THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Future World Financial Holdings Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the licensed securities dealer, or to the bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.

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)

(1) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY; (2) ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular, unless the context otherwise requires.

A letter from the Board is set out on pages 6 to 33 of this circular.

A notice convening the EGM to be held at Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong on Friday, 13 April 2018 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

This circular will remain on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.fw-fh.com).

20 March 2018

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

"Acquisition"	the acquisition of the Sale Share and Sale Loan under the Sale and Purchase Agreement
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors from time to time
"Business Day"	a day on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or public holiday)
"close associates"	has the meaning ascribed to it under the Listing Rules
"Company"	Future World Financial Holdings Limited (未來世界金融控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 572)
"Completion"	completion of the Acquisition in accordance with the Sale and Purchase Agreement
"Completion Date"	the date falling within five (5) Business Days after fulfillment (or waiver, as the case may be) of the conditions precedent (or such other date as the Purchaser and the Vendor may agree before Completion) and the date on which the Completion takes place
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	HKD260,000,000, being the total consideration for the Acquisition under the Sale and Purchase Agreement
"Consideration Shares"	1,793,103,448 Shares to be allotted and issued by the Company at the Issue Price to the Vendor (or such designated party as the Vendor may direct) pursuant to the terms of the Sale and Purchase Agreement

"CSPT"	China Soft Power Technology Holdings Limited (中國軟實力科技集團有限公司), a company incorporated in Bermuda with limited liability and its issued ordinary shares are listed on the Main Board of the Stock Exchange (stock code: 139)
"CSPT Shares"	the issued ordinary shares of CSPT, which are listed on the Main Board of the Stock Exchange
"Directors"	directors of the Company
"EGM"	the extraordinary general meeting of the Company to be held at Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong on Friday, 13 April 2018 at 11:00 a.m. to approve the resolutions as set out in the notice of EGM
"Enlarged Group"	the Group as enlarged by the Acquisition
"Group"	the Company and its subsidiaries from time to time
"Guarantee"	the deed of guarantee dated 9 October 2017 executed by CSPT in favour of the lending bank as security for the Loan
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the 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) whom, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
"Independent Valuer"	S.K. Pang Surveyors & Co. Ltd., an independent valuer appointed by the Company
"Issue Price"	the issue price of HKD0.145 per Consideration Share

"Latest Practicable Date"	15 March 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
"Listing Committee"	has the meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	a loan due and owing to the lending bank by the Target Company pursuant to a facility letter dated 27 September 2017 and which is secured by, *inter alia*, the mortgage in relation to the Property and the Guarantee
"Long Stop Date"	31 May 2018
"Mr. Chen"	Mr. Chen Xiaodong, the chief executive officer and an executive Director
"Mr. Yu"	Mr. Yu Qingrui, an executive Director
"PRC"	the People's Republic of China
"Property"	the property located at No. 1 Lincoln Road, Kowloon, Hong Kong
"Purchaser"	Wise Victory Group Limited (捷穎集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
"Rating and Valuation Department"	The Rating and Valuation Department of the Government of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

"Sale and Purchase Agreement"	the sale and purchase agreement dated 29 December 2017 and entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Share and Sale Loan, as amended and supplemented by the Supplemental Agreement
"Sale Loan"	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor and its associates on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which as at the Latest Practicable Date, amounted to approximately HKD45,914,000
"Sale Share"	one (1) issued share of the Target Company, representing the entire issued share capital of the Target Company as at the Latest Practicable Date
"Shareholders"	holders of the Shares
"Shares"	ordinary shares of HKD0.001 each in the capital of the Company
"Specific Mandate"	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM to satisfy the allotment and issue of the Consideration Shares upon the Completion
"sq. ft."	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement dated 16 March 2018 entered into between the Vendor and the Purchaser to amend and supplement the terms of the Sale and Purchase Agreement

"Target Company"	Goodview Assets Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor prior to the Acquisition
"USD"	US dollars, the lawful currency of the United States
"Vendor"	Winsey Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and an a wholly-owned subsidiary of CSPT
"%"	per cent

In the event of inconsistency, the English text of the circular, the notice of EGM and the enclosed form of proxy shall prevail over the Chinese text.

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)

Executive Directors:
Mr. Siu Yun Fat *(Chairman)*
Mr. Chen Xiaodong *(Chief Executive Officer)*
Mr. Cai Linzhan
Mr. Lau Fai Lawrence
Mr. Yu Qingrui

Independent non-executive Directors:
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah
Mr. Zheng Zongjia

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 912, 9th Floor
New East Ocean Centre
9 Science Museum Road
Kowloon
Hong Kong

20 March 2018

To the Shareholders:

Dear Sir or Madam,

(1) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY; (2) ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 29 December 2017 and 16 March 2018 in relation to, among others, the Sale and Purchase Agreement, the Supplemental Agreement and the Acquisition.

On 29 December 2017 (after trading hours), the Vendor entered into the Sale and Purchase Agreement with the Purchaser (a wholly-owned subsidiary of the Company), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share and the Sale Loan for a total consideration of HKD260,000,000, which shall be satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor (or such designated party as the Vendor may direct), credited as fully paid, at the Issue Price on Completion.

On 16 March 2018, the Vendor and the Purchaser entered into the Supplemental Agreement to extend the Long Stop Date of the Sale and Purchase Agreement to 31 May 2018.

The Consideration Shares, being in aggregate 1,793,103,448 new Shares, will be allotted and issued pursuant to a Specific Mandate to be sought by the Company at the EGM. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue. An application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

The Acquisition constitutes a major transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition; (ii) the accountants' report on the Target Company; (iii) the valuation report on the Property; and (iv) the notice of EGM.

THE SALE AND PURCHASE AGREEMENT

Date

29 December 2017 (after trading hours) (as amended and supplemental by the Supplemental Agreement dated 16 March 2018)

Parties

(1) the Vendor; and

(2) the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the principal business of the Vendor is investment holding and (ii) the Vendor is a wholly-owned subsidiary of CSPT.

As disclosed in the announcements of the Company dated 30 September 2015 and 27 October 2015, the Group made an advancement in the principal amount of up to HKD90,000,000 to a company which was later acquired by CSPT as its wholly-owned subsidiary. As further disclosed in the announcement of the Company dated 1 September 2017, CSPT entered into an agreement with the lender, a direct wholly-owned subsidiary of the Company, to acquire the advancement and the consideration of HKD90,000,000 was settled by the allotment and issue of 833,333,333 consideration shares by CSPT at an issue price of HKD0.108 per the said consideration share.

As disclosed in the announcement of the Company dated 19 September 2017, on 7 September 2017, a direct wholly-owned subsidiary of the Company as lender and CSPT as borrower entered into a loan agreement for the grant of a loan facility in the amount of up to HKD35,000,000 to CSPT for a term of three years. The facility amount was further increased up to HKD150,000,000 pursuant to a supplemental loan agreement dated 19 September 2017.

Also, the Company has conducted a placing of 400,000,000 Shares as disclosed in the announcements of the Company dated 26 July 2017 and 7 August 2017, a placing of 427,000,000 Shares as disclosed in the announcements of the Company dated 31 August 2017 and 18 September 2017 and a placing of 1,630,000,000 Shares (the "**Placing**") as disclosed in the announcements of the Company dated 11 December 2017 and 6 February 2018, all through a wholly-owned subsidiary of CSPT.

As at the Latest Practicable Date, (i) the Group (through its subsidiaries) is interested in 1,070,621,316 CSPT Shares, representing approximately 8.42% of the issued share capital of CSPT as at the Latest Practicable Date; (ii) CSPT and its subsidiaries are interested in 691,830,188 Shares, representing approximately 7.07% of the issued share capital of the Company as at the Latest Practicable Date; (iii) Mr. Yu, an executive Director both of the Company and of CSPT, is holding 90,404,425 Shares (representing approximately 0.92% of the issued share capital of the Company) and 5,563,610 CSPT Shares, and Mr. Yu is also interested in a total of 64,000,000 share options to subscribe for the Shares; (iv) Mr. Chen, an executive Director of both the Company and of CSPT, is holding 1,005,313 Shares (representing approximately 0.01% of the issued share capital of the Company) and 4,180,246 CSPT Shares; and (v) certain other directors of CSPT also in aggregate hold 108,065,431 Shares (representing approximately 1.10% of the issued share capital of the Company) and are interested in in aggregate 104,000,000 share options to subscribe for the Shares. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Each of Mr. Chen and Mr. Yu, being common directors of CSPT and the Company, has abstained from voting on the relevant board resolutions relating to the Sale and Purchase Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares under the Specific Mandate).

As any Shareholders who are involved in or interested in the Acquisition, the Specific Mandate and the transactions contemplated thereunder are required to abstain from voting on the relevant ordinary resolution(s) approving the Acquisition, the Specific Mandate and the transactions contemplated thereunder, each of Mr. Chen, Mr. Yu, CSPT, the relevant directors of CSPT and their respective close associates will abstain from voting on the relevant ordinary resolution(s) to be proposed at the EGM.

Background

The Company has always been targeting high-end luxury residential properties for property investment. With the aid of estate agency which regularly introduces residential properties to the Company, on or around 6 December 2017 the Board already had three other properties located at La Salle Road ("**Property A**"), Surrey Lane ("**Property B**") and Cumberland Road ("**Property C**"), Kowloon Tong to choose from with asking prices of approximately HKD180 million, HKD190 million and HKD200 million, respectively.

On 12 December 2017, there were telephone communications between Mr. Chen (a common director of the Company and CSPT), Mr. Siu Yun Fat ("**Mr. Siu**", an executive Director) and Mr. Szeto Pui Tong, Patrick ("**Mr. Szeto**", company secretary of CSPT) regarding the Placing through a wholly-owned subsidiary of CSPT, during which Mr. Siu also expressed the Group's interest in acquiring luxury residential property in Kowloon Tong for investment. Mr. Chen represented that CSPT had a luxury residential property in Kowloon Tong, i.e. the Property, intended for sale and asked whether the Group had any interest. Mr. Siu then gathered and passed the information of the four properties to the Group for consideration.

The Group compared the Property with Property A, Property B and Property C. In regard to Property A, it was not suitable to the Group as the Group would need to incur extra time and costs to alter the internal partitions before leasing out the property. In regard to Property B, the unit rate of saleable area was much higher than that of Property A, Property C and the Property. Therefore, it was considered that the asking price was not favourable to the Group. In regard to Property C, based on the representation of the estate agency, the Property was completed before the 1950s. As extra time and costs would be incurred to renovate and repair the property for rental purpose, the Group took the view that Property C was not suitable for its investment purpose.

As compared with Property A, Property B and Property C, the unit rate of saleable area of the Property is relatively lower. Further, the Property, completed in 2008, is relatively new, such that no substantial renovation work would be required and the Property would be readily suitable for rental purpose. In addition, the Property is the most luxurious one amongst the abovementioned properties, and the Group is more familiar with the properties located at Lincoln Road as it previously owned a nearby luxury residential property located at No. 2, Lincoln Road. The Group, having taking into account the above factors as a whole, considered that the Property as the best option for investment and decided to proceed with the Acquisition.

There were subsequent discussions between Mr. Siu, Mr. Lau Cheuk Pun ("**Mr. Lau**", the company secretary of the Company) and Mr. Szeto on the preliminary terms of the Acquisition including, without limitation, amount of the Consideration and manner of settlement, and tentative timetable including the expected timing of entering into the Sale and Purchase Agreement and the expected date of completion of the Acquisition. On 14 December 2017, the first draft of the Sale and Purchase Agreement was provided to the Company by the legal advisers of CSPT for review. On 15 December 2017, led by Mr. Siu, the Company commenced its due diligence work on the key operational and financial aspects of the Target Company as well as title of the Property, and conducted site visit at the Property. On 18 December 2017, Mr. Lau reported the proposed Acquisition to the Board. In the following weeks, there were several rounds of discussions between Mr. Siu, Mr. Lau and Mr. Szeto to finalise the detailed terms of the Sale and Purchase Agreement, including but not limited to the total amount of the Sale Loan, outstanding mortgage on the Property and the due diligence progress. On 29 December 2017, the Sale and Purchase Agreement was approved by the Board and concluded between the parties.

Save for referring the investment opportunity of the Property to the Group by Mr. Chen, the common directors in the Company and CSPT did not have any role in the Acquisition or engage in any discussion in relation to the material terms of the Acquisition, and they have abstained from voting at the Board meeting which considered the Acquisition.

Subject matter to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company and the Sale Loan. As at the Latest Practicable Date, the Target Company is an indirect wholly-owned subsidiary of CSPT.

Consideration for the Acquisition

Pursuant to the Sale and Purchase Agreement, the Consideration is HKD260,000,000, which shall be satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor (or such designated party as the Vendor may direct), credited as fully paid, at the Issue Price on Completion.

The Consideration was agreed between the Vendor and the Purchaser after arm's length negotiations on normal commercial terms with reference to the difference between (i) the valuation of the Property of HKD400,000,000 conducted by the Independent Valuer, the final valuation report of which dated 28 December 2017 is set out in Appendix V to this circular; and (ii) the outstanding mortgage on the Property amounted to approximately HKD139,556,000 as at 30 November 2017.

The Directors (including the independent non-executive Directors but excluding Mr. Chen and Mr. Yu who have abstained from voting at the Board meeting) consider the Consideration to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Acquisition

Completion is subject to and conditional upon the satisfaction in full or (at the sole and absolute discretion of the Purchaser) the waiver of the following conditions (where appropriate):

(i) the Purchaser being reasonably satisfied with the results of the due diligence review, including the review of the legal, financial and business position and prospects of the Target Company;

(ii) the Purchaser being reasonably satisfied that the Sale Share, the Sale Loan and the Property are free from all encumbrances (other than the Guarantee and the mortgage in relation to the Property in favour of the lending bank provided as security for the Loan);

(iii) all necessary licence, consents, approvals, authorization, permission, waiver, order, exemption, qualification, registration, certificate, authority or other approval required to be obtained on the part of the Purchaser, the Vendor and the Target Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;

(iv) (a) the passing by the shareholders of CSPT who are entitled to vote and not required to be abstained from voting under the Listing Rules at a general meeting of CSPT to be convened and held of the necessary ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;

(b) the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM to be convened and held of the necessary ordinary resolution(s) to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder;

(v) the despatch of the circular by the Company and the circular by CSPT as required under the Listing Rules;

(vi) the Stock Exchange granting or agreeing to grant the approval for the listing of and permission to deal in the Consideration Shares and such approval not having been revoked;

(vii) the warranties provided by the Vendor under the Sale and Purchase Agreement remaining true, accurate and complete in all material respects; and

(viii) the Purchaser being satisfied that there has not been any material adverse change or effect in respect of the Target Company since the date of the Sale and Purchase Agreement.

Neither the Vendor nor the Purchaser shall have the right to waive the conditions set out in paragraphs (iii), (iv), (v) and (vi) above. In the event that any of the conditions precedent are not fulfilled (or waived as the case may be), in each case, on or before the Long Stop Date (or such later date as the parties hereto may from time to time agree in writing), the Sale and Purchase Agreement shall terminate and be null and void and of no further effect and neither the Vendor nor the Purchaser shall have any liability to any other party, save for any antecedent breaches.

