THIS PROSPECTUS IS IMPORTANT AND REQUESTS YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your stockbroker, a licensed dealer in securities or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your Shares, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed "15. Documents delivered to the Registrar of Companies" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (WUMP) Ordinance.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed "Warning of the Risks of Dealing in the Shares and the Nil Paid Rights" in the "Letter from the Board" on page 29 of this prospectus.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited, HKSCC, the Registrar of Companies in Hong Kong and Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of any of the Prospectus Documents.

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this prospectus should acquaint themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This prospectus is not an invitation or offer of securities for sale in the United States and neither this prospectus nor any copy thereof may be released or distributed in the United States or any other jurisdiction where such release might be unlawful or to any US persons. The securities have not been and will not be registered under the U.S. Securities Act or laws of any state or jurisdiction of the United States and may not be offered or sold, pledged or transferred in the United States absent registration or an exemption from registration under the U.S. Securities Act. There will be no public offering of securities in the United States.

PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED
昌興國際控股(香港)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 803)

RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial adviser to the Company

Oriental Patron Asia Limited

Capitalised terms used on this cover shall have the same meanings as those defined in this prospectus.

The Rights Issue is on a non-underwritten basis. Pursuant to the Companies Act, the Companies (WUMP) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfilment or (where applicable) waiver of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in the "Letter from the Board" on page 23 of this prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 6:00 p.m. on Friday, 24 May 2019). The conditions include but are not limited to the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and fulfilment of the Minimum Proceeds Condition.

If the conditions of the Rights Issue are not fulfilled or (where applicable) waived on or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Shares have been on an ex-rights basis from Monday, 15 April 2019. Dealings in the Nil Paid Rights will take place from Tuesday, 30 April 2019 to Wednesday, 8 May 2019 (both dates inclusive).

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Nil Paid Rights to the latest time when the conditions of the Rights Issue are fulfilled or (where applicable) waived (which is expected to be 6:00 p.m. on Friday, 24 May 2019) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the Nil Paid Rights, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

The latest time for acceptance and payment for the Rights Shares is 4:00 p.m. on Tuesday, 14 May 2019.

The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Procedures for acceptance and payment or transfer" in the "Letter from the Board" on pages 19 to 20 of this prospectus.

* *For identification purpose only*

26 April 2019

CONTENTS

In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings:

"associates"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"Bookrunner"	Oriental Patron Asia Limited, a licensed corporation to carry out type 1 (dealing in securities), type 6 (advising in corporate finance) and type 9 (asset management) regulated activities under the SFO, being the bookrunner appointed by the Company to place any Unsubscribed Rights Shares and NQS Unsold Rights Shares under the Placing Arrangement;
"Business Day"	a day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong;
"Capital Growth"	Capital Growth Limited, a company incorporated in Hong Kong with limited liability;
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC;
"CCB"	China Construction Bank Corporation, a company incorporated in PRC with limited liability;
"CCB Convertible Bonds"	the outstanding US$18,000,000 convertible bonds due 2019 issued by the Company to Cheer Hope (as subscriber) pursuant to the subscription agreement dated 16 March 2016, as amended on 29 June 2016 and 19 September 2018, details please refer to the Company's announcements dated 16 March 2016, 18 March 2016, 15 April 2016, 26 April 2016, 28 April 2016, 3 May 2016, 9 May 2016, 29 June 2016, 19 September 2018 and 22 February 2019;
"Cheer Hope"	Cheer Hope Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
"CHI"	Central Huijin Investment Limited, a state-owned investment company incorporated in PRC with limited liability;

"Closing Date"	such date as the Company and the Bookrunner shall agree on which completion of the Placing shall take place pursuant to the terms of the Placing Agreement, which shall take place within ten (10) Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Placing and upon fulfilment or waiver (as the case may be) of the Conditions to the Placing Agreement or such other date as the Company and the Bookrunner may agree in writing;
"Company"	Prosperity International Holdings (H.K.) Limited (昌興國際控股(香港)有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board;
"Companies Act"	Companies Act 1981 of Bermuda (as amended);
"Companies (WUMP) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"Elite Force"	Elite Force (Asia) Limited, a company incorporated in the British Virgin Islands with limited liability;
"Fuchun Dongfang"	Guangzhou Fuchun Dongfang Real Estate Investment Company Limited (廣州富春東方地產投資有限公司);
"Full Right"	Full Right Asia Limited, a company incorporated in the British Virgin Islands with limited liability;
"GRCB"	Guangzhou Rural Commercial Bank Co., Ltd (廣州農村商業銀行股份有限公司);
"Group"	the Company and its subsidiaries;
"Guangzhou Bliss Hero"	Guangzhou Bliss Hero Real Estate Development Limited (廣州義德房地產開發有限司), an indirect wholly-owned subsidiary of the Company;
"HKSCC"	Hong Kong Securities Clearing Company Limited;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;

"HK$30M Convertible Bonds"	8% convertible bonds due 2019 (extendable to 2020 by agreement) in an aggregate principal amount of HK$30,000,000 issued by the Company pursuant to the placing agreement dated 24 October 2018, details please refer to the Company's announcements dated 24 October 2018, 8 November 2018 and 22 February 2019;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"HSB"	Hang Seng Bank (China) Limited, Guangzhou Branch (恒生銀行(中國)有限公司廣州分行);
"ICBC Guangzhou"	Industrial and Commercial Bank of China Limited, Guangzhou Dezheng Middle Road Branch (中國工商銀行股份有限公司廣州德政中路支行);
"Independent Third Parties"	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company;
"Indonesia Conch"	PT Conch Cement Indonesia, a company incorporated in the Republic of Indonesia with limited liability;
"Intermediary"	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner's broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner's shares with a CCASS participant;
"Keen Phoenix"	Keen Phoenix Limited, a company incorporated in the British Virgin Islands with limited liability;
"Latest Practicable Date"	23 April 2019, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus;
"Last Trading Day"	Monday, 1 April 2019, being the last full trading day before the release of the announcement of the Company dated 2 April 2019 on the Rights Issue;
"Listing Division"	the listing division of the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;

"Long Stop Date"	Friday, 28 June 2019 (or such later date as may be agreed between the Bookrunner and the Company in writing);
"Max Start"	Max Start Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
"Max Will"	Max Will Profits Limited, a company incorporated in the British Virgin Islands with limited liability;
"Minimum Proceeds Condition"	the gross proceeds from the Rights Issue (including the Placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares) being not less than HK$30 million;
"Mr. Wong"	Mr. Wong Ben Koon, the controlling shareholder of the Company and the chairman of the Board;
"Net Gain"	any premiums paid by the placees over the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Bookrunner under the Placing Arrangements;
"Nil Paid Rights"	rights to subscribe for Rights Shares before the Subscription Price is paid;
"No Action Shareholder(s)"	Qualifying Shareholders (or their renouncees) who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights are lapse;
"Non-Qualifying Shareholder(s)"	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue;
"NQS Unsold Rights Shares"	the Rights Shares which would be available for subscription upon exercise of the Nil Paid Rights to which the Non-Qualifying Shareholders would otherwise be entitled that have not been sold by the Company;
"Overseas Shareholder(s)"	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong;

"PAL(s)"	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue;
"Placing"	the placing by or on behalf of the Bookrunner, on a best efforts basis, and, where appropriate, the subscription as principal by the Bookrunner of the Placing Shares on the terms and the conditions of the Placing Agreement;
"Placing Agreement"	conditional placing agreement dated 2 April 2019 entered into between the Company and the Bookrunner in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares;
"Placing Arrangement"	the placing arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares as described in the section headed "Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Placing Arrangement" in this prospectus;
"PMGL"	Prosperity Minerals Group Limited, a company incorporated in the British Virgin Islands with limited liability;
"PMIL"	Prosperity Materials (International) Limited, a company incorporated in Hong Kong with limited liability;
"Posting Date"	Friday, 26 April 2019 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders;
"PRC"	the People's Republic of China, which, for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
"Prospectus Documents"	this prospectus and the PAL and any supplementary prospectus or supplementary provisional allotment letter (if required);
"Qualifying Shareholders"	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date;
"Record Date"	Thursday, 25 April 2019 or on such other date as the Board may determine, being the date by reference to which the Shareholders' entitlements to the Rights Issue are to be determined;

"Registrar"	the branch share registrar and transfer agent of the Company in Hong Kong, being Tricor Tengis Limited located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong;
"Rights Issue"	the issue by way of rights of two (2) Rights Shares for every five (5) Shares in issue on the Record Date at the Subscription Price;
"Rights Share(s)"	up to 509,723,200 new Shares proposed to be allotted and issued under the Rights Issue;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share(s)"	the ordinary shares(s) of HK$0.1 each in the share capital of the Company;
"Share Consolidation"	the consolidation of every ten (10) issued and unissued shares of the Company of par value of HK$0.01 each into one (1) consolidated Share of par value of HK$0.1 each which took effect on 25 February 2019;
"Share Options"	8,780,000 outstanding options granted under the Share Options Schemes;
"Share Options Schemes"	the share option schemes conditionally adopted by the Company on 25 September 2009;
"Shareholder(s)"	holder(s) of Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Price"	the subscription price of HK$0.13 per Rights Share under the Rights Issue;
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"Super Chine"	Super Chine Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers;
"this prospectus"	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issues;

"Unsubscribed Rights Shares"	the Rights Shares that are not subscribed by the No Action Shareholders;
"Zhejiang Changxing"	Zhejiang Changxing Investment Co., Ltd, an indirect wholly-owned subsidiary of the Company; and
"%"	per cent.

Set out below is the expected timetable for the Rights Issue. Dates or deadlines specified below and in other parts of this prospectus are indicative only and may be varied by the Company. In the event that any special circumstances arise, the Board may extend, or make adjustments to, the timetable if it considers appropriate. The Company will notify Shareholders by way of announcement(s) of a change to the expected timetable as and when appropriate.

All times and dates in this prospectus refer to Hong Kong local times and dates.

