FURNIWEB HOLDINGS LIMITED
飛霓控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8480)

SUPPLEMENTAL ANNOUNCEMENT:
DISCLOSABLE TRANSACTION
DISPOSAL OF PEWA

Reference is made to the announcement of Furniweb Holdings Limited (the "**Company**") dated 10 January 2020 (the "**Announcement**") in relation to the Group's disposal of PEWA by the Vendors to the Purchaser. Unless otherwise stated, capitalised terms used in this announcement have the same meanings as defined in the Announcement.

The Company would like to provide its shareholders and the potential investors of the Company with additional information in relation to the Disposal as follows:

FURTHER INFORMATION ON THE CAPITAL TRANSFER AGREEMENT

Information of Uncollected Debts and Unrecorded Liabilities

As disclosed in "Capital Transfer Agreement - Consideration and payment terms - (2)(b) and (c)" of the Announcement, approximately 46.3% of the Agreed Loan Consideration payable by the Purchaser, may be subject to adjustment by deducting the amount of the uncollected debts owed to the Target Company (the "**Uncollected Debts**") by its debtors or the unrecorded liabilities of the Target Company (the "**Unrecorded Liabilities**") arising on or before 30 November 2019.

As at 30 November 2019, the nature and the unaudited amount of the Uncollected Debts and the Unrecorded Liabilities were as follows:

(a) Uncollected Debts of principally trade receivables in the amount of approximately VND12,439,211,000 (equivalent to approximately USD537,000) which, to the best knowledge of the Directors, have no major recoverability problems; and

(b) Unrecorded Liabilities represent mainly shortfall in accruals of operating expenses and contingent liabilities, if any, which, to the best knowledge of the Directors, are of immaterial amount.

In view of the above, the Directors expect that any adjustments as may require to be made relating to the Uncollected Debts or the Unrecorded Liabilities will not have a material impact on the Agreed Loan Consideration payable to the Vendors.

Reasons for settling the Agreed Settlement Debt at a discount to its book value and deferred payment of the part of the Agreed Loan Consideration

Having taken into account the loss-making results of the Target Company in 2018 (based on audited financial statements) and for the six months ended 30 June 2019 (based on unaudited management accounts) and the trading prospect of the Target Company going forward which is not promising in view of the outlook of the narrow elastic fabric industry in which the Target Company is engaging, the Board considered the amount due to the Group by the Target Company as at 30 June 2019 (the "**Intercompany Loans**") is unlikely to be fully recovered in the near future. Accordingly, the Group valued the Intercompany Loans at a discount. Based on the unaudited statement of financial position of the Target Company as at 30 November 2019 and to the best knowledge of the Directors, the recoverable amount of the Intercompany Loans was in the sum of approximately USD1.7 million, representing a discount of approximately USD1.3 million (or approximately 44%) to their book value. In light of the above, the Directors consider the amount of the Agreed Settlement Debt, is fair and reasonable.

Based on its unaudited statement of financial position as at 30 November 2019, the Target Company had cash and bank balances of approximately USD0.3 million and net current liabilities of approximately USD2.3 million. In view of the additional financing that the Target Company may require in the future and after commercial negotiation with the Purchaser, the Directors consider the settlement of the Agreed Loan Consideration in the sum of approximately USD2,545,911 in cash by three installments, with the final installment (representing 23.2% of the Agreed Loan Consideration) due within 12 months from the date of the Capital Transfer Agreement, is fair and reasonable.

The Directors also consider the Disposal and the terms of the Capital Transfer Agreement are in the interests of the Company and its shareholders as a whole because:

1. the Directors anticipated that the operating and financial performance of the Group will be improved after the Disposal;

2. a pre-tax loss arising from the Disposal (inclusive of the discount to Intercompany Loans) based on the unaudited statement of financial position of the Target Company as at 30 June 2019 was expected at approximately USD68,000 which is insignificant to the financial position of the Group and the actual amount, if any, will be subject to audit; and

3. the proceeds from the Disposal and working capital spared from supporting the operational needs of the Target Company in the future could be applied in furthering the existing business of the Group or developing new business with more promising returns.

FURTHER INFORMATION ON THE PURCHASER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is ultimately owned by 13 individuals who are all Hong Kong citizens,

(a) one of them is Mr. Cheung Sui Lung (the Guarantor) who is a merchant with over 30 years of experience in the manufacturing industry;

(b) five of them are merchants with around 10 to over 50 years of experience in the manufacturing industry; and

(c) seven of them are passive investors.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser is ultimately owned by 13 individuals who are all Hong Kong citizens; (ii) each of the Purchaser and its respective ultimate beneficial owners are independent of and not connected with the Company and its connected persons and (iii) there is no single ultimate beneficial owner of the Purchaser who could control it.

FURTHER INFORMATION ON THE INTENDED USE OF PROCEEDS

The net proceeds derived from the Disposal are intended to be used as general working capital of the Group.

Note: When translated, each USD amount stated in this announcement was translated at the exchange rates of USD1 to VND23,155 and USD1 to RM4.09876.

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

Hong Kong, 13 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.