As at the Latest Practicable Date, save as the conditions set out in paragraphs (i), (ii) and (iii) above, none of the conditions have been fulfilled and/or waived.

Completion

Completion shall take place at the office of CSPT on the Completion Date, or at such other place and time as shall be mutually agreed in writing by the Purchaser and the Vendor.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated with the Group.

CONSIDERATION SHARES

The Consideration Shares will be issued under the Specific Mandate to be approved by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM. Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consideration Shares. The Consideration Shares will be allotted and issued at the Issue Price, credited as fully paid on the Completion Date. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue and shall be subject to a lock-up period of three months commencing from the Completion Date.

The Consideration Shares represent (i) approximately 18.32% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 15.48% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Determination of the Issue Price

The Issue Price represents:

(i) a discount of approximately 59.72% to the closing price of HKD0.360 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;

(ii) a discount of approximately 55.25% to the average of the closing price of HKD0.324 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Sale and Purchase Agreement;

(iii) a discount of approximately 47.65% to the average of the closing price of HKD0.277 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to the date of the Sale and Purchase Agreement;

(iv) a premium of approximately 1.40% over the unaudited consolidated net asset value per Share of approximately HKD0.143 (based on the latest published unaudited net asset value of the Group of HKD926,624,000 as at 30 June 2017 and 6,485,187,998 Shares in issue as at 30 June 2017); and

(v) a discount of approximately 33.79% to the closing price of HKD0.219 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement taking into account: (i) the then prevailing market price of the Share on the Stock Exchange; (ii) the placing price of HKD0.145 per placing share (the "**Placing Price**") in respect of the Placing by the Company pursuant to the placing agreement dated 11 December 2017 as disclosed in an announcement of the Company of the same date; (iii) the unaudited consolidated net asset value per Share of approximately HKD0.143 as at 30 June 2017; (iv) the 90-trading day average of the closing price of the Share at HKD0.187 prior to the date of the Sale and Purchase Agreement; (v) the 150-trading day average of the closing price of the Share at HKD0.172 prior to the date of the Sale and Purchase Agreement; and (vi) the Vendor's undertaking that the Consideration Shares shall be subject to a lock-up period of three months commencing from the Completion Date.

Relevance of the above factors in determining the Issue Price

(i) The then prevailing market price of the Share

During the discussions between Mr. Siu, Mr. Lau and Mr. Szeto on the preliminary terms of the Acquisition including the Consideration and manner of settlement between 12 December and 14 December 2017, the average of the closing price of per Share as quoted on the Stock Exchange for these three trading days was approximately HKD0.195. Both the Vendor and the Company subsequently noted that there was material fluctuation in the then prevailing market price of the Share, and the closing price of the Share increased significantly from HKD0.194 as at 14 December 2017 to HKD0.36 as at 29 December 2017 (being the date of entering into of the Sale and Purchase Agreement), representing an increase of approximately 85.6% during such period. It was disclosed in the Company's announcement dated 18 December 2017 that, save as the possible Acquisition which was then at the preliminary stage, the Board was not aware of any reason for such fluctuation in the Share price and trading volume at the relevant time. As the closing price of the Share on the date of the Sale and Purchase Agreement had experienced a drastic and sudden increase within only 10 trading days, the parties took the view that it might not be a suitable indicator, and the parties were inclined to make references to other indicators (as discussed in paragraphs (ii) to (iv) below) which were less affected by the aforesaid fluctuation in the Share price.

(ii) The Placing Price

The placing agreement in relation to the Placing was concluded on 11 December 2017, which was only shortly before the commencement of discussion of the Acquisition between the parties, and the placing shares would be placed to the placees at HKD0.145 per placing share (which represented a discount of 17.61% to the benchmarked price of the Shares at the closing price of HKD0.176 as quoted on the Stock Exchange on the date of the placing agreement), the Company took the view, and the Vendor agreed, that the Issue Price should make reference to the Placing Price, as (a) the Placing Price could be a suitable indicator which reflected the value of the Share readily acceptable to investors in the market at that time; (b) the Placing Price was determined before the aforesaid fluctuation in Share price at a relatively stable price level; and (c) the Placing Price showed no significant deviation from the unaudited consolidated net asset value per Share as at 30 June 2017, the 90-trading day average closing price and 150-trading day average closing price (as discussed below respectively).

(iii) The unaudited consolidated net asset value per Share of approximately HKD0.143 as at 30 June 2017

The Vendor and the Company acknowledged that the unaudited consolidated net asset value per Share of approximately HKD0.143 as at 30 June 2017 is the latest information on the value of the Group's assets in public domain readily available to the parties, and it is a fair and objective indicator of the value of the Group' assets which should be made as reference by the parties.

(iv) The average of closing prices

The parties also made references to the average of the closing prices of the Share as respectively quoted on the Stock Exchange for the 90 trading days and 150 trading days immediately prior to the date of the Sale and Purchase Agreement.

The following table sets forth the closing prices of the Share on the date of the Sale and Purchase Agreement and the average of the closing price of the Share in the interval of every 30 trading days prior to the date of the Sale and Purchase Agreement:

	Closing price *(HKD)* *(approximately)*	**Discount of the Issue Price to the closing price** *(approximately)*
Date of the Sale and Purchase Agreement	0.36	59.7%
30-trading day average	0.209	30.6%
60-trading day average	0.188	22.9%
90-trading day average	0.187	22.5%
120-trading day average	0.170	14.7%
150-trading day average	0.172	15.7%

It is observed from the above table that:

(a) the significant discount of the Issue Price to the 30-trading day average closing price is primarily attributable to the material increase of the Share price between 14 December and 29 December 2017;

(b) the 60-trading day average closing price and 90-trading day average closing price are relatively stable, and the discount of the Issue Price to the 60-trading day average closing price and 90-trading day average closing price is around 23%; and

(c) the 120-trading day average closing price and 150-trading day average closing price are relatively stable, and the discount of the Issue Price to the 120-trading day average closing price and 150-trading day average closing price is around 15%.

In view of the above, the significant discount of the Issue Price to the 30-trading day average closing price and the closing price on the date of the Sale and Purchase Agreement is largely due to the material increase of the Share price between 14 December and 29 December 2017 which the Board was not aware of any reason for such fluctuation. It is reasonable for the parties to make references to the 90-trading day average closing price and 150-trading day average closing price to eliminate the effect of the fluctuation in the Share price.

Reasons that the 1-year and 2-year average of the closing prices of the Share are not applicable

The 1-year and 2-year average of the closing prices of the Share are shown in the table below:

	Average closing price *(HKD)* *(approximately)*	**Discount of the Issue Price to the average closing price** *(approximately)*
1-year	0.31	53.2%
2-year	0.38	61.8%

The 1-year and 2-year average of the closing prices are not suitable for the determination of the final Issue Price, and that the significant discount of the Issue Price to the 1-year and 2-year average closing prices should not be the references, for the following reasons:

(i) The 1-year average of the closing price of the Share

The Directors are of the view that the average market price of the Share in the first half of 2017 should carry minimal weight in determining the Issue Price as it experienced a significant downward movement from HKD0.64 as at 1 January 2017 to HKD0.233 as at 31 May 2017, representing a decrease of approximately 63.6% during such period. The Directors took the view that the market price of the Share was relatively stable in the second half of 2017, and therefore made reference to the 150-trading day average closing price (which was recorded from 25 May 2017, a date close to the commencement of the second half of 2017). In view of the above, the 1-year average of the closing price of the Share is not considered to be relevant by the Directors.

(ii) The 2-year average of the closing price of the Share

Given that (a) the discussion on the Acquisition between the parties first began in mid-December 2017, and the Sale and Purchase Agreement was signed in late-December 2017; and (b) the reference dates of other indicators, such as the Placing Price, the unaudited consolidated net asset value per Share as at 30 June 2017, the 90-trading day average closing price and the 150-trading day average closing price, are much closer to the date of the Sale and Purchase Agreement, the Directors consider that the 2-year average of the closing price of the Share (which was recorded since late-December 2015) is relatively remote and thus not an appropriate indicator when determining the Issue Price.

The Group will be benefitted from the Acquisition as disclosed in the paragraph headed "Reasons for and Benefits of the Acquisition" in this Circular. The Acquisition could proceed as both parties were able to determine an acceptable issue price of the Consideration Shares. Having considered the benefits to be brought by the Acquisition to the Company and the Shareholders as a whole, the Directors believe that the Issue Price determined with references to the factors in the preceding paragraphs is fair and commercially reasonable.

The Placing

Pursuant to the announcement of the Company dated 11 December 2017 in relation to the Placing, the net proceeds from the Placing (the "**Placing Proceeds**") were originally intended to be used for as to approximately HKD51 million for repayment of margin loans, as to approximately HKD20 million for property investment, as to approximately HKD60 million for money lending business development of the Group, as to approximately HKD80 million for securities trading and investment of the Group and as to the remaining balance for general working capital.

During the discussions on the preliminary terms of the Acquisition between 12 December and 14 December 2017, the parties explored the feasibility of different manners of settlement of the Consideration, including by cash alone, by mixture of cash and consideration shares or by issuance of consideration shares only. The Vendor accepted the Group to settle the Consideration by issuance of the Consideration Shares. Although the Group could apply the Placing Proceeds together with its internal financial resources to settle the Consideration in full or in part, the Board considered that the sole issuance of Consideration Shares is the best option, as (i) the Group would not have immediate or future cash outflow and could preserve its cash reserve or Placing Proceeds for its business development, investments or loan repayment which can only be settled in cash; and (ii) the Group would be able to use its cash reserves to make timely and appropriate investment(s) or pursue other business opportunities without resorting to other fund-raising activities should any opportunities arise. As a result, the Directors decided not to apply any of the Placing Proceeds to settle the Consideration or for property investment. Based on the aforesaid, the Directors are of the view that the issuance of the Consideration Shares for settling the Consideration is in the interest of the Company and the Shareholders as a whole.

The Company had completed the Placing on 2 January 2018 and raised net proceeds of HKD228 million. Upon completion of the Placing, the Board confirmed the final use of the Placing Proceeds by reallocating HKD20 million from property investment, HKD14 million from securities trading and investment, HKD27 million from money lending business development and HKD8 million from general working capital to repaying margin loans due to an independent securities broker (the "**Securities Broker**"). The Board resolved to revise the proposed use of the Placing Proceeds in the following manner:

Uses	**Original allocation** *HKD'000*	**Revised allocation** *HKD'000*	**Utilised amount as at the Latest Practicable Date** *HKD'000*	**Remaining balance after revised allocation** *HKD'000*
Repayment of margin loans	51,000	120,000	120,000	0
Property investment	20,000	–	–	–
Securities trading and investment	80,000	66,000	66,000	0
Money lending business development	60,000	33,000	33,000	0
General working capital	17,000	9,000	1,500	7,500
Total	228,000	228,000	220,500	7,500

The Directors take the view that such reallocation of the Placing Proceeds allows the Group to save its interest expenses while providing certain amount of financial resources for developing its securities trading and investment business and money lending business, which represents the best use of the Placing Proceeds to the Company.

As at the Latest Practicable Date, approximately HKD220.5 million out of the Placing Proceeds (representing approximately 96.7% of the Placing Proceeds) had been utilised. The Board had resolved to revise the proposed use of the Placing Proceeds due to the following reasons:

(i) *Repayment of margin loans:* Golden Horse Hong Kong Investment Limited, a wholly-owned subsidiary of the Company, maintained a margin loan account with the Securities Broker. Pursuant to a margin loan agreement (which was subsequently amended by an amendment and restatement deed), the Securities Broker provided a margin loan facility to the Group up to HKD150 million for a period up to 21 June 2018 on a revolving basis based on the securities margin value on hand from time to time. The Group's outstanding margin loans repayable to the Securities Broker increased from approximately HKD67.5 million as at 30 June 2017 to approximately HKD150 million as at 31 December 2017. As the interest was accrued on a daily basis and the Group intended to save its interest expenses, the Board resolved to change the original use of the Placing Proceeds to repaying its margin loans to the Securities Broker by allocating HKD120 million of the Placing Proceeds. Such HKD120 million had been utilised by the Group on 5 January 2018.

(ii) *Property investment:* As the Vendor accepted the Group to settle the Consideration by issuance of the Consideration Shares, the Board is of the view that the Placing Proceeds originally allocated to property investment could be reallocated to repayment of margin loans which shall only be settled by cash. Therefore, the Board resolved to change the original use of the Placing Proceeds, such that none of the Placing Proceeds was applied towards property investment.

(iii) *Securities trading and investment:* The Group keeps on identifying its investments based on the share price, the gain potential and the future prospect of the investments. At the relevant time, the Group was still identifying suitable investment opportunities and therefore the Board resolved to change the original use of the Placing Proceeds and reallocate HKD14 million from securities trading and investment to repaying the margin loans to the Securities Broker, thereby saving interest expenses of the Group. The Group may make use of margin loan financing for future acquisition of securities as and when required. The HKD66 million of the Placing Proceeds assigned to securities trading and investment had been utilised by the Group on 5 January 2018.

(iv) *Money lending business development:* At the relevant time, the Group was still identifying suitable opportunities to further develop its money lending business. The Board therefore resolved to change the original use of the Placing Proceeds and reallocate HKD27 million from money lending business development to repaying the margin loans to the Securities Broker for saving interest expenses of the Group. The HKD33 million of the Placing Proceeds assigned to developing money lending business had been utilised by the Group on 3 January 2018.

(v) *General working capital:* The Board resolved to change the original use of the Placing Proceeds and reallocate HKD8 million from general working capital to repaying the margin loans to the Securities Broker for saving interest expenses of the Group. Out of the HKD9 million of the Placing Proceeds assigned as general working capital, HKD1.5 million had been utilised by the Group in mid-January 2018.

The Board considers that the change of use of the Placing Proceeds will allow the Company to deploy its financial resources more effectively and is in the best interest of the Company and the Shareholders as a whole.

Alternatives in funding the Acquisition

In determining the method of settlement of the Consideration, the Company also considered alternative settlement methods, such as bank borrowings, debt financing and pre-emptive equity financing.

In regard to bank borrowings and debt financing, as the Property is subject to a mortgage, the Board considered that this would result in additional interest burden and higher gearing ratio of the Group, and there was no guarantee that bank loans and/or debt financing could be obtained on terms which were acceptable to and in the best interest of the Group. In regard to pre-emptive equity financing, such as rights issue and open offer, the Board considered this would be more time consuming, incur substantial costs in relation to the engagement of legal adviser, financial adviser and brokerage agent as well as underwriting commission which might in turn cause an adverse impact on the financial condition of the Group. The pre-emptive equity financing would also have a potential dilution effect on the shareholding interests of the existing Shareholders who do not participate in such financing activities.

