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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)

CHANGE IN USE OF PROCEEDS FROM THE LISTING

Financial adviser to the Company

VEDA | CAPITAL
智 略 資 本

Reference is made to the prospectus of Furniweb Holdings Limited dated 29 September 2017 (the “**Prospectus**”) in relation to the Listing on 16 October 2017. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

The Board would like to announce that the Board has resolved to change the use of net proceeds from the Listing.

USE OF PROCEEDS

It was disclosed in the section headed “Statement of business objectives and use of proceeds” in the Prospectus that the Company intended to use the net proceeds of approximately HK\$35.6 million (the “**Net Proceeds**”) from the Listing for the following purposes:

- (i) approximately 91% of the Net Proceeds, or approximately HK\$32.4 million will be used for expanding production capacity;
- (ii) approximately 5.6% of the Net Proceeds, or approximately HK\$2.0 million will be used for upgrading information technology systems; and
- (iii) approximately 3.4% of the Net Proceeds, or approximately HK\$1.2 million will be used for the funding of working capital and general corporate purposes.

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the remaining unutilised Net Proceeds (the “**Unutilised Net Proceeds**”) amount to approximately RM12.8 million (equivalent to approximately HK\$23.6 million). The Board has resolved to change the use of approximately RM7.3 million (equivalent to approximately HK\$13.5 million) out of the Unutilised Net Proceeds for (i) the consideration of HK\$8.5 million for the acquisition (the “**Potential Acquisition**”) of the entire issued shares (the “**Sale Shares**”) of RSI Securities Limited (the “**Target Company**”); and (ii) the Company to grant a term loan facility in the amount up to HK\$5.0 million (the “**Facility**”) to the Target Company. Breakdown of the planned use of Net Proceeds as stated in the Prospectus, utilised Net Proceeds up to the date of this announcement, Unutilised Net Proceeds up to the date of this announcement and the proposed change of use of Unutilised Net Proceeds (the “**Reallocation of Net Proceeds**”) are summarised as follows:

	Planned use of Net Proceeds as stated in the Prospectus <i>(RM million)</i>	Utilised Net Proceeds up to the date of this announcement <i>(RM million)</i>	Unutilised Net Proceeds up to the date of this announcement <i>(RM million)</i>	Reallocation of Net Proceeds <i>(RM million)</i>
Expanding production capacity	17.6	5.8	11.8	4.5
Upgrading information technology systems	1.1	0.1	1.0	1.0
Funding of working capital and general corporate purposes	0.6	0.6	—	—
Potential Acquisition and the Facility	—	—	—	7.3
Total	<u>19.3</u>	<u>6.5</u>	<u>12.8</u>	<u>12.8</u>

THE PROPOSED ACQUISITION

Rich Day Global Limited, as a purchaser (the “**Purchaser**”), a wholly owned subsidiary of the Company, shall enter into an agreement (the “**SP Agreement**”) with RSI Capital Limited, as a vendor (the “**Vendor**”), to acquire the Sale Shares, representing the entire issued share capital of the Target Company for a total consideration of HK\$8.5 million (the “**Consideration**”).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons as at the date of this announcement.

The Directors shall, based on arm’s length negotiations between the Purchaser and the Vendor, determine the Consideration with reference to, among other factors, (i) the financial position of the Target Company as at 30 June 2019; and (ii) evaluation of the business development opportunities to be presented to the Group subsequent to the Potential Acquisition.

Term Loan Facility

Pursuant to the SP Agreement, the Purchaser shall procure the Company to grant the Facility in the principal amount of HK\$5.0 million to the Target Company, which shall be interest free, repayable after 1 year from the date of drawdown of the term loan facility and shall be applied by the Target Company as its working capital.

REASONS FOR CHANGE IN USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sale of elastic textile, webbing products and Polyvinyl Chloride related products, and retail business.

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in securities broking and brokering introductory service. It currently holds the license to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and is a participant of the Hong Kong Exchanges and Clearing. The net assets of the Target Company as at 30 June 2019 as shown in the unaudited management accounts of the Target Company for the six months ended 30 June 2019 was approximately HK\$5.5 million.

As at the date of this announcement, there are approximately RM11.8 million Unutilised Net Proceeds intended to be utilised for expanding production capacity of the members of the Group. However, on 4 October 2019, the Company announced that it has entered into a term sheet to dispose of PEWAV(VN), which is a member of the Group principally engaged in the manufacture and sale of narrow elastic fabrics. In light of the above, the Directors are of the view that portion of the Unutilised Net Proceeds that was initially intended for the use of expanding the production capacity of PEWAV(VN) shall be reallocated.

The Group has been actively exploring various opportunities for investment projects and to broaden the scope of investment according to the market conditions with an aim to enhance Shareholders' value. The Directors consider that the existing manufacturing capacity of the Group is sufficient for its current operation and the Reallocation of Net Proceeds by investing in and providing the Facility to the Target Group may (i) allow the Group to participate in the development of the financial and securities services business in Hong Kong; (ii) diversifying the Group's business into other sources of income; and (iii) enhance and create long-term benefit for the Company and its Shareholders as a whole.

Having considered the above, the Board considers that the Reallocation of Net Proceeds for the purpose of the Potential Acquisition and providing the Facility (i) is fair and reasonable and would meet the needs of the Group more efficiently and enhance the flexibility in the financial management of the Group; and (ii) will not adversely affect the operation and business of the Group and is in the best interests of the Company and its Shareholders as a whole.

The Board will continuously assess the Group's business objectives and the use of proceeds as set out in the Prospectus and above, and will revise or amend such plans to cope with the changing market conditions to ensure the business growth of the Group. The Board confirms that, save as disclosed in this announcement, there are no other change to the use of the Net Proceeds.

The Potential Acquisition (including the provision of the Facility) is not a notifiable transaction under the GEM Listing Rules as all of the applicable percentage ratios as calculated under the GEM Listing Rules in respect of the Potential Acquisition (including the provision of the Facility) are less than 5%.

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

Hong Kong, 17 December 2019

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\$1.8446.

As at the date of this announcement, the non-executive Directors are Dato'Lim Heen Peok (the chairman of the Company) and Mr. Yang Guang, the executive Directors are Mr. Cheah Eng Chuan, Dato'Lua Choon Hann, Mr. Qu Weidong and Mr. Cheah Hannon, 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>.