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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)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE INVESTMENT AND POTENTIAL NEW BUSINESS DEVELOPMENT**

This announcement is made by Prosper One International Holdings Company Limited pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

#### **THE MEMORANDUM OF UNDERSTANDING**

The Board is pleased to announce that, on 13 June 2018, the Company entered into the MOU with Lithium Chile in relation to the Equity Investment and the Norte Program.

The key terms of the MOU are set out in the following.

#### **1. Equity Investment**

The MOU contemplates the Equity Investment of CDN\$1,000,000 (equivalent to approximately HK\$6,000,000) in the LC Shares by the Company to be completed within 60 days from the signing of the Joint Venture Agreement to be issued at a price which is to be determined on the date of the press release for announcing the Joint Venture Agreement and the Equity Investment in accordance with the TSXV Policies) and is equal to the greater of (i) the minimum allowable discounted market price (as defined under the TSXV Policies) and (ii) CDN\$1.00 per LC Share.

If the Equity Investment is issued at a price of CDN\$1.00 per LC Share, the Equity Investment will comprise a unit at a price of CDN\$1.00 per unit which is made up of one LC Share and one-half of one warrant, with each whole warrant exercisable into one LC Share of CDN\$1.50 each within a period of two years from the date of completion of the Equity Investment.

## **2. The Norte Program**

The MOU contemplates the Norte Program with a term of three years and an annual financial commitment of CDN\$1,000,000 from the Company. The first annual financial commitment of CDN\$1,000,000 payable by the Company to Lithium Chile within 60 days from the date of the completion of the Equity Investment. The Company has no obligation to provide the second or third annual financial commitment, unless it is satisfied with the results of the Norte Program in the first year.

Upon completion of the Norte Program, the Company will hold 55% working interest of Pintadas Norte. Further, the Joint Venture Agreement would include a provision to allow for an additional 20% working interest of Pintadas Norte to be earned by the Company upon completion of a pre-feasibility study for the development of the Minerals.

Lithium Chile will operate the Norte Program on behalf of the Company and will receive in return from the Company a management fee that is equal to 17.5% of the funds expended in the Norte Program. In its operation of the Norte Program, Lithium Chile will allow input from representatives of the Company on mutually acceptable terms to be set forth in the Joint Venture Agreement.

## **3. Due diligence review**

Each of the Company and Lithium Chile is entitled to complete its due diligence review with respect to the other party's business, operations, assets, mineral properties, prospects, financial condition and affairs.

## **4. Binding effect**

Save for provisions relating to governing law, confidentiality, securities trading restriction, costs and expenses, binding effect, exclusivity and termination, the MOU does not constitute a legally binding commitment on any of the parties to the MOU in relation to transactions as contemplated under the same.

## **5. Exclusivity**

During the period between the date of execution of the MOU and the earlier of (i) execution of the Joint Venture Agreement, (ii) termination of the MOU and (iii) 30 June 2018, Lithium Chile and the Company undertake not to enter into any negotiations with, accept any offer from or enter into any agreement or understanding with any other party which would conflict with the transactions proposed under the MOU.

## 6. Joint venture agreement

Whilst the MOU serves as a basis for entering into the Joint Venture Agreement for concluding the transactions as contemplated under the MOU, the terms and conditions of the Joint Venture Agreement remain to be negotiated and agreed upon between Lithium Chile and the Company.

The Joint Venture Agreement will include a three-year right of first refusal for the Company to enter into a joint venture agreement for exploration of Pintadas Sur.

## 7. Termination

The MOU may be terminated at any time via an agreement in writing by Lithium Chile and/or the Company in the following circumstances:

- (i) terminable by either Lithium Chile or the Company if the Joint Venture Agreement is not entered into by 31 December 2018;
- (ii) terminable by either Lithium Chile or the Company with written notice to the other party prior to the entering into of the Joint Venture Agreement that, after completion of due diligence review in good faith, the terminating party is not prepared to complete the transactions as contemplated under the MOU as a result of its due diligence review; or
- (iii) terminable by either Lithium Chile or the Company if approval from the TSX Venture Exchange or other regulatory authorities is not received before 31 December 2018.

If the Joint Venture Agreement is not entered into, the Company will pay to Lithium Chile a break fee of CDN\$250,000 (equivalent to approximately HK\$1,520,000).

