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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 2023

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

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

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

*This 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 2023 (the “**Financial Year**”), together with the comparative audited figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	2023 RM'000	2022 RM'000
Revenue	3	216,830	162,155
Cost of sales		<u>(162,046)</u>	<u>(120,753)</u>
Gross profit		54,784	41,402
Other income, net	4	1,069	2,186
Selling and distribution costs		(1,828)	(3,313)
Administrative expenses		(35,964)	(23,273)
Interest income		1,521	758
Finance costs	5	(1,757)	(667)
Share of profit of a joint venture, net of tax		291	462
Share of profit of associates, net of tax		<u>–</u>	<u>3,669</u>
Profit before income tax expense	6	18,116	21,224
Income tax expense	7	<u>(5,660)</u>	<u>(3,057)</u>
Profit for the year attributable to owners of the Company		<u>12,456</u>	<u>18,167</u>
Other comprehensive income/(expense), net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		2,322	1,867
Realisation of reserves from deemed disposal of an associate		–	(189)
Realisation of reserves from disposal of subsidiaries		(1,151)	–
Share of other comprehensive income of a joint venture		2	19
Share of other comprehensive income of associates		<u>–</u>	<u>138</u>
Total other comprehensive income, net of tax		<u>1,173</u>	<u>1,835</u>
Total comprehensive income for the year attributable to owners of the Company		<u>13,629</u>	<u>20,002</u>
Earnings per share:	9		
Basic and diluted (cents)		<u>2.07</u>	<u>3.16</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	<i>Notes</i>	2023 RM'000	2022 RM'000
Non-current assets			
Property, plant and equipment		26,160	19,554
Right-of-use assets		12,137	12,309
Intangible assets		15,423	15,618
Interest in a joint venture		1,269	1,411
Loan receivable	<i>10</i>	–	5,000
Deferred tax assets		9	24
		<u>54,998</u>	<u>53,916</u>
Current assets			
Inventories		19,272	26,091
Trade and other receivables	<i>10</i>	54,274	50,952
Contract assets and contract costs		11,808	25,727
Amount due from a joint venture		124	82
Current tax recoverable		1,447	1,077
Time deposits maturing over three months		14,983	11,274
Cash and bank balances		42,970	48,517
		<u>144,878</u>	<u>163,720</u>
Current liabilities			
Trade and other payables	<i>11</i>	34,952	31,262
Contract liabilities		1,151	1,108
Bank borrowings		3,118	18,225
Lease liabilities		2,256	1,459
Current tax liabilities		3,409	5,985
		<u>44,886</u>	<u>58,039</u>
Net current assets		<u>99,992</u>	<u>105,681</u>
Total assets less current liabilities		<u>154,990</u>	<u>159,597</u>

	<i>Note</i>	2023 RM'000	2022 <i>RM'000</i>
Non-current liabilities			
Other payable	<i>11</i>	–	15,569
Bank borrowings		8,740	11,363
Lease liabilities		4,900	5,690
Deferred tax liabilities		2,951	2,252
		<u>16,591</u>	<u>34,874</u>
NET ASSETS		<u>138,399</u>	<u>124,723</u>
Capital and reserves			
Share capital		32,633	32,633
Reserves		105,766	92,090
TOTAL EQUITY		<u>138,399</u>	<u>124,723</u>

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 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, and energy efficiency business. The Company disposed of the subsidiaries which engaged in the manufacturing and sale of PVC related products on 30 September 2023. 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.

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 2023

New and revised IFRSs		Effective date
IFRS 17	<i>Insurance Contracts</i>	1 January 2023
IAS 1	<i>Amendments in relation to Disclosure of Accounting Policies</i>	1 January 2023
IAS 8	<i>Amendments in relation to Definition of Accounting Estimates</i>	1 January 2023
IAS 12	<i>Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
IAS 12	<i>Amendments in relation to International Tax Reform — Pillar Two Model Rules</i>	1 January 2023

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 2024

New and revised IFRSs		Effective date
IFRIC-int 5	<i>Amendments in relation to Amendments to IAS 1</i>	1 January 2024
IFRS 16	<i>Amendments in relation to Lease Liability in a Sale and Leaseback</i>	1 January 2024
IFRS 7 and IAS 7	<i>Amendments in relation to Supplier Finance Arrangements</i>	1 January 2024
IAS 1	<i>Amendments in relation to Classification of Liabilities as Current or Non-current</i>	1 January 2024
IAS 1	<i>Amendments in relation to Non-current Liabilities with Covenants</i>	1 January 2024
IAS 21	<i>Amendments in relation to Lack of Exchangeability</i>	1 January 2025
IFRS 10 and IAS 28	<i>Amendments in relation to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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 energy efficiency business. The Company disposed of the subsidiaries which engaged in the manufacturing and sale of PVC related products on 30 September 2023.

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

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

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

The accounting policies of operating segments are the same as those described in the summary of material 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 2023

	Manufacturing <i>RM'000</i>	Energy Efficiency <i>RM'000</i>	Others <i>RM'000</i>	Total <i>RM'000</i>
Revenue				
Revenue from external customers	<u>96,113</u>	<u>120,546</u>	<u>171</u>	<u>216,830</u>
Results				
Operating profit/(loss)	5,207	16,629	(3,775)	18,061
Interest income	1,189	22	310	1,521
Finance costs	(682)	(240)	(835)	(1,757)
Share of profit of a joint venture, net of tax	<u>291</u>	<u>-</u>	<u>-</u>	<u>291</u>
Profit/(Loss) before income tax expense	6,005	16,411	(4,300)	18,116
Income tax expense	<u>(2,843)</u>	<u>(2,817)</u>	<u>-</u>	<u>(5,660)</u>
Profit/(Loss) for the year	<u>3,162</u>	<u>13,594</u>	<u>(4,300)</u>	<u>12,456</u>
Other segment items:				
Amortisation and depreciation	(2,155)	(2,256)	(70)	(4,481)
Fair value change of profit guarantee	-	(96)	-	(96)
Gain on disposal of subsidiaries	347	-	-	347
Impairment loss on trade and other receivables, net	<u>(3,494)</u>	<u>(89)</u>	<u>-</u>	<u>(3,583)</u>

Year ended 31 December 2022

	Manufacturing <i>RM'000</i>	Energy Efficiency <i>RM'000</i>	Others <i>RM'000</i>	Total <i>RM'000</i>
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

(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.

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 interest in a joint venture and deferred tax assets (collectively referred to as “**Specified Non-current Assets**”).

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Revenue from external customers		
Asia Pacific	190,428	130,324
Europe	6,477	8,478
North America	19,249	22,183
Others	676	1,170
Total	216,830	162,155

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Specified Non-current Assets		
Malaysia	30,839	29,109
Vietnam	5,631	5,670
Singapore	17,094	17,072
Hong Kong	156	–
PRC	–	630
Total	53,720	52,481

(c) **Timing of revenue recognition**

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Recognised at point in time:		
Sales of goods:		
— Elastic textile	29,196	36,943
— Webbing	43,743	43,177
— Other manufacturing products	23,174	32,025
— Others	6,557	1,332
Recognised over time:		
Contract income	100,961	42,292
Maintenance service	13,199	6,386
Total	216,830	162,155

(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 Energy Efficiency Division (2022: Manufacturing and Energy Efficiency Divisions) were as follows:

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Customer A	37,874	19,162
Customer B	*	17,155

* Revenue from this customer did not exceed 10% of the total revenue of the Group for the year ended 31 December 2023.

4. OTHER INCOME, NET

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Commission income	91	111
Fair value change of profit guarantee	(96)	(85)
Gain on deemed disposal of an associate	–	2,105
Gain on disposal of property, plant and equipment, net	26	33
Gain on disposal of subsidiaries	347	–
Gain/(Loss) on foreign exchange, net		
— realised	558	521
— unrealised	(272)	(243)
Reversal of impairment losses on trade receivables	122	65
Others	293	(321)
	1,069	2,186

5. FINANCE COSTS

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Interest on bank overdraft	41	32
Interest on bank borrowings	514	420
Interest on bills payable	24	–
Interest on lease liabilities	350	215
Unwinding interest on other payable	828	–
	1,757	667

6. PROFIT BEFORE INCOME TAX EXPENSE

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

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Auditor's remuneration		
— Statutory audit		
— current	530	461
— over-provision in prior year	(3)	—
— Other services	58	225
Amortisation of intangible assets	740	240
Cost of inventories recognised as expenses	42,138	56,511
Depreciation of property, plant and equipment	1,654	1,584
Depreciation of right-of-use assets	2,087	859
Gain on deemed disposal of an associate	—	(2,105)
Gain on disposal of property, plant and equipment, net	(26)	(33)
Gain on disposal of subsidiaries	(347)	—
Impairment losses/(Reversal of impairment losses) on:		
— trade receivables, net	2,249	(65)
— other receivables	1,334	—
Provision/(Reversal) of inventories written down, net	2,433	(274)
Written off of:		
— inventories	77	—
— other receivables	17	—
— property, plant and equipment	—	4
Employee costs (including directors' emoluments) included in:		
— cost of sales	27,484	16,805
— selling and distribution costs	158	161
— administrative expenses	22,092	16,765

