

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information only and does not constitute an invitation offer to acquire, purchase or subscribe for the securities of the Company.



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)

(A) PLACING OF NEW SHARES AND (B) GRANT OF SPECIAL MANDATE

PLACING OF NEW SHARES

On 2 December 2009, the Agreement was entered into between the Company and the Subscriber, pursuant to which the Subscriber (being an Independent Third Party) has conditionally agreed to subscribe for 150 million new Shares. The Placing Price is HK\$0.25 per Placing Share. Completion of the Placing is subject to, among other matters, (i) the Stock Exchange granting listing of, and permission to deal in, the Placing Shares and (ii) the approval by the Shareholders (or, as the case may be, the independent Shareholders) at the EGM of the Placing, the Agreement and the transactions contemplated thereby.

The price per Placing Share represents (i) a discount of approximately 65.28% to the closing price of HK\$0.720 per Share as quoted on the Stock Exchange at 4:00 p.m. on the date of the Agreement; and (ii) a discount of approximately 62.91% to the average closing price of approximately HK\$0.674 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreement (excluding the date of the Agreement).

The Placing Shares represent (i) approximately 25% of the existing issued share capital of the Company and (ii) approximately 20% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The gross proceeds to be raised from the Placing will be about HK\$37.5 million. The net proceeds from the Placing will amount to approximately HK\$37 million, which the Company intends to use as general working capital of the Group.

Existing General Mandate and Special Mandate

The Board was granted the Existing General Mandate at the annual general meeting of the Company held on 30 July 2009 to allot, issue and otherwise deal in up to 119,535,000 Shares, representing 20% of the share capital of the Company in issue on the date of the aforementioned annual general meeting. The Directors have not, prior to the date of this announcement, exercised any of their powers conferred by such general mandate. However,

as the Placing Price represents a discount of 20% or more to the Benchmarked Price of the Shares, the Placing Shares will not be issued under the Existing General Mandate, but the Company will seek the grant of a Special Mandate (which is in addition to, and will not prejudice nor revoke the Existing General Mandate) to allot and issue the Placing Shares at the EGM to be convened and held by the Company.

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

EGM and Circular

The EGM will be convened and held to approve (i) the Agreement, and (ii) the allotment and issue of the Placing Shares. A circular containing further information on the abovementioned matters together with a notice to convene the EGM will be despatched to the Shareholders as soon as practicable.

1. The Placing

Date: 2 December 2009

Parties to the Agreement:

The Agreement dated 2 December 2009 was entered into between the Company (as issuer) and the Subscriber (as subscriber).

According to the information provided by the Subscriber, the Subscriber is a company incorporated in the British Virgin Islands and wholly owned by the Ultimate Beneficial Owner (namely, Mr WANG Leilei).

Otherwise than the agreement to subscribe for the Placing Shares under the Agreement, the Subscriber and the Ultimate Beneficial Owner are Independent Third Parties. Immediately before the signing of the Agreement, the Subscriber did not have any interest in any Shares. Immediately after completion of the Placing (if so completed), the Subscriber will become interested in about 20% of the Company's enlarged issued share capital. The aggregate nominal value of the Placing Shares is HK\$15 million.

Number of Placing Shares:

The Subscriber has agreed to subscribe for 150 million new Shares, representing (i) approximately 25% of the existing issued share capital of 600,055,000 Shares as at the date of this announcement, or (ii) approximately 20% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares pursuant to the Placing.

Placing price:

HK\$0.25 per Placing Share.

This price was agreed after arm's length negotiations between the Company and the Subscriber and with reference to the financial situation of the Company. The price per Placing Share represents (collectively, the "Benchmarked Price" as referred to in Rule 17.42B of the GEM Listing Rules):

- (i) a discount of approximately 65.28% to the closing price of HK\$0.720 per Share as quoted on the Stock Exchange at 4:00 p.m. on the date of the Agreement; and
- (ii) a discount of approximately 62.91% to the average closing price of approximately HK\$0.674 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the day of the Agreement (excluding the date of the Agreement).

