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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)

**FURTHER ANNOUNCEMENT
DISCLOSEABLE AND NON-EXEMPTED CONTINUING
CONNECTED TRANSACTIONS:
MASTER SERVICES AGREEMENT**

Reference is made to the announcement of the Company dated 25 April 2018 (the “**Announcement**”) in relation to, among others, the continuing connected transactions contemplated under the Master Services Agreement. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company wishes to inform the Independent Shareholders that on 29 June 2018 (after trading hours), the Company and CWSI entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Master Services Agreement, in order to clarify and supplement the terms relating to the Brokerage Services, the Margin Financing and the Corporate Finance Services.

PRINCIPAL TERMS OF THE SUPPLEMENTAL AGREEMENT

The principal terms of the Supplemental Agreement are as follows:

Date

29 June 2018 (after trading hours)

Parties

- (1) The Company (contracting for the Group); and
- (2) CWSI, an indirect wholly-owned subsidiary of CSPT.

The Brokerage Services

Pricing

The Brokerage Fees shall be charged at 0.08% on the gross trade amount. Where CWSI has executed a purchase or sale transaction on the Group's behalf, the Brokerage Fees shall be paid and settled within two business days after the trade day.

The Brokerage Fees was determined by the parties having considered the following factors:

- (1) The prevailing commission and fees charged by other independent brokers and securities companies for similar brokerage services. As the Group has been using brokerage services of three other independent brokers, it was and is able to compare the brokerage commission rate and fees for securities trading of these independent brokers with that of CWSI; and
- (2) The fees and commission rate charged by CWSI for the same brokerage services, as shown on the website of CWSI.

The Margin Financing

Pricing

Pursuant to the Supplemental Agreement, the interest rate for the Margin Financing offered by CWSI to the Group was reduced from 10.25% to 8% per annum. The Group shall pay interest on the outstanding amount of the Margin Financing at the interest rate of 8% per annum on a daily basis, and such interest shall be repaid by the Group monthly. The facility under the Margin Financing is repayable on demand and may be varied or terminated in the absolute discretion of CWSI.

The parties have considered the following factors in determining the interest rate offered by CWSI:

- (1) The interest rates ranging from 6% per annum to 9% per annum for similar margin financing arrangement, which have been offered to the Group in its three other margin financing agreements entered into with Independent Third Parties. As some of these Independent Third Parties charge an application fee equivalent to 1% to 3% of the Margin Financing amount in addition to the interest for the Margin Financing, the terms of obtaining Margin Financing from CWSI (which does not charge any application fee of similar kind) were no less favourable than those offered by the aforesaid Independent Third Parties or others from which the Group has obtained quotations; and
- (2) The interest rates generally offered by CWSI to independent clients for comparable engagement ranging from around 9.25% to 12.25% per annum (depending on whether the client has the overdue amount within or beyond the marginable value), as shown on the website of CWSI.

The Group will keep track of the pricing charged by CWSI regarding the Brokerage Services and the Margin Financing by reviewing the monthly statements issued by CWSI to the Group, and compare to that charged by the three other independent service providers currently providing similar services to the Company on monthly basis. In the event that the pricing charged by CWSI regarding the Brokerage Services and the Margin Financing is found to be less favourable than that charged by the aforesaid independent service providers, the Group will refrain from using the services of CWSI.

Considering that the Group will frequently conduct securities trading and investment, which is one of its principal businesses, the Directors take the view that (i) it would be commercially burdensome for the Group to compare the pricing charged by CWSI and the other independent service providers before each securities transaction; and (ii) by contrast, a monthly review on the pricing charged by CWSI and the other independent service providers by reviewing the relevant monthly statements will provide the Group with more flexibility and allow the Group to make comparison more efficiently.

Corporate Finance Services

Pricing

In respect of the Corporate Finance Services, should the need for fundraising activities arise and the Company decides to conduct placing in the future, the Company shall obtain quotation for acting as the placing agent or placing underwriter (as the case may be) from CWSI as well as at least two other independent service providers via phone calls or emails. The parties agreed that the quotation for the Service Fees from CWSI shall be determined after arm's length negotiations, and shall be on normal commercial term taking into account the following factors:

- (1) The then prevailing service fees for similar services in the market, with reference to the disclosure regarding placing or underwriting commission charged by financial services companies in the announcements of companies listed on the Stock Exchange. The Directors are of the view that such information is the only publicly available and reliable information as to the market rate of prevailing service fees for similar services;
- (2) The quotations obtained by the Group from the other two independent service providers for similar services at the relevant time; and
- (3) The fees charged by CWSI for similar services at the relevant time.

