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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)

**POSSIBLE MAJOR TRANSACTION
MANDATE FOR DISPOSAL(S) OF LISTED SECURITIES**

THE POSSIBLE DISPOSAL(S) AND THE DISPOSAL MANDATE

The Company proposes to seek approval for the Disposal Mandate from the Shareholders at the EGM in advance to allow the Directors to dispose of up to 476,000,000 CMBC Shares, representing approximately 1% of the total issued share capital of CMBC as at the date of this announcement, during the Mandate Period.

IMPLICATIONS UNDER THE LISTING RULES

Assuming that all 476,000,000 CMBC Shares held by the Group will have been disposed of within the Mandate Period at the Minimum Selling Price, one or more applicable percentage ratios of the Disposal(s) when aggregated with the Previous Disposals conducted in the previous 12-month period from the relevant Disposal will exceed 25% but be less than 75%, the Disposal(s) will constitute major transaction on the part of the Company under Chapter 14 of the Listing Rules and shall be subject to the Shareholders' approval at the EGM.

The Company will seek the approval of the Shareholders at the EGM for the Disposal Mandate and the Disposal(s) to allow the Company to dispose of up to 476,000,000 CMBC Shares held by the Group during the Mandate Period.

The Company will despatch the circular containing, among others, (i) further details of the Disposal Mandate and the Disposal(s), and (ii) the notice of EGM as soon as possible in compliance with the Listing Rules.

There is no assurance that the Company will proceed with the Disposal(s) after obtaining the Disposal Mandate. Whether and when the Company will proceed with the Disposal(s) or not will depend on a number of factors including without limitation the prevailing market sentiments and market conditions at the proposed time of executing the Disposal(s). The Shareholders and other public investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.

BACKGROUND

As disclosed in the announcement of the Company dated 30 October 2019, the Group, through the Seller (which is a wholly-owned subsidiary of the Company) disposed of a total of 321,230,000 CMBC Shares during 26 February 2019 to 30 October 2019. The Group subsequently further disposed of 235,800,000 CMBC Shares. For the 12-month period immediately preceding the date of this announcement, the Seller has disposed of 513,010,000 CMBC Shares.

THE POSSIBLE DISPOSAL(S) AND THE DISPOSAL MANDATE

Given the volatility of the stock market, disposing of shares at the best possible price requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each disposal of CMBC Shares. To allow flexibility in effecting future disposals of CMBC Shares at appropriate time(s) and price(s) so as to maximise the returns to the Group, the Company proposes to seek approval for the Disposal Mandate from the Shareholders at the EGM in advance to allow the Directors to dispose of up to 476,000,000 CMBC Shares, representing approximately 1% of the total issued share capital of CMBC as at the date of this announcement, during the Mandate Period.

As at the date of this announcement, the Group, through the Seller, beneficially owned 1,517,430,000 CMBC Shares, representing approximately 3.18% of the total issued share capital of CMBC as at the date of this announcement. Depending on the prevailing market conditions, the Seller may dispose of up to 476,000,000 the CMBC Shares in tranches from time to time during the Mandate Period.

The Disposal Mandate shall be conditional upon the approval by the Shareholders at the EGM.

Details of the Disposal Mandate

The Disposal Mandate to be sought from the Shareholders at the EGM will be on the following terms:

1. *Mandate Period*

The Disposal Mandate is for the Mandate Period, i.e. a period of 12 months from the date of passing of the relevant ordinary resolution at the EGM.

2. *Maximum number of CMBC Shares to be disposed*

The Disposal Mandate shall authorise and empower the Board to sell up to 476,000,000 CMBC Shares held by the Group, representing approximately 1% of the total issued share capital of CMBC as at the date of this announcement.

3. *Scope of Authority*

The relevant designated Directors shall be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Disposal(s), including but not limited to the number of batches of Disposal, the number of CMBC Shares to be sold in each Disposal and the timing of each Disposal.