The Placing Price represents a discount of 20% or more to the Benchmarked Price of the Shares. In arriving at the Placing Price, the Directors noted that during the period commencing on 1 April 2009 and up to 30 September 2009, the highest closing price on the Stock Exchange amounted to HK\$0.440 per Share, while the lowest closing price on the Stock Exchange amounted to HK\$0.200 per Share. Only in the period commencing on 1 October 2009 and up to the date of the Agreement, the highest closing price on the Stock Exchange amounted to HK\$0.900 per Share, while the lowest closing price on the Stock Exchange amounted to HK\$0.280 per Share. As the business and financial performance of the Group during the period commencing 1 April 2009 and up to 30 September 2009 (being the closing date of the first six-month period of the Company's financial year, which unaudited financial results were disclosed in the Company's interim report dated 9 November 2009), have not been significantly changed, the Subscriber was of the view (to which the Directors generally agreed) that the market price of the Shares for the period commencing 1 April 2009 and up to the 30 September 2009 (being the closing date of the first six-month period of the Company's financial year) would be more relevant for determining the Placing Price. For reference purpose only, the average closing price of Shares for the period commencing 1 April 2009 and up to the 30 September 2009 was HK0.291 per Share.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement (including the Placing Price), which were arrived at after arm's length negotiation between the Company and the Subscriber, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Completion of the Placing and conditions precedent to the Completion:

Completion of the Placing is conditional on the following conditions being fulfilled (or, in respect of items (c) and (d) below, waived):

- (a) the GEM Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (b) the approval by the Shareholders (or, as the case may be, the independent Shareholders) at the EGM of the Placing, the Agreement and the transactions contemplated thereby and all other consents and acts required under the GEM Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange; and
- (c) the receipt by the Subscriber of a legal opinion on the Cayman Islands laws in relation to the incorporation and existence of the Company and the legality of execution of the Agreement by the Company; and
- (d) the receipt by the Subscriber of a legal opinion on the laws of Hong Kong in relation to the legality, validity and enforceability of the Agreement against the Company in such form to the reasonable satisfaction of the Subscriber.

The above conditions under items (a) and (b) are not waivable by any of the parties to the Agreement. If any of the above conditions are not fulfilled or as to that under items (c) and/or (d) above being waived by the Subscriber by on or before 31 December 2009 (or such other date as the Company and the Subscriber may agree in writing), the Agreement shall terminate and the respective obligations of the parties under the Agreement shall forthwith cease and terminate and none of the Company or the Subscriber shall have any claim against the other of them (save for any antecedent breaches).

Completion of the Placing will take place on the 5th business day immediately following the date on which all the above conditions are fulfilled or such other date as the Subscriber and the Company may agree in writing.

Existing General Mandate and Special Mandate

The Board was granted the Existing General Mandate at the annual general meeting of the Company held on 30 July 2009 to allot, issue and otherwise deal in up to 119,535,000 Shares, representing 20% of the share capital of the Company in issue on the date of the aforementioned annual general meeting.

The Directors have not, prior to the date of this announcement, exercised any of their powers conferred by such general mandate. However, as the Placing Price represents a discount of 20% or more to the Benchmarked Price of the Shares, the Placing Shares will not be issued under the Existing General Mandate, but the Company will seek the grant of a Special Mandate (which is in addition to, and will not prejudice nor revoke the Existing General Mandate) to allot and issue the Placing Shares at the EGM to be convened and held by the Company.

Ranking:

The Placing Shares will rank equally in all respects among themselves and with all other Shares in issue as at the date of such allotment and issue pursuant to the Agreement.

Lock up:

The Subscriber undertakes to the Company that:

- (a) for a period commencing on the Completion Date and expiring on the date falling twelve (12) months from the Completion Date (“**First Restriction Period**”), unless with the prior written consent of the Company, the Subscriber shall not dispose of nor create or permit to subsist any encumbrance over all or any of the Placing Shares;
- (b) for the period commencing on the date falling after the expiry date of First Restriction Period and expiring on the date falling twenty-four (24) months from the Completion Date (“**Second Restriction Period**”), unless with the prior written consent of the Company, the number of Shares held by the Subscriber which may be disposed of or over which encumbrance may be created shall not exceed 50% of the total number of the Placing Shares;

- (c) as at the date of the Agreement and (subject to completion of the Agreement) up to the expiry date of the Second Restriction Period, the Ultimate Beneficial Owner is and will remain to be the sole- or majority-owner of the entire issued share capital (i.e. holding no less than 50.1% of the voting rights) and controller of the Subscriber, provided that where any restructuring of the Subscriber is necessary, the Subscriber will (and will procure the Ultimate Beneficial Owner to) transfer the Subscription Shares to such investment vehicle solely- or majority-owned (i.e. no less than 50.1% of the voting rights) and controlled by the Ultimate Beneficial Owner up to the expiry date of the Second Restriction Period.

