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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF 6% SHAREHOLDING IN HONG KONG NET TV LIMITED 香港衛視網絡電視台有限公司

THE ACQUISITION

The Board is pleased to announce that on 23 October 2015 after trading hours, Meteor Storm, a direct wholly-owned subsidiary of the Company, entered into the Transfer Agreement with the Vendor, whereby the Vendor agreed to sell and Meteor Storm agreed to purchase the Sale Shares for a consideration of HK\$15,000,000.00 on and subject to the terms and conditions of the Transfer Agreement.

PUT OPTION TO REPURCHASE

Under the Transfer Agreement, Meteor Storm was granted a put option exercisable at its discretion mandating the Vendor to repurchase the entire shares in the Target Company then held by Meteor Storm at the original unit Purchase Price per Sale Share paid by Meteor Storm in the Acquisition in the event of any of the Guaranteed Conditions not being met after completion of the Acquisition.

IMPLICATIONS OF THE GEM LISTING RULES

With respect to the Acquisition, as most of the five applicable percentage ratios as defined in Rule 19.06 of the GEM Listing Rules (being the assets ratio, the gross profits ratio (as an alternative to the profits ratio) and the revenue ratio) are 5% or more but none of them is 25% or above, the Acquisition constitutes a discloseable transaction of the Group under Chapter 19 of the GEM Listing Rules. In light of the above, the Acquisition is subject to the reporting and announcement requirements under the GEM Listing Rules.

Given that no premium is payable for the Repurchase Option, the Repurchase Option is not classifiable as a notifiable transaction under the GEM Listing Rules on acquisition of the same by Meteor Storm by entering into the Transfer Agreement.

I. THE ACQUISITION

BACKGROUND

The Board is pleased to announce that on 23 October 2015 after trading hours, Meteor Storm, a direct wholly-owned subsidiary of the Company, entered into the Transfer Agreement with the Vendor, whereby the Vendor agreed to sell and Meteor Storm agreed to purchase the Sale Shares for a consideration of HK\$15,000,000.00 on and subject to the terms and conditions of the Transfer Agreement.

As at the date of the Transfer Agreement, the Vendor is the sole shareholder of the Target Company holding its entire issued share capital. After completion of the Acquisition, Meteor Storm and the Vendor will respectively hold 6% and 94% of the entire issued share capital of the Target Company.

Details of the Transfer Agreement are set out in the ensuing paragraphs.

1. THE AGREEMENT

1.1 Date

23 October 2015

1.2 Parties

- (1) the Vendor;
- (2) Meteor Storm;
- (3) the Target Company; and
- (4) the Vendor's Guarantor

1.3 Subject Assets of the Acquisition

The subject assets of the Acquisition are the Sale Shares, being 6% of the entire issued share capital of the Target Company which represents the capital contribution of HK\$1,200,000.00 to the Target Company.

The Target Company is currently the holder of 5 Certificates of Hong Kong Service Supplier issued by the Trade and Industry Department of Hong Kong pursuant to the Mainland and Hong Kong Closer Economic Partnership Arrangement in respect of the following services (collectively "**CEPA Certificates**"): (i) advertising services; (ii) photographic services; (iii) audiovisual services – videos, sound recording products related services; (iv) audiovisual services – motion pictures distribution services; and (v) audiovisual services – other and/or multiple services.

The Target Company further as registered and beneficial owner holds the entire equity interest in the Target Subsidiary.

1.4 Consideration

The Purchase Price payable to the Vendor by Meteor Storm for the acquisition of the Sale Shares is HK\$15,000,000.00.

The Purchase Price was determined after arm's length negotiations between Meteor Storm and the Vendor with reference to the market value of other comparable players in the industry.

The Group intends to fund the Acquisition from part of the net proceeds raised from the recent placing of 136,270,000 new Shares in the Company completed on 21 August 2015 allocated for the use of investment or acquisition of potential new projects (“**Placing**”).

1.5 Payment Terms

The Purchase Price shall be paid by Meteor Storm to the Vendor by instalments:

- (1) 50% of the Purchase Price to be paid as deposit within 5 business days after signing of the Transfer Agreement; and
- (2) the remaining 50% of the Purchase Price to be paid within 5 business days after completion of the Acquisition and stamping of the relevant transfer documents.

In the event that completion of the Acquisition fails to take place for whatsoever reason, the Vendor shall return the deposit paid by Meteor Storm as aforesaid without interest within 5 business days from the originally scheduled date of completion.