	2019
First day of dealings in Nil Paid Rights	Tuesday, 30 April
Latest time for splitting Nil Paid Rights	4:30 p.m. on Friday, 3 May
Last day of dealings in Nil Paid Rights	Wednesday, 8 May
Latest time for lodging transfer documents of Nil Paid Rights	4:00 p,m. on Tuesday, 14 May
Latest time for acceptance of and payment for Rights Shares	4:00 p.m. on Tuesday, 14 May
Announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Placing Arrangement	Wednesday, 15 May
Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Bookrunner	Thursday, 16 May
Latest time of placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Bookrunner	6:00 p.m. Friday, 24 May
Latest time for the Rights Issue to become unconditional	6:00 p.m. Friday, 24 May
Announcement of the results of Rights Issue (including results of the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and the NQS Unsold Rights Shares under the Placing Arrangement) to be published	Monday, 27 May
Share certificates of fully-paid Rights Shares to be despatched (on or before)	Tuesday, 28 May

	2019
Despatch of refund cheques to the Qualifying Shareholders or such other person to whom the Nil Paid Rights have been validly renounced or transferred in case of the Rights Issue does not become unconditional or does not proceed (on or before)	Tuesday, 28 May
Expected commencement of dealings in fully-paid Rights Shares	9:00 a.m. Wednesday, 29 May
Designated broker starts to stand in the market to provide matching services for odd lots of Rights Shares	9:00 a.m. Wednesday, 29 May
Designated broker ceases to stand in the market to provide matching services for odd lots of Rights Shares	4:00 p.m. Friday, 28 June
Payment of the Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Friday, 28 June

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place as set out on page 8 of this prospectus if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning:

(i) in force in Hong Kong at any local time on or before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 14 May 2019. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 14 May 2019. Instead, the latest time for acceptance of and payment for the Rights Shares will be re-scheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Tuesday, 14 May 2019, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

The following information is derived from, and should be read in conjunction with, the full text of this prospectus:

Basis of Rights Issue:	two (2) Rights Shares for every five (5) Shares held on the Record Date
Number of Shares in issue as at the Latest Practicable Date:	1,274,308,002 Shares
Subscription Price:	HK$0.13 per Rights Share
Number of Rights Shares to be issued under the Rights Issue:	up to 509,723,200 Rights Shares
Aggregate nominal value of the Rights Shares:	up to HK$50,972,320
Enlarged issue share capital upon completion of the Rights Issue:	up to 1,784,031,202 Shares (assuming no change in the number of Shares in issue on or before the completion of the Rights Issue other than issuance of the Rights Shares)
Maximum funds raised before expenses:	up to approximately HK$66.3 million (assuming all the Rights Shares will be taken up)

As at the Latest Practicable Date, there were 8,780,000 outstanding Share Options granted by the Company exercisable into 8,780,000 Shares at an exercise price of HK$4.1 per Share. In addition, as at the Latest Practicable Date, there are outstanding HK$30M Convertible Bonds which are convertible into 50,000,000 Shares at the prevailing conversion price of HK$0.6 per Share. Save for the foregoing, as at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, conversion securities or other similar securities which were convertible or exchangeable into Shares, and there was no arrangement under which future dividends are/will be waived or agreed to be waived.

None of the outstanding Share Options and HK$30M Convertible Bonds have been exercised or converted as at the Latest Practicable Date. As the register of members of the Company was closed from Wednesday, 17 April 2019 to Thursday, 25 April 2019 (both days inclusive) for determining the entitlements to the Rights Issue and no transfer of any issued Shares of the Company were registered during this period, there was no change in the total number of issued Shares. As a result, the total number of issued Shares as at the Record Date and the total number of Rights Shares to be issued by the Company were 1,274,308,002 Shares and up to 509,723,200 Rights Shares, respectively.

Assuming no new Shares are issued and no repurchase of Shares on or before the completion of the Rights Issue, the maximum number of 509,723,200 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represents: (i) approximately 40.0% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 28.6% of the total number of the issued share capital of the Company as enlarged by the allotment and issue of all the Rights Shares immediately upon completion of the Rights Issue.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL PAID RIGHTS

The Rights Issue is subject to the fulfilment or (where applicable) waiver of the conditions set out in the section headed ''Conditions of the Rights Issue'' in the ''Letter from the Board'' on page 23 of this prospectus. The conditions include, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and fulfilment of the Minimum Proceeds Condition.

If any of the conditions of the Rights Issue is not fulfilled or (where applicable) waived at or before 6:00 p.m. on Friday, 24 May 2019, the Rights Issue will not proceed.

Any Shareholder or investor dealing in the Shares and/or the Nil Paid Rights up to the latest time for the Rights Issue to become unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or investor contemplating any dealings in the Shares and/or the Nil Paid Rights are recommended to consult their professional advisers.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and, save for the satisfaction of the Minimum Proceeds Condition, there is no minimum amount to be raised under the Rights Issue in order for the Rights Issue to proceed. In the event the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed to independent placees under the Placing Arrangement. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares remain not placed under the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares or Nil Paid Rights.

The Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED
昌興國際控股(香港)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 803)

Executive Directors:
Mr. Wong Ben Koon *(Chairman)*
Dr. Mao Shuzhong *(Chief Executive Officer)*
Ms. Wong Gloria
Mr. Wang Jiafu
Mr. Kong Siu Keung

Non-executive Directors:
Mr. Liu Yongshun
Mr. Wu Likang

Independent Non-executive Directors:
Mr. Yuen Kim Hung Michael
Mr. Yung Ho
Mr. Chan Kai Nang
Mr. Ma Jianwu

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business:
Suites 1801–6, 18th Floor
Tower 2, The Gateway
25 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

26 April 2019

To the Qualifying Shareholders

Dear Sirs and Madams,

RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

Reference is made to the announcement of the Company dated 2 April 2019 whereby the Board announced that the Company proposed to conduct the Rights Issue to raise up to approximately HK$66.3 million before expenses by issuing up to 509,723,200 Rights Shares at the Subscription Price of HK$0.13 per Rights Share on the basis of two (2) Rights Shares for

* *For identification purpose only*

every five (5) Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue will not be underwritten, and will not be extended to the Non-Qualifying Shareholder(s) (if any).

The purpose of this prospectus is to provide you with, among other things, further details on the Rights Issue and the relevant financial information and other general information in respect of the Group.

RIGHTS ISSUE

The terms of the Rights Issue are set out as follows:

Issue statistics

Basis of Rights Issue:	two (2) Rights Shares for every five (5) Shares held on the Record Date
Subscription Price:	HK$0.13 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	1,274,308,002 Shares
Number of Rights Shares to be issued under the Rights Issue:	up to 509,723,200 Rights Shares
Aggregate nominal value of the Rights Shares:	up to HK$50,972,320
Enlarged issue share capital upon completion of the Rights Issue:	up to 1,784,031,202 Shares (assuming no change in the number of Shares in issue on or before the completion of the Rights Issue other than the issuance of Rights Shares)
Funds raised before expenses:	up to approximately HK$66.3 million (assuming all the Rights Shares will be taken up)

As at the Latest Practicable Date, there were 8,780,000 outstanding Share Options granted by the Company exercisable into 8,780,000 Shares at an exercise price of HK$4.1 per Share. In addition, as at the Latest Practicable Date, there are outstanding HK$30M Convertible Bonds which are convertible into 50,000,000 Shares at the prevailing conversion price of HK$0.6 per Share. Save for the foregoing, as at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, conversion securities or other similar securities which were convertible or exchangeable into Shares, and there was no arrangement under which future dividends are/will be waived or agreed to be waived.

None of the outstanding Share Options and HK$30M Convertible Bonds have been exercised or converted as at the Latest Practicable Date. As the register of members of the Company was closed from Wednesday, 17 April 2019 to Thursday, 25 April 2019 (both days inclusive) for determining the entitlements to the Rights Issue and no transfer of any issued Shares of the Company were registered during this period, there was no change in the total number of issued Shares. As a result, the total number of issued Shares as at the Record Date and the total number of Rights Shares to be issued by the Company were 1,274,308,002 Shares and up to 509,723,200 Rights Shares, respectively.

Assuming no change in the number of Shares in issue other than the issuance of the Rights Shares on or before the completion of the Rights Issue, the maximum number of 509,723,200 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represents: (i) approximately 40.0% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 28.6% of the total number of the issued share capital of the Company as enlarged by the allotment and issue of all the Rights Shares immediately upon completion of the Rights Issue.

Subscription Price

The Subscription Price of HK$0.13 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of Nil Paid Rights accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 65.3% to the closing price of HK$0.375 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 64.6% to the average of the closing prices of Shares for the five consecutive trading days ended on the Last Trading Day of approximately HK$0.367 per Share;

(iii) a discount of approximately 63.9% to the average of the closing prices of Shares for the ten consecutive trading days ended on the Last Trading Day of approximately HK$0.360 per Share;

(iv) a discount of approximately 57.4% to the theoretical ex-rights price of approximately HK$0.305 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a discount of approximately 90.18% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 September 2018 as extracted from the interim report of the Company for the six months ended 30 September 2018 of approximately HK$1.32 per Share;

(vi) a discount of approximately 42.5% to the closing price of HK$0.226 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vii) a dilution effect of approximately 20.4% to the existing Shareholders if they elect not to/cannot participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK$0.412 per Share (taking into account the higher of (i) the closing price of the date of the agreement involving the HK$30M Convertible Bonds is executed (i.e. 24 October 2018) of HK$0.510 per Share, and (ii) the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and excluding the date of the agreement involving the HK$30M Convertible Bonds is executed of approximately HK$0.518).

The Subscription Price was arrived at with reference to the amount of fundraising targeted by the Company under the Rights Issue, the market price of the Shares under the prevailing market conditions and the financial position of the Group. The Directors consider the Subscription Price is fair and reasonable as far as Shareholders are concerned since the Rights Issue is extended to all Qualifying Shareholders on the same basis with compensatory arrangements thus minimizing the potential dilution impact to Shareholders. The Directors also consider that it is a general market practice to issue right shares at a discount to the market price of the Shares in order to enhance the attractiveness of the Rights Issue and to encourage Shareholders to participate in the Rights Issue and to participate in the risk and return of the Group. Together with the reasons as set out under the heading "REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS", the Directors (including the independent non-executive Directors) consider the terms of the Rights Issue to be fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares for every five (5) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders may apply for all or any part of their respective provisional allotment by lodging a duly completed PAL and lodging the same with a remittance for the full amount payable for acceptance of the Rights Shares with the Registrar on or before latest time for acceptance of and payment for the Rights Shares (namely, 4:00 p.m. on Tuesday, 14 May 2019).

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholders will need to split his/her/its PAL into the denominations required. Details of how to split PALs are set out in the section headed "Procedures for acceptance and payment or transfer" in this "Letter from the Board" on pages 19 to 20 of this prospectus.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder on the Record Date.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of Overseas Shareholder(s)

The Prospectus Documents have not been registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company as at 17 April 2019, there were two (2) Shareholders whose registered address was located in the British Virgin Islands, holding an aggregate of 527,902 Shares.

The Company has, in compliance with will Rule 13.36(2)(a) of the Listing Rules, made enquiries regarding the legal restrictions under the laws of the British Virgin Islands and the requirements of the regulatory bodies or stock exchanges of the British Virgin Islands with respect to extending the Rights Issue to the Overseas Shareholders in the British Virgin Islands. The Company has been advised by its legal advisers in the British Virgin Islands that there are no securities law or other similar laws in the British Virgin Islands to comply with in order to enable the Company to include the Overseas Shareholders whose registered address is in the British Virgin Islands in the Rights Issue. Based upon such advice, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered address in the British Virgin Islands, who are therefore Qualifying Shareholders. As such, based upon the register of members of the Company as at 17 April 2019, there was no Non-Qualifying Shareholder.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil Paid Rights or the fully-paid Rights Shares or to take up any entitlements to Nil Paid Rights or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of any person (including but not limited to Shareholders and beneficial owners of the Shares, any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Any acceptance of the offer of the Rights Shares by any person by way of completion or return to the Registrar of a PAL will be deemed to constitute a representation and warranty from such person to the Company that the applicable local laws and requirements have been fully complied with. Such persons should consult their professional advisers if in doubt.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to the representations and warranties provisions above.

