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Future Development 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 RESPECT OF THE DISPOSAL OF 51% OF ISSUED SHARES IN THE DISPOSAL COMPANY

THE DISPOSAL AGREEMENT

On 23 August 2019, the Company entered into the Disposal Agreement with the Purchaser, pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Shares at a total consideration of HK\$40,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 23 August 2019, the Company entered into the Disposal Agreement with the Purchaser, pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Shares at a total consideration of HK\$40,000,000. Details of the Disposal Agreement are set out below:

THE DISPOSAL AGREEMENT

Date: 23 August 2019

Parties: (1) Future Development Holdings Limited, as vendor; and
(2) Billionaire Asia Limited, as purchaser

As at the date of this announcement and to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Shares. As at the date of this announcement, the Company beneficially owns the Sale Shares, representing 51% of the issued shares in the Disposal Company.

Consideration

The consideration for the sale and purchase of the Sale Shares is HK\$40,000,000, which shall be paid by the Purchaser to the Company in the following manner:

- (a) as to HK\$4,000,000 of the Consideration to be paid to the Vendor in cash as the Initial Deposit and part payment of the Consideration on the date of the Disposal Agreement;
- (b) as to HK\$4,000,000 of the Consideration to be paid to the Vendor in cash as the Second Deposit and part payment of the Consideration on or before the date falling 14 days after the date of the Disposal Agreement; and
- (c) the balance of HK\$32,000,000 of the Consideration to be paid to the Vendor in cash on the Completion Date.

The Consideration was determined after arms' length negotiations between the parties to the Disposal Agreement taking into account the net asset value of the Disposal Group and the associated goodwill of the Disposal Company.

Completion

The completion of the Disposal shall take place on the Completion Date.

Upon Completion, each member of the Disposal Group ceases to be a subsidiary of the Company and the financial results of the Disposal Group will no longer be consolidated into the Company's consolidated financial statements.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Company is a company incorporated in the British Virgin Islands with limited liability. The Disposal Company owns the entire equity interests in MyBB Media, a company incorporated in Hong Kong with limited liability. The Disposal Group is principally engaged in operation of online platform.

Set out below is the unaudited consolidated financial information of the Disposal Group for the two years ended 31 December 2017 and 31 December 2018:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$000</i>	<i>HK\$000</i>
Turnover	13,633	24,296
Profit (Loss) before taxation	9,609	18,984
Profit (Loss) after taxation	7,478	15,851

As at 31 July 2019, the unaudited net assets of the Disposal Group amounted to approximately HK\$8,111,000.

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, the Group is expected to record an unaudited gain on the Disposal of approximately HK\$9,707,000. Such gain is estimated based on difference between the gross proceeds from the Disposal of HK\$40,000,000 and sum of the Group's share of the unaudited net asset value of the Disposal Group as at 31 July 2019 of approximately HK\$4,137,000, the associated goodwill of approximately HK\$25,956,000 of the Disposal Company as at 31 July 2019 and estimated expenses related to the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

As stated in the annual report of the Group for financial year ended 31 December 2018, the Group will continue to strengthen, develop and diversify its business portfolio and to further establish a sustainable investment portfolio. The Board considered that financial performance of the Disposal Group had not been meeting expectation of the Board and the Disposal Group recorded a profit of approximately HK\$8.1 million, representing a decrease in profit of approximately 50.7% when compared to that for the year ended 31 December 2017. The Company has been streamlining its operation and looking for a stronger financial position and lower geared structure, rich of liquidity and better return on assets.

The Directors consider that the current market presents an optimum opportunity for the Group to realise cash and unlock the value of its investment in the Disposal Group through the disposal of the Sale Shares pursuant to the Disposal Agreement.

The net proceeds from the Disposal, after deducting the estimated expenses, shall be approximately HK\$39.8 million. The Company plans to apply the entire net proceeds from the Disposal for expansion in the money lending business of the Group. However, in case of new investment and business opportunities are identified, other than the potential investments as mentioned above, the net proceeds from the Disposal may be applied to other business opportunities for efficient allocation of resources. Accordingly, the Disposal will enable the Group to increase its working capital, and will improve the liquidity and strengthen the overall financial position of the Group.

In view of the above, the Directors consider that the entering into of the Disposal Agreement and the terms of the Disposal, 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 ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	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 Disposal in accordance with the terms and conditions of the Disposal Agreement
“Completion Date”	23 September 2019 or such other date as the Company and the Purchaser may agree
“Consideration”	the total consideration for the Disposal
“Directors”	directors of the Company
“Disposal”	the sale of the Sale Shares by the Company pursuant to the terms of the Disposal Agreement
“Disposal Agreement”	the unconditional agreement dated 23 August 2019 and entered into between the Company and the Purchaser in relation to the sale and purchase of the Sale Shares
“Disposal Company”	Marvel Paramount Holdings Limited, a company incorporated in the British Virgin Islands with limited liability

“Disposal Group”	the Disposal Company and MyBB Media
“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 or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Initial Deposit”	the refundable initial deposit in the sum of HK\$4,000,000 payable by the Purchaser to the Company in accordance with the terms and conditions of the Disposal Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MyBB Media”	MyBB Media Limited, a company incorporated in Hong Kong with limited liability
“Purchaser”	Billionaire Asia Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Shares”	25,500 ordinary shares in the Disposal Company, representing 51% of the issued shares in the Disposal Company
“Second Deposit”	the refundable second deposit in the sum of HK\$4,000,000 payable by the Purchaser to the Company in accordance with the terms and conditions of the Disposal Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Future Development Holdings Limited
Tsai Wallen
Chairman and Executive Director

Hong Kong, 23 August 2019

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Tsai Wallen, Mr. Chau Ling and Mr. Lau Ka Ho; (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.