FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8480)

RELEASE OF QUARTERLY REPORT BY CONTROLLING SHAREHOLDER CONTAINING UNAUDITED FINANCIAL INFORAMTION ON ITS MANUFACTURING AND RETAIL DIVISIONS OPERATED BY THE GROUP

The 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 (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).

PRG Quarterly Report

PRG Holdings Berhad ("**PRG Holdings**", together with its subsidiaries, the "**PRG Group**"), the controlling shareholder of the Company, is a company listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**").

PRG Holdings has released to Bursa Malaysia a quarterly report on its unaudited consolidated results for the fourth quarter of 2019 (the "**PRG Quarterly Report**") today. The full version of the PRG Quarterly Report can be accessed via the following link:

https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3029663

The PRG Quarterly Report is required to be released not later than two months after the end of each quarter of a financial year in accordance with paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia (the "**Listing Requirements**"). The financial information set out in the PRG Quarterly Report has been prepared in accordance with Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements and has not been audited or reviewed by auditors.

Unaudited financial information regarding the manufacturing and retail divisions operated by the Group

The PRG Quarterly Report contains, among others, certain unaudited financial information on, and unaudited financial results contributed by, the **manufacturing and retail divisions** of the PRG Group (which is operated by the Group). Please refer to the **attachment** to this announcement for an extract of such unaudited financial information and results.

Final results of the Group for the year ended 31 December 2019

The results announcement of the Group for the financial year ended 31 December 2019, prepared in accordance with International Financial Reporting Standards, for publication and consideration the payment of a final dividend (if any), is expected to be published in March 2020.

Shareholders of the Company and public investors shall 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.

ATTACHMENT

Below is an extract from the PRG Quarterly Report regarding the unaudited financial and other information on the manufacturing and retail divisions of the PRG Group, which is operated by the Group.

The PRG Quarterly Report is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

A8 OPERATING SEGMENTS

For the year ended 31 December 2018 (restated)

	Continuing operations							Discontinued operations	
	Manufacturing RM'000	Retail RM'000	Property development & construction RM'000	Healthcare RM'000	Others RM'000	Eliminations RM'000	Total RM'000	RM'000	Total RM'000
Revenue									
Revenue from external customers	73,639	-	10,486	-	-	-	84,125	64,501	148,626
Inter-segment revenue	252	-	33,313	-	-	(33,565)	-	-	-
Total revenue	73,891	-	43,799	-	-	(33,565)	84,125	64,501	148,626
Segment results	5,698	(762)	(12,158)	(770)	(3,630)	-	(11,622)	7,371	(4,251)
Share of profit/(loss) of a joint venture (net of tax)	332	-	-	(172)	-	-	160	-	160
Share of loss of associates (net of tax)	(1,029)	-	(84)	(56)	-	-	(1,169)	-	(1,169)
Profit/(Loss) before tax	5,001	(762)	(12,242)	(998)	(3,630)	-	(12,631)	7,371	(5,260)
Tax expense							(1,274)	(1,546)	(2,820)
Loss for the financial year							(13,905)	5,825	(8,080)

For the year ended 31 December 2019

	Continuing operations							Discontinued operations	
	Manufacturing RM'000	Retail RM'000	Property development & construction RM'000	Healthcare RM'000	Others RM'000	Eliminations RM'000	Total RM'000	RM'000	Total RM'000
Revenue									
Revenue from external customers	120,211	6,376	6,108	-	-	-	132,695	16,498	149,193
Inter-segment revenue	17,660	-	6,568	-	-	(24,228)	-	-	-
Total revenue	137,871	6,376	12,676	-	-	(24,228)	132,695	16,498	149,193
Segment results	(29,373)	(6,890)	(11,455)	(5,705)	(4,185)	-	(57,608)	(2,632)	(60,240)
Share of profit/(loss) of joint ventures (net of tax)	294	-	-	(49)	-	-	245	-	245
Share of loss of associates (net of tax)	(591)	(798)	(15)	(374)	-	-	(1,778)	-	(1,778)
Profit/(Loss) before tax	(29,670)	(7,688)	(11,470)	(6,128)	(4,185)	-	(59,141)	(2,632)	(61,773)
Tax expense							(2,874)	(1,827)	(4,701)
Loss for the financial year							(62,015)	(4,459)	(66,474)

