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PROSTEN TECHNOLOGY HOLDINGS LIMITED

長達科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8026)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Lamtex Securities Limited

林達證券有限公司

On 31 July 2015 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, aggregate maximum of 136,270,000 Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners will be third parties independent of the Company and not connected with the Company and its connected persons.

A maximum number of 136,270,000 Placing Shares under the Placing represent approximately 17.05% of the existing issued share capital of the Company of 799,242,500 Shares as at the date of this announcement and approximately 14.57% of the then issued share capital of 935,512,500 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$13,627,000.

The Placing Price of HK\$0.43 represents (i) a discount of approximately 14.00% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.17% to the average closing price of approximately HK\$0.532 per Share as quoted on the Stock Exchange for the last 5 trading days prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$55,870,700. The maximum net proceeds from the Placing will amount to approximately HK\$54,500,000 which is intended to be used for the general working capital of the Group. The maximum net price raised per Share upon the completion of the Placing will be approximately HK\$0.40 per Share.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

31 July 2015 (after trading hours)

Issuer

The Company

Placing Agent

Lamtex Securities Limited

The Placing Agent has conditionally agreed to place a maximum of 136,270,000 Placing Shares on a best effort basis and will receive a placing commission of 2% on the gross proceeds of the actual number of Placing Shares being placed. Having considered the Placing Price and the terms of the Placing, the Directors are of the view that the placing commission of 2% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (within the meaning ascribed to it in the GEM Listing Rules).

Placees

The Placing Agent will place the Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of and not connected with the Company, connected persons of the Company and any of the Directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates.

Number of Placing Shares

The 136,270,000 Placing Shares under the Placing represent approximately 17.05% of the existing issued share capital of the Company of 799,242,500 Shares as at the date of this announcement and approximately 14.57% of the then issued share capital of 935,512,500 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$13,627,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.43 represents (i) a discount of approximately 14.00% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.17% to the average closing price of approximately HK\$0.532 per Share as quoted on the Stock Exchange for the last 5 trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM.

Under the General Mandate, the Company is authorized to issue up to 151,271,000 Shares. As disclosed in the announcement of the Company dated 23 January 2015, the Company has utilized the General Mandate to allot and issue 15,000,000 new Shares pursuant to the placing agreement dated 23 January 2015 entered into between the Company and the Placing Agent. Save as disclosed above, no other Shares have been issued under the General Mandate.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon the Stock Exchange granting the listing of, and permission to deal in all of the Placing Shares.

If the above condition is not satisfied on or before 21 August 2015 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others.

Termination of the Placing

Under the Placing Agreement:

The Placing Agent may, in its absolute opinion, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the completion date if:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the absolute opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (c) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent to be material in the context of the Placing; or
- (d) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (e) any statement contained in all announcements, circulars, financial reports issued by the Company to the Stock Exchange and/or the Shareholders since the publication of the annual report of the Company for the year ended 31 March 2015 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the absolute opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (f) any suspension in the trading of the Shares on GEM for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or any announcements or circulars relating to the Placing;

Upon termination of the Placing Agreement pursuant to the above paragraphs, all liabilities of the parties thereto hereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place on the third Business Day after the fulfillment of the condition set out in the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the provision of wireless value added services and related services.

The Directors consider that the Placing can strengthen the financial position of the Group and provide funding to the Group to meet any future development opportunities and obligations. The Placing also represents a good opportunity for the Company to raise additional capital to enhance its capital base and broaden its shareholders' base.

