against RM and VND, the Group is cautiously monitoring the foreign currency trends and may consider taking steps to hedge the foreign currency exposures, 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 EVENT

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2022 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 as set out in the prospectus (the "**Prospectus**") of the Company dated 29 September 2017 in connection with the listing of the shares of the Company on GEM (the "**Listing**") is to enhance our market share in the elastic textile and webbing industry and continue to strengthen our competitive strengths.

On 17 December 2019, the Board has resolved to change the use of approximately HK$13.5 million (equivalent to approximately RM7.3 million) out of the unutilised Listing Proceeds (as defined below) amounting to approximately RM12.8 million (equivalent to approximately HK$23.6 million) (the "**Unutilised Listing Proceeds**") for (i) acquiring the entire issued shares of West Bull Securities Limited ("**West Bull**") at a cash consideration of HK$8.5 million (equivalent to RM4.5 million); and (ii) granting a term loan facility in the amount up to HK$5.0 million (equivalent to RM2.8 million) to West Bull. Further details in relation to the acquisition of West Bull were disclosed in the announcement of the Company dated 17 December 2019.

The global economies have been facing substantial and unprecedented challenges, particularly those resulted from trade wars and COVID-19 pandemic. In view of these unforeseen situations, the Board has taken a number of measures trying to safeguard the assets and liquidity resources of the Group as well as enhancing its return to shareholders by strengthening our businesses and/or disposing of unsustainable businesses. Notwithstanding the Board has been exercising its due care, diligence and duty in pursuing the aforesaid business plans, the global political, social and economic adversities have been proliferating to every industry sector rapidly. After careful evaluation with the current market conditions and our risk appetite, the Board has approved the disposal of the newly ventured security brokerage business to two independent third party purchasers for a total consideration of HK$8.5 million (equivalent to approximately RM4.5 million) on 23 March 2021. The Board believes the disposal allows the Group to focus on its existing businesses and conserve the funds and resources amid the economic uncertainties.

An analysis comparing the aforesaid business objectives and the intended application of the net proceeds raised from the share offer in October 2017 (the "**Listing Proceeds**") with the Group's actual business progress for the period from the date of the Listing to 31 December 2022 is set out below:

Business strategies	**Implementation plans**	**Sources of funding**	**Actual business progress up to 31 December 2022**
(i) Expand our production capacity	Expand the production capacity for narrow elastic fabrics, covered elastic yarn and seatbelt 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 RM10.3 million (equivalent to HK$18.9 million)	— In previous years, the Group had acquired machineries for narrow elastic fabric, covered elastic yarn and seatbelt webbing of RM6.5 million. Further, the Group has also upgraded certain machines for rubber tape, fire protection and lighting system of RM0.8 million. During the Financial Year, the Group has upgraded and/or replaced the seatbelt weaving machines, webbing machines and rubber tape machines of RM6.8 million.

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 2022
			— Due to disposal of PEWAV(VN) in year 2020, the portion of the Unutilised Listing Proceeds that was initially intended for the use of expanding the production capacity of PEWAV(VN) shall be reallocated to other investment opportunities and/or other production capacity. — The Group planned to upgrade the dyeing machine to cater for rising demand of seatbelt webbing. The Directors have resolved to reallocate the Unutilised Listing Proceeds from (ii) & (iii) to increase our production capacity. — The Unutilised Listing Proceeds was fully utilised during the Financial Year.

Business strategies	Implementation plans	Sources of funding	Actual business progress up to 31 December 2022
(ii) Upgrade our information technology systems	Upgrade enterprise resource planning ("**ERP**") system	Listing Proceeds of approximately RM1.1million (equivalent to HK$2.0 million)	— Acquired a Manufacturing Execution System ("**MES**") software to improve the operation and control over our production system. The management is evaluating the performance of the MES software and may extend its application to other operations of the Group. — After due consideration, the management decided to reallocate the balance of Unutilised Listing Proceeds towards expanding our production capacity.
(iii) Acquisition of West Bull and granting of the credit facility *(Note)*	Acquisition of the entire issued shares of West Bull; and the Company to grant a term loan facility in the amount up to HK$5.0 million (equivalent to RM2.8 million) to West Bull	Listing Proceeds of approximately HK$13.5 million (equivalent to RM7.3 million)	— The Acquisition of West Bull was completed on 15 October 2020 and it was subsequently disposed off in March 2021. The Unutilised Listing Proceeds that was initially intended for the granting of the credit facility will be reallocated to expand our production capacity accordingly.

