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FUTURE WORLD FINANCIAL HOLDINGS LIMITED

未來世界金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

**(1) SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
AND
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR
EVERY TWO (2) CONSOLIDATED SHARES
HELD ON THE RECORD DATE**

Placing Agent



Po Tai Securities (Hong Kong) Limited
寶泰證券(香港)有限公司

Underwriter



Central Wealth Securities Investment Limited
中達證券投資有限公司

(1) SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued Existing Shares be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

(2) PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 20,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

(3) PROPOSED RIGHTS ISSUE

Conditional upon the Share Consolidation being approved by the Shareholders at the EGM and becoming effective, the Company proposed to raise a gross proceeds of up to (i) approximately HK\$56.72 million by way of a rights issue of 315,107,286 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date); or (ii) approximately HK\$66.99 million by way of a rights issue of 372,157,286 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options), at the Subscription Price of HK\$0.18 per Rights Share on the basis of one (1) Rights Share for every two (2) Consolidated Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The maximum net proceeds from the Rights Issue after deducting the expenses are estimated to be (i) approximately HK\$51 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date); or (ii) approximately HK\$61 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options).

The Company intends to apply the net proceeds from the Rights Issue for (i) development of intelligent industrial welding robots or cutting tooling device business; (ii) development of the money lending business; (iii) repayment of loan and interest; and (iv) general working capital of the Group.

The Placing Agreement

Pursuant to rule 7.21(2) of the Listing Rules, there will be compensatory arrangement for the Rights Issue and there will be no excess application arrangements in relation to the Rights Issue. Accordingly, on 22 May 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares to independent placees on a best effort basis. For details of the Placing Agreement and the Unsubscribed Arrangement, please refer to the section headed “Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangement” in this announcement.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12 month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates). The Rights Issue is not subject to Shareholders’ approval under the Listing Rules.

GENERAL

The register of members of the Company will be closed from Tuesday, 23 June 2020 to Tuesday, 30 June 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. The EGM will be held to consider and, if thought fit, pass the resolution(s) to approve, among other thing, the Share Consolidation.

No Shareholder is involved or interested in or has a material interest in the Share Consolidation and the transactions contemplated thereunder, no Shareholder is required to abstain from voting on the resolution to approve the Share Consolidation at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched on 12 June 2020 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Upon the approval by the Shareholders of the Share Consolidation at the EGM having been obtained, the Prospectus Documents will be despatched to the Qualifying Shareholders on 15 July 2020. The Prospectus, without the PAL, will be sent to the Non-Qualifying Shareholders (if any) for their information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL PAID RIGHTS

The Shares will be dealt on an ex-rights basis from 6 July 2020. Dealings in the nil-paid rights are expected to take place from 17 July 2020 to 24 July 2020 (both days inclusive). If the conditions of the Rights Issue (please refer to the section headed “Conditions of the Rights Issue” in this announcement) are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional.

(1) SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued Existing Shares be consolidated into one (1) Consolidated Share.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the fulfillment of the following conditions:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares; and
- (iii) the compliance with the relevant procedures and requirements under the Cayman Islands laws (where applicable) and the Listing Rules to effect the Share Consolidation.

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Reason for the Share Consolidation

Pursuant to rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

The share price of the Company has been constantly below HK\$0.1 and the existing board lot value has been less than HK\$2,000. It is expected that the Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the trading price per Consolidated Share. As at the date of this announcement, the share price of the Company was HK\$0.01, with a board lot size of 4,000, the existing board lot value was only HK\$40, which was less than HK\$2,000. Upon the Share Consolidation becoming effective, the share price of the Company would be adjusted to HK\$0.2, with a board lot size of 4,000, the new board lot value would only be HK\$800, which would still be less than HK\$2,000. By increasing the board lot size from 4,000 to 20,000, the new board lot value would be HK\$4,000, which would be more than the required HK\$2,000. As such, the proposed combination of the Share Consolidation and the change in board lot size would enable the Company to comply with the trading requirements under the Listing Rules. Thus, the Board considers that, despite such Share Consolidation and change in board lot size arrangement would lead to odd lots, they would maintain the trading amount for each board lot at a reasonable level in order to attract more investors and to extend the shareholder base of the Company.

Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the shares of the Company as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. It is hoped that this will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company. Accordingly, the Board is of the view that the Share Consolidation is beneficial to the Company and the Shareholders as a whole.

As at the date of this announcement, save as disclosed in this announcement, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. The Board is of the view that, having considered the corporate plan of the Company for the next twelve months, the proposed Share Consolidation and change in board lot size are fair and reasonable, and in the interest of the Company and the Shareholders as a whole. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fund raising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules, as and when appropriate.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company amounted to HK\$250,000,000 divided into 249,480,000,000 ordinary Shares of HK\$0.001 each and 520,000,000 preference Shares of HK\$0.001 each, of which 12,604,291,446 ordinary Shares had been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Existing Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$250,000,000 divided into 12,474,000,000 ordinary Shares of HK\$0.02 each and 26,000,000 preference Shares of HK\$0.02 each, of which 630,214,572 Consolidated Shares will be in issue, which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of the Consolidated Shares will be aggregated and sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the shares of the Company regardless of the number of share certificates held by such holder.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding share options for subscription of 2,282,000,000 Existing Shares under the Share Option Scheme. Pursuant to the terms of the Share Option Scheme, the exercise prices of the Share Options will be adjusted in accordance with the Share Option Scheme upon the Rights Issue becoming unconditional. The Company in accordance with the Share Option Scheme will notify the holders of the Share Options the required adjustment(s) as soon as practicable and details of adjustments will be set out in the Prospectus in respect of the Rights Issue to be despatched to the Shareholders.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint Central Wealth Securities Investment Limited to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot, may directly or through their brokers, contact Miss Fannie Chan of Central Wealth Securities Investment Limited at (852) 3958 4625 or by facsimile at (852) 3958 4666 during the period from 17 July 2020 to 6 August 2020 (both days inclusive).

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, the Shareholders may during the period from Friday, 3 July 2020 to Monday, 10 August 2020 (both days inclusive) submit existing share certificates in the colour of blue for the Existing Shares to the Registrar, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for exchange for new share certificates in the colour of red for the Consolidated Shares at the expense of the Company.

Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher.

After 4:00 p.m. on Monday, 10 August 2020, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for share certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 23 June 2020 to Tuesday, 30 June 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed "Conditions of the Share Consolidation" above. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

(2) PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 20,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.01 per Existing Share (equivalent to the theoretical closing price of HK\$0.2 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$40; (ii) the value of each board lot of 4,000 Consolidated Shares would be HK\$800 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 20,000 Consolidated Shares would be HK\$4,000 assuming that the change in board lot size had also been effective.

The change in board lot size will not result in change in the relative rights of the Shareholders.

(3) PROPOSED RIGHTS ISSUE

The Board proposed the Rights Issue, details of which are summarised below (assuming there have been no change in the issued share capital of the Company on or before the Record Date):

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) Consolidated Shares held on the Record Date
Subscription Price:	HK\$0.18 per Rights Share
Number of Existing Shares in issue as at the date of this announcement:	12,604,291,446 Existing Shares

Number of Consolidated Shares in issue upon the Share Consolidation having become effective:	630,214,572 Consolidated Shares
Number of Rights Shares:	not less than 315,107,286 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) and not more than 372,157,286 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options)
Aggregate nominal value of the Rights Shares:	Not less than HK\$6,302,145.72 (assuming no change in the number of Consolidated Shares in issue on or before the Record Date), and not more than HK\$7,443,145.72 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options)
Number of issued Consolidated Shares upon completion of the Rights Issue:	not less than 945,321,858 Consolidated Shares, (assuming no change in the number of Consolidated Shares in issue on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); and not more than 1,116,471,858 Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

Maximum funds raised up to approximately HK\$56.72 million (assuming no
before expenses: outstanding exercisable Share Options being exercised
and all the Rights Shares will be taken up)

up to approximately HK\$66.99 million (assuming all
outstanding exercisable Share Options being exercised
and all the Rights Shares will be taken up)

As at the date of this announcement, there are 2,282,000,000 outstanding Share Options granted by the Company exercisable into 2,282,000,000 Existing Shares (equivalent to 114,100,000 Consolidated Shares). Save for the foregoing, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 315,107,286 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) approximately 50% of the existing issued share capital of the Company as at the date of this announcement (assuming the Share Consolidation become effective); and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares (assuming the Share Consolidation become effective and full acceptance by the Qualifying Shareholders).

