
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Future World Financial Holdings Limited** (the “Company”), you should at once hand this Prospectus Documents to the purchaser or the transferee or to the licensed securities dealer, registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “15. Documents Delivered to the Registrar of Companies” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their 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 their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.



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)

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING 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

Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

The Latest Time for Acceptance is 4:00 p.m. on Wednesday, 29 July 2020. The procedures for acceptance, payment and transfer are set out on pages 21 to 23 in this Prospectus.

It should be noted that the Shares have been dealt in on ex-rights basis from Monday, 6 July 2020. Dealings in the Rights Shares in the nil-paid form will take place from Friday, 17 July 2020 to Friday, 24 July 2020 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 17 July 2020 to Friday, 24 July 2020 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its own professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the section headed “Termination of the Underwriting Agreement” on pages 11 to 13 in this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

15 July 2020

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“Announcement”	the announcement of the Company dated 22 May 2020 in relation to, among others, the Rights Issue
“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, 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
“Director(s)”	director(s) of the Company
“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

DEFINITIONS

“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant
“Last Trading Day”	22 May 2020, being the last trading day of the Shares on the Stock Exchange before the release of the 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 Practicable Date”	10 July 2020, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on 29 July 2020, being the latest time for acceptance and payment of the Rights Shares, or such other date as the Company may determine
“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 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

DEFINITIONS

“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

DEFINITIONS

“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
“PRC” or “China”	the People’s Republic of China, which for the purpose of this Prospectus excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus Posting Date”	the date of this Prospectus
“Prospectus”	this prospectus containing details of the Rights Issue
“Prospectus Documents”	collectively, this 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”	10 July 2020, being the record date to determine entitlements to the Rights Issue
“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
“Review Period”	the 12-month period from 23 May 2019 up to and including the Last Trading Day
“Rights Issue”	the proposed issue of 315,107,286 Rights Shares at the Subscription Price by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date payable in full on acceptance
“Rights Share(s)”	the new 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)

DEFINITIONS

“Settlement Date”	the date being the third Business Day following (but excluding) the Latest Time for Unsubscribed Arrangement or such other date as the Company and the Underwriter may agree
“Share(s)”	ordinary share(s) or preference share(s) (as the case may be) of HK\$0.02 each in issue and in the unissued share capital of the Company
“Share Consolidation”	proposed consolidation of the shares on the basis of twenty (20) shares of HK\$0.001 each into one (1) share of HK\$0.02 each
“Shareholder(s)”	the holder(s) of the issued Shares
“Share Option(s)”	114,100,000 outstanding options which confer the holders thereof the right to subscribe for 114,100,000 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
“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 placees by the Placing Agent under the Placing Agreement

DEFINITIONS

“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 “Letter from the Board – Rights Issue – Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangement” in this Prospectus
“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.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus:

Basis of the Rights Issue:	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.18 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	630,214,572 Shares
Number of Rights Shares:	315,107,286 Rights Shares
Aggregate nominal value of the Rights Shares:	HK\$6,302,145.72
Number of issued Shares upon completion of the Rights Issue:	945,321,858 Shares
Amount to be raised before expenses:	approximately HK\$56.72 million

As at the Latest Practicable Date, there are 114,100,000 outstanding Share Options (after Share Consolidation having become effective on 3 July 2020) granted by the Company which confer the holders thereof the right to subscribe for 114,100,000 Shares. Save for the foregoing, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

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 Latest Practicable Date; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

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

The Shares have been dealt on an ex-rights basis since 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 “Letter from the Board – The Underwriting Agreement – Conditions of the Underwriting Agreement” in this Prospectus) 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.

SUMMARY OF THE RIGHTS ISSUE

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.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

All time and date references contained in this Prospectus shall refer to Hong Kong local time and dates.

Event	Date
	2020
First day of dealings in nil-paid Rights Shares	Friday, 17 July
Latest time for splitting the PAL	4:30 p.m. on 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
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 by the Placing Agent	Thursday, 6 August
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent	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
Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the amount Net Gain per Unsubscribed Rights Share under the Unsubscribed Arrangements)	Friday, 14 August
Despatch of share certificates for fully-paid Rights Shares and refund cheques in relation to unsuccessful applications	Monday, 17 August

EXPECTED TIMETABLE

Event	Date
	2020
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 18 August
Designated broker starts to stand in the market to provide matching services for odd lots of the Rights Shares	9:00 a.m. on Tuesday, 18 August
Payment of Net Gain to relevant No Action Shareholders (if any)	Monday, 31 August
Designated broker ceases to provide matching services for odd lots of the Right Shares	4:10 p.m. on Tuesday, 8 September

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 this 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.

Dates or deadlines stated in this Prospectus for events in the expected timetable are indicative only and may be extended or varied between the Company and the Underwriter. Any changes to the anticipated timetable for the Rights Issue will be announced as and when appropriate.

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

TERMINATION OF THE UNDERWRITING AGREEMENT

- (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 this Prospectus and not having been disclosed in this Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (i) 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.

TERMINATION OF 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.

LETTER FROM THE BOARD



FUTURE WORLD FINANCIAL HOLDINGS LIMITED

未來世界金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

Executive Directors

Mr. Cai Linzhan
Mr. Lau Fai Lawrence
Mr. Liang Jian
Mr. Siu Yun Fat
Mr. Wang Fei
Mr. Yu Qingrui
Mr. Yu Zhenzhong

Independent non-executive Directors

Mr. Chen Pei
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah
Mr. Wang Ning
Mr. Zheng Zongjia

Registered office:

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

*Head office and principal place
of business:*

Unit 3711, 37/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

15 July 2020

To the Shareholders and, for information only, holders of the Share Options

Dear Sir/Madam,

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE

INTRODUCTION

References are made to the Announcement, and supplemented by the announcement of the Company dated 8 June 2020, in relation to, among others, the Rights Issue.