**Shareholders and investors should note that the proposed transactions contemplated under the MOU is subject to the entering into of a formal or definitive agreement and fulfillment of the condition precedent thereunder. There is no assurance that any transaction or discussion mentioned in this announcement will materialise or eventually be consummated. Shareholders and potential investors are urged to exercise extreme caution when dealing in the shares of the Company.**

## INFORMATION ON LITHIUM CHILE

Lithium Chile principally engages in the acquisition, exploration and development of mining properties in Chile for extracting minerals including lithium and owns mineral rights for, among others, Pintadas Norte and Pintadas Sur. To the best knowledge, information and belief of the Directors, Lithium Chile is advancing a lithium property portfolio consisting of 152,900 hectares covering sections of 14 salars and one laguna complex in Chile, and the properties include 64 square kilometres on the Salar de Atacama which hosts the high concentration lithium brine production and is currently a substantial source of the world's lithium production.

The common shares of Lithium Chile are listed on the TSX Venture Exchange (TSX-V: LITH) and the OTCQB Venture Market (OTCQB: LTMCF).

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

## **INFORMATION ON THE GROUP**

The Company is an investment holding company. The Group principally engages in (i) the trading of public consumption products including watches and chemical products and (ii) the manufacturing of industrial chemicals, with products including various high-end biological fertilizers, urea, liquefied hydrogen and coal.

## **POTENTIAL NEW BUSINESS DEVELOPMENT AND REASONS FOR ENTERING INTO THE MOU**

The Board considers that demand for new energy in the PRC has shown a steady upward trend and development of a new business of manufacturing new energy materials allows the Group to capitalise on such growth in the PRC market. Therefore, the Group intends to commence a new business of manufacturing materials required for producing lithium carbonate including but not limited to lithium compounds through self-development of new subsidiaries involving (i) the recruitment of related operation team and (ii) cooperating with other industry players which are independent third parties. Lithium carbonate is the key material for producing mobile batteries which are used in different types of electric vehicles. In addition, to the best knowledge, information and belief of the Directors, other than being potentially rich in lithium, Pintadas Norte is rich in the mineral of potassium, being raw material for manufacturing potash and one of the basic elements for manufacturing compound fertilizers, which can be obtained as a by-product in the process of extracting the Minerals. Therefore, the Board is of the view that the potential investment in Lithium Chile, if it materializes, will (a) enable the Group to secure a source of lithium, being the key raw material for its new business and (b) complement the Group's existing fertilizers business through providing a source of potassium.

## **DEFINITIONS**

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

“Board”	the board of Directors
“CDN\$”	Canadian dollars, the lawful currency of Canada
“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
“Director(s)”	the director(s) of the Company
“Equity Investment”	the equity investment in Lithium Chile by the Company as contemplated under the MOU
“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
“Joint Venture Agreement”	the joint venture agreement in relation to the Equity Investment and the Norte Program
“LC Share(s)”	common share(s) of Lithium Chile
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lithium Chile”	Lithium Chile Inc., a corporation incorporated under the laws of the Province of Alberta, Canada, the shares of which are listed on the TSX Venture Exchange (TSX-V: LITH) and the OTCQB Venture Market (OTCQB: LTMCF)
“Minerals”	Lithium and/or Nitrates
“MOU”	the memorandum of understanding entered into between the Company and Lithium Chile on 13 June 2018 in relation to the Equity Investment and the Norte Program
“Norte Program”	the three-year program for exploration of the Minerals in Pintadas Norte with financial commitment of CDN\$1,000,000 from the Company as contemplated under the MOU
“OTCQB Venture Market”	one of the three markets of the OTC Markets Group in the United States
“Pintadas Norte”	the 33,100 hectare of Pintadas Norte property owned by Lithium Chile
“Pintadas Sur”	the 35,000 hectare of Pintadas Sur property owned by Lithium Chile

“PRC”	the People’s Republic of China
“Share(s)”	the ordinary shares of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TSX Venture Exchange”	a stock exchange in Canada
“TSXV Policies”	the policies of the TSX Venture Exchange

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

Hong Kong, 13 June 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.*

*For the purpose of this announcement, unless otherwise indicated, the conversion of CND\$ into HK\$ is based on the exchange rate of CND\$0.17 = HK\$1. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in CND\$ or HK\$ has been or could have been or may be converted at such or another rate or at all.*