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BRILLIANT CHAPTER LIMITED

(Incorporated in the Republic of Seychelles with limited liability)

**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)*

JOINT ANNOUNCEMENT

**(1) ACQUISITION OF CONTROLLING INTEREST IN PROSTEN HEALTH
HOLDINGS LIMITED BY BRILLIANT CHAPTER LIMITED;**

**(2) UNCONDITIONAL MANDATORY CASH OFFER BY
ETERNAL PEARL SECURITIES LIMITED**

FOR AND ON BEHALF OF

**BRILLIANT CHAPTER LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF
PROSTEN HEALTH HOLDINGS LIMITED (OTHER THAN THOSE ALREADY
OWNED BY BRILLIANT CHAPTER LIMITED AND**

PARTIES ACTING IN CONCERT WITH IT); AND

(3) RESUMPTION OF TRADING

**Joint Financial Advisers to
Brilliant Chapter Limited**

**Financial Adviser to
Prosten Health Holdings Limited**



THE ACQUISITION

The Company was informed by the First Vendor that on 28 November 2017 (after trading hours of the Stock Exchange), the Offeror, the Guarantor and the First Vendor entered into the Sale and Purchase Agreement pursuant to which the First Vendor agreed to sell and the Offeror agreed to purchase 294,276,619 Shares), representing approximately 24.3% of the total issued share capital of the Company as at the date of this joint announcement, at a cash consideration of HK\$82,397,453.3 (equivalent to HK\$0.28 per Share) on delivery versus payment basis.

The Company was informed by the Offeror that on 28 November 2017 (after trading hours of the Stock Exchange), the Offeror further acquired from the Second Vendor, the Third Vendor, the Fourth Vendor, the Fifth Vendor and the Sixth Vendor an aggregate of 463,229,675 Shares (as to 154,647,000 Shares representing approximately 12.77% of the total issued share capital of the Company from the Second Vendor, 112,903,225 Shares representing approximately 9.32% of the total issued share capital of the Company from the Third Vendor, 111,000,000 Shares representing approximately 9.17% of the total issued share capital of the Company from the Fourth Vendor, 70,000,000 Shares representing approximately 5.78% of the total issued share capital of the Company from the Fifth Vendor and 14,679,450 representing approximately 1.21% of the total issued share capital of the Company from the Sixth Vendor), representing approximately 38.25% of the total issued share capital of the Company as at the date of this joint announcement. The aggregate consideration for the 463,229,675 Shares is HK\$129,704,309 (equivalent to HK\$0.28 per Share).

Completion took place on 28 November 2017.

UNCONDITIONAL MANDATORY CASH OFFER

Upon the Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it beneficially own 757,506,294 Shares, representing approximately 62.55% of the total issued share capital of the Company.

In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for the Offer Shares, being all the Shares in issue, other than those already owned by the Offeror and parties acting in concert with it.

As at the date of this joint announcement, the Company has 1,210,963,725 Shares in issue. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the date of this joint announcement.

Eternal Pearl will make the Offer for and on behalf of the Offeror and in compliance with the Takeovers Code to acquire all the Offer Shares.

The Offer Price will be HK\$0.28 per Offer Share which is the same as the price paid by the Offeror (rounded up to the nearest cent) for each Sale Share. The principal terms of the Offer are set out under the section headed “Unconditional Mandatory Cash Offer” in this joint announcement.

The Offer will be unconditional in all respects and will be for all existing issued Shares but excluding the Sale Shares and any other Shares already owned by the Offeror and persons acting in concert with it.

The Offeror would finance the consideration payable under the Offer by shareholders' loan from the ultimate beneficial owners of the Offeror and the Joint Financial Advisers are satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

In accordance with Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising all the non-executive Directors, to make recommendation to the Independent Shareholders in respect of the Offer. Mr. Chen Weixi, who is a non-executive Director and owns 80% shareholding interest in the First Vendor under the Sale and Purchase Agreement, has direct interests in the Offer and is not included in the Independent Board Committee. The Independent Board Committee will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Offer and further announcement will be made after the appointment of the Independent Financial Adviser.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the respective boards of directors of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document in accordance with the Takeovers Code. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is expected to be despatched within 21 days of the date of this joint announcement or such later date as may be permitted by the Takeovers Code and approved by the Executive and in compliance with the requirements of the Takeovers Code and other applicable regulations.

