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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)

**(I) PROPOSED ISSUE OF CONVERTIBLE NOTE
UNDER SPECIFIC MANDATE;**

**(II) DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF THE ENTIRE INTEREST IN
AND SHAREHOLDER'S LOANS TO
SINO YAO SHANG TECHNOLOGY LIMITED;**

(III) PROPOSED CHANGE OF COMPANY NAME;

**(IV) PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION; AND**

(V) APPOINTMENT OF DIRECTOR

Financial Adviser to the Company



Shinco Capital Limited

THE SUBSCRIPTION

On 31 May 2016, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber agreed to subscribe for, and the Company agreed to issue, the Convertible Note in the aggregate principal amount of HK\$35 million. The Subscription is conditional upon satisfaction of the conditions precedent set out in this announcement.

Assuming the conversion rights attaching to the Convertible Note are exercised in full at the initial Conversion Price of HK\$0.31 per Conversion Share, a total of 112,903,225 Conversion Shares will be issued by the Company. The 112,903,225 Conversion Shares represent (i) approximately 10.31% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.34% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares falling to be allotted and issued upon exercise of the conversion rights attached to the Convertible Note will be issued under a specific mandate to be sought from the Shareholders at the EGM.

THE ACQUISITION

The Board is pleased to announce that on 31 May 2016, the Purchaser (a direct wholly-owned subsidiary of the Company), the Vendor and the Guarantor entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, representing the entire issue share capital of the Target Company, and the Sale Loan, at the aggregate consideration of HK\$14.38 million.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceed 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under the GEM Listing Rules.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the existing English name of the Company from "PROSTEN TECHNOLOGY HOLDINGS LIMITED" to "PROSTEN HEALTH HOLDINGS LIMITED" and to adopt the dual foreign name in Chinese "長達健康控股有限公司" to replace the existing Chinese name "長達科技控股有限公司" which was adopted for identification purposes only subject to certain conditions, including the passing of a special resolution by the Shareholders at the EGM to approve the Proposed Change of Company Name. The stock short name of the Company will be changed consequently.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to make certain amendments to the Memorandum and Articles of Association of the Company to reflect the Proposed Change of Company Name and to remove the provision that at least one Directors' meeting shall be held in the Cayman Islands in each calendar year.

APPOINTMENT OF DIRECTOR

The Board is pleased to announce that with effect from 1 June 2016, Mr. Song Xuxi be appointed as non-executive Director of the Company.

GENERAL

The EGM will be held to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (i) the Subscription Agreement and the transactions contemplated thereunder, including the issue and allotment of the Conversion Shares; (ii) the Proposed Change of Company Name; and (iii) the proposed amendments to the Memorandum and Articles of Association of the Company.

A circular containing, among other things, further details of (i) the Subscription Agreement; (ii) the Proposed Change of Company Name; (iii) the proposed amendments to the Memorandum and Articles of Association of the Company; and (iv) a notice of the EGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

Completion of the Subscription and the Acquisition are subject to the satisfaction and/or waiver of the conditions precedent therein respectively. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

I. THE SUBSCRIPTION

On 31 May 2016, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber agreed to subscribe for, and the Company agreed to issue, the Convertible Note in the aggregate principal amount of HK\$35 million. Details of the Subscription Agreement and the principal terms of the Convertible Note are set out below.

THE SUBSCRIPTION AGREEMENT

Date

31 May 2016

Parties

Issuer: the Company

Subscriber: the Subscriber

The Subscriber is a company incorporated in the BVI with limited liability whose principal business is investment holding.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

Subject matter

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Note in the principal amount of HK\$35 million.

Conditions precedent

The completion of the Subscription is subject to the satisfaction of the following conditions, among others:

- a. the granting of the approval by the Stock Exchange the listing of, and the permission to deal in, the Conversion Shares and such approval not having been revoked;
- b. the grant of approval by the Shareholders on the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Conversion Shares) at the EGM;
- c. the Subscriber shall have satisfied with the results of its due diligence investigations, in its sole discretion acting reasonably, on the Company and its subsidiaries; and
- d. the warranties provided by the Company remaining true and accurate in all material respects and not misleading in any material respect as of the date of completion of the Subscription by reference to the facts and circumstances subsisting at the date of completion.