In light of the above, the Board is of the view that issuance of Consideration Shares represented the best option in funding the Acquisition as this will not cause immediate or future cash outflow, liability or commitment on the part of the Company to settle the Consideration.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The Completion will not result in a change of control of the Company under the Listing Rules. The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon the Completion and the allotment and issue of the Consideration Shares (assuming that there is no other change in the shareholding structure of the Company):

Name of shareholder	(i) As at the Latest Practicable Date		(ii) Immediately upon the Completion and the allotment and issue of the Consideration Shares	
	No. of Shares	*Approximate shareholding ratio*	*No. of Shares*	*Approximate shareholding ratio*
Mr. Yu	90,404,425	0.92%	90,404,425	0.78%
Mr. Chen	1,005,313	0.01%	1,005,313	0.01%
Other Directors	101,356,484	1.04%	101,356,484	0.87%
CSPT and its subsidiaries	691,830,188	7.07%	2,484,933,636	21.46%
Other CSPT directors	108,065,431	1.10%	108,065,431	0.93%
Other Shareholders	8,794,526,157	89.86%	8,794,526,157	75.95%
Total	9,787,187,998	100.00%	11,580,291,446	100.00%

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 7 June 2005.

On 17 April 2015, Bright Sunshine Holdings Limited ("**Bright Sunshine**") transferred the entire equity interest in the Target Company to an individual at the consideration of HKD255,000,000. On 7 June 2017, the said individual transferred the entire equity interest in the Target Company to Dragon Huge Development Limited ("**Dragon Huge**") at the consideration of HKD360,000,000. On 7 September 2017, Dragon Huge transferred the entire equity interest in the Target Company to the Vendor at the consideration of HKD150,000,000 which, based on the information provided by the Vendor and the information contained in the announcement of CSPT dated 7 September 2017 in relation to such transaction, was determined with reference to the difference between (i) the valuation of the Property of HKD330,000,000 as at 14 July 2017 conducted by an independent valuer and (ii) the mortgage on the Property amounting to HKD180,000,000 as at 7 September 2017. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Bright Sunshine, the said individual and Dragon Huge are Independent Third Parties.

The Target Company is currently holding the Property located at No. 1, Lincoln Road, Kowloon, Hong Kong. The Property is a trapezium compound with a 3-storey high residential house thereon, with a registered site area of approximately 10,656 sq. ft. and a saleable area of approximately 7,570 sq. ft.. The Property is currently used for domestic purpose. The Property is subject to an outstanding mortgage, particulars of which are set forth in the valuation report on the Property in Appendix V to this circular.

Set out below is the audited financial information of the Target Company:

	For the year ended 31 December 2015 *HKD'000*	**For the year ended 31 December 2016** *HKD'000*	**For the year ended 31 December 2017** *HKD'000*
Net profit/(loss) before taxation	9,124	19,043	54,445
Net profit/(loss) after taxation	9,124	19,043	54,445
Net assets	263,363	282,406	217,121

As at the Latest Practicable Date, the net assets value of the Target Company is approximately HKD217,075,000.

Please refer to the accountant's report in Appendix II to this circular which sets out the audited financial information on the Target Company.

The Company was informed by the Vendor that the Property had been subject to a mortgage in favour of a bank since May 2015, but there were no relevant bank or other borrowing or contingent liabilities recorded in the books of the Target Company. The said mortgage had already been released before the Vendor acquired the Target Company from the former sole shareholder of the Target Company.

The Company was further informed by the Vendor that the relevant bank account of the Target Company was closed in August 2017 by a former ultimate controlling shareholder of Target Company before the various changes of shareholders and directors of the Target Company. Accordingly, the management of the Target Company was not able to authorise the bank confirmation request from the relevant bank, and the independent report accountant was not able to obtain satisfactory confirmation reply from the bank to confirm the indebtedness of the Target Company as at 1 January 2015, 31 December 2015 and 31 December 2016, respectively.

The Company was further informed by the Vendor that the supporting documents for accounting purpose during the period from 1 January 2015 to 17 April 2015 could not be located due to the various changes of shareholders and directors of the Target Company. Accordingly, the independent reporting accountant was not able to obtain satisfactory and adequate underlying supporting evidence for the transactions recorded in the books of the Target Company during the above period (the "**Relevant Transactions**").

As a result of the above, according to the independent reporting accountant, there were no alternative audit procedures that they could perform to satisfy themselves as to (i) the completeness of liabilities, including contingent liabilities, of the Target Company as at 11 May 2015, 31 December 2015 and 31 December 2016; and (ii) the occurrence, accuracy, valuation, rights and obligations, existence and completeness of the Relevant Transactions. Accordingly, the independent reporting accountant gave a disclaimer of opinion (the "**Disclaimer Opinion**") in the accountant's report on the Target Company as disclosed on page II-2 in Appendix II to this circular.

The Board, having considered the information provided by the Vendor and the above situation as a whole, takes the view that the Disclaimer Opinion is only for the Target Company's historical financial position and does not affect the Target Company's financial position as at 31 December 2017. The Board is of the view that the Disclaimer Opinion does not have any effect on the current financial position of Target Company, the Group and the Enlarged Group, and it is fair and reasonable to proceed with the Acquisition.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

The Group is 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.

INFORMATION ON THE VENDOR AND CSPT

The Vendor is a wholly-owned subsidiary of CSPT incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

CSPT and its subsidiaries are principally engaged in trading and distribution of electronic and accessory products and other merchandise, financial investments and trading and money lending business.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors have been proactive in seeking appropriate investment opportunities, including investment in properties in Hong Kong, in order to diversify the scope of business of the Group and to increase the return to the Shareholders.

Potential appreciation in the value of the Property

Although the price of private domestic units in Hong Kong has been increasing substantially, it still reveals a positive outlook. The Directors are optimistic about the future development of the Hong Kong property market, especially for units in the traditional luxurious property districts. The Group understands that the market condition changes from time to time and therefore monitors the property market closely. The Directors had obtained market information from various sources and had considered the following factors when forming such views:

(a) the pace of the interest rate hike in the United States was and is expected to be rather modest and steady, with the projection materials of the Federal Reserve of the United States released in mid-December 2017 suggesting a projection outlook for three interest-rate hikes totaling around an increase of 0.75% for the year of 2018, which may not be of considerable resistance to the property market in Hong Kong to rise further;

(b) the price index for private domestic units published by the Rating and Valuation Department had been generally rising from 2010 to late 2015 and, despite the slight decrease in early 2016, resumed its upward trend since mid-2016 and continued its strong upward trend in 2017;

(c) prices of land sale and private domestic units have continued to break historical records from time to time since early 2017, e.g. the two land sites in Cheung Sha Wan were sold in November 2017 as the most expensive land site ever, breaking the record just set in February 2017, which may suggest that the property market would continue to be robust despite the rising interest rates; and

(d) according to the statistics released by the Rating and Valuation Department, the supply of large private domestic units of over $160m^2$ was expected to make up of less than 3% of the total units supplied throughout 2017 and the Directors considered that new large units completed in 2017 which would become available in primary and/or secondary markets in 2018 would hence be limited. Also, considering that the above is also consistent with the trend that the supply of large units accounted for less than 6% each year since 2011, this might suggest that the trend of scarce supply of completed large units in Hong Kong would continue.

In view of the above, the Directors believe that there will still be room for appreciation of the Property in the long term, particularly due to the scarce supply of new luxurious properties in Kowloon Tong area and the fact that the luxurious property market is relatively less vulnerable to economic fluctuation.

As disclosed in the circular of the Company dated 21 June 2016, the Group disposed its entire equity interest in Sky Eagle Global Limited ("**Disposal**"), which primarily held the property located at No. 2, Lincoln Road, Kowloon, Hong Kong, due to uncertainties created in the property market as a result of (i) the then contemplation of increasing interest rate in Hong Kong, which would normally follow the interest rates hike by the Federal Reserve in December 2015 and for the first time since 2009, (ii) as suggested in the 2015 Economic Background and 2016 Prospects published by the Hong Kong government in February 2016, the "deep concerns about global growth prospect" due to uncertain pace of the monetary policy tightening in 2016; (iii) falling property prices in early 2016 as shown by the price index published by the Rating and Valuation Department which raised the concern of a potentially reducing demand and competition on luxury residential properties. In light of the foregoing, the Directors therefore decided to lower the Group's risk exposure on investments in luxury residential properties by disposing one of its two luxury residential properties, reallocate its resources and rearrange its investment portfolio. After the Disposal and as at 31 December 2016, as compared with 31 December 2015, (i) the property investment portfolio accounted for approximately 46% of the Group's total investment portfolio, representing a decrease of approximately 50%; (ii) the securities investment portfolio accounted for approximately 52% of the Group's total investment portfolio, representing an increase of approximately 50%; and (iii) the loan portfolio accounted for 2% of the Group's total investment portfolio, representing a decrease of approximately 1%.

Since early 2017, new records for prices of land and different kinds of residential properties have been continuously set by private developers from the PRC and Hong Kong as well as other buyers in the property market. The price index for private domestic units with saleable area of $100m^2$ or above has been increasing for over 8% in 2017. It also appears that the interest rate hike in the United States, the increasing supply of new residential premises in Hong Kong and the possibility of further property cooling measures imposed by the Hong Kong government did not have any material impact on the property market in Hong Kong. In view of the above, having observed the development of the property market for a period of time, the Directors believe it is a suitable time to review and enrich the investment portfolio of the Group by re-acquiring luxury residential property.

In addition, given that the local bank interest rate remains at a relatively low level, the Board considers that there remains investment opportunities existing in the property market and the Acquisition represents an investment opportunity for the Group to enrich its property investments portfolio.

Receipt of stable rental income

Further, the Group believes that there is sufficient and rigid rental demand for properties in the vicinity of the Property. The Group is aware of the trend in the rental market of luxury residential property in Kowloon Tong as it is holding a luxury residential property located at No. 19, Cumberland Road, Kowloon Tong for rental purpose, and therefore it obtains information regarding the rental market luxury residential property in Kowloon Tong from estate agency from time to time. The market information recently obtained by the Group from estate agency, and the recent monthly rent of the property located at No. 2, Lincoln Road previously owned by the Group, indicate that the monthly rent of house type properties in Kowloon Tong in the vicinity of and comparable to the Property in the aspect of environment in the neighborhood and level of luxury ranges from approximately HKD58 to HKD76 per sq.ft. in terms of saleable area (the "**Indication Rent**"), and therefore the Property will be able to offer rental yield acceptable to the Group. Based on such information, the Directors are of the view that the Group will be benefited from the Acquisition.

On 31 January 2018, the Group was informed by the Vendor that a potential tenant, being an individual, expressed his interest to rent the Property. On 1 February 2018, the Vendor, with the consent from the Group, entered into a tenancy agreement (the "**Tenancy Agreement**") in respect of the Property with the aforesaid individual at the monthly rent of HKD500,000 (inclusive of government rates, government rents and management fees) for a fixed term of one year commencing from 1 February 2018. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the tenant is an Independent Third Party. The Group gave the aforesaid consent to the Vendor for entering into the Tenancy Agreement as (i) it was the Group's original intention to lease out the Property after Completion, and the execution of the Tenancy Agreement can secure the rental income of the Group in respect of the Property; and (ii) the monthly rent under the Tenancy Agreement is consistent with the Indication Rent previously obtained by the Group from estate agency.

No immediate or future cash outflow due to issuance of the Consideration Shares

Further, pursuant to the Sale and Purchase Agreement, the Group is not required to settle the Consideration in cash at Completion. Although at the time of entering into of the Sale and Purchase Agreement the Placing Proceeds had yet been utilised, the Board considered that issuance of Consideration Shares is a better option as this will allow the Group to preserve its cash reserves and provide flexibility for its future business development and investments, whereas the Placing Proceeds originally allocated to the use of property investment could be reallocated to repaying margin loans which shall only be settled by cash. Since there is no immediate or future cash outflow for the Acquisition, the Group is able to use its cash reserves to make timely and appropriate investment(s) or pursue other business opportunities without resorting to other fund-raising activities should any opportunities arise. Based on the above, the Board considers that it is an appropriate time to invest in the Property. The Board will from time to time monitor the property investments portfolio of the Group in order to maximise the return to the Shareholders.

Whilst the Company is aware of the dilution impact of the issue of the Consideration Shares to fund the Acquisition, the Company also considers the adverse impacts on the operation of the Group which may result from using bank borrowings, debt financing and pre-emptive equity financing as disclosed on page 21 of this Circular, such as driving up the gearing ratio, creating further financing costs or incurring substantial costs in relation to the engagement of professional parties, etc. In view of the above, the Directors (including the independent non-executive Directors but excluding Mr. Chen and Mr. Yu) consider that the potential dilution effect on the shareholding interests of the Shareholders in relation to the Acquisition is justifiable, fair and reasonable.

Fair and reasonable valuation

The Group has engaged the Independent Valuer to conduct valuation in respect of the Property and prepared an independent valuation report set forth in Appendix V to this circular. The Company has (i) discussed with the Independent Valuer regarding the valuation methodology used and assumptions adopted in the independent valuation report; (ii) reviewed the underlying calculations of the independent valuation report and the information of the comparables used by the Independent Valuer, such comparables are houses located in the Kowloon Tong neighborhood and the transaction dates were within a couple of months before the valuation date, which are appropriate for comparison; (iii) reviewed the unit price of the Property in terms of saleable area adopted by the Independent Valuer, which did not exceed that of the residential property located at No. 2, Lincoln Road adopted by the then independent valuer when the Group disposed of such property in July 2016; and (iv) assessed the expertise and experience of the signatory of the independent valuation report. Based on the foregoing, the Directors consider that the valuation of the Property is fair and reasonable and, accordingly, it is not necessary to take into account the difference of the Property valuation between 14 July 2017 (being the date of valuation of the Property conducted by an independent valuer when the Vendor acquired the Property) and 28 December 2017 (being the date of valuation of the Property conducted by the Independent Valuer) in determining the Consideration.

The Directors believe that the Acquisition will provide return and benefits to the Company and the Shareholders in the long run on the following basis: (i) the Acquisition represents a good opportunity for the Group to continue to expand and diversify the Group's investment portfolio; (ii) the Group can take advantage of the steady trend of appreciation in private domestic units in Hong Kong, the potential of future appreciation in the value of the Property will increase the asset value of the Group; and (iii) the Group will be able to broaden its source of revenue by deriving rental income from the Property, in particular, the Group will receive stable rental income each month during the term of the Tenancy Agreement. Weighing the potential return and benefits of the Acquisition in the long run against the dilution effect, the Directors are of the view that the Acquisition is fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors but excluding Mr. Chen and Mr. Yu who have abstained from voting at the Board meeting) consider that the terms and conditions of the Sale and Purchase Agreement are on normal commercial terms or better, and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the accounts of the Group in accordance with applicable accounting standards.

Effect on assets and liabilities

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, assuming that Completion had taken place on 30 June 2017, the total assets would increase by approximately HKD400,109,000 to HKD1,566,354,000. The total liabilities would increase by approximately HKD140,254,000 to approximately HKD383,663,000.

