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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)

EXTENSION OF MATURITY DATE OF THE CONVERTIBLE BONDS

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The board of directors (the “**Board**”) of Prosperity International Holdings (H.K.) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the extension of Maturity Date of the Convertible Bonds pursuant to a written resolution passed by all Bondholders dated 29 November 2019 (the “**Written Resolution**”) and a Supplemental Deed Poll (the “**Supplemental Deed Poll**”) executed by the Company on 29 November 2019.

BACKGROUND INFORMATION

Reference is made to the announcements of the Company dated 24 October 2018 and 8 November 2018 respectively in relation to the placing of the Convertible Bonds, and the announcements of the Company dated 22 February 2019 and 29 May 2019 respectively in relation to the adjustments to the Conversion Price of the Convertible Bonds. Unless otherwise defined herein, terms used in this announcement shall have the meanings given to them in the announcement of the Company dated 24 October 2018 (the “**Announcement**”).

* for identification purpose only

THE SUPPLEMENTAL DEED POLL TO EXTEND THE MATURITY DATE

The Board announces that pursuant to the Written Resolution, the Bondholders resolved and approved that the Maturity Date shall be extended to 8 July 2020. On 29 November 2019, the Company executed the Supplemental Deed Poll to extend the Maturity Date from 8 November 2019 to 8 July 2020. Save for the extension of the Maturity Date, all other terms and conditions of the Convertible Bonds remain unchanged.

On 30 October 2018, the Company put forward a proposal to the Shareholders to effect a share consolidation on the basis that every ten issued and unissued shares of the Company of par value of HK\$0.01 each (the “**Preconsolidated Shares**”) be consolidated into one consolidated share of par value of HK\$0.1 each (the “**Consolidated Share**” or the “**Share**”) (the “**Share Consolidation**”). On 22 February 2019, the Company announced that the Shareholders at the special general meeting of the Company approved the Share Consolidation, which took effect on 25 February 2019.

As a result of the Share Consolidation becoming effective on 25 February 2019, the Conversion Price of the outstanding Convertible Bonds, being initially at HK\$0.06 per Preconsolidated Share (subject to adjustment), was adjusted in accordance with the terms and conditions of the Convertible Bonds to HK\$0.6 per Consolidated Share. Accordingly, the number of Consolidated Shares upon full conversion at the adjusted conversion price of HK\$0.6 per Consolidated Share of the Convertible Bonds immediately after the Share Consolidation becoming effective was 50,000,000 Consolidated Shares.

On 2 April 2019, the Company announced that it proposed to conduct a rights issue (“**Rights Issue**”) to raise up to approximately HK\$66.3 million by issuing up to 509,723,000 rights shares (“**Rights Shares**”) at the subscription price of HK\$0.13 per Rights Share on the basis of two (2) Rights Shares for every five (5) Shares. 69,341,149 Rights Shares, representing approximately 13.60% of the total number of 509,723,200 Rights Shares offered under the Rights Issue, were accepted, applied for or placed at last.

As a result of the completion of the Rights Issue, assuming that no other events for adjustment for Conversion Price under the terms and conditions of the Convertible Bonds, having been triggered, the Conversion Price has been further adjusted to HK\$0.58 per Share. Accordingly, based on the adjusted Conversion Price of HK\$0.58 and assuming conversion of the Convertible Bonds in full, the Convertible Bonds will be convertible into 51,724,137 new Shares. A general mandate (the “**General Mandate**”) was passed at the annual general meeting of the Company held on 26 September 2019 (the “**AGM**”) which authorises the Board to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the AGM.

As of the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Conversion Shares.

To the Directors’ knowledge, information and belief and having made all reasonable enquiries, the registered Bondholders (as shown on the Company’s register of holders of the Convertible Bonds) and their beneficial owner(s) are Independent Third Parties.

EXISTING TERMS OF THE CONVERTIBLE BONDS

As at the date of this announcement, the Convertible Bonds in the principal amount of HK\$300,000,000 remained outstanding.