The purpose of this Prospectus is to provide you with further details of the Rights Issue including information on dealings in, transfer and acceptance of the Rights Shares provisionally allotted to the Shareholders and certain financial and other information in respect of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.18 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	630,214,572 Shares
Number of Rights Shares:	315,107,286 Rights Shares
Aggregate nominal value of the Rights Shares:	HK\$6,302,145.72
Number of issued Shares upon completion of the Rights Issue:	945,321,858 Shares
Amount to be raised before expenses:	approximately HK\$56.72 million

As at the Latest Practicable Date, there are 114,100,000 outstanding Share Options (after Share Consolidation having become effective on 3 July 2020) granted by the Company which confer the holders thereof the right to subscribe for 114,100,000 Shares. As at the Record Date, no holder of the Share Options had exercised the Share Options and 630,214,572 Shares was issued as at the Record Date. Based on one (1) Rights Share for every two (2) existing Shares held on the Record Date, 315,107,286 Rights Shares will be allotted and issued under the Rights Issue. Save for the foregoing, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

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 Latest Practicable Date; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

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.

LETTER FROM THE BOARD

The Subscription Price represents:

- (a) a premium of approximately 4.05% over the closing price of HK\$0.173 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 10.00% to the theoretical closing price of HK\$0.2 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 26.23% to the theoretical average closing price of HK\$0.244 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 36.62% to the theoretical average closing price of HK\$0.284 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 7.22% to the theoretical ex-rights price of HK\$0.194 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day;
- (f) a discount of approximately 87.98% to the audited consolidated net asset value per Share of approximately HK\$1.50 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 Shares (assuming the Share Consolidation has become effective as at 31 December 2019); and
- (g) 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 Share to the benchmarked price of approximately HK\$0.268 per Share (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 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 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.

LETTER FROM THE BOARD

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 paragraph headed "Reasons for the Rights Issue" in this section.

Despite the fact that the Subscription Price represents a discount of approximately 87.98% to the audited consolidated net asset value per Share of approximately HK\$1.50 based on the published audited consolidated net asset value of the Company of approximately HK\$934.20 million as at 31 December 2019, this is not a factor considered by the Board and the Underwriter during the course of negotiation for the Rights Issue. As mentioned above, the parties to the Underwriting Agreement when determining the Subscription Price mainly made reference to, among other matters, the prevailing market conditions and the financial condition of the Company. As the daily theoretical closing prices of the Shares during the Review Period ranged from HK\$0.20 to HK\$1.68 and the theoretical average daily closing price was HK\$0.915 during the Review Period, this indicated that the trading price of the Shares was below net asset value over a prolonged period. Using the lowest theoretical trading price during the Review Period of HK\$0.20 per Share as example, the trading price represents a discount of approximately 86.64% to the net asset value of the Company. In light of the low trading price, it is commercially not sound to make reference to net asset value of the Company when determining the Subscription Price.

The Directors considered that the Subscription Price which represents a discount of approximately 10.00% to the theoretical trading price of HK\$0.2 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day, being the lowest trading price during the Review Period. The Board considers that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After taking into consideration the reasons for the Rights Issue as stated in the paragraph headed "Reasons for the Rights Issue" in this section, 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.

LETTER FROM THE BOARD

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing 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.

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 have been 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.

The Company has sent the Prospectus Documents to the Qualifying Shareholders. 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.

Beneficial owners with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by a nominee are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

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.**

LETTER FROM THE BOARD

Distribution of the Prospectus Documents

The Prospectus Documents have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Distribution of the Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons receiving the Prospectus Documents (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdictions outside Hong Kong.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to the representations and warranties above.

Non-Qualifying Shareholders

The Prospectus Documents have not will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will send copies of this 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 at the Latest Practicable Date, there was no Overseas Shareholder as shown on the register of members of the Company. Accordingly, there was no Non-Qualifying Shareholder for the purpose of the Rights Issue.

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 “Rights Issue – Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangement” in this section for the treatment of Unsubscribed Rights Shares under the Unsubscribed Arrangement and the paragraph headed “The Underwriting Agreement” in this section for the treatment of Unsold Rights Shares under the Underwriting Agreement.

LETTER FROM THE BOARD

Receipt of this Prospectus and/or the PAL or the crediting of nil-paid Rights Shares to any stock account (including in CCASS) does not and will not constitute an offer in any jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or the PAL must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or the PAL or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer nil-paid Rights Shares to any person in, into or from, any jurisdiction outside Hong Kong, unless offer to such jurisdictions could lawfully be made without compliance with any registration or other legal or regulatory requirements or where the offer is made reliance on any exemption or where compliance with the relevant legal or regulatory requirement will not, in the Board's judgement, be unduly burdensome. If a PAL or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent, custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL or transfer the nil-paid Rights Shares in CCASS unless the Company, in its absolute discretion, determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this Prospectus and/or a PAL in, into or from, any jurisdiction outside Hong Kong (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in the Rights Shares and as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Rights Shares in their nil-paid form otherwise falling to be issued to them under the Rights Issue. It is emphasized that none of the Company, its Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

It is the responsibility of anyone (including but not limited to any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any such person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers.

LETTER FROM THE BOARD

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. Furthermore, the Company reserves the right to treat as invalid any purported acceptance of the provisional allotment of Rights Shares comprised in a PAL or to refuse to register any purported transfer of the rights represented thereby if it appears to the Company or its agents that acceptance of such provisional allotment of Rights Shares or transfer or the registration of such transfer may involve a breach of the laws or regulations of any territory or jurisdiction or if in respect thereof the Shareholder or its agent has not given the declaration set out in the PAL in respect of such matters. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Procedures for acceptance and payment or transfer

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

A PAL is enclosed with this Prospectus for each Qualifying Shareholder which entitles him/her/it to subscribe for the number of Rights Shares shown in the PAL. If a Qualifying Shareholder wishes to accept all Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by not later than 4:00 p.m. on 29 July 2020. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on a bank account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "FUTURE WORLD FINANCIAL HOLDINGS LIMITED – RIGHTS ISSUE A/C" and crossed "ACCOUNT PAYEE ONLY".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on 29 July 2020, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

LETTER FROM THE BOARD

Transfer and “splitting” of nil-paid Rights Shares

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation not later than 4:30 p.m. on 21 July 2020 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as “splitting” the nil-paid Rights Shares.