The Composite Document will contain, among other things, details of the Offer (accompanying therewith the acceptance and transfer form and the expected timetable of the Offer) and incorporate the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser and other relevant information on the Offeror and the Group as required under the Takeovers Code.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 29 November 2017 pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 4 December 2017.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee in respect of the Offer and the letter of advice from the Independent Financial Adviser.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the relevant securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers as and when appropriate.

1. THE ACQUISITION

The Company was informed by the First Vendor that on 28 November 2017 (after trading hours of the Stock Exchange), the Offeror, the Guarantor and the First Vendor entered into the Sale and Purchase Agreement pursuant to which the First Vendor agreed to sell and the Offeror agreed to purchase 294,276,619 Shares, representing approximately 24.3% of the total issued share capital of the Company as at the date of this joint announcement, at a cash consideration of HK\$82,397,453.30 (equivalent to HK\$0.28 per Share), free from all encumbrances and together with all rights now or hereafter attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date of Completion. The Guarantor shall guarantee all of the First Vendor's obligations and liabilities under the Sale and Purchase Agreement.

The First Vendor is owned as to 80% by Mr. Chen Weixi, who is a non-executive Director and 20% by the Guarantor, who is an executive Director and chairman of the Board.

The Company was also informed by the Offeror that, on 28 November 2017 (after trading hours of the Stock Exchange), the Offeror further acquired from the Second Vendor, the Third Vendor, the Fourth Vendor, the Fifth Vendor and the Sixth Vendor an aggregate of 463,229,675 Shares (as to 154,647,000 representing approximately 12.77% of the total issued share capital of the Company Shares from the Second Vendor, 112,903,225 Shares representing approximately 9.32% of the total issued share capital of the Company from the Third Vendor, 111,000,000 Shares representing approximately 9.17% of the total issued share capital of the Company from the Fourth Vendor, 70,000,000 Shares representing approximately 5.78% of the total issued share capital of the Company from the Fifth Vendor and 14,679,450 Shares representing approximately 1.21% of the total issued share capital of the Company from the Sixth Vendor), representing approximately 38.25% of the total issued share capital of the Company as at the date of this joint announcement. The aggregate consideration for the 463,229,675 Shares is HK\$129,704,309 (equivalent to HK\$0.28 per Share).

Completion took place on 28 November 2017.

As at the date of this joint announcement, the Offeror and its ultimate beneficial owners are third parties independent of, and not connected with, either the Company or any of its connected persons, and not a party acting in concert with any of them, save that the Offeror has become a controlling Shareholder upon the Completion.

2. UNCONDITIONAL MANDATORY CASH OFFER

Offer for the Offer Shares

Immediately prior to the Completion, the Offeror and parties acting in concert with it were not interested in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Upon the Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it beneficially own 757,506,294 Shares, representing 62.55% of the total issued share capital of the Company.

In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for the Offer Shares, being all the Shares in issue, other than those already owned by the Offeror or parties acting in concert with it.

As at the date of this joint announcement, the Company has 1,210,963,725 Shares in issue. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the date of this joint announcement.

Eternal Pearl will make the Offer for and on behalf of the Offeror and in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.28 in cash

The Offer Price is the same as the price paid by the Offeror (rounded up to the nearest cent) for each Sale Share pursuant to the Acquisition.

The Offer will be extended to all Shareholders in accordance with Rule 26.1 of the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them on or after the date on which the Offer is made, being the date of despatch of the Composite Document, or subsequently becoming attached to them.

The Offer will be unconditional in all respects and will be for all existing issued Shares but excluding the Sale Shares and any other Shares already owned by the Offeror and persons acting in concert with it. As at the date of this Joint Announcement, the Fifth Vendor is the beneficial owner of 30,000,000 Shares (representing approximately 2.48% of the issued share capital of the Company). Save as to the shareholding of the Fifth Vendor, none of the Vendor beneficially own any Shares as at the date of this Joint Announcement.

