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Prosper One International Holdings Company Limited

富一國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1470)

ISSUE OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE

ISSUE OF CONVERTIBLE NOTES

The Board is pleased to announce that on 31 May 2018 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for the Notes in an aggregate principal amount of up to HK\$80,000,000 at the Issue Price. The Notes comprise two tranches. Each tranche will be in an aggregate principal amount of HK\$40,000,000. The Notes bear interest from and including the Interest Commencement Date at the rate of 0.80% per annum payable quarterly in arrear and will mature on the first anniversary of the Closing Date.

Each Note entitles the Noteholder to convert the Note into New Shares at any time during the Conversion Period at the Conversion Price, provided that no Conversion Right may be exercised at a Conversion Price lower than the Floor Price (which is subject to adjustments).

The Conversion Price at which New Shares will be issued will be 90% of the Volume Weighted Average Price of the Shares as traded on the Stock Exchange (or Alternative Stock Exchange) on the Trading Day immediately preceding the Conversion Date.

USE OF PROCEEDS

The New Shares will be issued under the Specific Mandate. The estimated net proceeds from the issue of the Notes of approximately HK\$75.8 million will be applied to (i) enhance working capital of the Company, (ii) fulfil the financial needs for commencing the business of sales and trading of fertilisers raw materials and related fertilisers products and of public consumption products, and (iii) finance any possible investments as and when opportunities arise.

DESPATCH OF CIRCULAR

The EGM will be convened for the Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated under it. A circular containing, among other things, (i) details of the Subscription Agreement; and (ii) the notice of the EGM will be despatched to the Shareholders on or before 8 June 2018.

Shareholders and potential investors should note that completion of the Subscription Agreement is subject to fulfilment of the conditions set out therein. As this subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Date: 31 May 2018 (after trading hours)

Parties: (1) the Company; and
(2) the Subscriber

Subject matter: Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Notes in an aggregate amount of up to HK\$80,000,000 at the Issue Price. The Notes comprise two tranches. Each tranche will be in an aggregate principal amount of HK\$40,000,000.

Provided that (i) in the opinion of the Subscriber (in its capacity as Calculation Agent) that no Tranche Condition has occurred or is continuing, (ii) no event of default or no event allowing early redemption has occurred and (iii) the aggregate number of issued New Shares has not reached the Maximum Number of Shares, the Company is obliged to issue and the Subscriber is obliged to subscribe and pay for, within five Trading Days after conversion of all Notes of the immediately preceding tranche, the next succeeding tranche of Notes.

The Subscriber has the right to subscribe and pay for (and the Company is obliged to issue) the second tranche of Notes on any Trading Day. If a tranche is subsisting, any such subscription notice for an additional tranche may only be given if the Company has given its prior written consent.

The Subscriber shall not be entitled to exercise any Conversion Right if the Shares of the Company held by the public, after the New Shares are issued on the intended conversion of Notes, would be less than the minimum public shareholding requirement under the Listing Rules.

The Company may declare a committed conversion period (the “**Committed Conversion Period**”) by delivering to the Subscriber a one prior Trading Day notice. The Committed Conversion Period is a period of 20 Qualified Trading Days during which the Subscriber shall convert 20 Notes of the tranche currently held by the Subscriber with the earliest issue date. The Company may declare the next Committed Conversion Period at least five Trading Days after the completion of the immediately preceding Committed Conversion Period.

The Company may declare one non-conversion period (the “**Non-Conversion Period**”) by delivering to the Subscriber a one prior Trading Day notice prior to the issuance of the first tranche of Notes. The Non-Conversion Period may last for up to six months, during which the Subscriber may not issue a Conversion Notice.