Having “split” the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the registration information in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the registration details in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Registrar by no later than 4:00 p.m. on 29 July 2020.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier’s orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgment of a PAL together with a cheque or cashier’s order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier’s order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier’s order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

LETTER FROM THE BOARD

No receipt will be given in respect of any application monies received.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

If any of the conditions of the Rights Issue (as set out in the paragraph headed “Rights Issue – Conditions of the Rights Issue” in this section) is not fulfilled, the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred) without interest, by means of cheques crossed “Account Payee Only” to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk on or around 17 August 2020.

Action to be taken by beneficial owners holding interests in Shares through CCASS

If you are a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected timetable” in this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such beneficial owners’ interests in nil-paid Rights Shares should be dealt with.

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.

LETTER FROM THE BOARD

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 during the matching period which commences from 9:00 a.m. on Tuesday, 18 August 2020 to 4:10 p.m. on Tuesday, 8 September 2020 (both days inclusive).

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 paragraph headed “The Underwriting Agreement” in this section for the treatment of the Unsold Rights Shares.

LETTER FROM THE BOARD

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 efforts 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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 Unsold Rights Shares at the Subscription Price.

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 paragraph headed “The Underwriting Agreement – Conditions of the Underwriting Agreement” in this section. **Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed.**

LETTER FROM THE BOARD

Application for listing

The Company has applied 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.

It is expected that dealings in the Rights Shares in nil-paid form will commence on 17 July 2020 and will end on 24 July 2020 (both dates inclusive) and dealings in the Rights Shares in fully-paid form will commence on 18 August 2020.

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 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.

LETTER FROM THE BOARD

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

As at the Latest Practicable Date, the Company had not received any irrevocable commitments to accept or reject the Rights Shares; and the Board had not received any information from any substantial Shareholders of their intention to take up 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, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties.

LETTER FROM THE BOARD

Number of Underwritten Shares
and the underwriting
arrangement:

The Underwritten Shares, i.e. up to 315,107,286 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 on the date of entering into the Underwriting Agreement on 22 May 2020.

As at the date of the entering into of the Underwriting Agreement, the Underwriter had committed to underwrite up to 372,157,286 Rights Shares, it would still be entitled to 5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares (i.e. 372,157,286 Rights Shares), despite that the Rights Issue is currently for 315,107,286 Rights Shares as no holder of the Share Options had exercised their rights prior to the Record Date.

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 paragraph headed "Reasons for the Rights Issue" in this section 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.

LETTER FROM THE BOARD

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 extraordinary general meeting of the Company 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.

LETTER FROM THE BOARD

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 (f) 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.

As at the Latest Practicable Date, condition (a) was satisfied and conditions (b) and (c) above are expected to have been fulfilled on the Prospectus Posting Date.

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

LETTER FROM THE BOARD

- (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 this Prospectus and not having been disclosed in this Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (i) 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.

LETTER FROM THE BOARD

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 Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up all the entitled Rights Shares; and (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders have taken up all the entitled Rights Shares)		Immediately after completion of the Rights Issue (assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares)	
	Number of issued Shares	Approx. %	Number of issued Shares	Approx. %	Number of issued Shares	Approx. %
Director						
Cai Linzhan (Note 1)	1,614,457	0.26	2,421,685	0.26	1,614,457	0.17
Siu Yun Fat (Note 2)	3,440,000	0.55	5,160,000	0.55	3,440,000	0.36
Yu Qingrui (Note 3)	2,670,221	0.42	4,005,331	0.42	2,670,221	0.28
Tam Tak Wah (Note 4)	13,367	0.00	20,050	0.00	13,367	0.00
Public Shareholder						
Other Shareholders	<u>622,476,527</u>	<u>98.77</u>	<u>933,714,792</u>	<u>98.77</u>	<u>937,583,813</u>	<u>99.19</u>
Total	<u><u>630,214,572</u></u>	<u><u>100.00</u></u>	<u><u>945,321,858</u></u>	<u><u>100.00</u></u>	<u><u>945,321,858</u></u>	<u><u>100.00</u></u>

Notes:

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

LETTER FROM THE BOARD

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 Latest Practicable Date.

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, 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, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. As such, the Underwriter complies with Rule 7.19(1)(a) 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.

LETTER FROM THE BOARD

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, in view that the Company has (i) borrowings amounted to approximately HK\$455 million as at 31 May 2020, and (ii) high gearing ratio of approximately 51.96% based on the consolidated financial statements of the Company for the year ended 31 December 2019, the Directors believe that it will be unlikely for the Company to obtain any debt financing at terms acceptable to the Company. In addition, 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, Shareholders who do not wish to take up their entitlements will not be afforded the opportunity to sell their entitled nil-paid Rights Shares on the market as an anti-dilution protection; hence, 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

The estimated 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, of which approximately HK\$10.6 million for payment of operating expenses; and approximately HK\$2.4 million for payment of professional fees.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Group had entered into several contracts with suppliers to provide the material for the production of special welding and cutting tooling devices. The Group estimated that an amount of approximately HK\$16 million would be required for the settlement of accounts payable within 12 months from the completion of the Rights Issue.

As at 31 December 2019, the loans granted under the Company's money lending business accounts for approximately 21% of the total assets of the Company. The Company aims to further expand its money lending business through lending to high net worth individuals. Currently, the money lending business brings in an annual interest income of approximately 8% on the loan principal. The Board targets to increase the Company's money lending business to account for approximately 22% of the total assets of the Company and the Company estimated that an additional amount of approximately HK\$12 million would be required. The Company expected that this loan amount would also provide a rate of return of approximately 8% per annum. Based on previous money lending record, the Board expects that the net proceeds allocated for money lending will be utilised within 12 months from the completion of the Rights Issue.

As at 31 May 2020, the Company had borrowings amounting to approximately HK\$455 million, with interest rate at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month), of which approximately HK\$235 million are due within the next 12 months. For further details, please refer to the paragraph headed “2. Statement of indebtedness” in Appendix I of this Prospectus.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

Prior to the completion of the Rights Issue and as at the Latest Practicable Date, there were 114,100,000 outstanding Share Options, which entitled holders thereof to subscribe for 114,100,000 Shares under the Share Option Scheme.