Note: Business strategies undertaken which were not stated in the Prospectus.

Apart from the foregoing business objectives, the Group also ventured into retail business in 2018 and manufacture of PVC related products in 2019. Details of the Group's segmental performances and business plans are set out in the paragraphs headed "**Business Review**" in this section.

In the event that any part of the business strategies of our Group does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the intended funding to other business plans and/or to new projects of our Group and/or to hold the funds as short-term interest bearing deposits so long as our Directors consider it to be in the best interest of our Company and our shareholders taken as a whole.

USE OF PROCEEDS

The Listing Proceeds, 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). The intended application of these proceeds as stated in the Prospectus (and the revised application as announced in the announcement of the Company dated 17 December 2019) and their actual application from the date of the Listing up to 31 December 2022 were set out below:

	Planned use of Listing Proceeds as stated in the Prospectus *RM'million*	**Reallocation of use of Listing Proceeds on 17 December 2019** *(Note (a))* *RM'million*	**Reallocation of use of Listing Proceeds on 31 December 2021** *RM'million*	**Actual use of Listing Proceeds up to 31 December 2022** *(Note (b))* *RM'million*	**Unutilised amount as at 31 December 2022** *RM'million*
Expand our production capacity	17.6	(7.3)	3.8	(14.1)	–
Upgrade our information technology systems	1.1	–	(1.0)	(0.1)	–
Funding of our working capital and general corporate purposes	0.6	–	–	(0.6)	–
Acquisition of West Bull and granting of the credit facility *(Note (c))*	–	7.3	(2.8)	(4.5)	–
	19.3	–	–	(19.3)	–

Notes:

(a) On 17 December 2019, the Board has resolved to change the use of approximately HK$13.5 million (equivalent to approximately RM7.3 million) out of the Unutilised Listing Proceeds for (i) the acquisition of West Bull; and (ii) to grant a term loan facility in the amount up to HK$5.0 million (equivalent to RM2.8 million) to West Bull.

(b) 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 31 December 2022.

(c) The Acquisition of West Bull was completed on 15 October 2020 and on 23 March 2021, the Board has resolved the disposal of Rich Day, the holding company of West Bull, through a wholly-owned subsidiary of the Company, Delightful Grace Holdings Limited, to two independent third party purchasers for a total consideration of HK$8.5 million (equivalent to approximately RM4.5 million). The Unutilised Listing Proceeds that were initially intended for the granting of the credit facility was reallocated to expansion of our production capacity.

FUTURE PROSPECTS AND OUTLOOK

Higher-than-expected inflation, especially in the United States and major European economies, is triggering a tightening of global financial conditions. China's slowdown has been worse than anticipated amid COVID-19 outbreaks and lockdowns, and there have been further negative spillovers from the war in Ukraine. As a result, global economy is expected to have a soft landing in year 2023.

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

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

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

During the Financial Year, the Company had complied with the code provisions in the CG Code.

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 Financial Year.

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 regarding Directors' dealings 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 Financial Year.

AUDIT COMMITTEE

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

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

The audit committee has reviewed the consolidated results 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 have been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures 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 and approved by the Board, as to the amounts set out in the Group's audited consolidated financial statements for the year.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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

Malaysia, 23 March 2023

As at the date of this announcement, the non-executive directors are Dato' Lim Heen Peok (the chairman) and Mr. Ng Tzee Penn, the executive directors are Mr. Cheah Eng Chuan, Dato' Lua Choon Hann, and Mr. Cheah Hannon, and the independent non-executive directors are Mr. Ho Ming Hon, Dato' Sri Dr. Hou Kok Chung and Dato' Lee Chee Leong.

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