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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE DISPOSAL COMPANY

THE DISPOSAL

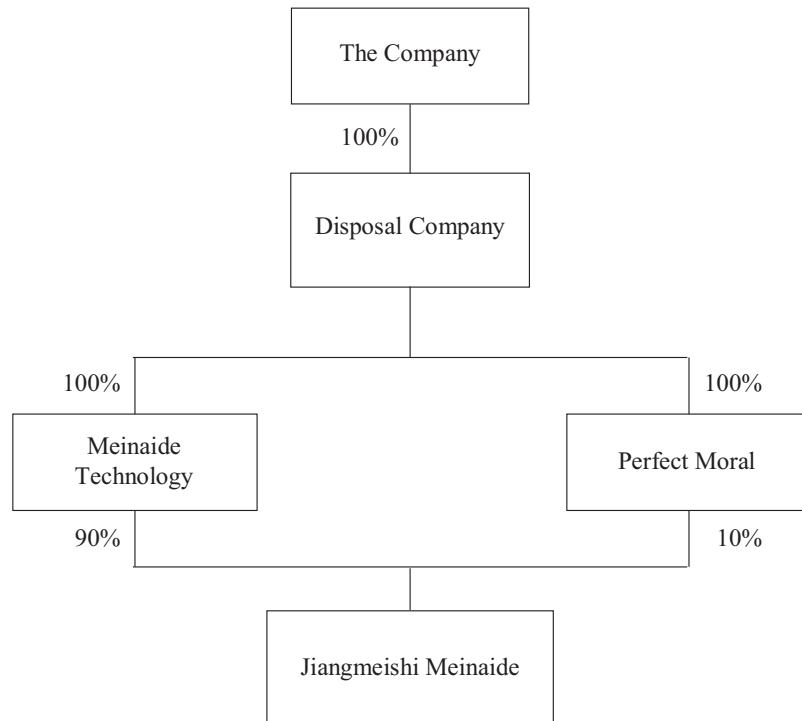
The Board is pleased to announce that on 19 September 2023 (after trading hours), the Company entered into the Agreement with the Purchaser in respect of the Disposal. Pursuant to the Agreement, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing the entire issued share capital of the Disposal Company, at the Consideration of HK\$15,000,000 (equivalent to approximately RM8,878,500). Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

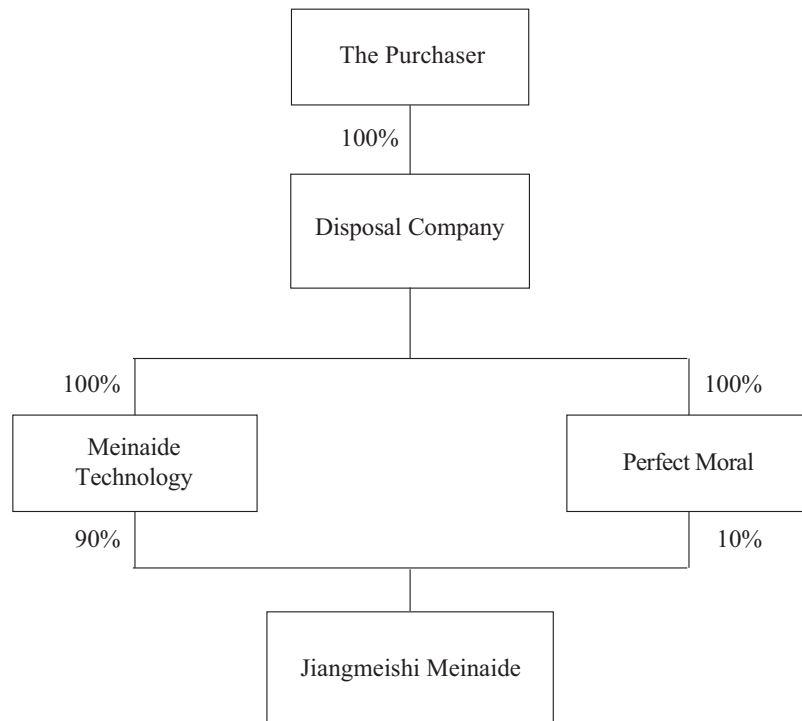
As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) for the Disposal are more than 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the conditions precedent of the Agreement, and the Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

The following chart sets forth the shareholding and corporate structure of the Disposal Group immediately before Completion:



The following chart sets forth the shareholding and corporate structure of the Disposal Group upon Completion:



Basis of Consideration

The Consideration for the Disposal is HK\$15,000,000 (equivalent to approximately RM8,878,500) which shall be payable by the Purchaser in cash to the Company (or his nominee).