In accordance with the Share Option Scheme, immediately after completion of the Rights Issue, the subscription prices and the number of Shares to be issued upon exercise of the outstanding Share Options will be adjusted as follows:

Date of grant	As at the Latest Practicable Date	Subscription price	Immediately after completion of the Rights Issue	Subscription price
	Number of Shares to be issued upon exercise of the outstanding Share Options		Number of Shares to be issued upon exercise of the outstanding Share Options	
26 March 2019	35,900,000	HK\$2.488	35,698,314	HK\$2.502
6 June 2019	22,000,000	HK\$1.596	21,876,404	HK\$1.605
27 March 2020	56,200,000	HK\$0.56	55,884,269	HK\$0.563

LETTER FROM THE BOARD

Save for the above adjustments, all other terms and conditions of the outstanding Share Options granted under the Share Option Scheme remain unchanged.

Moore Stephens CPA Limited, the auditor of the Company, has certified that the above adjustments of the Share Options are made in accordance with the Share Option Scheme, Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding the interpretation of Rule 17.03(13) of the Listing Rules.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12 month period prior to the Latest Practicable Date 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.

ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three financial years ended 31 December 2017, 2018 and 2019 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.fw-fh.com>):

- Annual reports of the Company for the financial year ended 31 December 2019 (pages 52 to 147)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042701126.pdf>

- Annual reports of the Company for the financial year ended 31 December 2018 (pages 51 to 151)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/lt20190425463.pdf>

- Annual reports of the Company for the financial year ended 31 December 2017 (pages 55 to 139)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0427/lt20180427634.pdf>

2. STATEMENT OF INDEBTEDNESS

The following table set forth a breakdown of our indebtedness as at 31 May 2020, being the latest practicable date for the purpose of this indebtedness in this Prospectus.

	As at 31 May 2020 HK\$'000
Bank borrowings ^(note a)	308,980
Other borrowings ^(note b)	146,387
Lease liabilities ^(note c)	<u>6,615</u>
	<u><u>461,982</u></u>

Notes:

- (a) As at 31 May 2020, the bank borrowings are secured by the investment properties of the Group with a net carrying amount of approximately HK\$664,000,000, and bear interest at range of HKD Prime Rate – 2.5% per annum, 2% per annum + HIBOR (1 month) and 2.5% per annum over HIBOR (1 week to 1 month) at 31 May 2020.
- (b) As at 31 May 2020, the other borrowings are secured by the pledges of financial assets at fair value through other comprehensive income of approximately HK\$237,586,000, financial asset at fair value through profit or loss of approximately HK\$1,022,000 and an investment property of the Group with a net carrying amount of HK\$285,000,000.

- (c) The Group entered into several lease agreements for leasing of office premises and staff quarter located in Hong Kong and the PRC and recognised right-of-use assets and lease liabilities for these leases. Such lease liabilities amounted to approximately HK\$6,615,000 as at 31 May 2020, which were classified as to HK\$4,710,000 as current liabilities and HK\$1,905,000 as non-current liabilities. The interest rates of the lease liabilities ranged from 4.8% to 5.4% per annum.

As at the close of business on 31 May 2020, the Group did not have any significant contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade payable in the ordinary course of the business, as at the close of business on 31 May 2020, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiries, are of the opinion that, after taking into account (i) the internal resources of the Group; (ii) the Group's presently available banking facilities/bank borrowings; and (iii) the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published reviewed accounts of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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. The Group will continue to explore opportunities in these core businesses so as to create long-term value for its shareholders.

Other than the existing business as named hereinabove which is on an on-going basis, the management will explore other business opportunities to diversify its business portfolio with a view to broaden its income stream which shall be in the best interests of the Company and its shareholders as a whole. In March 2019, the Board has initiated a restructure by appointing new Directors, new Chairman and new Chief Executive Officer of the Group. Leveraging on the expertise and experience of the new Directors and key management personnel, the Group intends to take initiatives in developing business in relation to intelligent robotics and related services.

Facing the outbreak of the novel coronavirus (COVID-19) pandemic, the Group has ordered mask production lines and commenced mask production in April 2020. The Group has also engaged an independent third party for mask production on an OEM basis. However, with the alleviation of the COVID-19 outbreak since late April 2020 with the distribution of mask by the Hong Kong government, having taken into consideration of the reduction in demand and needs, the Group has ceased its own local mask production and disposed the relevant subsidiary in May 2020 in order to reduce costs and expenses whereas the Group will retain its OEM mask production in order to keep flexibility. As at the Latest Practicable Date, the mask products of the Group have been distributed and sold through a number of drugstores and one of the leading cosmetics retail chains in Hong Kong. The Group will closely observe the worldwide and local demand for mask products and will adjust its mask production and sales strategy from time to time.

On 24 June 2019, the Company entered into a global strategic co-operation agreement (the “**Strategic Co-operation Agreement**”) with HIT Robot Group Co., Ltd. (哈工大機器人集團股份有限公司)(“**HIT Robot Group**”), pursuant to which each of the Company and HIT Robot Group will become global strategic co-operation partner and will co-operate with each other on their respective business areas including but not limited to intelligent robotics, artificial intelligence, new energy products and commodities trading in accordance with the terms and conditions of the Strategic Co-operation Agreement.

On 4 March 2020, the decision makers stressed at the meeting held by the Standing Committee of the Political Bureau of the CPC Central Committee that, efforts should be made to accelerate the major engineering and infrastructure construction specified in the national planning, including the progress of “new infrastructure construction” such as 5G network and data center. New infrastructure construction refers to the infrastructure construction related to science and technology, mainly including seven fields, i.e. 5G infrastructure, ultra-high voltage, intercity high-speed rail and intercity rail transit, NEV charging stations, big data center, artificial intelligence, and Industrial Internet, and covering several key industries related to social people’s livelihood such as the communication, power, transport and digital industry.

