



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities trade on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Prosten Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (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.

* For identification purpose only

HIGHLIGHTS

- Revenue of the Group for the nine months ended 31 December 2014 amounted to about HK\$8.2 million, representing a 60.8% decrease as compared to the corresponding period in the previous financial year.
- The Group's gross profit for the nine months ended 31 December 2014 was about HK\$6.0 million, decreased by about HK\$4.3 million compared with the same period of last year.
- Loss attributable to equity holders of the Company for the nine months ended 31 December 2014 amounted to about HK\$22.1 million, which represented a decrease in loss of about HK\$8.9 million compared with the same period of 2013.
- The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2014.

UNAUDITED CONSOLIDATED RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months and three months ended 31 December 2014 together with the unaudited comparative figures for the corresponding periods in 2013 as follows:

	Notes	Nine months ended 31 December		Three months ended 31 December	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	2	8,218	20,986	2,749	4,454
Cost of sales		<u>(2,219)</u>	<u>(10,638)</u>	<u>(513)</u>	<u>(2,539)</u>
Gross profit		5,999	10,348	2,236	1,915
Other income and gains		1,577	1,710	1,207	1,275
Selling expenses		(2,217)	(9,167)	(751)	(2,585)
Administrative expenses		(25,384)	(31,031)	(7,679)	(12,668)
Other expenses		(2,028)	(2,722)	(177)	(878)
Finance costs		(24)	(165)	(14)	(44)
Loss before tax		(22,077)	(31,027)	(5,178)	(12,985)
Income tax expense	3	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the period attributable to equity holders of the Company		(22,077)	(31,027)	(5,178)	(12,985)
Other comprehensive income					
Exchange differences on translation of foreign operations		<u>—</u>	<u>625</u>	<u>—</u>	<u>—</u>
Total comprehensive expense for the period		<u>(22,077)</u>	<u>(30,402)</u>	<u>(5,178)</u>	<u>(12,985)</u>
Loss per share attributable to equity holders of the Company	4				
Basic		<u>HK(2.9) cents</u>	<u>HK(4.1) cents</u>	<u>HK(0.67) cent</u>	<u>HK(1.7) cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Notes:

1. Basis of Preparation

The Group's unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. In addition, the unaudited consolidated results include applicable disclosures required by the GEM Listing Rules. The measurement basis used in the preparation of the unaudited consolidated results is the historical cost convention, except for the investment property which has been measured at fair value. These unaudited consolidated results are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies applied in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2014, except that the Group has adopted a number of new or revised HKFRSs, which are newly effective for the period under review. The adoption of these new or revised HKFRSs had no significant effect on the financial results of the current period. Accordingly, no change in significant accounting policies and no prior period adjustment is required.

The Group has not applied or early adopted the new or revised HKFRSs (including their consequential amendments) which are relevant to the Group that have been issued but are not yet effective in the preparation of these unaudited consolidated results. The Group is currently assessing the impact of these new or revised HKFRSs upon initial application but is not yet in a position to state whether these new or revised HKFRSs would have any significant impact on its results of operations and financial position. It is anticipated that all of the pronouncements will be adopted in the Group's accounting policies in the accounting periods when they first become effective.

The unaudited consolidated results have been reviewed by the audit committee of the Company ("Audit Committee").

2. Revenue

Revenue, which is also the Group's turnover, represents the net invoiced value of services rendered during the periods.

3. Income Tax Expense

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the nine months and three months ended 31 December 2014 (nine months and three months ended 31 December 2013: nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

4. Loss Per Share Attributable to Equity Holders of the Company

The calculations of the basic loss per share for the nine months and three months ended 31 December 2014 are based on the unaudited loss for the periods attributable to equity holders of the Company of approximately HK\$22,077,000 (nine months ended 31 December 2013: HK\$31,027,000) and approximately HK\$5,178,000 (three months ended 31 December 2013: HK\$12,985,000) respectively, and the weighted average numbers of ordinary shares in issue of 760,319,363 and 768,205,000, respectively, for the nine months and three months ended 31 December 2014 (both nine months and three months ended 31 December 2013: 756,355,000).