The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so may violate applicable legal or regulatory requirements.

Notwithstanding any other provision in this prospectus or the PAL, the Company reserves the right to permit any Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Distribution of the Prospectus Documents

The Company will only send this prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will send this prospectus, for information purposes only, to the Non-Qualifying Shareholders (if any). The Company will not send any PALs to the Non-Qualifying Shareholders (if any).

Distribution of this prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this prospectus and/or a PAL or the crediting of Nil Paid Rights to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or a PAL must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or a PAL or whose stock account in CCASS is credited with Nil Paid Rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the Nil Paid Rights to any person in, into or from, any such jurisdiction. If a PAL or a credit of Nil Paid Rights in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL or transfer the Nil Paid Rights in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this prospectus or a PAL in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, Nil Paid Rights or fully-paid Rights Shares or to take up any entitlements to Nil Paid Rights or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any of these Rights Shares not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Arrangement on odd lots trading

In order to facilitate the trading of odd lots (if any) of the Rights Shares arising from the Rights Issue, the Company will appoint Oriental Patron Securities Limited, as the designated broker to provide matching services, on a "best effort" basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot of 10,000 Rights Shares, or to dispose of their holding of odd lots of the Rights Shares from Wednesday, 29 May 2019 to Friday, 28 June 2019 (both days inclusive) during the trading hour of the Main Board of the Stock Exchange. Shareholders who wish to take advantage of this facility should contact Mr.

Raymond Ng of Oriental Patron Securities Limited on 27/F Two Exchange Square, 8 Connaught Place, Central, Hong Kong (telephone number: (852) 2842 5862) during office hours of such period.

Holders of odd lots of the Rights Shares should note that the matching of the sale and purchase of odd lots of the Rights Shares is on a "best effort" basis only and successful matching is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Procedures for acceptance and payment or transfer

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Tuesday, 14 May 2019 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed "Effect of Bad Weather on the Latest Time for Acceptance of and Payment for the Rights Shares" in "Expected Timetable" on page 9 in this prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED — RIGHTS ISSUE ACCOUNT**" and crossed "ACCOUNT PAYEE ONLY". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 14 May 2019, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Friday, 3 May 2019 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as "splitting" of Nil Paid Rights. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

If a Qualifying Shareholder wishes to transfer all of his/her/its Nil Paid Rights under a PAL(s) (or a split PAL(s), as the case may be) to another person, he/she/it should complete and sign Form B in the PAL(s) and hand the PAL(s) to the person to or through whom he/she/it is transferring his/her/its Nil Paid Rights. The transferee must then complete and sign Form C in the PAL(s) and lodge the PAL(s) intact together with a remittance for the full amount payable on acceptance with the Registrar to effect the transfer by no later than 4:00 p.m. on Tuesday, 14 May 2019. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares and the transferee(s) of such rights.

The Registrar will determine the eligibility for the cash compensation as derived from the lapsed PALs after the completion of the re-registration for all re-registration requests received by the Registrar on or before the latest time for acceptance of and payment for Rights Shares and by all means before the announcement of the number of Unsubscribed Rights and the NQS Unsold Rights Shares and the NQS Unsold Rights Shares subject to the compensatory arrangement is posted on the Stock Exchange's website and the Company's website. The Registrar will notify the transferee(s) of any unsuccessful re-registration as soon as practicable.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully.

If any of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in this "Letter from the Board" on page 23 of this prospectus is not fulfilled or, where applicable, waived at or before 6:00 p.m. on Friday, 24 May 2019, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 28 May 2019. No receipt will be given for such remittance.

Cheques and banker's cashier orders

All cheques and banker's cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or banker's cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker's cashier order will be honoured upon first presentation. If any cheque or banker's cashier order is not honoured upon first presentation, the PAL (as the case may be) is liable to be rejected and/or deemed invalid by the Company in its absolute discretion, and in the case of an acceptance of a Qualifying Shareholder's assured entitlement all such assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

Beneficial owners' instructions to their Intermediary

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their Nil Paid Rights or "split" their Nil Paid Rights by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the "Expected Timetable" on pages 8 to 9 of this prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or "splitting" in these cases shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

Application for listing

The Company has applied to the Listing Division for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

The board lot size of the Nil Paid Rights shall be the same as that of the fully-paid Rights Shares, i.e. 10,000 Shares in one board lot.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for Rights Issues

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in this "Letter from the Board" on page 23 of this prospectus, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Tuesday, 28 May 2019.

If the Rights Issue does not become unconditional or does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the Nil Paid Rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or before Tuesday, 28 May 2019. No receipt will be given for such remittance.

The Rights Issue is on a non-underwritten basis

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue (including but not limited to the Minimum Proceeds Condition), the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares (save for the Minimum Proceeds Condition). In the event that there is an under-subscription of the Rights Issue, any Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed to independent placees under the Placing Arrangement. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares not placed under the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Company has been advised that there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue under Bermuda or Hong Kong laws.

The Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

Should the proceeds from the Rights Issue be less than HK$30 million (i.e approximately 45.25% subscription rate), the Directors consider such low subscription level might indicate the fundraising by way of rights issue does not gain the necessary support from Shareholders and it will be in the interest of the Shareholders and the Company as a whole to reconsider alternative fundraising structure.

A Shareholder who applies to take up all or part of his/her/its entitlement under PAL may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained. Accordingly, the Rights Issue will be made on the terms that the Company will, pursuant to Rule 7.19(5)(b) of the Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his entitlement under the PAL can be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment, non-occurrence or waiver (as appropriate) of each of the following conditions:

(i) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by the Directors (or by their agents duly authorised in writing) on or before Posting Date in compliance with the Companies (WUMP) Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rule;

(ii) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of this prospectus stamped "For Information Only" to the Non-Qualifying Shareholders, if any, for information purpose only;

(iii) the Listing Committee of the Stock Exchange agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms; and

(iv) the Minimum Proceeds Condition having been fulfilled.

Save for condition (iv), none of the above conditions can be waived. If any of the conditions referred to above are not fulfilled (or waived) at or before 6:00 p.m. on 24 May 2019, the Rights Issue will not proceed.

PROCEDURES IN RESPECT OF THE UNSUBSCRIBED RIGHTS SHARES AND THE NQS UNSOLD RIGHTS SHARES AND THE PLACING ARRANGEMENT

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Bookrunner to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the latest time for acceptance of and payment for the Rights Shares to be allotted and issued under the Rights Issue to independent placees on a best effort basis. Any premium over, the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Bookrunner (including any other related expenses/fees), that is realised will be paid to the No Action Shareholders and the Non-Qualifying Shareholders on a pro-rata basis. The Bookrunner will on a best effort basis, procure, by not later than 6:00 p.m., on the Closing Date, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on a pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders and the Non-Qualifying Shareholders (but rounded down to the nearest cent).

It is proposed that Net Gain to any of the No Action Shareholder(s) or the Non-Qualifying Shareholders of HK$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

PLACING AGREEMENT FOR THE UNSUBSCRIBED RIGHTS SHARES AND THE NQS UNSOLD RIGHTS SHARES

On 2 April 2019 (after trading hours), the Company and the Bookrunner entered into the Placing Agreement, pursuant to which the Bookrunner has conditionally agreed to procure independent placees, on a best effort basis, to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

Details of the Placing Agreement are as follows:

Date: 2 April 2019

Parties: (i) the Company, as issue; and

(ii) the Bookrunner, as bookrunner and placing agent

Bookrunner: Oriental Patron Asia Limited was appointed as a bookrunner to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis.

The Bookrunner confirmed that it is independent of and not connected with the Company and its connected person and not a connected person of the Company.

Fees and expenses:	5% of the gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and reimbursed for the expenses in relation to the placing (including but not limited to legal expenses, roadshows expenses, marketing expenses and traveling expenses for placing the Unsubscribed Rights Shares and the NQS Unsold Rights Shares), which the Bookrunner is authorised to deduct from the payment to be made by the Bookrunner to the Company at completion.
Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe):	The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) shall be not less than the Subscription Price. The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the process of placement.
Placees:	The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placees, who and whose ultimate beneficial owners, shall be Independent Third Parties.
Placing period:	From the Business Day immediately following the publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Placing Arrangement (namely, 16 May 2019) up to the Closing Date.
Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares:	The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the Latest Practicable Date.
Termination:	The Placing Agreement shall end on 28 June 2019 or any other date by mutual written agreement between the Bookrunner and the Company.

The Placing Agreement may also be terminated (i) by mutual written agreement if the Conditions (as defined below) cannot be waived or fulfilled by the Long Stop Date; or (ii) by mutual written agreement of the Company and the Bookrunner in case of force majeure resulting in the Company and the Bookrunner being unable to fulfill their respective duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Bookrunner's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Bookrunner, may make it inadvisable to continue the engagement or, where applicable, may or will be likely that the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will not be approved by the relevant governmental bodies and/or regulatory authorities, the Bookrunner shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Conditions precedent: The obligations of the Bookrunner and the Company under the Placing Agreement are conditional upon, among others, the following conditions (the "Conditions") being fulfilled (or being waived by the Bookrunner or the Company (as the case may be) in writing, if applicable):

(i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Nil Paid Rights and the Rights Shares in fully-paid form;

(ii) the absence, during all times prior to Completion, of (i) any breach of, or any event rendering untrue, incorrect or breached in any material respect, any of the representations, warranties or undertakings referred to in the Placing Agreement (including, but not limited to, Company's warranties and undertakings under the Placing Agreement) or (ii) any material breach of, or failure to fulfil, any of the other agreements, conditions and/or obligations of the Company which are required to be fulfilled at or before Completion;

(iii) the absence, during all times prior to Completion, of (a) any change in local or international financial, political, military, economic or market (including stock market) conditions or currency exchange rates or exchange controls or (b) any suspension of dealings in the Shares for any period whatsoever (even if such suspension is subsequently lifted prior to Completion) other than as a result of the Placing, or any cancellation of the listing of the Shares, on the Stock Exchange or (c) any adverse announcement, determination or ruling of any governmental or other regulatory body (including delay in approval of the announcement of the Company dated 2 April 2019 in relation to the Rights Issue or any other relevant announcement by any relevant stock exchange), which would (in any case mentioned in (a), (b) or (c) above), in the opinion of the Bookrunner, prejudice materially the success of the Placing;

(iv) the absence of any imposition of any moratorium, suspension or material restriction or trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to Completion;

(v) the Minimum Proceeds Condition having been fulfilled; and

(vi) the absence, during all times prior to Completion, of (i) any breach of, or any event rendering untrue, incorrect or breached in any material respect, any of the representations, warranties or undertakings referred to in the Placing Agreement (including, but not limited to, Placing Agent's warranties and undertakings under the Placing Agreement) or (ii) any material breach of, or failure to fulfil, any of the other agreements, conditions and/or obligations of the Company which are required to be fulfilled at or before Completion.