2. Changes to the shareholdings as a result of the Placing

The shareholdings of the substantial shareholders of the Company immediately before the Placing and immediately after the Placing are as follows:

	Existing Shareholdings (Note 1)		Immediately after the Placing	
	No. of Shares	%	No. of Shares	%
Greenford Company (PTC) Limited (Note 2)	122,597,702	20.43	122,597,702	16.35
Century Technology Holding (PTC) Limited (Note 2)	122,597,701	20.43	122,597,701	16.35
Bakersfield Global (PTC) Corporation (Note 2)	59,085,216	9.85	59,085,216	7.88
Uniright Group Limited (Note 2)	100,000,000	16.67	100,000,000	13.33
Sub-total (1):	404,280,619	67.38	404,280,619	53.91
First League Investments Limited (Note 3)	17,819,381	2.97	17,819,381	2.37
Sub-total (2):	422,100,000	70.35	422,100,000	56.28
Tallmany Enterprises Limited (Note 4)	30,000,000	5.00	30,000,000	4.00
Subscriber	Nil	--	150,000,000	20.00
Sub-total (3):	452,100,000	75.35	602,100,000	80.28
Knicks Capital Inc. and Mr Zhang Xingsheng (Note 5)	47,368,000	7.89	47,368,000	6.31
Public	100,587,000	16.76	100,587,000	13.41
Total	600,055,000	100	750,055,000	100

Notes:

- The number of existing Shares held by the Shareholders is based on the register of members of the Company as at 2 December 2009. Percentage shareholdings as shown above added up together for certain items may not be equal to the sub-total figures due to rounding approximations.

2. Greenford Company (PTC) Limited is a company incorporated in the British Virgin Islands and its entire issued share capital is held by Mr Yip Heon Ping (a Director). Greenford Company (PTC) Limited has established a unit trust, all the units issued under which are held under a discretionary family trust, the New Millennium Trust.

Century Technology Holding (PTC) Limited is a company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Mr Yip Seng Mun (a former Director). Century Technology Holding (PTC) Limited has established a unit trust, all the units issued under which are held under a discretionary family trust, the New Millennium Trust.

Bakersfield Global (PTC) Corporation is a company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Mr Yip Seng Mun. Bakersfield Global (PTC) Corporation has established a unit trust, all the units issued under which are held under a discretionary family trust, the New Millennium Trust.

The trustee of the New Millennium Trust is Ace Central Group Limited, whose sole director and sole shareholder are both Mr Yip Heon Keung, who is a Director and a brother of Mr Yip Heon Ping. The settlor of the New Millennium Trust is Mr Yip Seng Mun, and one of the discretionary objects of the New Millennium Trust is Mr Yip Heon Ping. Mr Yip Seng Mun is the father of Mr Yip Heon Ping and Mr Yip Heon Keung.

3. First League Investments Limited is a company incorporated in the British Virgin Islands and its issued share capital is held as to 60% by Ms Leung Chan Yuet Fu and as to the remaining 40% by a former director of the Company, who is an Independent Third Party otherwise than his being a former director of the Company. Ms Leung Chan Yuet Fu is the sister-in-law of Mr Yip Heon Wai (a former Director) who in turn is a son of Mr Yip Seng Mun and a brother of Mr Yip Heon Ping and Mr Yip Heon Keung.
4. Tallmany Enterprises Limited (“Tallmany”), a management shareholder of the Company, is a company incorporated in the British Virgin Islands. It is a wholly owned subsidiary of China Broadband Capital Partners, L.P., a fund established in the Cayman Island as an exempted limited partnership (the “Fund”) CBC Partners, L.P. (“CBC Partners”) holds approximately 1.01% of the issued share capital of the Fund, which in turn is ultimately wholly owned by Dr Edward Tian indirectly. Dr Xu Zhiming, a Director, is also a director of Tallmany.
5. By a placing and subscription agreement dated 18 May 2006, Knicks Capital Inc. (“Knicks Capital”) acquired a total of 51,125,000 Shares in May 2006. Mr Zhang Xingsheng (“Mr Zhang”) is the sole beneficial owner of Knicks Capital. The shareholdings were based on the latest notifications filed by Knicks Capital and Mr Zhang on 1 December 2009. No subsequent notification has been filed by Knicks Capital and/or Mr Zhang after the date of the said notifications and up to the date of this announcement. Each of Knicks Capital and Mr Zhang is considered to be a member of the public.