No diluted loss per share for the periods are calculated as there were no dilutive potential ordinary shares in existence at 31 December 2014 and 2013.

5. Reserves

	Share premium account <i>HK\$'000</i>	Statutory reserve fund <i>HK\$'000</i> <i>(Note a)</i>	Foreign currency translation reserve <i>HK\$'000</i> <i>(Note b)</i>	Share option reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2014 (audited)	372,468	3,349	14,804	10,041	(465,481)	(64,819)
Loss for the period (unaudited)	—	—	—	—	(22,077)	(22,077)
Total comprehensive expense for the period (unaudited)	—	—	—	—	(22,077)	(22,077)
Equity-settled share option arrangements (unaudited)	—	—	—	228	—	228
Transfer of share option reserve on the forfeited or cancelled share options (unaudited)	—	—	—	(7,336)	7,336	—
Exercise of share options (unaudited)	<u>3,841</u>	<u>—</u>	<u>—</u>	<u>(2,362)</u>	<u>—</u>	<u>1,479</u>
At 31 December 2014 (unaudited)	<u>376,309</u>	<u>3,349</u>	<u>14,804</u>	<u>571</u>	<u>(480,222)</u>	<u>(85,189)</u>
At 1 April 2013 (audited)	372,468	3,349	14,319	7,793	(424,089)	(26,160)
Loss for the period (unaudited)	—	—	—	—	(31,027)	(31,027)
Other comprehensive income for the period: Exchange differences on transaction of foreign operations (unaudited)	—	—	625	—	—	625
Total comprehensive income/(expense) for the period (unaudited)	—	—	625	—	(31,027)	(30,402)
Equity-settled share option arrangements (unaudited)	—	—	—	2,314	—	2,314
Transfer of share option reserve on the forfeited share options (unaudited)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(20)</u>	<u>20</u>	<u>—</u>
At 31 December 2013 (unaudited)	<u>372,468</u>	<u>3,349</u>	<u>14,944</u>	<u>10,087</u>	<u>(455,096)</u>	<u>(54,248)</u>

Notes:

(a) Statutory reserve fund

Pursuant to the relevant laws and regulations for business enterprises in the People's Republic of China (the "PRC"), a portion of the profits of the entities which are registered in the PRC has been transferred to the statutory reserve fund which is restricted as to use. When the balance of such reserve fund reaches 50% of the capital of that entity, any further appropriation is optional. The statutory reserve fund can be utilised, upon approval of the relevant authority, to offset prior years' losses or to increase capital. However, the balance of the statutory reserve fund must be maintained at least 25% of capital after such usage.

(b) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) which are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Such exchange differences accumulated in the foreign currency translation reserve will be reclassified to profit or loss on the disposal of the foreign operations.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2014 (2013: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Result

Revenue

During the nine months and three months ended 31 December 2014, the Group has recorded revenue of approximately HK\$8.2 million and HK\$2.7 million, respectively, representing a drop of approximately 60.8% and 40.0% as compared to the revenue of for the nine months and three months ended 31 December 2013.

During the periods under review, revenue generated from the Group's wireless music search ("WMS") services in the PRC remained as the main stream of income of the Group. Following the trend from the previous periods, the difficult business environment continues to challenge the Group. We have strategically seek other business opportunity in both the PRC and overseas markets and other wireless personal entertainment services. However, the diversification and transformation have not yet brought the Group with revenue. The Group has used up its own internal resources to maintenance a high level of its service. This also resulted in a decrease in the revenue from business partners for music search services.

Cost of sales

As a result of the decrease in revenue, the Group's cost of sales for the periods under review was approximately HK\$2.2 million and HK\$0.5 million for the nine months and three months ended 31 December 2014, respectively, representing a decrease of approximately 79.2% and 80.0% compared to those of approximately HK\$10.6 million and HK\$2.5 million for the nine months and three months ended 31 December 2013, respectively. Such decreases in cost of sales were in line with the decreases in revenue.

