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PROSTEN HEALTH HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8026)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



恒明珠證券有限公司
ETERNAL PEARL SECURITIES LTD.

On 17 April 2018 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 240,000,000 Placing Shares at the placing price of HK\$0.27 per Placing Share to not less than six Placees who and whose beneficial owners shall be Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 28 September 2017.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 19.82% of the existing issued share capital of the Company of 1,210,963,725 Shares as at the date of this announcement; and (ii) approximately 16.54% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$24,000,000.

The placing price of HK\$0.27 represents a discount of approximately 19.4% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.335 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.316 in the last five trading days prior to the date of the Placing Agreement.

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$64,800,000 and HK\$63,713,000 respectively. On such basis, the net issue price will be approximately HK\$0.265 per Placing Share. The net proceeds from the Placing are intended to be used for the expansion of the Group's trading and jewelry business.

Since completion of the Placing is subject to the fulfillment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board announces that on 17 April 2018 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 240,000,000 Placing Shares at the placing price of HK\$0.27 per Placing Share to not less than six Placees who and whose beneficial owners shall be Independent Third Parties. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

17 April 2018 (after trading hours)

Issuer

The Company

Placing Agent

Eternal Pearl Securities Limited, an Independent Third Party

Pursuant to the terms of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 240,000,000 Placing Shares to independent Placees. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its associates are Independent Third Parties. As at the date of this announcement, the Placing Agent and its associates were not interested in any Share.

The Placing Agent will charge the Company a placing commission equivalent to 1.5% of the Placing Price in respect of such number of Placing Shares successfully placed by the Placing Agent plus any other out-of-pocket charges and expenses by the Placing Agent in relation to the Placing.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees, who and whose ultimate beneficial owners (if applicable) shall be Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 19.82% of the existing issued share capital of the Company of 1,210,963,725 Shares as at the date of this announcement; and (ii) approximately 16.54% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$24,000,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon allotment and issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The placing price of HK\$0.27 represents a discount of approximately 19.4% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.335 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.316 in the last five trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses) from the Placing will be approximately HK\$64,800,000 and HK\$63,713,000 respectively. On such basis, the net issue price will be approximately HK\$0.265 per Placing Share.

General Mandate to allot and issue of the Placing Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Under the General Mandate, the Company is authorised to issue up to 242,192,745 Shares each under the General Mandate. Up to the date of this announcement, no Share has been issued under the General Mandate. The maximum of 240,000,000 Placing Shares to be allotted and issued will utilise approximately 99.09% of the General Mandate.

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Condition of the Placing Agreement

Completion of the Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement on or before 30 April 2018 (“**Long Stop Date**”).

If the above condition is not satisfied on or before the Long Stop Date, the obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of (i) any antecedent breaches of any obligation thereunder; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements).

Completion of the Placing

Completion of the Placing shall take place on the third Business Day after the fulfillment of the above condition or on such other date as the Company and the Placing Agent may agree in writing.

Force majeure

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in this announcement by the Company has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or

- (5) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (6) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement.

Upon termination of the Placing Agreement as described above, all liabilities of the parties to the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of (i) any antecedent breach of any obligation under the Placing Agreement; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Since completion of the Placing is subject to the fulfillment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group's operating activities are currently attributable to three operating segments focusing on trading and retailing of jewelry, money lending and trading and distributing pharmaceutical and healthcare products.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$64,800,000 and HK\$63,713,000 respectively. The net proceeds from the Placing are intended to be used for the expansion of the Group's trading and jewelry business.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide funding to the Group to meet any future development opportunities and obligations. The Placing also represents good opportunities to broaden the Shareholders' base and the capital base of the Company.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (subject to completion of the Placing and assuming that there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out below:

Shareholders	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of issued Shares	Approximate Percentage	Number of issued Shares	Approximate Percentage
Brilliant Chapter Limited (<i>Note 1</i>)	822,319,294	67.91%	822,319,294	56.67%
<i>Public Shareholders</i>				
The Placees	–	–	240,000,000	16.54%
Other Shareholders	388,644,431	32.09%	388,644,431	26.79%
Total:	<u>1,210,963,725</u>	<u>100.00%</u>	<u>1,450,963,725</u>	<u>100.00%</u>

Notes:

1. Brilliant Chapter Limited is a limited liability company incorporated in the Republic of Seychelles, the entire issued share capital of which is beneficially owned as to 80% by Mr. ZHANG Chunhua and as to 20% by Source Mega Limited, a company incorporated in the Republic of Seychelles. The directors of Brilliant Chapter Limited are Mr. ZHANG Chunhua and Ms. ZHANG Chunping and the sole director of Source Mega Limited is Ms. ZHANG Chunping. Mr. ZHANG Chunhua is the brother of Ms. ZHANG Chunping.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 28 September 2017
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	Prosten Health Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the GEM Listing Rules
“Director(s)”	Director(s) of the Company
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the GEM Listing Rules)
“Placee(s)”	any individuals, corporates, institutional investors or other investors to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Eternal Pearl Securities Limited, the placing agent and a licensed corporation to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in Hong Kong
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 17 April 2018 in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.27 per Placing Share
“Placing Shares”	an aggregate of up to 240,000,000 new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Prosten Health Holdings Limited
Zhang Chunhua
Chairman

Hong Kong, 17 April 2018

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

Mr. Zhang Chunhua (Executive Director (Chairman))
Ms. Zhang Chunping (Executive Director)
Mr. Xu Zhigang (Non-executive Director)
Ms. Chan Mei Yan Hidy (Independent Non-executive Director)
Mr. Kwan Chi Hong (Independent Non-executive Director)
Ms. Lee Kwun Ling, May Jean (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.