3. Reasons for the Placing

The Group suffered loss for the six-month period ended 30 September 2009. It is expected that the operating environment for the coming months is still full of challenges, including potential changes in business policies by telecom operators in the PRC.

The Subscriber is a shareholder of KongZhong Corporation, a company incorporated in 2002 and whose securities are listed on NASDAQ (i.e. National Association of Securities and Dealers Automated Quotation). Based on the information supplied by the Subscriber, KongZhong Corporation (NASDAQ: KONG), as a leading wireless internet company in China, is engaged in providing China’s mobile users with multidimensional wireless entertainment services. Through its three principal operations, namely wireless value-added services, mobile games and interactive entertainment WAP portal (Kong.net), KongZhong fosters for mobile users such wireless interactive products as mobile music, picture and ringtone downloading, community for making friends and mobile games and also provides news, entertainment, sports, reading, and many other wireless contents.

The Subscriber's principal business is investment holding. Since October 2008, the Ultimate Beneficial Owner has been the Chief Executive Officer and Chairman of the board of directors of KongZhong Corporation.

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to maintain the cashflow position of the Group and to enhance the capital base of the Company. The Directors (including the independent non-executive Directors) consider the terms of the Agreement and the Agreement to be fair and reasonable and are in the best interests of the Company, as far as the Shareholders are concerned.

In the 12 months preceding the date of this announcement, the Company has not conducted any equity fund raising exercises.

4. Use of proceeds

The gross proceeds to be raised from the Placing will be about HK\$37.5 million. The net proceeds, after deducting related professional fees and all related expenses which will be borne by the Company, under the Placing are estimated to be approximately HK\$37 million which the Company intends to use as general working capital of the Group. The net price per Placing Share is approximately HK\$0.247.

5. General information

The Group is principally engaged in provision of wireless mobile value added services and related business.

6. Application for listing

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

7. EGM and Circular

The EGM will be convened and held to approve (i) the Agreement, and (ii) the allotment and issue of the Placing Shares. A circular containing further information on the abovementioned matters together with a notice to convene the EGM will be despatched to the Shareholders as soon as practicable.

Definitions

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

“Agreement”	the placing agreement dated 2 December 2009 and made between the Company and the Subscriber
“associates”	having the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors

“business day”	a day (other than a Saturday) on which banks in Hong Kong are open for business
“Company”	Prosten Technology Holdings Limited, the Shares of which are listed on GEM
“Completion Date”	the date of completion of the Agreement, which under the Agreement is provided to fall on the fifth (5th) business day next following the fulfillment of all the conditions precedent to completion of the Placing (or such other date as the Company and Subscriber may agree in writing)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering (among other things), and if thought fit, approving the Agreement and the allotment and issue of the Placing Shares
“Existing General Mandate”	the general mandate granted to the Board at the annual general meeting of Company on 30 July 2009 to allot, issue and otherwise deal in up to 119,535,000 Shares
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	such person(s) who is(are) independent of and not connected nor acting in concert with the Directors, chief executive, management shareholders or substantial shareholders of the Company or its subsidiaries, or any of their respective associates, or parties acting in concert with any of them
“Placing”	the placing of the Placing Shares pursuant to the terms of the Agreement
“Placing Price”	HK\$0.25 per Placing Share
“Placing Shares”	a total of 150 million new Shares to be subscribed for by the Subscriber pursuant to the Agreement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares

“Special Mandate”	a special mandate to be sought from Shareholders (or, as the case may be, the independent Shareholders) at the EGM for the allotment and issue of the Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Right Advance Management Limited, a company incorporated under the laws of the British Virgin Islands and the subscriber of the Placing Shares under the Agreement
“Ultimate Beneficial Owner”	Mr WANG Leilei, who is the sole ultimate beneficial owner of all the equity interests in the Subscriber
%	per cent.

By Order of the Board
PROSTEN TECHNOLOGY HOLDINGS LIMITED
Yip Heon Keung
Chairman

Hong Kong, 2 December 2009

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

Mr. Yip Heon Keung (*Executive Director (Chairman)*)
Mr. Yip Heon Ping (*Executive Director*)
Dr. Xu Zhiming (*Non-executive Director*)
Mr. Zhang Ying (*Non-executive Director*)
Ms. Tse Yuet Ling, Justine (*Independent Non-executive Director*)
Ms. Lai May Lun (*Independent Non-executive Director*)

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the day of its posting and on the Company’s website at www.prosten.com.

** For identification purpose only*