7. INCOME TAX EXPENSE

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Current tax — Malaysian income tax		
— provision for the year	589	605
— under/(over) provision in prior years	<u>88</u>	<u>(185)</u>
	677	420
Current tax — Overseas		
— provision for the year	3,905	2,494
— under/(over) provision in prior years	<u>394</u>	<u>(6)</u>
	<u>4,299</u>	<u>2,488</u>
Total current tax	<u>4,976</u>	<u>2,908</u>
Deferred tax		
— current year	736	249
— over provision in prior years	<u>(52)</u>	<u>(100)</u>
Total deferred tax	<u>684</u>	<u>149</u>
Total income tax expense	<u><u>5,660</u></u>	<u><u>3,057</u></u>

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% (2022: 24%) of the estimated taxable profit for the year ended 31 December 2023.

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 (2022: RMNil).

9. EARNINGS PER SHARE

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

	2023	2022
Earnings		
Earnings for the purpose of calculating basic earnings per share		
Profit for the year attributable to owners of the Company (<i>RM'000</i>)	<u>12,456</u>	<u>18,167</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>'000</i>)	<u>601,566</u>	<u>574,235</u>

Diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding for the years ended 31 December 2023 and 2022.

10. TRADE AND OTHER RECEIVABLES

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Trade receivables	28,449	38,524
Less: Allowance for impairment losses	<u>(324)</u>	<u>(2,898)</u>
	28,125	35,626
Prepayments, deposits and other receivables	18,799	11,931
Loan receivables	<u>7,350</u>	<u>8,395</u>
	<u>54,274</u>	<u>55,952</u>
Represents:		
Non-current	–	5,000
Current	<u>54,274</u>	<u>50,952</u>
	<u>54,274</u>	<u>55,952</u>

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 losses, as at 31 December 2023 and 2022 are as follows:

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	13,249	25,508
31 to 60 days	10,071	5,714
61 to 90 days	3,135	2,019
91 to 180 days	1,215	1,983
Over 180 days	779	3,300
	<u>28,449</u>	<u>38,524</u>

11. TRADE AND OTHER PAYABLES

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Trade payables	6,218	11,374
Bills payable	850	–
Other payables	27,884	35,457
	<u>34,952</u>	<u>46,831</u>
Represents:		
Non-current	–	15,569
Current	34,952	31,262
	<u>34,952</u>	<u>46,831</u>

Trade and bills payable

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 2023 and 2022 are as follows:

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	4,515	7,529
31 to 60 days	2,035	1,774
61 to 90 days	430	1,002
Over 90 days	88	1,069
	<u>7,068</u>	<u>11,374</u>

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 the PRC. Subsequently, the Group disposed off these subsidiaries by entering a sale and purchase agreement on 19 September 2023 (the “**Agreement**”). The disposal was completed on 30 September 2023.

During the Financial Year, domestic sales and export sales accounted for approximately 35.5% and 64.5% (2022: 41.1% and 58.9%) of the total revenue from the Manufacturing Division, respectively. The Asia-Pacific region, Europe and North America continued to be the major export countries of the Group during both years.

Revenue generated from the sale of elastic textile, webbing and other manufacturing products accounted for approximately 30.4%, 45.5% and 24.1% (2022: 32.9%, 38.5% and 28.6%) 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 RM96.1 million (2022: RM112.1 million), decreased by approximately RM16.0 million or 14.3% as compared to 2022. The overall decrease in revenue from the Manufacturing Division was mainly due to the slowdown in global demand and excess inventories built up from the previous years in various industries as well as disposal of Meinaide Holdings Group Limited (“**Meinaide**”) in the third quarter of 2023.

The performance by products is stated as below:

(i) *Elastic textile*

For the Financial Year, the revenue of elastic textile was approximately RM29.2 million (2022: RM36.9 million), decreased by approximately RM7.7 million or 20.9% as compared to 2022, mainly due to the decrease in sales volume from customers in the Asia-Pacific region, North America, Europe and Middle East during the Financial Year.

(ii) Webbing

For the Financial Year, the revenue of webbing was approximately RM43.7 million (2022: RM43.2 million), slightly increased by RM0.5 million or 1.2% as compared to 2022. This was mainly contributed by higher demand for seatbelt products of RM3.2 million offset by lower demand for furniture webbing products of RM2.7 million during the Financial Year.

