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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)

CHANGE IN USE OF NET PROCEEDS FROM THE RIGHTS ISSUE

This announcement is made by Future World Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rule**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

References are made to (i) the prospectus of the Company dated 12 April 2022 in relation to the rights issue (the “**Rights Issue**”) on the basis of three (3) rights shares for every two (2) consolidated shares held on the record date; and (ii) the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Interim Report.

ORIGINAL USE OF NET PROCEEDS

The net proceeds from the Rights Issue after deducting the expenses were approximately HK\$52.5 million (the “**Net Proceeds**”). As disclosed in the Interim Report, the Group originally intended to apply the net proceeds from the Rights Issue as to (i) approximately 65% for capital injection of FW Securities, which would then utilize such proceeds to provide relevant margin financing services to its customers; (ii) approximately 20% for repayment of loan and interest; and (iii) the remaining balance for general working capital of the Group, of which approximately HK\$7.9 million for payment of operating expenses (collectively, the “**Intended Use**”).

CHANGE OF USE OF NET PROCEEDS

The Company has considered certain recent developments when assessing the use of the Net Proceeds and wish to supplement certain information as disclosed in the Interim Report.

As of the date of the Interim Report, the Group had applied the Net Proceeds according to the Intended Use. In particular, the Group had applied approximately HK\$34.0 million (the “**Capital**”), representing approximately 65% of the Net Proceeds, and completed capital injection of FW Securities in the form of shares subscription in FW Securities (the “**Capital Injection**”). Since the Capital Injection up to the date of this announcement, the Capital has remained idle because the application by FW Securities for the license (the “**License**”) necessary for the provision of margin financing services was yet to be approved by the Securities and Futures Commission (“**SFC**”), despite the fact that the application was submitted back in August 2022. Although FW Securities had consistently and proactively followed up with the SFC in relation to its application status, it remained uncertain as to when FW Securities could obtain the License.

In light of the uncertainty as aforementioned and upon review of the Group’s operational needs, business segments and their future prospects, the Board considers that it is in the interests of the Company and its shareholders (the “**Shareholders**”) as a whole to reallocate the net proceeds which had originally been designated for the provision of margin financing services by FW Securities (the “**Unutilized Net Proceeds**”) of approximately HK\$34.0 million, representing approximately 65% of the Net Proceeds, for (i) the acquisition of a securities brokerage firm in Hong Kong; and (ii) the expansion in the investment portfolio of the Group, details of which are set forth as follows:

	Initial allocation	Utilized Net Proceeds as at the date of this announcement	Unutilized Net Proceeds for reallocation as at the date of this announcement	Revised allocation of Unutilized Net Proceeds
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Provision of margin financing services by FW Securities	34.0	–	34.0	–
Repayment of loan and interest	10.6	10.6	–	–
General working capital	7.9	7.9	–	–
Acquisition of a securities brokerage firm	–	–	–	8.0
Expand investment portfolio	–	–	–	26.0
	<u>52.5</u>	<u>18.5</u>	<u>34.0</u>	<u>34.0</u>
Total	<u>52.5</u>	<u>18.5</u>	<u>34.0</u>	<u>34.0</u>

REASONS FOR THE CHANGE OF USE OF UNUTILIZED NET PROCEEDS

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

As aforementioned, the Capital Injection was originally intended to provide FW Securities with the required financial resources to develop its margin financing business, thereby broadening the service segment of the Group. Nevertheless, owing to the unexpected delay in the FW Securities' application for the requisite license for engaging in margin financing business, the Board considers that it is in the interests of the Company and the Shareholders as a whole to reallocate the Unutilized Net Proceeds for (i) the acquisition of a securities brokerage firm in Hong Kong; and (ii) expansion in the securities investment portfolio of the Group so as to maximize return of the Shareholders.

Acquisition of a securities brokerage firm in Hong Kong

The COVID-19 pandemic has brought unprecedented risks to the global economy in the past few years. Attributable to the high level of vaccination rate and the application of COVID-19 treatment drugs as well as the reopening of the PRC's border and easing of travel restrictions in Hong Kong, the Directors are cautiously optimistic about the economic prospects as well as the securities market of Hong Kong in 2023.

The Group is committed to expanding its service portfolio to include the provision of margin financing business to its customers and to capture the increase in demand for securities dealing and margin financing services resulting from the economic recovery of Hong Kong. Owing to the unexpected delay in obtaining the License as aforementioned, the Group intends to acquire a securities brokerage firm which is already licensed under the SFC to carry out margin financing activities (the "**Potential Acquisition**"). Taking into consideration the potential acquisition targets to be identified under the Potential Acquisition would have already possessed the License, the Board considers that the Potential Acquisition provides a more effective and efficient alternative for the Group to develop its margin financing business given it would effectively eliminate the time, risks and uncertainty involved in the application for the License by the Group. Based on available market information, the Directors estimated that the consideration for the Potential Acquisition to be approximately HK\$8.0 million. As at the date of this announcement, the Group is in the course of identifying suitable candidate for the Potential Acquisition.

Expansion in the Group's securities investment portfolio

The Group identified its investments based on the share price, gain potential and future prospect of investments. As at 30 June 2022, the Group held securities investment portfolio with market value of approximately HK\$37.3 million which mainly comprised equity securities of various companies listed on the Main Board of the Stock Exchange. Leveraging the anticipated recovery of the Hong Kong's economy in 2023, the Board intends to capture the expected increase in return on investment by reserving approximately HK\$26.0 million of the Unutilized Net Proceeds as readily available capital for further expanding and diversifying its securities investment portfolio when suitable opportunities arise.

The Board is of the view that the change in use of the Unutilized Net Proceeds would not materially affect the business of the Group as a whole and would meet the financial needs of the Group more efficiently with regard to the Group's business operations and investment. The Board believes that the above change is in line with the business strategy of the Group and will not adversely affect the operation and business of the Group, and that such change in use of Unutilized Net Proceeds is in the interests of the Company and its Shareholders as a whole.

The Board further confirms that the supplemental information provided in this announcement does not affect any other information contained in the Interim Report. Save as disclosed in this announcement, there is no material change to the information provided in the Interim Report.

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

Hong Kong, 24 February 2023

As at the date of this announcement, the Board comprises (i) eight executive Directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Ms. Wang Qian, Mr. Yu Qingrui, Mr. Su Wei, Mr. Yuan Yifeng, Mr. Li Rui and Mr. Cheung Kit Shing; and (ii) four independent non-executive Directors, namely Mr. Chen Pei, Mr. He Yi, Mr. Guo Yaoli and Ms. Xia Liping.