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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)

PROFIT WARNING

This announcement is made by Furniweb Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2018 (the “**Year**”), there was a substantial decline in the Group’s net profit by approximately 93% in the Year as compared with that for 2017.

The Board is of the view that the Group’s profitability for the Year was mainly affected by the following factors:

- (i) decrease in revenue as:
 - a) certain customers became more prudent in their procurement plan in view of the uncertainty in the global trade market as a result of the on-going trade spat between the United States and China;
 - b) certain customers were still undergoing their new products development and thus reduced their orders for existing products;
 - c) certain other customers reduced their procurement as their local currencies depreciated against United States dollar (the “**USD**”), our major sales denomination currency;
 - d) in light of the unfavourable business environment, we increased our sales of relatively lower margin products;
 - e) decrease in the Group’s revenue reported in Malaysian Ringgit which appreciated against USD as compared to last year; and
 - f) one of the Group’s then subsidiary became an associate company since 14 September 2017, its revenue is therefore excluded from consolidation for the Year;
- (ii) increase in cost of sales, mainly raw material prices resulted from the rise in crude oil prices, which had not been passed on to customers;
- (iii) lower production volume as compared to last year increased the weighing of fixed overheads over total cost of sales; and
- (iv) higher share of loss from an associated company during the Year.

The information contained in this announcement is based on the preliminary assessment by the Board mainly with reference to information currently available, including the unaudited consolidated management accounts of the Group for the Year, which is yet to be finalised and has not yet been audited or reviewed by the auditor of the Company. As such, the actual financial results of the Group for the Year may be different from what is disclosed in this announcement.

Shareholders and potential investors are advised to read carefully the results announcement of the Company for the Year which is expected to be published in or around mid-March 2019.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Furniweb Holdings Limited
Dato' Lim Heen Peok
Chairman

Hong Kong, 26 February 2019

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

*This announcement, for which the directors (the “**Directors**”) of the Company 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 of Hong Kong Limited 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 in this announcement misleading.*

This announcement will remain on the “Latest Company Announcements” page of the GEM website at 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 www.furniweb.com.my.