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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)

INSIDE INFORMATION

This announcement is made by Prosten Technology Holdings Limited pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to announce that despite repeated verbal and written requests (including legal letters), the Board has been unable to access the complete sets of book and records together with the supporting documents of three indirect wholly-owned subsidiaries, namely, Prosten Technology (Shanghai) Co. Ltd. (“**Prosten Shanghai**”), Shanghai Sou Le Advertising Limited (“**Sou Le**”) and Unison Networking Services (Shanghai) Co. Ltd. (“**Unison**”) (collectively, the “**Shanghai Subsidiaries**”) for the period from 1 January 2016 to 31 March 2016. This was mainly due to the lack of cooperation by the management of the Shanghai Subsidiaries.

On 24 June 2016, the Board considered that the Company and its subsidiaries (collectively, the “**Group**”) was unable to govern the Shanghai Subsidiaries, and the control over the Shanghai Subsidiaries was lost. Therefore, from 1 January 2016 onwards, the Group had de-consolidated the Shanghai Subsidiaries from its financial statements for the financial year ended 31 March 2016. Details of the above will be included in the Company’s annual results announcement for the financial year ended 31 March 2016 which is scheduled to be released on 27 June 2016.

The Board has been taking all reasonable steps and has been using its best endeavours to protect interest of the Group and try to resolve the above matters.

The Shanghai Subsidiaries are mainly engaged in wireless value-added Services. To the best knowledge and belief of the Board, Prosten Shanghai and Sou Le are inactive companies and did not generate any revenue for the year ended 31 March 2016. Unison cooperated with China Mobile Limited (“**China Mobile**”) through wireless music search and MiCu Ringtone projects. To the best knowledge and belief of the Board and based on the latest information collected from Unison, all contracts for the wireless music search and MiCu Ringtone projects were completed by the end of year 2015 and were not renewed and no new contracts were signed for its wireless value-added services. Hence, the operation of Unison is assumed to be limited and the Board does not expect it will bring in considerable revenue to the Group going forward.

The Board is of the view that the abovementioned situation (“**Situation**”) will have no material impact on the business operation of the Group for the following reasons:

- (i) Prosten Shanghai and Sou Le are inactive companies and did not generate any revenue for the year ended 31 March 2016;
- (ii) based on the latest information collected from Unison, all contracts bringing revenue to Unison were completed by the end of year 2015 and those contracts were not renewed and no new contracts were signed for its wireless value-added services. Hence, the operation of Unison is assumed to be limited and the Board does not expect it will bring in considerable revenue to the Group going forward;
- (iii) there are other subsidiaries of the Company engaged in wireless value-added services, the Group can continue to develop the wireless value-added service through those subsidiaries when business opportunities arise; and
- (iv) apart from the wireless value-added business, the Group has recently expanded its business into the advertising, pharmaceutical, jewellery and financial services industries and will continue to develop those businesses.

On 24 June 2016, the Board also resolved to take legal action in respect of the Situation and will keep the shareholders of the Company and potential investors informed of any material development in this connection as and when appropriate.

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

Hong Kong, 24 June 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. Song Xuxi (*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*