Other income and gains

Other income and gains mainly represented gain from disposal of fixed assets, investment income and interest income. The overall level of other income and gains for the nine months and three months ended 31 December 2014 was approximated to that for the nine months and three months ended 31 December 2013.

Expenses

The Group's expenses mainly comprised selling expenses, administrative expenses and other expenses. Due to downturn of turnover, the Group has streamlined its staff structure and prudently controlled its costs and expenses. As a result, the Group's selling expenses decreased from approximately HK\$9.2 million and HK\$2.6 million for the nine months and three months ended 31 December 2013 to approximately HK\$2.2 million and HK\$0.8 million for the nine months and three months ended 31 December 2014. Administrative expenses also decreased from approximately HK\$31.0 million and HK\$12.7 million for the nine months and three months ended 31 December 2013 to approximately HK\$25.4 million and HK\$7.7 million for the nine months and three months ended 31 December 2014, respectively. At the same time, other expenses, which mainly represented expenses for product and staff development and other non-operating expenses, decreased from approximately HK\$2.7 million and HK\$0.9 million for the nine months and three months ended 31 December 2013, to approximately HK\$2.0 million and HK\$0.2 million for the nine months and three months ended 31 December 2014, respectively.

Loss for the periods

As a combination effect of the above, the loss attributable to equity holders of the Company for the first three quarters of this year amounted to approximately HK\$22.1 million, as compared to that of approximately HK\$31.0 million for the same period last year.

Financial Position

Liquidity and financial resources

The Group adopts a prudent cash and financial management policy. In order to achieve better-cost control and minimize the cost of funds, the Group's treasury activities are centralized and cash is generally placed in deposits with banks.

During the nine months ended 31 December 2014, the Group has financed its operations mainly by revenue generated from its operations and its internal funding that has resulted in use up of the Group's cash and cash equivalents. There are also cash inflow from increase in share capital during the exercise of share options and loan from a third party during the nine months ended 31 December 2014. The cash

and bank balances (including pledged bank deposits) as at 31 December 2014 was amounted to approximately HK\$1.0 million, representing a decrease of about HK\$11.8 million from approximately HK\$12.8 million as at 31 March 2014.

As at 31 December 2014, the loan from a third party which is secured by a property of the Group. As at both 31 March 2014 and 31 December 2014, the Group did not have any bank loans. There was no seasonality as to the Group's borrowing requirements and no other committed borrowing facilities.

Total equity

Due to the loss in the periods and the use up of internal resources as described above, as at 31 December 2014, the Group has a deficit in assets amounted to approximately HK\$7.1 million (31 March 2014: total equity of approximately HK\$10.8 million) and net current liabilities amount to approximately HK\$16.1 million (31 March 2014: net current assets of approximately HK\$0.6 million).

Foreign currency exchange exposure and treasury policies

As most of the Group's trading transactions, monetary assets and liabilities are denominated in Renminbi and Hong Kong dollars, the impact of foreign exchange exposure to the Group was minimal and there was no significant adverse effect on normal operations. As at 31 December 2014, no related hedges were made by the Group (31 March 2014: nil).

Contingent liabilities

As at 31 December 2014, the Group had no material contingent liabilities (31 March 2014: nil).

Significant investments, acquisitions or disposals

There were no significant investments or material acquisitions or disposals by the Company during the periods ended 31 December 2014 (periods ended 31 December 2013: nil).

Charges on assets

As at 31 December 2014, the loan from an independent third party was pledged by a property of the Group at carrying value of approximately HK\$4.4 million (31 March 2014: nil).

Capital structure

The shares of the Company were listed on GEM on 28 March 2000. During the period under review, a total of 24,750,000 share options were exercised to subscribe for shares of the Company.

Event after the Reporting Period

Placing of new shares under general mandate

Pursuant to a placing agreement dated 23 January 2015, 15,000,000 ordinary shares of HK\$0.10 each of the Company were issued under the general mandate at the price of HK\$0.27 per share for cash to a placing agent (the “Placing”).

