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FUTURE WORLD FINANCIAL HOLDINGS LIMITED

未來世界金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

CLARIFICATION ANNOUNCEMENT ON CHANGE OF AUDITORS

Reference is made to the announcement of the Company dated 22 March 2017 (the “**Announcement**”) in relation to the change of auditors of the Company. Unless the context otherwise requires, capitalized terms used herein shall bear the same meanings as defined in the Announcement.

Reference is made to the announcement of the Company dated 13 September 2016 regarding the development of an e-commerce platform (the “**E-Platform**”) by the Group and the announcement of the Company dated 23 September 2016 in relation to the entering into of the license agreement to license the E-Platform to the licensee (the “**Licensee**”). Revenue of approximately HK\$73 million license fees under the license agreement was recognized by the Group in respect of the E-Platform business. Asian Alliance was of the view that additional audit procedures relating to the new E-commerce business of the Group were required. The audit team of Asian Alliance with its IT expert attended the Licensee’s office in early March 2017 and performed certain tests in relation to the products redemption transactions through the E-Platform operated by the Licensee and considered the testing results were not satisfactory (the “**Unresolved Issues**”). Asian Alliance accordingly requested to extend its

audit works and perform IT audit on the system of the E-Platform in order to determine the reliability of the system. Asian Alliance has not committed to complete the annual audit and the release of the annual results of the Group for the year ended 31 December 2016 by end of March 2017. The Board has been in continuing discussions with Asian Alliance to address the above issues and up to the date of their resignation there was no mutually agreed solutions.

Unresolved Issues as stated in Asian Alliance's letter to the Audit Committee dated 20 March 2017

The Unresolved Issues stated in Asian Alliance's letter to the Audit Committee dated 20 March 2017 are summarized as below:

(1) Goods Delivery

- the address of a delivery note is different with the delivering address according to the delivery service provider's online tracking system
- some delivery note transaction records cannot be found neither by the delivery service provider's online tracking system nor by customer hotline enquiry

(2) Payment to registered suppliers

- some settlements had been made to the supplier's account but the relevant account information cannot be found in the Licensee's suppliers database

(3) Gift card holders/registered members

- under different user ID, a common pattern in terms of its user name, email domain and transaction amount are identified
- the pattern of having very similar user name, email domain and the same transaction amount on the same day
- some of the user name do not match with user email
- the timing of the transaction seems to have a pattern forming in the transaction amounts
- the amount of gift points were split and broken down into multiple blocks of the same value within a matter of a few minutes
- for certain transactions, there is a consistent pattern of very similar user name, user email and gift points being transferred

(4) Commercial rationality on the cooperation with the Licensee

- after the termination of the license agreement, the E-Platform is still operating by the Licensee
- certain directors and officers of the Licensee and the shareholder of the Licensee's customer have another business relationship

The Company's Position

First of all, the Company would like to point out that the E-Platform is solely operated by the Licensee and not the Group. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the Licensee and its ultimate beneficial owner(s) are independent third parties and not connected with the Group under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Unresolved Issues are testing findings in relation to the products redemption transaction through the E-Platform operation solely run by the Licensee and between its suppliers and customers. Given that the Licensee is merely a business party of the Group, the Group has no control over the operations of the Licensee, not to mention the Licensee's relationship with its own suppliers and customers. From the perspective of the Company, the Board considers that greater focus should be placed on the entitlement of license fee income generated from E-Platform rather than the Unresolved Issues relating to system configuration, technology know-how, operation, transaction patterns and internal control of the Licensee and the E-Platform.

The Board would like to emphasize that, as at the date of this announcement, all relevant licence fee income has been duly collected and no outstanding amount due from the Licensee. The license fee income has been recorded as revenue in the consolidated financial statement for the year ended 31 December 2016 of the Group. Practically after the termination of the licence agreement in early January 2017 as announced on 15 January 2017, the Board considers that the business, operations and financial positions of the Group have not been materially and adversely affected by the Unresolved Issues.

The Board and the Audit Committee has assessed the independence and the capabilities of Moore Stephens as auditors of the Company. Moore Stephens has proven records of experience and has adequate knowledge and capability to fill the casual vacancy following the resignation of Asian Alliance. Further, notwithstanding Asian Alliance's suggestion, the Board considers that an independent investigation committee to follow up the Unresolved Issues to be unnecessary in this stage.

The Company understands that Moore Stephens is currently in the process of finalizing the audit of the consolidated financial statements of the Group for the year ended 31 December 2016. According to the communication with Moore Stephens, release of the annual results of the Group for the year ended 31 December 2016 is expected to be published shortly after the Board meeting to be held on 31 March 2017 in compliance with the requirements of the Listing Rules.

The Company shall keep shareholders and the public informed of any further material development.

By order of the Board
Future World Financial Holdings Limited
Liu Steven Qiang
Executive Director and Chief Executive Officer

Hong Kong, 23 March 2017

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Siu Yun Fat, Mr. Liu Steven Qiang, Ms. Cheng So Sheung, Mr. Lau Fai Lawrence and Mr. Yu Qingrui; and (ii) four independent non-executive Directors, namely Mr. Cheng Yong Yau, Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Mr. Michael John Viotto.