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to (i) unaudited consolidated net asset value of the Disposal Group of approximately HK\$16,764,000 (equivalent to approximately RM9,923,000) as at 30 June 2023; (ii) the historical financial performance of the Disposal Group; (iii) the business prospects of the Disposal Group; and (iv) the prevailing market conditions of the polyvinyl chloride ("PVC") and plastics product industry in Hong Kong and the PRC.

Conditions precedent

Completion shall be subject to the fulfilment or (if applicable) waiver of the following conditions precedent:

- (i) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether on legal, accounting, financial, operational, properties or other aspects that the Purchaser may consider necessary) on the Disposal Group and its assets, liabilities, activities, operations, prospects and other status which the Purchaser, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (ii) (if applicable) the receipt from the Company of all such waivers, consents or other documents as the Purchaser may require in relation to the completion of the transactions contemplated under the Agreement;
- (iii) there is no Material Adverse Change or prospective Material Adverse Change in the Disposal Group's business, operations, financial conditions or prospects taken as a whole since the date of the Agreement; and
- (iv) the Purchaser being satisfied that, from the date of the Agreement and at any time before the Completion, that the Company's Warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Company's Warranties or other provisions of the Agreement by the Company.

Save that the Purchaser may at any time prior to the Long Stop Date waive conditions precedent (i), (iii) and (iv), all the other conditions precedent are not capable of being waived by either parties to the Agreement.

If any of the conditions precedent shall not have been fulfilled or (if applicable) waived at or before 5:00 p.m. on the Long Stop Date, all rights and obligations of the parties under the Agreement shall cease and terminate and no party thereto shall have any claim against the other save for claim (if any) in respect of any antecedent breach thereof.

Completion

Completion shall take place on the third Business Day after the conditions precedent under the Agreement have been fulfilled (or waived), or such other date as the Company and the Purchaser may agree.

INFORMATION OF THE DISPOSAL GROUP

The Disposal Company is a company incorporated in BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Disposal Company owns the entire issued share capital of each of Meinaide Technology, which is a company incorporated in Hong Kong with limited liability and is principally engaged in trading and sales of PVC and other plastic products, and Perfect Moral, which is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

As at the date of this announcement, Meinaide Technology and Perfect Moral directly holds 90% and 10% of the registered capital of Jiangmenshi Meinaide, respectively. Jiangmenshi Meinaide is a company established in the PRC with limited liability and is principally engaged in the production and sales of PVC and other plastic products.

Set forth below is the unaudited financial information of the Disposal Group for the financial years ended 31 December 2021 and 2022:

	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	49,002	32,996
Loss before taxation	33,272	1,090
Loss after taxation	33,395	992

As at 30 June 2023, the unaudited consolidated net asset value of the Disposal Group was approximately HK\$16,764,000 (equivalent to approximately RM9,923,000).

INFORMATION OF THE PARTIES TO THE AGREEMENT

The Company

The Company is incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM of the Stock Exchange (stock code: 8480). The Group is principally engaged in manufacture and sale of elastic textile, webbing, rubber tape and PVC related products, and energy efficiency business.

The Purchaser

The Purchaser is a company incorporated in BVI with limited liability and is principally engaged in investment holding. The ultimate beneficial owner of the Purchaser is Ms. So Wun Wah (蘇浣樺).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

REASONS AND BENEFITS FOR THE DISPOSAL

The Disposal Group recorded loss after taxation of approximately HK\$33.4 million (equivalent to approximately RM19.8 million) and HK\$1.0 million (equivalent to approximately RM0.6 million) for the year ended 31 December 2021 and 2022, respectively. The unsatisfactory performance of the Disposal Group was mainly due to (i) the decrease in sales orders resulted from weak market demand; and (ii) increase in operating costs caused by rising inflation.

Additionally, geopolitical risk in the PRC stemming from the COVID-19 pandemic and trade tensions continued to affect the performance of the Disposal Group during the period. These risks included disruption in global supply chains as well as tariffs and trade restrictions imposed which may affect the Disposal Group's ability to operate smoothly and adapt to changing market conditions going forward.

While the PRC economy is gradually recovering from the outbreak of the COVID-19 pandemic and trade tensions, the uncertain economic outlook has continued to undermine consumer confidence, resulting in weakened consumer spending and household consumption in the PRC. In view of the uncertain and challenging economic environment in the PRC, it is anticipated that the business and financial performance of the Disposal Group will continue to be adversely affected by weak market demand.

Taking into account the unfavourable and uncertain market conditions and the continuous loss-making position of the Disposal Group, the Board considers that the Disposal can prevent the Group from suffering further losses and cash outflow for the underperforming PVC and other plastics products business. The Board also believes that the Disposal provides a good opportunity for the Group to focus its resources on other business segments with relatively higher profitability and/or growth potential which is conducive to the long-term growth and development of the Group. Besides, the Disposal aligns with the Group's strategy of streamlining operations and disposing business with low profitability in order to reduce operating costs and enhance its financial position. The Group intends to apply the proceeds from the Disposal for replenishing its working capital.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Agreement and the Disposal are fair and reasonable and are on normal commercial terms and that the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

It is estimated that the Company will record a preliminary gain on the Disposal in the amount of approximately HK\$0.04 million (equivalent to approximately RM0.02 million), being the difference between (i) the Consideration in connection with the Disposal; and (ii) the net assets of the Disposal Group and realisation of exchange translation reserve of the Disposal Group. The actual gain arising from the Disposal will be subject to audit by the Company's auditors and may be different from the abovementioned amount.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) for the Disposal are more than 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the conditions precedent of the Agreement, and the Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement”	the sale and purchase agreement dated 19 September 2023 and entered into between the Company and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“Company”	Furniweb Holdings Limited (飛電控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 8480)
“Company’s Warranties”	the warranties provided by the Company under the Agreement

“Completion”	completion of the Disposal contemplated under the Agreement
“connected person(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Disposal in the amount of HK\$15,000,000 (equivalent to approximately RM8,878,500)
“Director(s)”	the director(s) of the Company
“Disposal”	the transfer of the Sale Shares from the Company to the Purchaser as contemplated under the Agreement
“Disposal Company”	Meinaide Holdings Group Limited (美耐德控股集團有限公司), a company incorporated in BVI and a direct wholly-owned subsidiary of the Company prior to Completion
“Disposal Group”	the Disposal Company and its subsidiaries
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“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 PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Jiangmeishi Meinaide”	Jiangmenshi Meinaide Technology Company Limited* (江門市美耐德科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Disposal Company
“Long Stop Date”	six months from the date of signing of the Agreement (or such later date as the Company and the Purchaser may agree in writing)

“Material Adverse Change”	any change (or effect) which has a material and adverse effect on the financial position, business or prospects or results of operations, of the Disposal Group as a whole
“Meinaide Technology”	Meinaide Technology Development Limited (美耐德科技發展有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Disposal Company
“Perfect Moral”	Perfect Moral Ventures Limited (美德創投有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Disposal Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Omen Wealth Limited (兆富有限公司), a company incorporated in BVI with limited liability
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“Sale Shares”	50,000 ordinary shares in the Disposal Company, representing the entire issued capital of the Disposal Company
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* *For identification only*

For the purpose of this announcement, the exchange rate of HK\$1 = RM0.5919 has been used for currency translation, where applicable.

By order of the Board
FURNIWEB HOLDINGS LIMITED
Dato’Lim Heen Peok
Chairman

Hong Kong, 19 September 2023

As at the date of this announcement, the non-executive Directors are Dato' Lim Heen Peok (the chairman) and Mr. Ng Tzee Penn, the executive Directors are Mr. Cheah Eng Chuan, Dato' Lua Choon Hann and Er. Kang Boon Lian, and the independent non-executive Directors are Mr. Ho Ming Hon, Dato' Sri Dr. Hou Kok Chung and Dato' Lee Chee Leong.

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 Listed 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>.