The total of 15,000,000 placing shares represents approximately 1.92% of the Company’s issued share capital before the Placing (781,105,000 ordinary shares) and approximately 1.88% of its enlarged issued share capital of the Company after the Placing (796,105,000 ordinary shares). The net proceeds from the Placing was approximately HK\$3,850,000. The Company will use such net proceeds mainly for general working capital of the Group. The Placing was completed on 30 January 2015.

Business Review and Outlook

During the third quarter of 2014, tight policies were continued for domestic telecommunication industry. Telecommunication operators generally have tight control on the co-marketing and supporting services costs. During the quarter, the WMS project operated with China Mobile Limited faced the same challenges.

China’s mobile internet population is increasing on year-to-year basis with the raising use of smartphones and the improvement of networking infrastructure. As a result of the technology changes, the Group is therefore diversifying to the mobile internet market. We will continue to develop applications which support internet and mainstream mobile phone platforms, such as the Mi-Cu Ringtone (already launched) and games for mobile phone.

Looking ahead, there are still great challenges for the Group. While carrying out initiatives already under way in its current strategic plans, the Group will also critically review the future opportunities in its traditional businesses with a target to reallocate the Group’s resources for a more fruitful manner. In the coming future, the Group will focus its work on strengthen its marketing and channel efforts, increasing user base and improving the quality of its products.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, the interests and short positions of the Directors and chief executive in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to the code of conduct regarding securities transactions by Directors adopted by the Company, notified to the Company and the Exchange, were as follows:

Long positions in the ordinary shares of the Company

Name of Director	Notes	Capacity and nature of interest	Number of ordinary shares	Percentage of the Company's issued share capital Note (3)
Mr. Yip Heon Keung	(1)	Personal Interest and interest of a controlled corporation	186,282,918	23.85%
Mr. Yip Heon Ping	(2)	Object of a discretionary family trust, personal interest and through a controlled corporation	186,282,918	23.85%

Notes:

- (1) An aggregate of 180,682,918 shares are held by Greenford Company (PTC) Limited ("Greenford") and Bakersfield Global (PTC) Corporation ("Bakersfield") as trustees of The Greenford Unit Trust and The Bakersfield Unit Trust, respectively. All the units of which are held by Ace Central Group (PTC) Limited ("Ace Central") as the trustee of The New Millennium Trust, a discretionary family trust and Mr. Yip Heon Keung is the sole director and sole shareholder of Ace Central. By virtue of the SFO, Mr. Yip Heon Keung is deemed to be interested in 180,682,918 shares of the Company held by Ace Central. In addition, he is also personally interested in 5,600,000 shares of the Company.
- (2) By virtue of the SFO, Mr. Yip Heon Ping, being one of the discretionary objects of The New Millennium Trust for the time being, is deemed to be interested in 180,682,918 shares of the Company. Among these shares, 121,597,702 shares were held by Greenford as beneficial owner. The entire issued share capital in Greenford is held by Mr. Yip Heon Ping. In addition, he is also personally interested in 5,600,000 shares of the Company.
- (3) Based on 781,105,000 shares of the Company in issue as at 31 December 2014.

Long positions in underlying shares of the Company

Share Options

The Company adopts and administers a share option scheme which is currently in force and effect for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Company's original share option scheme was approved by the shareholders of the Company ("Shareholders") on 7 March 2000 (the "2000 Scheme"), and was terminated and replaced by a share option scheme approved by the Shareholders on 9 April 2002 (the "2002 Scheme"). The 2002 Scheme was terminated and replaced by a new share option scheme approved by the Shareholders on 5 August 2011 (the "New Scheme"). The options granted under the 2000 Scheme, which were not exercised, terminated or expired previously, became expired on 21 August 2011.

A summary of the share option schemes is set out below:

(a) 2002 Scheme

The 2002 Scheme became effective for a period of 10 years commencing on 23 April 2002. Eligible participants of the 2002 Scheme include all Directors and employees of the Group, suppliers, customers, consultants who provided services to the Group, shareholders of the subsidiaries of the Group and joint venture partners. Under the 2002 Scheme, the Directors may, at their sole discretion, grant to any eligible participants options to subscribe for ordinary shares of the Company. The exercise period of the options granted is determinable by the Directors, and commences after a certain vesting period and ends in any event not later than 10 years from the respective date when the share options are granted, subject to the provisions for early termination thereof. The 2002 Scheme was terminated and replaced by the New Scheme with effect from 5 August 2011. The options granted under the 2002 Scheme remain exercisable within their respective exercise periods.

