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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

One China Securities Limited

一中證券有限公司

The Board is pleased to announce that on 19 February 2016 (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, in aggregate up to 159,848,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners will be third parties independent of the Company and not connected nor acting in concert with any of the connected persons of the Company or any of their respective associates.

A maximum number of 159,848,000 Placing Shares under the Placing represent approximately 17.09% of the existing issued share capital of the Company of 935,512,500 Shares as at the date of this announcement, and approximately 14.59% of the then issued share capital of the Company of 1,095,360,500 Shares as enlarged by the Placing. The total nominal value of the Placing Shares under the Placing will be HK\$15,984,800.

The Placing Price of HK\$0.31 represents (i) a discount of approximately 3.13% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 4.02% to the average closing price of HK\$0.323 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days prior to the date of the Placing Agreement.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares on or before 11 March 2016 (or such later date as the Company and the Placing Agent may agree in writing).

The maximum gross proceeds from the Placing will be HK\$49,552,880. The maximum net proceeds from the Placing are estimated to be approximately HK\$48,390,000, representing a net issue price of approximately HK\$0.30 per Placing Share, which are intended to be used for providing additional general working capital and funding for developing new investments and acquisition of potential new projects.

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

THE PLACING AGREEMENT

The principal terms and conditions of the Placing Agreement are as follows:

Date

19 February 2016 (after trading hours)

Issuer

The Company

Placing Agent

One China Securities Limited 一中證券有限公司, which is a licensed corporation incorporated in Hong Kong to carry out Type 1 regulated activities for the purpose of the SFO.

The Placing Agent has conditionally agreed to place a maximum of 159,848,000 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. The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent. 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 not connected with the Company and its connected persons or any of their respective associates.

Placees

The Placing Shares will be placed to not less than six Placees who may be individuals, corporate bodies, institutional investors or other investors.

The Placing Agent will use its reasonable endeavours to ensure that the Placees and their respective ultimate beneficial owners will be third parties independent of and not connected nor acting in concert with the Company, its connected persons or any of their respective associates. Further, the Placing Agent will use its reasonable endeavours to ensure that none of the Placees and their respective ultimate beneficial owners and/or any of their respective associates will, immediately upon completion of the Placing, become a substantial shareholder of the Company.

Number of Placing Shares

A maximum of 159,848,000 new Shares, representing:

- (i) approximately 17.09% of the existing issued share capital of the Company of 935,512,500 Shares as at the date of this announcement; and
- (ii) approximately 14.59% of the then issued share capital of the Company of 1,095,360,500 Shares as enlarged by the allotment and issue of the Placing Shares to the fullest extent.

The aggregate nominal value of the Placing Shares under the Placing will amount to HK\$15,984,800.

Placing Price

The Placing Price of HK\$0.31 represents:

- (i) a discount of approximately 3.13% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 4.02% to the average closing price of HK\$0.323 per Share as quoted on the Stock Exchange for the last five consecutive 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 the recent trading volume of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

Ranking of the Placing Shares

The Placing Shares under the Placing, when allotted and issued and fully paid up, will rank pari passu in all respects with the then existing Shares in issue as at the date of allotment and issue of the Placing Shares.

Condition of the Placing

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

If the above condition is not satisfied on or before 11 March 2016 (or such later date as the Company and the Placing Agent may agree in writing), the Placing Agreement will terminate.

Completion of the Placing

Completion of the Placing shall take place on the third Business Day following the fulfillment of the condition set out in the preceding paragraph, and at 12:00 noon on that day.

Termination of the Placing Agreement

Under the Placing Agreement, if the above condition of completion of Placing is not satisfied on or before 11 March 2016 (or such later date as the Company and the Placing Agent may agree in writing), the Placing Agreement will terminate.

Furthermore and without prejudice to the foregoing, the Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or

- (2) 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 on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in this announcement or any of the announcements and circulars issued by the Company to the Stock Exchange and/or the shareholders of the Company 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 opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (5) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (6) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement.

Upon termination of the Placing Agreement pursuant to the above, all liabilities of the parties thereto thereunder 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 and any liabilities under certain specified provisions.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued under the 2015 General Mandate.

Under the General Mandate, the Company is authorized to issue up to 159,848,500 Shares. The General Mandate has not been previously utilized prior to the date hereof. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the shareholders of the Company.

REASONS FOR THE PLACING

The Company is an investment holding company. The Group is principally engaged in the provision of wireless value added services and related services and the Group has been searching for investment opportunities to diversify its business and enhance the long-term growth.

Reference is made to the announcements of the Company dated 23 December 2015 and 22 January 2016 respectively on business updates. Whilst the Group remains focused on developing its existing businesses, the Group has recently made investments in the advertising, pharmaceutical, jewellery and financial services industries.

