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FUTURE WORLD FINANCIAL HOLDINGS LIMITED

未來世界金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

The board of directors (the “**Board**”) of Future World Financial Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2017 together with comparative figures for the corresponding period of 2016 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2017

| | | Six months ended 30 June | |
|---|--------------|---------------------------------|----------------|
| | | 2017 | 2016 |
| | <i>Notes</i> | <i>HKD'000</i> | <i>HKD'000</i> |
| Revenue | <i>3</i> | 83,076 | 3,461 |
| Cost of sales | | (1,653) | (102) |
| Gross profit | | 81,423 | 3,359 |
| Other income | | 1,486 | 165 |
| Gain on disposal of a subsidiary | | 19 | – |
| Gain on disposal of associates | | 216 | – |
| Administrative expenses | | (14,609) | (7,284) |
| Impairment loss on property, plant and equipment | <i>10</i> | (14,760) | – |
| Provision for the onerous contract of the committed lease and other payments | <i>10</i> | (8,445) | – |
| Change in fair value of held-for-trading investments | | 266,514 | (7,775) |
| Change in fair value of derivative financial instrument | | 600 | (3,415) |
| Change in fair value of investment property | <i>10</i> | 6,000 | – |
| Share of profit of associates | | 1,794 | 727 |
| Share-based payment expenses | | (10,490) | – |

| | Notes | Six months ended 30 June | |
|---|-------|----------------------------|------------------------------|
| | | 2017 HKD'000 | 2016 HKD'000 |
| Operating profit/(loss) | | 309,748 | (14,223) |
| Finance costs | 5 | <u>(1,565)</u> | <u>(2,452)</u> |
| Profit/(Loss) before income tax | 6 | 308,183 | (16,675) |
| Income tax expenses | 7 | <u>(378)</u> | <u>(44)</u> |
| Profit/(Loss) for the period | | <u>307,805</u> | <u>(16,719)</u> |
| Other comprehensive income: | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Change in fair value of available-for-sale financial assets | | <u>(7,833)</u> | <u>–</u> |
| Other comprehensive income for the period, net of income tax | | <u>(7,833)</u> | <u>–</u> |
| Total comprehensive income for the period, net of income tax | | <u>299,972</u> | <u>(16,719)</u> |
| Profit/(Loss) for the period attributable to: | | | |
| – Owners of the Company | | 307,805 | (16,719) |
| – Non-controlling interests | | <u>–</u> | <u>–</u> |
| | | <u>307,805</u> | <u>(16,719)</u> |
| Total comprehensive income for the period attributable to: | | | |
| – Owners of the Company | | 299,972 | (16,719) |
| – Non-controlling interests | | <u>–</u> | <u>–</u> |
| | | <u>299,972</u> | <u>(16,719)</u> |
| Earnings/(Losses) per share | | | |
| – Basic | 9 | HK4.82 cents | (HK0.29 cents) |
| – Diluted | | <u>HK4.64 cents</u> | <u>(HK0.29 cents)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

| | <i>Notes</i> | 30 June 2017 HKD'000 | 31 December 2016 HKD'000 |
|---|--------------|-------------------------------------|--------------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | <i>10</i> | 3,788 | 3,352 |
| Investment property | <i>10</i> | 278,000 | 272,000 |
| Interests in associates | | – | 4,990 |
| Promissory note receivable | | – | 27,800 |
| Available-for-sale financial assets | | 42,350 | – |
| | | 324,138 | 308,142 |
| CURRENT ASSETS | | | |
| Held-for-trading investments | <i>11</i> | 572,724 | 310,256 |
| Interest in a film in progress | | 12,960 | 12,960 |
| Trade and other receivables | <i>12</i> | 2,642 | 30,324 |
| Loan and interest receivables | <i>12</i> | 147,057 | 14,590 |
| Loan receivable from a former associate/ an associate | | 90,000 | 90,000 |
| Derivative financial instrument | | 2,093 | 1,493 |
| Cash and bank balances | | 18,419 | 29,169 |
| | | 845,895 | 488,792 |
| CURRENT LIABILITIES | | | |
| Accruals, other payables and provision for other liabilities | | 31,571 | 21,968 |
| Bank borrowings | <i>13</i> | 113,270 | 114,569 |
| Other borrowings | <i>14</i> | 67,469 | – |
| Income tax payable | | 31,099 | 31,877 |
| | | 243,409 | 168,414 |
| NET CURRENT ASSETS | | 602,486 | 320,378 |
| NET ASSETS | | 926,624 | 628,520 |
| CAPITAL AND RESERVES | | | |
| Share capital | <i>15</i> | 6,485 | 6,485 |
| Treasury shares | <i>15</i> | (22) | – |
| Reserves | | 920,165 | 622,039 |
| Equity attributable to owners of the Company | | 926,628 | 628,524 |
| Non-controlling interests | | (4) | (4) |
| Total equity | | 926,624 | 628,520 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Future World Financial Holdings Limited (the “**Company**”) was a limited liability company incorporated in the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in securities trading and investment, provision of financing services, property investment in Hong Kong, e-commerce business and trading business and related services.

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2017 (“**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2016.

Save as described in note 2, which are effective for the Group’s financial year beginning on 1 January 2017, the accounting policies adopted in the Interim Financial Statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

The Interim Financial Statements have not been audited. In respect of the consolidated financial statements of the Group for the year ended 31 December 2016, the Group’s auditor who has engaged to conduct an audit thereof had expressed a disclaimer of opinion. Details of which were set out in the annual report of the Company for the year ended 31 December 2016 dated 31 March 2017.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis, except for the investment property, available-for-sale financial assets, held-for-trading investments and derivative financial instrument, which are measured at fair values, as appropriate.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs that are relevant for the preparation of the Group's Interim Financial Statements:

| | |
|-----------------------|--|
| Amendments to HKAS 7 | Disclosure Initiative |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2014-2016 Cycle (relating to Amendments to HKFRS 12 Disclosure of Interests in Other Entities) |

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or the disclosures in the Interim Financial Statements.