The existing principal terms of the Convertible Bonds are disclosed in the Announcement and are summarised below for ease of reference:

Issuer:	The Company
Principal amount:	Up to HK\$30,000,000 in aggregate
Issue price:	100% of the principal amount of the Convertible Bonds
Maturity Date:	The first (1st) anniversary upon issue of the Convertible Bonds, which can be extended to the second (2nd) anniversary of the issue of the Convertible Bonds by agreement between the Company and the Bondholders holding not less than 50% of the outstanding principal amount of the Convertible Bonds (the “ Maturity Date ”).
Interest:	The Convertible Bonds shall bear an interest rate of 8% per annum of the principal amount outstanding, payable every 3 months in arrears from the date of issue until the Maturity Date.
Status:	The Convertible Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Company and will rank <i>pari passu</i> with all other existing and future unsecured and unsubordinated obligations of the Company.
Conversion Price:	Initially HK\$0.06 per Share (subject to adjustments)
Conversion Shares:	Up to a maximum of 500,000,000 new Shares (subject to adjustments of the Conversion Price), representing (i) approximately 3.92% of the existing issued share capital of the Company of 12,746,160,027 Shares as at the date of the Announcement, and (ii) approximately 3.78% of the issued share capital of the Company of 13,246,160,027 Shares as enlarged by the allotment and issue of the Conversion Shares, assuming no further change in the share capital of the Company from the date of the Announcement and up to Completion.
Convertible Bonds:	8% Convertible Bonds due 2019 (extendable to 2020 by agreement) in an aggregate principal amount of HK\$30,000,000, and convertible at the option of the Bondholders into fully-paid ordinary Shares at the initial conversion price of HK\$0.06 per Share (subject to adjustments).
Transferability:	The Convertible Bonds will be freely transferable subject to the Company’s Right of First Refusal and other terms and conditions of the Convertible Bonds.

- Conversion: Bondholders shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Shares at the Conversion Price at any time during the Conversion Period.
- Conversion Period: The period commencing on the first (1st) Business Day immediately following the date of issue of the Convertible Bonds (which must be a Stock Exchange Business Day and if not, the Stock Exchange Business Day immediately following) up to and including the date falling on the tenth (10th) Business Day prior to the Maturity Date and if such date is not a Stock Exchange Business Day, the Stock Exchange Business Day immediately preceding this date (the “**Conversion Period**”).
- Adjustments to Conversion Price: The Conversion Price is subject to adjustments in accordance with the terms and conditions of the Convertible Bonds if any of the following specific events in relation to the Company occurs:
- (i) consolidation, subdivision or reclassification of the Shares;
 - (ii) capitalisation of profits or reserves;
 - (iii) capital distribution;
 - (iv) offer to the Shareholders new Shares by way of rights, or issue or grant to the Shareholders any rights, options or warrants to subscribe for new Shares, at a price per new Share which is less than 95% of the market price per Share on the last Stock Exchange Business Day preceding the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the Shareholders or other persons);
 - (v) issue of other securities to Shareholders;
 - (vi) issue of Shares at less than 90% of the current market price for cash per Share on the last Stock Exchange Business Day preceding the date of the announcement of the terms of such issue;
 - (vii) issue of Shares at less than 90% of the current market price as consideration shares per Share on the last Stock Exchange Business Day preceding the date of the announcement of the terms of such issue;
 - (viii) issue of other securities at less than 90% of the current market price per Share on the last Stock Exchange Business Day preceding the date of the announcement of the terms of issue of such securities;

- (ix) modification of rights of conversion, etc at less than 90% of the current market price per Share on the last Stock Exchange Business Day preceding the date of the announcement of the proposal of such modification;
- (x) offer other securities to Shareholders; and
- (xi) any other adjustment determined by the Company.

Voting rights:

The Bondholders will not be entitled to vote at any general meetings of the Company by reason only of it being the holder of the Convertible Bonds.

Redemption on the Maturity Date:

Unless previously redeemed, converted or purchased and cancelled as provided in the Conditions, the Company will redeem all outstanding Convertible Bonds held by a Bondholder on the Maturity Date, without the need for such Bondholder to serve any notice, at an amount equal to the aggregate of the outstanding principal amount of the Convertible Bonds held by such Bondholder and any accrued but unpaid interest on such outstanding Convertible Bonds in accordance with the terms of Convertible Bonds on the Maturity Date.

