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FUTURE WORLD HOLDINGS LIMITED

未來世界控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

MAJOR TRANSACTION:

ACQUISITION OF PROPERTY

The Board announces that on 20 May 2021, the Purchaser, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Property by the Purchaser for an aggregate consideration of HK\$40,000,000, of which HK\$1,000,000 will be satisfied in cash and the remaining balance of HK\$39,000,000 shall be satisfied by issuing Promissory Note to the Vendor. The Acquisition is subject to the satisfaction of the conditions as set out in the paragraph headed “Conditions” below.

As certain of the relevant percentages exceed 25% but all less than 100%, the Acquisition constitutes a major transaction on the part of the Company under Rule 14.06 of the Listing Rules and is subject to, among others, the approval of the Shareholders at the EGM.

A circular containing, among other matters, further details of the Acquisition, will be despatched to the Shareholders on or before 30 June 2021.

The Board announces that on 20 May 2021, the Purchaser, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Property by the Purchaser for an aggregate consideration of HK\$40,000,000.

SALE AND PURCHASE AGREEMENT

Date: 20 May 2021 (after trading hours)

Parties: (1) The Vendor

(2) The Purchaser

The Vendor is an individual and is the wife of cousin of Mr. Cai Linzhan, one of the executive Directors of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, the Vendor is an Independent Third Party.

The Purchaser is a wholly owned subsidiary of the Company incorporated in the Hong Kong and is principally engaged in investments holding.

Asset to be acquired:

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Property.

The Property is located at G/F No. 20 Kwun Chung Street, Kowloon, Hong Kong.

Consideration:

The total consideration for the Acquisition is HK\$40,000,000, which shall be satisfied by the Purchaser in the following manner:

- (a) as to HK\$500,000, being the deposit (the "**Initial Deposit**") and the part payment towards the consideration for the sale and purchase of the Property, shall be payable by the Purchaser to the Vendor within ten Business Days from the date of signing of the Sale and Purchase Agreement;
- (b) HK\$500,000 shall be payable by the Purchaser to the Vendor upon Completion; and
- (c) as to the remaining balance of HK\$39,000,000, which shall be payable by the Purchaser by issue the Promissory Notes in the principal amount of HK\$39,000,000 to the Vendor upon Completion.

The consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among others, the preliminary property valuation of the Property of HK\$40,400,000. The Directors (including the independent non-executive Directors) consider the consideration of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The preliminary valuation of the Property was carried out by Colliers International (Hong Kong) Limited, an independent valuer to the Company and the date of preliminary valuation was 12 April 2021. The valuer valued the Property by direct comparison method with reference to comparable market transactions as reported in the market at similar locality. The Company will include the valuation report of the Property in the circular to be despatched to the Shareholders.

The Promissory Notes

The terms of the Promissory Notes have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Purchaser

Principal amount

HK\$39,000,000

Interest

The Promissory Notes will carry interest at the interest rate of 5% per annum. Interest shall be payable annually in arrears.

The interest rate was determined after arm's length negotiations with reference to the lending rate of loans of financial institutions.

Maturity

A fixed term of two years from the date of issue of the Promissory Notes.

Early repayment

The Purchaser could, at its option, early repay the Promissory Note with outstanding interest accrued thereon in whole or in part in integral multiples of principal amount of HK\$1 million by giving a prior ten Business Days' written notice to the Vendor.

Transferability

The Promissory Note is transferrable in integral multiples of principal amount of HK\$1 million.

Conditions

The Acquisition is conditional upon the satisfaction of the following:

- (a) the Purchaser being satisfied that there are no title defects to the Property and it is free from all encumbrances;
- (b) the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at a general meeting of the Company to be convened and held of the necessary ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereby, and all other consents and acts required to be obtained by the Purchaser under the Listing Rules and/or other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (c) the warranties provided by the Vendor under the Sale and Purchase Agreement remaining true, accurate and complete in all respects; and
- (d) the despatch of the circular by the Company in respect of the Acquisition as required under the Listing Rules.

The Purchaser may at any time at its absolute and sole discretion waive in writing the condition (a) set out above. The other conditions set out above are incapable of being waived. The Purchaser has no current intention to waive any conditions. If the conditions set out above have not been satisfied on or before 31 December 2021, or such later date as the Vendor and the Purchaser may agree in writing (the “**Long Stop Date**”), subject to the refund of Initial Deposit to the Purchaser, the Sale and Purchase Agreement shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter.

