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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)

**(1) COMPLETION OF DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF 60% OF THE ISSUED SHARES
IN THE TARGET COMPANY
AND
(2) AMENDMENTS TO THE ORIGINAL PROPOSED TERMS OF THE
SHAREHOLDERS' AGREEMENT**

References are made to the announcements (the “**Announcements**”) of Prosperous Future Holdings Limited (the “**Company**”) dated 20 March 2020, 27 March 2020 and 17 April 2020 in relation to the Acquisition. Capitalised terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

COMPLETION OF THE ACQUISITION

The Board is pleased to announce that completion of the Acquisition took place on 29 April 2020 in accordance with the terms and conditions of the Acquisition Agreement.

Upon Completion, each member of the Target Group will become indirect subsidiaries of the Company. Accordingly, the financial results of the Target Group will be consolidated into the Company’s consolidated financial statements.

AMENDMENTS TO THE ORIGINAL PROPOSED TERMS OF THE SHAREHOLDERS' AGREEMENT

Pursuant to the Acquisition Agreement, the Vendor, the Founder, the Purchaser and the Target Company entered into the Shareholders’ Agreement on 29 April 2020 with certain amendments made to the original proposed terms of the Shareholders’ Agreement.

Removal of the Profit Guarantee

Under the original proposed terms of the Shareholders' Agreement, the Founder would provide a guarantee 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 would not be less than HK\$8,506,000, HK\$9,357,000 and HK\$10,293,000 respectively (the "**Profit Guarantee**").

After arm's length negotiations between the Vendor, the Founder and the Purchaser, the parties thereto have agreed to remove the Profit Guarantee and related clauses from the Shareholders' Agreement (the "**Removal of the Profit Guarantee**").

Grant of the Put Option

Further, the Vendor, the Founder and the Purchaser have agreed to include a put option in the Shareholders' Agreement. Details of the put option granted by the Founder to the Purchaser (the "**Grant of the Put Option**") is set out below:

Subject to the event below, the Purchaser shall have the right to exercise the put option (the "**Put Option**") at its discretion to require the Founder to purchase 60% of the issued shares of the Target Company from the Purchaser at a purchase price of HK\$42 million during the period that is within 60 days after the Purchaser had received the Auditors' Certificate (as defined below) for the financial year ending 31 March 2022 (the "**Exercise Period**"). The Purchaser may exercise the Put Option by serving a notice in writing on the Founder.

In the sole event that the accumulated actual audited consolidated profit before tax of the Target Company for the two financial years ending 31 March 2021 and 31 March 2022 is less than HK\$15,720,000 (the "**Minimum Profit Requirement**"), the Purchaser shall have the right to exercise the Put Option at a purchase price of HK\$42 million during the Exercise Period.

The Purchaser shall procure that the audited consolidated financial statements of the Target Company for each of the two financial years ending 31 March 2021 and 31 March 2022 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 "**Auditors' Certificate**") to certify the amount of the audited consolidated profit before tax of the Target Company as shown in such audited consolidated financial statements.

Save for the Removal of the Profit Guarantee and the Grant of the Put Option, all other terms of the Shareholders' Agreement remained unchanged and shall continue to be in full force and effect.

Taking into account that (a) the Group would be able to fully recover the Consideration if the Target Group fails to fulfill the Minimum Profit Requirement; and (b) the Group would be entitled to dividend distributions during the relevant period as a shareholder of the Target Company, the Directors considered that the amendments to the original proposed terms of the Shareholders' Agreement, including the Removal of the Profit Guarantee and the Grant of the Put Option, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 29 April 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 Fik; (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.