3. REVENUE

Revenue represents the income received and receivable from the Group's principal activities including i) securities trading and investment; ii) provision of financing services; and iii) property investment during the periods. An analysis of the Group's revenue for the periods is as follows:

| | Six months ended 30 June | |
|--|---------------------------------|-----------------------|
| | 2017 | 2016 |
| | <i>HKD'000</i> | <i>HKD'000</i> |
| Gain on disposal of held-for-trading investments | 9,360 | – |
| Dividend income from investments | 70,214 | 334 |
| Interest income from provision of financing services | 2,302 | 427 |
| Rental income from property investment | 1,200 | 2,700 |
| | <u>83,076</u> | <u>3,461</u> |

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Since September 2016, the Group commenced the licensing of e-commerce platform as a membership points redemption online store ("**Licensing of e-commerce platform**"). The Licensing of e-commerce platform became a new operating activity of the Group and this segment is separately assessed by the CODM. Therefore, this segment was reported as a new reportable and operating segment in the annual consolidated financial statements of the Group for the year ended 31 December 2016.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segment* are as follows:

- Trading business and related services
- Securities trading and investment
- Provision of financing services
- Property investment
- Licensing of e-commerce platform

Segment revenues and financial performance

The following is an analysis of the Group's revenue and financial performance by reportable and operating segments:

| | Trading business and related services | | Securities trading and investment | | Provision of financing services | | Property investment | | Licensing of e-commerce platform | | Total | |
|--|---------------------------------------|---------|-----------------------------------|---------|---------------------------------|---------|--------------------------|---------|----------------------------------|---------|--------------------------|----------|
| | Six months ended 30 June | | Six months ended 30 June | | Six months ended 30 June | | Six months ended 30 June | | Six months ended 30 June | | Six months ended 30 June | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 |
| Revenue | | | | | | | | | | | | |
| – External sales | – | – | 79,574 | 334 | 2,302 | 427 | 1,200 | 2,700 | – | – | 83,076 | 3,461 |
| Segment (loss)/profit | (1,003) | (298) | 343,654 | (7,944) | 2,291 | 392 | 5,586 | (132) | (27,763) | – | 322,765 | (7,982) |
| Unallocated corporate income | | | | | | | | | | | 1,440 | 158 |
| Unallocated corporate expenses | | | | | | | | | | | (8,160) | (6,163) |
| Change in fair values of derivative financial instrument | | | | | | | | | | | 600 | (3,415) |
| Gain on disposal of a subsidiary | | | | | | | | | | | 19 | – |
| Gain on disposals of associates | | | | | | | | | | | 216 | – |
| Share of profit of associates | | | | | | | | | | | 1,794 | 727 |
| Share-based payment expenses | | | | | | | | | | | (10,490) | – |
| Finance costs | | | | | | | | | | | (1) | – |
| Profit/(Loss) before income tax | | | | | | | | | | | 308,183 | (16,675) |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned/(loss incurred) by each segment without allocation of certain administration costs, directors' emoluments, other income, certain loss/gain on disposals of a subsidiary/associates, share-based payment expenses, change in fair value of derivative financial instrument, share of profit of associates and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

| | 30 June | 31 December |
|---------------------------------------|------------------|----------------|
| | 2017 | 2016 |
| | HKD'000 | HKD'000 |
| Segment assets | | |
| Trading business and related services | 613 | 724 |
| Securities trading and investment | 618,954 | 313,576 |
| Provision of financing services | 238,554 | 20,027 |
| Property investment | 279,962 | 300,951 |
| Licensing of e-commerce platform | 15,683 | 54,536 |
| | <hr/> | <hr/> |
| Total segment assets | 1,153,766 | 689,814 |
| Unallocated corporate assets | 16,267 | 107,120 |
| | <hr/> | <hr/> |
| Consolidated assets | 1,170,033 | 796,934 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Segment liabilities | | |
| Trading business and related services | 1,134 | 1,017 |
| Securities trading and investment | 67,619 | 150 |
| Provision of financing services | 573 | 260 |
| Property investment | 115,435 | 115,610 |
| Licensing of e-commerce platform | 21,646 | 1,149 |
| | <hr/> | <hr/> |
| Total segment liabilities | 206,407 | 118,186 |
| Unallocated corporate liabilities | 37,002 | 50,228 |
| | <hr/> | <hr/> |
| Consolidated liabilities | 243,409 | 168,414 |
| | <hr/> <hr/> | <hr/> <hr/> |

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, derivative financial instrument, loan receivable from a former associate/an associate, certain other receivables and certain cash and bank balances; and
- all liabilities are allocated to operating segments other than certain other payables.

5. FINANCE COSTS

| | Six months ended 30 June | |
|-----------------------|--------------------------|---------------------|
| | 2017 | 2016 |
| | <i>HKD'000</i> | <i>HKD'000</i> |
| Interest expenses on: | | |
| Bank borrowings | 1,564 | 2,452 |
| Others | <u>1</u> | <u>–</u> |
| | <u>1,565</u> | <u>2,452</u> |

6. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax has been arrived at after charging/(crediting):

| | Six months ended 30 June | |
|---|--------------------------|---------------------|
| | 2017 | 2016 |
| | <i>HKD'000</i> | <i>HKD'000</i> |
| Directors' and chief executive's emoluments, including share-based payment expenses of HKD5,790,000 (2016: Nil) | 9,427 | 1,596 |
| Other staff costs | 2,869 | 884 |
| Contributions to retirement benefits scheme | 58 | 28 |
| Share-based payment expenses for employees | <u>4,700</u> | <u>–</u> |
| Total staff costs | <u>17,054</u> | <u>2,508</u> |
| Auditor's remuneration | | |
| Audit services – (over)/under-provision in prior years | (81) | 20 |
| Non-audit services | 769 | 555 |
| Direct operating expenses arising from investment property that generated rental income during the period | 28 | 94 |
| Depreciation of property, plant and equipment | 1,025 | 396 |
| Minimum lease payments in respect of operating lease of office premises | 1,764 | 522 |
| Provision for legal cost (<i>Note 16</i>)* | <u>1,000</u> | <u>–</u> |

* *The provision for legal cost of approximately HKD1,000,000 has been included as part of administrative expenses.*

7. INCOME TAX EXPENSES

| | Six months ended 30 June | |
|---------------------------------|--------------------------|----------------|
| | 2017 | 2016 |
| | <i>HKD'000</i> | <i>HKD'000</i> |
| Hong Kong Profits Tax | | |
| – Charge for the period | 378 | 65 |
| – Over-provision in prior years | – | (21) |
| | <u>378</u> | <u>44</u> |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

8. DIVIDEND

The directors of the Company do not recommend for payment of a dividend for the six months ended 30 June 2017 (2016: Nil).

