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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)**

### **CONNECTED TRANSACTION THE DISPOSAL OF PREMIER MANAGEMENT INTERNATIONAL LIMITED**

**Financial adviser to the Company**

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#### **THE DISPOSAL**

The Board announces that on 7 August 2019 (after trading hours), the Company and the Purchaser entered into the Shares Sale Agreement, pursuant to which the Company agreed to (i) sell, and the Purchaser agreed to purchase the Sale Share, representing the entire equity interest of the Target Company; and (ii) settle the Inter-Group Loan in full for the Consideration of RM16,500,000 (equivalent to approximately HK\$31,178,400).

#### **GEM LISTING RULES IMPLICATIONS**

The Purchaser with an approximately 54.19% shareholding interest in the Company is a connected person of the Company as at the date of this announcement. The highest of the relevant percentage ratios as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 0.1% but less than 5% for the Company and accordingly, the Disposal is a connected transaction between the Company and the Purchaser and is subject to the announcement and reporting requirements under Chapter 20 of the GEM Listing Rules but is exempt under Rule 20.74 of the GEM Listing Rules from the circular, independent financial advice and shareholders' approval requirements.

## **PRINCIPAL TERMS OF THE SHARES SALE AGREEMENT**

Date 7 August 2019

Parties (i) the Company as the vendor; and  
(ii) PRG Holdings Berhad as the Purchaser

### **Subject matter**

Pursuant to the Shares Sale Agreement, the Company agreed to (i) sell, and the Purchaser agreed to purchase the Sale Share, representing the entire equity interest of the Target Company, which comprises of one (1) ordinary share of HK\$1.00; and (ii) settle the Inter-Group Loan in full.

### **Consideration**

The Consideration in the amount of RM16,500,000 (equivalent to approximately HK\$31,178,400) shall be satisfied by the Purchaser to the Company in the following manner:

- (i) Upon execution of the Shares Sale Agreement, the Purchaser shall pay by way of cash, the sum of RM330,000 (equivalent to approximately HK\$623,568) to the Company as part payment of the Consideration;
- (ii) The Purchaser shall, on the Completion Date, pay by way of cash, the remaining balance of RM16,170,000 (equivalent to approximately HK\$30,554,832) to the Company upon receipt of the relevant documents of the Target Group stipulated in Shares Sale Agreement.

The Company and the Purchaser acknowledged and agreed that the Consideration shall constitute the following:

- (i) the Inter-Group Loan in the amount of RM15,891,418.79 (equivalent to approximately HK\$30,028,424.95), by way of full and final settlement to the intercompany balances, due and owing by the Purchaser to the Company, pursuant to an assignment of debt agreement to be entered into among the Company, the Purchaser and the Target Company on the Completion Date; and
- (ii) the sum of RM608,581.21 (equivalent to approximately HK\$1,149,975.05), by way of cash, being the purchase price of the Sale Share to be paid by the Purchaser to the Company.

The Consideration was determined after arm's length negotiations between the Purchaser and the Company with reference to (i) the amount of the Inter-Group Loan; (ii) the management's views of the business prospects of the retail business; and (iii) the financial position of the Target Group as at 31 December 2018. The Directors consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders.

## Conditions precedent

Completion shall be conditional upon and subject to the fulfilment or waiving (as the case may be) of the followings:

- (a) the Purchaser being satisfied with the results of its due diligence investigation into the Company's title to the Sale Share, the financial, legal, contractual and prospects of the Target Company, and the Target Company's title to its respective assets and liabilities (the "**Due Diligence Exercise**") which shall be completed by the Purchaser within one month from the date of the Shares Sale Agreement (the "**DD Completion Date**");
- (b) the approval of the shareholder of the Purchaser to the purchase of the Sale Share upon the terms and conditions set out in the Shares Sale Agreement;
- (c) the approval of the Shareholders to the sale of the Sale Share upon the terms and conditions set out in the Shares Sale Agreement;
- (d) the approval of the financial institutions which have granted credit facilities to the Target Company for the sale and transfer of the Sale Share to the Purchaser, if so required;
- (e) the Purchaser being satisfied with the contents of the Disclosure Letter by counter-signing the same by the DD Completion Date; and
- (f) such other consents or approvals as may be required of a relevant third party of the Company or any relevant authorities (if applicable), for any of the following upon Completion taking effect:
  - (i) any change in the existing shareholding including without limitation, the sale, transfer or assignment of beneficial interests of the Company in the Target Company;
  - (ii) any change of shareholders of the Target Company; or
  - (iii) any change in the control of the Target Company, whereby control includes power to appoint or cause to be appointed a majority of directors of the Target Company or the power to make or cause to be made decision in respect of the administration of the Target Company and to give effect to such decisions.

The obligations of the parties under the Shares Sale Agreement are in all respects conditional upon the Conditions being fulfilled on or before the date falling three months from the date of the Shares Sale Agreement (the "**Cut-off Date**") or on the date falling three months from the expiry of the Cut-off Date (or such other date as may be agreed upon between the parties of the Shares Sale Agreement). If the Conditions are not fulfilled or waived by the Cut-off Date (or such other dates as the parties may agree in), as the case may be, not due to a default of any of the parties, the Shares Sale Agreement shall terminate without prejudice to the right of any party to claim against the other for antecedent breach thereof.

## Completion

Completion will be falling on the Completion Date, being which all the Conditions have been fulfilled or waived (as the case may be) in accordance with the terms set out under the Shares Sale Agreement.

Subject to other terms contained in the Shares Sale Agreement, pending Completion, except with the prior written consent of the Purchaser or as expressly required or permitted by the Share Sale Agreement, the Vendor must ensure and procure that the Target Company does not do anything that is not in its ordinary course of business.

Upon Completion, the Company will cease to hold any equity interests in the Target Group.

## INFORMATION ON THE PURCHASER

The Purchaser 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. It is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are manufacturing, property development, construction and retail businesses.

## INFORMATION ON THE TARGET GROUP

The Target Company, a wholly-owned subsidiary of the Company, is incorporated in Hong Kong on 25 November 2016 with limited liability and principally engaged in investment holding. The Target Group was acquired into the Group on 9 April 2018. The Target Company has (i) a wholly-owned subsidiary in PP Retail Pte. Ltd. which is a company with limited liabilities incorporated in Singapore on 11 April 2018 principally engaged in the retail sale of clothing, footwear and ancillary accessories in Singapore; and (ii) a 49% owned company namely Skilltrain Co., Ltd. which is a company with limited liabilities incorporated in Thailand on 15 September 2016 principally engaged in the retail sale of clothing, footwear and ancillary accessories in Thailand.

Set out below certain financial information of the Target Group for the two years ended 31 December 2018:

	<b>For the year ended 31 December 2018 RM</b>	<b>For the year ended 31 December 2017 RM</b>
Net loss before tax	761,129	7,879
Net loss after tax	761,129	7,879

The unaudited consolidated net liabilities of the Target Group as at 31 December 2018 was approximately RM775,811 (equivalent to approximately HK\$1,465,972).

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

The Group is estimated to book a gain in the amount of approximately RM1.31 million (equivalent to approximately HK\$2.48 million) in respect of the Disposal, which is calculated with reference to the net sale proceeds attributable to the Company after deducting the Inter-Group Loan, the relevant transaction costs and expenses and the unaudited consolidated net liabilities of the Target Group as at 31 December 2018. The estimated gain on disposal is subject to the final audit to be performed by the Company's auditors for the year ending 31 December 2019.

The net proceeds in the amount of RM16.4 million (equivalent to approximately HK\$31.0 million) from the Disposal is currently intended to be mainly used as additional working capital for the Group.