(b) New Scheme

At the annual general meeting of the Company held on 5 August 2011 (the "2011 AGM"), an ordinary resolution was passed by the Shareholders to approve and adopt the New Scheme in place of the 2002 Scheme.

The New Scheme became effective for a period of 10 years commencing on 10 August 2011. Eligible participants of the New Scheme include all Directors and employees of the Group, suppliers, customers, consultants who provided services to the Group, shareholders of the subsidiaries of the Group and joint venture partners. Under the New Scheme, the Directors may, at their sole discretion, grant to any eligible participants options to subscribe for ordinary shares of the Company at the highest of (i) the closing price of shares of the Company on GEM as stated in the Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of the shares of the Company on GEM as stated in the Exchange's daily quotation sheets for the

five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share. The offer of a grant of options may be accepted within 21 days from the date of the offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. The exercise period of the options granted is determinable by the Directors, which commences after the date of offer with a certain vesting period and ends in any event not later than 10 years from the respective date when the share options are granted, subject to the provisions for early termination thereof.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the New Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of the 2011 AGM.

The maximum number of shares to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the relevant class of shares of the Company in issue from time to time.

The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial shareholders or independent non-executive Directors in excess of 0.1% of the Company's share capital and with an aggregate value in excess of HK\$5 million must be approved in advance by the Shareholders. The New Scheme does not provide for any minimum period for holding of options or any performance target before exercise of options.

The following Directors were granted share options under the 2002 Scheme and the New Scheme to subscribe for shares of the Company, details of which are as follows:

Name of Director	Number of share options					At 31 December 2014	Date of share options granted	Exercise period of share options granted	Exercise price of share options granted HK\$ per share
	At 1 April 2014	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Ms. Li Luyi	4,000,000	—	—	—	(4,000,000)	—	9 February 2010	9 February 2010 to 8 February 2020	0.66
	2,500,000	—	—	—	(2,500,000)	—	23 November 2010	23 November 2010 to 22 November 2020	0.27
Mr. Yip Heon Keung	7,000,000	—	(5,600,000)	—	—	1,400,000	5 December 2013	5 December 2013 to 4 December 2023	0.165
Mr. Yip Heon Ping	7,000,000	—	(5,600,000)	—	—	1,400,000	5 December 2013	5 December 2013 to 4 December 2023	0.165

As at 31 December 2014, the Company had outstanding options to subscribe for up to 400,000 shares under the 2002 Scheme and 5,450,000 shares under the New Scheme.

Save as disclosed above, as at 31 December 2014, none of the Directors and chief executive of the Company had an interest or short position in the ordinary shares or underlying shares of the Company or any of its associated corporations that was notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the ordinary shares or underlying shares of the Company

Name of shareholder	Notes	Capacity and nature of interest	Number of ordinary shares or underlying shares	Percentage of the Company's issued share capital Note (8)
Greenford Company (PTC) Limited	(1)	Beneficially owned	121,597,702	15.57%
Century Technology Holding (PTC) Limited	(2)	Beneficially owned	114,851,701	14.70%
Bakersfield Global (PTC) Corporation	(3)	Beneficially owned	59,085,216	7.56%
Ace Central Group (PTC) Limited (as trustee of The New Millennium Trust)	(4)	Trustee of a discretionary family trust and through controlled corporations	180,682,918	23.13%
Mr. Yip Seng Mun	(2), (3), (4) & (5)	Founder of a discretionary family trust, beneficially owned and through controlled corporations	300,095,619	38.42%
Right Advance Management Limited	(6)	Beneficially owned	150,000,000	19.20%
Ms. Wang Li Mei	(6)	Interest of a controlled corporation	150,000,000	19.20%
Mr. Wang Leilei	(6)	Interest of a controlled corporation	150,000,000	19.20%
Will City Limited	(7)	Beneficially owned	100,000,000	12.80%
Ms. Zhang Yingnan	(7)	Interest of a controlled corporation	100,000,000	12.80%