Seven segmented fields and applications of “new infrastructure construction”

Field	Application
5G infrastructure construction	Industrial Internet, Internet of Cars, Internet of Things, enterprise clouding, AI, remote medical treatment, etc
Ultra-high voltage	Energy industries such as power industry
Intercity high-speed rail and intercity rail transit	Transport industry
NEV charging stations	NEVs
Big data center	Financial, security, energy and business fields, as well as every aspect in daily life (including travelling, shopping, sport and wealth management)
AI	Intelligent home furnishing
	Service robots
	Mobile equipment/UAV
	Automatic driving
	Applications in other industries: Home furnishing, finance, security, medical treatment, enterprise service, education, customer service, video/entertainment, retail/e-commerce, architecture, law, news information and recruitment
Industrial Internet	Intelligent manufacture within the enterprise, inter-enterprise networked collaboration, custom-tailored production for users by enterprises, service extension of enterprises and products

Looking into 2020, the Group plans to develop five businesses, namely (1) robotics products and application solutions; (2) artificial intelligence products and application solutions; (3) new energy products and application solutions; (4) technological equipment and products related to culture and entertainment; and (5) technology incubators. These business plans are in line with the aforesaid national development direction and policies.

In terms of robotics products and application solutions, the Group will focus on the development of intelligent industrial welding robots and equipment, set up a top welding tooling expert team for research and development, and be committed to the development, design, production and sales of a full range of non-standard customized positioner, all kinds of special welding and cutting tooling devices, and all kinds of unmanned and intelligent non-standard production lines. Our products will be applied to pressure vessels, low-temperature equipment, special vehicles, rail transit, offshore wind power, engineering machinery and other industries. In terms of artificial intelligence products and application solutions, the application of technologies such as vision, voice, navigation and mechanical arms will be extended to services and special fields to promote more product applications. The main products are intelligent robots for public service, intelligent electronic consumption products, intelligent mobile equipment, household, security and financial intelligent robots, etc. As at the Latest Practicable Date, the Group has already engaged in the businesses of (1) robotics products and application solutions in development of intelligent industrial welding robots and equipment; and (2) artificial intelligence products and application solutions with the application of technologies such as vision, voice, navigation and mechanical arms through two non-wholly owned subsidiaries respectively.

Also, the Group has transformed the business nature of a wholly-owned subsidiary established in Shenzhen, China to provide artificial intelligence and robotics products and original equipment manufacturing (OEM) services of intelligent technology products and sell the products through cross-border e-commerce platform. In terms of new energy products and application solutions, during the year ended 31 December 2019, the Group has established a subsidiary in Indonesia for sale, assembly and design of electric motorcycles and EV charging stations. Instead of focusing on flashy designs or high-end specs, the bike provides convenient travelling mode for domestic riders, saving energy and money and protecting the environment. In terms of technological equipment and products related to culture and entertainment, the Company will focus on the operation of intellectual property rights in film, television and animation. In terms of technology incubators, the Company will focus on incubating and accelerating projects based on leading international technologies and China's domestic market development. HIT Robot Group Co., Ltd. will provide support for the intelligent industrial welding robots and equipment, artificial intelligence products and application solutions of the Group, and offer premises and production sites free of charge for the Group in its base in China in 2020.

On 17 December 2019, the Company entered into a strategic co-operation agreement with Shanghai R&F Real Estate Development Co., Ltd. (上海富力房地產開發有限公司) (“**Shanghai R&F**”), pursuant to which each of the Company and Shanghai R&F will become strategic co-operation partners integrating the advantages in their respective fields, and starting from the Eastern China region, jointly build an international high-tech innovation center and an innovative service platform for leading high-tech companies across China.

The Board considers that the development in the intelligent robotics business will contribute positively to the revenue and profit of the Group and will be beneficial to the Group, thereby creating values to the Company and its shareholders.

In 2015, the Group invested in securities brokerage business in Hong Kong through investment in associates. The Group disposed the associates to Central Wealth Group Holdings Limited (stock code: 139), a company listed on the Stock Exchange subsequently in 2017.

The Directors are optimistic to the securities market development in Hong Kong and now continue securities brokerage business. The Group is now applying the Stock Exchange Trading Right from the Stock Exchange and licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities through a wholly-owned subsidiary, Oriental Power Securities Investment Limited (“**Oriental Power**”). Oriental Power aims at providing broader and more diversified services to customers. Oriental Power targets to provide securities dealing and advising securities services to its customers. Oriental Power will provide broker-dealer services covering the stocks and investment-linked instruments listed in the Stock Exchange. The Company will also apply for a trading right at the Stock Exchange and become a direct clearing participant at Hong Kong Exchange and Clearing Limited and Hong Kong Securities Clearing Company Limited and also apply the China Connect Clearing Participants. Oriental Power will act as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent for companies listed or to be listed on the Stock Exchange or shareholders of companies listed or to be listed on the Stock Exchange for their fund raising exercises such as initial public offerings (IPOs), rights issues, open offers or placing of new and/or existing shares and debt securities. We will charge placing or underwriting commission at a rate determined by negotiation with clients which is generally in line with market practice.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

For illustrative purposes, the financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out herein to provide prospective investors with further information about how the financial information of the Group might be affected by the completion of the Rights Issue as if the Rights Issue had been completed on 31 December 2019. The pro forma financial information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial position on the completion of the Rights Issue.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 December 2019. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the consolidated net assets of the Group as at 31 December 2019 as extracted from the published annual report of the Company for the year ended 31 December 2019 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 31 December 2019. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the adjusted consolidated net tangible assets of the Group immediately after completion of the Rights Issue or any future date after completion of the Rights Issue.

				Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after the completion of the Rights Issue HK\$ (Note 4)
Audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2019 HK\$'000 (Note 1)	Unaudited estimated net proceeds from the Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2019 HK\$'000	Unaudited consolidated net tangible assets attributable to owners of the Company per Share before the completion of the Rights Issue HK\$ (Note 3)	
Based on minimum number of 315,107,286 Rights Shares to be issued				
934,201	51,000	985,201	1.48	1.04