9. EARNINGS/(LOSSES) PER SHARE

The calculation of basic and diluted earnings/(losses) per share attributable to the owners of the Company is based on the following data:

| | Six months ended 30 June | |
|---|---------------------------------|------------------|
| | 2017 | 2016 |
| | <i>HKD'000</i> | <i>HKD'000</i> |
| Profit/(Loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings/(losses) per share | <u>307,805</u> | <u>(16,719)</u> |
| | Six months ended 30 June | |
| | 2017 | 2016 |
| | <i>'000</i> | <i>'000</i> |
| Weighted average number of ordinary shares for the purpose of basic earnings/(losses) per share | 6,382,770 | 5,777,588 |
| Effect of dilutive potential ordinary shares: | | |
| Share options issued by the Company (<i>Note</i>) | <u>252,783</u> | – |
| Weighted average number of ordinary shares for the purpose of diluted earnings/(losses) per share | <u>6,635,553</u> | <u>5,777,588</u> |

Note:

The computation of diluted losses per share for the six months ended 30 June 2016 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the losses per share.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 June 2017, the Group paid approximately of HKD16,221,000 for the acquisition or addition of property, plant and equipment (six months ended 30 June 2016: HKD2,000).

During the six months ended 30 June 2017, the Group did not lease out the display store relating to the promotion of e-commerce platform. As at 30 June 2017, the directors of the Company consider that there are still no formal plan agreed with the major customer of the licensing of e-commerce platform and therefore, reassessed the recoverable amount of capital expenditure, with carrying amount approximately of HKD14,760,000, relating to the design and decoration cost of the display store, to be nil. Accordingly, an impairment loss on property, plant and equipment and provision for the onerous contract of the committed lease and other related payments of approximately HKD14,760,000 and HKD8,445,000, respectively, have been recognised during the current period.

The fair value of the Group's investment property at the end of the reporting period have been arrived at on the basis of a valuation carried out by A.G. Wilkinson & Associates (Surveyors) Limited, an independent firm of qualified professional valuers. The valuation using investment approach was arrived at by capitalise the net rental income derived from the existing tenancy with due allowance for the reversionary income potential of the property interest. Fair value gain of HKD6,000,000 on investment property has been recognised in profit or loss for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil). At 30 June 2017, the Group's investment property has been pledged to secure the bank borrowings granted to the Group (*Note 13*).

11. HELD-FOR-TRADING INVESTMENTS

| | 30 June 2017 HKD'000 | 31 December 2016 HKD'000 |
|--|-------------------------------------|--------------------------------|
| Listed securities held for trading, at fair value: | | |
| Equity securities listed in Hong Kong | <u><u>572,724</u></u> | <u><u>310,256</u></u> |
| | | <i>HKD'000</i> |
| Carrying amount as at 31 December 2016 | | 310,256 |
| Additions | | 39,710 |
| Disposals | | (43,756) |
| Changes in fair value | | <u>266,514</u> |
| Carrying amount as at 30 June 2017 | | <u><u>572,724</u></u> |

Note:

The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange.

All of the held-for-trading investments (31 December 2016: Nil) are pledged for the other borrowings granted to the Group as at 30 June 2017 (*Note 14*).

12. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES

| | | 30 June 2017 HKD'000 | 31 December 2016 HKD'000 |
|---|--------------|-------------------------------------|--------------------------------|
| | <i>Notes</i> | | |
| Trade receivables | <i>(i)</i> | <u>600</u> | <u>23,347</u> |
| Receivable from Ease Faith Limited | <i>(ii)</i> | 17,616 | 17,616 |
| <i>Less: allowance of doubtful debts</i> | | <u>(17,616)</u> | <u>(17,616)</u> |
| | | – | – |
| Other receivables, deposits and prepayments | | <u>2,042</u> | <u>6,977</u> |
| Trade and other receivables | | <u>2,642</u> | <u>30,324</u> |
| Loan and interest receivables: | <i>(iii)</i> | | |
| – Loan receivables | | 145,000 | 14,000 |
| – Interest receivables | | <u>2,057</u> | <u>590</u> |
| | | <u>147,057</u> | <u>14,590</u> |

Notes:

(i) Trade receivables

Trade receivables at the end of the reporting period represent amounts receivable from the lease of investment property (31 December 2016: sales of goods supplied to customers). No interest is charged on the trade receivables.

During the six months ended 30 June 2017, the Group requires the tenant to pay in advance on the first day of each and every month. During the six months ended 30 June 2016, the Group generally allowed an average credit period of 120 days to its customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

| | 30 June 2017 HKD'000 | 31 December 2016 HKD'000 |
|-------------|-------------------------------------|--------------------------------|
| 0 – 30 days | <u>600</u> | <u>23,347</u> |

(ii) **Receivable from Ease Faith Limited (“Ease Faith”)**

Following the suspension of the position, functions and duties of Mr. He Jianhong, the former chairman and executive director of the Company, with effective from 27 January 2014, the directors conducted reviews of the major projects and transactions of the Group. During the course of the internal review, the Company noted that, Great Rich Trading Limited (“**Great Rich**”), a wholly-owned subsidiary of the Company, entered into two purchases contracts with Ease Faith to purchase raw materials for the purpose of trading (the “**Purchases Contracts**”) and paid a deposit of approximately HKD17,616,000 (the “**Receivable**”). Subsequently, Ease Faith failed to deliver the raw materials to Great Rich.