Effect on earnings

Rental income received under the tenancy of the Property will become revenue of the Enlarged Group and it is expected that the rents received net of maintenance costs and other expenses in respect of the Property will be recorded as an additional stream of income and contribute to the future earnings of the Enlarged Group. In addition, the Property will be accounted for as a property held for investment and will be subject to a fair value assessment on an annual basis. The potential appreciation in value of the Property will be recognised and shown in the consolidated financial results of the Enlarged Group.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group will continue to focus on the development of, and direct its resources on exploring opportunities in, securities trading and investments, provision of financing services and investment property in Hong Kong, so as to create long-term value for the Shareholders. The Board believes that such core businesses of the Group are able to produce steady income streams given the existing market conditions and the resources available. The Board believes that the business performance of the Group will be further improved.

In respect of securities trading, the Group is optimistic on the economic growth in China and believes that Hong Kong would also be benefited. Therefore, it is expected that the Group will continue to invest in the Hong Kong equity market by enhancing the use of the surplus working capital and will continue to seek attractive investment opportunities with the aim of deriving dividend income and/or gain from trading of listed securities.

In respect of the money lending business, due to the nature of Hong Kong's loan market, the demand of loan is expected to increase substantially. The Board believes that the money lending business will give the Group an opportunity to obtain a higher return for the fund under the current low interest rate environment and will generate satisfactory revenue for the Group.

Although the property market in Hong Kong is subject to uncertainties underlying the macro environment and the global economy, the Group is still confident about the medium to long-term development of the property market in Hong Kong benefited from the relatively low interest rate of local bank and there remains investment opportunities existing in the market. The Directors considered that the Acquisition represents an investment opportunity to further participate in the Hong Kong property investment market and the future tenancy in relation to the Property may provide stable rental income for the Group while at the same time the Group will be benefited from the long term appreciation of the value in luxurious properties in Hong Kong. It is further noted that pursuant to the Sale and Purchase Agreement, the Group does not need to settle the Consideration in cash at Completion, which will allow the Group to preserve its cash reserves for its future business development.

The Board will continue implementing cost control measures across all its businesses and managing risks exposures to the Group. Furthermore, the Board will monitor the investment property portfolio of the Group and also the market development and will reallocate resources of the Group in order to maximise the return to the Shareholders.

The management will continue to explore business opportunities in e-commerce business, investment in film project, trading business and any other potential business fields to diversify its business portfolio with a view to broaden its income stream which shall be in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company had not yet identified any other business opportunities, and taking into account the Company's financial status, the Company was not in contemplation of any fund-raising plan(s) for the next 12 months. The Company will comply with the Listing Rules and make announcement(s) as and when appropriate, where the Board has had any potential fund-raising plan, agreement or arrangement in place or where any potential acquisition(s) in relation to such business opportunities are entered into.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and will accordingly be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As both Mr. Chen and Mr. Yu are the executive directors of the Company and CSPT, Mr. Chen and Mr. Yu have abstained from voting at the Board meeting approving the Sale and Purchase Agreement, the Special Mandate and the transactions contemplated thereunder.

THE EGM

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM to be held at Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong on Friday, 13 April 2018 at 11:00 a.m. at which the relevant resolutions will be proposed at the EGM to approve, among other things, the Acquisition, the Specific Mandate and the transactions contemplated thereunder by the Independent Shareholders.

The voting in relation to the Acquisition, the Specific Mandate and the transactions contemplated thereunder at the EGM will be conducted by way of poll at the EGM, and an announcement on the results of the EGM will be made by the Company after the EGM.

Any Shareholder with a material interest in the proposed transaction and his/her/its close associates will abstain from voting on resolution(s) approving that transaction, each of Mr. Chen, Mr. Yu, CSPT, the relevant directors of CSPT and their respective close associates will abstain from voting on the relevant ordinary resolution(s) to be proposed at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Shareholders will be required to abstain from voting at the EGM to be convened for the purpose of considering and, if thought fit, approving the Acquisition, the Specific Mandate and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, there was (i) no voting trust or other agreement or arrangement or understanding entered into or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

In order to be eligible to attend and vote at the EGM, all unregistered holders of the Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 6 April 2018.

RECOMMENDATION

The Board (including the independent non-executive Directors but excluding Mr. Chen and Mr. Yu who have abstained from voting at the Board meeting), having taken into account the reasons set out in the section headed "Reasons for and Benefits of the Acquisition" of this letter, considers that the Agreements and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions which will be proposed at the EGM for approving the Acquisition and the transactions contemplated thereunder and the grant of the Specific Mandate.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

I. FINANCIAL INFORMATION OF THE GROUP

The consolidated financial information of the Group, together with the accompanying notes, for each of the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 are disclosed in the annual reports of the Company for the years ended 31 December 2014 (pages 26 to 91), 31 December 2015 (pages 36 to 117) and 31 December 2016 (pages 41 to 117) and the interim report of the Company for the six months ended 30 June 2017, respectively. The aforesaid annual reports and interim report of the Company are available on the Company's website at www.fw-fh.com and the website of the Stock Exchange at www.hkexnews.hk through the links below:

2017 interim report	http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0926/LTN20170926367.pdf
2016 annual report	http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0426/LTN20170426369.pdf
2015 annual report	http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0425/LTN20160425525.pdf
2014 annual report	http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0427/LTN20150427537.pdf

II. INDEBTEDNESS

As at the close of business on 28 February 2018, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Enlarged Group had the following indebtedness:

	Notes	*HKD'000*
Guaranteed and secured		
Secured bank borrowings	*(a)*	247,993
Other borrowings	*(b)*	59,712
		307,705
Unguaranteed and unsecured		
Other payable	*(c)*	11,498
		319,203

Notes:

(a) The bank borrowings bear interest ranged from (i) at lower of HKD Prime Rate – 2.5% and HIBOR (1 month) + 2% and (ii) HKD Prime Rate – 2.5% per annum at 28 February 2018. At 28 February 2018, the Group's bank borrowings are guaranteed by the Company and secured by the Enlarged Group's investment properties.

(b) 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 HKD150,000,000 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)") and specified listed shares ("Specified Listed Shares"). The aggregate outstanding amount of the margin loan shall not at any time exceed the principal amount of the margin loan. Without prejudice to the foregoing, no more than HKD60,000,000 of the margin loan may use for acquiring CMBC Shares.

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

As at 28 February 2018, the other borrowings are guaranteed by the Company and secured by the pledged of available-for-sale financial assets of approximately HKD215 million and held-for-trading investments of approximately HKD184 million, respectively. The other borrowings are repayable within twelve months.

(c) The balance represents amount due to Able Success Asia Limited ("Able Success"), a company incorporated in the British Virgin Islands with limited liability. Able Success is the former holding company of the Company, the entire issued share capital of which is beneficially owned by Mr. He Jianhong ("Mr. He"). Mr. He's position as the chairman and executive director of the Company was suspended with effect from 27 January 2014 and was removed with effect from 10 October 2014. Further details are set out in the annual report of the Company for the year ended 31 December 2016 dated 31 March 2017.

Save as aforesaid or otherwise mentioned herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, the Enlarged Group had no other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credit, guarantees or contingent liabilities at the close of business on 28 February 2018.

III. WORKING CAPITAL

As at the Latest Practicable Date, the Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Enlarged Group's financial resources, including internally generated funds and presently available credit facilities, the Enlarged Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, the date to which the latest audited financial statements of the Group were made up.

The following is the text of a report received from the independent reporting accountant, Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.

MOORE STEPHENS

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會計師事務所有限公司

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FUTURE WORLD FINANCIAL HOLDINGS LIMITED

We report on the historical financial information of Goodview Assets Limited (the "Target Company") set out on pages II-5 to II-38, which comprises the statements of financial position of the Target Company as at 31 December 2015, 2016 and 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2015, 2016 and 2017 (the "Relevant Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-5 to II-38 forms an integral part of this report, which has been prepared for inclusion in the circular of Future World Financial Holdings Limited (the "Company") dated 20 March 2018 (the "Circular") in connection with the proposed acquisition of entire issued capital in the Target Company by the Company.

Directors' responsibility for the Historical Financial Information of Target Company

The directors of the Company (the "Directors") are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Historical Financial Information.

Disclaimer of opinion

We do not express an opinion on the Historical Financial Information of the Target Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this Historical Financial Information.

Basis for disclaimer of opinion

(a) Scope limitation – bank borrowing and contingent liabilities

As at 31 December 2015 and 31 December 2016, the Target Company's investment property was pledged since 11 May 2015. However, there were no bank or other borrowing or contingent liabilities recorded as at each of these dates. The current management of the Target Company is unable to explain the rationale or reasons for the existence of the pledge as at these dates.

Further, during the course of our audit, we were informed by the management of the Target Company that due to the relevant bank account of the Target Company was closed during the year ended 31 December 2017 before the various changes of shareholder of the Target Company, as well as the changes of director of the Target Company (the "Changes of Management"), the management was unable to authorise the bank confirmation request from the relevant bank (the "Bank"). Accordingly, we were unable to obtain satisfactory confirmation reply from the Bank to confirm the indebtedness of the Target Company as at 1 January 2015, 31 December 2015 and 31 December 2016. There were no alternative satisfactory audit procedures that we could adopt to satisfy ourselves as to the completeness of liabilities, including contingent liabilities, of the Target Company as at 1 January 2015, 31 December 2015 and 31 December 2016. Any adjustments that might have been found to be necessary in respect of the above could have a significant effect on the Target Company's financial position as at 1 January 2015, 31 December 2015 and 31 December 2016 and consequently, the Target Company's financial performance for the years ended 31 December 2015, 2016 and 2017, and the related disclosures thereof in the Historical Financial Information.

Our opinion on the Target Company's statement of financial position as at 31 December 2017 is also disclaimed because of the possible effects of the matter on the comparability of the figures as at and for the years ended 31 December 2017 and 31 December 2016.

(b) Scope limitation – supporting documents for accounting purpose during the period from 1 January 2015 to 17 April 2015 (the "Relevant Period") (the "Relevant Supporting Documents")

During the Relevant Period, there were various transactions (collectively, the "Relevant Transactions") recorded in the books of the Target Company in relation to various elements of the financial statements, including capital expenditures, cash and cash equivalents, prepayments, other receivables, amount due to ultimate controlling party, other payables and administrative expenses.

During the course of our audit, we were informed by the management of the Target Company that due to the Changes of Management as mentioned above, the management of the Target Company is unable to locate the Relevant Supporting Documents, and therefore, unable to provide the Relevant Supporting Documents to us. Accordingly, we were unable to obtain satisfactory and adequate underlying supporting evidence for the Relevant Transactions. Because of the nature of the scope limitation, there were no alternative audit procedures that we could perform to satisfy ourselves as to the occurrence, accuracy, valuation, rights and obligations, existence and completeness of the Relevant Transactions. Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the Target Company's financial performance and cash flows for the year ended 31 December 2015, and the related disclosures thereof in the Historical Financial Information.

Material uncertainty related to going concern

We draw attention to Note 2 to the Historical Financial Information, which indicates that as at 31 December 2015, 2016 and 2017, the Target Company had net current liabilities of approximately HKD56,637,000, HKD57,594,000 and HKD182,879,000 respectively. As stated in Note 2, this condition indicates that a material uncertainty exists that may cast significant doubt on the Target Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-5 have been made.

Dividends

An interim dividend of approximately HKD119,730,000 per share, was declared and paid through the current account with ultimate controlling party during the year ended 31 December 2017.

Except for the aforesaid interim dividend, no dividends have been paid by the Target Company or recommended by the sole director of the Target Company (the "Target's Director") in respect of the Relevant Period.

Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035
Hong Kong

20 March 2018

(A) HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

For the purpose of this report, the Target's Director has prepared the financial statements of the Target Company (the "Underlying Financial Statements") for the Relevant Period in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. Moore Stephens CPA Limited was engaged to audit the Underlying Financial Statements for the Relevant Period were in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollars ("HKD") and all values are rounded to the nearest thousand (HKD'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2015	**2016**	**2017**
	Notes	*HKD'000*	*HKD'000*	*HKD'000*
Revenue	*7*	–	–	–
Change in fair value of investment property	*12*	10,000	20,000	60,000
Administrative expenses		(876)	(957)	(1,199)
Operating profit		9,124	19,043	58,801
Finance costs	*8*	–	–	(4,356)
Profit before income tax	*9*	9,124	19,043	54,445
Income tax expense	*10*	–	–	–
Profit and comprehensive income for the year		9,124	19,043	54,445

STATEMENTS OF FINANCIAL POSITION

		At 31 December		
		2015	2016	2017
	Notes	*HKD'000*	*HKD'000*	*HKD'000*
ASSETS AND LIABILITIES				
Non-current assets				
Investment property	*12*	320,000	340,000	400,000
Current assets				
Deposits and prepayments		163	163	83
Bank balances		326	405	26
		489	568	109
Current liabilities				
Other payables and accrual		94	130	201
Bank borrowings	*13*	–	–	139,113
Amount due to ultimate controlling party	*14*	57,032	58,032	43,674
		57,126	58,162	182,988
Net current liabilities		(56,637)	(57,594)	(182,879)
Net assets		263,363	282,406	217,121
EQUITY				
Share capital	*15*	1	1	1
Capital reserve		79,700	79,700	79,700
Retained earnings		183,662	202,705	137,420
Total equity		263,363	282,406	217,121

STATEMENTS OF CHANGES IN EQUITY

	Share capital *HKD'000*	Capital reserve* *HKD'000*	Retained earnings *HKD'000*	Total *HKD'000*
At 1 January 2015	1	79,700	174,538	254,239
Profit for the year	–	–	9,124	9,124
Other comprehensive income for the year, net of income tax	–	–	–	–
At 31 December 2015 and 1 January 2016	1	79,700	183,662	263,363
Profit for the year	–	–	19,043	19,043
Other comprehensive income for the year, net of income tax	–	–	–	–
At 31 December 2016 and 1 January 2017	1	79,700	202,705	282,406
Profit for the year	–	–	54,445	54,445
Other comprehensive income for the year, net of income tax	–	–	–	–
Dividend declared and paid	–	–	(119,730)	(119,730)
At 31 December 2017	1	79,700	137,420	217,121

* *The capital reserve represents the excess of paid-in capital to the Target Company.*

STATEMENTS OF CASH FLOWS

	2015	2016	2017
	HKD'000	*HKD'000*	*HKD'000*
Operating activities			
Profit before income tax	9,124	19,043	54,445
Adjustments for:			
Finance costs	–	–	4,356
Changes in fair value of investment property	(10,000)	(20,000)	(60,000)
Operating cash flows before movements in working capital	(876)	(957)	(1,199)
Decrease in deposits and prepayments	28	–	80
(Decrease)/Increase in other payables and accrual	(106)	36	(130)
Net cash used in operations	(954)	(921)	(1,249)
Financing activities			
Increase/(Decrease) in amount due to ultimate controlling party	1,272	1,000	(134,088)
Proceeds from short-term borrowings	–	–	180,000
Repayment of short-term borrowings	–	–	(180,000)
Proceeds from bank borrowings	–	–	140,000
Repayment of bank borrowings	–	–	(887)
Interest paid	–	–	(4,155)
Net cash generated from financing activities	1,272	1,000	870

	2015	2016	2017
	HKD'000	*HKD'000*	*HKD'000*
Net increase/(decrease) in cash and cash equivalents	318	79	(379)
Cash and cash equivalents at the beginning of the year	8	326	405
Cash and cash equivalents at the end of the year	326	405	26

(B) NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. Corporate information

Goodview Assets Limited (The "Target Company") was incorporated in the British Virgin Islands (the "BVI") on 7 June 2005 with limited liability. The registered office and the principal place of business of the Target Company is located at Unit 6706B-08A, Level 67, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

On 17 April 2015, Bright Sunshine Holdings Limited ("Bright Sunshine") transferred the entire equity interest in the Target Company to Mr. Fung Kok Po ("the then shareholder"), and from that date Bright Sunshine ceased to be the sole member of the Target Company and Pricewell Holdings Limited ceased to be the sole director of the Target Company and the then shareholder became the new sole member and sole director of the Target Company at the same date.