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- 1) The audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2019 were extracted and derived from the audited consolidated statement of financial position of the Group as at 31 December 2019 (being the reporting line item “Equity attributable to owners of the Company” in the Consolidated Statement of Financial Position as at 31 December 2019) on which auditor’s report has been issued on 26 March 2020.
- 2) The estimated net proceeds from the Rights Issue is approximately HK\$51,000,000 which is based on 315,107,286 Rights Shares to be issued at the Subscription Price of HK\$0.18 per Rights Share and after deducting estimated related expenses, including among others, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$5,719,000.
- 3) The unaudited consolidated net tangible assets of the Group per share attributable to the owners of the Company before the completion of the Rights Issue is determined based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2019 of approximately HK\$934,201,000 as disclosed in note 1 above, divided by 630,214,572 Shares in issue (comprising of 624,014,572 Shares in issue as at 31 December 2019 and 6,200,000 Shares issued by way of share options exercised subsequent to 31 December 2019 and up to the date of this Prospectus, with the assumption that the consolidation of the Shares on the basis of twenty shares of HK\$0.001 each into one share of HK\$0.02 each on 3 July 2020 had become effective on 31 December 2019).
- 4) Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2019 per Share immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue of approximately HK\$985,201,000 as set out in Note 2 above divided by 945,321,858 Shares which represents the sum of 630,214,572 Shares in issue as set out in Note 3 and 315,107,286 Rights Shares to be issued, assuming that no outstanding share options of the Company will be exercised.
- 5) Save as disclosed above, no other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2019.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT

The following is the text of a report from the Reporting Accountant of the Company, Moore Stephens CPA Limited, in respect of the unaudited pro forma financial information of the Group for the purpose of inclusion in this Prospectus.



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

To the directors of Future World Financial Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Future World Financial Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2019 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 15 July 2020 (the “**Prospectus**”) in connection with the proposed rights issue on the basis of one rights share for every two existing shares of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the Rights Issue on the Group's consolidated financial position as at 31 December 2019 as if the Rights Issue had taken place on 31 December 2019. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the audited consolidated financial statements of the Group for the year ended 31 December 2019 on which an auditor's report has been issued.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

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

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2019 would have been as presented.

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

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

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

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

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Opinion

In our opinion:

- a. the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Moore Stephens CPA Limited

Certified Public Accountants

Li Wing Yin

Practising Certificate Number: P05035

Hong Kong, 15 July 2020

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility for the information contained herein, includes particulars given in compliance with the Listing Rules for the purpose of giving information relating to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date were; and (b) immediately after completion of the Rights Issue (assuming the Rights Issue becoming unconditional) will be, as follows:

(a) As at the Latest Practicable Date:

<i>Authorised:</i>		<i>HK\$</i>
12,474,000,000	ordinary Shares of HK\$0.02 each	249,480,000.00
<u>26,000,000</u>	preference Shares of HK\$0.02 each	<u>520,000.00</u>
<u>12,500,000,000</u>	Shares of HK\$0.02 each	<u>250,000,000.00</u>
<i>Issued and fully paid:</i>		
630,214,572	ordinary Shares of HK\$0.02 each	12,604,291.44
<u>0</u>	preference Shares of HK\$0.02 each	<u>0.00</u>
<u>630,214,572</u>	Shares of HK\$0.02 each	<u>12,604,291.44</u>

(b) Immediately after the completion of the Rights Issue:

<i>Authorised:</i>		<i>HK\$</i>
12,474,000,000	ordinary Shares of HK\$0.02 each	249,480,000.00
<u>26,000,000</u>	preference Shares of HK\$0.02 each	<u>520,000.00</u>
<u>12,500,000,000</u>	Shares of HK\$0.02 each	<u>250,000,000.00</u>
 <i>Issued and fully paid:</i>		
630,214,572	ordinary Shares of HK\$0.02 each	12,604,291.44
315,107,286	Rights Shares to be allotted and issued	6,302,145.72
<u>0</u>	preference Shares of HK\$0.02 each	<u>0.00</u>
<u>945,321,858</u>	Shares of HK\$0.02 each	<u>18,906,437.16</u>

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects, including capital, dividends and voting rights with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

As at the Latest Practicable Date, save for 114,100,000 outstanding Share Options, the Company did not have any outstanding options, warrants or convertible securities which confer rights to subscribe for or affect the Shares. No capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

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

Long position in Shares and underlying shares of the Company

Name of Director	Nature of interests	Interest in Shares	Interest in underlying shares	Total interest	Approximate percentage of issued Shares
Liang Jian (<i>Note 1</i>)	Beneficial owner	–	11,700,000	11,700,000	1.86%
Yu Zhenzhong (<i>Note 2</i>)	Beneficial owner	–	11,700,000	11,700,000	1.86%
Cai Linzhan (<i>Note 3</i>)	Beneficial owner	1,614,457	6,200,000	7,814,457	1.24%
Siu Yun Fat (<i>Note 4</i>)	Beneficial owner	3,440,000	7,150,000	10,590,000	1.68%
Yu Qingrui (<i>Note 5</i>)	Beneficial owner	2,670,221	7,150,000	9,820,221	1.56%
Tam Tak Wah	Beneficial owner	13,367	–	13,367	0.00%

Notes:

1. Liang Jian is interested in Share Options which can be exercised to subscribe 11,700,000 Shares.
2. Yu Zhenzhong is interested in Share Options which can be exercised to subscribe 11,700,000 Shares.
3. Cai Linzhan is interested in Share Options which can be exercised to subscribe 6,200,000 Shares.
4. Siu Yun Fat is interested in Share Options which can be exercised to subscribe 7,150,000 Shares.
5. Yu Qingrui is interested in Share Options which can be exercised to subscribe 7,150,000 Shares.

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

(b) Interests of substantial Shareholders

As far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long position in Shares

Name	Nature of interests	Number of Shares	Approximate percentage of issued Shares
Zhang XiaoJun	Beneficial owner	60,000,000	9.52%
Zhu Qian (<i>Note</i>)	Interest of controlled corporation	45,000,000	7.14%
Victory Intelligence Industry Limited	Beneficial owner	45,000,000	7.14%

Note: Victory Intelligence Industry Limited is interested in 45,000,000 Shares. The entire issued share capital of Victory Intelligence Industry Limited is owned by Zhu Qian, Zhu Qian is deemed to be interested in the shares in which Victory Intelligence Industry Limited is interested in

Save as disclosed above, so far as the Directors were aware, as at the Latest Practicable Date, there were no other persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. LITIGATION

As at the Latest Practicable Date, as far as the Directors are aware, neither the Company nor any member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which would not expire or was not determinable within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors had any business or interest that competes or may compete with the business of the Group and had any other conflict of interest with the Group.

7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group. As at the Latest Practicable Date, save as disclosed in this Prospectus, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2019 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) of the Group have been entered into by the members of the Group during the period commencing two years preceding the date of this Prospectus and are or may be material:

- (a) the subscription agreement dated 27 February 2019, and entered into between the Company as issuer and Victory Intelligence Industry Limited as subscriber, pursuant to which Victory Intelligence Industry Limited has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 900,000,000 new shares at the subscription price of HK\$0.064 per subscription share;

- (b) the sale and purchase agreement dated 3 July 2019 and entered into among Best Pacific Global Limited, a direct wholly-owned subsidiary of the Company, as purchaser, and Mr. Weng Shiqing and Mr. Lin Zherui as vendors, pursuant to which Mr. Weng Shiqing and Mr. Lin Zherui has conditionally agreed to sell, and Best Pacific Global Limited has conditionally agreed to purchase, the entire issued share capital of Rich Power International Holdings Limited, at the consideration of HK\$148 million, comprising of cash in the amount of HK\$100 million, and promissory notes in the amount of HK\$48 million;
- (c) the Placing Agreement; and
- (d) the Underwriting Agreement.

9. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinions, letters or advice contained in this Prospectus:

Name	Qualifications
Moore Stephens CPA Limited	Certified Public Accountants

Moore Stephens CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Moore Stephens CPA Limited did not have any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Moore Stephens CPA Limited did not have any direct or indirect interest in any assets which had been, since 31 December 2019 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Unit 3711, 37/F West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Authorised representatives	Mr. Siu Yun Fat 2/F, Block A, Milan Court 199 San Hing Tsuen, Lam Tei Tuen Mun, New Territories Hong Kong Mr. Lau Cheuk Pun Flat F, 42/F, Tower 6 Grand Waterfront Tokwawan, Kowloon Hong Kong
Company secretary	Mr. Lau Cheuk Pun <i>(member of Hong Kong Institute of Certified Public Accountants)</i>
Legal adviser to the Company as to Hong Kong laws	Michael Li & Co. 19/F, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Auditors/reporting accountants of the Company	Moore Stephens CPA Limited 801-806 Silvercord, Tower 1 30 Canton Road, Tsimshatsui Kowloon, Hong Kong
Placing Agent	Po Tai Securities (Hong Kong) Limited G/F, 20 Kwun Chung Street Yau Ma Tei Kowloon, Hong Kong

Underwriter	Central Wealth Securities Investment Limited Unit 6708A, Level 67 International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
Principal bankers	Public Bank (Hong Kong) Limited Public Bank Centre 120 Des Voeux Road, Central Hong Kong Shanghai Commercial Bank Limited Shanghai Commercial Bank Tower 12 Queen's Road Central Hong Kong Chong Hing Bank Limited Chong Hing Bank Centre, 24 Des Voeux Rd, Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central, Central Hong Kong
Principal share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shop 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong

11. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the financial advising fees, printing, registration, translation and legal and accounting fees are estimated to be approximately HK\$5.72 million and are payable by the Company.

12. PARTICULARS OF DIRECTORS

Executive Directors

Mr. Liang Jian (“Mr. Liang”), aged 39, is an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company (“CEO”). He is the senior vice president of HRG and is in charge of the sales and marketing businesses. Mr. Liang has over 16 years of experience in marketing, investment, finance and management sectors. He was an executive Director of Asia Investment Finance Group Limited (stock code: 33) from 28 November 2018 to 18 December 2018, a company listed on the Main Board of the Stock Exchange. Mr. Liang obtained a bachelor degree of mechanical design manufacturing and its automation from Harbin Engineering University in 2003 and a master degree in business administration from Tongji University (同濟大學) in the PRC in 2010.

Mr. Yu Zhenzhong (“Mr. Yu”), aged 40, has been appointed as an executive Director and the Vice Chairman of the Board on 13 March 2019. He is the senior vice president of HRG and focuses on the research and development of robots and artificial intelligence equipment. Mr. Yu obtained a doctoral degree in mechanical and electronic engineering from HIT in 2011. He was awarded the Science and Technology Progress Award (中國商業聯合會科技進步獎) from the China General Chamber of Commerce in 2017, the Innovation Award (中國產學研合作創新獎) from the China Industry-University-Research Institute Collaboration Association in 2017 and 合肥市創新領軍人才稱號 in 2018, respectively.

Mr. Cai Linzhan (“Mr. Cai”), aged 33, has been appointed as an executive Director in June 2017. He was the CEO from 24 June 2017 to 5 October 2017 and from 24 December 2018 to 12 March 2019 respectively. He is also the Chief Strategy Officer (Film Production) of a wholly-owned subsidiary of the Company since August 2016. Mr. Cai graduated from a junior college program of International Economics and Trade (國際經濟與貿易) in South China Institute of Software Engineering, Guangzhou University (廣州大學華軟軟件學院) in 2009. He held management positions with various real estate companies and has many years of experience in property development. He is now serving as the deputy general manager of a real estate developer in the PRC.

Mr. Lau Fai Lawrence (“Mr. Lau”), aged 48, has been appointed as an executive Director in January 2014. He is currently a practicing certified public accountant in Hong Kong and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom (“ACCA”). Mr. Lau graduated from The University of Hong Kong with a bachelor’s degree in business administration in 1994 and obtained a master’s degree in corporate finance from Hong Kong Polytechnic University in 2007. Mr. Lau is currently the company secretary of BBMG Corporation (stock code: 2009) and an independent non-executive director of Artini Holdings Limited (stock code: 789, formerly known as Primeview Holdings Limited), Titan Petrochemicals Group Limited (stock code: 1192), Tenwow International Holdings Limited (stock code: 1219), HKBridge Financial Holdings Limited (stock code: 2323, formerly known as China HKBridge Holdings Limited), China Engerine International (Holdings) Limited (stock code: 1185), all companies listed on the Main Board of the Stock Exchange; and an independent non-executive director of Sinopharm Tech Holdings Limited (stock code: 8156), a company listed on GEM of the Stock Exchange. He was a non-executive director of Alltronics Holdings Limited (stock code: 833) between March 2017 and December 2018, a company listed on the Main Board of the Stock Exchange. He was an independent non-executive director of Winto Group (Holdings) Limited (stock code: 8238) from April to November 2019, a company listed on GEM of the Stock Exchange.