Comparisons of Value

The Offer Price of HK\$0.28 per Offer Share, which is the same as the price per Sale Share paid by the Offeror represents:

- (1) a discount of approximately 31.71% to the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on 28 November 2017, being the Last Trading Date and the commencement date of the Offer;
- (2) a discount of approximately 25.73% to the average closing price of HK\$0.377 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date;
- (3) a discount of approximately 21.68% to the average closing price of approximately HK\$0.3575 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date;

- (4) a discount of approximately 15.15% to the average closing price of approximately HK\$0.33 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Date;
- (5) a premium of approximately 352% over the audited consolidated net assets value attributable to the Shareholders per Share of approximately HK\$0.062 as at 31 March 2017, the date on which the latest audited financial results of the Group were made up (based on the Group's audited consolidated net asset value attributable to the Shareholders of approximately HK\$74,726,000 as at 31 March 2017 and 1,208,263,725 Shares in issue as at 31 March 2017); and
- (6) a premium of approximately 254% over the unaudited consolidated net assets value attributable to the Shareholders per Share of approximately HK\$0.079 as at 30 September 2017, the date on which the latest unaudited financial results of the Group were made up (based on the Group's unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$95,466,000 as at 30 September 2017 and 1,210,963,725 Shares in issue as at 30 September 2017).

Highest and Lowest Share Prices

During the six-month period preceding the date of this joint announcement and the period up to and including the Last Trading Date, the highest closing price of the Shares was HK\$0.41 per Share as quoted on the Stock Exchange on 28 November 2017 and the lowest closing price of the Shares was HK\$0.217 per Share as quoted on the Stock Exchange on 1 September 2017.

Total value of the Offer

On the basis of 1,210,963,725 Shares in issue as at the date of this joint announcement and the Offer Price of HK\$0.28 per Offer Share, the entire issued share capital of the Company is valued at HK\$339,069,843. Excluding the 757,506,294 Sale Shares acquired by the Offeror, 453,457,431 Shares will be subject to the Offer and the Offer is valued at approximately HK\$126,968,081 based on the Offer Price.

Financial Resources

The Offeror would finance the consideration payable under the Offer by shareholders' loan from the ultimate beneficial owners of the Offeror, details of the ultimate beneficial owners of the Offeror are set out below.

The Joint Financial Advisers are satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer as described above.

Effect of Accepting the Offer

By accepting the Offer, Shareholders (being the Shareholders other than the Offeror and the parties in concert with them respectively) will sell to the Offeror the Offer Shares free from all liens, charges, options, claims, equity, rights of pre-emption and any other third party rights or encumbrances of any nature whatsoever and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made (i.e. being the date of despatch of the Composite Document). Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

The Offer will be made in compliance with the Takeovers Code which is administered by the Executive.

Independent Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which will be included in the Composite Document.

Overseas Shareholders

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Shareholder in respect of such

jurisdictions as a result of the acceptance of the Offer). Acceptance of the relevant Offer by such Shareholders will constitute a representation and warranty to the Offeror that legal and regulatory requirements of all relevant territories in connection with the acceptance of the Offer have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Stamp Duty

Seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by each accepting Shareholder at the rate of 0.1% of the consideration payable by the Offeror to such accepting Shareholder or if higher, the market value of the Shares, and will be deducted from the cash amount payable to such accepting Shareholder. The Offeror will pay the buyer's ad valorem stamp duty and will account to the Stamp Office of Hong Kong for the stamp duty payable on the sale and purchase of the relevant Offer Shares pursuant to acceptances of the Offer and the transfer of the Offer Shares in accordance with Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Payment

Payment (after deducting the accepting Shareholders' share of stamp duty) in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the receipt of duly completed acceptances. Relevant documents of title must be received by the Registrar to render each acceptance of the Offer complete and valid.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, CVP, Odysseus, Kingston Corporate Finance, Eternal Pearl and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Dealing and interest in the Company's securities

Save for the acquisition of the Sale Shares by the Offeror, none of the Offeror, Mr. Zheng and Ms. Zhang being the ultimate beneficial owners of the Offeror nor parties acting in concert with any of them have dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the six-month period preceding 28 November 2017 and the period up to and including the date of this joint announcement.

Other Arrangements

The Offeror, and its ultimate beneficial owners Mr. Zhang and Ms. Zhang confirm that as at the date of this joint announcement, save as disclosed in this joint announcement:

- (a) none of the Offeror or parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (b) the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept the Offer;
- (c) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or parties acting in concert with it;
- (d) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer;
- (e) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (f) the Offeror and parties acting in concert with it have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

INFORMATION ON THE GROUP

The Company is an investment holding company and was incorporated in the Cayman Islands with limited liability on 22 November 1999 and its Shares have been listed on the GEM since 28 March 2000 under the stock code 8026.