The Bookrunner may, in its absolute discretion, waive the fulfilment of all or any or any part of the Conditions (other than those set out in paragraphs (i) and (vi) above) by notice in writing to the Company. The Company may, in its absolute discretion, waive the fulfilment of all or any or any part of the Conditions as set out in paragraph (vi) above by notice in writing to the Company.

Completion: Completion is expected to take place within ten (10) Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Placing Arrangements and upon fulfilment or waiver (as the case may be) of the Conditions to the Placing Agreement or such other date as the Company and the Bookrunner may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such Conditions by the Long Stop Date. If any of the Conditions have not been fulfilled by the Long Stop Date or become incapable of being fulfilled (subject to the Bookrunner not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Bookrunner in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

The engagement between the Company and the Bookrunner for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares was determined after arm's length negotiations between the Bookrunner and the Company. The Directors consider the fee charged by the Bookrunner is no less favourable to the Company than the commission in recent placing transactions and therefore the terms of the Placing Agreement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are on normal commercial terms. The Directors believe the expenses as typical and ordinary in the marketing of securities.

Given that the Placing Arrangement would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for the benefit of the No Action Shareholders and the Non-Qualifying Shareholders, the Company considers that the Placing Arrangement are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL PAID RIGHTS

The Rights Issue is subject to the fulfilment or (where applicable) waiver of the conditions set out in the section headed ''Conditions of the Rights Issue'' in the ''Letter from the Board'' on page 23 of this prospectus. The conditions include, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and fulfilment of the Minimum Proceeds Condition. Shareholders and potential investors of the Company should note that if any of the conditions of the Rights Issue is not fulfilled or (where applicable) waived at or before 6:00 p.m. on Friday, 24 May 2019, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares (save for the Minimum Proceeds Condition) under the Rights Issue. In the event the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed to independent placees under the Placing Arrangement. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares not placed under the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares or Nil Paid Rights.

The Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Nil Paid Rights will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Nil Paid Rights are recommended to consult their professional advisers.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Shareholders; and (iii) immediately after completion of the Rights Issue assuming the acceptance by the Shareholders proportionally meets the Minimum Proceeds Condition, assuming there is no other change in the shareholding structure of the Company from the Latest Practicable Date to the date of completion of the Rights Issue:

	As at the Latest Practicable Date		**Immediately after completion of the Rights Issues (assuming all Shareholders have taken up all the entitled Rights Shares)**		**Immediately after completion of the Rights Issues (assuming the Shareholders has proportionally taken up their entitled Rights Shares meeting the Minimum Proceeds Condition)**	
	Number of issued Shares	*%*	*Number of issued Shares*	*%*	*Number of issued Shares*	*%*
Controlling Shareholder						
Mr. Wong and his associates *(Note)*	833,598,339	65.42	1,167,037,674	65.42	984,557,798	65.42
Public						
Other Shareholders	440,709,663	34.58	616,993,528	34.58	520,519,434	34.58
Total	1,274,308,002	100.00	1,784,031,202	100.00	1,505,077,232	100.00

Note:

The 833,598,339 Shares comprise of:

(i) 193,107,561 Shares owned by Mr. Wong as beneficial owner; and

(ii) pursuant to the SFO, Mr. Wong is deemed to be interested in (a) 404,893,445 Shares which comprise of 211,567,312 Shares, 263,951 Shares, 263,951 Shares and 192,798,231 Shares through his interest in 100% shareholding in Capital Growth, which in turn owns 67.2%, 65%, 65% and 100% shareholding in PMGL, Max Will, Max Start and Elite Force respectively; (b) 233,333,333 Shares through his interest in 50% shareholding in Keen Phoenix, which in turn wholly owns Super Chine which in turn owns 95% shareholding in PMIL; and (c) 2,264,000 Shares owned by Ms. Shing Shing Wai who is the spouse of Mr. Wong.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The expected gross proceeds, net proceeds and net price per Rights Share from the Rights Issue are set out set below:

	HK$ *(approximately)*
Gross proceeds	66.3 million
Net proceeds	62.3 million
Net price per Rights Share	0.122

Reasons for the Rights Issue

As previously announced, the Group has a large amount of short term indebtedness which matures within the next 12 months. As at 28 February 2019, the Group's total outstanding debts (including bank and other borrowings, finance lease payables, convertible bonds, guaranteed notes and bonds) were amounted to approximately HK$1,860 million, out of which HK$1,727 million will become mature within the next 12 months (the "**Maturing Indebtedness**"). The Maturing Indebtedness are in the process of being negotiated for either extensions or repayments.

However, as the Group has been suffering from losses attributable to owners of the Company for the last four financial years, the Group's ability to obtain borrowings at favourable terms is limited.

The Directors note that the interest rates for borrowings have increased significantly in recent months and any debt re-financing will potentially attract higher interest rate. In addition, some of the Group's assets are not suitable for being charged as security for borrowings. Unsecured borrowings will be limited in size and attract higher interest rate.

The Directors believe that the Company needs to increase its capital base through new issue of Shares, rather than overly relying on new borrowings (which the Group may not secure). Further, the Directors consider that it is fairest to conduct this new issue of Shares by way of a Rights Issue as it gives Qualifying Shareholder the choice to subscribe for such new Shares and thereby maintaining their proportionate interest in the Company (should they choose to do so) or selling their Nil Paid Rights through the compensatory arrangement for value.

The Rights Issue will therefore allow all Qualifying Shareholders the equal opportunity to participate in the enlargement of the capital base of the Company and those not wishing to participate to be compensated for the dilution of their interests in the Company; thus providing safeguards to protect the interest of the Company's minority Shareholders.

Accordingly, the Directors consider that the terms of the Rights Issue are fair and reasonable and the Rights Issue is in the best interests of the Company and its Shareholders as a whole.

The intended use of net proceeds

Out of HK62.3 million of the net proceeds of the Rights Issue, HK$40 million is intended to be used for general working capital, HK$22.3 million is intended to be used for partial repayment of the Maturing Indebtedness and servicing the interest payment thereof. The details of the partial repayment of the Maturing Indebtedness are yet to confirm as further discussions with creditors are needed.

The following table shows a summary of the maturity profile of the Maturing Indebtedness up to 28 February 2019:

	Due within 6 months *(HK$'000)*	**Due in 6 to 12 months** *(HK$'000)*	**Due after 12 months** *(HK$'000)*	**Total** *(HK$'000)*
Convertible bonds	140,400	30,000	—	170,400
Trust receipt loans	6,396	144,131	—	150,527
Bonds	131,500	25,500	28,000	185,000
Other bank borrowings	1,173,112	76,220	104,358	1,353,690
Obligation under finance lease	3	—	—	3
Total	1,451,411	275,851	132,358	1,859,620

Other than the repayment of the Maturing Indebtedness, the Company has the funding needs of approximately HK$40 million in the coming twelve months for payment of rental payments, wages, legal and professional fees etc.

The Company estimates the funding needs for the next 12 months based on a number of key assumptions and estimates including:

(i) the cash flows generated from the operating activities of the Group (e.g. sale of properties from existing property projects and trading segments);

(ii) the proceeds from the disposal of a Dongguan project; and

(iii) absence of unforeseen circumstances.

The expected net proceeds of the Rights Issue of up to HK$62.3 million may not be sufficient to repay all of the Maturing Indebtedness and satisfy other funding needs. Together with the net proceeds from the Rights Issue, the Company expected to satisfy the above funding needs with the proceeds from the recent disposals of assets and cash flow generating from the operating activities. The Company may consider formulating other fundraising plans in the coming twelve months if necessary.

The Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS

The following table summarizes the equity fundraising activities carried out by the Company in the past 12 months immediately prior to the Latest Practicable Date:

Date of announcement	Fundraising activity	Net proceeds	Intended use of the net proceeds	Actual use of net proceeds
24 October 2018	Placing of HK$30M Convertible Bonds under existing general mandate	approximately HK$ 28.8 million	(i) For partial repayment of the Group's existing loans; (ii) for the development, improvement and/or expansion of the Group's business; and (iii) any remaining balance will be used as general working capital of the Group.	(i) Approximately HK$16.5 million was utilised for partial repayment of the Group's existing loans; and (ii) approximately HK$12.3 million was utilised as general working capital of the Group

Save for the above, the Company had not conducted any equity fundraising activities in the 12 months immediately preceding the Latest Practicable Date.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

HK$30M Convertible Bonds

As at the Latest Practicable Date, the Company has outstanding HK$30M Convertible Bonds which are convertible into 50,000,000 Shares at the prevailing conversion price of HK$0.6 per Share. As a result of the Rights Issue (assuming no other events for adjustment of conversion price under the terms and conditions of the HK$30M Convertible Bonds having been triggered), the conversion price of the outstanding HK$30M Convertible Bonds and the number of Shares which may fall to be issued upon full conversion of the outstanding HK$30M Convertible Bonds will be adjusted in accordance to the terms and conditions of the HK$30M Convertible Bonds. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Share Options

As at the Latest Practicable Date, there are outstanding Share Options for subscription of 8,780,000 Shares under the Share Option Scheme. As a result of the Rights Issue (assuming no other adjustment events under the terms and conditions of the Share Option Scheme having been triggered), the exercise price of the Share Options and the number of Shares which may fall to be issued upon exercise of the subscription rights attaching to the Share Options will be adjusted in accordance with (i) the terms and conditions of Share Option Scheme; and (ii) Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under Rule 17.03(13) of the Listing Rules. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Save for the foregoing, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the Latest Practicable Date. Adjustments to the conversion prices and numbers of the HK$30M Convertible Bonds, and the exercise prices and numbers of the Share Options will be required as a result of the Rights Issue. The auditor of the Company will be appointed to certify the necessary adjustments to the conversion prices and numbers of conversion shares of the HK$30M Convertible Bonds, the exercise prices and numbers of the option shares of the Share Options. Further announcement relating to such adjustments will be made by the Company in this regard as and when appropriate.

TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasized that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the Appendices to this prospectus.