Conditions precedent: The obligations of the Subscriber to subscribe and pay for the Notes are conditional on the following conditions:

- (1) the Subscriber being satisfied with the results of its due diligence investigations with respect to the Company and having obtained all necessary internal approvals to proceed with the transaction contemplated under the Subscription Agreement;
- (2) on the CP Satisfaction Date and the closing date of the subsequent tranche of Notes (the “**Subsequent Closing Date**”):
 - (a) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
 - (b) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before such date;
 - (c) there having been delivered to the Subscriber a certificate of a duly authorised officer of the Company in the form attached to the Subscription Agreement;

- (3) after the date of the Subscription Agreement up to and at the CP Satisfaction Date and, in respect of the issue of any further Notes, at the Subsequent Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change), in the condition, prospects, results of operations or general affairs of the Company which, in the opinion of the Subscriber, is material and adverse in the context of the issue and offering of the Notes;
- (4) on or prior to the CP Satisfaction Date, or, as the case may be, the Subsequent Closing Date, there shall have been delivered to the Subscriber copies of all consents and approvals required in relation to the issue of the Notes and performance of its obligations under the Subscription Agreement and the Notes (including the consents and approvals required from the Stock Exchange and the Shareholders);
- (5) on the CP Satisfaction Date, or, as the case may be, the Subsequent Closing Date, there having been delivered to the Subscriber a certificate of no default of a duly authorised officer of the Company in the form attached to the Subscription Agreement;
- (6) the Company having opened the Cash Account at the Subscriber (acting through its Hong Kong branch) for receiving and holding the net subscription moneys of the Notes and the execution and delivery (on or before the CP Satisfaction Date) of security arrangements in favour of the Subscriber in relation to the Notes including a charge over the Cash Account in a form satisfactory to the Subscriber;
- (7) the Stock Exchange having granted approval for listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon conversion of the Notes (or the Subscriber being reasonably satisfied that such approval will be granted);

- (8) on or before the CP Satisfaction Date, there having been delivered to the Subscriber opinions of legal advisers as to Cayman Islands law and as to Hong Kong law and such other resolutions, consents, authorities and documents relating to the issue of the Notes as the Subscriber may reasonably require, including, in respect of the Company: the certificate of incorporation, certificate(s) of incorporation on change of name (if any), memorandum and articles of association, register of directors, register of mortgages and charges, a certificate of good standing issued by the Registrar of Companies of the Cayman Islands and board resolutions authorising the execution of all the documents in connection to the issue of the Notes; and
- (9) on or before the CP Satisfaction Date or, as the case may be, the Subsequent Closing Date, there having been delivered to the Subscriber a confirmation of appointment of auditor which shall be limited to Deloitte Touche Tohmatsu, PricewaterhouseCoopers, Ernst & Young, KPMG or such other auditor as confirmed by the Subscriber to be acceptable.

The Subscriber may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the above conditions.

- Closing Date: a business day that is no later than five business days after the CP Satisfaction Date
- Subscription of the first tranche of Notes: On the Closing Date, the Company shall issue, and the Subscriber shall subscribe for, the first tranche of the Notes in the aggregate principal amount of HK\$40,000,000.
- Termination: The Subscriber may, by notice to the Company given at any time prior to payment of the net subscription monies for the relevant tranche of Notes to the Company terminate the Subscription Agreement in any of the following circumstances:
- (1) if there shall have come to the notice of the Subscriber any material breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties and representations contained in the Subscription Agreement or any material failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;

- (2) if there shall have occurred any change (nor any development or event involving a prospective change) in the condition (financial or other), prospects, results of operations or general affairs of the Company, which is material and adverse in the context of the issue and offering of the Notes;
- (3) if any of the conditions precedent has not been satisfied or waived by the Subscriber on or prior to 30 June 2018 or the relevant Subsequent Closing Date;
- (4) if, in the opinion of the Subscriber, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in local, national or international monetary, financial, political or economic conditions (including any disruption to or restriction on trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially (a) the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market or (b) the conversion of the Notes or the issuance of New Shares or dealings in the Shares, or affect the Subscriber's ability to hedge its risks or any other financial or business risks in connection with the transaction contemplated under the Subscription Agreement or substantially increase the cost for such hedging; and
- (5) if, in the opinion of the Subscriber, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in its view be likely to prejudice materially (a) the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market or (b) the conversion of the Notes or the issuance of New Shares or dealings in the Shares.