(iii) Other manufacturing products

During the Financial Year, the revenue of other manufacturing products was approximately RM23.2 million (2022: RM32.0 million), decreased by approximately RM8.8 million or 27.5% as compared to 2022. This was mainly due to lower demand for PVC related products and the Group only consolidated 9 months of revenue of Meinaide (up to the disposal of Meinaide in the third quarter of 2023).

(b) Energy Efficiency Division

During the Financial Year, the revenue from the Energy Efficiency Division of approximately RM120.5 million (2022: RM49.8 million), mainly comprised of energy solution contracts, maintenance service contracts and others, which accounted for approximately 83.8%, 10.9% and 5.3% (2022: 85.0%, 12.8% and 2.2%) of total revenue from the Energy Efficiency Division respectively. The revenue increased significantly during the Financial Year by RM70.7 million or 142% as compared to 2022. The increase was mainly due to the fact that Energy Solution Global Limited and its subsidiaries became wholly-owned subsidiaries of the Group on 29 August 2022, hence, there was only 4 months of revenue being consolidated into the Group for 2022. Besides, the Energy Efficiency Division recorded a strong revenue by recognising progress completion for new and on-going projects during the Financial Year.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Financial Year amounted to approximately RM216.8 million (2022: RM162.2 million), representing an increase of RM54.6 million or 33.7% as compared to 2022. The increase of revenue was mainly due to the revenue contributed by the Energy Efficiency Division which amounted to approximately RM120.5 million during the Financial Year (2022: RM49.8 million). However, the increase in revenue was offset by the lower revenue contributed by the Manufacturing Division given the decrease in sales orders which resulted from the softening of global demand during the Financial Year as compared to 2022 and disposal of Meinaide in the third quarter of 2023.

The Group's total revenue for the Financial Year was accounted for approximately 44.3% and 55.6% (2022: 69.2% and 30.7%) by the Manufacturing Division and the Energy Efficiency Division respectively.

Cost of Sales

For the Financial Year, the cost of sales of the Group amounted to approximately RM162.0 million (2022: RM120.8 million), representing an increase of approximately RM41.2 million or 34.1% as compared to 2022. The increase in cost of sales was consistent with the increase in revenue, mainly contributed by the Energy Efficiency Division.

Gross Profit and Gross Profit Margin

For the Financial Year, the Group achieved gross profit of approximately RM54.8 million (2022: RM41.4 million), representing an increase of approximately RM13.4 million or 32.4% as compared to 2022, mainly generated by the Energy Efficiency Division during the Financial Year, offset by the lower gross profit generated by the Manufacturing Division during the Financial Year which was in line with lower sales.

The gross profit margin of the Group decreased from 25.5% to 25.3%, mainly due to a one-off provision of slow moving stocks of PVC related products which amounted to approximately RM2.5 million during the Financial Year.

Other Income, net

For the Financial Year, the net other income of the Group amounted to approximately RM1.1 million (2022: RM2.2 million), representing a decrease of RM1.1 million or 50.0% as compared to 2022, which was mainly due to a one-off gain on deemed disposal of an associate in 2022 amounting to RM2.1 million, higher gain on foreign exchange and lower other expenses during the Financial Year as compared to 2022.

Selling and Distribution Costs

For the Financial Year, the selling and distribution costs of the Group amounted to RM1.8 million (2022: RM3.3 million), representing a decrease of approximately RM1.5 million or 45.5% as compared to 2022. The decrease was mainly due to lower sales from the Manufacturing Division and decrease in global freight and shipping costs 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 RM36.0 million (2022: RM23.3 million), representing an increase of RM12.7 million or 54.5% as compared to 2022. The significant increase was mainly due to the administrative expenses from the Energy Efficiency Division during the Financial Year, whereas in 2022, there was only consolidation of four months of administrative expenses, and a one-off net impairment losses on trade and other receivables amounting to RM3.5 million from the Manufacturing Division during the Financial Year.

Profit for the Financial Year

Profit for the Financial Year amounted to RM12.5 million (2022: RM18.2 million), representing a decrease of approximately RM5.7 million or 31.3% as compared to 2022. The decrease was mainly due to lower profit generated from the Manufacturing Division which resulted from lower revenue, as well as one-off net impairment losses on trade and other receivables and net provision for slow moving stock with a total of RM6.0 million. The decrease in profit was offsetting with the profit contributed by the Energy Efficiency Division which amounted to approximately RM13.6 million during the Financial Year (2022: RM11.8 million).

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

As at 31 December 2023, the Group's total equity attributable to owners of the Company amounted to approximately RM138.4 million (2022: RM124.7 million).