Yours faithfully,
For and on behalf of the Board
Prosperity International Holdings (H.K.) Limited
Wong Ben Koon
Chairman

1. FINANCIAL INFORMATION

The audited financial information of the Group for each of the three years ended 31 March 2016, 2017 and 2018 and the six months ended 30 September 2018 are disclosed in the following documents which have been published on both the websites of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.pihl-hk.com):

- from pages 26 to 71 of the Company's interim report for the six months ended 30 September 2018 published on 21 December 2018, which can be found at:

  http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1221/LTN20181221654.pdf

- from pages 73 to 168 of the Company's annual report for the year ended 31 March 2018 published on 30 July 2018, which can be found at:

  http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0730/LTN201807301005.pdf

- from pages 60 to 154 of the Company's annual report for the year ended 31 March 2017 published on 28 July 2017, which can be found at:

  http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0728/LTN20170728897.pdf

- from pages 55 to 142 of the Company's annual report for the year ended 31 March 2016 published on 29 July 2016, which can be found at:

  http://www3.hkexnews.hk/listedco/listconews/SEHK/2016/0729/LTN20160729665.pdf

2. STATEMENT OF INDEBTEDNESS

Indebtedness

Indebtedness statement

As at 28 February 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this prospectus, the Group had the following outstanding indebtedness:

Borrowings and convertible bonds and notes

The following table illustrates the total outstanding bank borrowings and guaranteed convertible bonds of the Group as at 28 February 2019:

	The Group
	HK$'000
Convertible bonds	170,400
Trust receipt loans	150,527
Bonds	185,000
Other bank loans	1,353,690
Obligations under finance lease	3
	1,859,620

Analysed as:

	Secured	Unsecured	Total Secured and Unsecured	Guaranteed	Non-guaranteed	Total Guaranteed and non-guaranteed
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Convertible bonds	—	170,400	170,400	140,400	30,000	170,400
Trust receipt loans	150,527	—	150,527	150,527	—	150,527
Bonds	—	185,000	185,000	—	185,000	185,000
Other bank loans	1,190,090	163,600	1,353,690	1,353,690	—	1,353,690
Obligations under finance lease	3	—	3	3	—	3
	1,340,620	519,000	1,859,620	1,644,620	215,000	1,859,620

As at 28 February 2019, the bank borrowings of the Group were secured by:

(a) the charge over property, plant and equipment, investment properties, available-for- sale financial assets, inventories and certain bank deposits of the Group;

(b) equity interests in certain subsidiaries of the Group;

(c) corporate guarantee of the Company;

(d) corporate guarantees of subsidiaries of the Group;

(e) personal guarantee executed by Mr. Wong and directors of subsidiaries of the Group;

(f) deeds of subordination of term loan by a related company; and

(g) certain rights of mining, processing and selling raw iron ore owned by a subsidiary of the Group.

As at 28 February 2019, the guaranteed bank borrowings of the Group were as follows:

(a) HK$811,508,000 were guaranteed by the Company and its subsidiaries;

(b) HK$58,000,000 were guaranteed by the subsidiaries of the Company;

(c) HK$121,924,000 were guaranteed by the Company;

(d) HK$75,400,000 were guaranteed by the Company and Mr. Wong;

(e) HK$3,000 were guaranteed by the related company, Mr. Wong and a director of a subsidiary of the Group;

(f) HK$26,368,000 were guaranteed by a subsidiary of the Group and a related party;

(g) HK$50,915,000 were guaranteed by the subsidiaries of the Group and Mr. Wong;

(h) HK$443,662,000 were guaranteed by Mr. Wong; and

(i) HK$56,840,000 were guaranteed by Mr. Wong and Ms. Gloria Wong.

As at 28 February 2019, the Group (i) provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties amounting to HK$516 million; and (ii) provided security to various banks for loan facilities granted to a non-controlling shareholder and its subsidiary amounting to HK$479 million. Among the indebtedness of approximately HK$1,860 million, the Group had unfulfilled obligation of approximately HK$381 million as at 28 February 2019. Save as aforesaid and apart from intra-group liabilities, as at 28 February 2019, the Group did not have any outstanding bank or other borrowings, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, guarantee, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase or other finance lease commitments or other contingent liabilities.

There are no material changes in terms of indebtedness, liabilities and contingent liabilities of the Group between 28 February 2019 and the Latest Practicable Date.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 28 February 2019.

3. WORKING CAPITAL

Maturing Indebtedness in the coming 12 months

As at 28 February 2019, the Group has Maturing Indebtedness due within 12 months of approximately HK$1,727 million. To close the working capital gap, the Company is in the progress of negotiating with its bankers to extend the repayment of certain bank borrowings of up to HK$1,180 million. Based on the previous experience in dealing with the bankers and recent discussions with them, the Directors considered that the Company is making positive progress in its negotiations in connection with the extension of the repayment of the relevant bank borrowings to at least 12 months from the Latest Practicable Date. The discussions with the relevant bankers, however positive, are not binding agreements with the relevant banks.

Recoverability of a consideration receivable

As at the Latest Practicable Date, the Company has a consideration receivable ("**Dongguan Receivable**") of RMB290 million arising from the disposal of a property development project in Dongguan (the "**Dongguan Project**") in 2018 from Dongguan Vanke Real Estate Company Limited* (東莞市萬科房地產有限公司) and Hybest (BVI) Company Limited (collectively the "**Dongguan Purchasers**"). The recoverability of the Dongguan Receivable depends upon the obtainment of the approvals from the relevant government authorities for the Dongguan Project, which is still pending. Based on the discussion with the relevant government authorities, the Company and Dongguan Purchasers expect the approvals will be obtained within the coming 12 months and the Directors believe that the Dongguan Receivable will be settled accordingly. For further details of the Dongguan Project, please refer to the announcement of the Company dated 13 March 2018, and the circular of the Company dated 24 May 2018.

Recoverability of a loan receivable

As at the Latest Practicable Date, the Company has a loan receivable ("**Dangdai Receivable**") of RMB80 million from Yingtan City Dangdai Investment Group Company Limited* (鷹潭市當代投資集團有限公司) ("**Yingtan Dangdai**"). The Group is actively taking measures to collect the Dangdai Receivable and the Directors are confident that the principal amount and the accrued interests will be settled in the second quarter of 2019. For further details of the Dangdai Receivable, please refer to the announcement of the Company dated 19 July 2017.

Should the Company fails to extend the relevant bank borrowings, to collect the Dongguan Receivable or to collect the Dangdai Receivable, the liquidity position of the Company may be adversely affected and the sufficiency of the working capital for the Company to continue its operation may become uncertain.

Except for the potential impacts of the matters described above, in the absence of unforeseen circumstances and taking into account the estimated net proceeds from the Rights Issue of up to HK$62.3 million, the cash flows generated from the operating activities of the Group, the financial resources presently available to the Group including available facilities, the Directors are of the opinion that the Group will have sufficient working capital to meet its requirements for at least the next 12 months from the date of the Latest Practicable Date.

4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018, being the date to which the latest published audited financial statements of the Company were made up.

* *For identification purposes only*

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

A significant portion of the Group's debts will mature within the year of 2019. Given the uncertain outlook of the Chinese economy, particularly the possible fall-outs from the US-China trade war, there are risks that the Group may not be able to roll-over its debts or source new financing to refinance those maturing ones. Hence, the Board will consider trimming its assets and reducing its gearing as and when the opportunity arises; thus improving the Group's resilience to further downturns in the economy.

The Group's existing business presence in Yancheng city in Jiangsu province, the PRC will allow the Group to continue capitalizing on the country's rapid urbanization. Meanwhile, the Group's revamped shopping arcade in Oriental Landmark in Guangzhou, Guangdong province will continue to generate stable rental income for the Group in the year of 2019.

Due to the potential escalation of the trade war between China and the United States, and speculations of further interest rate hikes by the Federal Reserve of the United States the Group will closely monitor how such developments may impact upon the iron ore price generally as well as the business of the Group. The persistent, wild fluctuations in iron ore price means that it is still far from certain when the commodity's price will stabilize at a high enough level for the Group's iron ore mining and processing operations to be profitable. Therefore, the Group will continue to suspend this line of business.

Notwithstanding the uncertainties in the external environment, the Group remains confident about its business prospect, and in particular, the Group will continue to shift its focus of the Group's business to property investment and development. The Group is poised to benefit from the state policies on fostering the development of the Greater Bay Area, and the new type of urbanization. Some of its property projects will be completed in the next several years so considerable income through either rental or sales of properties is expected to be generated.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 September 2018.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 September 2018, adjusted as described below:

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2018	**Estimated net proceeds from the Rights Issue**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 September 2018**
	(Note 1)	*(Note 2)*	
	HK$'000	*HK$'000*	*HK$'000*
	536,110	62,251	598,361
Unaudited consolidated net tangible assets per share immediately before completion of the Rights Issue *(Note 3)*			HK$0.42
Unaudited pro forma adjusted consolidated net tangible assets per share immediately after completion of the Rights Issue *(Note 4)*			HK$0.34

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2018 are based on the unaudited consolidated net assets attributable to the owners of the Company in the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2018 after deduction of intangible assets attributable to the owners of the Company of approximately HK$1,150,390,000.

2. The estimated net proceeds from the Rights Issue are based on 509,723,200 Rights Shares at the Subscription Price of HK$0.13 per Rights Share, after deduction of the professional fees and other share issue related expenses payable by the Company of approximately HK$4,013,000.

3. Based on 1,274,616,002 shares of the Company in issue as at 30 September 2018 as adjusted to reflect the share consolidation on 25 February 2019 before completion of the Rights Issue.

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share immediately after completion of the Rights Issue is calculated based on the pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK$598,361,000 and on 1,784,339,202 shares in issue and issuable, comprising 1,274,616,002 shares of the Company in issue as at 30 September 2018 as adjusted to reflect the share consolidation on 25 February 2019, 509,723,200 Rights Shares to be issued, assuming that the Rights Issue had been completed on 30 September 2018.

5. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 30 September 2018.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong.

RSM

29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

26 April 2019

The Board of Directors
Prosperity International Holdings (H.K.) Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Prosperity International Holdings (H.K.) Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 September 2018 as set out on pages II-1 and II-2 of the prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 and II-2.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group's net tangible assets as at 30 September 2018 as if the transaction had been taken place at 30 September 2018. As part of this process, information about the Group's net tangible assets has been extracted by the Directors from the Group's unaudited consolidated financial statements as included in the interim report for the six months ended 30 September 2018.

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2018 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

— The related pro forma adjustments give appropriate effect to those criteria; and

— The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for the Rights Issue and the use of proceeds" set out on pages 31 and 32 of the prospectus.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

RSM Hong Kong
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue (assuming no further issue of the Shares from the Latest Practicable Date up to completion of the Rights Issue) were and will be as follows:

As at the Latest Practicable Date

Authorised:		*HK$*
2,000,000,000	Shares	200,000,000
Issued and fully paid-up share capital:		
1,274,308,002	Shares	127,430,800

Immediately after completion of the Rights Issue

Authorised:		
2,000,000,000	Shares	200,000,000
Issued and fully paid-up share capital:		
1,274,308,002	Shares in issue as at the Latest Practicable Date	127,430,800
509,723,200	Rights Shares to be allotted and issued under the Rights Issue	50,972,320
1,784,031,202	Shares	178,403,120

All the Shares in issue are fully-paid and rank pari passu in all respects including as regards to dividends, voting rights and return of capital. All Rights Shares to be issued will rank pari passu with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares.