PRINCIPAL TERMS OF THE NOTES

Details of the Notes are set out as follows:

- Issuer: The Company
- Principal amount: HK\$80,000,000 to be issued in two tranches (with each tranche in an aggregate principal amount of HK\$40,000,000)
- Interest rate: The Notes bear interest from and including the Interest Commencement Date at the rate of 0.80% per annum payable quarterly in arrear on 31 March, 30 June, 30 September and 31 December in each year.
- Issue Price: 98% of the principal amount of the Notes
- Form: The Notes will be in registered form.
- Status of the Notes: The Notes constitute direct, unconditional and unsubordinated obligations of the Company and shall at all times rank *pari passu* and without preference or priority among themselves.
- Maturity Date: The Notes will mature on the first anniversary of the Closing Date.
- Conversion: Subject to the terms and conditions of the Notes, each Note entitles the Noteholder to convert the Note into New Shares at any time during the Conversion Period at the Conversion Price, provided that no Conversion Right may be exercised at a Conversion Price lower than the Floor Price (which is subject to the adjustments described below).
- Conversion Price: The Conversion Price at which New Shares will be issued upon exercise of a Conversion Right will be 90% of the Volume Weighted Average Price of the Shares as traded on the Stock Exchange (or Alternative Stock Exchange) on the Trading Day immediately preceding the Conversion Date.
- The Floor Price will be initially HK\$0.80 per Share, subject to the adjustments referred to below. This Floor Price represents:
- (a) a discount of approximately 16.67% over the closing price of HK\$0.96 per Share as quoted on the Stock Exchange on the date of the signing of the Subscription Agreement;

- (b) a discount of approximately 16.67% over the average of the closing price of HK\$0.96 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the date of signing of the Subscription Agreement; and
- (c) a discount of approximately 18.37% over the average of the closing prices of HK\$0.98 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the date of signing of the Subscription Agreement.

The Issue Price, Conversion Price and Floor Price were determined by the Company and the Subscriber through arm's length negotiations having regard to the prevailing market price of the Shares prior to the date of this announcement and the business performance of the Group under the prevailing market conditions.

Number of
New Shares:

Based on the Floor Price of HK\$0.80, and assuming that there will be no change in the issued share capital of the Company before the exercise of the Conversion Rights (other than the issue of the New Shares), upon the exercise of the Conversion Rights in full, a maximum number of 100,000,000 New Shares will be issued, representing approximately 12.5% of the existing issued share capital of the Company and approximately 11.11% of the issued share capital as enlarged by the conversion.

Adjustment to
the Floor Price:

The Floor Price is subject to adjustment based on the prescribed formulae as set out in terms and conditions of the Notes upon the occurrence of the following events:

- (a) any consolidation, subdivision or reclassification of the Shares;
- (b) capitalisation of profits or reserves;
- (c) a distribution of assets by the Company;
- (d) an issue of Shares by way of rights, options, warrants or other rights to Shareholders to subscribe for Shares at less than 95% of the market price per Share on the date of the announcement of the issue;

- (e) an issue of securities (other than Shares or options, warrants, or other rights to subscribe for, or purchase or otherwise acquire Shares) by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
- (f) an issue (other than as mentioned above) of Shares, options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares at a price per Share which is less than 95% of the market price on the date of the announcement on the terms of such issue;
- (g) an issue of any securities arising from a conversion or exchange of other securities by the Company, any of its subsidiaries or any other person which carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at less than 95 % of the market price per Share on the date of announcement of the issue;
- (h) if there is any modification of the rights of conversion, exchange or subscription attaching to the securities mentioned above in (g) such that the consideration per Share has been reduced and is less than 95% of the market price per Share on the date of the announcement of the modification;
- (i) where the Company, any of its subsidiaries or any other person sells or distributes any securities in connection with an offer under which the Shareholders are entitled to participate in arrangements where those securities may be acquired by them; or
- (j) the Company or a Noteholder determines that an adjustment should be made to the Floor Price as a result of one or more events or circumstances not referred to above.

