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PROSTEN HEALTH HOLDINGS LIMITED

長達健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8026)

CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 40% OF EQUITY INTEREST IN DARLING PAGANINI HOLDING LIMITED

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 16 May 2018 (after trading hours), the Purchaser, an indirectly wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, being 40% of the equity interest in the Target Company, at a total consideration of HK\$10,000,000.

THE GEM LISTING RULES IMPLICATIONS

Immediately prior to the Acquisition, the Target Company was wholly owned by the Vendor, who is proposed to be an executive Director. As such, the Acquisition constitutes a connected transaction for the Company under Rule 20.26 of the GEM Listing Rules.

As all the applicable percentage ratios as defined in Rule 19.06 of the GEM Listing Rules are more than 0.1% but less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

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Date: 16 May 2018

Parties: (a) Ms. Chung, Elizabeth Ching Yee as the Vendor
(b) Lighting Storm Holdings Limited, an indirectly wholly-owned subsidiary of the Company, as the Purchaser

Assets to be acquired:

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, being 40% of the equity interest in the Target Company.

Consideration:

The Consideration is HK\$10,000,000 which shall be paid by the Purchaser in cash upon Completion in favour of the Vendor (or its nominee).

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms after taking into consideration (i) the latest unaudited financial statement of the Target Group as at 31 March 2018; (ii) the recent and historical performance of the Target Group; (iii) the competitive strength and growth potential of the Target Group; and (iv) the factors mentioned in the section "Reasons for and benefits of the transaction" below. The Consideration will be funded by the Group's internal resources and will be settled entirely in cash.

Conditions Precedent:

Completion is conditional upon, among other things, satisfaction of the following conditions:

- (a) if necessary, the passing of the necessary resolution(s) by the Directors and/or Shareholders at an extraordinary general meeting of the Company to be convened and held to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (b) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (c) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect; and
- (d) the warranties given by the Vendor remaining true, accurate and complete in all material respects.

The Purchaser may at its absolute discretion at any time waive in writing the above condition (d) (to the extent it is capable of being waived). In the event that any of the above conditions are not fulfilled or waived by (as applicable) the Purchaser on or before 30 June 2018, or such later date as may be agreed between the Purchaser and the Vendor in writing, the Sale and Purchase Agreement shall cease and terminate and save for any antecedent breach, neither party shall have any obligations and liabilities towards each other hereunder.

Completion:

Completion shall take place on a date falling within 5 Business Days after the fulfilment (or waiver, as the case may be) of all the above conditions precedent. Upon Completion, all members of the Target Group will become an associate of the Company.

INFORMATION OF THE TARGET GROUP AND THE VENDOR

Immediately prior to the Acquisition, the Target Company was wholly owned by the Vendor, who was appointed as an executive Director with effect from 18 May 2018.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendor does not hold any Shares or other convertible securities in the Company as at the date of this announcement; and (ii) there was no previous transaction or business relationship among the Company, the Vendor and/or its associates in the previous 12 months which would result in aggregation under Rule 19.22 of the GEM Listing Rules.

The Target Company is an investment holding company incorporated in the Republic of Seychelles and wholly owns Paganini Milano (SG) Pte. Limited and Paganini Milano (HK) Limited.

Paganini Milano (SG) Pte. Limited is a company incorporated in Singapore and is the registered holder of certain trade marks for the Target Group.

Paganini Milano (HK) Limited is a company incorporated in Hong Kong and is primarily engaged in manufacturing and trading.

Based on the information provided by the Vendor, the following table sets forth the unaudited consolidated financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 March 2018 <i>HK\$'000</i> (approximately)
Revenue	500
Net profit before taxation	114
Net profit after taxation	83

The unaudited consolidated net profit of the Target Group for the year ended 31 March 2018 is approximately HK\$83,000.

The unaudited consolidated net asset of the Target Group as at 31 March 2018 was approximately HK\$858,000.

INFORMATION OF THE GROUP AND THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands and is an indirectly wholly-owned subsidiary of the Company. As of the date of this announcement, the Purchaser is an investment holding company with no operating subsidiary.

The Group is principally engaged in the provision of mobile search services and mobile value-added services; trading, distribution and manufacturing of medical, pharmaceutical and healthcare food products; design, research, development, wholesale and retail of jewellery; and provision of financial services, including money lending services.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition represents an opportunity for the Group to diversify its business and broaden its revenue sources. The Directors are of the view that (a) the aggregate profits of the Target Group will contribute positively to the financial results of the Company in the near future; and (b) the business of the Target Group will complement and provide synergy to the design, research, development, wholesale and retail of jewellery and luxury goods business of the Group and diversify the Group's business portfolio.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable, and the Sale and Purchase Agreement and the Acquisition have been entered into after arm's length negotiation and determined on normal commercial terms that are in the interest of the Company and its Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

Immediately prior to the Acquisition, the Target Company was wholly owned by the Vendor, who was appointed as an executive Director with effect from 18 May 2018. As such, the Acquisition constitutes a connected transaction for the Company under Rule 20.26 of the GEM Listing Rules.

As all the applicable percentage ratios as defined in Rule 19.06 of the GEM Listing Rules are more than 0.1% but less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor
“Board”	the board of Directors
“Company”	Prosten Health Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 8026)
“Completion”	completion of the Acquisition pursuant to the terms of the Sale and Purchase Agreement
“Consideration”	HK\$10,000,000 being the total consideration to be paid by the Purchaser to the Vendor for the Acquisition under the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Purchaser”	Lighting Storm Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Sale Shares”	40% of the equity interest in the Target Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 16 May 2018 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Vendor”	Ms. Chung, Elizabeth Ching Yee, a Hong Kong resident who was appointed as an executive Director with effect from 18 May 2018
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Darling Paganini Holding Limited, a company incorporated in the Republic of Seychelles with limited liability and wholly-owned by the Vendor

“Target Group”	the Target Company and its subsidiaries, Paganini Milano (SG) Pte. Limited and Paganini Milano (HK) 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, 16 May 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.