The Company has applied to the Listing Division for the listing of and permission to deal in the Rights Shares (in both their nil-paid and fully-paid forms). No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has (1) outstanding HK$30M Convertible Bonds which are convertible into 50,000,000 Shares and (2) outstanding Share Options for subscription of 8,780,000 Shares. Save for the foregoing, as at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares, and there was no arrangement under which future dividends are/will be waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interest and short positions in the securities of the Company and its associated corporations

(i) Directors' interests in securities of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules adopted by the Company, were as follows:

Long position

Name	Directly beneficially owned	Through controlled corporation	Interest of Director's spouse	Number of underlying shares held under equity derivatives	Total number of Shares interested	Percentage of the total issued Share capital (%)
Mr. Wong	193,107,561	638,226,778 *(Notes)*	2,264,000	—	833,598,339	65.42
Dr. Mao Shuzhong	—	—	—	3,000,000	3,000,000	0.24
Mr. Liu Yongshun	—	—	—	1,500,000	1,500,000	0.12
Ms. Gloria Wong	—	—	—	1,000,000	1,000,000	0.08
Mr. Kong Siu Keung	—	—	—	1,000,000	1,000,000	0.08

Notes

1. Mr. Wong is deemed to be interested in (a) 404,893,445 Shares which comprise of 211,567,312 Shares, 263,951 Shares, 263,951 Shares and 192,798,231 Shares through his interest in 100% shareholding in Capital Growth, which in turn owns 67.2%, 65%, 65% and 100% shareholding in PMGL, Max Will, Max Start and Elite Force respectively; (b) 233,333,333 Shares through his interest in 50% shareholding in Keen Phoenix, which in turn wholly owns Super Chine, which in turn owns 95% shareholding in PMIL.

2. On 26 October 2016, the Company, Full Right as purchaser, and PMIL as vendor entered into a sale and purchase agreement (as amended by the supplemental agreement dated 28 April 2017, the second supplemental agreement dated 31 May 2017 and the third supplemental agreement dated 27 June 2017) in respect of the acquisition of 25% issued share capital of Indonesia Conch for the consideration of HK$450,000,000. HK$350,000,000 of the consideration is settled by issuing 2,333,333,333 shares (before Share Consolidation) to PMIL and HK$100,000,000 of the consideration is settled by issuing convertible bonds with interest of 5% per annum (and 8% per annum starting from the maturity of third anniversary of the date of issue) to PMIL. As at 14 July 2017, the acquisition has been completed and a total of 2,333,333,333 shares (before Share Consolidation) and the convertible bonds with the principal amount equal to HK$100,000,000 have been allotted and issued in accordance with the terms of the agreement and supplemental agreements. On 21 August 2017, the Company redeemed a principal amount of HK$50,000,000 convertible bonds and on 6 October 2017, the Company redeemed the remaining HK$50,000,000 convertible bonds.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(ii) Substantial shareholders' interests

As at the Latest Practicable Date so far as is known to any Director or chief executive of the Company, other than the interests disclosed above in respect of certain directors and chief executive of the Company, the interests and short positions of persons in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Long position

Name	Capacity/ nature of interests	Number of Shares held	Number of underlying shares held under equity derivatives	Total number of Shares interested	Percentage of the total issued Share capital (%)
Madam Hon Ching Fong	Interest in controlled corporation *(Note a)*	445,428,547	—	445,428,547	34.96
PMGL *(Note f)*	Beneficial owner *(Notes a & c)*	211,567,312	—	211,567,312	16.60
Ms. Shing Shing Wai	Beneficial owner	2,264,000	—		
	Interest in spouse *(Note b)*	831,334,339	—		
		833,598,339	—	833,598,339	65.42
Elite Force *(Note f)*	Beneficial owner *(Note c)*	192,798,231	—	192,798,231	15.13
PMIL *(Note f)*	Beneficial owner *(Notes d & e)*	233,333,333	—	233,333,333	18.31
Keen Phoenix *(Note f)*	Interest in controlled corporations *(Notes a, d & e)*	233,333,333	—	233,333,333	18.31
Super Chine *(Note f)*	Interest in controlled corporations *(Notes d & e)*	233,333,333	—	233,333,333	18.31
Capital Growth *(Note f)*	Interest in controlled corporations *(Note c)*	404,893,445	—	404,893,445	31.78
CHI	Interest in controlled corporations *(Note g)*	13,174,683	—	13,174,683	1.03
CCB	Interest in controlled corporations *(Note g)*	13,174,683	—	13,174,683	1.03
CCB International Group Holdings Limited	Interest in controlled corporations *(Note g)*	13,174,683	—	13,174,683	1.03

Name	Capacity/ nature of interests	Number of Shares held	Number of underlying shares held under equity derivatives	Total number of Shares interested	Percentage of the total issued Share capital (%)
CCB Financial Holdings Limited	Interest in controlled corporations *(Note g)*	13,174,683	—	13,174,683	1.03
CCB International (Holdings) Limited	Interest in controlled corporations *(Note g)*	13,174,683	—	13,174,683	1.03
CCB Investment Limited	Interest in controlled corporations *(Note g)*	13,174,683	—	13,174,683	1.03
Cheer Hope	Beneficial owner *(Notes g & h)*	13,174,683	—	13,174,683	1.03

Notes:

(a) The issued share capital of PMGL, Max Start, Max Will and Keen Phoenix, are beneficially owned by Madam Hon Ching Fong as to 32.8%, 35%, 35% and 50% respectively.

(b) Ms. Shing Shing Wai is the spouse of Mr. Wong and the interests of each of Mr. Wong and Ms. Shing Shing Wai are deemed to be the interests of each other.

(c) The issued share capital of PMGL and Elite Force, are beneficially owned by Capital Growth as to 67.2% and 100% respectively. Capital Growth is wholly and beneficially owned by Mr. Wong.

(d) On 26 October 2016, the Company, Full Right as purchaser, and PMIL as vendor entered into the sale and purchase agreement (as amended by the supplemental agreement dated 28 April 2017, the second supplemental agreement dated 28 April 2017 and the third supplemental agreement dated 27 June 2017) in respect of the acquisition of 25% issued share capital of Indonesia Conch for the consideration of HK$450,000,000. HK$350,000,000 of the consideration is settled by issuing 2,333,333,333 Shares to PMIL and HK$100,000,000 of the consideration is settled by issuing convertible bonds with interest of 5% per annum (and 8% per annum starting from the maturity of third anniversary of the date of issue) to PMIL. As at 14 July 2017, the acquisition has been completed and a total of 2,333,333,333 shares (before Share Consolidation) and the convertible bonds with the principal amount equal to HK$100,000,000 have been allotted and issued in accordance with the terms of the agreement and supplemental agreements. On 21 August 2017, the Company redeemed a principal amount of HK$50,000,000 convertible bonds and on 6 October 2017, the Company redeemed the remaining HK$50,000,000 convertible bonds.

(e) PMIL is 95% owned by Super Chine and Super Chine is wholly owned by Keen Phoenix. Keen Phoenix is 50% beneficially owned by Mr. Wong.

(f) Mr. Wong is a director of each of PMGL, Elite Force, Keen Phoenix, Super Chine, PMIL and Capital Growth.

(g) These shares are held by Cheer Hope, an indirect wholly-owned subsidiary of CCB through several controlled corporations and CCB is a subsidiary of CHI. CHI, CCB and several controlled corporations are therefore deemed to be interested in the Shares held by Cheer Hope.

(h) Cheer Hope owned the CCB Convertible Bonds issued by the Company in an outstanding principal amount of US$18,000,000 (equivalent to approximately HK$140,400,000) carrying rights to convert into 87,750,000 Shares at the conversion price of HK$1.6 per Share, being adjusted on 31 December 2016 and 25 February 2019 pursuant to the deed of amendment dated 29 June 2016 entered into between the Company, Cheer Hope and Mr. Wong in relation to amend certain terms and conditions of the subscription agreement dated 16 March 2016 entered into between the Company as issuer and Cheer Hope as subscriber in respect of the issue of the CCB Convertible Bonds and an aggregate principal amount of US$20 million 5% guaranteed note due 2018. The conversion rights of the CCB Convertible Bonds owned by Cheer Hope lapsed on 15 April 2019.

4. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or arbitration of material importance known to the Directors to be pending or threatened by or against any members of the Group.

5. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) had been entered into by the Company or any of its subsidiaries within two years preceding the issue date of this prospectus and ending on the Latest Practicable Date, which are or may be material in relation to the business of the Group as a whole:

(i) the equity transfer agreement dated 3 April 2019 entered into between United Goalink Limited and Globest Resources Limited (collectively as vendors) and Goldcoltan Minerais Ltda and Light Engenharia E Comercio Eireli (collectively as purchasers) pursuant to which the vendors agreed to sell and the purchasers agreed to purchase the entire equity interest of Globest Participacoes Ltda at the consideration in the aggregate sum of US$4,500,000;

(ii) the property mortgage agreement dated 8 March 2019 entered into between GRCB as lender and Fuchun Dongfang as security provider pursuant to which Fuchun Dongfang agreed to provide property mortgage over certain office premises in Guangzhou City, Guangdong Province, the PRC in favour of GRCB;

(iii) the guarantee dated 8 March 2019 entered into among Fuchun Dongfang as corporate guarantor and GRCB as guarantee, and among other guarantors, pursuant to which Fuchun Dongfang and other guarantors agreed to irrevocably and jointly guarantee in favour of GRCB all amounts due from 廣州市文阜物業管理有限公司 (Guangzhou Wenfu Property Management Company Limited*) to GRCB under certain facility agreement dated 8 March 2019 between and GRCB;

(iv) the referral agreement dated 18 January 2019 entered into between an independent third party acting as a referral agent and the Company as issuer in relation to the referral of independent subscribers to subscribe for the 6.5% coupon bonds due 2021 in the aggregate principal amount of up to HK$200,000,000 to be issued by the Company;

(v) the sale and purchase agreement dated 12 November 2018 entered into between Guangzhou Bliss Hero and Guangzhou Zhongshi as purchaser, pursuant to which Guangzhou Bliss Hero agreed to sell and Guangzhou Zhongshi agreed to buy certain property in Guangzhou City, Guangdong Province, the PRC at a consideration of RMB92,700,000;

(vi) the placing agreement dated 24 October 2018 entered into between the Company as issuer and Victory Securities Company Limited as placing agent in relation to the placing of 8% convertible bonds due 2019 (extendable to 2020 by agreement) in the principal amount of up to HK$30,000,000 to be issued by the Company on the best efforts basis;