B1 ANALYSIS OF PERFORMANCE

a) Manufacturing

The revenue of RM52.1 million from manufacturing segment for the current quarter of year 2019 was RM31.6 million higher than RM20.5 million recorded in the corresponding quarter of 2018. The segment's revenue for the 12 months ended 31 December 2019 of RM120.2 million was RM46.6 million higher than RM73.6 million recorded in preceding year.

Loss before tax from manufacturing segment for the current quarter of year 2019 was RM33.1 million, representing higher loss of RM35.4 million as compared to profit before tax of RM2.3 million recorded in the corresponding quarter of 2018. The segment's loss before tax for the 12 months ended 31 December 2019 was RM29.7 million, representing higher loss of RM34.7 million as compared to profit before tax of RM5.0 million recorded in preceding year.

Revenue from manufacturing segment has increased by RM46.6 million for financial year ended 31 December 2019, mainly due to additional revenue contributed by the newly acquired subsidiary starting from third quarter of 2019 of approximately RM38.6 million (2018: Nil) as well as increase in sales volume for covered elastic yarn and webbing products during the financial year under review as compared to preceding year.

The increase in loss before tax of RM34.7 million in manufacturing segment for the financial year ended 31 December 2019 was mainly due to the impairment losses of goodwill, receivables and investment in associate amounted to RM30.2 million, RM5.6 million and RM3.2 million respectively and the higher corporate expenses of RM2.7 million (2019: RM4.2 million; 2018: RM1.5 million), mainly due to higher professional fee of RM1.8 million including the professional fees for the acquisition of Meinaide of RM1.5 million as well as a few corporate exercises and transactions carried out during the financial year. The overall decrease in profit was partially offset by the profit contributed by the newly acquired subsidiaries of RM6.4 million (2018: Nil).

b) Retail

Loss before tax of RM7.7 million for retail segment (2018: RM0.8 million) was due to slower sales during the year as the new business needs to undergo a gestation period. The performance of retail segment was impacted by start-up cost and pre-operating overhead cost, marketing expenses to promote the brands and grand opening expenses of shops as well as higher depreciation of right of use assets and interest on lease liabilities arising from adoption of MFRS 16 Leases as compared to rental expense.

B3 PROSPECTS FOR NEXT FINANCIAL YEAR

The outbreak of the novel coronavirus (COVID-19) has adversely affect the global supply chain. The uncertainty in the global economies, impact on supply chain, unresolved trade war, volatility in currency and the intensifying regional business competition have made our operating environment very challenging. Global economy is expected to be even weaker in 2020.

In view of the rapid change of global economy and competition landscape, the Manufacturing Division will continue to explore new potential export markets, broadening its products application and potential strategic partnership. The Group will be cautious in implementing its business strategies, closely monitor the volatility of raw material prices, regularly review its pricing strategies and cost structure as well as take more effective measures to control its overhead costs and expenses. Notwithstanding the above, the Group is also constantly reviewing its portfolio and identifying opportunities in investing into new potential business and joint venture or divesting on current non-profitable entity in order to enhance its overall profitability.

The retail sector is suffering from further headwinds with the outbreak of COVID-19. The visitor arrivals and overall consumption have deteriorated, the retail outlook is expected to be extremely challenging. During the current adverse climate, the Retail Division has negotiated with landlords for rental concessions, shorten store operational hours, marketing support for both retailer-driven promotions and mall-wide marketing initiatives. The Group hopes that with the holistic support from landlords, exploring different sales channels such as digital retailing and social medias as well as cost-saving strategies would overcome this challenging time.

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