Assuming (a) the Share Consolidation become effective; (b) all the outstanding Share Options being exercised, and (c) there is no other change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 372,157,286 Rights Shares proposed to be issued pursuant to the Rights Issue represents (i) approximately 59.05% of the existing issued Shares as at the date of this announcement (assuming the Share Consolidation become effective); and (ii) approximately 33.33% of the enlarged issued Shares immediately after completion of the Rights Issue (assuming the Share Consolidation become effective and full acceptance by the Qualifying Shareholders).

Subscription price

The Subscription Price is HK\$0.18 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 10.00% to the theoretical closing price of HK\$0.2 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.01 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 26.23% to the theoretical average closing price of HK\$0.244 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0122 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 36.62% to the theoretical average closing price of HK\$0.284 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0142 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 6.90% to the theoretical ex-rights price of HK\$0.194 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the theoretical ex-rights price of approximately HK\$0.0097 per Share based on the closing price of HK\$0.01 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (e) a discount of approximately 87.98% to the audited consolidated net asset value per Consolidated Share of approximately HK\$1.50 (after taking into account the effect of the Share Consolidation) based on the published audited consolidated net asset value of the Company of approximately HK\$934.20 million as at 31 December 2019 as extracted from the annual report of the Company for the year ended 31 December 2019 and the issued share capital of the Company of 624,014,572 Consolidated Shares (after taking into account the effect of the Share Consolidation);
- (f) a theoretical dilution effect (as defined under rule 7.27B of the Listing Rules) represented by a discount of approximately 10.95% of the theoretical diluted price of approximately HK\$0.239 per Consolidated Share to the benchmarked price of approximately HK\$0.268 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.2 per Consolidated Share and the average closing prices of the Shares as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.268 per Consolidated Share).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.162 (assuming no outstanding exercisable Share Options being exercised and all the Rights Shares will be taken up) and approximately HK\$0.164 (assuming all outstanding exercisable Share Options being exercised and all the Rights Shares will be taken up).

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to, amongst other factors, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; (iii) the Company recorded a loss attributable to owners of the Company of approximately HK\$54 million for the year ended 31 December 2019; and (iv) the funding and capital needs of the Company for its business plans and prospect set out in the section headed "Reasons for the Rights Issue" below.

After taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue” below, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made or paid, the record date of which is after the date of allotment and issue of the Rights Shares in their fully-paid form.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 7 July 2020. It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 3 July 2020 and the Shares will be dealt with on an ex-rights basis from Monday, 6 July 2020.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker’s cashier order for the Rights Shares being applied for with the Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong on or before 4:00 p.m. on the Latest Acceptance Date.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) Consolidated Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by duly completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will send copies of the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will make enquiry regarding the legal restrictions under the laws of the relevant overseas place(s) and the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry and based on legal opinion provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders.

As at the date of this announcement, there is no Overseas Shareholder.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) would not have any entitlement under the Rights Issue. Such Rights Shares will form part of the Unsubscribed Rights Shares and if possible be placed by the Placing Agent under the Unsubscribed Arrangement to independent placees, and if not successfully placed out, will become Unsold Rights Shares and be dealt with in accordance with the terms of the Underwriting Agreement. Please refer to the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangement” below for the treatment of Unsubscribed Rights Shares under the Unsubscribed Arrangement and the section headed “Underwriting Agreement” below for the treatment of Unsold Rights Shares under the Underwriting Agreement.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Fractions of the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated, rounded down to the nearest whole number and will be disposed by the Company in the open market if a premium (net of expenses) can be obtained.

Odd lots matching services

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, a designated broker, Central Wealth Securities Investment Limited, has been appointed by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share.

Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot, may directly or through their brokers, contact Miss Chan Yi Sum of Central Wealth Securities Investment Limited at (852) 3958 4625 or by facsimile at (852) 3958 4666. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangement

Pursuant to rule 7.21(1)(b) of the Listing Rules, the Company in the Rights Issue must make compensatory arrangement to dispose Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the No Action Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated by rule 7.21(2)(a) of the Listing Rules.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on 10 August 2020, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any unsold Unsubscribed Rights Shares will form the Unsold Rights Shares and will be dealt with in accordance with the terms of the Underwriting Agreement. Please refer to the section headed “Underwriting Agreement” for the treatment of Unsold Rights Shares.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and

- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Placing Agreement for the Unsubscribed Rights Shares

Details of the Placing Agreement are summarised as follows:

Date:	22 May 2020
Issuer:	The Company
Placing Agent:	Po Tai Securities (Hong Kong) Limited was appointed as the Placing Agent to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares during the Placing Period.
Placing Period:	The period commencing from the sixth Business Day after the Latest time for acceptance and ending on 4:00 p.m. on the eighth Business Day after the Latest time for acceptance
Commission and expenses:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 3.5% of the amount which is equal to the Subscription Price multiplied by the number of Unsubscribed Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

Placing price of the
Unsubscribed Rights
Shares:

The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares during the process of placement.

Placees:

The Unsubscribed Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

Ranking of Unsubscribed
Rights Shares:

Unsubscribed Rights Shares (when allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue

Conditions of the Placing
Agreement:

The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional (except for the condition that the Placing Agreement become unconditional).

In the event that the above condition precedent has not been fulfilled on or before the Latest time for termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected person and not a connected person of the Company. The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider that the terms of Placing Agreement for the Unsubscribed Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Rights Shares that are not accepted by the Qualifying Shareholders, together with the Rights Shares that the Non-Qualifying Shareholders are entitled to under the Rights Issue, will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders. If all of the Unsubscribed Rights Shares are successfully placed, the underwriting obligations of the Underwriter under the Underwriting Agreement will be terminated forthwith. If and only if there remain any Unsubscribed Right Shares after the placing, the Underwriter will be obliged to take up such amount of the Unsubscribed Rights Shares up to the Underwritten Shares at the Subscription Price. Any Unsold Rights Shares that are not taken up by the Underwriter will not be issued by the Company.

The Board is of the view that the above Unsubscribed Arrangement and the terms of the Underwriting Agreement are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;

- (ii) the Unsubscribed Arrangement (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the Placing Shares. The Placing Agent is not connected with the Company or any of its connected persons; and
- (iii) the Unsubscribed Arrangement will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares to the Company.

Conditions of the Rights Issue

The Rights Issue will be conditional upon the Underwriting Agreement becoming unconditional. For details of the conditions of the Underwriting Agreement, please refer to the section headed “Underwriting Agreement – Conditions of the Underwriting Agreement” in this announcement.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 20,000 Consolidated Shares in one board lot.

Stamp Duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Share certificates for the Rights Shares and refund cheques

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before 17 August 2020 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or around 17 August 2020. No receipt will be given for such remittance.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

No irrevocable commitments

The Company has not received any irrevocable commitments to accept or reject the Rights Shares.

THE UNDERWRITING AGREEMENT

Principal terms of the Underwriting Agreement are as follows:

Date: 22 May 2020

Issuer: The Company

Underwriter: Central Wealth Securities Investment Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties

Number of Underwritten Shares and the underwriting arrangement: The Underwritten Shares, i.e. up to 372,157,286 Rights Shares

The actual amount of Rights Shares to be underwritten by the Underwriter will depend on the level of subscriptions by the Qualifying Shareholders, and the results of the placing pursuant to the Unsubscribed Arrangement under the Placing Agreement.

Commission and expenses: 5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares (i.e. 372,157,286 Rights Shares) committed to be underwritten, subscribed for or procured subscription for by the Underwriter

The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and the Underwriter, taking into account the following factors: (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; (iii) the Company recorded a loss attributable to owners of the Company of approximately HK\$54 million for the financial year ended 31 December 2019; and (iv) the funding and capital needs of the Company for its business plans and prospect set out in the section headed "Reasons for the Rights Issue" below.

