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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Financial Advisor to the Company



Merdeka Corporate Finance Limited

Placing Agent



Merdeka Securities Limited

THE PLACING

On 11 June 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 362,000,000 Placing Shares at the Placing Price of HK\$0.068 per Placing Share.

The Placing Shares represents: (a) approximately 19.11% of the total existing issued Shares as at the date of this announcement; and (b) approximately 16.05% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

The Placing Price of HK\$0.068 per Placing Share represents (i) a discount of approximately 13.92% to the closing price of HK\$0.079 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 13.49% to the average closing price of approximately HK\$0.0786 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK\$24.62 million, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK\$24.25 million, representing a net issue price of approximately HK\$0.067 per Placing Share.

The Company intends to use all of the net proceeds to develop the financial service business of the Group, including but not limited to, strengthening the operation of the margin financing business of the Group. Details of which have been set out in the section headed “**REASONS FOR THE PLACING AND USE OF PROCEEDS**” in this announcement.

WARNING

As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 11 June 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 362,000,000 Placing Shares at the Placing Price of HK\$0.068 per Placing Share.

The principal terms and conditions of the Placing Agreement are as follows:

Date

11 June 2021 (after trading hours)

Parties

- (1) The Company; and
- (2) The Placing Agent

The Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 1.0% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent.

The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on current market conditions.

Number of the Placing Shares

The Placing Agent has conditionally agreed to act as agent of the Company to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 362,000,000 new Shares at the Placing Price (excluding brokerage, the SFC transaction levy and the Stock Exchange trading fee payable by the purchasers), upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares represents: (a) approximately 19.11% of the total existing issued Shares as at the date of this announcement; and (b) approximately 16.05% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares by the Company).

Rights of the Placing Shares

The Placing Shares will rank *pari passu* in all respects among themselves and with the other existing Shares upon issuance.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose respective ultimate beneficial owners are Independent Third Parties.

Upon Completion, it is expected that none of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company. If any of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company after completion of the Placing, further announcement will be made by the Company.

Placing Price

The Placing Price is HK\$0.068 per Placing Share and represents:

- (i) a discount of approximately 13.92% to the closing price of HK\$0.079 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 13.49% to the average closing price of approximately HK\$0.0786 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$0.067 per Placing Share. Based on a nominal value of HK\$0.01 per Share, the aggregate nominal value of the Placing Shares is HK\$3,620,000.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent after taking into account factors including the recent market price of the Shares and current market conditions.

The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing Completion is conditional upon the satisfaction of the following Conditions:

- (i) the grant by the Stock Exchange of the listing of, and permission to deal in, all of the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement.

If the Conditions shall not be so satisfied on or before 2 July 2021, all obligations of the Placing Agent and of the Company hereunder shall cease and determine and none of the parties hereto shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation and liabilities under the Placing Agreement).

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

Completion

Completion of the Placing shall take place within three (3) Business Days after the day on which the conditions as set out in the paragraph headed “Conditions of the Placing” above are fulfilled (or another time or date as the Company and the Placing Agent shall agree in writing).

Termination

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (i) there is any local, national, international event or circumstance or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) in relation to the financial, exchange control, political, economic conditions or other nature in Hong Kong which in the reasonable opinion of the Placing Agent would be materially and adversely affect the consummation of the Placing or the business or the financial or trading position or prospects of the Group as a whole; or

- (ii) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (iv) any statement contained in this announcement and all announcements and circulars issued by the Company to the Stock Exchange and/or the Shareholders since the publication of the annual report of the Company for the year ended 31 December 2020 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (v) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (vi) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (vii) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement.

Upon termination of the Placing Agreement, all liabilities of the Company and the Placing Agent hereto hereunder shall cease and determine and no party hereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation and liabilities under the Placing Agreement.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

As disclosed in the Company's poll results announcement dated 26 June 2020, the grant of the General Mandate was approved by the Shareholders at the annual general meeting of the Company held on 26 June 2020. Under the General Mandate, the Company is authorised to issue up to 362,024,600 new Shares.

As of the date of this announcement, no new Share has been allotted and issued under the General Mandate. The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and sale of personal care products, provision of food and beverage services, provision of financial services, investment in securities, financing business, properties holding, trading of commodities and investment holding.

The Company completed the acquisition of 90% equity interest in FGFS in 2020 and FGFS became a wholly-owned subsidiary of the Company. FGFS is licensed with the SFC to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO as a securities brokerage. FGFS is part of the Group's financial services business segment.

The Hong Kong stock market has experienced explosive growth in average daily turnovers recording a record average daily turnover in the securities market of approximately HK\$129.5 billion in 2020 as compared to average daily turnover of approximately HK\$87.2 billion in 2019. Such increase in daily turnover volumes on the Stock Exchange can be attributed to initial public offerings ("IPO") of major PRC companies. The ten largest IPOs on the Stock Exchange for 2020 were all PRC based companies.

The IPOs of major PRC companies on the Stock Exchange has attracted many PRC and foreign investors to Hong Kong looking to capture investment opportunities in the PRC economy.

In order to capture the opportunities created by the growth of Hong Kong's securities market and the expected long term trend of return of overseas listed PRC companies to be listed on the Stock Exchange, it is the intention of the Board to continue to develop its financial service business, in particular, its margin financing business. Therefore, it is considered to be necessary to strengthen the capital base of FGFS which will in turn strengthen the financial services business of the Group.

Upon Completion, the aggregate gross proceeds from the Placing are expected to be approximately HK\$24.62 million. The net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are estimated to be approximately HK\$24.25 million, representing a net issue price of approximately HK\$0.067 per Placing Share.

The Company intends to use all of the net proceeds to develop the financial service business of the Group, including but not limited to, strengthening the operation of the margin financing business of the Group.

The Directors consider that the Placing represents an opportunity to strengthen the Group's financial position and raise additional funding for the business operations of the Group as explained above without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising, as well as to enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming that all of the 362,000,000 Placing Shares will be placed in full and there will be no change in the issued share capital of the Company between the date of this announcement and the Completion) are set out below:

Shareholders	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Golden Sparkle Limited (<i>Note</i>)	263,308,500	13.90	263,308,500	11.67
Public Shareholders				
— The Placees	—	—	362,000,000	16.05
— Other Public Shareholders	1,630,814,500	86.10	1,630,814,500	72.28
Total	1,894,123,000	100.00	2,256,123,000	100.00

Note: Golden Sparkle Limited is wholly-owned by Mr. Lai Wai Lam, Ricky.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not conduct any fundraising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

WARNING

As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as set forth below:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or statutory holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for ordinary banking business throughout their normal business hours
“Company”	Prosperous Future 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 Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	within three (3) Business Day after the fulfillment of the Conditions (or such other date and time as the Company and the Placing Agent hereto may agree in writing)

“Condition(s)”	the conditions precedent set out in the Placing Agreement
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“FGFS”	Future Growth Financial Services Limited (formerly known as Goldenway Investments (HK) Limited), a company incorporated in Hong Kong with limited liability
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company’s annual general meeting held on 26 June 2020 to allot, issue and deal with up to 20% of the then issued Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Last Trading Day”	11 June 2021, being the last full trading day for the Shares before publication of this announcement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement

“Placing”	the placing, on a best effort basis, of up to 362,000,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Merdeka Securities Limited, being a corporation licensed to conduct Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 11 June 2021 (after trading hours) entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.068 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Share(s)”	a total of up to 362,000,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Hong Kong, 11 June 2021

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