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17 April 2025

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Fragrant Prosperity Holdings Limited

("FPP" or the "Company")

Issue of New Convertible Loan Note

Fragrant Prosperity Holdings Limited (the "Company"), announces it has issued convertible loan notes for £125,000 and the refinancing of existing convertible loans notes.

Issue of Convertible Loan Notes

The Company has created a new convertible loan note instruments of up to a maximum of £200,000. Notes issued under this instrument ("Notes") carry an interest rate of 5% per annum, which is to be rolled up and added to principal quarterly until the earlier of conversion or repayment of the relevant Notes. The Notes must be repaid as a bullet payment on the second anniversary of issue but Company has an option to repay the Notes at any time after the earlier of (i) 31 December 2015 and (ii) the Company has announced it has agreed the key commercial term of a reverse takeover of the Company under the UK Listing Rules.

Conversion of the Notes into equity becomes unconditional upon the publication of a Prospectus for a fund raise over and above the 19.99% permitted in any 12 month period without the issuance of a Prospectus. The Notes upon conversion convert into ordinary shares of the Company ("Shares") at a 10% discount to the price of a fundraise undertaken by the Company alongside the issuance of a Prospectus issued under the UK Prospectus Regulation Rules (or any successor legislation or rules). Pursuant to the subscription agreements for the Notes the Company provided a number of warranties and undertakings in respect of the Company to the investors.

Issue of Warrants

Holders of the Notes will receive 1 warrant for every share received at the placing price of the relevant Qualifying Fundraise, should the Notes automatically convert into shares upon the publication of a prospectus for a qualifying equity raise.

Refinancing of existing convertible loan notes

The Company has reached agreements with the holders of its existing convertible loan notes representing £400,000 of the total issued of £515,000 or 78% to enter into a stand still arrangement as follows:

- Holders agree to a stand still arrangement to preventing enforcement action until 3 September 25;
- All past accrued interest to be waived
- No applicable future interest should conversion happen prior to the end of the stand still period
- Repayment of 75% of the original principle amount advanced from the proceeds of the Note issue; and
- Automatic conversion into equity of sums owed under the loan note at the placing price upon Qualifying Fundraise of a minimum of £250,000
- Agree to a standard form lock in prohibiting the disposal of any shares received under the conversion until the earlier of 12 months from date of conversion or 6 months following the completion of a reverse take over by the Company

Use of proceeds

The Company intends to use the proceeds to repay an existing convertible loan note holder which alongside the refinancing of the remained of the existing convertible loan notes as noted above, would result in a significantly improved and recapitalised balance sheet with no other convertible loan notes in existence.

Related party transaction

Of the £125,000 Notes that have been issued, £25,000 have been subscribed for by Stonedale Management & Investments Ltd a company controlled by Simon Retter a Director of the Company.

ENDS

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