The Directors are of the view that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (a) the passing of the necessary resolutions at the EGM to approve the Share Consolidation and the Share Consolidation having become effective;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;

- (d) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully paid forms) by no later than the Business Day prior to the first day of their dealings;
- (e) the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (f) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (g) there being no specified event occurring prior to the Latest Time for Termination; and
- (h) the Shares remaining listed on the Main Board of the Stock Exchange at all times prior to the Settlement Date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten (10) trading days at any time prior to the Latest Time for Acceptance.

The Company shall use all reasonable endeavours to procure the fulfilment of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree. The conditions precedent, other than condition (g) above which can only be waived by the Underwriter, are incapable of being waived. If any of the conditions is not satisfied or waived (as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (b) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue, or materially and adversely affect the market price of the Shares; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

- (d) any event of force majeure (whether or not covered by insurance or responsibility has been claimed) including, without limiting the generality thereof, acts of government, strikes, lock-outs, fire, explosions, flooding, earthquakes, epidemics, pandemics, outbreaks of infections, diseases, Severe Acute Respiratory Syndrome (SARS), Influenza A (H5N1), Influenza A(H5N9), COVID-19 and any related or mutated forms of infectious diseases, civil commotions, economic sanctions, public disorder, social or political crises, acts of war, acts of terrorism, acts of God, accidents or interruptions or delays in transportation in or affecting any relevant jurisdiction in which the Group has business operation; or
- (e) a valid demand by any creditor for repayment or payment of any indebtedness of the Company or any member of the Group or in respect of which the Company or any member of the Group is liable prior to its stated maturity; or
- (f) any other material adverse change in the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (g) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or
- (h) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (i) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or

- (j) any moratorium, suspension or material restriction on trading of the shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Share Consolidation; (iii) immediately after completion of the Share Consolidation and the Rights Issue assuming full acceptance by the Shareholders; and (iv) immediately after completion of the Share Consolidation and the Rights Issue assuming nil acceptance by the Shareholders,

- (a) assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

	As at the date of this announcement		Immediately after completion of the Share Consolidation		Immediately after completion of the Share Consolidation and the Rights Issue (assuming all Shareholders have taken up all the entitled Rights Shares)		Immediately after completion of the Share Consolidation and the Rights Issue (assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares)	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>
Director								
Liang Jian (Note 1)	–	–	–	–	–	–	–	–
Yu Zhenzhong (Note 2)	–	–	–	–	–	–	–	–
Cai Linzhan (Note 3)	32,289,144	0.26	1,614,457	0.26	2,421,685	0.26	1,614,457	0.17
Siu Yun Fat (Note 4)	68,800,000	0.55	3,440,000	0.55	5,160,000	0.55	3,440,000	0.36
Yu Qingrui (Note 5)	53,404,425	0.42	2,670,221	0.42	4,005,331	0.42	2,670,221	0.28
Tam Tak Wah (Note 6)	267,340	0.00	13,367	0.00	20,050	0.00	13,367	0.00
Public Shareholder								
Other Shareholders	12,449,530,537	98.77	622,476,526	98.77	933,714,792	98.77	937,583,813	99.18
Total	12,604,291,446	100.00	630,214,572	100.00	945,321,858	100.00	945,321,858	100.00

Notes:

- (1) Mr. Liang Jian is an executive Director.
- (2) Mr. Yu Zhenzhong is an executive Director.
- (3) Mr. Cai Linzhan is an executive Director.
- (4) Mr. Siu Yun Fat is an executive Director.
- (5) Mr. Yu Qingrui is an executive Director.
- (6) Mr. Tam Tak Wah is an independent non-executive Director.
- (7) The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

- (b) assuming all the outstanding Share Options being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