Adjustment to number of New Shares:

If the Floor Price is adjusted, the Company shall, in consultation with the Subscriber (as Calculation Agent), adjust the Maximum Number of Shares accordingly in a similar manner as it adjusts the Floor Price, with a view to maintaining the economics of the Notes.

Ranking of New Shares:

The New Shares, when issued and fully paid, will rank *pari passu* with the fully paid Shares in issue except for any right excluded by mandatory provisions of applicable law.

Transferability: The Notes are transferable in whole or in part provided that any transfer of the Notes must be made with the prior written consent of the Board and no transfer of the Notes may be made to a connected person (as defined under the Listing Rules) of the Company or an associate (as defined under the Listing Rules) of any connected person of the Company.

No Noteholder may require the transfer of a Note to be registered (a) during the period of seven days ending on (and including) the dates for payment of any principal amount pursuant to the terms and conditions of the Notes; (b) after a Conversion Notice has been delivered with respect to a Note; (c) a notice from the Noteholder to require the Company to redeem all but not part of a Noteholder's Notes following the occurrence of a Relevant Event (as defined below) pursuant to the terms and conditions of the Notes; or (d) during the period of seven days ending on (and including) the date that is the fifteenth day before the due date for the payment of interest pursuant to the terms and conditions of the Notes.

Maturity: The Company will redeem each Note at 98% of its principal amount on the Maturity Date, unless previously redeemed, converted or purchased and cancelled.

Redemption:

- (a) **Redemption on Maturity Date:** the Company will redeem each Note at 98% of its principal amount on the Maturity Date, unless previously redeemed, converted or purchased.
- (b) **Early redemption at the option of the Company:** on giving not less than 20 business days' notice to the Noteholders, the Notes may be redeemed by the Company in whole at 98% of the total amount of the principal amount of the Notes and cancelled.
- (c) **Redemption for Relevant Event:** Following the occurrence of any of the following events, (the "**Relevant Event(s)**") each Noteholder will have the option to require the Company to redeem all (but not part) of its Notes at 98% of their principal amount on giving not less than 20 business days' notice to the Company:
 - (i) the trading of the Shares is suspended, or has been suspended on the Stock Exchange (or on an Alternative Stock Exchange) for at least five Trading Days at any time during the previous 60 days, unless such suspension is related to a positive event for the Company, as determined by the Calculation Agent;

- (ii) the closing price of the Shares has been less than 50% of the closing price of the Shares on the date of announcement of the Subscription Agreement by the Company on the Stock Exchange, for at least 20 consecutive Trading Days;
- (iii) the 30-day average daily traded value of the Shares at any time is less than 40% of the 20-day average daily traded value of the Shares immediately prior to the date of the date of announcement of the Subscription Agreement by the Company on the Stock Exchange, as determined by the Subscriber (as Calculation Agent);
- (iv) the Noteholders are of the opinion that the Company or any of its representatives has provided any inside information (as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) to the Noteholders; or
- (v) the Company fails to deliver any New Shares in accordance with the terms and conditions of the Notes.