The Subscriber may at any time waive condition (d) above.

If the Conditions Precedent have not been fulfilled (or waived by the Subscriber in whole or in part) on or before 31 July 2016 (or such other date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement will lapse and become null and void and the parties will be released from all obligations thereunder, save for liabilities for any antecedent breaches hereof.

Completion

The completion of the Subscription shall take place on or before the seventh Business Day after the date on which all the conditions precedent have been fulfilled (or, where applicable, waived) or such other date as may be agreed by the Company and the Subscriber.

PRINCIPAL TERMS AND CONDITIONS OF CONVERTIBLE NOTE

The terms and conditions of the Convertible Note have been negotiated on an arm's length basis and the principal terms and conditions of which are summarized below:

Issuer: The Company

Principal amount: HK\$35,000,000

Issue Price: 100% of the principal amount of the Convertible Note

Maturity Date: The first anniversary of the date of issue of the Convertible Note

Interest: The Convertible Note will bear interest from the date of issue at a rate equal to six (6) per cent. per annum on the outstanding principal amount and will be payable on the Maturity Date

Conversion Price: The initial Conversion Price is HK\$0.31 per Share, subject to adjustments.

The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following:

- (i) consolidation, sub-division or re-classification of the Shares;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution to the Shareholders;

- (iv) offer to the Shareholders new Shares for subscription by way of rights, or grant to the Shareholders any options, warrants or other rights to subscribe for any new Shares at a price which is less than 80% of the market price as at the date of the announcement of the terms of the offer or grant;
- (v) issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 80% of the market price as at the date of the announcement of the terms of issue of such securities;
- (vi) when the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (v) above are modified so that the total effective consideration per Share initially receivable for such securities will be less than 80% of the market price as at the date of the announcement of such proposal; and
- (vii) when the Company issue wholly for cash any Shares at a price per Share which is less than 80% of the market price as at the date of the announcement of the terms of such issue.

Ranking and Status

The obligations of the Company arising under the Convertible Note constitute direct, unconditional, unsecured and unsubordinated obligations of the Company and rank *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

No application will be made for a listing of the Convertible Note on the Stock Exchange or any stock or securities exchange.

Voting

The Noteholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being a Noteholder.

Transferability

The Convertible Note may, upon obtaining the prior written approval of the Company, be assigned and transferred (whether in whole or in part(s) before the Maturity Date) provided that no assignment or transfer shall be made to a connected person (within the meaning ascribed thereto in the GEM Listing Rules) of the Company without the prior approval of the Company and provided further that the principal amount to be assigned or transferred is at least HK\$1,000,000 and in integral multiples of HK\$1,000,000 unless the amount of the outstanding Convertible Note is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be assigned and transferred.

Conversion Rights

The Noteholder will have the right, on any Business Day during the period commencing from the issue date of the Convertible Note and ending 4:00 p.m. on the date falling five (5) Business Days prior to the Maturity Date, to convert the whole or part of such principal amount of the Convertible Note set out therein into the Conversion Shares at the Conversion Price (subject to adjustments).

The conversion rights shall not be allowed to exercise by the Noteholder if, (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 11.23 of the GEM Listing Rules; or (ii) if such conversion will trigger the obligation by the Noteholder or party acting in concert (as defined in the Takeovers Code) to make a general offer of the Shares under the Takeovers Code.

Redemption

Unless previously redeemed, converted or purchased and cancelled, the Convertible Note is to be redeemed on maturity at 100% of the principal amount outstanding under the Convertible Note together with all accrued and unpaid interest thereon on the Maturity Date.

At the option of the Company, the Convertible Note may be redeemed in amounts of HK\$1,000,000 or integral multiples thereof on any Business Day prior to the Maturity Date at 100% of the principal amount outstanding under the Convertible Note together with all interest accrued thereon up to and including the date of redemption. The Convertible Note redeemed by the Company will be forthwith cancelled and may not thereafter be reissued or resold.