	As at the date of this announcement		Immediately after completion of the Share Consolidation		Immediately after completion of the Share Consolidation and upon full exercise of all outstanding Share Options on or before the Record Date		Immediately after completion of the Share Consolidation and the Rights Issue (assuming full exercise of outstanding Share Options on or before the Record Date and all Shareholders have taken up all the entitled Rights Shares)		Immediately after completion of the Share Consolidation and the Rights Issue (assuming full exercise of outstanding Share Options on or before the Record Date and none of the Qualifying Shareholders has taken up any entitled Rights Shares)	
	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%
Director										
Liang Jian (Note 1)	-	-	-	-	11,700,000	1.57	17,550,000	1.57	11,700,000	1.05
Yu Zhenzhong (Note 2)	-	-	-	-	11,700,000	1.57	17,550,000	1.57	11,700,000	1.05
Cai Linzhan (Note 3)	32,289,144	0.26	1,614,457	0.26	7,814,457	1.05	11,721,685	1.05	7,814,457	0.70
Siu Yun Fat (Note 4)	68,800,000	0.55	3,440,000	0.55	10,590,000	1.42	15,885,000	1.42	10,590,000	0.95
Yu Qingrui (Note 5)	53,404,425	0.42	2,670,221	0.42	9,820,221	1.32	14,730,331	1.32	9,820,221	0.88
Tam Tak Wah (Note 6)	267,340	0.00	13,367	0.00	13,367	0.00	20,050	0.00	13,367	0.00
Public Shareholder										
Holders of outstanding Share Options	-	-	-	-	70,200,000	9.43	105,300,000	9.43	70,200,000	6.29
Other Shareholders	12,449,530,537	98.77	622,476,526	98.77	622,476,526	83.63	933,714,791	83.63	944,633,811	89.09
Total	12,604,291,446	100.00	630,214,572	100.00	744,314,571	100.00	1,116,471,856	100.00	1,116,471,856	100.00

Notes:

- (1) Mr. Liang Jian is an executive Director.
- (2) Mr. Yu Zhenzhong is an executive Director.
- (3) Mr. Cai Linzhan is an executive Director.
- (4) Mr. Siu Yun Fat is an executive Director.
- (5) Mr. Yu Qingrui is an executive Director.
- (6) Mr. Tam Tak Wah is an independent non-executive Director.
- (7) The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company has not conducted any other equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Share Consolidation, the Change in Board Lot Size and the Rights Issue is set out below and is subject to change. Any such change will be further announced by the Company as and when appropriate.

Event	Date (Hong Kong time) (2020)
Entering into of the Underwriting Agreement	Friday, 22 May
Publication of announcement in relation to the Share Consolidation and Rights Issue	Friday, 22 May
Despatch of Company's circular in relation to the Share Consolidation to the Shareholders together with notice of EGM and proxy form for EGM	Friday, 12 June
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Monday, 22 June
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Tuesday, 23 June to Tuesday, 30 June
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Sunday, 28 June
Record date for attendance and voting at the EGM	Tuesday, 30 June

Event	Date (Hong Kong time) (2020)
Expected date and time of the EGM to approve the proposed Share Consolidation	11:00 a.m. on Tuesday, 30 June
Announcement of the poll result of the EGM	Tuesday, 30 June
Register of members re-open.	Thursday, 2 July
Effective date of the Share Consolidation	Friday, 3 July
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Friday, 3 July
Original counter for trading in Existing Shares in board lots of 4,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Friday, 3 July
Temporary counter for trading in the Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) opens.	9:00 a.m. on Friday, 3 July
First day of free exchange of existing share certificates for new share certificates for Consolidated Share	Friday, 3 July
Last day of dealings in the Consolidated Shares on a cum-entitlement basis relating to the Rights Issue	Friday, 3 July
First day of dealings in Consolidated Shares on an ex-entitlement basis relating to the Rights Issue	Monday, 6 July
Latest time for the Shareholders to lodge transfer documents of Consolidated Shares in order to be qualified for the Rights Issue.	4:30 p.m. on Tuesday, 7 July

Event	Date (Hong Kong time) (2020)
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Wednesday, 8 July to Friday, 10 July
Record date for the Rights Issue	Friday, 10 July
Register of members re-opens	Monday, 13 July
Despatch of the Prospectus Documents (including the PAL and Prospectus) (in case of the Excluded Shareholders, the Prospectus only)	Wednesday, 15 July
First day of dealings in nil-paid Rights Shares	Friday, 17 July
Original counter for trading in the Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of new share certificates) reopens	9:00 a.m. on Friday, 17 July
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Friday, 17 July
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares.	Friday, 17 July
Latest time for splitting the PAL	Tuesday, 21 July
Last day of dealing in nil-paid Rights Shares	Friday, 24 July
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 29 July