4. *Manner of Disposal(s)*

The Disposal(s) shall be conducted (i) in the open market on the Stock Exchange to Independent Third Party(ies) through the trading system of the Stock Exchange; and/or (ii) in the off-market by directly entering into contract note(s) or through block trades by entering into placing agreements, to dispose of, in part or in whole, the Approved Sale Shares to third party purchaser(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies). As at the date of this announcement, there is no potential purchaser who has indicated its intention to purchase the CMBC Shares from the Group.

The selling price of the CMBC Shares shall be at the then market price(s) of CMBC Shares at the relevant material time, provided that:

- (i) each Disposal in the open market or in the off market shall be at market price of no more than 20% discount to the average closing price as quoted on the Stock Exchange for the five (5) consecutive trading days immediately before the date of each Disposal during the Mandate Period;
- (ii) the Minimum Selling Price of the Disposals shall be no less than HK\$0.05 per CMBC Share; and
- (iii) the total aggregate gross selling proceeds for twelve-month period including each Disposal shall not be 75% or more of the market capitalisation of the Company, being the product of total number of Shares of the Company in issue and the average closing price per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately before the date of each Disposal.

Based on the closing price of CMBC Shares in the past one year immediately before the date of this announcement, the highest closing price is HK\$0.216 and the lowest closing price is HK\$0.106, the average closing price is HK\$0.148 and the standard deviation is HK\$0.0234. The highest daily trading volume of CMBC Shares was 130,620,000 CMBC Shares while the lowest daily trading volume of CMBC Shares was 2,230,000 CMBC Shares and the average trading volume for the past one year of CMBC Shares was approximately 13,809,000 CMBC Shares. The total number of 476,000,000 CMBC Shares to be disposed under the Disposal Mandate represents approximately 34.47 times of the average daily trading volume of CMBC Shares. In order to make the CMBC Shares held by the Group to be more attractive in block trade, the Directors consider that it is fair and reasonable for the Company to offer certain percentage of discount to the market price. Using the average closing price of CMBC Shares of approximately HK\$0.162 per CMBC Shares for the five consecutive trading days immediately before the date of this announcement, if the CMBC Shares are sold at 20% discount to the 5-day average closing price of CMBC Shares, the proposed selling price is HK\$0.130 per CMBC Share which is more or less to one standard deviation price of HK\$0.1386 per CMBC Share. Hence, the Directors consider the proposed discount of 20% to the 5-day average closing price immediately before the date of each Disposal is fair and reasonable.

The Company further considers that the Minimum Selling Price will allow flexibility for the Directors to accommodate fluctuation in market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to dispose of the CMBC Shares, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

5. *Compliance*

The Disposal(s) shall comply with relevant applicable laws and regulations, including any applicable trading regulations in Hong Kong. The Group will also report on the progress of the Disposal(s) in the relevant interim report as well as the annual report of the Company in compliance with the Listing Rules.

The Company will re-comply with the Listing Rules requirements and seek another shareholders' approval for the Disposals in the event that the Disposals cannot be completed within the Disposal Mandate.

6. *The Minimum Selling Price*

The Minimum Selling Price of HK\$0.05 per CMBC Shares represents:

- (a) a discount of approximately 68.35% to the closing price of HK\$0.158 per CMBC Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a premium of approximately 7.28% over net asset value per CMBC Share of approximately HK\$0.047 per CMBC Share based on the audited net asset value of CMBC and 47,679,217,729 CMBC Shares in issue as at 31 December 2019.

The Minimum Selling Price was determined with reference to (i) the net asset value per CMBC Share; (ii) the market performance of CMBC Shares as quoted on the Stock Exchange for the past twelve months; and (iii) the prevailing market conditions and the uncertainty of global economy in light of the COVID-19 outbreak. The Directors consider that the Minimum Selling Price will allow flexibility for the Company to accommodate fluctuation in the market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to the Company to dispose of the CMBC Shares, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

The Seller will effect the Disposal(s) in the open market or in the off market which include either directly entering into contract note(s) with independent third party purchaser(s) or through block trades by entering into placing agreements with a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance as placing agent. For any block trade, the terms and conditions of the sale would be negotiated on an arm's length basis. It is expected that the purchasers of the CMBC Shares and their respective ultimate beneficial owners will be Independent Third Parties. In the event that any purchaser of the CMBC Shares is a connected person of the Company, the Company will strictly comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Assuming that all 476,000,000 CMBC Shares would have been disposed of, the Seller will hold the remaining of 1,041,430,000 CMBC Shares, representing approximately 2.18% of the total issued share capital of CMBC as at the date of this announcement. The Seller will hold the remaining CMBC Shares as investments and will realise the same when appropriate. The Company will comply with the Listing Rules when the Group undergoes further disposal of the remaining CMBC Shares.