On 25 March 2014, Great Rich issued a writ of summons in the High Court of The Hong Kong Special Administrative Region as the plaintiff claiming against Ease Faith, the supplier, as the defendant, for breach of the Purchases Contracts or alternatively, unjust enrichment on money had and received. The representatives of the Group had taken part in the mediation with Ease Faith. The directors considered that the possibility of Great Rich to recover the outstanding Receivable from Ease Faith was remote. Therefore, impairment loss of approximately HKD17,616,000 has been recognised during the year ended 31 December 2015. Details of further developments of the claim are also set out in Note 16.

(iii) **Loan and interest receivables**

The loan receivables are unsecured, bearing fixed interest rate at 8% (31 December 2016: ranging from 8% – 10%) per annum and repayable according to the respective terms of the loan agreements.

The maturity profile of these loan receivables, net of impairment losses recognised, at the end of the reporting period, analysed by the remaining periods to their contracted maturity, is as follows:

| | 30 June 2017 HKD’000 | 31 December 2016 HKD’000 |
|---------------|-------------------------------------|--------------------------------|
| Within 1 year | <u>145,000</u> | <u>14,000</u> |

As at 30 June 2017, included in loan and interest receivables was an amount of approximately HKD15,312,000 (31 December 2016: Nil) representing a loan receivable of HKD15,000,000 and interest receivable of approximately HKD312,000 due from the spouse of Mr. Chen Xiaodong, a director of the Company. The loan is unsecured, bearing fixed interest rate at 8% per annum and repayable on 27 March 2018.

13. BANK BORROWINGS

| | 30 June 2017 HKD'000 | 31 December 2016 HKD'000 |
|--|-------------------------------------|--------------------------------|
| Secured bank borrowings | <u>113,270</u> | <u>114,569</u> |
| | 30 June 2017 HKD'000 | 31 December 2016 HKD'000 |
| Carrying amount repayable: | | |
| Within one year | 2,645 | 2,609 |
| More than one year, but not more than two years | 2,703 | 2,665 |
| More than two years, but not more than five years | 8,628 | 8,511 |
| More than five years | <u>99,294</u> | <u>100,784</u> |
| | <u>113,270</u> | <u>114,569</u> |
| | 30 June 2017 HKD'000 | 31 December 2016 HKD'000 |
| Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities) | 110,625 | 111,960 |
| Carrying amount repayable within one year | <u>2,645</u> | <u>2,609</u> |
| | <u>113,270</u> | <u>114,569</u> |

The bank borrowings bear interest at lower of HKD Prime Rate – 2.5% and HIBOR (1 month) + 2.5% per annum at 30 June 2017 (31 December 2016: at lower of HKD Prime Rate – 1.75% and HIBOR (1 month) + 2% per annum).

At 30 June 2017 and 31 December 2016, the Group's bank borrowings are secured by the investment property (*Note 10*).

14. OTHER BORROWINGS

On 22 June 2017, Golden Horse Hong Kong Investment Limited, a wholly-owned subsidiary of the Group, entered into a margin loan account client agreement (“**Margin Loan Agreement**”) with CCB International Securities Limited, an independent securities broker (the “**Securities Broker**”). Pursuant to the Margin Loan Agreement, the Securities Broker provided a margin loan facility to the Group up to HKD100,000,000 at a fixed interest rate of 7% per annum payable in arrears.

The aforesaid loan can be utilised by the Group to acquire, on and/or off the Stock Exchange, the listed shares of CMBC Capital Holdings Limited (“**CMBC**”) (the “**CMBC Share(s)**”) no more than HKD60,000,000 and acquire specified listed shares (“**Specified Listed Shares**”) no more than HKD40,000,000.

Note: Specified Listed Shares means listed shares excluding, the listed shares of China Soft Power Technology Holdings Limited and CMBC Shares.

As at 30 June 2017, the other borrowings are guaranteed by the Company and secured by the pledged of available-for-sale financial assets of approximately HKD42,350,000 and held-for-trading investment of approximately HKD572,724,000 (Note 11), respectively. The other borrowings are repayable within twelve months.

15. SHARE CAPITAL/TREASURY SHARES

| | Number of ordinary shares <i>(Note a)</i> | Number of convertible preference shares | Amount <i>HKD'000</i> |
|---|---|--|--------------------------|
| Share capital | | | |
| Ordinary shares of HKD0.001 each | | | |
| Authorised: | | | |
| At 31 December 2016 and 30 June 2017 | 249,480,000,000 | 520,000,000 | 250,000 |
| Issued and fully issued: | | | |
| At 31 December 2016 and 30 June 2017 | 6,485,187,998 | – | 6,485 |
| Treasury shares | | | |
| At 31 December 2016 and 1 January 2017 | – | – | – |
| Receipt during the period <i>(note b)</i> | (21,796,320) | – | (22) |
| At 30 June 2017 | (21,796,320) | – | (22) |

Notes:

- (a) All the ordinary shares issued rank *pari passu* with each other in all respects.
- (b) 21,796,320 treasury shares were received as part of dividend income received from an investment in a listed issuer, at a fair value of approximately HKD5,231,000.

16. LITIGATION

Disputes for receivables from Ease Faith

As detailed in Note 12(ii), Great Rich issued a writ of summons in the High Court of The Hong Kong Special Administrative Region (the “**High Court**”) as the plaintiff claiming against Ease Faith, the supplier in the Purchases Contracts as the defendant, for breach of the Purchases Contracts or unjust enrichment on money had and received (the “**Claim**”).