1.6 Conditions Precedent

Pursuant to the Transfer Agreement, completion of the Acquisition shall take place within 3 months from the date of the Transfer Agreement, but is subject to the following conditions precedent:

- (1) all parties to the Transfer Agreement having obtained all requisite consents, authorisations, permits and/or approvals for execution of the Transfer Agreement, entering into the transactions contemplated thereunder and performance of their respective obligations thereunder;
- (2) Meteor Storm having completed legal, financial and operational due diligence on the Target Company and the Target Subsidiary (which shall be completed within 21 days from the date of the Transfer Agreement or such longer period as may be mutually agreed by Meteor Storm and the Vendor in writing), and considering the due diligence results satisfactory and therefore agreeing to proceed with completion of the Acquisition;
- (3) the Vendor's representations and warranties given under the Transfer Agreement having remained true, complete and not misleading in all respects; and
- (4) neither Meteor Storm nor the Vendor having been in breach of the Transfer Agreement.

1.7 The Vendor's Guarantee

The Vendor's Guarantor, being the sole ultimate beneficial owner of the Vendor, acts as guarantor to irrevocably guarantee the due and punctual performance of the Vendor's obligations under the Transfer Agreement.

1.8 Put Option to Repurchase

In the event that any of the Guaranteed Conditions below is not met after completion of the Acquisition:

- (1) according to the consolidated audited financial statements of the Target Company, (i) the after-tax net profits of the Target Company (on a non-cumulative basis ignoring any net profits carried forward from the previous financial years, if any) earned during the financial year ending 31 December 2015 fails to reach HK\$16,000,000.00; or (ii) the after-tax net profits of the Target Company (also on a non-cumulative basis) earned during the financial year ending 31 December 2016 fails to reach HK\$18,000,000.00; or (iii) the aggregate after-tax net profits of the Target Company (also on a non-cumulative basis) earned during the two financial years ending 31 December 2015 and 31 December 2016 respectively fails to reach HK\$37,000,000.00; or
- (2) for whatsoever reasons the Target Company no longer holds any of the CEPA Certificates or ceases to be eligible for being a holder of any of them at any time within 2 years after completion of the Acquisition,

Meteor Storm shall have a right (but not an obligation) exercisable at its discretion mandating the Vendor to repurchase within 3 business days of Meteor Storm's issuance of the exercise notice the entire shares in the Target Company then held by Meteor Storm at the original unit Purchase Price per Sale Share paid by Meteor Storm in the Acquisition ("**Repurchase Option**"). All costs and stamp duties associated with such repurchase shall be borne by the Vendor.

1.9 Post-completion Management of the Target Company and the Target Subsidiary

After completion of the Acquisition and Meteor Storm has become a shareholder of the Target Company:

- (1) the Target Company shall, within 6 months after the end of each financial year, furnish Meteor Storm with the audited consolidated financial statements of the Target Company in respect of such financial year;
- (2) neither the Vendor nor Meteor Storm may directly or indirectly transfer all or any shares held by it in the Target Company or permit any encumbrances over such shares without the other party's written consent, unless the pre-emptive right of the other shareholder to purchase such shares has been waived or exhausted pursuant to the terms of the Transfer Agreement in the case of transfer of shares;
- (3) the Vendor and Meteor Storm shall have pre-emptive right to subscribe for new shares, securities, convertible bonds or any other equity interests issued or granted by the Target Company or the Target Subsidiary in proportion to their respective shareholding in the Target Company; and
- (4) certain major matters concerning the Target Company or the Target Subsidiary are classified as shareholders reserved matters requiring the unanimous approval of all shareholders of the Target Company, such as (i) issuance or grant of any new shares, securities, convertible bonds or any other equity interests; (ii) material change in nature or scope of business; (iii) material acquisition, investment, assets disposal,

re-organisation or entering into of any material contract or arrangement, where the sum involved exceeds HK\$15,000,000.00; (iv) amendment of constitution; (v) any change in capital structure; (vi) merger or acquisition involving the Target Company or the Target Subsidiary as target; (vii) establishment, winding up or dissolution of subsidiaries or branches; (viii) advance of loan or grant of securities involving a sum exceeding HK\$15,000,000.00; (ix) encumbrance over substantial assets; (x) loan or securities for the benefit of any shareholder or director; (xi) litigation or arbitration case involving a sum exceeding HK\$15,000,000.00; (xii) liquidation, dissolution or cessation of business; (xiii) public offering of shares or listing on any stock exchange.

2. PRINCIPAL BUSINESS ACTIVITIES OF METEOR STORM AND THE GROUP

As at the date of this announcement, the principal business activity of Meteor Storm is investment holding.

The Group is principally engaged in the provision of wireless mobile value-added services.

3. PRINCIPAL BUSINESS ACTIVITIES OF THE VENDOR

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, the Vendor is principally engaged in the businesses of provision of advertising and consultancy services.

4. INFORMATION OF THE TARGET COMPANY AND THE TARGET SUBSIDIARY

The Target Company was incorporated in Hong Kong on 6 July 2010, and wholly owns the Target Subsidiary as its sole subsidiary, which was incorporated in the PRC on 17 November 2014. Both the Target Company and the Target Subsidiary are principally engaged in the businesses of provision of advertising and consultancy services.