Notes:

- (1) Greenford is a company incorporated in the British Virgin Islands and its entire issued share capital is held by Mr. Yip Heon Ping, an Executive Director.
- (2) Century Technology Holding (PTC) Limited (“Century”) is a company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Mr. Yip Seng Mun, a former Director.
- (3) Bakersfield is a company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Mr. Yip Seng Mun.
- (4) An aggregate of 180,682,918 shares are held through Greenford and Bakersfield as trustees of The Greenford Unit Trust and The Bakersfield Unit Trust, respectively. All the units of which are held by Ace Central as the trustee of The New Millennium Trust, a discretionary family trust established with Mr. Yip Seng Mun as the founder and Mr. Yip Heon Ping as one of the discretionary objects for the time being. Mr. Yip Heon Keung, an Executive Director, is the sole director and sole shareholder of Ace Central.
- (5) By virtue of the SFO, Mr. Yip Seng Mun is deemed to be interested in 180,682,918 shares of the Company as the founder of The New Millennium Trust, 114,851,701 shares of the Company as the beneficial owner of Century and personally interested in 3,761,000 shares of the Company. In addition, he is also entitled to his share options to subscribe for 800,000 shares of the Company in his capacity as an employee of the Group.
- (6) 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.
- (7) Will City Limited is a company incorporated in the British Virgin Islands and its entire issued share capital is held by Ms. Zhang Yingnan.
- (8) Based on 781,105,000 shares of the Company in issue as at 31 December 2014.

Save as disclosed above, as at 31 December 2014, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or the controlling shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) have any interests in a business which competes or may compete with the business of the Group, or has any other conflict of interest with the Group during the period under review.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY’S LISTED SECURITIES

During the nine months ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to specific enquiry made by the Company, each of the Directors gave confirmation that he/she complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the nine months ended 31 December 2014.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules throughout the period under review.

AUDIT COMMITTEE

The Company established the Audit Committee on 7 March 2000 and has formulated and from time to time amended its written terms of reference in accordance with the provisions set out in the CG Code. The primary duties of the Audit Committee include review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the Group's relationship with its auditors.

As at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely Mr. Tam Chun Wan (Chairman of the Audit Committee), Ms. Tse Yuet Ling, Justine and Ms. Lai May Lun.

The Audit Committee has reviewed this announcement and has provided advice and comments thereon.

REMUNERATION COMMITTEE

In accordance with the CG Code, the Company established the remuneration committee ("Remuneration Committee") on 17 June 2005 with written terms of reference. The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee comprises two independent non-executive Directors, namely Ms. Tse Yuet Ling, Justine (Chairman of the Remuneration Committee) and Ms. Lai May Lun, and one executive Director, Mr. Yip Heon Keung.

NOMINATION COMMITTEE

In accordance with the CG Code, the Company established the nomination committee (“Nomination Committee”) on 29 March 2012 with written terms of reference. The principal responsibilities of the Nomination Committee include formulating nomination policy and making recommendations to the Board on nomination and appointment of Directors and Board succession, developing selection procedures for nomination of candidates, reviewing the size, structure and composition of the Board, as well as assessing the independence of independent non-executive Directors.

The Nomination Committee comprises one executive Director, namely Mr. Yip Heon Keung (Chairman of the Nomination Committee) and two independent non-executive Directors, Mr. Tam Chun Wan and Ms. Lai May Lun.

By Order of the Board
Yip Heon Keung
Chairman

Hong Kong, 3 February 2015

As at the date of this announcement, the Board comprises Mr. Yip Heon Keung, Mr. Yip Heon Ping and Ms. Li Luyi (all of them are executive Directors); Mr. Han Jun (a non-executive Director); Mr. Tam Chun Wan, Ms. Tse Yuet Ling, Justine and Ms. Lai May Lun (all of them are independent non-executive Directors).

This announcement will remain on the “Latest Company Announcement” 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.