(vii) the deed of amendment dated 19 September 2018 entered into among the Company, Wong Ben Koon and certain subscribers in relation to the extension of the term of certain convertible bonds and notes (each in the aggregate principal amount of US$20,000,000) for one anniversary from 15 April 2018 and amendment of certain terms and conditions of certain subscription agreement dated 16 March 2016 between the Company, Wong Ben Koon and certain subscribers in relation to the subscription of those convertible bonds and notes;

(viii) the property mortgage agreement dated 30 August 2018 entered into between 澳門華人銀行股份有限公司 (The Macau Chinese Bank Limited) as lender and Fuchun Dongfang as security provider pursuant to which Fuchun Dongfang agreed to provide property mortgage over certain retail outlets and car parking spaces in Guangzhou City, Guangdong Province, the PRC in favour of The Macau Chinese Bank Limited;

(ix) the acquisition agreement dated 7 August 2018 entered into between Zhejiang Changxing and ZhangXing Min Fa Investment Co., Ltd under which Zhejiang Changxing agreed to acquire 26% of the equity interests in the Runan Zhongde Properties Co., Ltd for the consideration of RMB2,600,000 and to provide the shareholder's loan in the sum of RMB49,400,000;

(x) the co-operation agreement dated 13 March 2018 entered into among Greater Sino Investments Ltd, Honwill Limited, both subsidiaries of the Company, and Dongguan City Danxin Property Company Limited* (東莞市丹新置業有限公司), the joint venture partner of the Company, collectively as sellers, and Dongguan Vanke Real Estate Company Limited* (東莞市萬科房地產有限公司) and Hybest (BVI) Company Limited, collectively as purchasers, pursuant to which the sellers agreed to sell to the purchasers the entire interest of the property development project on a parcel of land situated in Dongguan City, Guangdong Province, the PRC at a consideration of RMB830 million (subject to adjustments);

(xi) the property mortgage agreement dated 7 December 2017 entered into between ICBC Guangzhou as lender and Fuchun Dongfang as security provider pursuant to which Fuchun Dongfang agreed to provide property mortgage over certain residential units in Guangzhou City, Guangdong Province, the PRC in favour of ICBC Guangzhou;

(xii) the acquisition agreement dated 27 November 2017 entered into between Zhejiang Changxing, an indirect wholly-owned subsidiary of the Company, and Xin Jie Investment Holdings Group Co., Ltd under which Zhejiang Changxing agreed to acquire 70% of the equity interest in 宿遷勝達房地產開發有限公司 (Suqian Shengda Real Estate Development Co., Ltd*) for the consideration of RMB70,056,000;

(xiii) the property mortgage agreement dated 27 October 2017 entered into by Fuchun Dongfang as security provider and HSB as lender pursuant to which Fuchun Dongfang agreed to provide property mortgage (as additional security) over certain car parking spaces and retail outlets in Guangzhou City, Guangdong Province, the PRC in favour of HSB;

(xiv) the sales proceeds and rental income pledge and custodian agreement dated 21 September 2017 entered into by Fuchun Dongfang as security provider and HSB as lender pursuant to which Fuchun Dongfang agreed to grant certain pledge (as additional security) over all the sales, rental and other income generated by certain car parking spaces and retail outlets in Guangzhou City, Guangdong Province, the PRC in favour of HSB;

(xv) the receivable pledge registration agreement dated 21 September 2017 entered into by Fuchun Dongfang as security provider and HSB as lender for the purpose of registration of the certain income pledge granted by Fuchun Dongfang in favour of HSB with the relevant governmental authority in the PRC;

(xvi) the supplemental facility agreement dated 21 September 2017 entered into by Fuchun Dongfang (as security provider), HSB (as lender), Guangdong Sendao (as first borrower and corporate guarantor to second borrower), 廣東富春投資有限公司 (Guangdong Fuchun Investment Company Limited*) (as second borrower and corporate guarantor to first borrower), Mr. Guo Jianji (as personal guarantor) and Ms. Wang Xitong (as personal guarantor);

(xvii) the subscription agreement and deed of amendment of the subscription agreement entered into between the Company and SMI Holdings Group Limited dated 9 June 2017 and 13 June 2017 respectively, to subscribe for 1,959,122,793 Shares;

(xviii) the equity transfer framework agreement entered into between Zhejiang Changxing and Changsheng Electric dated 16 August 2017 in respect of the sale and purchase of a company which will hold 70% equity interest of Xuyi Changsheng Property at a consideration of up to RMB133,000,000; and

(xix) the equity transfer agreement entered into between Zhejiang Changxing and Changsheng Electric dated 15 October 2017 in respect of the sale and purchase of 70% equity interest in Xuyi Changsheng Property.

6. DIRECTOR'S INTEREST IN CONTRACTS AND ASSETS

(i) None of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2018 (being the date to which the latest published annual results announcement for the audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and

(ii) none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this prospectus which is significant in relation to the business of the Group.

7. QUALIFICATION AND CONSENT OF THE EXPERT

The following is the qualification of the professional adviser who has given opinion or advice contained in this prospectus:

Name	Qualification
RSM Hong Kong	Certified public accountants

As at the Latest Practicable Date, RSM Hong Kong has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or references to its name in the form and context in which they appear in this prospectus.

As at the Latest Practicable Date, RSM Hong Kong did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, RSM Hong Kong did not have any direct or indirect interest in any assets which have been, since 31 March 2018 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal Office in Hong Kong	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Authorized Representatives	Mr. WONG Ben Koon and Mr. KONG Siu Keung Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Company Secretary	Mr. KONG Siu Keung Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Auditor and Reporting Accountants	RSM Hong Kong *(Certified Public Accountants)* 29th Floor Lee Garden Two 28 Yun Ping Road, Hong Kong
Principal Bankers	**Industrial and Commercial Bank of China (Asia) Limited** 33/F., ICBC Tower 3 Garden Road Central, Hong Kong **China Minsheng Banking Corporation Limited,** Hong Kong Branch 40/F, Two IFC 8 Finance Street Central, Hong Kong **O-Bank Co., Ltd.** Unit 3210–14 The Gateway Tower 6, Harbour City No 9, Canton Road Tsim Sha Tsui, Hong Kong

Hong Kong Branch Share Registrar and Transfer Office	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Legal Adviser to the Company as to the Rights Issue	Stephenson Harwood 18th Floor, United Centre 95 Queensway, Hong Kong

9. PARTICULARS OF DIRECTORS

a. Name and address of the Directors

Name	Business Address
Executive Directors	
Mr. WONG Ben Koon	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Dr. MAO Shuzhong	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Ms. Gloria WONG	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Mr. WANG Jiafu	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Mr. KONG Siu Keung	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Non-executive Directors	
Mr. LIU Yongshun	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Mr. WU Likang	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong

Name	Business Address
Independent Non-executive Directors	
Mr. YUEN Kim Hung, Michael	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Mr. YUNG Ho	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Mr. CHAN Kai Nang	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Mr. MA Jianwu	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong

b. Name and address of the senior management

Name	Business Address
Mr. CHEN Hao	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Mr. HONG Chengzhang	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Mr. TOK Beng Tiong	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong

Name	Business Address
Mr. HUANG Xianfang	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Ms. LEE Yee Man Hester	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong
Mr. LIU Tsz Kit Lawrence	Suites 1801–6, 18th Floor Tower 2, The Gateway 25 Canton Road, Tsim Sha Tsui Kowloon, Hong Kong

c. Profiles of the Directors

Executive Directors

Mr. WONG Ben Koon, aged 66, is one of the co-founders of the Group and the chairman of the Board. Mr. Wong is responsible for deriving the corporate culture and long term strategic plan of the Group. Mr. Wong has extensive experience in building materials and mineral resources industries in the PRC and global markets.

Dr. MAO Shuzhong, aged 57, was appointed as an executive Director and chief executive officer of the Company on 6 January 2010. Dr. Mao has extensive experience in business management, organization structure and re-organization, the management of mining iron ore, coal and various other metals, as well as marketing, sales and logistics. Prior to joining the Group, Dr. Mao was the vice chairman and president of Northtonhe Holdings Co. Ltd. from May 2006 to July 2008 and the managing director and principal of Auckland Institute of Education, New Zealand from October 2001 to April 2006. He obtained a doctorate degree in economics from Jiangxi University of Finance & Economics, China in 2009, a master's degree in business administration from New York Institute of Technology, U.S.A. in 1999 and a bachelor's degree of arts in English literature from Zhejiang University in Zhejiang, China in 1983.

Ms. Gloria WONG, aged 35, was appointed as an executive Director on 1 June 2010. Ms. Wong has over 10 years' work experience and she is currently responsible for assisting in the implementation of decisions and policies relating the Group's overall business plan as approved by the Board from time to time. Ms. Wong graduated from Queen Mary College, University of London with a bachelor's degree in Economics and Finance and from King's College London with a master's degree in International Management. Ms. Wong is the daughter of Mr. Wong Ben Koon.

Mr. WANG Jiafu, aged 53, holds a master degree of business administration from Macau University of Science and Technology in September 2009 and a bachelor degree of accountancy from Shanghai University of Technology in 1991. Mr. Wang was also an accountant of Ministry of Personnel of the People's Republic of China. Mr. Wang has over 30 years of extensive experience in accounting and finance. Mr. Wang was the head of accounts department of Shanghai Steel Tube Company Limited from August 1986 to April 1999. He was appointed as a financial controller of Tangshan Jianlong Industrial Co., Ltd, a associate company of Fosun International Limited (Stock Code: 656) and chief accountant of Nanjing Iron & Steel Co., Ltd., a subsidiary of Fosun International Limited from April 1999 to April 2008. Mr. Wang was appointed as deputy general manager and deputy chairman of Jiangsu New Huafa Group Co., Ltd. and Jiangsu Prosperity Steel Company Limited ("**Jiangsu Steel**") from April 2008 to December 2011. From January 2012 to August 2013, Mr. Wang re-appointed as deputy general manager and chief accountant of Nanjing Iron & Steel Co., Ltd. Prior to joining the Company, Mr. Wang worked at PMIL from September 2013 to June 2017, with the last position as the deputy general manager. Mr. Wong Ben Koon, who is also a controlling shareholder of the Company and the chairman of the Board, is the controlling shareholder of PMIL and PMIL holds 50% equity interest in Jiangsu Steel.

Mr. KONG Siu Keung, aged 50, is an executive Director, the chief financial officer and the company secretary of the Company. Mr. Kong holds a master's degree in business administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Kong joined the Group in January 2004 and has over 23 years' experience in finance and accounting field. Mr. Kong is a member of the nomination committee of the Company.

