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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
DISCLOSEABLE TRANSACTIONS IN RELATION TO
(1) THE ACQUISITION OF EQUITY INTEREST AND THE
ASSIGNMENT OF SHAREHOLDER'S LOAN IN MLH PROPERTY; AND
(2) THE ACQUISITION OF EQUITY INTEREST IN
ZHI YING PROPERTY**

Reference is made to the announcement (the “**Announcement**”) of Future World Holdings Limited (the “**Company**”) dated 18 March 2024. Unless otherwise stated, all capitalised terms used herein shall bear the same meanings as defined in the Announcement.

The Board wishes to provide supplemental information on the Acquisitions as follows:

FURTHER INFORMATION ON THE VALUATION

I. Valuation of assets and liabilities of the Target Group

	Carrying Value as at 31 January 2024 (RMB)	Fair Value as at 31 January 2024 (RMB)
Assets		
Bank balances, cash and other current assets ^(Note 1)	7,737,525	7,737,525
Other receivables and prepayment ^(Note 2)	25,339,898	24,413,981
Property, plant and equipment ^(Note 3)	73,207,927	78,561,417
	<u>106,285,350</u>	<u>110,712,923</u>
Liabilities^(Note 4)		
Accounts payable	(36,329)	(36,329)
Receipt in advance	(3,190,143)	(3,190,143)
Employee remuneration payable	(419,946)	(419,946)
Tax payables	1,309,181	1,309,181
Other payables	(114,247,323)	(114,247,323)
	<u>(116,584,561)</u>	<u>(116,584,561)</u>
Net Liabilities	<u>(10,299,211)</u>	<u>(5,871,638)</u>
100% Equity Value		<u>(5,871,638)</u>

Notes:

- (1) For bank balances, cash and other current assets, as confirmed with the management of the Target Group and analysing their natures, the Valuers assume that the net book values of the above assets should reasonably represent their fair values as of 31 January 2024 (the “Valuation Date”).
- (2) Other receivables and prepayment comprise other receivables (with a carrying value of RMB913,981) and prepayment for properties (with a carrying value of RMB24,425,917) purchased by the Target Group and the titles of which have not been transferred to the Target Group as at the Valuation Date. The prepayment of properties have been valued by market approach at a fair value and the fair value of the properties was RMB23.50 million.

- (3) Property, plant and equipment mainly involved fixtures, vehicles and properties. They comprise fixtures and vehicles (with a carrying value of RMB2,251,417) and properties (with a carrying value of RMB70,956,510). Fixtures and vehicles which do not have material resale value, as confirmed with the management of the Target Group and analysing their natures, the Valuers assume that the net book values of the fixtures and vehicles should reasonably represent their fair values as of the Valuation Date. The properties have been valued by market and income approach at a fair value.
- The fair value of the fixtures and vehicles was RMB2.25 million.
 - The fair value of the properties was RMB76.31 million.
- (4) All items of liabilities are cited from the financial statement as of 31 January 2024. As confirmed with the management of the Target Group, all liabilities stated in the financial statement have fully reflected the indebtedness of the Target Group. Therefore, the entire amount of liabilities has been adopted in the valuation.

As shown from the above, the aggregate appraised fair value of the entire issued share capital of the Target Companies as at the Valuation Date is a negative net worth of RMB5.9 million.

II. Valuation of the properties held by the Target Group

A. Summary of the properties

No.	Address	Gross Floor Area (sq.m.)	Fair Value (RMB)	Key Inputs
1.	Room 3403 and Car Parking Space No. 575, No. 1, Lane 258, Puming Road, Fortune Seascap Garden, Pudong New District, Shanghai, the PRC	373.35	45,300,000	Market unit rates: RMB123,000–142,000/sq.m.
2.	Room 706, Building No. 1, Dongsha Holiday Hotel, No. 1288 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	130.98	1,350,000	Market unit rates: RMB8,000–13,000/sq.m.
3.	Room 707, Building No. 1, Dongsha Holiday Hotel, No. 1288 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	76.14	780,000	Market unit rates: RMB8,000–13,000/sq.m.

No.	Address	Gross Floor Area (sq.m.)	Fair Value (RMB)	Key Inputs
4.	Room 708, Building No. 1, Dongsha Holiday Hotel, No. 1288 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	76.14	780,000	Market unit rates: RMB8,000–13,000/sq.m.
5.	Room 709, Building No. 1, Dongsha Holiday Hotel, No. 1288 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	76.14	780,000	Market unit rates: RMB8,000–13,000/sq.m.
6.	Unit 2, Building No. 11, Dongfangrunyuan, Lincheng Street, Dinghai District, Zhoushan City, Zhejiang Province, the PRC	237.67	4,760,000	Market unit rates: RMB17,000–25,000/sq.m.
7.	Building No. 30, Wentaoyuan, Dongsha Resort, No. 1289 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	160.96	1,510,000	Market unit rent: RMB48–64/sq.m./month Market Yield: 6.00% – 7.00%
8.	Building No. 33, Wentaoyuan, Dongsha Resort, No. 1289 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	160.96	1,510,000	Market unit rent: RMB48–64/sq.m./month Market Yield: 6.00% – 7.00%
9.	Room 1801, Residential Building No. 6, Phase II, Haishangdaduhui, Xincheng Road, Tianya District, Sanya City, Hainan Province, the PRC	159.55	6,650,000	Market unit rates: RMB41,000–48,000/sq.m.

No.	Address	Gross Floor Area (sq.m.)	Fair Value (RMB)	Key Inputs
10.	No. 301, Unit 2, Building No. 6, Luding No. 9 Yuan, No. 9 East Street, Changzhi City, Shanxi Province, the PRC	530.57	5,110,000	Market unit rates: RMB8,000– 11,000/sq.m.
11.	Room 601, 6/F, Unit 1, Building No. 2, Shijiyilongwan East, Luzhou District, Changzhi City, Shanxi Province, the PRC	139.86	980,000	Market unit rates: RMB6,000– 8,000/sq.m.
12.	Room 601, 6/F, Unit 2, Building No. 1, Shijiyilongwan East, Luzhou District, Changzhi City, Shanxi Province, the PRC ^(Note)	131.13	920,000	Market unit rates: RMB6,000– 8,000/sq.m.
13.	Room 1701, 17/F, Unit 2, Building No. 2, Jinxiang Neighborhood, Changzhi City, Shanxi Province, the PRC	152.27	1,360,000	Market unit rates: RMB8,000– 10,000/sq.m.
14.	Room 2302, Unit 2, Building No. 3, Huaxiyuan, Luzhou District, Changzhi City, Shanxi Province, the PRC ^(Note)	148.05	1,240,000	Market unit rates: RMB8,000– 9,000/sq.m.
15.	No. 2702, 27/F, Unit 2, Building No. 5, No. 45 Xin Jinzi Road, Rongchuang Xuefu No. 1 Yuan, Taiyuan City, Shanxi Province, the PRC	210.99	4,520,000	Market unit rates: RMB20,000– 24,000/sq.m.
16.	Shop No. 1002, No. 45 Xin Jinzi Road, Rongchuang Xuefu No. 1 Yuan, Taiyuan City, Shanxi Province, the PRC ^(Note)	440.64	8,420,000	Market unit rates: RMB15,000– 24,000/sq.m.

No.	Address	Gross Floor		Key Inputs
		Area (sq.m.)	Fair Value (RMB)	
17.	Building No. 5, Qianfengshijia, Lot D-06, Kangzhuang Industrial Park, Tuenliu District, Changzhi City, Shanxi Province, the PRC ^(Note)	800.00	6,920,000	Market unit rates: RMB7,000– 11,000/sq.m.
18.	Building No. 6, Qianfengshijia, Lot D-06, Kangzhuang Industrial Park, Tuenliu District, Changzhi City, Shanxi Province, the PRC ^(Note)	800.00	6,920,000	Market unit rates: RMB7,000– 11,000/sq.m.

Note: These properties were purchased by MLH Property but the titles of which have not been transferred to the Target Group as at the Valuation Date (the “Properties”). Property No. 12 was included in “Property, plant and equipment” in the Valuation and Properties No. 14, No. 16, No. 17 and No. 18 were included in “Other receivables and prepayment” in the Valuation. To the best of the Directors’ knowledge, (i) the purchase cost of the Properties has been fully settled by the Target Group as at the Valuation Date; and (ii) there is no unfulfilled condition required to be met before the completion of the respective title transfer of the Properties pursuant to the relevant Sales and Purchase Agreements.

B. Valuation approach and method

In valuing the property interests for properties Nos.1–6 and 9–18, the Valuers have valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighborhood area of the property. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time, age, quality and any other relevant factors when comparing such sales against the property. This approach is commonly used to value properties where reliable market evidence is available.

In valuing the property interests for properties Nos. 7–8, the Valuers have valued by the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

For properties Nos. 1–6 and 9–18, the market approach is adopted, as there are several recent market sales evidences of similar properties located in the neighborhood area. However, for properties Nos. 7–8, where there are no relevant sale evidence available in the neighborhood area with similar characteristics to the subject property while there are several rental evidence available in the neighborhood area with similar characteristics to the subject property. The income approach is considered appropriate for determining the value of the property.

C. Valuation assumptions

The valuation of the properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in the valuation for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of the valuation of the property in the PRC, the Valuers have assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. The Valuers have relied on the advice given by the Group regarding the title to the property. For the purpose of our valuation, the Valuers have assumed that the grantee has an enforceable title to the property.

In valuing the property in the PRC, the Valuers have assumed that the grantees or the users of the property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

Moreover, the Valuers have assumed that the design and construction of the properties are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assumes the properties will be used for the purposes for which the properties are designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

The Valuers have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the valuation date.

Unless otherwise stated, the Valuers shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

The Valuers have had no reason to doubt the truth and accuracy of the information provided to us by the Company. The Valuers have also sought confirmation from the Company that no material factors have been omitted from the information supplied. The Valuers consider that they have been provided with sufficient information to reach an informed view and they have no reason to suspect that any material information has been withheld.

The Valuers have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

FURTHER INFORMATION ON MLH PROPERTY

As disclosed in the Announcement, MLH Property is principally engaged in real estate and property services. In particular, MLH Property mainly provides property management services and property leasing services. The source of revenue of MLH Property mainly derives from rental income of its leased properties and property management services fee. For details of the leased properties, please refer to “FURTHER INFORMATION OF THE PROPERTIES HELD BY THE TARGET GROUP” below.

FURTHER INFORMATION OF THE PROPERTIES HELD BY THE TARGET GROUP

The Company would like to provide details of the properties held by the Target Group as follows:

1. Properties held by MLH Property

No.	Address	Gross floor area (sq.m.)	Existing use	Fair value (RMB)	Carrying value (RMB)
1.	No. 301, Unit 2, Building No. 6, Luding No. 9 Yuan, No. 9 East Street, Changzhi City, Shanxi Province, the PRC	530.57	For lease	5,110,000	5,071,576
2.	Room 601, 6/F, Unit 1, Building No. 2, Shijiyilongwan East, Luzhou District, Changzhi City, Shanxi Province, the PRC ^(Note)	139.86	For lease	980,000	560,545
3.	Room 601, 6/F, Unit 2, Building No. 1, Shijiyilongwan East, Luzhou District, Changzhi City, Shanxi Province, the PRC	131.13	For lease	920,000	529,666
4.	Room 1701, 17/F, Unit 2, Building No. 2, Jinxiang Neighborhood, Changzhi City, Shanxi Province, the PRC	152.27	For lease	1,360,000	1,110,122
5.	Room 2302, Unit 2, Building No. 3, Huaxiyuan, Luzhou District, Changzhi City, Shanxi Province, the PRC ^(Note)	148.05	For lease	1,240,000	1,332,450

No.	Address	Gross floor area (sq.m.)	Existing use	Fair value (RMB)	Carrying value (RMB)
6.	No. 2702, 27/F, Unit 2, Building No. 5, No. 45 Xin Jinzi Road, Rongchuang Xuefu No. 1 Yuan, Taiyuan City, Shanxi Province, the PRC	210.99	For lease	4,520,000	4,635,081
7.	Shop No. 1002, No. 45 Xin Jinzi Road, Rongchuang Xuefu No. 1 Yuan, Taiyuan City, Shanxi Province, the PRC ^(Note)	440.64	For lease	8,420,000	9,493,467
8.	Building No. 5, Qianfengshijia, Lot D-06, Kangzhuang Industrial Park, Tuenliu District, Changzhi City, Shanxi Province, the PRC ^(Note)	800.00	For lease	6,920,000	6,800,000
9.	Building No. 6, Qianfengshijia, Lot D-06, Kangzhuang Industrial Park, Tuenliu District, Changzhi City, Shanxi Province, the PRC ^(Note)	800.00	For lease	6,920,000	6,800,000

*Note: These properties were purchased by MLH Property but the titles of which have not been transferred to the Target Group as at the Valuation Date (the “**Properties**”). Property No. 2 was included in “Property, plant and equipment” in the Valuation and Properties No. 5, No. 7, No. 8 and No. 9 were included in “Other receivables and prepayment” in the Valuation. To the best of the Directors’ knowledge, (i) the purchase cost of the Properties has been fully settled by the Target Group as at the Valuation Date; and (ii) there is no unfulfilled condition required to be met before the completion of the respective title transfer of the Properties pursuant to the relevant Sales and Purchase Agreements.*

2. Properties held by Zhi Ying Property

No.	Address	Gross floor area (sq.m.)	Existing use	Fair value (RMB)	Carrying value (RMB)
1.	Room 3403 and Car Parking Space No. 575, No. 1, Lane 258, Puming Road, Fortune Seascape Garden, Pudong New District, Shanghai, the PRC	373.35	For lease	45,300,000	34,752,952
2.	Room 706, Building No. 1, Dongsha Holiday Hotel, No. 1288 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	130.98	For lease	1,350,000	1,140,342
3.	Room 707, Building No. 1, Dongsha Holiday Hotel, No. 1288 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	76.14	For lease	780,000	663,641
4.	Room 708, Building No. 1, Dongsha Holiday Hotel, No. 1288 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	76.14	For lease	780,000	663,641
5.	Room 709, Building No. 1, Dongsha Holiday Hotel, No. 1288 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	76.14	For lease	780,000	663,641

No.	Address	Gross floor area (sq.m.)	Existing use	Fair value (RMB)	Carrying value (RMB)
6.	Unit 2, Building No. 11, Dongfangrunyuan, Lincheng Street, Dinghai District, Zhoushan City, Zhejiang Province, the PRC	237.67	For lease	4,760,000	5,759,829
7.	Building No. 30, Wentaoyuan, Dongsha Resort, No. 1289 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	160.96	For lease	1,510,000	6,509,184
8.	Building No. 33, Wentaoyuan, Dongsha Resort, No. 1289 Jiari Road, Zhujiajianjiedao, Zhoushan City, Zhejiang Province, the PRC	160.96	For lease	1,510,000	2,977,105
9.	Room 1801, Residential Building No. 6, Phase II, Haishangdaduhui, Xincheng Road, Tianya District, Sanya City, Hainan Province, the PRC	159.55	For lease	6,650,000	5,919,183

FURTHER INFORMATION ON THE ACQUISITIONS

Pursuant to the First Sales and Purchase Agreement, Vendor A agreed to procure the Target Group to provide the title documents of the Properties, evidencing the completion of title transfers, to the Group within six months from the First Completion. If the title transfers cannot be completed, this will result in a breach of contract and the Company has the right to (a) terminate the First Sales and Purchase Agreement and/or (b) seek damages from Vendor A in relation to direct economic loss and loss of expected economic benefit.

The Board is of the view that the Acquisitions, in particular the consideration, are fair and reasonable and in the interest of the Company and its shareholders as a whole, taking into consideration that:

- (a) (i) the title transfers are not subject to any unfulfilled condition; and (ii) in the case where Vendor A could not provide the relevant title documents as stipulated in the First Sales and Purchase Agreement, the Company has the right to terminate the First Sales and purchase Agreement and right to damages. In other words, the Group is shielded from any loss arising from the potential title defect of the Properties;
- (b) as advised by the PRC legal advisers to the Company, given the purchase cost of the Properties has been fully settled by the Target Group, pursuant to the sales and purchase agreements in relation to the Properties, the Target Group has the right of possession of the Properties. In other words, the Target Group is at its liberty to generate revenue from the use of the Properties or dispose of the Properties in the absence of relevant title documents of the Properties. Hence, the Directors are of the view that the potential title defect of the Properties should not impede the Acquisitions in its entirety; and
- (c) the consideration of the entire equity interest in MLH Property was determined after arm's length negotiations between the Purchaser and Vendor A with reference to, among other things, the appraised value of the Target Group based on the Valuation, which is based on the fair value of the Properties.

Save as disclosed above, all other information disclosed in the Announcement remains accurate and unchanged.

By Order of the Board
Future World Holdings Limited
Liang Jian
Chairman and Chief Executive Officer

Hong Kong, 17 April 2024

As at the date of this announcement, the Board comprises (i) six executive Directors, namely Mr. Liang Jian, Mr. Yu Zhenzhong, Ms. Wang Qian, Mr. Yu Qingrui, Mr. Su Wei and Mr. Lai Long Wai; and (ii) three independent non-executive Directors, namely Mr. He Yi, Mr. Guo Yaoli and Mr. Bong Chin Chung.