Completion

Completion is expected to take place on or before 31 December 2021 subject to the fulfilment (or waiver) of the conditions (or such later date as the parties to the Sale and Purchase Agreement may agree) mentioned above.

Upon Completion, the Purchaser will be the owner of the Property.

INFORMATION ON THE PROPERTY

The Property is located at G/F No. 20, Kwun Chung Street, Kowloon, Hong Kong. The Property is a commercial property with gross floor area of approximately 700 sq. ft.. The Property is currently lease out. Based on the land search record, the whole block of the property (including the Property and the remaining part of the whole block) was acquired by the Vendor in 2017 with a consideration of HK\$53,300,000.

Set below is the unaudited financial information of the Property:

| | For the year ended 31 December 2019 <i>HK\$</i> | For the year ended 31 December 2020 <i>HK\$</i> |
|---------------|---|--|
| Rental income | 560,000 | 1,680,000 |

The valuation report of the Property shall be included in the circular to be despatched to the Shareholders in respect of the Acquisition.

REASONS FOR THE ACQUISITION

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

The Directors have always been proactive in seeking opportunities for diversifying of the scope of business of the Group. The Directors considered that the Acquisition represents an investment opportunity to participate in Hong Kong property investment market and the Property will generate stable income for the Group while at the same time the Group will have the benefits from the long term appreciation of the price in properties in Hong Kong.

The Directors are optimistic to the property market in Hong Kong. It is noted that under the Sale and Purchase Agreement, the Group need not to pay the entire consideration sum in cash at Completion and this will allow the Group to have cash reserves for its future business development.

In view of the rental income from the Property with the possibility of future long term appreciation in value of the Property, the Directors believe that it is an appropriate time to invest in the Property, and the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Sale and Purchase Agreement are reasonable and fair and in the interests of the Shareholders as a whole.

Since the Vendor is the wife of cousin of Mr. Cai Linzhan, one of the executive Directors of the Company, Mr. Cai has abstained from voting at the relevant Board resolutions approving the Acquisition due to his potential conflict of interests. Mr. Cai was also not involved in negotiation of the terms of the Acquisition.

LISTING RULES IMPLICATION

The Acquisition constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and the Acquisition is subject to the approval of Shareholders. To the best belief, information and knowledge of the Directors, after making reasonable enquiries, no Shareholders have a material interest in the Acquisition and are required to abstain from voting at the EGM.

An EGM will be convened and held for the Shareholders to, among other things, consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder including the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the valuation report on the Property; and (iii) a notice of the EGM, is expected to be despatched to the Shareholders on or before 30 June 2021 in accordance to the Listing Rules.

DEFINITIONS

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

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| “Acquisition” | the acquisition by the Purchaser of the Property subject to and upon the terms and conditions of the Sale and Purchase Agreement |
| “associates” | has the meaning ascribed to this term under the Listing Rules |
| “Board” | the board of Directors from time to time |
| “Business Day” | a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours |
| “Company” | Future World Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange |
| “Completion” | completion of the Acquisition in accordance with the Sale and Purchase Agreement |
| “Directors” | directors of the Company |

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| “EGM” | the extraordinary general meeting of the Company to be held and convened to consider and approve the Acquisition |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “Promissory Notes” | the promissory note in the principal amount of HK\$39,000,000 in the agreed form to be executed by the Purchaser for the purpose of settling part of the consideration of the Property |
| “Property” | the property located at G/F, No. 20, Kwun Chung Street, Kowloon, Hong Kong |
| “Purchaser” | Topsky Eagle Limited, purchaser to the Sale and Purchase Agreement, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 20 May 2021 and entered into between the Vendor and the Purchaser for the sale and purchase of the Property |
| “Shareholders” | holders of the Shares |

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| “Shares” | ordinary shares of HK\$0.02 each in the capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | Lam Yan Bing, the owner of the Property and the vendor to the Sale and Purchase Agreement |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “US\$” | United States dollars, the lawful currency of the United States of America |
| “%” | per cent. |

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

Hong Kong, 20 May 2021

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