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

The following table is a summary of certain audited consolidated financial information of the Group for the two financial years ended 31 March 2017 as extracted from the Company's annual report 2017:

| | Year ended 31 March | |
|--|----------------------------|-----------------|
| | 2016 | 2017 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | 10,050 | 30,255 |
| Gross profit | 5,409 | 6,565 |
| Profit (loss) before tax | (31,351) | (23,657) |
| Profit (loss) for the year | (31,359) | (23,692) |
| | As at 31 March | |
| | 2016 | 2017 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Consolidated net asset value attributable to owners of the Company | 70,954 | 74,726 |

Shareholding structure of the Company

As at the date of this joint announcement, there are a total of 1,210,963,725 Shares in issue. The Company has no other outstanding warranties, options, derivatives or securities convertible into Shares. The table below sets out the shareholding structure of the Company prior to and immediately after the Completion but before the Offer:

| Shareholder | Prior to the Completion | | Immediately after the Completion and as at the date of this joint announcement | | |
|---|-------------------------|----------------------------------|--|----------------------------------|-------|
| | <i>No. of Shares</i> | <i>% of issued Share capital</i> | <i>No. of Shares</i> | <i>% of issued Share Capital</i> | |
| The Offeror and parties acting in concert with it | — | — | 757,506,294 | 62.55 | |
| The First Vendor | 294,276,619 | 24.30 | | — | |
| The Second Vendor | 154,647,000 | 12.77 | | — | |
| The Third Vendor | 112,903,225 | 9.32 | | — | |
| The Fourth Vendor | 111,000,000 | 9.17 | | — | |
| The Fifth Vendor | 100,000,000 | 8.26 | 30,000,000 | 2.48 | |
| The Sixth Vendor | 14,679,450 | 1.21 | | | |
| Mr. Pei Chuang | 70,000,000 | 5.78 | 70,000,000 | 5.78 | |
| | | | Vendors (other than the Fifth Vendor) and other public | | |
| Other public Shareholders | 353,457,431 | 29.19 | Shareholders | 353,457,431 | 29.19 |
| Total | 1,210,963,725 | 100.0 | 1,210,963,725 | 100.0 | |

INFORMATION OF THE OFFEROR

The Offeror, Brilliant Chapter Limited, is a company incorporated in the Republic of Seychelles, with limited liability. The Offeror is an investment holding company and has not conducted any business since its incorporation. The entire issued share capital of the Offeror is beneficially owned as to 80% by Mr. Zhang and as to 20% by Source Mega Limited, a company incorporated in the Republic of Seychelles. The directors of the Offeror are Mr. Zhang and Ms. Zhang and the sole director of Source Mega Limited is Ms. Zhang. Mr. Zhang is the brother of Ms. Zhang.

The issued share capital of Source Mega Limited is wholly and beneficially owned by Ms. Zhang.

Mr. Zhang, aged 45, founded a trading company in Shenzhen and it evolved to become a global supply chain management corporation which Mr. Zhang is currently the chairman. Mr. Zhang is responsible for the overall strategic development of the corporation which is a top 100 import/export corporation in the PRC and a pioneer of supply chain management in the PRC. Mr. Zhang has over 12 years of experience in supply chain management in the PRC. Mr. Zhang was the vice chairman of 深圳市工商業聯合會第七屆執委會 and 深圳市總商會第七屆理事會.

Ms. Zhang, aged 40, has over 10 years of experience in financial management in the PRC and she is the financial director of the global supply chain management corporation Mr. Zhang founded since 2007. Ms. Zhang is responsible for overseeing the financial operation of the corporation and liaising with various bankers of the corporation for banking facilities and other services.

THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

Regarding the business assets and employees of the Group

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror will conduct a review on the financial position and the operations of the Company and will formulate long-term business plans and strategies of the Company, explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the GEM Listing Rules. The Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Regarding the Board composition

As at the date of this joint announcement, the Board is made up of seven Directors, comprising three executive Directors, being the Guarantor, Mr. Han Jun and Mr. Shi Liangsheng, one non-executive Director, being Mr. Chen Weixi and three independent non-executive Directors, being Mr. Poon Yan Wai, Mr. Xu Xiaoping and Mr. Lam Kwok Cheong. Under the Sales and Purchase Agreement, all Directors (other than the Guarantor who shall be re-designated as a non-executive Director) shall resign as directors of the Company which shall take effect on the earliest date permitted under the Takeovers Code.