The Conversion Price

The initial Conversion Price of HK\$0.31 per Conversion Share, which has been determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares represents:

- (i) a discount of about 18.42% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on 30 May 2016 (the "**Last Trading Day**");
- (ii) a discount of about 19.48% to the average closing price of HK\$0.385 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of about 20.31% to the average closing price of HK\$0.389 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day.

The Conversion Shares

As at the date of this announcement, the Company has 1,095,360,500 Shares in issue. Assuming the conversion rights attaching to the Convertible Note are exercised in full at the initial Conversion Price of HK\$0.31 per Conversion Share, a total of 112,903,225 Conversion Shares will be issued by the Company.

The 112,903,225 Conversion Shares represent (i) approximately 10.31% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.34% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares shall rank *pari passu* with all other Shares in issue as at the date of conversion and be entitled to all dividends, bonus and other distributions, the record date of which falls on a date on or after the date of conversion.

The Conversion Shares falling to be allotted and issued upon exercise of the conversion rights attached to the Convertible Note will be issued under a specific mandate to be sought from the Shareholders at the EGM.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Note in full respectively, and assuming that there being no other change to the share capital and shareholding structure of the Company from the date of this announcement save for the allotment and issue of the Conversion Shares.

	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Note in full	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Substantial Shareholders				
Dynamic Peak Limited <i>(Note 1)</i>	294,276,619	26.87	294,276,619	24.36
Right Advance Management Limited <i>(Note 2)</i>	111,000,000	10.13	111,000,000	9.19
Directors				
Yip Heon Keung	6,300,000	0.58	6,300,000	0.52
Public Shareholders				
The Subscriber	—	—	112,903,225	9.34
Other public Shareholders	683,783,881	62.42	683,783,881	56.59
Total	<u>1,095,360,500</u>	<u>100.00</u>	<u>1,208,263,725</u>	<u>100.00</u>

Notes:

1. Dynamic Peak Limited (“Dynamic Peak”) is a company incorporated in the BVI 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 executive Director and 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.
2. Right Advance Management Limited (“Right Advance”) is a company incorporated in the BVI 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.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company is an investment holding company. The Group is principally engaged in the provision of wireless mobile value-added services. Apart from its core business, the Group has recently expanded its business into the advertising, pharmaceutical, jewellery and financial services industries.

The Board considers the issue of the Convertible Note represents an opportunity to 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 Directors also consider that the issue of the Convertible Note is an appropriate means of raising additional capital of the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The Directors therefore are of the view that the terms of the Subscription Agreement and the Convertible Note are determined after arm’s length negotiations between the Company and the Subscriber, and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

USE OF PROCEEDS

The gross and net proceeds from the issue of the Convertible Note are HK\$35 million and approximately HK\$34 million respectively, represent a net issue price of approximately HK\$0.301 per Share. The Board intends to use such proceeds for potential acquisition as identified by the Group from time to time, including the Acquisition and as general working capital purposes of the Group.

FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

Save as disclosed below, the Company had not conducted any other equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

Fund raising in 2015

Date of announcements: 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: Fully utilized as follows:

Investment or acquisition of the potential new projects:	HK\$44.90 million
General working capital:	HK\$12.10 million

Fund raising in 2016

Date of announcements:	19 February 2016 and 10 March 2016
Event:	Placing of 159,848,000 new Shares under general mandate at the placing price of HK\$0.31 per Share pursuant to the placing agreement entered into between the Company and One China Securities Limited (一中證券有限公司) as placing agent dated 19 February 2016
Net proceeds:	Approximately HK\$48,390,000
Intended use of proceeds:	Providing additional general working capital and funding for developing new investments and acquisition of potential new projects.
Actual use of proceeds:	approximately HK\$37 million had been applied for business development and the remaining amount had not been utilized.

II. THE ACQUISITION

The Board is pleased to announce that on 31 May 2016, the Purchaser (a direct wholly-owned subsidiary of the Company), the Vendor and the Guarantor entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, representing the entire issue share capital of the Target Company, and the Sale Loan at the aggregate Consideration of HK\$14.38 million.