On 7 June 2017, a sale and purchase agreement entered into between the then shareholder and Dragon Huge Development Limited ("Dragon Huge"), pursuant to which the then shareholder agreed to sell and Dragon Huge agreed to buy the entire equity interest in the Target Company (the "2nd Transaction"). The 2nd Transaction was completed on 17 August 2017, and from that date the then shareholder ceased to be the sole member and sole director of the Target Company and Dragon Huge became the sole member of the Target Company. Mr. Lin Zherui was appointed as the sole director of the Target Company with effect on the same date.

On 7 September 2017, a sale and purchase agreement was entered into between Dragon Huge and Winsey Enterprises Limited ("Winsey") pursuant to which Dragon Huge agreed to sell and Winsey agreed to buy the entire equity interest in the Target Company (the "3rd Transaction"). The 3rd Transaction was completed on 13 September 2017, Dragon Huge ceased to be the sole member of the Target Company and Winsey become the sole member of the Target Company. Mr. Lin Zherui ceased to be the sole director of the Target Company and Mr. Chen Xiaodong was appointed as the sole director of the Target Company with effect on the same date.

The Target Company was principally engaged in property investment.

In the opinion of the sole director of the Target Company (the "Target's Director"), the Target Company's parent company with effect from 13 September 2017 is Winsey, a company incorporated in BVI with limited liability. In the opinion of the Target's Director, the Target Company's ultimate holding company from 1 January 2015 to 17 April 2015 was Bright Sunshine, a company incorporated in BVI with limited liability. In the opinion of the Target's Director, the Target Company's ultimate holding party from 17 April 2015 to 17 August 2017 was the then shareholder. In the opinion of the Target's Director, the Target Company's ultimate holding company from 17 August 2017 to 13 September 2017 was Dragon Huge, a company incorporated in Hong Kong with limited liability. In the opinion of the Target's Director, the Target Company's ultimate holding company with effect from 13 September 2017 is China Soft Power Technology Holdings Limited, a company incorporated in the Bermuda and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange").

The Underlying Financial Statements are presented in Hong Kong dollars ("HKD"), which is also the functional currency of the Target Company.

2. Basis of preparation

The financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Historical Financial Information has been prepared on the historical cost basis, except for investment property that is measured at fair value.

Going concern

As at 31 December 2015, 2016 and 2017 the Target Company had net current liabilities of approximately HKD56,637,000, HKD57,594,000 and HKD182,879,000, respectively. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Target Company's ability to continue as a going concern. Therefore, the Target Company may be unable to realise its assets and discharge its liability in the normal course of business.

These Historical Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate holding party, at a level sufficient to finance the working capital requirements of the Target Company. The ultimate holding company has agreed to provide adequate funds for the Target Company to meet its liabilities as they fell due for the foreseeable future. The Target's Director therefore is of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis. Should the Target Company be unable to continue as a going concern, adjustments would have to be made to the Historical Financial Information to write down the carrying amounts of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these adjustments have not been reflected in the Historical Financial Information.

3. New and revised HKFRSs

New and revised HKFRSs that are effective during the Relevant Period have been adopted by the Target Company at the respective effective dates. The adoption of these new and revised HKFRSs has no significant impact on the Target Company's results and financial positions.

The Target Company has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in the Historical Financial Information:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
Amendments to HKFRS 4	Apply HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers Clarifications to HKFRS 15[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
HKFRS 17	Insurance Contract[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *Effective for annual periods beginning on or after 1 January 2021*

[4] *The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.*

The Target Company has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the Historical Financial Information of the Target Company except for the followings:

HKFRS 9 – Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from contracts with customers

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretation when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance Obligation

Furthermore, extensive disclosures are required by HKFRS 15. The Target's Director has assessed the impact of HKFRS 15, and anticipate that the application of HKFRS 15 will have no material impact on the Underlying Financial Statements. The Target Company does not expect to adopt the new standard before 1 January 2018.

4. Summary of significant accounting policies

Basis of measurement

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value-in-use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Target Company as a lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Investment property

Investment property is a property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequently to initial recognition, investment property is measured at their fair values. All of the Target Company's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment property and is measured using the fair value model. Gains or losses arising from change in the fair value of investment property is included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognised of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before income tax" as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years, and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment property that is measured using the fair value model, the carrying amounts of such property is presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when the Target Company becomes a party to the contracted provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposits and bank balances) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– breach of contract, such as default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– disappearance of an active market for that financial asset because of financial difficulties.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and amounts due from fellow subsidiaries, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable and amounts due from fellow subsidiaries are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Target Company are classified as either financial liabilities or as equity in according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including other payables and accrual, secured bank borrowings and amount due to ultimate controlling party are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the profit or loss.

On derecognition of a financial asset other than in its entirety, the Target Company allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Target Company has a present obligation as a result of a past event, it is probable that the Target Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Cash and cash equivalents

Bank balances in the statements of financial position comprise cash at bank.

Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Related parties

(a) A person, or a close member of that person's family, is related to the Target Company if that person:–

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of key management personnel of the Target Company or the Target Company's parent;

or

(b) An entity is related to the Target Company if any of the following conditions applies:–

(i) the entity and the Target Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Target Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. Critical accounting judgements and key sources of estimation uncertainty

In the application of Target Company's accounting policies, which are described in Note 4, the Target's Director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the critical judgments, apart from those involving estimations (see below), that the director has made in the process of applying the Target Company's accounting policies and that have the most significant effect on the amounts recognised in the financial Information.

Deferred taxation on investment property

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment property that are measured using the fair value model, the Target's Director has reviewed the Target Company's investment property portfolios and concluded that the Target Company's investment property is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time. Therefore, in determining the Target Company's deferred taxation on investment property, the Target's Director has determined that the presumption that the carrying amounts of investment property measured using the fair value model is recovered entirely through sale is not rebutted. The Target Company has not recognised any deferred taxes on changes in fair value of investment property as the Target Company is not subject to any income taxes on the fair value changes of the investment property on disposal.

Going concern and liquidity

As explained in Note 2, there are conditions that indicate the existence of a material uncertainty which may cast significant doubt on the Target Company's ability to continue as a going concern. The assessment of the going concern assumptions involves making judgement by the Target's Director, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Target's Director consider that the Target Company has ability to continue as a going concern and the major going concern assumptions are set out in Note 2.

Key sources of estimation uncertainty

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of investment property

At the end of each reporting period, investment property is stated at fair value based on the valuation performed by an independent firm of qualified professional valuers. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation reports, the Target's Director has exercised his judgement and is satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair values of the Target Company's investment property being recognised in the profit or loss. The carrying amount of investment property measured at fair value was approximately HKD320,000,000, HKD340,000,000 and HKD400,000,000 at 31 December 2015, 2016 and 2017 respectively.

6. Segment information

An operating segment is a component of the Target Company that is engaged in business activities from which the Target Company may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the Target's Director in order to allocate resources and assess performance of the segment. For the Relevant Period, the Target's Director has determined that the Target company has only one operating segment as the Target Company is principally engaged in property investment.

Geographical information

In view of the fact that the Target Company mainly operates in Hong Kong, no geographical segment information is presented.

Information about major customers

During the Relevant Period, no revenue has been generated.

7. Revenue

The Target Company is principally engaged in property investment and no revenue has been generated during the Relevant Period.

8. Finance costs

	2015	**2016**	**2017**
	HKD'000	*HKD'000*	*HKD'000*
Interest on secured bank loan	–	–	816
Interest on secured short-term loan	–	–	3,540
	–	–	4,356

9. Profit before income tax

Profit before income tax is arrived at after charging:

	2015	**2016**	**2017**
	HKD'000	*HKD'000*	*HKD'000*
Target's director's remuneration	–	–	–
Staff costs	–	–	–
Auditor's remuneration	–	–	22
Property management expenses	651	689	651
Repairs and maintenance	25	8	28

10. Income tax expense

No provision for Hong Kong Profits Tax was made for each of the Relevant Period as the Target Company has no estimated assessable profit for each of the Relevant Period.

The income tax expense for the Relevant Period can be reconciled to the profit before income tax as follows:

	2015	**2016**	**2017**
	HKD'000	*HKD'000*	*HKD'000*
Profit before income tax	9,124	19,043	54,445
Income tax at applicable tax rate (16.5%)	1,505	3,142	8,983
Tax effect of expenses not deductible for tax purpose	145	158	917
Tax effect of income not taxable for tax purpose	(1,650)	(3,300)	(9,900)
Income tax expense	–	–	–

No deferred tax has been provided in the Historical Financial Information as there were no material temporary differences at the end of each reporting period.

11. Dividends

	2015	**2016**	**2017**
	HKD'000	*HKD'000*	*HKD'000*
Interim dividend paid	–	–	119,730

During the year ended 31 December 2017, the Target's Director recommended an interim dividend of approximately HKD119,730,000 per share, which was paid through the current account with the ultimate controlling party. The rate of dividend is not presented as the Target's Director consider it is not meaningful.

12. Investment property

	2015	2016	2017
	HKD'000	*HKD'000*	*HKD'000*
Fair value			
At 1 January	310,000	320,000	340,000
Increase in fair value recognised in profit or loss	10,000	20,000	60,000
At 31 December	320,000	340,000	400,000

The Target Company's property interests held under operating lease to earn rentals or for capital appreciation purposes is measured using the fair value model and is classified and accounted for as investment property.

At 31 December 2017, the Target Company's investment property, with carrying amount of HKD400,000,000 has been pledged to secure the bank borrowings granted to the Target Company *(Note 13)*.

Fair value measurement of investment property

The fair value of the Target Company's investment property at 31 December 2017 have been arrived at on the basis of a valuation carried out by S.K. Pang Surveyors & Co. Ltd. ("S.K.Pang") (2016 and 2015: Roma Appraisals Limited ("Roma"). S.K. Pang and Roma are independent qualified professional valuers, which are not connected with the Target Company, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair values of investment property is a level 3 fair value measurement. The reconciliation of the opening and closing fair value balance is shown as above.

The fair values of investment property were estimated using market comparison approach. Fair values are based on prices for recent market transaction in similar properties with significant adjustments for differences in the location or condition of the Target Company's investment property. These adjustments are based on unobservable inputs.

Significant unobservable inputs	**Relationship of unobservable inputs to fair value**	**Range of unobservable inputs** 2015	2016	2017
Premium/(Discount) on quality of property (e.g. location, size and condition of the properties)	The higher premiums/(discount) on the quality of the property, the higher/(lower) the fair value	-11% to 19%	-11% to 19%	13% to 30%
Selling price per unit of market comparables, taking into account of difference such as age and location	The higher the selling price per unit, the higher the fair value	HKD34,506 to HKD67,930 per square feet ("sq. ft.")	HKD34,506 to HKD67,930 per square feet ("sq. ft.")	HKD38,712 to HKD44,346 per square feet ("sq. ft.")

There has been no change from the valuation technique used during the Relevant Period.

The fair value measurements are based on the investment property's highest and best use, which does not differ from the actual use.

During the Relevant Period, there were no transfers into or out of Level 3 or any other level. The Target Company's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

13. Bank Borrowings

	2015	2016	2017
	HKD'000	*HKD'000*	*HKD'000*
Secured bank borrowings	–	–	139,113

	2015	2016	2017
	HKD'000	*HKD'000*	*HKD'000*
Carrying amount repayable:			
Within one year	–	–	5,349
More than one year, but not more than two years	–	–	5,498
More than two years, but not more than five years	–	–	17,420
More than five years	–	–	110,846
	–	–	139,113
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)	–	–	133,764
Carrying amount repayable within one year	–	–	5,349
	–	–	139,113

The bank borrowings bear interest at the lower of HKD Prime Rate – 2.5% and HIBOR (1 month) + 2% per annum at 31 December 2017 (2016 and 2015: Nil). The weighted average effective interest rates on the bank borrowings are as follows:

	2015	**2016**	**2017**
Secured bank borrowing (per annum)	–	–	2.52% – 2.75%

At 31 December 2017, the bank borrowings is secured by the Target Company's investment property *(Note 12)*.

14. Amount due to ultimate controlling party

	2015 *HKD'000*	**2016** *HKD'000*	**2017** *HKD'000*
The then shareholder	57,032	58,032	–
China Soft Power Technology Holdings Limited	–	–	43,674

The amounts due to the ultimate controlling party were unsecured, interest free and repayable on demand.

15. Share capital

	Number of ordinary share	**Amount** *HKD'000*
Ordinary share of USD1 each		
Authorised:		
At 31 December 2015, 2016 and 2017	50,000	390
Issued and fully paid:		
At 31 December 2015, 2016 and 2017	1	1*

* *The issued and fully paid share capital of the Target Company amounted to USD1 as at 31 December 2015, 2016 and 2017 respectively, has been rounded up to approximately HKD1,000.*

16. Capital risk management

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to sole member through the optimisation of the debt and equity balance. The Target Company's overall strategy remains unchanged throughout the Relevant Period.

The capital structure of the Target Company consists of total equity of the Target Company, comprising of issued share capital, capital reserve and retained earnings.

The Target's Director reviews the capital structure on a regular basis. As a part of this review, the Target's Director considers the cost of capital and the risks associates with each class of capital. Based on recommendations of the Target's Director, the Target Company will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt.

17. Financial instruments

Categories of financial instruments

(i) Financial assets

	2015	**2016**	**2017**
	HKD'000	*HKD'000*	*HKD'000*
Loan and receivables			
Deposits	163	163	74
Bank balances	326	405	26
	489	568	100

(ii) Financial liabilities

	2015	**2016**	**2017**
	HKD'000	*HKD'000*	*HKD'000*
Liabilities measured at amortised cost:			
Other payables and accrual	94	130	201
Bank borrowings	–	–	139,113
Amount due to the ultimate controlling party	57,032	58,032	43,674
	57,126	58,162	182,988

18. Financial risk management objective and policies

The Target Company's major financial instruments include deposits, bank balances, other payables and accrual, bank borrowings and amount due to ultimate controlling party. The risks associated with these financial instruments include credit risk, interest rate risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfill its obligation with the results that the Target Company thereby suffers financial loss.