As at 31 December 2023, the Group's net current assets were approximately RM100.0 million (2022: RM105.7 million) and the Group had cash and cash equivalents of approximately RM42.7 million (2022: RM48.2 million). The Group had bank borrowings of approximately RM11.9 million (2022: RM29.6 million).

The interest rates of the Group's term loans, bank overdraft and trust receipts as at 31 December 2023 and 2022 ranged from 2.50% to 8.89% per annum and 2.50% to 8.64% per annum respectively.

As at 31 December 2023, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the year) was approximately 3.2 times (2022: 2.8 times). The Group was in a net cash position as at 31 December 2023 and 2022, 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 2023, there was no significant investment held by the Group (2022: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

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

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

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

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

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

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

(b) Disposal of Meinaide (the “Disposal”)

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

On 19 September 2023, the Company entered into the Agreement with the purchaser in respect of the Disposal. Pursuant to the Agreement, the Company has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire, the sale shares, representing the entire issued share capital of Meinaide, at the consideration of HK\$15,000,000 (equivalent to approximately RM8,988,000). Upon completion of the Disposal, Meinaide ceased to be a subsidiary of the Company and the financial results of Meinaide and its subsidiaries will no longer be consolidated into the financial statements of the Group. The disposal of Meinaide was completed on 30 September 2023.

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 2023 and 2022, freehold land, buildings and right-of-use assets of the Group with carrying amount of RM15.3 million and RM15.6 million respectively were pledged to licensed banks as security for credit facilities granted to the Group.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Other than disclosed in the “**Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures — (a) Purchase of the Properties involving Issue of the Consideration Shares under Specific Mandate, Non-Compete Undertaking Amendments, and Proposed Authorised Share Capital Increase**” section, the Group does not have other plans for material investments and capital assets for the year ending 31 December 2024 as at the date of this announcement.

CONTINGENT LIABILITIES

As at 31 December 2023, the contingent liabilities of the Group for the guarantees given to third parties in respect of trade and contract amounted to RM13.0 million (As at 31 December 2022: RM14.2 million).

CAPITAL COMMITMENTS

As at 31 December 2023, capital commitments of the Group for the acquisition of property, plant and equipment and properties under construction amounted to approximately RM5.1 million and RM54.5 million (As at 31 December 2022: RM3.9 million and RMNil) respectively.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed 631 employees (2022: 623 employees). Employee costs amounted to approximately RM49.7 million for the Financial Year (2022: approximately RM33.7 million). The Group will endeavor to ensure that the employees’ salary levels are in line with industry practice and prevailing market conditions and that employees’ remuneration is determined based on their performance. The Company has also adopted a share option scheme (the “**Share Option Scheme**”) with the primary purpose to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company.

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

SHARE OPTION SCHEME

As at 31 December 2023, 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

Appointment of Executive Director

Reference is made to the announcement of the Company dated 25 March 2024.

With effect from 25 March 2024, Mr. Andrew Chan Lim-Fai was appointed as an executive Director.

Other than as disclosed above, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

FUTURE PROSPECTS AND OUTLOOK

The prevailing economic conditions, marked by higher-than-anticipated inflation rates and interest rate hikes have triggered a ripple effect across global household consumption patterns. The economic condition is further compounded by negative spillovers emanating from the conflict in Ukraine and the sluggish recovery trajectory of China, which collectively contribute to heightened uncertainty in the global economic landscape. For manufacturing sector, grappling with supply chain disruptions, escalating cost due to inflation, and subdued demand due to higher interest rates pose formidable challenges to sustaining operational efficacy and profitability. In response to this dynamic landscape, the Group has adopted a strategic approach, recalibrating market strategies, revisiting pricing frameworks, and streamline cost structures to maintain competitiveness.

In parallel, the energy sector witnesses a surge in global energy consumption amidst higher energy prices and apprehensions surrounding potential disruptions in oil and gas supplies. Simultaneously, escalating concerns about climate change drives governments worldwide to enact stringent policies emphasizing energy efficiency, greenhouse gas reduction, and sustainability. Within this shifting paradigm, the growth prospects for businesses operating in the energy efficiency sector remain promising, buoyed by government support for environment initiative and increasing focus on environmental, social, and governance considerations.

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 Part 2 of Appendix C1 to the GEM Listing Rules (the "**CG Code**") and in relation to, among others, the Directors, chairman and chief executive officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the Shareholders.

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 2023 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, 25 March 2024

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, Er. Kang Boon Lian and Mr. Andrew Chan Lim-Fai, 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 Stock Exchange's website at www.hkexnews.hk 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>.*