After taking legal advice from the legal adviser, the Board was of the view that Great Rich had a reasonable chance on its claim against Ease Faith. However, after the representatives of the Group had taken part in mediation with Ease Faith during the year ended 31 December 2015, the directors of the Company considered that the possibility of Great Rich recovering the outstanding Receivable from Ease Faith was remote. Therefore, impairment loss of approximately HKD17,616,000 has been recognised during the year ended 31 December 2015.

On 7 August 2017, the Claim was dismissed by the High Court Judge. The High Court Judge also made an order *nisi* that the costs of action are to be paid by Great Rich to the defendant, to be taxed if not agreed.

After taking legal advice from the legal adviser, the Board estimated the costs of action to be paid to the defendant are approximately HKD1,000,000, which has been recognised as legal and professional fee under administrative expenses in the profit or loss for the six months ended 30 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Company is an investment holding company. The Group are principally engaged in (i) securities trading and investment; (ii) provision of financing services; (iii) investment property in Hong Kong; (iv) e-commerce business; and (v) trading business and related services.

In regard to the operational front, the Group recorded a revenue of approximately HKD83,076,000 for the six months ended 30 June 2017 (the “**Period**”), representing an increase of 2,300% compared with the corresponding period of last year. The increase in revenue was mainly due to the increase in dividend revenue from securities trading and investment and interest income from provision of financing service businesses.

The Group reported a net profit of approximately HKD307,805,000 attributable to shareholders (2016: net loss of HKD16,719,000) and basic earnings per share of HK4.82 cents (2016: basic losses per share of HK0.29 cents) for the Period. The profit was mainly attributed to (i) net profit of approximately HKD343,654,000 from the securities trading and investment business segment which included net unrealised gain of held-for trading investments approximately of HKD266,514,000; (ii) net profit of approximately HKD2,291,000 from provision of financing service business segment; and (iii) fair value gains of approximately HKD6,000,000 on investment property.

Treasury Business

The treasury business includes securities trading and money lending businesses.

Securities trading and investment business

The Group’s securities investments portfolio comprised of equity securities listed on the Stock Exchange which comprised of four listed companies in sectors of (1) securities and brokerage; (2) information technology; and (3) financial industry during the Period. The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The Company has specific investment objective for each investment. The securities investments were classified under available-for-sale financial assets and held-for-trading investments in the condensed consolidated statement of financial position.

For the Period, the revenue, which included dividend income on investment in listed equity securities, from securities trading and investment segment increased to approximately HKD79,574,000 (2016: HKD334,000). The increase in revenue was due to increase in dividend income of approximately HKD69,880,000 to approximately HKD70,214,000 (2016: HKD334,000) and the Group recorded a realise gain on investment of approximately HKD9,360,000 (2016: Nil). As a whole, the segment recorded a profit of approximately HKD343,654,000 (2016: loss of approximately HKD7,944,000).

The dividend income comprised of (i) cash dividend of approximately HKD42,315,000; (ii) distribution of approximately HKD22,668,000 in form of listed shares of China Soft Power Technology Holdings Limited (“CSPT”); and (iii) 21,796,320 shares of the Company of approximately HKD5,231,000 from CMBC Capital Holding Limited (“CMBC”). The amount of distribution shares of approximately HKD22,668,000 in form of listed shares of CSPT and the amount of approximately HKD5,231,000 shares of the Company were classified under available-for-sale financial assets and the treasury shares in condensed consolidated statement of financial position respectively.

During the Period, the Group recorded a net unrealised gain of investments at fair value through profit or loss of approximately HKD266,514,000 (i.e. unrealised gains of approximately HKD266,640,000 and unrealised losses of approximately HKD126,000) (2016: net unrealised loss of approximately HKD7,775,000) and unrealised loss of investments at fair value through reserve of approximately HKD7,833,000 (2016: Nil). Approximately 99.95% of the unrealised gain of investments of fair value through profit or loss was attributable to the Group’s investment in securities of CMBC and approximately 88.96% of the unrealised loss of investments at fair value through reserve was attributable to the Group’s investment in securities of CSPT. As at 30 June 2017, the details of the investments held are as follows:

| Name of the investees | Number of shares held | Percentage of equity interests as at 30 June 2017 | Closing value as at 30 June 2017 <i>HKD</i> | Market value of the interests as at 30 June 2017 <i>HKD'000</i> | Fair value gain/(loss) for the Period <i>HKD'000</i> | Dividend income for the Period <i>HKD'000</i> | Realised gain for the Period <i>HKD'000</i> |
|--|-----------------------|---|--|--|---|--|--|
| <i>Under available-for-sale financial assets</i> | | | | | | | |
| CMBC (Stock code: 1141) | 65,000,000 | 0.142% | 0.410 | 26,650 | (865) | – | – |
| CSPT (Stock code: 139) | 83,954,650 | 0.818% | 0.187 | 15,700 | (6,968) | – | – |
| Total | | | | 42,350 | (7,833) | – | – |

| Name of the investees | Number of shares held | Percentage of equity interests as at 30 June 2017 | Closing value as at 30 June 2017 HKD | Market value of the interests as at 30 June 2017 HKD'000 | Fair value gain/(loss) for the Period HKD'000 | Dividend income for the Period HKD'000 | Realised gain for the Period HKD'000 |
|---|-----------------------|---|---|---|--|---|---|
| <i>Under held-for-trading investments</i> | | | | | | | |
| CMBC | 1,300,000,000 | 2.840% | 0.410 | 533,000 | 266,500 | 70,214 | – |
| Hong Kong Exchanges and Clearing Limited (Stock code: 388) | 100,000 | 0.008% | 201.800 | 20,180 | 140 | – | 1,357 |
| Tencent Holdings Limited (“Tencent”) (Stock code: 700) | 70,000 | 0.001% | 279.200 | 19,544 | (126) | – | 3,500 |
| CSPT | – | – | 0.187 | – | – | – | 4,503 |
| Total | | | | <u>572,724</u> | <u>266,514</u> | <u>70,214</u> | <u>9,360</u> |

As at 30 June 2017, the Group held an investment portfolio with market value of approximately HKD615,074,000 (i.e, available-for-sale financial assets of approximately HKD42,350,000 and held-for-trading investment of approximately HKD572,724,000) (31 December 2016: HKD310,256,000). Except for the investment in CMBC, at 30 June 2017, there was no investment held by the Group which value was more than 5% of the net assets of the Group.