The Target Company's principal financial assets are deposits and bank balances which represent the Target Company's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the Target's Director reviews the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the Target's Director considers that the Target Company's credit risk is significantly reduced.

The credit risk on liquid fund is limited because the counterparty is a bank with high credit rating assigned by international credit-rating agencies.

Interest rate risk

The Target Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances and borrowings as detailed in Note 13. The Target Company's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Target Company's bank balances are short-term in nature and the exposure of the interest rate is minimal and thus no sensitivity analysis is presented for.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of each reporting period. The analysis is prepared assuming these borrowings outstanding at the end of reporting period were outstanding for whole year. A 100 basis points increase or decrease in HIBOR and Prime rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest for the year. No sensitivity has been performed for the year ended 31 December 2015 and 2016 as there were no floating-rate borrowings as of that date.

	2017
	HKD'000
(Decrease)/Increase in post-tax profit:	
100 basis points increase	(100)
100 basis points decrease	100

Liquidity risk

In the management of the liquidity risk, the Target's Director monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows.

At 31 December 2015, 2016 and 2017, the Target Company has net current liabilities of approximately HKD56,637,000, HKD57,594,000 and HKD182,879,000, respectively. The Target Company is exposed to liquidity risk if it is not able to raise sufficient funds to meet its financial obligations. The Target Company relies on the financial support provided by the ultimate controlling party which has agreed to provide adequate funds to enable the Target Company to meet in full its financial obligations as they fall due for the foreseeable future and undertaking of the ultimate controlling party not to demand for repayment of debts due from the Target Company until such time when repayment will not affect the ability of the Target Company to repay other creditors in the normal course of business.

The following table details the Target Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The maturity date of the non-derivative financial liabilities is based on the agree repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each of the Relevant Period.

	Weight-ed average interest rate	On demand or within one year	More than 1 years but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual Undiscount-ed cash flow	Carrying amounts
	per annum	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
2015							
Other payables and accrual	–	94	–	–	–	94	94
Amount due to the ultimate controlling party	–	57,032	–	–	–	57,032	57,032
		57,126	–	–	–	57,126	57,126
2016							
Other payables and accrual	–	130	–	–	–	130	130
Amount due to the ultimate controlling party	–	58,032	–	–	–	58,032	58,032
		58,162	–	–	–	58,162	58,162
2017							
Other payables and accrual		201	–	–	–	201	201
Bank borrowings	2.58%	9,108	9,108	27,323	135,098	180,637	139,113
Amount due to the ultimate controlling party	–	43,674	–	–	–	43,674	43,674
		52,983	9,108	27,323	135,098	224,512	182,988

19. Fair value measurement of the financial instruments

The Target's Director considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

20. Subsequent financial statements

No audited financial statement have been prepared by the Target Company in respect of any period subsequent to 31 December 2017 and up to the date of this report. No dividend or distribution has been declared or made by the Target Company in respect of any period subsequent to 31 December 2017.

21. Event after the reporting period

Except as disclosed elsewhere in this report, there are no other material subsequent events undertaken by the Target Company after 31 December 2017.

22. Major Non-Cash Transaction

During the year ended 31 December 2017, interim dividend with total sum of approximately HKD119,730,000, was paid through the current account with ultimate controlling party.

Set out below are the management discussion and analysis on the Target Company for the three years ended 31 December 2015, 2016 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY FOR THE YEAR ENDED 31 DECEMBER 2015

General Information

The Target Company is a limited company incorporated in British Virgin Islands. The principal activity of the Target Company is property investment.

Principal Income Statement Components

Gain from changes in fair values of an investment property

The Target Company held a residential property located in Kowloon Tong. Based on the independent valuation of the investment property as at 31 December 2015, a valuation gain of HKD10,000,000 was recognised.

Income

No rental income recorded during the year ended 31 December 2015.

Expenses

For the year ended 31 December 2015, the Target Company recorded total expenses of approximately HKD876,000 which were mainly attributed to building management fee of approximately HKD651,000 and rates of approximately HKD158,000.

Liquidity and financial resources

Net Assets

As at 31 December 2015, the Target Company recorded total assets of approximately HKD320,489,000 which were financed by liabilities of approximately HKD57,126,000 and equity of approximately HKD263,363,000. The net asset value as at 31 December 2015 was approximately HKD263,363,000.

Amount due to ultimate controlling party

As at 31 December 2015, the Target Company had the amount due to ultimate controlling party of approximately HKD57,032,000 which was unsecured and interest free with no fixed terms of repayment and repayable on demand.

Liquidity

The Target Company had total cash and bank balances of approximately HKD326,000 as at 31 December 2015. The gearing ratio of the Target Company as at 31 December 2015, calculated as a ratio of amount due to ultimate controlling party to total equity was approximately 0.22. Net assets were approximately HKD263,363,000.

The Target Company recorded total current assets of approximately HKD489,000 as at 31 December 2015 and total current liabilities of approximately HKD57,126,000. The current ratio of the Target Company, calculated by dividing total current assets by total current liabilities was approximately 0.009 as at 31 December 2015.

Treasury policies

The Target Company generally finances its operations with ultimate controlling party loan.

Foreign exchange exposure

As the Target Company's business transaction, assets and liabilities are denominated in Hong Kong dollars, foreign exchange exposure risk is remote.

Capital structure

The initial issued share capital of the Target Company is HKD8, which have been fully paid as at 31 December 2015.

Employee and remuneration policies

The Target Company did not enter into any contract of any person engaged in the full-time employment of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY FOR THE YEAR ENDED 31 DECEMBER 2016

General Information

The Target Company is a limited company incorporated in British Virgin Islands. The principal activity of the Target Company is property investment.

Principal Income Statement Components

Gain from changes in fair values of an investment property

The Target Company held a residential property located in Kowloon Tong. Based on the independent valuation of the investment property as at 31 December 2016, a valuation gain of HKD20,000,000 was recognised.

Income

No income recorded during the year ended 31 December 2016.

Expenses

For the year ended 31 December 2016, the Target Company recorded total expenses of approximately HKD957,000 which were mainly attributed to building management fee of approximately HKD689,000 and rates of approximately HKD238,000.

Liquidity and financial resources

Net Assets

As at 31 December 2016, the Target Company recorded total assets of approximately HKD340,568,000 which were financed by liabilities of approximately HKD58,162,000 and equity of approximately HKD282,406,000. The net asset value as at 31 December 2016 was HKD282,406,000.

Amount due to ultimate controlling party

As at 31 December 2016, the Target Company had the amount due to ultimate controlling party of approximately HKD58,032,000 which was unsecured and interest free with no fixed terms of repayment.

Liquidity

The Target Company had total cash and bank balances of approximately HKD405,000 as at 31 December 2016. The gearing ratio of the Target Company as at 31 December 2016, calculated as a ratio of amount due to ultimate controlling party to total equity was approximately 0.21. Net assets were approximately HKD282,406,000.

The Target Company recorded total current assets of approximately HKD568,000 as at 31 December 2016 and total current liabilities of approximately HKD58,162,000. The current ratio of the Target Company, calculated by dividing total current assets by total current liabilities was approximately 0.010 as at 31 December 2016.

Treasury policies

The Target Company generally finances its operations with shareholder loan.

Foreign exchange exposure

As the Target Company's business transaction, assets and liabilities are denominated in Hong Kong dollars, foreign exchange exposure risk is remote.

Capital structure

The initial issued share capital of the Target Company is HKD8, which have been fully paid as at 31 December 2016.

Employee and remuneration policies

The Target Company did not enter into any contract of any person engaged in the full-time employment of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY FOR THE YEAR ENDED 31 DECEMBER 2017

General Information

The Target Company is a limited company incorporated in British Virgins Islands. The principal activity of the Target Company is property investment.

Principal Income Statement Components

Gain from changes in fair values of an investment property

The Target Company held a residential property located in Kowloon Tong, Hong Kong. As there was a change in use of property owned by the Target Company, the Target Company transferred the property to investment property and the property was measured at its fair value. Based on the independent valuation of the investment property as at 28 December 2017, a valuation gain of HKD60,000,000 was recognised.

Rental income

No rental income for the year ended 31 December 2017.

Expenses

For the year ended 31 December 2017, the Target Company recorded total expenses of approximately HKD1,199,000 which were mainly attributed to (i) building management fee of approximately HKD651,000; (ii) rates of approximately HKD198,000; and (iii) professional charges of approximately HKD274,000.

Finance cost

The Target Company's finance cost for the year ended 31 December 2017 was approximately HKD4,356,000 in relation to interest paid on the bank borrowings. The increase in finance cost was due to the Target Company obtained a bank borrowings which were secured by legal charge on the Target Company's investment property.

During the year ended 31 December 2017, the Target Company's director recommended an interim dividend of approximately HKD119,730,000 per share, which was fully settled through the current account with the ultimate controlling party.

Liquidity and financial resources

Net Assets

As at 31 December 2017, the Target Company recorded total assets of approximately HKD400,109,000 which were financed by liabilities of approximately HKD182,988,000 and equity of approximately HKD217,121,000. The net asset value as at 31 December 2017 was HKD217,121,000.

Amount due to ultimate controlling party

As at 31 December 2017, the Target Company had the amount due to ultimate controlling party of approximately HKD43,674,000 which was unsecured and interest free with no fixed terms of repayment.

Liquidity

As at 31 December 2017, the Target Company had total cash and bank balances of approximately HKD26,000. The gearing ratio of the Target Company as at 31 December 2017, calculated as a ratio of amount due to the ultimate controlling party to total equity was approximately 0.20. Net assets were approximately HKD217,121,000.

The Target Company recorded total current assets of approximately HKD109,000 as at 31 December 2017 and total current liabilities of approximately HKD182,988,000. The current ratio of the Target Company, calculated by dividing total current assets by total current liabilities was approximately 0.001 as at 31 December 2017.

Charges on assets

At 31 December 2017, the Target Company had pledged its investment property with a carrying amount of HKD400,000,000 to secure mortgage loan.

Treasury policies

The Target Company generally finances its operations with ultimate holding company loan and external borrowings.

Foreign exchange exposure

As the Target Company's business transaction, assets and liabilities are denominated in Hong Kong dollars, foreign exchange exposure risk is remote.

Capital structure

The initial issued share capital of the Target Company is HKD8, which have been fully paid as at 31 December 2017.

Employee and remuneration policies

The Target Company did not enter into any contract of any person engaged in the full-time employment of the Company.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(A) Introduction to the Unaudited Pro Forma Financial Information of the Enlarged Group

The unaudited pro forma statement of assets and liabilities of the Enlarged Group (the "Unaudited Pro Forma Financial Information") set out in section B below has been prepared by the Directors, for illustrative purpose only, to provide information about how the Acquisition might have affected the financial position of the Group as at 30 June 2017, had completion of the Acquisition taken place on 30 June 2017.

The Unaudited Pro Forma Financial Information is prepared based on the Group's financial position as at 30 June 2017 as extracted from the unaudited interim financial statements of the Group included in the interim report for the six months ended 30 June 2017 dated 30 August 2017, the financial information of the Target Company as at 31 December 2017 as extracted from the Accountant's Report set out in Appendix II of the Circular after making certain pro forma adjustments resulting from the Acquisition.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates and uncertainties, and is provided for illustrative purposes only. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 June 2017. Neither does the Unaudited Pro Forma Financial Information purport to predict the Enlarged Group's future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Group for the six months ended 30 June 2017, the financial information of the Target Company as set out in Appendix II of the Circular and other financial information included elsewhere in the Circular.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarge Group following the completion of the Acquisition.

(B) Unaudited Pro Forma Consolidated Statements of Financial Position of the Enlarged Group

	The Group as at 30 June 2017	Pro forma adjustments		Enlarged Group as at 30 June 2017
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
	(Audited)	*(Note 2a)*	*(Note 2b)*	(Unaudited)
NON-CURRENT ASSETS				
Investment property	278,000	400,000	–	678,000
Available-for-sale financial assets	42,350	–	–	42,350
	320,350	400,000	–	720,350
CURRENT ASSETS				
Held-for-trading investments	572,724	–	–	572,724
Interest in a film in progress	12,960	–	–	12,960
Trade and other receivables	2,642	83	–	2,725
Loan and interest receivables	147,057	–	–	147,057
Loan receivable from a former associate/ an associate	90,000	–	–	90,000
Derivative financial instrument	2,093	–	–	2,093
Cash and bank balances	18,419	26	–	18,445
	845,895	109	–	846,004
CURRENT LIABILITIES				
Accruals, other payables and provision for other liabilities	31,571	201	940	32,712
Bank borrowings	113,270	139,113	–	252,383
Other borrowings	67,469	–	–	67,469
Income tax payable	31,099	–	–	31,099
	243,409	139,314	940	383,663
NET CURRENT ASSETS	602,486	(139,205)	(940)	462,341
NET ASSETS	922,836	260,795	(940)	1,182,691

Notes:

1. Basis of preparation

This Unaudited Pro Forma Financial Information has been prepared in accordance with paragraph 29(7) of Chapter 4 of the Listing Rules and based upon: (i) the unaudited consolidated statement of financial position of the Group as of 30 June 2017, which has been extracted from the interim report of the Company for the six months ended 30 June 2017 dated 30 August 2017; and (ii) the statement of financial position of the Target Company as of 31 December 2017, which has been extracted from the accountant's report on the Target Company included in Appendix II to this circular; and adjusted in accordance with the pro forma adjustments described in note 2b below, as if the Acquisition had been completed on 30 June 2017. This Unaudited Pro Forma Financial Information has been prepared in a manner consistent with both the format and accounting policies adopted by the Company in its unaudited interim financial statements for the six months ended 30 June 2017.

2. Notes to the pro forma adjustments

(a) The adjustment represents the acquisition of the entire equity interest in the Target Company.

Pursuant to the Acquisition Agreement and the Supplemental Agreement, the Group has conditionally agreed to acquire the entire issued share capital of the Target Company for an aggregate consideration amounting to HKD260,000,000. which is to be satisfied by the allotment and issue of the consideration shares of 1,793,103,448 shares of HKD0.001 each at an issue price of HKD0.145 per share (the "Consideration Share(s)").

For the purpose of the Unaudited Pro Forma Financial Information, the fair values of the Consideration Shares are assumed to be issued at the date of completion. For consideration based on the fair values of the assets and liabilities of the Target Company as at 31 December 2017, which are assumed amount to be approximately HKD260,795,000 in aggregate. The liabilities of the Target Company as at 31 December 2017 represented by amounts due to its ultimate controlling party of HKD43,674,000 are excluded from the assets and liabilities of Target Company acquired. Accordingly, the amount of reserve of approximately HKD259,002,000 was the difference between the fair value of assets acquired and liabilities assumed and the par value of Consideration Shares on 30 June 2017.

Upon the completion of the Transaction, the Target Company would become an indirect wholly-owned subsidiary of the Company.

(b) The amount represents the estimate amounts for legal and professional fee and other expenses payable by the Group related to the Acquisition.