The Acquisition Agreement

Date: 31 May 2016

Parties: the Purchaser

the Vender

the Guarantor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vender are investment holding companies and their respective ultimate beneficial owner, the Guarantor, are third parties independent of the Company and its connected persons.

Assets to be acquired

The Sale Shares, representing the entire issued share capital of the Target Company, and the Sale Loan on the completion date of the Acquisition.

Consideration

Pursuant to the Acquisition Agreement, the total consideration for the Sale Shares and the Sale Loan is HK\$14.38 million and shall be settled by the Purchaser as to (i) HK\$5 million payable within 3 Business Days from the date of the Acquisition Agreement as refundable deposit; and (ii) HK\$9.38 million payable within 60 days from completion of the Acquisition. The Consideration will be funded by the Group's internal resources and/or the proceeds from the Subscription.

The consideration was determined after arm's length negotiations between the Vender and the Purchaser on normal commercial terms with reference to (i) the total capital invested by the Vender on the Target Group; (ii) the future prospects of the Target Group; and (iii) the amount of the Sale Loan.

Conditions precedent

Completion is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (i) The Purchaser and the Vendor having obtained all the necessary approvals in respect of the Acquisition, including the shareholders, relevant government and regulatory officials and organizations and other third parties, such as banks;
- (ii) the Purchaser having been satisfied with the results of the due diligence review on the Target Group (including the obtaining of the valuation of the Target Group);
- (iii) the Purchaser having obtained a PRC legal opinion (in the form and substance satisfactory to the Purchaser); and
- (iv) the warranties provided by the Vendor in the Acquisition Agreement being true and accurate in all material respect and not misleading and had complied with its responsibility in all material aspect thereon.

The Purchaser may in its absolute discretion at any time waive the conditions set out in (ii), (iii) and (iv) above by notice in writing.

As at the date of this announcement, the Purchaser has no intention to waive any of the above waivable conditions.

Completion

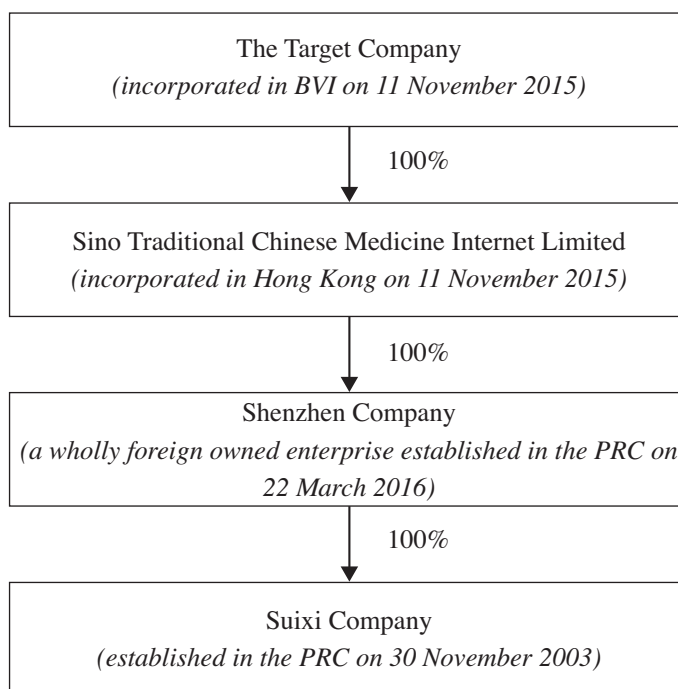
Subject to the fulfillment or waiver (as the case may be) of the above conditions, Completion will take place within five (5) Business Days after the date on which all the conditions precedent have been fulfilled or waived (or such other date as the party thereto may agree). Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated with those of the Group.

If any of the above conditions precedent is not fulfilled by 30 June 2016 (or such later date as the parties to the Acquisition Agreement may agree in writing), the Acquisition Agreement shall terminate and neither party shall have any further obligations towards the other thereunder save for any antecedent breaches. The Purchaser shall refund the HK\$5,000,000 refundable deposit within two (2) Business Days from the date of the termination.