Non-executive Directors

Mr. LIU Yongshun, aged 58, has been appointed as an executive Director with effect from 19 September 2011 and re-designated as non-executive Director from 1 February 2014. Before the appointment, Mr. Liu was appointed as a deputy chief executive officer of the Company on 1 June 2011 and will continue to hold such position of the Company. Mr. Liu has extensive experience in raw material supply management for iron and steel making, mineral resource development and raw material trading. Mr. Liu obtained his bachelor's degree in ironing making from Maanshan Institute of Iron Steel (East China University of Metallurgy/Anhui University of Technology) in 1983. He subsequently obtained his Executive Master of Business Administration degree from China Europe International Business School in 2005. He was the president of the Department of Mineral Resources, Shanghai Baosteel Group International Economic and Trading Co., Ltd. from November 2001 to May 2005. He was appointed as deputy general manager of the Purchase Centre of Baosteel Corporation from May 2005 to April 2006. He acted as deputy general manager of Baosteel Trading Co., Ltd. from May 2006 to April 2007. In April 2007, Mr. Liu was appointed as non-executive director of APAC Resources Limited ("**APAC**"), a listed company on the Stock Exchange (Stock Code: 1104) and redesignated as executive director and chief executive officer of the APAC in July 2007. Mr. Liu resigned as chief executive officer of APAC in December 2009 and has been redesignated as non-executive director of APAC from April 2010 until he resigned on 1 March 2012. Mr. Liu has been appointed as a non-executive director of Up Energy Development Group Limited, a listed company on the Stock Exchange (Stock Code: 307) on 18 December 2015 and re-designated as an independent non-executive director with effective from 20 April 2016.

Mr. WU Likang, aged 52, was appointed as an executive Director on 1 February 2014 and redesignated as non-executive Director from 18 January 2016. He holds a bachelor's degree in Ceramic Engineering from the Wuhan University of Technology. Mr. Wu has over 27 years of extensive experience in the building materials productions and logistic development. Prior to joining the Company, Mr. Wu was appointed as an assistant to the general manager in Anhui Conch Cement Company Limited (the "**Conch**", Stock Code: 914), the shares of which are traded on the Stock Exchange, the general manager of Anhui Xuancheng Cement Co., Limited and Ningguo Cement Plant of Conch and the head of the Anhui Conch Construction Materials Design Institute. Mr. Wu also held several senior positions in Conch.

Mr. Wu joined the Company as a general manager in the cement division in July 2007 until the disposal of the major cement production business in April 2010. Mr. Wu re-joined the Company in July 2012 as the general manager and chief operating officer of the mineral division of the Company and resigned on 18 January 2016 upon his re-designation as non-executive Director of the Company.

Independent Non-executive Directors

Mr. YUEN Kim Hung, Michael, aged 57, was appointed as an independent non-executive Director in January 2002. Mr. Yuen is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of Chartered Professional Accountant, Certified General Accountant of British Columbia. Mr. Yuen has over 20 years' experience in auditing, tax and accounting field. Mr. Yuen is the chairman of the remuneration committee of the Company and the audit committee of the Company. Mr. Yuen has been appointed as an independent non-executive director of New Universe Environmental Group Limited (Stock Code: 436), a listed company on Main Board of the Stock Exchange, since 24 April 2002 and appointed as an independent non-executive director of Steed Oriental (Holdings) Company Limited (Stock Code: 8277), a listed company on GEM of the Stock Exchange, since 16 September 2013 and resigned on 12 August 2016.

Mr. YUNG Ho, aged 74, was appointed as an independent non-executive Director in September 2004. Mr. Yung has extensive experience in the industries of trading and property development in the PRC. Mr. Yung is a member of the audit committee of the Company and a member of the remuneration committee of the Company.

Mr. CHAN Kai Nang, aged 73, was appointed as independent non-executive Director on 17 August 2010. Mr. Chan holds a diploma in management studies from The University of Hong Kong and a bachelor's degree in Law from the University of London. Mr. Chan is an associate member of The Chartered Institute of Management Accountants in the United Kingdom, a fellow member of The Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has been appointed as an independent non-executive director of ZZ Capital International Limited (formerly known as Asian Capital Holdings Limited) (Stock Code: 8295), a listed company on the GEM of the Stock Exchange, from 4 June 2010 to 17 June 2016, an independent non-executive director of Steed Oriental (Holdings) Company Limited (Stock Code: 8277), a listed company on the GEM of the Stock Exchange from 16 September 2013 to 12 August 2016, an independent non-executive director of FDB Holdings Limited (currently known as Dafy Holdings Limited) (Stock Code: 1826), a listed company on the Main Board of the Stock Exchange from 16 September 2015 to 12 January 2018 and an independent non-executive director of PanAsialum Holdings Company Limited (Stock Code: 2078), a listed company on the Main Board of the Stock Exchange from 24 February 2017 to 24 January 2018. Mr. Chan is also currently an independent non-executive director of Soundwill Holdings Limited (Stock Code: 878), a listed company on the Stock Exchange.

Mr. Chan was the deputy chief executive of the Land Development Corporation. He was an executive director and the managing director of the construction materials division of K. Wah Construction Materials Limited (currently known as Galaxy Entertainment Group Limited) (Stock Code: 27), a company listed on the Main Board of the Stock Exchange. Mr. Chan is the chairman of the nomination committee of the Company and a member of remuneration committee of the Company.

Mr. MA Jianwu, aged 70, was appointed as independent non-executive Director on 17 August 2010. Mr. Ma worked as a deputy general manager of Guangzhou Iron & Steel Enterprises Group Co., Ltd. and executive deputy general manager, general manager, vice chairman and party committee secretary of Guangzhou Iron and Steel Co., Ltd. (currently known as Guangzhou Guangri Stock Co., Ltd.) (Stock Code: 600894), a listed company on the Shanghai Stock Exchange, before joining the Company. Mr. Ma is a member of audit committee of the Company and a member of nomination committee of the Company.

d. Profiles of the senior management

Mr. CHEN Hao, aged 59, is the group general manager of the Group's real estate investment and development business. He has nearly 23 years experience in property investment and development in the PRC. He was general manager of Jiaye Real Estate Development Ltd. ("**Jiaye**") from the time the company was founded in 1999. In 2005, he obtained a masters degree in Quality Management from Hong Kong Polytechnic University. In 2009, Jiaye and two other property development companies merged and formed China Calxon Group Co., Limited (the "**Calxon**"), which was successfully listed on the Shenzhen Stock Exchange (Stock Code: 918). Before joining the Group in April 2013, he was an executive director and standing vice president of Calxon.

Mr. HONG Chengzhang, aged 57, is a deputy general manager of the Group's real estate investment and development business. He is responsible for the implementation of corporate strategy and overseeing operational activities. He started his career at the Industrial and Commercial Bank of China ("**ICBC**") in 1978 as a loan officer and was promoted to vice president and president of ICBC Guangzhou Fangcun Branch in 1984 and 1995 respectively. In 1998, he joined Guangzhou Bliss Hero Real Estate Development Limited which was subsequently acquired by the Group in August 2010, as managing director, where he is responsible for overseeing the development and management of Silver Bay Plaza as well as the management of Oriental Landmark.

Mr. TOK Beng Tiong, aged 48, is an executive in charge of the clinker and cement business. Mr. Tok obtained his bachelor's degree in Commerce from the University of New South Wales in Australia. Mr. Tok has over 18 years' experience in building material industry and relevant logistics management in the PRC and global markets. He had been an employee of the Group from December 2001 to February 2003 and re-joined the Group in January 2005.

Mr. HUANG Xianfang, aged 55, is the chief mining engineer of the Company since July 2010 and he is responsible for organising and managing mining activities as well as monitoring compliance with the health and safety regulations at the Malaysia Mine. He has approximately 23 years of experience in the mining industry. Prior to joining the Company, Mr. Huang has held numerous management positions (including assistant engineer, engineer, senior engineer, chief mining engineer and deputy general manager) at various mining companies including group companies of Maanshan Iron & Steel Company Limited (Stock Code: 323) and APAC, and Baoshan Iron & Steel Company Limited, which is currently listed on the Shanghai Stock Exchange (Stock Code: 600019). Mr. Huang holds a bachelor degree from Central-South Institute of Mining and Metallurgy and a master degree in mining from the Mining Department of the University of Science and Technology Beijing.

Ms. LEE Yee Man Hester, aged 42, is the chief accounting officer of PMHL. Hester graduated from the University of Hong Kong with a bachelor's degree in Economics in 1998. Ms. Lee joined PMHL in January 2009 and has over 18 years' experience in commercial and accounting firms. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. She is also a Certified Tax Advisor in Hong Kong and a fellow member of the Taxation Institute of Hong Kong.

Mr. LIU Tsz Kit Lawrence, aged 39, is the financial controller of the Company. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He graduated from the Hong Kong Polytechnic University with a bachelor's degree in Accounting. He joined Company in January 2011 and has over 15 years' experience in commercial and international accounting firms in Hong Kong and Mainland China.

10. DIRECTOR'S SERVICE CONTRACTS

As at the Latest Practicable Date, save for the service contracts entered into between the Company and Mr. Wong Ben Koon and Mr. Kong Siu Keung on 18 July 2001 and 12 February 2004, respectively, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

11. EXPENSES

The expenses in connection with the Rights Issue, including the fees of legal and financial advisers and auditors, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK$4.0 million, which are payable by the Company.

12. GENERAL

The English language text of this prospectus and the other Prospectus Documents shall prevail over its Chinese language text, in case of any inconsistency.

13. LEGAL EFFECT

This prospectus and the PAL, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

14. BINDING EFFECT

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this prospectus, together with copies of the PAL and the written consent referred to in the paragraph headed "7. Qualification and Consent of the Expert" in this Appendix III, has been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (WUMP) Ordinance.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following will be available for inspection during normal business hours (other than Saturdays, Sundays and public holidays) at Suites 1801–6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong from the date of this prospectus up to and including 15 May 2019:

(i) the memorandum of association and bye-laws of the Company;

(ii) the annual reports of the Company for the three years ended 31 March 2016, 31 March 2017 and 31 March 2018 and the interim report of the Company for the six months ended 30 September 2018;

(iii) the accountant's report on the unaudited pro forma financial information of the Group from RSM Hong Kong set out in Appendix II to this prospectus;

(iv) the material contracts as referred to in the paragraph headed "5. Material Contracts" in this Appendix III;

(v) the written consent referred to in the paragraph headed "7. Qualification and Consent of the Expert" in this Appendix III;

(vi) the circular of the Company dated 25 May 2018 in respect of disposal of the entire interest in the property development project on a parcel of land situated in Dongguan City, Guangdong Province, the PRC pursuant to a co-operation agreement dated 13 March 2018 entered into among Greater Sino Investments Ltd, Honwill Limited, both subsidiaries of the Company, and Dongguan City Danxin Property Company Limited* (東莞市丹新置業有限公司), the joint venture partner of the Company, collectively as sellers, and Dongguan Vanke Real Estate Company Limited* (東莞市萬科房地產有限公司) and Hybest (BVI) Company Limited, collectively as purchasers; and

(vii) the service contracts entered into between the Company and Mr. Wong Ben Koon and Mr. Kong Siu Keung on 18 July 2001 and 12 February 2004, respectively.