Money lending business

A wholly-owned subsidiary of the Group, Globally Finance Limited (“**Globally Finance**”), which held the Money Lenders Licence in Hong Kong since early of 2015, carried a money lending business in Hong Kong. In this Period, Globally Finance generated revenue with amount of approximately HKD2,302,000 (2016: HKD427,000) and a profit of approximately HKD2,291,000 (2016: HKD392,000) was recorded.

Investment property

The Group is currently holding a residential property located at No. 19, Cumberland Road, Kowloon, Hong Kong.

During the Period, the Group recorded rental income of HKD1,200,000 (2016: HKD2,700,000) and fair value gain of HKD6,000,000 (2016: Nil) arising from change in fair value of investment property from the property investment segment.

The Group will continue to look for opportunity to expand its investment property portfolio in Hong Kong with an aim to generate stable rental income and/or for capital appreciation.

E-commerce business

In September 2016, Sky Faith International Investment Limited (“**Sky Faith**”), a direct wholly-owned subsidiary of the Company entered into a license agreement (the “**License Agreement**”) with a licensee (the “**Licensee**”) in relation to the operation of the e-commerce platform (the “**E-Platform**”) as a membership points redemption online store which allows the users thereof to use their membership points to acquire goods and/or services on the E-Platform with the relevant merchants, suppliers, traders and/or service providers lined up by the Licensee.

On 13 January 2017, Sky Faith and the Licensee have entered into a termination agreement, pursuant to which both parties have agreed to terminate the License Agreement and the transactions contemplated thereunder with effect on 1 January 2017 (the “**Termination**”). Pursuant to a supplementary promotion agreement to the License Agreement, Sky Faith agreed to bear the design and decoration costs of display store for promotion of the E-Platform up to the amount, in aggregate, not more than HKD30,000,000 by end of 31 December 2018. Subsequent to the Termination and after further arm’s length negotiations, Future Fintech Limited, an indirect wholly-owned subsidiary of the Company entered into a memorandum of understanding with the Licensee in relation to providing technical support for blockchain application technology and setting up business system to the Licensee on online shopping platform on 26 January 2017. The memorandum of understanding are expired on 25 July 2017 and no formal agreement has been signed.

As the Group is still in the process of the blockchain business model, no revenue was generated from this business during the Period. For the Period, the loss of approximately HKD27,763,000 was recorded for the segment of E-commerce business. Such a loss included the impairment loss on property, plant and equipment of approximately HKD14,760,000 and provision for the onerous contract of the committed lease and other payments of approximately HKD8,445,000.

Investment in film industry

On 12 July 2016, China Wisdom Group Limited (“**China Wisdom**”), a wholly-owned subsidiary of the Company, entered into a film agreement (the “**Film Agreement**”) in relation to the investment in a film project (the “**Film**”) tentatively known as “Girls 2” (《閨蜜2》). As at 30 June 2017, China Wisdom has invested RMB10,800,000 (equivalent to approximately HKD12,960,000) in cash for investment in the Film. The Film is targeted for release in the second half of 2017.

The PRC film industry has experienced strong and consistent growth in recent years. The Company considers that the entering into of the Film Agreement will allow the Group to have a stake in the Film as a passive investor whilst the Group needs not to invest the whole Film project on its own account or to involve in the production of the Film.

Trading business and related services

Due to continuous adverse market conditions and the low profit margin in the trading business, no revenue was generated from this business during the Period (2016: Nil). The Directors would like to concentrate on the businesses of (i) securities trading and investment; (ii) provision of financing services; and (iii) properties investment that yield a much higher profit margin. For the Period, the loss of approximately HKD1,003,000 (2016: HKD298,000) was recorded for the segment of trading business and related services.

Interests in associates – Securities brokerage

The Group invested in securities brokerage business in Hong Kong through investment in associates, Central Wealth Securities Investment Limited (“**CWSI**”) and Central Wealth Futures Limited (“**CWF**”). CWSI and CWF are incorporated in Hong Kong with limited liability and are wholly owned by Instant Achieve Limited (“**IAL**”), which in turn is owned as to 34% by the Group. IAL, CWSI and CWF (collectively referred to “**Instant Achieve Group**”) are treated as associated companies of the Group and the Company adopted equity accounting method in preparing the consolidated financial statements of the Group.

CWSI has obtained the Stock Exchange Trading Right from the Stock Exchange and licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities.

CWF has obtained the licenses from the Securities and Futures Commission to carry out Type 2 (Dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities.

On 3 April 2017, the Group entered into the agreement with CSPT for the transfer of shares equivalent to 34% equity interest of IAL for a total consideration of HKD7,000,000. The transfer was completed on 7 April 2017 and the Group recorded a gain on disposal of approximately HKD216,000. Upon completion of the disposal, the Group did not hold any equity interest on IAL.

During the Period and up to the completion of disposal of 34% equity interest of IAL, Instant Achieve Group recorded a profit of approximately HKD5,277,000 (2016: HKD2,139,000) and the share of profit of associated companies by the Group was approximately HKD1,794,000 (2016: HKD727,000).

On 30 September 2015, Globally Finance granted a loan facility (“**Loan Facility**”) with the call option (“**Call Option**”) in the amount up to HKD29,000,000 to IAL and increased the principal amount of the Loan Facility to HKD90,000,000 on 27 October 2015 subsequently. As at 30 June 2017, Globally Finance provided HKD90,000,000 of loan to financing IAL. For more information of the Loan Facility and Call Option, please refer to the Company’s announcements dated 30 September 2015 and 27 October 2015. The grant of Loan Facility to IAL with the Call Option will allow the Group to have a stake in CWSI and CWF but will also limit the risks exposure of the Group as the Group will be entitled to recover the principal amount of the Loan(s) in the unlikely event that the business of CWSI and CWF would not perform as expected.

