

Issue of Debt

RNS Number : 7625U

Fragrant Prosperity Holdings Ltd

07 December 2021

/**/

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, WITHIN, INTO OR IN THE UNITED STATES, AUSTRALIA, CANADA, THE REPUBLIC OF SOUTH AFRICA, THE REPUBLIC OF IRELAND OR JAPAN OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION, RELEASE OR DISTRIBUTION WOULD BE UNLAWFUL.

Fragrant Prosperity Holdings Limited

("FPP" or the "Company")

Grant of Options and Issue of Convertible loan notes.

7 December 2021

On 24 May 2021 Fragrant Prosperity Holdings Limited (LSE: FPP) announced the potential acquisition of CiiTECH Limited and the entry into a letter of Intent (the "**LOI**"). Although the exclusivity period in the LOI has expired, the Company has continued to progress the transaction with CiiTECH and it is now reaching its closing stages. The Company has submitted a complete draft of the prospectus to the FCA containing details of the proposed acquisition of CiiTECH and is in the advanced stages of seeking FCA approval for that prospectus.

On 13 December 2019, the Company constituted a convertible loan note instrument to issue unsecured

convertible loan notes ("**Notes**") up to an aggregate amount of £420,000 (the "**Instrument**"). On the same date, Mr. Stanley Hutton Rumbough subscribed for £210,000 of Notes for cash pursuant to a subscription agreement (the "**Subscription Agreement**") dated the same date and was granted an option to subscribe for £110,000 in additional Notes (the "**Option**").

The Instrument and the Option were subsequently amended pursuant to a letter of amendment and restatement dated 5 June 2020 (the "**Amendment Letter**"). On the same date Mr Rumbough acquired £100,000 of Notes the pursuant to exercise of the Option and a new option letter (the "**Replacement Option Letter**") was entered into giving rights to Mr Rumbough to subscribe for an additional £250,000 of Notes.

The Subscription Agreement had given Mr Rumbough certain rights in relation to the constitution of the board of the Company.

On 28 July 2021 the Company repaid SHR's Loan notes and a disagreement arose inter alia in respect of this repayment and the issue of additional notes. Following negotiations with Mr Rumbough's representatives this dispute has now been settled and Mr Rumbough has agreed, to give up the rights he had been granted pursuant to the Subscription Agreement including those relating to board appointments and has agreed to terminate the Replacement Option Letter. In consideration for this the Company has agreed to:

1. Grant Mr Rumbough options ("**Settlement Options**") over 17,500,000 ordinary shares in the Company exercisable at 2p exercisable for 36 months; and
2. Issue convertible loan notes convertible into shares at 2p to the value of £115,000 to Mr Rumbough as a contribution towards his legal costs associated with the dispute. The notes ("**New Convertible Loan Notes**") carry interest at the rate of 5% per annum, compounded quarterly and rolled up until redemption or conversion (in which case the interest is also converted). The notes are repayable on the second anniversary of their date of issue (or, if earlier, on an event of default) if not converted before that date.

The Settlement Options and the New Convertible Loan notes were issued on 6 December 2021.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement this information is considered to be in the public domain.

- Ends -

Enquiries

Fragrant Prosperity Holdings Limited

+44 (0)20 3137 1902

Simon Retter

Optiva Securities - Broker to FPP

+44 (0)20 3137 1903

Vishal Balasingham

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IODDKOBPDBDKFBK