According to the audited financial statements of the Target Company for the year ended 31 December 2014, the net asset value of the Target Company attributable to the Sale Shares was HK\$2,559,681.00. The Target Subsidiary was incorporated on 17 November 2014 but the capital verification of the first injection of capital was completed only in 2015, and therefore the Target Subsidiary did not have any assets or operate any business in the financial year ended 31 December 2014. According to the unaudited consolidated financial statements of the Target Company made up to 30 September 2015, the net asset value of the Target Company and the Target Subsidiary attributable to the Sale Shares was HK\$3,676,580.00.

The audited net profits of the Target Company attributable to the Sale Shares were (i) HK\$1,117,965.00 (before taxation and extraordinary items) and HK\$1,097,870.00 (after taxation and extraordinary items) for the financial year ended 31 December 2014; and (ii) HK\$2,601,106.00 (before taxation and extraordinary items) and HK\$2,600,164.00 (after taxation and extraordinary items) for the financial year ended 31 December 2013.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board has maintained a strong cash flow after the Placing, and has subsequently been exploring business diversification opportunities in order to enhance the long-term growth potential of the Group. The Directors consider the Target Company and the Target Subsidiary to be a profitable investment for the Group.

Considering the potential benefits that the Acquisition are likely to yield to the Group, the Directors consider that the terms of the Transfer Agreement and the Acquisition are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

6. GEM LISTING RULES IMPLICATIONS

With respect to the Acquisition, as most of the five applicable percentage ratios as defined in Rule 19.06 of the GEM Listing Rules (being the assets ratio, the gross profits ratio (as an alternative to the profits ratio) and the revenue ratio) are 5% or more but none of them is 25% or above, the Acquisition constitutes a discloseable transaction of the Group under Chapter 19 of the GEM Listing Rules. In light of the above, the Acquisition is subject to the reporting and announcement requirements under the GEM Listing Rules.

Given that no premium is payable for the Repurchase Option, the Repurchase Option is not classifiable as a notifiable transaction under the GEM Listing Rules on acquisition of the same by Meteor Storm by entering into the Transfer Agreement.

The Repurchase Option, if exercised in full, would constitute a discloseable transaction of the Group under Chapter 19 of the GEM Listing Rules based on the current circumstances. Further announcement, if so required, will be made in accordance with the GEM Listing Rules should Meteor Storm elect to exercise the Repurchase Option.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendor and the Vendor's Guarantor (being the sole ultimate beneficial owner of the Vendor) are third parties independent of the Group and its connected persons.

II. DEFINITIONS

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

“Acquisition”	means the acquisition of the Sale Shares by Meteor Storm from the Vendor on and subject to the terms and conditions of the Transfer Agreement;
“Board”	means the board of Directors;
“CEPA Certificates”	shall have the meaning ascribed to it under section 1.3 of this announcement;
“Company”	means Prosten Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 8026);
“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 the GEM;
“Group”	means the Company and its subsidiaries collectively;

“Guaranteed Conditions”	means the conditions set out in section 1.8 of this announcement;
“Hong Kong”	means Hong Kong Special Administrative Region of the PRC;
“HK\$”	means Hong Kong Dollars, the prevailing lawful currency of Hong Kong;
“Meteor Storm”	means Meteor Storm Holdings Limited, a company incorporated in the British Virgin Islands;
“PRC”	means the People’s Republic of China which excludes Hong Kong and Macau Special Administrative Regions for the purpose of this announcement;
“Placing”	shall have the meaning ascribed to it under section 1.4 of this announcement;
“Purchase Price”	means the purchase price in the sum of HK\$15,000,000.00 payable by Meteor Storm to the Vendor for the Acquisition;
“Repurchase Option”	shall have the meaning ascribed to it under section 1.8 of this announcement;
“Sale Shares”	means the 1,200,000 ordinary shares in the Target Company legally and beneficially held by the Vendor and the corresponding rights and interests attached or accrued thereto (including without limitation those indirectly held at the level of the Target Subsidiary through the Target Company);
“Share(s)”	means the ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	means holder(s) of the Share(s);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Target Company”	means HONG KONG NET TV LIMITED 香港衛視網絡電視台有限公司, a company incorporated in Hong Kong;
“Target Subsidiary”	means 深圳市香港衛視廣告有限公司, a company incorporated in the PRC;
“Transfer Agreement”	means the agreement for transfer of the Sale Shares entered into between Meteor Storm (as purchaser), the Vendor (as vendor), the Vendor’s Guarantor and the Target Company in relation to the Acquisition dated 23 October 2015;

“Vendor” means Hong Kong Media Group Limited 香江傳媒集團有限公司, a company incorporated in the British Virgin Islands;

“Vendor’s Guarantor” means Mr. GAO Hongxing 高洪星

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

Hong Kong, 23 October 2015

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*