(c) No other adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transaction of the Group entered subsequent to 30 June 2017 and of the Target Company entered subsequent to 31 December 2017. Unless otherwise stated, the adjustments above do not have a recurring effect.

(C) Independent reporting accountant's assurance report on the compilation of unaudited pro forma financial information

The following is the text of a report received from the reporting accountant, Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong, on the unaudited pro forma financial information of the Enlarged Group as set out in this appendix and prepared, for inclusion in this circular.

MOORE STEPHENS

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大華馬施雲
會計師事務所有限公司

The Directors
Future World Financial Holdings Limited

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Future World Financial Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2017 (the "Unaudited Pro Forma Financial Information") as set out on pages IV-1 to IV-3 of the circular dated issued by the Company dated 20 March 2018 (the "Circular") in connection with the proposed acquisition of the entire issued share capital of Goodview Assets Limited (the "Target Company") (the "Acquisition"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page IV-1 to IV-3.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 30 June 2017 as if the Transaction had taken place at 30 June 2017. As part of this process, information about the Group's financial position as at 30 June 2017 has been extracted by the Directors from the Company's unaudited interim financial statements included in the interim report for the six months ended 30 June 2017 as set out in the interim report of the Company which was published on 30 August 2017.

Information about the Target Company's financial position has been extracted by the Directors from the financial information of the Target Company as at 31 December 2017, on which an accountant's report has been published in Appendix II to the Circular.

DIRECTORS' RESPONSIBILITIES FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Transaction on unadjusted financial information of the Group as if the Transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2017 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Enlarged Group, the Transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

OPINION

Limitation of Scope

Balance of the amount due to Able Success Asia Limited ("Able Success")

As at 30 June 2017, included in other payables was a balance of approximately HKD15,264,000 being amount due to the former holding company, Able Success, a company incorporated in the British Virgin Islands with limited liability the entire issued share capital of which is beneficially owned by Mr. He Jianhong ("Mr. He"). Mr. He's position as the chairman and executive director of the Company was suspended with effect from 27 January 2014 and was removed with effect from 10 October 2014. During our engagement to audit the consolidated financial statement of the Group for the year ended 31 December 2016, we disclaimed our audit opinion on those consolidated financial statement because, inter alia, we were unable to verify the balance with Able Success as at 31 December 2016 and there were no other alternative supporting evidence to satisfy ourselves as to whether the balance of the amount due to Able Success as at 31 December 2016 was factually supportable. Our auditor's report is included in the annual report of the Company for the year ended 31 December 2016 dated 31 March 2017.

The matter described above remain unresolved as at the date of this report. Any adjustment to be necessary would have a consequential effect on the Group's consolidated statement of financial position as at 31 December 2016, its financial performance as at 31 December 2016.

In our opinion:

Except for the matter described in the Limitation of Scope section above, in our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035
Hong Kong

20 March 2018

The following is the text of a letter and valuation certificates, prepared for the purpose of incorporation in this circular received from S.K. Pang Surveyors & Co. Ltd., an independent valuer, in connection with its valuation as at 28 December 2017 for the property interests to be acquired by Future World Financial Holdings Limited.

S.K. Pang Surveyors & Co. Ltd.
Room 1203A, Wing On House
71 Des Voeux Road Central
Hong Kong
Tel: 2721 1288 Fax: 2721 0010

Date : 28 December 2017

Our Ref. : VAL-K-SKP-1204-217

The Directors
Future World Financial Holdings Limited
Unit 912, 9th Floor, New East Ocean Centre
9 Science Museum Road
Kowloon, Hong Kong

Dear Sirs,

No.1 Lincoln Road, Kowloon ("The Property")

We refer to your instructions to value The Property for a proposed acquisition by Future World Financial Holdings Limited and/or its subsidiaries (hereinafter referred to as "**the Group**"), we confirm that we have carried out inspection, made relevant enquiries, searches and obtained such further information as we considered necessary for the purpose of providing our opinion of the current market value of The Property for the purpose of inclusion in a Circular to be issued by the Group.

1. BASIS OF VALUATION

Our valuation is made on the basis of Market Value which is defined by the International Valuation Standards and followed by the Hong Kong Institute of Surveyors (HKIS) Valuation Standards (2012 Edition) as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset or liability estimated without regard to cost of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been made on the assumption that the owner sells The Property on the open market without the benefit of a deferred term contract, leaseback, joint venture, or any similar arrangement which would serve to affect the value of The Property. Furthermore, no account has been taken of an option or right of pre-emption that would affect the sale of The Property and no forced sale situation in any manner is assumed in our valuation.

2. VALUATION METHODOLOGY

The Property has been valued by the direct comparison method by making reference to comparable market transactions as reported in the market at similar location. Comparable properties of similar size, character and location have been carefully studied and analysed in order to arrive at a fair comparison of capital value. No other methods have been considered because comparison method is the best one for this case.

3. ENCUMBRANCES

No allowance has been made in our valuation for any charges, mortgages or amounts owing on The Property nor for any expenses or taxation which may be incurred in effecting a sale. Despite the fact that the Property is subject to an outstanding mortgage as disclosed on page V-6 in this circular, in assessing the market value of the Property, it is assumed that the interest of The Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value, as any transaction costs or encumbrances such as mortgage, debenture or other charges against it should be disregarded as required under paragraph 2.0(6) the Valuation Standard 3 (VS3) of the HKIS Valuation Standards (2012 Edition) page 26.

4. SOURCE OF INFORMATION

We have caused searches to be made at the relevant Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any lease amendments. We shall not assume any responsibility for matter legal in nature, nor do we given any opinion as to the title which is assumed to be good, transferable and marketable.

We have taken reasonable steps and our best effort to verify all data, information and sources of information being relied upon in the preparation of the valuation, including matters such as planning approvals, statutory notices, easements, tenure, occupancy, lettings, floor areas and all other relevant matters. All information, documents and leases have been used as reference only.

5. MEASUREMENTS

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS i.e. on a saleable area basis, unless otherwise stated. We generally do not physically measure the actual property nor verify the floor area provided to us. In measuring The Property we have made reference to the approved General Building Plans deposited in the Building Authority. All measurements and areas are approximate. The conversion factor of 1 square metre to 10.764 square feet is adopted.

6. SURVEYS & CONDITIONS

We have carried out an inspection of The Property, but we have not carried out structural survey for it, nor have we tested the services, fittings thereon, nor test for any deleterious materials (including by way of example asbestos and calcium chloride). Readily apparent defects or items of disrepair, if any, noted during the course of our inspection will be reflected in the valuation. We are unable to give any assurance that The Property is free from structural and or latent defect.

7. COMPLIANCE

Our valuation has been prepared in accordance with The HKIS Valuation Standards (2012 Edition), the relevant provisions in the Company Ordinance and it has complied with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We hereby certified that we have neither present nor prospective interests in The Property, the Group or the value reported. Finally we enclose herewith a Summary of Valuation and a Valuation Certificate.

Yours faithfully,
For and on behalf of
S.K. Pang Surveyors & Co. Ltd.
Sr. Pang Shiu Kee
FHKIS MRICS RPS (G.P.), Msc (IRE) MCIREA
Managing Director

Note: Sr. Pang Shiu Kee is a Registered Professional Surveyor (General Practice Division) in the Hong Kong Special Administrative Region of The People's Republic of China, a Fellow Member of The Hong Kong Institute of Surveyors, a Member of the Royal Institute of Chartered Surveyor, and a Professional Member of the China Institute of Real Estate Appraisers. He started this professional practice since 1985 and had more than 30 years post qualification experience in General Practice Surveying. Mr. Pang has extensive valuation experience in properties and property development projects in Hong Kong and the PRC.

He is currently on the "List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuation in connection with Takeovers and Mergers" of The Hong Kong Institute of Surveyors.

SUMMARY OF VALUE

Property	Market Value as at 28th December 2017
No.1 Lincoln Road, Kowloon	HKD400,000,000

Note: The market value of The Property was assessed at HKD400,000,000 (Four Hundred Million Hong Kong Dollars) as at 28th December 2017 by S.K. Pang Surveyors & Co. Ltd. on the basis of Market Value, in accordance with the HKIS Valuation Standard (2012 Edition), the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

VALUATION CERTIFICATE

Property	Description and Tenure	Occupancy/ Classification	Market Value As at 28th December 2017
No.1 Lincoln Road, Kowloon	The Property is a trapezium compound with a 3-storey high residential house thereon. The house consists of three contiguous duplex flats with ground floor car ports. There are totally 8 parking spaces. The house was certified to be completed on October 9, 2008. The floor areas of The Property are summarized as follows: Gross Floor Area – about 7,711 sq.ft. *(note 1)* Saleable Area – about 7,570 sq.ft. *(note 2)* Ancillary Accommodations: Terrace – about 1,229 sq.ft. Garden – about 500 sq.ft. Top Roof – about 2,654 sq.ft. The registered site area of The Property is 10,656 sq.ft. or thereabouts. The Property is held under Government Lease of New Kowloon Inland Lot No. 712 for a lease term expiring on June 30, 2047 at an annual ground rent of HKD2,196 according to the land search records. There are no options nor rights of pre-emption concerning or affecting the Property.	As informed by the Group, The Property is currently in vacant possession. As informed by the Group, the Property is to be acquired for investment.	HKD400,000,000

Notes:

1. According to the approved general building plan of The Property dated 17 January 2008 the total Gross Floor Area (GFA) is 716.372 sq.m. or thereabout (7,711 sq.ft.) excluding the whole car port area. But this 100% car park floor area not GFA countable is no more applicable from January 2013 onward. Now 50% above ground car park area is GFA countable.

2. 7,570 sq.ft. is the total saleable area of the three duplex flats. The saleable area of main accommodation and ancillary accommodation of each is as follows:

Flat	**Main Accommodations**	**Ancillary Accommodation**	
A	About 3,120 sq.ft.	Terrace:	About 495 sq.ft.
		Garden:	About 198 sq.ft.
		Top Roof:	About 1,072 sq.ft.
B	About 2,225 sq.ft.	Terrace:	About 367 sq.ft.
		Garden:	About 151 sq.ft.
		Top Roof:	About 791 sq.ft.
C	About 2,225 sq.ft.	Terrace:	About 367 sq.ft.
		Garden:	About 151 sq.ft.
		Top Roof:	About 791 sq.ft.

3. The registered owner of The Property is "Goodview Assets Limited as a beneficiary" vide Memorial No. 06101400530093 dated 21 September 2006.

4. The Property is subject to a Mortgage and a Rental Assignment in favour of "Public Bank (Hong Kong) Limited" vide Memorial Nos.1710270082058 and 17102700820064 dated 13 October 2017.

5. The Property is currently zoned as "Residential (Group C) 1" under the Approved Kowloon Tong Outline Zoning Plan No. S/K18/21 dated 5 December 2017.

6. The Property is subject to Government Lease of New Kowloon Inland Lot No. 712. Salient points of the Government Lease in relation to user restriction of the lot are extracted below:

   "… And will during the whole of the said term hereby granted keep and maintain on the said piece or parcel of ground hereby demised a messuage or dwelling house … which said messuage or dwelling house shall be of the same type of building elevation character and description and shall front and range in an uniform manner with buildings immediately adjacent thereto the whole to be done to the satisfaction of His said Majesty's Director of Public Works …"

7. The inspection was undertaken by Mr. Pang Shiu Kee on 21 December 2017.

On-site inspection was carried out at The Property and the surrounding area. The locality is primarily a low density residential one in which developments are mainly renovated pre-war two-storey residential houses or post-war three-storey houses. In a couple of streets some houses have been converted into educational/religious institutes, lovers' motels and residential care homes. There is one nursery and one kindergarten along Lincoln Road. The external and internal of The Property were in reasonably good upkeep condition. The headroom of the duplex flats is high. They are in the range of 11 ft. to 12.5 ft..

8. Recent transactions of houses in the Kowloon Tong neighbourhood are as follows:

Address	**Instrument Date**	**Transaction Price** *(HKD)*	**Saleable Area**	**Unit Rate** *(HKD/sq.ft.)*
House 1 1 Oxford Road *(note 1)*	Oct 11, 2017 (PASP)	218,000,000	5,133 sq.ft.	42,470
House 12 1 Oxford Road	July 24, 2017 (ASP)	190,000,000	4,908 sq.ft.	38,712
House D La Villa De La Salle, No. 34 La Salle Road *(note 1)*	April 7, 2017 (PASP)	308,800,000	7,338 sq.ft.	42,082
House 17 Mount Beacon Garden House, No. 20 Cornwall Street *(note 1)*	Sept 8, 2017 (ASP)	105,000,000	2,884 sq.ft.	36,408
No. 9 Tat Chee Avenue *(note 2)*	Aug 2017	500,000,000	11,275 sq.ft.	44,346

note 1: All are estate type houses holding an undivided share of the lot and are subject to the deed of mutual covenant of the estate.

note 2: This is a reported transaction via share transfer.

Transactions of residential plots in Kowloon Tong in 2017 are as follows:

Address	Instrument Date	Transaction Price *(HKD)*	Site Area	Developable GFA (note 3)	AV *(HKD/sq.ft.)* (note 4)
No. 12 Stafford Road	May 18, 2017 (ASP)	220,000,000	9,665 sq.ft.	5,799 per square feet	37,938
No. 20 Cumberland Road	Jan 20, 2017 (PASP)	110,000,000	4,983 sq.ft.	2,990 per square feet	36,789

note 3: Developable GFA = Site Area x Plot Ratio permissible under the relevant outline zoning plan. The Plot Ratio is 0.6 in this neighbourhood.

note 4: AV = Accommodation Value which is equivalent to the transaction price divided by the developable GFA.

9. The Property is a land with a house thereon, therefore, apartment flats are not considered appropriate for comparison purpose. The collected comparables are also houses in the same neighborhood, they are appropriate for comparison although some are estate type i.e. different category.

10. Those estate type houses share common driveway, communal recreational facilities and are subject to the Deed of Mutual Covenant and house rules of the estate, whilst plot with a free standing house thereon like the Property is free from this hassle. Some estate houses are in a mixture of medium rise apartments and are overlooked by the latter. Privacy is definitely inferior.

    Environment is also an important factor, therefore, closeness to a busy traffic street/road is certainly less desirable for any type of houses. Provision of sufficient car parking space is also a main concern because prospective purchasers for house type property are more car prone. Those collected comparables are all a couple of months well before the valuation date but the Territory Wide Private Domestic Price Indices prepared by the Rating & Valuation Department showed a continuing upward price movement in each month of 2017. Supply of decent size plot at a desirable environment in the neighborhood like the Property is limited whilst the demand has remained strong. All these factors have been duly taken into account in the adjustment between the comparables and the Property.

    The Property is a residential plot with a detached house thereon, with sufficient provision of car park inside the compound, and is at Lincoln Road where the environment is better, whilst most listed comparables are estate type (some are even terraced houses) with limited car park provision, and are close to busy traffic street/road. Having taken these into account together with the dearth in the supply of quality, large residential plots and houses in the neighbourood, the current market condition and price movement, we consider that a price tag at HKD400,000,000 for The Property i.e. land and the building thereon equivalent to about an unit rate of about HKD52,840 per sq.ft. on saleable area basis is fair and reasonable and is within a normal market price range of similar properties in the relevant neighbourhood.