Subsequent to the completion of disposal of 34% equity interest of IAL, all shareholders of IAL (including CSPT and a shareholder of IAL), IAL and Globally Finance has entered into a shareholder agreement on 7 April 2017. Pursuant to the terms of the shareholder agreement, each shareholders of IAL undertakes, inter alia, that Instant Achieve Group shall continue the business of carrying out the relevant licensed regulated activities under the Securities and Futures Ordinance and no changes of shareholdings structure and nature of business, no disposal and charging of assets nor entering into any partnership or joint venture arrangement except with the prior written approval of Globally Finance.

The fair value gain arising from the Call Option granted from the shareholder of IAL to a subsidiary of the Company to acquire 66% issued share capital of IAL of approximately HKD600,000 (2016: fair value loss of HKD3,415,000) was recorded through profit and loss from Call Option during the Period.

LIQUIDITY, FINANCIAL, RESOURCES AND FUNDING

The Group had total cash and bank balances of approximately HKD18,419,000 as at 30 June 2017 (31 December 2016: HKD29,169,000). The gearing ratio, which is calculated as total borrowings divided by total equity, was 19.5% as at 30 June 2017 (31 December 2016: 18.2%). Net assets were approximately HKD926,624,000 (31 December 2016: HKD628,520,000).

The Group recorded total current assets of approximately HKD845,895,000 as at 30 June 2017 (31 December 2016: HKD488,792,000) and total current liabilities of approximately HKD243,409,000 (31 December 2016: HKD168,414,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 3.48 as at 30 June 2017 (31 December 2016: 2.90).

The Group's finance costs for the Period under review was approximately HKD1,565,000 (2016: HKD2,452,000) and was mainly related to interests paid on the bank borrowings. The decrease in finance costs was due to decrease in bank borrowings.

As at 30 June 2017, the total borrowing of approximately HKD180,739,000 comprised with bank borrowing of approximately HKD113,270,000 (31 December 2016: HKD114,569,000) and margin loan payable of approximately HKD67,469,000 (31 December 2016: Nil). Among bank borrowings, approximately HKD2,645,000 are repayable within one year, HKD2,703,000 are repayable over one year but not exceeding two years, HKD8,628,000 are repayable over two years but not exceeding five years and HKD99,294,000 are repayable over five years. The bank borrowings bear interest at the lower of HKD Prime Rate – 2.5% and HIBOR (1 month) + 2.5% per annum.

The margin loan payable bears fixed interest at 7% per annum. The margin loan payable is repayable within one year and was guaranteed by the Company. The margin loan was obtained at late of June 2017 to finance the securities investment. Details are set out in Note 14.

Foreign Currency Management

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars.

The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

Pledge of Assets

At 30 June 2017, the Group's investment property, with carrying amount of HKD278,000,000 (31 December 2016: HKD272,000,000), has been pledged to secure the bank borrowings granted to the Group.

At 30 June 2017, the Group had pledged held-for-trading investments of approximately HKD572,724,000 (31 December 2016: HKD310,256,000) and available-for-sale financial assets of approximately HKD42,350,000 (31 December 2016: Nil) to secure the margin loan payable under the margin account.

LITIGATIONS AND CONTINGENCIES

Update regarding the disputes for receivables from Ease Faith

Details of the disputes are set out in Notes 12(ii) and 16.

On 7 August 2017, the High Court of The Hong Kong Special Administrative Region issued a judgement that Great Rich has failed to prove its case on unjust enrichment, and accordingly dismiss Great Rich's claim. The Group is now seeking legal advice for further action.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

Disposal of IAL

Details of disposal of IAL are set out under Investments in associates-Securities brokerage section on page 21.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2017, the Group had 21 employees including Directors (31 December 2016: 18) situated in Hong Kong, Malaysia, Taiwan and the United States of America. The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the Period, the total staff costs including remuneration of Directors and chief executive amounted to approximately HKD17,054,000 (2016: HKD2,508,000).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (2016: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company, except that the receipt of dividend income approximately HKD5,231,000 from CMBC and the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 11,464,000 shares of the Company at a total consideration of approximately HKD7,127,000.

EVENTS AFTER THE REPORTING PERIOD

(a) Discloseable transactions – Acquisition of CMBC Shares and Tencent Shares

During the period from 26 June 2017 to 6 July 2017, the Group, through its wholly-owned subsidiary, acquired 98,000,000 CMBC Shares on the open market at a total consideration of approximately HKD40,725,000 (excluding stamp duty and related expenses), at the price between HKD0.390 to HKD0.445 per CMBC Share. Among the 98,000,000 CMBC Shares, 65,000,000 CMBC Shares were acquired on or before 30 June 2017 and have been recognised as part of the available-for-sale financial assets.

During the period from 23 June 2017 to 16 August 2017, the Group, through its wholly-owned subsidiary, acquired 223,000 Tencent Shares on the open market at a total consideration of approximately HKD68,924,000 (excluding stamp duty and related expenses), at the price between HKD281.00 to HKD323.20 per Tencent Share. Among the 223,000 Tencent Shares, 70,000 Tencent Shares were acquired on or before 30 June 2017 and have been recognised as part of the held-for-trading investments.

Further details of the transactions are set out in the Company's announcements dated 6 July 2017 and 16 August 2017.

(b) Grant of share awards

On 7 July 2017, the Board resolved to grant 98,568,000 share awards to certain employee and consultants of the Company. The awarded shares were fully vested on the date of grant. The closing price of the Company's shares immediately before the grant of the share awards on 7 July 2017 was HKD0.126 per share.

