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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)

TERM SHEET IN RESPECT OF THE PROPOSED DISPOSAL

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 (the “**GEM Listing Rules**”) Governing the Listing of Securities on the GEM 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).

On 4 October 2019, the Company entered into a term sheet (the “**Term Sheet**”) with a potential purchaser (the “**Purchaser**”) for the sale (the “**Proposed Disposal**”) of Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd (the “**Target Company**”), a member of the Group principally engaged in the manufacture and sale of narrow elastic fabrics, to the Purchaser.

The Proposed Disposal is subject to, among others, the signing of a definitive capital transfer agreement (the “**Capital Transfer Agreement**”) in relation to the Proposed Disposal, the terms of which are to be agreed by the Company and the Purchaser. As at the date of this announcement, no Capital Transfer Agreement has been entered into by the Company and the Purchaser. If the Proposed Disposal is to be proceeded with, its final terms may deviate from those set out in the Term Sheet, the principal terms of which are disclosed in this announcement.

PRINCIPAL TERMS OF THE TERM SHEET

The principal terms of the Proposed Disposal set out in the Term Sheet are binding between the Company and the parties and are as follows:

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| Target Company | : | Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd, a member of the Group principally engaged in the manufacture and sale of narrow elastic fabrics. |
| Purchaser | : | A third party independent of and not connected with the Company and its connected persons. |

Purchase Price : The purchase price is to be determined upon completion of the due diligence exercise by the Purchaser on the Target Company. The purchase price is to be based on the amount or as the case may be, valuation of (a) plant, building and machinery; (b) inventories; (c) cash and bank balances; (d) net assets (receivables minus payable); and (e) borrowings and outstanding debts, as at a cut-off date to be agreed which are set out in a separate term sheet dated 4 October 2019 entered into between the Company and the Purchaser.

Payment Terms : The Purchase Price shall be payable in the following manner:

(a) a deposit of USD192,500 as the security for signing and proper performance of the Capital Transfer Agreement is to be paid within 7 working days from the date of the Term Sheet;

(b) 60% of the Purchase Price (after deducting the deposit already paid) is to be paid within 7 working days upon execution of the Capital Transfer Agreement;

(c) 20% of the Purchase Price is to be paid within 7 working days after expiry of 6 months after the date of the Capital Transfer Agreement; and

(d) the remaining 20% of the Purchase Price is to be paid 12 months after the date of completion of the Proposed Disposal.

The deposit of USD192,500 will be returned to the Purchaser if the Company and the Purchaser fail to reach an agreement on the Purchase price and other terms and conditions of the Capital Transfer Agreement.

Due Diligence : Due diligence on the Target Company shall be conducted by the Purchaser to its satisfaction.

Capital Transfer Agreement : The Company and the Purchaser shall as soon as practicable after the date of the Term Sheet negotiate and settle the terms of the Capital Transfer Agreement as soon as practicable. Subject to mutual agreement of the parties to extend the date of signing, the signing of the Capital Transfer Agreement is scheduled for 1 December 2019.

- Conditions Precedent : The Proposed Disposal is conditional upon and subject to the fulfilment of the followings:
- (a) the Purchaser is satisfied with the results of its legal and financial due diligence of the Target Company;
 - (b) the approval of the securities commission or if required, the Shareholders;
 - (c) the approval of the capital transfer of Target Company from the Department of Planning and Investment in Dong Nai, Vietnam;
 - (d) no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the Target Company prior to completion of the Proposed Disposal;
 - (e) the Company and the shareholders of the Target Company having approved the Capital Transfer Agreement;
 - (f) the obtaining of all necessary resolutions, waiver and consents from the board of directors and shareholders of the Target Company for the Proposed Disposal;
 - (g) the Company having provided the Purchaser with evidence proving full payment of the registered capital of the Target Company; and
 - (h) the provision of such other evidence or documentation as may be required or advisable under applicable law or prevailing administrative practice to give full force and effect to the Capital Transfer Agreement as the purchaser may request.
- Board of Directors Matters : The Purchaser may appoint, control the board of directors, and involve in the management of the daily business operation of the Target Company upon execution of the Capital Transfer Agreement.
- Exclusivity : The Purchaser is granted an exclusivity right for the period from the date of the Term Sheet until and including the date of signing of the Capital Transfer Agreement.

The Board wishes to emphasise that the Proposed Disposal may or may not proceed. The Proposed Disposal, if materialised, may constitute a notifiable transaction of the Company pursuant to the Listing Rules and the Company will comply with the relevant requirements under the Listing Rules as and when appropriate. Shareholders and the potential investors of the Company are urged to exercise caution when dealing in the shares of the Company. Further announcement will be made by the Company on any material developments in relation to the matter disclosed in this announcement as and when necessary.

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

Hong Kong, 4 October 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 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.