INFORMATION ON CMBC

CMBC is a company incorporated in Bermuda with limited liability which together with its subsidiaries are principally engaged in the business of brokerage and related services, securities investment and provision of finance as at the date of this announcement. CMBC is a company listed on the Main Board of the Stock Exchange (stock code: 1141).

The following information is extracted from the 2019 annual report of CMBC for the two years ended 31 December 2019:

	Year ended 31 December 2019 HK\$'000	Year ended 31 December 2018 HK\$'000
Revenue	978,683	791,190
Profit before tax	425,240	284,737
Profit after tax	356,863	245,196

Based on CMBC's 2019 annual results, the CMBC Group has an audited net asset value of approximately HK\$2,222 million as at 31 December 2019.

INFORMATION OF THE VENDOR AND THE COMPANY

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

The Seller is a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

REASONS FOR THE DISPOSAL MANDATE

The Company acquired the CMBC Shares for investment purpose. Having regard to the current market conditions, the Board decided to have an investment portfolio with less securities investments and to solidify the financial and cash position of the Group.

In light of the uncertainty in the future global economy with the recent COVID-19 outbreak, together having considered the funding needs of the Group, the Company considers that the Disposal represents an opportunity to realise its investments and to allow the Group to reallocate the resources.

Given the volatility of the stock market, disposing of shares at the best possible price requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each disposal of CMBC Shares. To allow flexibility in effecting future disposals of CMBC Shares at appropriate time(s) and price(s) so as to maximise the returns to the Group, the Company proposes to seek approval for the Disposal Mandate and the Disposal(s) from the Shareholders at the EGM in advance to allow the Directors to dispose of CMBC Shares during the Mandate Period.

The Disposal(s) will be made with reference to the market prices on open market. The Board is of the view that the Disposal Mandate and the Disposal(s) are on normal commercial terms, and that the terms are fair, reasonable and in the interests of the Company and its shareholders as a whole.

FINANCIAL IMPACT AND USE OF PROCEEDS

Based on the closing price of per CMBC Share of HK\$0.158 as at the date of this announcement, the value of the 476,000,000 CMBC Shares was approximately HK\$75,208,000.

For illustrating the effect of the Disposal(s) on the earnings, assets and liabilities of the Company, on the assumption that all 476,000,000 CMBC Shares would have been disposed of at HK\$0.158, being the closing price of each CMBC Share as at the date of this announcement, the Group is expected to recognise a revaluation gain of approximately HK\$7,140,000 which will affect the comprehensive income of the Group on the day of disposal for the year ending 31 December 2020 and is calculated on the basis of the difference between the market value of the CMBC Shares being disposed of as at 1 January 2020 and the disposal prices (excluding stamp duty and related expenses). The revaluation gain equals to the excess of the consideration of approximately HK\$75,208,000, being the market value of all 476,000,000 CMBC Shares as at the date of this announcement, over the net book value of approximately HK\$68,068,000 of the CMBC Shares as at 1 January 2020. There will be no effect on the liabilities of the Group for the year ending 31 December 2020.