Event	Date (Hong Kong time) (2020)
Latest time for the Rights Issue to become unconditional (being the first Business Day following the Latest Acceptance Date)	4:00 p.m. on Thursday, 30 July
Announcement of the number of Unsubscribed Rights Shares subject to the Unsubscribed Shares Arrangements	Tuesday, 4 August
Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	Thursday, 6 August
Temporary counter for trading in the Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) closes.	4:10 p.m. on Thursday, 6 August
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m. on Thursday, 6 August
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares	4:10 p.m. on Thursday, 6 August
Latest time of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	Monday, 10 August
Latest time for free exchange of existing share certificates for new share certificates.	Monday, 10 August
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 11 August

Event**Date (Hong Kong time) (2020)**

Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the amount of the net gain per Unsubscribed Rights Share under the Unsubscribed Shares Arrangements)	Friday, 14 August
Despatch of share certificates for fully-paid Rights Shares and refund cheques in relation to unsuccessful applications	Monday, 17 August
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 18 August

**EFFECT OF BAD WEATHER ON THE LATEST TIME FOR
ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The Latest time for acceptance of and payment for Rights Shares will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons, or a “black” rainstorm warning is:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the “Expected Timetable for the Rights Issue” section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

INFORMATION ON THE PLACING AGENT

The Placing Agent is a corporate licensed to carry out Type 1 (dealings in securities) and Type 4 (advising on securities) regulated activities under the SFO.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION ON THE UNDERWRITER

The Underwriter is a corporate licensed to carry out Type 1 (dealings in securities) and Type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. As such, the Underwriter complies with rule 7.19(1) of the Listing Rules.

REASONS FOR THE RIGHTS ISSUE

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

As disclosed in previous announcements of the Company dated 18 March 2020, 31 March 2020 and 24 April 2020 in relation to the proposed placing, the Group expected to raise a net proceeds of approximately HK\$54.4 million for, including but not limited to, development of its existing trading business, development of its money lending business, and repayment of loan interest. However, due to the then market conditions, the proposed placing was terminated. Hence, the Company had to consider alternative means of fund raising for the future development of the Group.

The Board has considered other alternative means of fund raising, such as debt financing/ bank borrowings and placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Company has approached commercial banks, but it was unable to obtain any debt financing at terms acceptable to the Company as, save for the collaterals for the existing banking facilities, the Group does not have any other significant assets which is satisfactory to the banks and can serve as collaterals for further bank loans. Also, the Board does not consider debt financing to be desirable at this stage as the expected finance costs are high and additional borrowings will deteriorate the gearing position of the Group. Placing of new Shares was not adopted as explained above, and it does not allow the Qualifying Shareholders the rights to participate in the fund raising exercise and their shareholdings in the Company would be diluted without being offered an opportunity to maintain their proportionate interests in the Company.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, rights issue is preferred. Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Assuming all the Rights Shares have been taken up and no change in the number of Consolidated Shares in issue on or before the Record Date), the gross proceeds from the Rights Issue will be approximately HK\$56.72 million and the net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$51 million. The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$16 million for development of intelligent industrial welding robots or cutting tooling devices business; (ii) approximately HK\$12 million for development of the money lending business; (iii) approximately HK\$10 million for repayment of loan and interest; and (iv) the remaining balance for general working capital of the Group.

Assuming all the Rights Shares have been taken up and no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options, the gross proceeds from the Rights Issue will be approximately HK\$66.99 million and the net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$61 million. The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$21 million for development of the development of intelligent industrial welding robots or cutting tooling devices business; (ii) approximately HK\$17 million for development of the money lending business; (iii) approximately HK\$10 million for repayment of loan and interest; and (iv) the remaining balance for general working capital of the Group.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12 month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates). The Rights Issue is not subject to Shareholders' approval under the Listing Rules.

GENERAL

The register of members of the Company will be closed from Tuesday, 23 June 2020 to Tuesday, 30 June 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. The EGM will be held to consider and, if thought fit, pass the resolution(s) to approve, among other thing, the Share Consolidation.