Events of Default:

Each of the following events is an event of default under the terms and conditions (the “**Event(s) of Default**”):

- (a) non-payment: the Company fails to pay the principal of any premium or interest on any of the Notes when due and such failure continues for a period of two business days;
- (b) failure to deliver Shares: any failure by the Company to deliver any Shares as and when the Shares are required to be delivered following conversion of the Notes where such failure is not remedied within one business day;
- (c) breach of other obligations: the Company does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Company by the Noteholders;

- (d) cross-default: (i) any other present or future indebtedness of the Company for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this condition have occurred equals or exceeds HK\$40,000,000 or its equivalent;
- (e) enforcement proceedings: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Company and is not discharged or stayed within 30 days;
- (f) security enforce: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company in respect of any substantial part of the property, assets or revenues of the Company becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (g) winding-up: an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Company, or the Company ceases to carry on all or substantially all of its business or operations (except for the purpose of a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders);
- (h) insolvency: the Company is insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a substantial part of its debts, proposes or makes any agreement for the deferral or other readjustment of all of its debts, makes a general assignment or arrangement or composition with or for the benefit of the relevant creditors, a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Company or an administrator or liquidator is appointed;

- (i) authorisation and consents: any action, condition or thing at any time required to be taken, fulfilled or done in order to enable the Company to lawfully exercise its rights and perform and comply with its obligations under the Notes, to ensure those obligations are legally binding and enforceable and to make the Notes admissible in evidence in the courts of Cayman Islands or Hong Kong is not taken, fulfilled or done;
- (j) illegality: it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under any of the Notes;
or
- (k) analogous events: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to the events in (e) to (i) above.

Modification: The Company may, with the written consent of the Noteholders, modify the terms and conditions of the Notes.

SPECIFIC MANDATE TO ISSUE CONVERTIBLE NOTES AND NEW SHARES

The Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the New Shares under the Specific Mandate, are subject to the approval of the Shareholders at the EGM.

SHAREHOLDING STRUCTURE OF THE COMPANY

To the best knowledge of the Directors and the Company, the following table illustrates the shareholding structure of the Company: (i) as at the date of this announcement; and (ii) immediately following the conversion of the Notes in full at the Floor Price of HK\$0.80 per Share (assuming there being no other change in the shareholding structure and share capital of the Company from the date of this announcement and up to the date of the conversion of the Notes in full), the shareholding structure of the Company shall be as follows:

Name of Shareholder	As at the date of this announcement		Immediately following the conversion of the Notes in full at the Floor Price and capped at the Maximum Number of Shares (resulting in the public float below 25%) ^(Note 2)	
	Number of Shares	%	Number of Shares	%
Prosper One Enterprises Limited ^(Note 1)	600,000,000	75.0	600,000,000	66.67
The Subscriber	—	—	100,000,000	11.11
Other public Shareholders	<u>200,000,000</u>	<u>25.0</u>	<u>200,000,000</u>	<u>22.22</u>
Total	<u><u>800,000,000</u></u>	<u><u>100.0</u></u>	<u><u>900,000,000</u></u>	<u><u>100.0</u></u>

Notes:

- (1) Prosper One Enterprises Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Meng Guangyin. Mr. Meng Guangyin is an executive Director, the chief executive officer of the Company and the chairman of the Board.
- (2) Under the terms and conditions of the Subscription Agreement, the Subscriber shall not be entitled to exercise any Conversion Right if the Shares of the Company held by the public, after the New Shares are issued on the intended conversion of Notes, would be less than the minimum public shareholding requirement under the Listing Rules. Assuming (i) the Subscriber exercises the Conversion Right attached to the Notes in full at the Floor Price capped at the Maximum Number of Shares and (ii) Prosper One Enterprises Limited maintains its interest in 600,000,000 shares, the public float of the Company will fall below 25% (i.e. below the minimum public float requirement under the Listing Rules). Therefore, these shareholdings are for illustrative purpose only due to the public float requirement under the Listing Rules.

APPLICATION FOR LISTING

No listing of the Notes will be sought on the Stock Exchange or any other stock exchanges. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares upon conversion of the Notes.