    ASP – Agreement for Sale & Purchase.

    PASP – Provisional Agreement for Sale & Purchase.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 herein or this circular misleading.

2. SHARE CAPITAL

Authorised		*HKD*
249,480,000,000	Shares	249,480,000
520,000,000	preference shares	520,000

Issued and to be issued, fully paid or credited as fully paid

9,787,187,998	Shares in issue as at the Latest Practicable Date	9,787,187.998
1,793,103,448	Consideration Shares to be allotted and issued	1,793,103.448
11,580,291,446	Shares	11,580,291.446

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Consideration Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the then existing Shares in issue on the date of allotment and issue of the Consideration Shares. The Shares in issue are listed on the Stock Exchange.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in Shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which: (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity	Number of Shares or underlying Shares held	Approximate percentage of shareholding
Mr. Siu Yun Fat	Beneficial owner	132,800,000 *(Note 1)*	1.36%
Mr. Chen Xiaodong	Beneficial owner	1,005,313	0.01%
Mr. Cai Linzhan	Beneficial owner	96,289,144 *(Note 2)*	0.98%
Mr. Yu Qingrui	Beneficial owner	154,404,425 *(Note 3)*	1.58%
Mr. Tam Tak Wah	Beneficial owner	267,340	0.003%

Notes:

1. The interest comprises 68,800,000 Shares and 64,000,000 underlying Shares in respect of the share options granted pursuant to a share option scheme of the Company.

2. The interest comprises 32,289,144 Shares and 64,000,000 underlying Shares in respect of the share options granted pursuant to a share option scheme of the Company.

3. The interest comprises 90,404,425 Shares and 64,000,000 underlying Shares in respect of the share options granted pursuant to a share option scheme of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests or short positions in the Share, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which: (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the following persons (other than the Directors or chief executives of the Company as disclosed in the above) had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital as at the Latest Practicable Date:

Name	Capacity	Number of Shares held	Approximate percentage of shareholding
CSPT *(Note 1)*	Interest in controlled corporation	691,830,188	7.07%
Hoshing Limited *(Note 2)*	Interest in controlled corporation	691,830,188	7.07%

Name	Capacity	Number of Shares held	Approximate percentage of shareholding
Main Purpose Investments Limited	Beneficial owner	662,053,062	6.76%

Notes:

1. CSPT was deemed to be interested in 662,053,062 Shares held by Main Purpose Investments Limited and 29,777,126 shares held by Desert Gold Limited by virtue of its 100% interests in the issued share capital of Hoshing Limited, which in turn holds 100% interests in the issued share capital of Main Purpose Investments Limited and 100% interests in the issued share capital of Desert Gold Limited, respectively.

2. Hoshing Limited was deemed to be interested in 662,053,062 Shares held by Main Purpose Investments Limited and 29,777,126 Shares held by Desert Gold Limited by virtue of its 100% interests in the issued share capital of Main Purpose Investments Limited and 100% interests in the issued share capital of Desert Gold Limited, respectively.

Save as disclosed in this circular, so far as was known to the Directors or chief executives of the Company, there is no other person (other than the Directors or chief executives of the Company as disclosed in the above) who had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Enlarged Group, excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

Great Rich Trading Limited ("**Great Rich**"), a then wholly-owned subsidiary of the Company, entered into two purchases contracts with Ease Faith Limited ("**Ease Faith**"), being the supplier, to purchase raw materials for the purpose of trading (the "**Purchases Contracts**") and paid a deposit of approximately HKD17,616,000. 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 Hong Kong 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 "**Claim**").

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 shall be paid by Great Rich to the defendant, to be taxed if not agreed. After taking legal advice from the legal adviser, the Directors estimated the costs of action to be paid to the defendant were approximately HKD1,000,000, which had been recognised as legal and professional fee under administrative expenses in the profit or loss for the six months ended 30 June 2017.

On 27 October 2017, the Group disposed of its entire interests in Great Rich to an Independent Third Party at the consideration of HKD1, and Great Rich ceased to be a subsidiary of the Company since then.

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

6. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular, the following agreements, being contracts not entered into in the ordinary course of business, have been entered into by members of the Enlarged Group and are or may be material:

(a) the sale and purchase agreement dated 2 February 2016 and entered into between Eternal Vantage Investment Limited as vendor and Skypark Developments Limited (a wholly-owned subsidiary of the Company) as purchaser in relation to the acquisition of the entire issued share capital of Chinacorp (HK) Investment Limited for a total consideration of HKD117,000,000;

(b) the sale and purchase agreement dated 4 March 2016 and entered into between the Company as vendor and Gold Mission Limited as purchaser in relation to the disposal of the entire issued share capital of Sky Eagle Global Limited and a loan by the Company to Sky Eagle Global Limited, for a total consideration of HKD218,000,000;

(c) a film agreement dated 12 July 2016 and entered into between China Wisdom Group Limited ("**China Wisdom**", a wholly-owned subsidiary of the Company) and Ocean Wave Motion Pictures (International) Limited ("**Ocean Wave**") in relation to the investment in a film project tentatively known as "Girls II"(《閨蜜2》), pursuant to which China Wisdom will invest RMB12,000,000 in cash for investment in the film;

(d) the sale and purchase agreement dated 3 April 2017 and entered into between the Company as vendor and CSPT as purchaser in relation to the disposal of 34% of the issued share capital of Instant Achieve Limited for a total consideration of HKD7,000,000;

(e) the conditional placing agreement dated 26 July 2017 and entered into between the Company and Central Wealth Securities Investment Limited as placing agent in relation to the placing of up to 400,000,000 Shares at the placing price of HKD0.090 per Share;

(f) the conditional share swap agreement dated 27 July 2017 and entered into between the Company and CSPT as the counterparty, pursuant to which (1) the Company (or its nominee) shall subscribe for and CSPT shall allot and issue 470,000,000 CSPT Shares at HKD0.110 per CSPT Share, and (2) simultaneously CSPT (or its nominee) shall subscribe for and the Company shall allot and issue 470,000,000 Shares at HKD0.110 per Share;

(g) the conditional placing agreement dated 31 August 2017 and entered into between the Company and Central Wealth Securities Investment Limited as placing agent in relation to the placing of up to 427,000,000 Shares at the placing price of HKD0.140 per Share;

(h) the conditional agreement dated 1 September 2017 and entered into between Globally Finance Limited ("**Globally Finance**", a wholly-owned subsidiary of the Company) as assignor and CSPT as assignee in relation to the assignment of the loan drawn by Instant Achieve Limited under a loan facility granted by Globally Finance of HKD90,000,000, for a total consideration of HKD90,000,000;

(i) the deed of termination dated 1 September 2017 and entered into between Globally Finance and Mr. Siu Gee Tai, pursuant to which the option deed dated 30 September 2015 entered into between Mr. Siu Gee Tai and Globally Finance shall be terminated from 1 September 2017;

(j) the conditional loan agreement dated 7 September 2017 (as supplemented by the supplemental loan agreement dated 19 September 2017) and entered into between Globally Finance as lender and CSPT as borrower, pursuant to which Globally Finance agreed to grant a loan facility in the amount of up to HKD150,000,000 to CSPT of a term of three years at an interest rate of eight per cent (8%) per annum;

(k) the conditional loan agreement dated 21 September 2017 and entered into between China Wisdom as lender and Ocean Wave as borrower, pursuant to which China Wisdom advanced a sum of USD1,320,000 (or its Hong Kong dollars equivalence) to Ocean Wave of a term of three years at an interest rate of eight per cent (8%) per annum, and China Wisdom shall be entitled to additional upside return (if any) to be calculation on a pre-determined formula;

(l) the conditional loan agreement dated 11 October 2017 and entered into between China Wisdom as lender and Ocean Wave as borrower, pursuant to which China Wisdom advanced a sum of USD487,500 (or its Hong Kong dollars equivalence) to Ocean Wave of a term of three years at an interest rate of twelve per cent (12%) per annum;

(m) the conditional placing agreement dated 11 December 2017 and entered into between the Company and Central Wealth Securities Investment Limited as placing agent in relation to the placing of up to 1,630,000,000 Shares at the placing price of HKD0.145 per Share;

(n) the Sale and Purchase Agreement; and

(o) the Supplemental Agreement.

7. COMPETING INTERESTS OF DIRECTORS AND THEIR ASSOCIATES

As at the Latest Practicable Date, Mr. Chen, Mr. Yu, Mr. Siu Siu Ling, Robert (an independent non-executive Director) and Mr. Tam Tak Wah (an independent non-executive Director) held directorships in companies engaged in the businesses of securities trading and investment and/or provision of financing services. Mr. Chen and Mr. Lau Fai Lawrence (an executive Director) held directorship in companies engaged in the business of e-commerce.

The aforesaid companies have been operating under separate and independent managements. None of the abovementioned Directors can personally control the Board and each of them is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and the Shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

Save as disclosed above, none of the Directors or their respective associates were considered to have interest in any business which competes or may compete, either directly or indirectly, with the business of the Enlarged Group or have or may have any other conflicts of interest with the Enlarged Group pursuant to the Listing Rules.

8. INTEREST OF DIRECTORS OR PROPOSED DIRECTORS OR EXPERTS IN ASSETS ACQUIRED OR DISPOSED OF BY OR LEASED TO ANY MEMBER OF THE ENLARGED GROUP

Since the date to which the latest published audited accounts of the Company were made up until the Latest Practicable Date, none of the Directors or proposed Directors or experts (as listed out in paragraph 10 below) has any interest, direct or indirect, in any assets which were, or were proposed to be, acquired or disposed of by or leased to any member of the Enlarged Group.

9. CONTRACTS OR ARRANGEMENTS WHICH DIRECTORS ARE MATERIALLY INTERESTED AND ARE SIGNIFICANT IN RELATION TO THE BUSINESS OF THE ENLARGED GROUP

Ocean Wave is owned as to 50% by Mr. Chen and as to 50% by an Independent Third Party. As Mr. Chen is an executive Director, Ocean Wave is a connected person of the Company under Chapter 14A of the Listing Rules. Details of the transactions between the Enlarged Group and Ocean Wave are set out in the section headed “Material Contracts” in this Appendix.

Save as disclosed above, there were no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Enlarged Group.

10. EXPERT AND CONSENT

The following are the qualifications of the experts who have been named in this circular or have given opinions or letters contained in this circular:

Name	Qualifications
Moore Stephens CPA Limited (“**Moore Stephens**”)	Certified Public Accountants
S.K. Pang Surveyors & Co. Limited (“**S.K. Pang**”)	Property valuer

As of the Latest Practicable Date, each of Moore Stephens and S.K. Pang has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, each of Moore Stephens and S.K. Pang was not beneficially interested in the share capital of any member of the Enlarged Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Enlarged Group nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2016), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

11. MISCELLANEOUS

(i) The registered office of the Company is situated at Cricket Squares, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(ii) The company secretary of the Company is Mr. Lau Cheuk Pun. Mr. Lau is a member of the Hong Kong Institute of Certified Public Accountants.

(iii) The head office and principal place of business of the Company in Hong Kong is situated at Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong.

(iv) The principal share register of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands.

(v) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

12. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there were no material adverse changes in the financial or trading positions of the Enlarged Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Group were made up.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business in Hong Kong which is situated at Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong, during normal business hours on any Business Day from the date of this circular up to and including the date of the EGM:

(i) this circular;

(ii) the memorandum and articles of association of the Company;

(iii) the material contracts referred to in the section headed "Material Contracts" in this Appendix;

(iv) the written consents of experts referred to in the paragraph headed "Expert and Consent" in this Appendix;

(v) the accountants' report on the Target Company, the text of which is set out in Appendix I to this circular;

(vi) the accountants' report in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(vii) the valuation report on the Property, the text of which is set out in Appendix V to this circular;

(viii) the annual reports of the Company for the two financial years ended 31 December 2015 and 31 December 2016; and

(ix) the interim report of the Company for the six months ended 30 June 2017.

14. LANGUAGE

In the event of inconsistency, the English text of this circular will prevail over the Chinese text.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Future World Financial Holdings Limited (the "**Company**") will be held at Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong on Friday, 13 April 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the conditional sale and purchase agreement dated 29 December 2017 (the "**Sale and Purchase Agreement**") entered into between Winsey Enterprises Limited as vendor (the "**Vendor**") and Wise Victory Group Limited as purchaser (the "**Purchaser**") as amended and supplemented by the supplemental agreement dated 16 March 2018 (the "**Supplemental Agreement**") in relation to the sale and purchase of the entire issued share capital of Goodview Assets Limited for a total consideration of HKD260,000,000 (a copy of each of the Sale and Purchase Agreement and the Supplemental Agreement is marked "A" and "B" respectively and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

(b) the allotment and issue of 1,793,103,448 new ordinary shares of HKD0.001 each (the "**Consideration Shares**") at the issue price of HKD0.145 per Consideration Share by the Company to the Vendor (or such designated party at its direction) to settle the consideration payable by the Purchaser under the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Agreement) in accordance with the terms and conditions of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Agreement) and all transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(c) subject to The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in, the Consideration Shares, the directors of the Company (the "**Directors**") be and are hereby granted a specific mandate to allot and issue the Consideration Shares pursuant to the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Agreement); and

(d) any one or more Director(s) be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal, where applicable) which he/she/they consider(s) necessary, desirable or expedient to give effect to the Sale and Purchase Agreement and the Supplemental Agreement and the transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole."

Yours faithfully,
On behalf of the Board
Future World Financial Holdings Limited
Siu Yun Fat
Chairman

Hong Kong, 20 March 2018

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 912, 9th Floor
New East Ocean Centre
9 Science Museum Road
Kowloon
Hong Kong

Notes:

1. The register of members of the Company will be closed from 9 April 2018 to 13 April 2018, both days inclusive, during which period no transfer of the Company's shares will be registered. In order to determine the entitlement to attend and vote at the EGM, all transfer of the shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer agent in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on 6 April 2018.

2. Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

4. To be valid, the form of proxy and (if required by the board of Directors) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the offices of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

5. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned EGM or on a poll demanded at the EGM or any adjournment thereof in cases where the EGM was originally held within 12 months from such date.

6. Where there are joint holders of any shares, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

7. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the EGM if the member so wish and in such event, the form of proxy shall be deemed to be revoked.

8. If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time between 8:00 a.m. to 5:00 p.m. on the date of the EGM, the EGM will be postponed and Members will be informed of the date, time and venue of the postponed EGM by a supplementary notice, posted on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited.

   If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is cancelled at or before 8:00 a.m. on the date of the EGM and where conditions permit, the EGM will be held as scheduled.

   If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted or remain hoisted after 8:00 a.m. but lowered at or before 12 noon on the date of the EGM, the EGM will be adjourned to 3:00 p.m. on the same day at the same venue.

   The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force.

   After considering their own situations, members of the Company should decide whether they would attend the EGM under bad weather condition and if they do so, they are advised to exercise care and caution.