## **REASONS OF AND BENEFITS FOR THE DISPOSAL**

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sale of elastic textile and webbing products. The Company's products are divided into four categories: (i) elastic textile products which include covered elastic yarn and narrow elastic fabric; (ii) webbing products which include furniture webbing and seat belt webbing; (iii) production and sale of PVC related products; and (iv) other manufacturing products such as rubber strips.

Upon reviewing of the cost structure of the Group and in view of the rapid change of the global economy, the Group has considered to dispose immaterial or non-focus assets/business. The main purpose of the Disposal is to further optimize the assets structure of the Group so as to liquidize remnant assets. The global economy has been witnessing series of trade disputes and tensions between China and the United States which led to signs of economic slowdowns to the trade markets around the world. Due to the weak global financial market sentiment, the Company is of the view that the Disposal will provide an appropriate opportunity for the Company to realize its investment in the business of the Target Group in retail sale of clothing, footwear and ancillary accessories products. The Directors anticipated that the development of the Target Group's retail business requires the Group to commit more resources and time as such business is still considered to be in an early start-up stage. The Disposal allows the Group to allocate more its resources on its core business in the manufacturing as the manufacturing environment is also becoming more challenging and competitive due to vulnerability of the global economy and increasing prudent procurement plans from the customers. Thus, the Disposal allow the Company to allocate asset effectively, and that will not bring any adverse effect on the operation of the Company.

The Directors consider that the terms and conditions in the Shares Sale Agreement are on normal commercial terms and the Disposal is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

The Purchaser with an approximately 54.19% shareholding interest in the Company is a connected person of the Company as at the date of this announcement. The highest of the relevant percentage ratios as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 0.1% but less than 5% for the Company and accordingly, the Disposal is a connected transaction between the Company and the Purchaser and is subject to the announcement and reporting requirements under Chapter 20 of the GEM Listing Rules but is exempt under Rule 20.74 of the GEM Listing Rules from the circular, independent financial advice and shareholders' approval requirements.

As at the date of this announcement, save for Dato'Lua Choon Hann, being a substantial shareholder of the Purchaser and executive Director, who has abstained from voting on the Board resolutions approving the Disposal, no Directors have any material interests in the Disposal and no Directors are required to abstain from voting on the Board resolutions approving the Disposal.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	Furniweb Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8480)
“Completion”	the completion of the Disposal
“Completion Date”	the date on which the Completion will take place
“Conditions”	the conditions precedent set out in the Shares Sale Agreement in respect of the Disposal
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration of RM16,500,000 (equivalent to approximately HK\$31,178,400) for the Disposal
“Director(s)”	the director(s) of the Company
“Disclosure Letter”	the letter of the same date of the Shares Sale Agreement, in the agreed form, from the Company to the Purchaser or the solicitors of the Purchaser, together with any attachments, disclosing matters that are exceptions to the warranties and representations set out in the Shares Sale Agreement
“Disposal”	the disposal of the Sale Share by the Company subject to and terms of the Shares Sale Agreement and the full and final settlement of the Inter-Group Loan

“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Inter-Group Loan”	The intercompany balances due and owing by the Purchaser to the Company as at 30 June 2019 in the sum of RM15,891,418.79 (equivalent to approximately HK\$30,028,424.95)
“Purchaser”	PRG Holdings Berhad, 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
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Sale Share”	the entire equity interest of the Target Company to be sold by the Company to the Purchaser
“Shares Sale Agreement”	the shares sale agreement dated 7 August 2019 entered into between the Company and the Purchaser in relation to the Disposal
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Premier Management International Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its subsidiaries
“%”	per cent.

*For the purpose of this announcement, unless the context otherwise requires, conversion of Ringgit Malaysia into Hong Kong dollars is based on the approximate exchange rate of RM1.0 to HK\$1.8896.*

By order of the Board  
**Furniweb Holdings Limited**  
**Dato’ Lim Heen Peok**  
*Chairman*

Hong Kong, 7 August 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, Dato' Lua Choon Hann and Mr. Qu Weidong, 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 collectively and individually accept full responsibility, includes particulars given in compliance with 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 in this announcement misleading.*

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