Early redemption:

Prior to the Maturity Date:

- (a) the Company may compulsorily redeem the remaining Convertible Bonds if at least ninety per cent (90%) of the Convertible Bonds originally issued pursuant to the Deed Poll have been redeemed or converted;
- (b) the Company or any of its Subsidiaries shall have the right at any time and from time to time purchase any of the Convertible Bonds at any price as shall be agreed between the buyer and the Bondholder, whether by way of private agreement or in the open market or by any other means;
- (c) the Company may at any time before the Maturity Date by giving not less than 30 days' notice to the Bondholders to redeem the Convertible Bonds in whole but not in part at 100% of its principal amount together with interest accrued but unpaid to such date as at the Redemption Date; and
- (d) the Bondholders shall have the right to redeem the Convertible Bonds at any time before the Maturity Date if the Shares (as a class) cease to be listed or admitted to trading on the Stock Exchange or any alternative stock exchange acceptable to the Bondholders at an amount equal to the aggregate of (i) the outstanding principal amount of the Convertible Bonds held by such Bondholders; and (ii) any accrued but unpaid interest on such outstanding Convertible Bonds.

Company's Right of First Refusal:	No Bondholder shall dispose of, assign or transfer any interest of any nature in any Convertible Bonds for the time being owned by it to a third party unless such Bondholder shall have first notified the Company offering such Convertible Bonds on the same or more favourable terms (in any event at a price not more than the aggregate of (i) the outstanding principal amount of the Convertible Bonds held by such Bondholders; and (ii) any accrued but unpaid interest on such outstanding Bonds) and any such offer shall remain open for acceptance for fifteen (15) Business Days.
Listing:	No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be issued upon conversion of the Convertible Bonds.
Covenants:	For as long as any of the Convertible Bonds remain outstanding, and without the prior written consent of the Bondholders (which consent shall not be unreasonably withheld or delayed), the Company covenants with the Bondholders that it shall not alter the rights of the Convertible Bonds; authorise, create or issue shares of any class or series of securities having preferences or rights superior to or on a parity with the Shares or the Convertible Bonds in any aspects; reclassify outstanding Shares into shares having preferences or priority as to dividends or assets senior to or on a parity with the preference of the Shares; decrease the authorized share capital of the Company, and amend the bye-laws and charter documents of the Company that may prejudice the Convertible Bonds.
Form and Denomination:	The Convertible Bonds are in registered, definitive form and in the denomination of HK\$1,000,000 and may be held in holdings of HK\$1,000,000 and higher integral multiples of HK\$1,000,000.
Events of Default:	The Convertible Bonds contains customary events of default provisions which provide that, on the occurrence of certain events of default specified in the terms and conditions of the Convertible Bonds, each of the Bondholders will be entitled to demand for immediate repayment of the principal amount outstanding together with any accrued and unpaid interest calculated up to the date of payment.

REASONS FOR THE AMENDMENT

The Convertible Bonds has matured on 8 November 2019. The extension of the Maturity Date under the Supplemental Deed Poll effectively provides the Group with flexibility in relation to the Group's deployment of its financial resources to fund its operation and development as well as planning of its work capital requirements. Without such extension, the Company would have to apply substantial cash resources for the redemption of the

Convertible Bonds on maturity. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Deed Poll are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for approval for the amendments contemplated by the Supplemental Deed Poll and the Written Resolution pursuant to Rule 28.05 of the Listing Rules.

The Company will also apply to the Listing Committee of the Stock Exchange for approval for the listing of, and permission to deal in, the Conversion Shares.

By order of the Board
Prosperity International Holdings (H.K.) Limited
Wong Ben Koon
Chairman

Hong Kong, 29 November 2019

As at the date of this announcement, the executive Directors are Mr. Wong Ben Koon (Chairman), Ms. Gloria Wong, Mr. Xie Qiangming (Chief Executive Officer), Mr. Nie Qiaoming and Mr. Ma Xin; and the independent non-executive Directors are Mr. Zhao Gen, Mr. Guan Guisen and Mr. Yan Xiaotian.