USE OF PROCEEDS

The estimated gross and net proceeds of the issue of the Notes are expected to be HK\$78.4 million and HK\$75.8 million, respectively. The Board currently intends to use the net proceeds from the issue of the Notes to (i) enhance working capital of the Company, (ii) fulfil the financial needs for commencing the business of sales and trading of fertilisers raw materials and related fertilisers products and of public consumption products, and (iii) finance any possible investments as and when opportunities arise.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE NOTES

The issue of the Notes will not have an immediate dilutive effect on the shareholding of the existing Shareholders. The Board considers that the issue of the Notes represents an appropriate means to raise additional funds for the Company while broadening the Shareholder and capital base of the Company.

The Directors also consider that the terms of the Subscription Agreement were arrived at after arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement (including the Issue Price, the Conversion Price and the Floor Price) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

INFORMATION ON THE SUBSCRIBER

Macquarie Bank Limited

The Subscriber is Macquarie Bank Limited, a company incorporated under the laws of Australia.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION ON THE COMPANY

The Company is an investment holding company. The Group is principally engaged in (i) the retail of mid-end watches in Hong Kong and (ii) the sale and trading of fertilisers raw materials and related fertiliser products, and public consumption products.

DESPATCH OF CIRCULAR

The EGM will be convened for the Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated under it. A circular containing, among other things, (i) details of the Subscription Agreement; and (ii) the notice of the EGM will be despatched to the Shareholders on or before 8 June 2018.

Shareholders and potential investors should note that completion of the issuance of the Notes is subject to the fulfilment of the conditions set out in the Subscription Agreement. As the issuance of the Notes may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the following meaning:

“%”	per cent.
“Alternative Stock Exchange”	at any time where the Shares are not listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed, quoted or dealt in
“Board”	the board of Directors
“Cash Account”	the cash account opened with Macquarie Bank Limited for receiving and holding the net subscription moneys of the Notes
“Closing Date”	a business day that is no later than five business days after the CP Satisfaction Date
“Company”	Prosper One International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1470)
“connected person(s)”	has the meaning ascribed to it in Rule 1.01 and as extended under Rule 14A.11 of the Listing Rules
“Conversion Date”	the conversion date in respect of a Note on which a Noteholder submits an irrevocable notice of conversion to the Company
“Conversion Notice”	a duly completed and signed notice of conversion
“Conversion Period”	the period from and including the Issue Date to the close of business on the date falling one day prior to the Maturity Date, or, if a Note has been called for redemption by the Company before the Maturity Date, then the period from and including the Issue Date up to and including the close of business on the date no later than three business days prior to the date fixed for redemption of the Note

“Conversion Price”	the price at which Shares will be issued upon exercise of a Conversion Right being 90% of the Volume Weighted Average Price of the Shares as traded on the Stock Exchange (or Alternative Stock Exchange) on the Trading Day immediately preceding the Conversion Date
“Conversion Right”	the entitlement of each Noteholder to convert a Note into New Shares credited as fully paid at any time during the Conversion Period
“CP Satisfaction Date”	the date on which all conditions precedent under the Subscription Agreement are satisfied
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving all the transactions contemplated under the Subscription Agreement, including the issue of the Notes and the allotment and issue of New Shares under the Specific Mandate, notice of which will be contained in a circular to be despatched to the Shareholders
“Floor Price”	the minimum Conversion Price, being initially HK\$0.80, subject to adjustments
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party who is independent of the Company and its connected persons and is not a connected person of the Company
“Interest Commencement Date”	the date from which the Notes start to bear interest to be specified in the relevant pricing supplement for that tranche of Notes
“Issue Date”	the date on which a tranche of Notes are issued as specified in the relevant pricing supplement for that tranche of Notes
“Issue Price”	98% of the principal amount of the Notes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the first anniversary of the Closing Date