The Company shall compare the quotation from CWSI to those provided by other independent service providers and engage the service provider offering the most favourable terms to the Company. In the event that CWSI is appointed as the placing agent or the placing underwriter, the terms offered by CWSI shall be no less favourable than those offered by the other independent service providers.

The parties further agreed that the Service Fees shall be settled by way of deduction from the proceeds of the fundraising activities within seven days upon completion of the fundraising activities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the commission and margin financing interest rate shown on the website of CWSI is a public source of information regarding the fees schedule of CWSI which the Group can make reference to, however, due to the issue of confidentiality, the Group has no means to know the exact commission and margin financing interest rate charged on different customers by CWSI, or whether there is any deviation from the fees schedule shown on the website of CWSI.

The Directors confirm that the Group had not conducted any transactions under the Master Services Agreement after entering into the Master Services Agreement and up to the date of this announcement.

PROPOSED ANNUAL CAPS

As certain terms of the Master Services Agreement were amended and supplemented by the Supplemental Agreement, the proposed annual caps for (i) the Brokerage Fees, (ii) the maximum outstanding amount of the Margin Financing; (iii) the maximum interest amount of the Margin Financing; and (iv) the Service Fees for each of the period/years ending 31 December 2018, 2019 and 2020 are reiterated below:

	From 6 August 2018 (Note) to 31 December 2018 HKD	For the year ending 31 December 2019 HKD	For the year ending 31 December 2020 HKD
Brokerage Fees	1,180,000	2,900,000	2,900,000
Maximum outstanding amount of the Margin Financing	100,000,000	100,000,000	100,000,000
Maximum interest amount of the Margin Financing	3,250,000	8,000,000	8,000,000
Service Fees	10,000,000	20,000,000	20,000,000

Note: The expected date of granting approval of the transactions under the Master Services Agreement by the Independent Shareholders.

Basis for Determination of the Annual Caps

The above proposed annual caps have been determined after arm's length negotiations between the parties.

(i) Brokerage Fees

The annual cap of the Brokerage Fees is determined having taken into account the following factors:

- (a) The historical maximum amount of the Brokerage Fees of approximately HKD1.1 million paid by Golden Horse to CWSI during the period from 1 January to 31 May 2018; and
- (b) The anticipated future need for trading of securities by the Group in its business of securities trading and investment. There is an increase of 2.8 times in the held-for-trading investments of approximately HKD310.3 million as at 31 December 2016 to approximately HKD872.6 million as at 31 December 2017, which is consisted of listed securities held for trading at fair value and equity securities listed in Hong Kong. The Directors consider there will be a positive trend in the Hong Kong stock market based on the following factors: (i) that the International Monetary Fund provided a forecast that global economic activity continues to firm up and revised upward the growth forecast for 2018 and 2019 to 3.9%; (ii) that the Hong Kong Government reinstates the growth target of 3% per annum in real terms from 2019 to 2022 and pledges to further open up the economy on trade, finance and investment to step up the role as an international centre for fund raising and asset management in light of the initiatives introduced by the PRC government; and (iii) that enhanced mutual capital market access between the PRC and Hong Kong and the introduction of new listing requirements further enhances the optimism and confidence in the Hong Kong stock market. As such, the Directors consider with the introduction of weighted voting rights and other new listing regimes available for companies which would not have chosen to list in Hong Kong, it is expected that more companies with great investment potential will be available in the coming years and thus the potential trading volume of the held-for-trading investments by the Group will likely continue to increase in the next three years, thereby causing a substantial increase in the brokerage fee for such trading. In view of the aforesaid, the Directors further expect that there will be an increasing use of the Brokerage Services for securities trading, and the Group will need the buffer of Brokerage Fees to provide more flexibility for its investment and trading activities via CWSI.

