FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8480)

TERMINATION OF SHARES SALE AGREEMENT AND DISCLOSEABLE TRANSACTION IN RELATION TO INVESTMENT IN THE TARGET COMPANY BY WAY OF SUBSCRIPTION BY THE SUBSCRIBER

Financial adviser to the Company

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TERMINATION DEED

On 8 November 2019 (after trading hours), the Company and the Purchaser, entered into the Termination Deed whereby the SSA Parties mutually agreed to terminate the Shares Sale Agreement and the transactions contemplated thereunder with effect from the date of the Termination Deed.

SUBSCRIPTION AGREEMENT

On 8 November 2019 (after trading hours), the Target Company and the Subscriber entered into the Subscription Agreement whereby the Target Company has agreed to issue, and the Subscriber has agreed to subscribe, 35% of the equity interests of the Target Company at the subscription price of RM6,450,000 (equivalent to approximately HK$12,180,000).

GEM LISTING RULES IMPLICATIONS

The Subscription is a deemed disposal of the Target Company by the Group and as the applicable percentage ratios as calculated under the GEM Listing Rules in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Reference is made to the announcement of the Company dated 7 August 2019 (the "**Announcement**") in relation to, among others, the Shares Sale Agreement in relation to the Disposal. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

THE TERMINATION DEED

The Board announces that on 8 November 2019 (after trading hours), the Company and the Purchaser, (collectively, the "**SSA Parties**") entered into a termination deed (the "**Termination Deed**") whereby the SSA Parties mutually agreed to terminate the Shares Sale Agreement and the transactions contemplated thereunder (the "**Termination**") with effect from the date of the Termination Deed. Following the Termination, neither of the parties have any further rights or obligation and each SSA Parties releases the other party from the due performance and observance of all its obligations and covenants under the Shares Sale Agreement.

The Board has decided not to proceed with the proposed Disposal after conducting negotiations with Ignatius International Private Limited (the "**Subscriber**") in relation to the entering of a subscription agreement (the "**Subscription Agreement**") between the Target Company and the Subscriber as stated below in this announcement. Accordingly, the Board considers that the Termination does not have any material adverse impact on the business operations and financial position of the Group.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date	8 November 2019
Parties	(i) the Target Company, as the issuer (the "**Issuer**"); and
	(ii) Ignatius International Private Limited, as the Subscriber.

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

Subject matter

Pursuant to the Subscription Agreement, the Target Company has agreed to issue, and the Subscriber has agreed to subscribe, 35% of the equity interests of the Target Company (the "**Subscription Shares**") at the subscription price of RM6,450,000 (equivalent to approximately HK$12,180,000) (the "**Subscription Price**").

Subscription Price

The Subscription Price is in the amount of RM6,450,000 (equivalent to approximately HK$12,180,000) and was determined after arm's length negotiations between the Company and the Subscriber with reference to, among others, (i) the current financial position of the Target Group; (ii) the Target Group's historical loss making performance; and (iii) the business development opportunities to be introduced by the Subscriber to the Target Group. The Directors consider that the Subscription Price was fair and reasonable and in the interest of the Company and its shareholders taken as whole.

Conditions precedent

Completion of the Subscription shall be conditional upon and subject to the fulfilment or waiving (as the case may be) of the followings:

(a) the Subscriber being satisfied with the results of its due diligence investigation into the financial and legal due diligence on the Target Group;

(b) the completion of capitalization of the intercompany balances of up to HK$22,620,000 into share capital of the Target Company all of which shall be issued and fully paid up; and

(c) the approval of the board of directors of the Target Company to the issuance of the Subscription Shares to the Subscriber upon the term and conditions in the Subscription Agreement.

Completion of the Subscription will be falling on which all the conditions above have been fulfilled or waived (as the case may be) in accordance with the terms set out under the Subscription Agreement. If the above conditions are not fulfilled or waived by the business day falling 7 days after (i) the date falling 30 days from the date of the Subscription Agreement ("**Cut-Off Date**"); or (ii) the date falling 30 days from the expiry of the Cut-Off Date, or such other date as may be agreed upon between the parties of the Subscription Agreement upon which completion is to take place, the Subscriber shall be entitled to terminate the Subscription Agreement by giving notice to that effect to the Company (in which event the provision of "consequences of termination") shall apply.

Consequences of termination

Following the giving of a notice terminating the Subscription Agreement, pursuant to any of the provisions of the Subscription Agreement, as between the Target Company and the Subscriber neither shall have any further rights or obligations under the Subscription Agreement to the other, except in respect of:

(i) any right or obligation under the Subscription Agreement which is expressed to apply or continue to be binding after the termination of the Subscription Agreement; and

(ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the Subscription Agreement to either party prior to such termination.

INFORMATION ON THE PARTIES OF THE SUBSCRIPTION AGREEMENT

The Subscriber is a private company incorporated in Singapore and is a conglomerate group which principally engaged in food and beverage, agriculture, technology and e-payment system services. The Subscriber is a third party independent of and not connected with the Company and its connected persons.

The Target Company is a wholly-owned subsidiary of the Company as at the date of this announcement, incorporated in Hong Kong on 25 November 2016 with limited liability. It has (i) a wholly-owned subsidiary in PP Retail Pte. Ltd. which is a company principally engaged in the retail sale of clothing, footwear and ancillary accessories in Singapore; and (ii) a 49% owned company namely Skilltrain Co., Ltd. which is a company principally engaged in the retail sale of clothing, footwear and ancillary accessories in Thailand.

The unaudited net liabilities of the Target Group as at 30 June 2019 as shown in the unaudited management accounts of the Target Group was approximately RM2.6 million (equivalent to approximately HK$4.9 million). The unaudited loss before and after tax of the Target Group for each of the two years ended 31 December 2018 were as follows:

	For the year ended 31 December 2018	**For the year ended 31 December 2017**
	RM	*RM*
Loss before taxation	761,129	7,879
Loss after taxation	761,129	7,879

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

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.

As stated in the Announcement, the Group was intended to optimize its asset structure through liquidizing its remnant assets through the Disposal. Having considered (i) the Subscriber is willing to invest in the Target Company; (ii) the Subscription provides additional working capital as an attractive opportunity to further develop the retail business of the Target Group; and (iii) the Subscriber may bring positive impacts to the development of the businesses of the Target Group and the Group, the Directors (including the independent non-executive Directors) are in the view that the terms and conditions in the Subscription Agreement are on normal commercial terms and the entering of the Subscription Agreement is in the best interests of the Company and the Shareholders as a whole.

Upon completion of the Subscription, the Target Company will be held as to 65% by the Company and become a non-wholly owned subsidiary of the Company. The change in the ownership interest in the Target Company shall not result in loss of control in the Target Group. Accordingly, the assets, liabilities and financial results of the Target Group will continue to be included in the consolidated financial statements of the Group and the Subscription will not result in the recognition of any gain or loss in the consolidated income statement of the Group.

The net proceeds in the amount of RM6.3 million (equivalent to approximately HK$11.9 million) from the Subscription is intended to be used as additional working capital of the Target Company.

GEM LISTING RULES IMPLICATIONS

The Subscription is a deemed disposal of the Target Company by the Group and as the applicable percentage ratios as calculated under the GEM Listing Rules in respect of the Subscription are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As none of the Directors has a material interest in the Subscription, no Director is required to abstain from voting on the relevant resolution of the Board approving the Subscription.

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$1.8884.

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

Hong Kong, 8 November 2019

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.