“Maximum Number of Shares”	the maximum total number of Shares to be issued pursuant to the exercise of conversion rights attached to the Notes which shall be 100,000,000 Shares, subject to adjustment
“New Share(s)”	the Shares to be issued on conversion of the Notes
“Note(s)”	the 0.8% convertible notes in principal amount of HK\$80,000,000 due 2019 to be issued in two tranches, each tranche in an aggregate principal amount of HK\$40,000,000
“Noteholder(s)”	the person in whose name a Note is registered
“Qualified Trading Day”	<p>a Trading Day where all of the following requirements are satisfied:</p> <ul style="list-style-type: none"> (i) the spot trading price of the Shares during such Trading Day is at all times more than 110% of the Floor Price; (ii) the spot trading price of the Shares during such Trading Day has at all times not decreased by 10% or more from the closing price of the Shares on the immediately preceding Trading Day; (iii) there are no Notes that have been converted, for which the New Shares on conversion of such Notes have not been delivered in accordance with the terms and conditions of the Notes (provided that this shall not apply if the Company or a Shareholder has agreed to lend, and the Subscriber has agreed to borrow, the New Shares on conversion of such Notes pursuant to the relevant stock borrowing and lending terms in line with the market practice); (iv) the total value of the Shares traded on-market on such Trading Day is more than HK\$500,000. For the avoidance of doubt, the total value of the Shares traded on-market does not include block trades or direct transactions; (v) the average traded value of the Shares on the Stock Exchange on the three consecutive Trading Days immediately preceding such Trading Day is not less than HK\$300,000; (vi) the Subscriber does not know any material non-public information as of such Trading Day; (vii) the Subscriber is not prevented from exercising its right of conversion due to regulatory reasons, including, without limitation to, any Restriction Period (being any period of time specified in Rule A3 of Appendix 10 to the Listing Rules);

	(viii) all of the Company's representations and warranties as set out in the Subscription Agreement remain true, accurate and correct, and the Subscriber has no reasonable reason to believe otherwise; and
	(ix) no Event of Default has occurred and is continuing
“Share(s)”	the ordinary shares of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate to be sought from Shareholders at the EGM to approve the issue of the Notes and the allotment of the New Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Macquarie Bank Limited, a company incorporated under the laws of Australia
“Subscription Agreement”	the subscription agreement dated 31 May 2018 entered into between the Company and the Subscriber in relation to the Notes
“Trading Day”	a day when the Stock Exchange, or as the case may be, an Alternative Stock Exchange, is open for dealing business, provided that if no closing price is reported for one or more consecutive dealing days, such day(s) will be disregarded in any relevant calculation and be deemed to not have been a dealing day when ascertaining any period of dealing days
“Tranche Condition(s)”	<p>(i) the spot price of the Shares is less than 110% of the Floor Price at any time;</p> <p>(ii) the trading of the Shares is suspended, or has been suspended on the Stock Exchange or the Alternative Stock Exchange for at least two Trading Days at any time during the previous 60 days;</p> <p>(iii) the Relevant Events; and</p> <p>(iv) the Events of Default</p>

“Volume Weighted Average Price”

in respect of the Shares on a Trading Day, as determined by Macquarie Bank Limited (as the “**Calculation Agent**”) with reference only to trading within the regular trading session of the Stock Exchange (or Alternative Stock Exchange) as published by Bloomberg at 5.00 pm (Hong Kong time) on the relevant Trading Day on the Bloomberg page “VWAP” as determined by the Calculation Agent by selecting from the respective dropdown menus stated in the Subscription Agreement. Or, if such a price is not reported for any reason or is, in the Calculation Agent’s reasonable discretion erroneous, as reasonably determined by the Calculation Agent

By order of the Board of
Prosper One International Holdings Company Limited
Meng Guangyin
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 31 May 2018

As at the date of this announcement, the Board comprises Mr. Meng Guangyin (chairman and chief executive officer), Mr. Meng Bo, Mr. Liu Guoqing (chief financial officer), Mr. Liu Jiaqiang and Mr. Liao Pin Tsung (vice chairman and chief operating officer) being the executive directors; and Mr. Chan, Yee Ping Michael, Mr. Tian Zhiyuan and Mr. Hu Jinrui being the independent non-executive directors.