INFORMATION OF THE TARGET GROUP

The Target Group

The graph below sets out the group structure of the Target Group as at the date of this announcement:



The Target Group's business

The Target Company was incorporated in the BVI with limited liability on 11 November 2015. As at the date of this announcement, the Target Group has no material business operation, save for the Suixi Company which is engaging in trading of medicine.

According to the business license of Suixi Company, its approved business scope include, but not limit to the wholesale and retail of Chinese herbal medicine, antibiotic, healthcare product, certain surgical instrument, medical examination equipment and dental equipment and consumable.

Suixi Company has obtained the necessary license in carrying out the business, such as the pharmaceutical operation permit (藥品經營許可證), the medical equipment operation permit (醫療器械經營企業許可證) and the Good Supply Practices (GSP) certificate (藥品經營質量管理規範認證證書).

The Target Group may also expand its business into online trading of medicine in future.

Financial information of the Target Group

As disclosed above, the Target Group, other than Suixi Company have no material business operation, accordingly set out below are selected financial information of the Suixi Company prepared in accordance with the PRC Generally Accepted Accounting Principles for the two years ended 31 December 2014 and 31 December 2015:

Suixi Company

	Year ended 31 December 2014 <i>RMB'000</i> (<i>unaudited</i>)	Year ended 31 December 2015 <i>RMB'000</i> (<i>unaudited</i>)
Loss before tax	19	95
Loss after tax	22	95

As at 30 April 2016, the unaudited consolidated net liabilities value of the Target Group amounted to approximately HK\$0.38 million (after the exclusion of certain assets that will be excluded in the Acquisition).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in the provision of wireless mobile value-added services. Apart from its core business, the Group has recently expanded its business into the advertising, pharmaceutical, jewellery and financial services industries.

The Acquisition if materialize will enable the Group to directly obtain the necessary business licenses to operate pharmaceutical business in the PRC. It is the intention of the Group to leverage on the expertise of the management in such Target Group, and to use the established platform of the Target Group to further develop the pharmaceutical business of the Group, which the Board considers will enhance the long-term growth of the Group given the large opportunities for growth in the Chinese pharmaceutical market.

In light of the Acquisition is in line with the existing business strategy of the group in developing and strengthen its presence in the pharmaceutical segment, the Directors are of the view that the terms of the Acquisition Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceed 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under the GEM Listing Rules.

III. PROPOSED CHANGE OF COMPANY NAME

The Board proposes to seek the approval from the Shareholders by way of a special resolution at the EGM to change the existing English name of the Company from "PROSTEN TECHNOLOGY HOLDINGS LIMITED" to "PROSTEN HEALTH HOLDINGS LIMITED" and to adopt the dual foreign name in Chinese "長達健康控股有限公司" to replace the existing Chinese name "長達科技控股有限公司" which was adopted for identification purposes only, subject to certain conditions.

Conditions for the Proposed Change of Company Name

The Proposed Change of Company Name is subject to the following conditions:

1. the passing of a special resolution by the Shareholders at the EGM to approve the Proposed Change of Company Name; and
2. the issuance of a certificate of incorporation on change of name by the Registrar of Companies in the Cayman Islands.

Subject to the satisfaction of the above conditions, the Proposed Change of Company Name will take effect on the date on which the new English name and the dual foreign name in Chinese of the Company are entered on the register of companies maintained by the Registrar of Companies in the Cayman Islands. The Registrar of Companies in the Cayman Islands shall issue a certificate of incorporation on change of name thereafter. The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong. The stock short name of the Company will also be changed accordingly.

Reasons for the Proposed Change of Company Name

The Group's business includes wireless mobile value-added services, advertising, pharmaceutical, jewellery and financial services. Reference is made to the voluntary announcements of the Company dated 23 December 2015 and 22 January 2016 respectively in relation to business updates. As announced in part II of this announcement, the Company entered into an agreement to acquire the Target Group, which is mainly engaged in trading of medicine and may also expand its business to online trading of medicine. The Group intends to further develop its pharmaceutical business, which the Board considers will enhance the long-term growth of the Group given the large opportunities for growth in the Chinese pharmaceutical market.