The Directors consider that the Placing can strengthen the financial position of the Group and provide funding to the Group to meet the operational needs of its existing core business and the new investments as mentioned above, and any other 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 and the Placing, including the Placing Price and the Placing commission payable to the Placing Agent, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable based on the current market conditions, and are in the interests of the Group and the shareholders of the Company as a whole.

USE OF PROCEEDS

The maximum gross proceeds from the Placing will be HK\$49,552,880. The maximum net proceeds from the Placing, after deduction of the placing commission and other related expenses, are estimated to be approximately HK\$48,390,000, representing a net issue price of approximately HK\$0.30 per Placing Share.

The net proceeds from the Placing are intended to be used to provide additional general working capital as well as funding for developing the new investments as mentioned above, and acquisition of potential new projects.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activity in the twelve months preceding the date of this announcement.

Date of announcement: 31 July 2015, 2 August 2015, 21 August 2015, 29 September 2015

Event: Placing of 136,270,000 new Shares at the placing price of HK\$0.43 per Share pursuant to the placing agreement entered into between the Company and Lamtex Securities Limited 林達證券有限公司 as placing agent dated 31 July 2015

Net proceeds: Approximately HK\$57,000,000

Intended use of proceeds: Approximately HK\$45,000,000 on investment or acquisition of potential new projects, and approximately HK\$12,000,000 as general working capital

Actual use of proceeds up to 31 January 2016: Actual use of proceeds up from 21 August 2015 to 31 January 2016 is as follows:

Investment or acquisition of the potential new projects:	HK\$44.90 Million
General working capital	HK\$11.41 Million

Furthermore, the Company has not repurchased any Shares within the last twelve months prior to the date of this announcement.

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 as at the date of this announcement and the effect on the shareholding structure of the Company immediately after completion of the Placing (assuming that all of the 159,848,000 Placing Shares will be placed in full and no further Shares will be issued or repurchased before completion of the Placing) are set out below:

	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
Shareholders				
Dynamic Peak Limited (<i>Note 1</i>)	294,276,619	31.46%	294,276,619	26.87%
Right Advance Management Limited (<i>Note 2</i>)	111,000,000	11.87%	111,000,000	10.13%
Will City Limited (<i>Note 3</i>)	100,000,000	10.69%	100,000,000	9.13%
Mr. Pei Chuang	95,000,000	10.15%	95,000,000	8.67%
Public				
Placees	—	—	159,848,000	14.59%
Other public shareholders	335,235,881	35.83%	335,235,881	30.61%
	935,512,500	100%	1,095,360,500	100%
	935,512,500	100%	1,095,360,500	100%

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 of the Company 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.
- 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.
- 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

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

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

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“acting in concert”	has the meaning as ascribed to it in the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong;
“associate”	has the meaning as ascribed to it under Rules 20.10 to 20.13 of the GEM Listing Rules;
“Board”	means the board of Directors;
“Business Day”	means any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“Company”	means Prosten Technology Holdings Limited, a limited company incorporated in the Cayman Islands and whose Shares are listed on GEM (stock code: 8026);
“connected person”	has the meaning as ascribed to it under Rules 20.07 to 20.09 of the GEM Listing Rules;
“Director(s)”	means the director(s) of the Company;
“GEM”	means the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM;

“2015 General Mandate”	means the general mandate granted to the Board by the shareholders of the Company by resolution passed at the annual general meeting of the Company held on 5 August 2015 to allot, issue or otherwise deal with new Shares up to 20% of the aggregate nominal value of the then issued share capital of the Company as at that date, i.e. up to 159,848,500 new Shares;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong;
“Placing”	means the placing, on a best effort basis, of up to a total of 159,848,000 new Shares to be allotted and issued pursuant to the terms and subject to the conditions of the Placing Agreement;
“Placing Agent”	means One China Securities Limited 一中證券有限公司, a licensed corporation incorporated in Hong Kong to carry out Type 1 regulated activities (dealing in securities) for the purpose of the SFO;
“Placing Agreement”	means the conditional placing agreement dated 19 February 2016 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	means HK\$0.31 per Placing Share;
“Placing Shares”	means a maximum of 159,848,000 new Shares to be placed under the Placing and pursuant to the Placing Agreement;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	means ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company;
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited; and

“%” means per cent.

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

Hong Kong, 19 February 2016

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

Mr. Xu Zhigang (*Executive Director (Chairman)*)
Ms. Ding Pingying (*Executive Director*)
Mr. Han Jun (*Executive Director*)
Mr. Chen Weixi (*Non-Executive Director*)
Mr. Yip Heon Keung (*Non-Executive Director*)
Mr. Poon Yan Wai (*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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at www.prosten.com.

** for identification purpose only*