For illustrating the effect of the Disposal(s) on the earnings, assets and liabilities of the Company, on the assumption that all 476,000,000 CMBC Shares would have been disposed of at the Minimum Selling Price, the Group is expected to recognise a revaluation loss of approximately HK\$44,268,000 which will affect the comprehensive income of the Group on the day of disposal for the year ending 31 December 2020 and is calculated on the basis of the difference between the market value of the CMBC Shares being disposed of as at 1 January 2020 and the disposal prices (excluding stamp duty and related expenses). The revaluation loss equals to the deficit of the consideration of approximately HK\$23,800,000, being the value of all 476,000,000 CMBC Shares at the Minimum Selling Price, under the net book value of approximately HK\$68,068,000 of the CMBC Shares as at 1 January 2020. There will be no effect on the liabilities of the Group for the year ending 31 December 2020.

The Company will use the proceeds from the Disposal of up to HK\$60,000,000 (as the case may be) for repayment of securities margin loans. As at 31 May 2020, the Company has margin loans in the sum of approximately HK\$111.48 million which bear interest rates ranging from 9.0% to 9.5% per annum. The Directors consider that the repayment of securities margin loans will save interest payment and will improve the Group's gearing ratio. In the event that there are any proceeds left after the repayment of the margin loans, the remaining proceeds will be used for general working capital.

For the avoidance of doubt, the actual gain or loss as a result of the Disposal(s) to be recorded by the Group will be subject to the actual selling prices of the CMBC Shares and will be subject to final audit to be performed by the Company's auditors.

IMPLICATIONS UNDER THE LISTING RULES

Assuming that all 476,000,000 CMBC Shares held by the Group will have been disposed of within the Mandate Period at the Minimum Selling Price, one or more applicable percentage ratios of the Disposal(s) when aggregated with the Previous Disposals conducted in the previous 12-month period from the relevant Disposal will exceed 25% but be less than 75%, the Disposal(s) will constitute major transaction on the part of the Company under Chapter 14 of the Listing Rules and shall be subject to the Shareholders' approval at the EGM.

The Company will seek the approval of the Shareholders at the EGM for the Disposal Mandate and the Disposal(s) to allow the Company to dispose of up to 476,000,000 CMBC Shares held by the Group during the Mandate Period. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Disposal Mandate and the Disposal(s). Accordingly, it is expected that no Shareholder is required to abstain from voting at the EGM.

The Company will despatch the circular containing, among others, (i) further details of the Disposal Mandate and the Disposal(s), and (ii) the notice of EGM as soon as possible in compliance with the Listing Rules.

There is no assurance that the Company will proceed with the Disposal(s) after obtaining the Disposal Mandate. Whether and when the Company will proceed with the Disposal(s) or not will depend on a number of factors including without limitation the prevailing market sentiments and market conditions at the proposed time of executing the Disposal(s). The Shareholders and other public investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.

DEFINITIONS

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

“Approved Sale Shares”	up to 476,000,000 CMBC Shares
“Board”	the board of Directors
“CMBC”	CMBC Capital Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1141)
“CMBC Group”	CMBC and its subsidiaries
“CMBC Shares”	ordinary shares of HK\$0.01 each in the share capital of CMBC
“Company”	Future World Financial Holdings Limited (to be renamed as “Future World Holdings Limited”), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Disposal(s)”	the proposed disposal(s) of up to 476,000,000 CMBC Shares by the Group under the Disposal Mandate
“Disposal Mandate”	the general and conditional mandate to be granted by the Shareholders to the Company at the EGM to dispose of up to 476,000,000 CMBC Shares during the Mandate Period
“EGM”	the extraordinary general meeting of the Company to be held and convened to consider, among others, the Disposal Mandate and the Disposal(s) contemplated thereunder

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
“Last Trading Day”	3 July 2020, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandate Period”	the 12-month period from the date of passing of the relevant resolution(s) approving the Disposal Mandate and the Disposal(s) at the EGM
“Minimum Selling Price”	HK\$0.05 per CMBC Share
“Previous Disposals”	the disposal of CMBC Shares by the Group as seller for the 12-month period immediately preceding the date of this announcement
“Seller”	Golden Horse Hong Kong Investment Limited, a wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Future World Financial Holdings Limited
Liang Jian
Chairman

Hong Kong, 3 July 2020

As at the date of this announcement, the Board comprises (i) seven executive Directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence, Mr. Siu Yun Fat, Mr. Wang Fei 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.