No Shareholder is involved or interested in or has a material interest in the Share Consolidation and the transactions contemplated thereunder, no Shareholder is required to abstain from voting on the resolution to approve the Share Consolidation at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched on 12 June 2020 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Upon the approval by the Shareholders of the Share Consolidation at the EGM having been obtained, the Prospectus Documents will be despatched to the Qualifying Shareholders on 15 July 2020. The Prospectus, without the PAL, will be sent to the Non-Qualifying Shareholders (if any) for their information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL PAID RIGHTS

The Shares will be dealt on an ex-rights basis from 6 July 2020. Dealings in the nil-paid rights are expected to take place from 17 July 2020 to 24 July 2020 (both days inclusive). If the conditions of the Rights Issue (please refer to the section headed “Conditions of the Rights Issue” above) are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors

“Business Day(s)”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Future World Financial Holdings Limited (to be renamed as Future World Holdings Limited), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Shares”	ordinary shares of the Company upon the Share Consolidation become effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, among others, the Share Consolidation
“Existing Shares”	ordinary shares of the Company prior to the Share Consolidation become effective
“Group”	the Company and its subsidiaries

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Last Trading Day”	22 May 2020, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Acceptance Date”	29 July 2020, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine
“Latest Time for Acceptance”	4:00 p.m. on the Latest Acceptance Date
“Latest Time for Termination”	4:00 p.m. on the date falling on the first Business Day after the Latest Time for Unsubscribed Arrangement or such later date as the Company and the Underwriter may agree in writing
“Latest Time for Unsubscribed Arrangement”	4:00 p.m. on the second Business Day after the Latest Time for Announcement of Unsubscribed Shares, being the latest time for the Placing Agent to determine the list of placees and to notify the Company and the Underwriter of the results of the Placing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares placed by the Placing Agent under the Placing Agreement) under the Unsubscribed Arrangement
“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve

“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Po Tai Securities (Hong Kong) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares under the Unsubscribed Arrangement in accordance with rule 7.21(1) of the Listing Rules
“Placing Agreement”	the placing agreement dated 22 May 2020 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares
“Placing Period”	the period commencing from the third Business Day after the Latest time for acceptance and ending on 4:00 p.m. on the sixth Business day after the Latest time for acceptance
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus Posting Date”	15 July 2020 or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue

“Prospectus Documents”	the Prospectus and the PAL
“Qualifying Shareholders”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on 10 July 2020 or such later date as announced by the Company
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Rights Issue”	the proposed issue of not less than 315,107,286 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) and not more than 372,157,286 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options) at the Subscription Price by way of rights on the basis of one (1) Rights Share for every two (2) Consolidated Shares held on the Record Date payable in full on acceptance
“Rights Share(s)”	the new Consolidated Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in issue and unissued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Share Consolidation”	proposed consolidation of the issued Shares on the basis of twenty (20) Existing Shares into one (1) Consolidated Share
“Share Option(s)”	2,282,000,000 outstanding options to subscribe for 2,282,000,000 Existing Shares granted under the Share Options Scheme
“Share Options Scheme”	the share option scheme conditionally adopted by the Company on 22 February 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.18 per Rights Share
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Central Wealth Securities Investment Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 22 May 2020 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	the Rights Shares that are conditionally underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

“Unsold Rights Shares”	the Unsubscribed Rights Shares which have not been placed to places by the Placing Agent under the Placing Agreement
“Unsubscribed Arrangement”	the placement of Unsubscribed Rights Shares by the Placing Agent pursuant to the terms of the Placing Agreement, details of which are set out in the section headed “Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangement” in this announcement
“Unsubscribed Rights Shares”	consist of (i) Rights Shares that are not being taken up by the Qualifying Shareholders; and (ii) unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Future World Financial Holdings Limited
Wang Fei
Chairman

Hong Kong, 22 May 2020

As at the date of this announcement, the Board comprises (i) seven executive Directors, namely Mr. Wang Fei, Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence, Mr. Siu Yun Fat and Mr. Yu Qingrui; and (ii) five independent non-executive Directors, namely Mr. Chen Pei, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah, Mr. Wang Ning and Mr. Zheng Zongjia.