The Board believes that the Proposed Change of Company Name will provide the Company with a more suitable corporate image and identity. The Board is of the opinion that the Proposed Change of Company Name will better reflect the Group's strategic business plan and future business development and is in the best interests of the Company and the Shareholders as a whole.

Effect of the Proposed Change of Company Name

The Proposed Change of Company Name will not affect any rights of the holders of securities of the Company. After the Proposed Change of Company Name becomes effective, all existing certificates of securities in issue bearing the present name of the Company will continue to be evidence of title to such securities of the Company and will continue to be valid for trading, settlement, delivery and registration purpose. There will be no special arrangement for the exchange of the existing certificates of securities of the Company for new certificates bearing the Company's new name as a result of the Proposed Change of Company Name. Subject to the Proposed Change of Company Name becoming effective, future certificates of securities will be issued under the new name of the Company.

Further announcements will be made by the Company to inform the Shareholders of the results of the EGM, the effective dates of the change of the Company English name and dual foreign name in Chinese and the new English and Chinese stock short names of the Company for trading in the Shares of the Company on the Stock Exchange.

IV. PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

In view of the Proposed Change of Company Name, the Board also proposes to make certain amendments to the Memorandum and Articles of Association of the Company to reflect such change. In addition, for the purposes of environmental protection and costs saving, the Board proposes to make certain amendments to the Articles of Association to allow the Company to remove the provision that at least one Directors' meeting shall be held in the Cayman Islands in each calendar year. Accordingly, the Board proposes to seek approval of the Shareholders by way of special resolutions for the above amendments to the Memorandum and Articles of Association at the EGM.

V. APPOINTMENT OF DIRECTORS

The Board is pleased to announce that Mr. Song Xuxi be appointed as non-executive Director with effect from 1 June 2016.

The biography of the new Director is set out below:

Mr. Song Xuxi (宋旭曦, "Mr. Song"), aged 33, has been appointed as a non-executive Director with effect from 1 June 2016. Mr. Song holds a Bachelor's Degree in Business Administration from Beijing Economic and Technological Training Institute (北京經濟技術研修學院) and a Master's Degree in Business Administration from Ursuline College in the United States of America. Mr. Song also completed a Business Administration and Innovation Leadership Seminar (工商管理及創新領導力研修班) in the Research Institute of Tsinghua University in Shenzhen (深圳清華大學研究院). Mr. Song has over 8 years of experience in corporate administration and strategic planning.

Mr. Song has entered into a service agreement with the Company on 31 May 2016. There is no fixed term for his appointment, which shall be continuous until terminated by either party by serving on the other party not less than three months' prior notice in writing. Notwithstanding the foregoing, he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. In particular, Mr. Song, as appointed by the Board, shall hold office until the next following annual general meeting of the Company and be eligible to offer himself for re-election at such meeting.

According to the service agreement, Mr. Song is entitled to director's emolument of HK\$120,000 per annum payable monthly by twelve equal instalments, which is determined with reference to the prevailing market conditions, and regards to his experience, duties and responsibilities.

As at the date of this announcement and within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, "SFO"), Mr. Song is interested in 1,000,000 Shares of the Company, representing approximately 0.09% of the entire issued share capital of the Company.

As at the date of this announcement, save as disclosed above, Mr. Song (i) does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders (as defined under the GEM Listing Rules) of the Company; (ii) does not hold other positions with the Company and other members of the Group; (iii) did not hold any directorship in the last three years preceding the date of this announcement in any public companies the securities of which are listed on any securities market in Hong Kong or overseas, or any other major appointments or professional qualifications; and (iv) does not have any other matters that need to be brought to the attention of the shareholders of the Company nor does he have any other information that is required to be disclosed pursuant to any of the requirements under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules.

The Board would like to extend its warm welcome to Mr. Song.

VI. GENERAL

The EGM will be held to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (i) the Subscription Agreement and the transactions contemplated thereunder, including the issue and allotment of the Conversion Shares; (ii) the Proposed Change of Company Name; and (iii) the proposed amendment to the Memorandum and Articles of Association of the Company.