Mr. Siu Yun Fat (“Mr. Siu”), aged 38, has been appointed as an executive Director in January 2014. He was the Chairman of the Board from 24 November 2015 to 12 March 2019. He was the CEO during the period from 10 October 2014 to 19 September 2016. Mr. Siu obtained a Bachelor of Arts (Honours) degree in Accountancy from the Hong Kong Polytechnic University in 2004. He is a member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and a member of ACCA. Mr. Siu has over ten years of experience in auditing, accounting and financial management. He served in various position of local and international accounting firms and securities companies.

Mr. Wang Fei (“Mr. Wang”), aged 39, is an executive Director of the Company. He was a vice chairman and a non-independent director of Jiangsu Hagong Intelligent Robot Co., Ltd. (江蘇哈工智能機器人股份有限公司)(“**HGZN**”) (stock code: 000584.SZ), an artificial intelligence equipment manufacturing company listed on the Shenzhen Stock Exchange in the PRC until June 2019. He is concurrently serving as the chairman of the HIT Robot Group (哈工大機器人集團)(“**HRG**”), an enterprise jointly set up by Heilongjiang provincial government, the municipal government of Harbin and Harbin Institute of Technology engaging in the design, development, manufacturing and sales of robots. Mr. Wang is a member of the 13th Heilongjiang Provincial People’s Congress (黑龍江省第十三屆人民代表大會). Mr. Wang has extensive experience in the mechanical and electronic engineering industry. He obtained a bachelor degree of mechanical engineering, mechanical design manufacturing and its automation in 2003, a master degree in 2006 and a doctoral degree in 2008, both majoring in mechanical and electronic engineering from Harbin Institute of Technology (哈爾濱工業大學)(“**HIT**”). His achievement in the industry was widely recognised and was awarded the Ninth China Youth Entrepreneurship Award (第九屆中國青年創業獎) in 2017, the 12th Heilongjiang Model Worker Award (黑龍江省第十二屆勞動模範) in 2017 and the National Innovation Award (全國創新爭先獎) in 2017, respectively.

Mr. Yu Qingrui (“Mr. Yu”), aged 48, has been appointed as an executive Director in September 2014. Mr. Yu specialises in property investment and trading business in the PRC. After graduating from high-school in 1989, Mr. Yu joined the shipping and trading business in the PRC. He was the general manager of a shipping company before he became a private investor in 2003. In 2011, Mr. Yu joined a marketing and management firm in Shanghai and served as their property investment manager. He is currently an executive director of Central Wealth which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

Independent non-executive Directors

Mr. Chen Pei (“Mr. Chen”), aged 36, has been appointed as an independent non-executive Director on 13 March 2019. He is currently serving as a non-independent director and the vice general manager of HGZN, and is responsible for corporate finance, financial audit, industrial integration and capital operation. He is currently pursuing an EMBA degree at the China Europe International Business School (中歐國際工商學院).

Mr. Siu Siu Ling, Robert (“**Mr. Siu**”), aged 68, has been appointed as an independent non-executive Director, a member of the audit Committee and remuneration committee of the Board in November 2011. He has also been appointed as a member of the nomination Committee of the Board in March 2012 and the chairman of the remuneration committee in June 2017. Mr. Siu is the sole proprietor of the firm, Messrs. Robert Siu & Co., Solicitors. Mr. Siu holds a bachelor’s degree in laws from the University of London and a postgraduate certificate in laws from The University of Hong Kong. He also holds a Master of Laws from the University of Greenwich, United Kingdom. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His legal practice is mainly in the field of commercial and corporate finance. Mr. Siu is currently an independent non-executive director of Kaisun Holdings Limited (stock code: 8203) and Finet Group Limited (stock code: 8317), both companies are listed on GEM of the Stock Exchange. He was also an independent non-executive director of Skyway Securities Group Limited (now known as CMBC Capital).

Mr. Tam Tak Wah (“**Mr. Tam**”), aged 54, has been appointed as an independent non-executive Director, a member of the audit committee and remuneration committee of the Board in November 2011. He has also been appointed as a member of the nomination committee of the Board in March 2012, the chairman of the audit committee in February 2013 and the chairman of the nomination committee in June 2017 respectively. Mr. Tam is a fellow member of HKICPA and a fellow member of ACCA. He has over 25 years of experience in accounting, corporate finance and corporate development. Mr. Tam is currently a non-executive director of Kingbo Strike Limited (stock code: 1421), a company listed on the Main Board of the Stock Exchange. He has resigned as an executive director of Golden Century International Holdings Group Limited. (stock code: 91) in May 2020, a company listed on the Main Board of the Stock Exchange.

Mr. Wang Ning (“**Mr. Wang**”), aged 42, has been appointed as an independent non-executive Director in November 2019. He serves as an associate professor in the School of Automotive Studies, Tongji University (同濟大學汽車學院) in the PRC since December 2012. Mr. Wang obtained a doctoral degree in Management Science Engineering (管理科學工程) from Tongji University in 2006. He was a visiting scholar in The University of California, Davis for one year since August 2018.

Mr. Zheng Zongjia (“**Mr. Zheng**”), aged 57, has been appointed as an independent non-executive Director, a member of the audit committee, nomination committee and remuneration committee of the Board in March 2018. Mr. Zheng graduated from the Shantou Polytechnic (汕頭職業技術學院), Shantou, the PRC, specialising in Construction Engineering and Project Cost (建築工程和工程造價). Mr. Zheng has extensive experience in the field of real estate development in the PRC.

Business address of the Directors

The business address of the Directors is the same as the Company's head office and principal place of business in Hong Kong at Unit 3711, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

13. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) The English text of this Prospectus and the accompanying PAL shall prevail over the respective Chinese text in the case of inconsistency.

14. BINDING EFFECT

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed "Expert and consent" in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Unit 3711, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this Prospectus:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Group for the three years ended 31 December 2017, 2018 and 2019;
- (c) the report from Moore Stephens CPA Limited on the unaudited pro forma financial information of the Group as set out in Appendix II of this Prospectus;
- (d) the material contracts referred to in the paragraph headed “8. Material contracts” in this appendix;
- (e) the written consent referred to in the paragraph headed “9. Expert and consent” in this appendix; and
- (f) this Prospectus and the PAL.