(ii) Margin Financing

The annual cap for the maximum outstanding amount of the Margin Financing is determined having taken into account the following factors:

- (a) The percentage of the market value of the collaterals maintained in the securities account of Golden Horse with CWSI (the “**Margin Ratio**”), as may be determined by CWSI from time to time, based on the quality of such collaterals. Depending on the quality of different collaterals maintained by Golden Horse with CWSI, the Margin Ratio has been ranging from around 30% to 85% in general;
- (b) The maximum amount of margin financing of approximately HKD58.8 million as at 30 January 2018 granted by CWSI and applied by Golden Horse, amid the prevailing bullish market sentiment of the Hong Kong stock market, and that CWSI provided short-term sufficient financial resources in the form of margin financing to the Group to enable the Group to capture investment opportunities in time and in a flexible manner in the market and to maximise Shareholders’ returns in the securities market;
- (c) The Group’s perception on the securities market and its investment strategies, as discussed in the preceding paragraphs; and
- (d) A buffer to allow higher flexibility for the Group to conduct investment and trading activities in the future so as to grasp appropriate investment opportunities in the market, depending on the performance of the Hong Kong stock market.

The annual cap for the maximum amount of interest of the Margin Financing is determined based on the interest rate offered to Golden Horse by CWSI as discussed in the preceding paragraph.

(iii) Service Fees

The annual cap for the Service Fees is determined having taken into account: (a) the total amount of placing commission of approximately HKD11.6 million paid to CWSI, which acted as the placing agent in the placing of 400,000,000 Shares, 427,000,000 Shares and 1,630,000,000 Shares respectively conducted by the Company in the financial year ended 31 December 2017; and (b) the need for relevant corporate finance services from CWSI in relation to the possible fundraising activities of the Group in the future, such as acting as placing agent or underwriter for the securities of the Company.

As at the date of this announcement, the Company did not have any fundraising plan in mind. The proposed annual cap for the Service Fees is for the purpose to provide buffer and flexibility for the Company to adjust its investment plan and to obtain financing by using CWSI's Corporate Finance Services should the need arise, so that the Group would benefit from potential business opportunities.

Save for the revision disclosed above, all other terms of the Master Services Agreement shall remain unchanged.

Internal Control Measures Governing the Master Services Agreement

The Company also wishes to provide further information in respect of the internal procedures which will be established to govern the Master Services Agreement:

- (i) In order to ensure that the proposed annual caps will not be exceeded, the designated staff of the accounting department of the Group will:
 - (a) on daily basis, monitor and record the trading volume of the transactions in the securities account of the Group maintained with CWSI and the amount of the Brokerage Fees, and the outstanding amount of the Margin Financing and the related interests amount;
 - (b) prior to obtaining any Margin Financing, monitor the outstanding amount of the Margin Financing and the related interests amount;

- (c) before conducting any fundraising activity via CWSI, check whether the Service Fees does not exceed the proposed annual cap, and keep proper record of the Service Fees thereafter; and
 - (d) report the status to the financial controller of the Group on bi-weekly basis;
- (ii) The management of the Company will discuss with the independent non-executive Directors if there is any potential compliance issue during the performance of the Master Services Agreement and where necessary, seek advice from professional parties such as legal advisers and/or auditor;
 - (iii) The independent non-executive Directors will perform annual review pursuant to Rule 14A.55 of the Listing Rules on whether the transactions under the Master Services Agreement are conducted (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the Master Services Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
 - (iv) The Company's auditor will confirm pursuant to Rule 14A.56 of the Listing Rules, among others, whether (a) the transactions under the Master Services Agreement have been approved by the Board; (b) the aforesaid transactions were entered into, in all material respects, in accordance with the Master Services Agreement governing the transactions; and (c) the proposed annual caps have not been exceeded.

IMPLICATIONS UNDER THE LISTING RULES

As CSPT is a substantial shareholder of the Company, each of CSPT and its associates, including CWSI, is a connected person of the Company for the purposes of the Listing Rules. The transactions between the Group and CWSI under the Master Services Agreement will therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Master Services Agreement exceed 5% but are less than 25%, the transactions under the Master Services Agreement will constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the applicable percentage ratios of the proposed annual caps for the transactions under the Master Services Agreement exceed 5%, the transactions in relation to the Master Services Agreement and the transactions contemplated thereunder are subject to reporting, announcement, Independent Shareholders' approval and annual review requirements pursuant to Chapter 14A of the Listing Rules.

Further details of the Master Services Agreement will be included in the circular of the Company to be despatched on or before 18 July 2018.

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

Hong Kong, 29 June 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. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Mr. Zheng Zongjia.