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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)

**CHANGE OF USE OF PROCEEDS
FROM PLACING OF NEW SHARES**

Reference is made to the announcement of Future World Financial Holdings Limited (the “**Company**”) dated 11 December 2017 (the “**Placing Announcement**”) in relation to the Placing. Capitalised terms used herein shall have the same meanings as defined in the Placing Announcement unless the context otherwise requires.

The Company had completed the Placing on 2 January 2018 and raised net proceeds of HKD228 million (the “**Placing Proceeds**”). The Board resolved to revise the proposed use of the Placing Proceeds in the following manner:

Uses	Original	Revised	Utilised	Remaining
	allocation	allocation	amount as	balance
	HKD'000	HKD'000	at the date	after revised
			of this	allocation
			announcement	
			HKD'000	HKD'000
Repayment of margin loans	51,000	120,000	120,000	0
Property investment	20,000	–	–	–
Securities trading and investment	80,000	66,000	66,000	0
Money lending business development	60,000	33,000	33,000	0
General working capital	17,000	9,000	1,500	7,500
	<u>228,000</u>	<u>228,000</u>	<u>220,500</u>	<u>7,500</u>

As at the date of this announcement, approximately HKD220.5 million out of the Placing Proceeds (representing approximately 96.7% of the Placing Proceeds) had been utilised. The Board had resolved to revise the proposed use of the Placing Proceeds due to the following reasons:

- (i) *Repayment of margin loans*: Golden Horse Hong Kong Investment Limited, a wholly-owned subsidiary of the Company, maintained a margin loan account with an independent securities broker (the “**Securities Broker**”). Pursuant to a margin loan agreement (which was subsequently amended by an amendment and restatement deed), the Securities Broker provided a margin loan facility to the Group up to HKD150 million for a period up to 21 June 2018 on a revolving basis based on the securities margin value on hand from time to time. The Group’s outstanding margin loans repayable to the Securities Broker increased from approximately HKD67.5 million as at 30 June 2017 to approximately HKD150 million as at 31 December 2017. As the interest was accrued on a daily basis and the Group intended to save its interest expenses, the Board resolved to change the original use of the Placing Proceeds to repaying its margin loans to the Securities Broker by allocating HKD120 million of the Placing Proceeds.

- (ii) *Property investment:* As disclosed in the announcement of the Company dated 29 December 2017 (the “**Major Transaction Announcement**”), Winsey Enterprises Limited as vendor (the “**Vendor**”) and Wise Victory Group Limited as purchaser (the “**Purchaser**”, which is a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share and the Sale Loan (as respectively defined in the Major Transaction Announcement) for a total consideration of HKD260 million. As the Vendor accepted the Group to settle the consideration by issuance of the Consideration Shares (as defined in the Major Transaction Announcement), the Board is of the view that the Placing Proceeds originally allocated to property investment could be reallocated to repayment of margin loans which shall only be settled by cash. Therefore, the Board resolved to change the original use of the Placing Proceeds, such that none of the Placing Proceeds was applied towards property investment.
- (iii) *Securities trading and investment:* The Group keeps on identifying its investments based on the share price, the gain potential and the future prospect of the investments. At the relevant time, the Group was still identifying suitable investment opportunities and therefore the Board resolved to change the original use of the Placing Proceeds and reallocate HKD14 million from securities trading and investment to repaying the margin loans to the Securities Broker, thereby saving interest expenses of the Group. The Group may make use of margin loan financing for future acquisition of securities as and when required.
- (iv) *Money lending business development:* At the relevant time, the Group was still identifying suitable opportunities to further develop its money lending business. The Board therefore resolved to change the original use of the Placing Proceeds and reallocate HKD27 million from money lending business development to repaying the margin loans to the Securities Broker for saving interest expenses of the Group.
- (v) *General working capital:* The Board resolved to change the original use of the Placing Proceeds and reallocate HKD8 million from general working capital to repaying the margin loans to the Securities Broker for saving interest expenses of the Group.

The Board considers that the change of use of the Placing Proceeds will allow the Company to deploy its financial resources more effectively and lower its financing costs, which is in the best interest of the Company and its shareholders as a whole. Save as disclosed above, there is no other change of use of the Placing Proceeds.

By order of the Board
Future World Financial Holdings Limited
Siu Yun Fat
Chairman

Hong Kong, 6 February 2018

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Siu Yun Fat, Mr. Chen Xiaodong, Mr. Cai Linzhan, Mr. Lau Fai Lawrence and Mr. Yu Qingrui; and (ii) three independent non-executive Directors, namely Mr. Hon Hak Ka, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah.