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PROSPEROUS FUTURE HOLDINGS LIMITED

未來發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1259)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 60% OF THE ISSUED SHARES IN THE TARGET COMPANY

THE ACQUISITION AGREEMENT

On 20 March 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor and the Founder, pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell, the Sale Shares at the Consideration of HK\$42 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE ACQUISITION AGREEMENT

Date: 20 March 2020

Parties: (1) AG Holding Group Limited, as vendor;
(2) Yum Edward Liang Hsien, as founder; and
(3) Pursuing Future Limited, as purchaser.

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings. As at the date of this announcement, the Vendor is wholly-owned by the Founder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and the Founder are Independent Third Parties.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing 60% of the issued shares in the Target Company.

Consideration

The consideration for the sale and purchase of the Sale Shares shall be HK\$42 million, which shall be satisfied in the following manner:

- (a) as to HK\$10 million of the Consideration shall be paid by the Purchaser to the Vendor in cash as a refundable deposit (the "**Deposit**") and part payment of the Consideration on the date of the Acquisition Agreement; and
- (b) the balance of HK\$32 million of the Consideration shall be paid by the Purchaser to the Vendor in cash on the Completion Date.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account the valuation of 60% of the issued shares in Ayasa Globo and Singapore Company of approximately HK\$60.6 million as at 31 January 2020 prepared by Roma Appraisals Limited, an independent professional valuer, under the market approach.

In the event that the Vendor rescinds the Acquisition Agreement due to the default of the Purchaser, the Vendor shall be entitled to forfeit the Deposit in addition to and without prejudice to all other rights and remedies available to the Vendor.

In the event that the Purchaser rescinds the Acquisition Agreement due to the default of the Vendor or the Founder, the Vendor shall return the Deposit to the Purchaser (without interest) within three Business Days in addition to and without prejudice to all other rights and remedies available to the Purchaser.

Completion

Completion shall take place on the Completion Date. Upon Completion, the Purchaser will hold 60% of the issued shares in the Target Company and the Target Group will become indirect subsidiaries of the Company. Accordingly, the financial information of the Target Group will be consolidated into the accounts of the Group.

Upon Completion, the Founder shall enter into an employment contract with Ayasa Globo for a term of three years pursuant to which the Founder shall serve as the managing director of Ayasa Globo.

SHAREHOLDERS' AGREEMENT

Pursuant to the Acquisition Agreement, the Vendor, the Founder, the Purchaser and the Target Company will enter into the Shareholders' Agreement upon Completion. The principal terms of the Shareholders' Agreement are set out below:

Parties

- (i) The Target Company;
- (ii) The Founder;
- (iii) The Vendor; and
- (iv) The Purchaser.

Board composition of the Target Company

The board of directors of the Target Company shall comprise two directors, one of them shall be appointed and removed at the request of the Vendor and the other one shall be appointed and removed at the request of the Purchaser.

Transfer restriction

At any time prior to the second anniversary of the Completion Date, no shareholder of the Target Company shall transfer, sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of, or suffer to exist any encumbrance on any shares of the Target Company directly or indirectly owned by it or any right, title or interest therein or thereto, without the prior written consent of each other shareholder.

Right of first refusal

In the event that any shareholder of the Target Company proposes to sell any of its shares in the Target Company to a third party, the non-selling shareholder(s) of the Target Company shall have a right of first refusal (the “**Right of First Refusal**”) to purchase such shares of the Target Company on the same terms and conditions.

Right of co-sale

In the event that any shareholder of the Target Company proposes to sell any of its shares in the Target Company to a third party, the non-selling shareholder(s) of the Target Company who does not exercise the Right of First Refusal shall have a right of co-sale to participate in such sale on the same terms and conditions.

Dividend

The dividends to be declared in the first quarter of 2020 shall be distributed to each shareholder in proportion to their respective shareholding percentages in the Target Company immediately upon Completion. At the discretion of the board of directors of the Target Company, no more than 80% of the net profit amount set forth in the audited consolidated financial statements of the Target Company for each financial year shall be distributed to each shareholder in proportion to their respective shareholding percentages in the Target Company.

Matters requiring unanimous consent from the shareholders

During the continuance of the Shareholders' Agreement, the following are matters, among others, requiring unanimous consent from shareholders of the Target Company:

- (a) (i) any acquisition, merger, consolidation or other form of restructuring involving the Target Group; (ii) sale of all or substantially all of the assets of the Target Group; (iii) change of control of the Target Group; (iv) establishment by the Target Group of any subsidiary, partnership or joint venture; (v) liquidation, dissolution or winding-up of the Target Group; or (vi) any actions that may result in any of the foregoing;
- (b) sale, transfer or other disposal of any material assets, any trademarks, copyrights, domain names or any other intellectual properties of the Target Group;
- (c) any investment in any company other than the Target Group or acceptance of any investment from any investor other than the Purchaser, its subsidiaries, its holding company or its fellow subsidiaries;
- (d) (i) the redemption, repurchase or issuance of any shares of the Target Group or any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for shares of the Target Group; or (ii) any other form of capital reduction or capital increase of the Target Group;
- (e) amendment of the memorandum or articles of association or the constitutional documents of the Target Group;
- (f) any material change or amendment in the annual business plan, annual budget or business scope of the Target Group;
- (g) incurrence of indebtedness and/or guaranty outside the ordinary course of business of the Target Group;
- (h) incurrence of any material capital expenditure of the Target Group;
- (i) appointment or removal of the Target Company's auditor or material change in the accounting policies of the Target Group;
- (j) appointment or removal of any director or senior executives who hold officer positions of managing director or chief financial officer of the Target Group, or determination of the compensation of any senior executives or any director of the Target Group; and

- (k) issuance of any equity or debt securities (except issuance of shares in accordance with employee stock ownership plan or issuance of shares as a result of share swaps or share exchanges that are part of the internal restructuring of the Target Group).

Profit guarantee

Pursuant to the Shareholders' Agreement, the Founder guarantees to the Purchaser that the audited consolidated profit before tax of the Target Company as shown in its audited consolidated financial statements for each of the three financial years ending on 31 March 2020, 31 March 2021 and 31 March 2022 (the "**Guarantee Period**") will not be less than HK\$8,506,000, HK\$9,357,000 and HK\$10,293,000 (the "**Guaranteed Profit**") respectively.

If the actual audited consolidated profit before tax of the Company for any of the three financial years in the Guarantee Period (the "**Actual Profit**") as shown in the Guarantee Certificate (as defined below) is less than 80% of the amount of the Guaranteed Profit, then the Founder shall pay to the Purchaser in cash within 60 days after the delivery of the Guarantee Certificate (as defined below) an amount (the "**Compensation**") calculated as follows:

$$A = (\text{Guaranteed Profit} - \text{Actual Profit})$$

where A is the amount payable to the Purchaser.

For the avoidance of doubt, in no event shall the Actual Profit be less than zero.

The Purchaser shall procure that the audited consolidated financial statements of the Target Company for each financial year in the Guarantee Period shall be prepared by the Auditors and be issued and reported on by the Auditors before the date falling three months after the expiry of such financial year, and the Auditors shall issue a certificate (the "**Guarantee Certificate**") to certify the amount of the audited consolidated profit before tax of the Target Company as shown in such audited consolidated financial statements.

INFORMATION ON THE TARGET GROUP

The Target Company is incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. The Target Company holds the entire issued shares in Ayasa Globo, a company incorporated in Hong Kong with limited liability. Ayasa Globo is principally engaged in the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services. Ayasa Globo in turn holds the entire issued share capital of Singapore Company, a company incorporated in Singapore with limited liability. Singapore Company is principally engaged in the provision of business and consultancy management and consultancy services.

Set out below is the financial information of the Target Company for the two financial years ended 31 March 2018 and 31 March 2019:

	For the year ended 31 March 2018 (unaudited) <i>HK\$'000</i>	For the year ended 31 March 2019 (unaudited) <i>HK\$'000</i>
Profit before taxation	—	—
Profit after taxation	—	—
Net Assets	—	—

Set out below is the financial information of Ayasa Globo for the two financial years ended 31 March 2018 and 31 March 2019:

	For the year ended 31 March 2018 (audited) <i>HK\$'000</i>	For the year ended 31 March 2019 (audited) <i>HK\$'000</i>
Profit before taxation	2,903	7,732
Profit after taxation	2,428	6,856
Net Assets	2,732	4,588

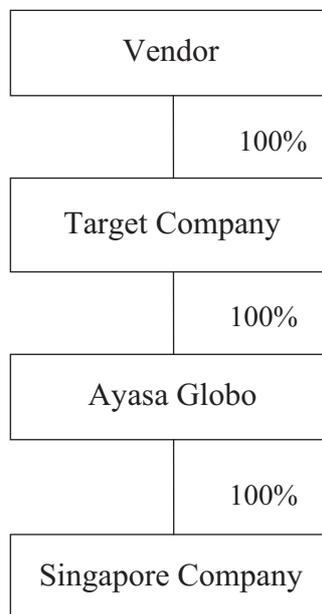
Set out below is the financial information of Singapore Company for the two financial years ended 31 March 2018 and 31 March 2019:

	For the year ended 31 March 2018 (unaudited) S\$'000	For the year ended 31 March 2019 (unaudited) S\$'000
Loss before taxation	—	(2)
Loss after taxation	—	(2)
Net Assets	4	2

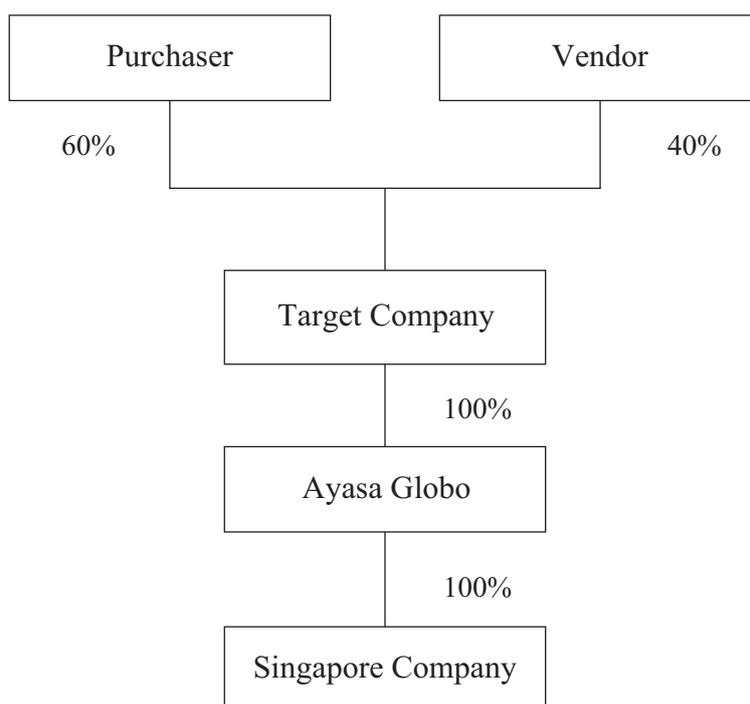
Structure of the Target Group

The following charts show the group structure of the Target Group (i) as at the date of this announcement; and (ii) immediately after Completion:

As at the date of this announcement



Immediately after Completion



REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE ACQUISITION AGREEMENT

The principal activity of the Company is investment holdings. The Group is principally engaged in the manufacturing and sale of personal care products, money lending, trading of commodities, investment in securities, properties holding, investment holding and the provision of food and beverage services.

Ayasa Globo is principally engaged in the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services. Based on the historical financial information, Ayasa Globo has recorded a substantial increase in profit after taxation from approximately HK\$2.43 million for the year ended 31 March 2018 to approximately HK\$6.86 million for the year ended 31 March 2019. Upon Completion, the Founder will remain as the managing director of Ayasa Globo to oversee the operations of the business. Taking into account the knowledge and experience in the financial services industry that the Founder brings as well as Ayasa Globo had been profit making in the past two financial years, the Board considers that the Acquisition would enable the Group to diversify its existing businesses into the financial services industry as well as broaden the Group's revenue base and enhance the Group's financial performance.

In view of the above, the Directors consider that the entering into of the Acquisition Agreement and the terms of the Acquisition, including the Consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions will have the following meanings unless the context requires otherwise:

“Ayasa Globo”	Ayasa Globo Financial Services Limited, a company incorporated in Hong Kong with limited liability
“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 20 March 2020 and entered into among the Purchaser, the Vendor and the Founder in relation to the sale and purchase of the Sale Shares
“Auditors”	the independent auditors of the Company
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday or public holiday) in Hong Kong on which licensed banks are generally open for business throughout the normal working hours
“Company”	Prosperous Future Holdings Limited (formerly known as Future Development Holdings Limited) (stock code: 1259), a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange

“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	the date which is within five Business Days of the date of the Acquisition Agreement, or such other date as the Vendor and the Purchaser may agree
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“Founder”	Mr. Yum Edward Liang Hsien
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Pursuing Future Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	60 ordinary shares of the Target Company, representing 60% of the issued shares of the Target Company
“Shareholder(s)”	holder(s) of issued Share(s)

“Shareholders’ Agreement”	the shareholders’ agreement to be entered into among the Vendor, the Founder, the Purchaser and the Target Company upon Completion
“Share(s)”	ordinary share(s) of the Company
“Singapore Company”	Ayasa Globo Financial Services Pte. Ltd., a company incorporated in Singapore with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ayasa Globo Financial Services (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company, Ayasa Globo and Singapore Company
“Vendor”	AG Holding Group Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Prosperous Future Holdings Limited
Tsai Wallen
Chairman and Executive Director

Hong Kong, 20 March 2020

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Tsai Wallen, Mr. Lau Ka Ho and Mr. Chan Hoi Tik; (ii) one non-executive Director, namely Mr. Li Zhouxin; and (iii) three independent non-executive Directors, namely Ms. Chan Sze Man, Mr. Ma Kwun Yung Stephen and Ms. Bu Yanan