The Subscriber and its associates do not currently hold any Shares and accordingly will not vote on any of the resolutions approving the Subscription Agreement and the transactions contemplated thereunder, including the issue and allotment of the Conversion Shares.

A circular containing, among other things, further details of (i) the Subscription Agreement; (ii) the Proposed Change of Company Name; (iii) the proposed amendments to the Memorandum and Articles and Association of the Company; and (iv) a notice of the EGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

Completion of the Subscription and the Acquisition are subject to the satisfaction and/or waiver of the conditions precedent therein respectively. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Acquisition”	the acquisition of the Sale Shares and Sale Loan pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement entered into between the Company, the Vendor and the Guarantor on 31 May 2016 in respect of the Acquisition
“Board”	the board of Directors from time to time
“Business day(s)”	a day, other than a Saturday, Sunday, public holiday and a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	Prosten Technology Holdings Limited, a limited company incorporated in the Cayman Islands and whose Shares are listed on GEM
“Conversion Price”	HK\$0.31, being the initial price for conversion of the Convertible Note, which is subject to adjustment pursuant to the terms and conditions of the Convertible Note

“Conversion Share(s)”	the Share(s) to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Note
“Convertible Note”	the convertible note in the principal amount of HK\$35 million to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving the Subscription Agreement and the transactions contemplated thereunder including the allotment and issue of the Conversion Shares upon conversion of the Convertible Note, the Proposed Change of Company Name and the proposed amendments to the Memorandum and Articles of Association
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	Ms. Liang Qiao Ling (梁巧玲), the ultimate beneficial owner of the Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Third Party(ies)”	parties which are not connected persons of the Company (as defined in the GEM Listing Rules) and are independent of and not connected with the Company and its connected persons
“Maturity Date”	the date falling on the first anniversary from the date of issue of the Convertible Note
“Memorandum and Articles and Association”	the existing memorandum of association and articles of association of the Company
“Noteholder(s)”	the person(s) who for the time being is a holder of a Convertible Note

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of PRC and Taiwan
“Proposed Change of Company Name”	the proposed change of the existing English name of the Company from “PROSTEN TECHNOLOGY HOLDINGS LIMITED” to “PROSTEN HEALTH HOLDINGS LIMITED” and to adopt the dual foreign name in Chinese “長達健康控股有限公司” to replace the existing Chinese name “長達科技控股有限公司” which was adopted for identification purposes only
“Purchaser”	Prosten Medical Investment Limited, a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of the Company
“Sale Loan”	the shareholder’s loan owing by the Target Company to the Vendor at completion, amounted to approximately HK\$11.9 million as at 30 April 2016
“Sale Shares”	the 50,000 shares of the Target Company, being the entire issued share capital in the Target Company as at the date of the Acquisition Agreement
“Share(s)”	means ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of the issued Shares from time to time
“Shenzhen Company”	深圳市漢盛堂科技有限公司 (transliterated as Shenzhen Hanshengtang Technology Limited), a wholly foreign owned enterprise established in the PRC with registered capital of HK\$1 million and nil paid-up capital
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Dragon Fortune Group Holdings Limited, a company incorporated in the BVI, an Independent Third Party
“Subscription”	the proposed issue and subscription of the Convertible Note pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber on 31 May 2016 in respect of the Subscription
“Substantial Shareholder(s)”	has the meanings ascribed under the GEM Listing Rules
“Suixi Company”	遂溪縣健利藥業有限公司 (transliterated as Suixi County Jianli Medicine Limited), a company established in the PRC with paid-up registered capital of RMB1.2 million
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Sino Yao Shang Technology Limited, a company incorporated in the BVI with limited liability
“Target Group”	The Target Company, its subsidiaries (namely Sino Traditional Chinese Medicine Internet Limited, the Shenzhen Company and the Suixi Company)
“Vendor”	Yu Wai Achieve Grand Development Limited, a company incorporated in the BVI with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board

PROSTEN TECHNOLOGY HOLDINGS LIMITED

Xu Zhigang

Chairman

Hong Kong, 31 May 2016

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

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

Mr. Han Jun (*Executive Director*)

Mr. Yeung Yiu Bong Anthony (*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*