During the six months ended 30 June 2017, the trustee of the share award scheme (the "**Share Award Scheme**") (the "**Trustee**"), pursuant to the terms of the trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 11,464,000 shares of the Company at a total consideration of approximately HKD7,127,000. The number of ordinary shares of the Company held by the Trustee as at 30 June 2017 and the date of this announcement were 98,568,000 shares and 0 share respectively (31 December 2016: 87,104,000 ordinary shares).

(c) Placing of new shares (the "Placing")

On 26 July 2017, the Company entered into a placing agreement with CWSI, a former associate of the Group and acting as a placing agent, (the "**Placing Agent**") (the "**Placing Agreement**"). Pursuant to the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent up to 400,000,000 placing shares at the placing price of HKD0.090 per placing share to not less than six places who and whose beneficial owners shall be independent third parties. The Placing was completed on 7 August 2017. The net proceeds from the Placing amounted to approximately HKD34.6 million.

Further details of the Placing are set out in the Company's announcements dated 26 July 2017 and 7 August 2017.

(d) Share swap between the Company and CSPT (the “Share Swap”)

On 27 July 2017, the Company entered into a share swap agreement with CSPT, (the “**Share Swap Agreement**”). Pursuant to the Share Swap Agreement, subject to fulfilment of the conditions set out in the Share Swap Agreement, the parties agreed that:

- (i) the Company shall subscribe for and CSPT shall allot and issue 470,000,000 CSPT subscription shares (“**CSPT Subscription Shares(s)**”) at the CSPT subscription price of HKD0.110 per CSPT Subscription Share for a total consideration of HKD51,700,000;
- (ii) CSPT shall subscribe for and the Company shall allot and issue 470,000,000 subscription shares of the Company (“**FW Subscription Shares(s)**”) at the subscription price of HKD0.110 per FW Subscription Share for a total consideration of HKD51,700,000; and
- (iii) as certain applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisitions exceed 5% but less than 25%, the acquisitions constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

The Share Swap was completed on 7 August 2017. As a result of the Share Swap, CSPT has become a substantial shareholder (as defined in the Listing Rules) of the Company.

Further details of the transaction are set out in the Company’s announcements dated 27 July 2017 and 7 August 2017 respectively.

(e) Grant of share options

On 28 July 2017, the Company granted share options to certain eligible persons to subscribe for a total of 640,000,000 ordinary shares of the Company (the “**Share Options**”), subject to and upon the terms and conditions of the share option scheme adopted by the Company on 22 February 2012. Among the Share Options granted, 192,000,000 Share Options were granted to the directors of the Company.

Further details of the grant of share options transaction are set out in the Company’s announcements dated 28 July 2017 and 10 August 2017 respectively.

UPDATE REGARDING THE LATEST DEVELOPMENT OF THE RETAKING CONTROL OF THE DECONSOLIDATED SUBSIDIARIES

The Board wishes to provide an update regarding the latest development of the legal action for retaking control of two deconsolidated subsidiaries of the Company, namely Bloxworth Enterprises Limited and Shanxi Zhanpen Metal Products Co., Ltd (山西展鵬金屬製品有限公司) (“**Zhanpen**”). The Group deconsolidated such two subsidiaries from its consolidated financial statements since 1 January 2013 due to the reason of not able to obtain and access their books and records. Further details are set out in the annual reports of the Company for the years ended 31 December 2013, 2014, 2015 and 2016 respectively.

Upon the judgement of the People’s court of Fenyang county (汾陽市人民法院) (the “**Court**”) issued on 12 September 2016, former directors of Zhanpen (the “**Former Directors**”) are obliged to return the official seal and business certificates of Zhanpen to the Group. The Former Directors filed an appeal to the Court on 23 September 2016. After seeking legal advice from its external legal counsel, the Group has also filed an appeal to the Court on 8 October 2016. On 21 February 2017, the appeals were heard at the Lvliang City Intermediate People’s Court (呂梁市中級人民法院), and the judgment (the “**Judgment**”) was issued on 23 May 2017. In the Judgment, the Intermediate People’s Court has dismissed the appeal from the Former Directors. Accordingly, the Former Directors are still obliged to return the official seal and business certificates of Zhanpen to the Group. Up to the date of this announcement, the former directors of Zhanpen still not yet returned the official seal and business certificates of Zhanpen to the Group and the Group is now seeking legal advice to enforce the Judgment.

PROSPECTS

Looking ahead, the Group will continue to focus on the development of securities trading and investments, provision of financing services and investment property in Hong Kong. The Board believes that such core businesses of the Group are able to produce steady income stream given the existing market conditions and the resources available. The stock market in Hong Kong sustained a general uptrend in the first half of 2017. Besides, the residential property market in Hong Kong stayed largely active in the reporting period. The number of residential property transactions and overall flat prices also increased notwithstanding the Government's tighten up of the exemption arrangement regarding the acquisition of more than one residential property under a single instrument in respect of the New Residential Stamp Duty.

Barring unforeseen circumstances, the Board will continue implementing cost control measures across all its businesses and managing risks exposures to the Group. Furthermore, the Group will prudently explore new potential projects and new business opportunities in order to provide new and sustainable drivers for the Group's overall performance.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code (the "CG Code") throughout the Period as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Two independent non-executive directors, namely Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah are appointed with no specific term. All independent non-executive directors are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during the Period.

The Company also adopted a code on no less exacting terms than the Model Code to regulate dealings in the securities of the Company by certain employees of the Group who are considered to be likely in possession of inside information in relation to the Company or its securities.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2017 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.fw-fh.com. The interim report for the six months ended 30 June 2017 containing all the information required by Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

By order of the Board
Future World Financial Holdings Limited
Siu Yun Fat
Chairman

Hong Kong, 30 August 2017

As at the date of this announcement, the Board comprises (i) six executive Directors, namely Mr. Siu Yun Fat, Mr. Cai Linzhan, Mr. Chen Xiaodong, Ms. Cheng So Sheung, Mr. Lau Fai Lawrence and Mr. Yu Qingrui; and (ii) three independent non-executive Directors, namely Mr. Hon Hak Ka, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah.