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FURNIWEB HOLDINGS LIMITED

飛電控股有限公司

(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 2019 (the “**Year**”), the Group expects to record a substantial decline in its financial performance and anticipates to report a net loss for the Year of approximately RM43 million as compared to the net profit of approximately RM 0.9 million for the corresponding year in 2018.

The Group’s profitability for the Year was mainly affected by the following factors:

- (i) recognition of impairment loss on goodwill arising from Meinaide Holdings Group Limited (“**Meinaide**”), a subsidiary of the Company acquired in the Year whose principal business operations are carried out in China, mainly due to the challenging operating environment, in particular, the outbreak of COVID-19 which has materially and adversely impacted general business activities nationwide in China since January this year;
- (ii) recognition of impairment loss on assets held for the disposal (the “**Disposal**”) of Premier Elastic Webbing & Accessories (Vietnam) Co., Ltd. (“**PEWA**”) as the consideration of the Disposal is lower than the carrying amount of PEWA;
- (iii) recognition of impairment loss on goodwill arising from Furnitech Components (Vietnam) Co., Ltd., an associate of the Company due to weaker sales performance;
- (iv) increase in administrative expenses due to the one-off professional fees incurred mainly for the acquisition of Meinaide, which was completed on 28 June 2019; and
- (v) loss from the retail division of the Group mainly due to weaker sales performance, higher fixed overheads, and increased marketing expenses.

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 March 2020.

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, 28 February 2020

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, Dato' Lua Choon Hann 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 (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 herein or 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.*

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.