The Offeror intends to nominate Mr. Zhang and Ms. Zhang as the executive Directors. The Offeror is in the course of identifying additional candidates for the Board subject to compliance with the Takeovers Code and the Listing Rules. The appointment of Director(s) nominated by the Offeror will not take effect earlier than the date of posting of the Composite Document in compliance with Rule 26.4 of the Takeovers Code.

Further announcement will be published by the Company in respect of the changes to the Board pursuant to the Takeovers Code and the GEM Listing Rules as and when appropriate.

The detailed information of Mr. Zhang and Ms. Zhang is stated under section headed “Information of the Offeror” herein.

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is the intention of the Offeror to maintain the listing of the Company on the GEM following the close of the Offer.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares; or (b) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

In this connection, it should be noted that following the close of the Offer, there may be insufficient public float of the Shares and therefore, trading in the Shares may be suspended until sufficient public float exists in the Shares.

The directors of the Offeror and the new Directors to be nominated by the Offeror and appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares.

DEALINGS DISCLOSURE

Under Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code, including but not limited to persons who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) of the Company and of the Offeror are hereby reminded to disclose their dealings in any securities of the Company pursuant to Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

In accordance with Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to its acceptance. Mr. Chen Weixi, who is a non-executive Director and owns 80% shareholding interest in the First Vendor under the Sale and Purchase Agreement, has direct interests in the Offer and is not included in the Independent Board Committee.

The Independent Financial Adviser will be appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard. Further announcement(s) will be made upon the appointment of the Independent Financial Adviser.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the respective boards of director of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document in accordance with the Takeovers Code. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is expected to be despatched within 21 days of the date of this joint announcement or such later date as may be permitted by the Takeovers Code and approved by the Executive and in compliance with the requirements of the Takeovers Code and other applicable regulations.

The Composite Document will contain, among other things, details of the Offer (accompanying therewith the acceptance and transfer form and the expected timetable of the Offer) and incorporate the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser and other relevant information on the Offeror and the Group as required under the Takeovers Code.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee in respect of the Offer and the letter of advice from the independent financial adviser.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the relevant securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 29 November 2017 pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 4 December 2017.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context otherwise requires:

| | |
|------------------------------|--|
| “acting in concert” | has the meaning ascribed to it in the Takeovers Code |
| “associate(s)” | has the meaning ascribed to it in the Takeovers Code |
| “Board” | the board of Directors |
| “Company” | Prosten Health Holdings Limited (長達健康控股有限公司), a limited liability company incorporated in the Cayman Islands, whose Shares are listed on the GEM |
| “Completion” | the completion of the acquisition of Sale Shares from the Vendors which took place on 28 November 2017 |
| “Composite Document” | the composite offer and response document in connection with the Offer to be despatched to the Shareholders |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed to it in the Listing Rules |
| “CVP” | CVP Capital Limited, a licensed corporation under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and one of the financial advisers to the Offeror |
| “Director(s)” | the director(s) of the Company from time to time |
| “Eternal Pearl” | Eternal Pearl Securities Limited, a licensed corporation under the SFO, licensed to conduct Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO and whom will make the Offer for and on behalf of the Offeror |

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| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM |
| “Group” | the Company and its subsidiaries |
| “Guarantor” | Mr. Xu Zhigang, an executive Director and chairman of the Board |
| “Fifth Vendor” | Will City Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Ms. Zhang Yingnan |
| “First Vendor” | Dynamic Peak Limited, a company incorporated in the British Virgin Islands with limited liability and owned as to 80% by Mr. Chen Weixi, a non-executive Director and 20% by the Guarantor, an executive Director and chairman of the Board |
| “Fourth Vendor” | Right Advance Management Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Wang Li Mei |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Poon Yan Wai, Mr. Xu Xiaoping and Mr. Lam Kwok Cheong, which has been established in accordance with the Takeovers Code to advise the Independent Shareholders in respect of the Offer |
| “Independent Financial Adviser” | the independent financial adviser to be appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to their acceptance |