The Directors consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Placing will be approximately HK\$55,870,700. The maximum net proceeds from the Placing will amount to approximately HK\$54,500,000 which is intended to be used for the general working capital of the Group. The maximum net price raised per Share upon the completion of the Placing will be approximately HK\$0.40 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
23 January 2015	Placing of 15,000,000 new Shares at the placing price of HK\$0.27 per Share pursuant to the placing agreement entered into between the Company and the Placing Agent dated 23 January 2015	Approximately HK\$3,850,000	To be applied as general working capital of the Group	The net proceeds has been applied as general working capital of the Group

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (subject to completion of the Placing and there is no other change in shareholding structure of the Company before the issue of the Placing Shares under the Placing) are set out as below:

Shareholders	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
Dynamic Peak Limited (<i>Note 1</i>)	294,276,619	36.82%	294,276,619	31.46%
Mr. Yip Heon Keung (<i>Note 2</i>)	6,300,000	0.79%	6,300,000	0.67%
Yip's Family (<i>Note 2</i>)	11,200,000	1.40%	11,200,000	1.19%
Right Advance Management Limited (<i>Note 3</i>)	111,000,000	13.89%	111,000,000	11.87%
Will City Limited (<i>Note 4</i>)	100,000,000	12.51%	100,000,000	10.69%
Public				
Places	—	—	136,270,000	14.57%
Other public Shareholders	<u>276,465,881</u>	<u>34.59%</u>	<u>276,465,881</u>	<u>29.55%</u>
Total	<u><u>799,242,500</u></u>	<u><u>100%</u></u>	<u><u>935,512,500</u></u>	<u><u>100%</u></u>

Notes:

- Dynamic Peak Limited (“**Dynamic Peak**”) is a company incorporated in the British Virgin Islands and its entire issued share capital is held as to 80% by Mr. Chen Weixi, the non-executive Director and as to the remaining 20% by Mr. Xu Zhigang, the chairman of the Company. By virtue of the SFO, Mr. Chen Weixi is deemed to be interested in 294,276,619 shares of the Company held by Dynamic Peak.
- Mr. Yip Heon Keung is the non-executive Director. Yip's family refers to Mr. Yip Heon Keung's associates, namely Mr. Yip Seng Mun, Mr. Yip Heon Ping and Mr. Yip Heon Wai, who were together personally interested in 11,200,000 Shares. Each of Mr. Yip Seng Mun, Mr. Yip Heon Ping and Mr. Yip Heon Wai is personally interested in 400,000 Shares, 6,300,000 Shares and 4,500,000 Shares respectively.

3. Right Advance Management Limited (“**Right Advance**”) is a company incorporated in the British Virgin Islands and its entire issued share capital is registered in the name of Ms. Wang Li Mei, and such Shares are ultimately owned by Mr. Wang Leilei. Ms. Wang Li Mei is the sole director of Right Advance.
4. Will City Limited is a company incorporated in the British Virgin Islands and its entire issued share capital is held by Ms. Zhang Yingnan.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

TERMS AND DEFINITIONS

“AGM”	the annual general meeting of the Company held on 6 August 2014
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holiday), on which licensed banks in Hong Kong are generally open for business in Hong Kong
“Company”	Prosten Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“connected person(s)”	the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Placee(s)”	any individual(s), corporate, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 136,270,000 new Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Lamtex Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 31 July 2015 in relation to the Placing
“Placing Price”	HK\$0.43 per Placing Share
“Placing Share(s)”	a maximum of 136,270,000 new Share(s) to be placed pursuant to the Placing Agreement
“PRC”	The People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
PROSTEN TECHNOLOGY HOLDINGS LIMITED
Xu Zhigang
Chairman

Hong Kong, 31 July 2015

As at the date of this announcement, the Board comprises the following Directors:

Mr. Xu Zhigang (*Chairman and Executive Director*)

Ms. Ding Pingying (*Executive Director*)

Mr. Han Jun (*Executive Director*)

Mr. Chen Weixi (*Non-executive Director*)

Mr. Yip Heon Keung (*Non-executive Director*)

Ms. Wong Chi Yan (*Independent Non-executive Director*)

Mr. Xu Xiaoping (*Independent Non-executive Director*)

Mr. Lam Kwok Cheong (*Independent Non-executive Director*)

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the day of its posting and on the Company’s website at www.prosten.com.

* *For identification purpose only*