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| “Independent Shareholders” | Shareholders other than the Offeror and the parties acting in concert with it |
| “Joint Financial Advisers” | CVP and Odysseus, being the joint financial advisers to the Offeror in relation to the Offer |
| “Kingston Corporate Finance” | Kingston Corporate Finance Limited, a licensed corporation under the SFO, licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, and the financial adviser to the Company |
| “Last Trading Date” | 28 November 2017, being the last trading day immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the publication of this joint announcement |
| “Mr. Zhang” | Mr. Zhang Chun Hua (張春華), brother of Ms. Zhang, beneficial owner of 80% of the issued share capital of the Offeror and a director of the Offeror |
| “Ms. Zhang” | Ms. Zhang Chun Ping (張春萍), a sister of Mr. Zhang, beneficial owner of the entire issued share capital of Source Mega Limited and a director of the Offeror |
| “Odysseus” | Odysseus Capital Asia Limited, a licensed corporation under the SFO, licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, and one of the financial advisers to the Offeror |
| “Offer” | the unconditional mandatory cash offer to be made by Eternal Pearl for and on behalf of the Offeror to acquire all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code |
| “Offer Price” | the price of HK\$0.28 per Offer Share payable in cash by the Offeror on the terms of the Offer |
| “Offer Share(s)” | all the Shares in issue, other than those already owned by the Offeror or parties acting in concert with it |

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| “Offeror” | Brilliant Chapter Limited, a limited liability company incorporated in the Republic of Seychelles |
| “Overseas Shareholder(s)” | Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong |
| “PRC” | the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan) |
| “Registrar” | Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 28 November 2017 entered into between the Offeror, the First Vendor and the Guarantor |
| “Sale Share(s)” | 757,506,294 Shares legally and beneficially owned by the Vendors immediately prior to the Completion, representing approximately 62.55% of the total issued share capital of the Company as at the date of this joint announcement |
| “Second Vendor” | Rainbow Enterprise Holdings Co Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Mr. Cheng Haiqing |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “Shareholder(s)” | holder(s) of Shares |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |

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| “Sixth Vendor” | China Force Enterprises Inc., a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Ms. Shen Jing |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Code on Takeovers and Mergers in Hong Kong in force from time to time |
| “Third Vendor” | Ms. Shen Jing |
| “Vendors” | the First Vendor, the Second Vendor, the Third Vendor, the Fourth Vendor, the Fifth Vendor and the Sixth Vendor, their respective shareholdings in the Company prior to Completion is set out in paragraph headed “Shareholding Structure of the Company” above |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | Per cent. |

By Order of the board
Brilliant Chapter Limited
Zhang Chun Hua
Director

By Order of the Board
Prosten Health Holdings Limited
Xu Zhigang
Chairman and executive Director

Hong Kong, 1 December 2017

As at the date of this joint announcement, the Board comprises three executive Directors, namely Mr. Xu Zhigang, Mr. Han Jun and Mr. Shi Liangsheng, one non-executive Director, namely, Mr. Chen Weixi and three independent non-executive Directors, namely Mr. Poon Yan Wai, Mr. Xu Xiaoping and Mr. Lam Kwok Cheong.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Offeror and the Vendors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror and the Vendors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are Mr. Zhang Chun Hua and Ms. Zhang Chun Ping.

The directors of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Group and the Vendors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors and the Vendors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

The directors of the First Vendor Chen Weixi and Xu Zhigang accepts full responsibility for accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them except where such information also relates to the First Vendor, its ultimate beneficial owner and their respective parties acting in concert with them) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The sole director of the Second Vendor Cheng Haiqing accepts full responsibility for accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them except where such information also relates to the Second Vendor, its ultimate beneficial owner and their respective parties acting in concert with them) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The Third Vendor accepts full responsibility for accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them except where such information also relates to the Third Vendor and parties acting in concert with her) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The directors of the Fourth Vendor Wang Limei and Wang Lelei accepts full responsibility for accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them except where such information also relates to the Fourth Vendor, its ultimate beneficial owner and their respective parties acting in concert with them) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The sole director of the Fifth Vendor Zhang Yingnan accepts full responsibility for accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them except where such information also relates to the Fifth Vendor, its ultimate beneficial owner and their respective parties acting in concert with them) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The directors of the Sixth Vendor Cai Fudi and Shen Jing accepts full responsibility for accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them except where such information also relates to the Sixth Vendor, its ultimate beneficial owner and their respective parties acting in concert with them) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror, the Group, the other Vendors and their respective associates and parties acting in concert with them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

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