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**PROACTIVE**

**PROACTIVE TECHNOLOGY HOLDINGS LIMITED**

**寶訊科技控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8089)

**PLACING OF EXISTING SHARES  
AND  
SUBSCRIPTION OF NEW SHARES  
AND  
RESUMPTION OF TRADING**

**Placing agent for the Placing**



**KINGSTON SECURITIES LIMITED**

On 21 November 2006, Well Support entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed with Well Support to place, on a fully underwritten basis, 46,400,000 existing Shares at the Placing Price of HK\$0.241 per Placing Share on behalf of Well Support to not less than six institutional, corporate or individual investors who will be third parties independent of the Company and its connected persons.

On the same date, Well Support entered into the Subscription Agreement with the Company for the subscription of 46,400,000 new Shares at the Placing Price. The Subscription is conditional upon, among other things, (i) the listing of, and permission to deal, in the Subscription Shares being granted by the Listing Committee of the Stock Exchange; and (ii) the completion of the Placing. An application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

The Placing Price represents (i) a discount of approximately 19.67% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on 20 November 2006, being the last trading day immediately before the date of the Placing Agreement; (ii) a discount of approximately 18.58% to the average of the closing prices of approximately HK\$0.296 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 20 November 2006; and (iii) a premium of approximately 534.21% over the net asset value per Share of approximately HK\$0.038 based on the audited consolidated net asset value of the Group as at 31 December 2005 and the number of Shares in issue as at 31

\* *For identification purpose only*

December 2005. The Placing Price was arrived at after arm's length negotiations between the Company, Well Support and the Placing Agent. The Directors consider that the Placing Price and the terms of the Placing Agreement and the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Shares represent 20% of the existing issued share capital of the Company. The Subscription Shares represent approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares are to be issued under the general mandate to allot, issue and deal with Shares granted to the Directors at the annual general meeting of the Company held on 28 April 2006.

The net proceeds of the Subscription, after deduction of the placing commission and other related expenses, of approximately HK\$10.9 million will be used as its general working capital of the Company.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 21 November 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 22 November 2006.

## **PLACING AGREEMENT DATED 21 NOVEMBER 2006**

Pursuant to the Placing Agreement, the Placing Agent agreed with Well Support to place 46,400,000 existing Shares on behalf of Well Support at the Placing Price. Details of the Placing are set out below:

### **THE PLACING**

#### **The Vendor**

Well Support, which is a Shareholder and currently holds 52,415,466 Shares or approximately 22.59% of the existing issued share capital of the Company.

#### **The Placing Agent**

Kingston Securities Limited has been appointed to place, on a fully underwritten basis, the Placing Shares. The Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

#### **The Placees**

The Placing Shares shall be placed to not less than six institutional, corporate or individual investors. The placees and their ultimate beneficial owners shall be third parties independent of the Company and its connected persons. The placees and their ultimate beneficial owners shall also be third parties independent of Well Support and its connected persons. It is not expected that any individual placee will become a substantial Shareholder (as defined under the Listing Rules) of the Company immediately after completion of the Placing and the Subscription. The Company will comply with the Listing Rules in the event that any of the individual placee becomes a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing.

## **Number of Placing Shares**

The number of Placing Shares shall be 46,400,000 Shares. The Placing Shares represent 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

## **Placing Price**

The Placing Price of HK\$0.241 per Placing Share represents:

- (i) a discount of approximately 19.67% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on 20 November 2006, being the last trading day immediately before the date of the Placing Agreement;
- (ii) a discount of approximately 18.58% to the average of the closing prices of approximately HK\$0.296 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 20 November 2006; and
- (iii) a premium of approximately 534.21% over the net asset value per Share of approximately HK\$0.038 based on the audited consolidated net asset value of the Group as at 31 December 2005 and the number of Shares in issue as at 31 December 2005.

The Placing Price was arrived at after arm's length negotiations between the Company, Well Support and the Placing Agent with reference to the closing prices and the net asset value per Share as shown above. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Rights**

The Placing Shares will be sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid after the date of the Placing Agreement.

## **Conditions of the Placing**

The Placing is unconditional.

## **Completion**

Completion of the Placing is expected to take place on the second business day after the first business day of trading in Shares after the date of the Placing Agreement or at such other date and time as may be agreed between the Placing Agent and Well Support.

## **SUBSCRIPTION AGREEMENT DATED 21 NOVEMBER 2006**

### **The Issuer**

The Company

### **The Subscriber**

Well Support, which, as at the date of this announcement, is interested in approximately 22.59% of the existing issued share capital of the Company. Immediately after completion of the Placing, the total shareholding of Well Support will be reduced to approximately 2.59% of the existing issued share capital of the Company. The Subscription will then increase the total shareholding of Well Support to approximately 18.83% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Number of Subscription Shares**

The number of Subscription Shares shall be 46,400,000 Shares. The Subscription Shares represent 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription Price**

The subscription price is HK\$0.241 per Subscription Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse Well Support all costs and expenses incurred by Well Support in respect of the Placing because it is the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$0.23 per Share.

### **Rights**

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

### **Mandate to issue the Subscription Shares**

The Subscription Shares are to be issued under the general mandate to allot, issue and deal with Shares granted to the Directors at the annual general meeting of the Company held on 28 April 2006. Under the said general mandate, up to 46,400,000 Shares may be issued by the Company.

### **Conditions of the Subscription**

The Subscription is conditional upon the following conditions having been fulfilled by 30 November 2006 (or such other date as may be agreed between the Company and Well Support):

- (i) the completion of the Placing pursuant to the Placing Agreement; and
- (ii) the listing of, and permission to deal in, the Subscription Shares being granted by the Listing Committee of the Stock Exchange.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company nor Well Support shall have any obligations and liabilities under the Subscription.

### **Completion of the Subscription**

Completion of the Subscription will take place on the second business day after the conditions of the Subscription are fulfilled. The Subscription must be completed on or before 5 December 2006, being 14 days from the date of the Placing Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the GEM Listing Rules and require compliance with all the relevant requirements under Chapter 20 of the GEM Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

### **Application for listing**

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

## CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding of the Company as a result of the Placing and the Subscription are as follows:

<b>Shareholder</b>	<b>Shareholding at the date of this announcement and immediately before completion of the Placing and the Subscription</b>	<b>Shareholding immediately after completion of the Placing but before completion of the Subscription</b>	<b>Shareholding immediately after completion of the Placing and the Subscription</b>
Well Support <i>(Note 1)</i>	52,415,466 Shares (about 22.59%)	6,015,466 Shares (about 2.59%)	52,415,466 Shares (about 18.83%)
Gorgeous Overseas Limited <i>(Note 2)</i>	22,898,000 Shares (about 9.87%)	22,898,000 Shares (about 9.87%)	22,898,000 Shares (about 8.22%)
Century Dragon Development Limited <i>(Note 3)</i>	27,000,000 Shares (about 11.64%)	27,000,000 Shares (about 11.64%)	27,000,000 Shares (about 9.70%)
Homerun Business Development Limited <i>(Note 4)</i>	11,736,000 Shares (about 5.06%)	11,736,000 Shares (about 5.06%)	11,736,000 Shares (about 4.21%)
The Placees <i>(Note 5)</i>	–	46,400,000 Shares (20%)	46,400,000 Shares (about 16.67%)
Public Shareholders (other than the Placees)	117,950,534 Shares (about 50.84%)	117,950,534 Shares (about 50.84%)	117,950,534 Shares (about 42.37%)
Total	232,000,000 Shares (100%)	232,000,000 Shares (100%)	278,400,000 Shares (100%)

### Notes:

1. Well Support is beneficially owned by Liu Yi Dong Family Trust and the beneficiaries of which are Mr. Liu Yi Dong and his family members.
2. Gorgeous Overseas Limited is wholly-owned by Mr. Yang Yongxia.
3. Century Dragon Development Limited is wholly-owned by Mr. Wu Wai Leung.

4. Homerun Business Development Limited is wholly-owned by Mr. So Chi Ming.
5. The number of Shares set out in this row represents the total number of Placing Shares, that is, 46,400,000 Shares, to be placed to the Placees

## **REASONS FOR THE PLACING AND THE SUBSCRIPTION**

The Group is principally engaged in the design development and sale of value-added telecommunications products and computer telephony products with a focus on business application.

The net proceeds of the Subscription, after deduction of the placing commission and other related expenses, of approximately HK\$10.9 million will be used as general working capital of the Company.

The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital for the future business development of the Group by way of the Placing and the Subscription as it will broaden the capital and shareholder base of the Company thereby increasing the liquidity of the Shares.

The Directors consider that the Placing Agreement and the Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company, Well Support and the Placing Agent and that the terms of the Placing Agreement and the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITY IN PAST 12 MONTHS**

No equity fund raising activity has been conducted by the Group in the past 12 months immediately preceding the date of this announcement.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 21 November 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 22 November 2006.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	Proactive Technology Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules

“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“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 PRC
“Placing”	the placing of the Placing Shares by the Placing Agent on behalf of Well Support pursuant to the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 21 November 2006 and entered into between Well Support and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.241 per Placing Share
“Placing Shares”	46,400,000 Shares which are beneficially owned by Well Support and will be placed by the Placing Agent on its behalf pursuant to the Placing Agreement
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Subscription”	the subscription for the Subscription Shares by Well Support pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 21 November 2006 and entered into between the Company and Well Support in respect of the Subscription
“Subscription Shares”	46,400,000 Shares for which Well Support has conditionally agreed to subscribe pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Well Support”

Well Support Limited, a company incorporated in the British Virgin Islands and a Shareholder which is interested in approximately 22.59% of the entire issued share capital of the Company immediately before the completion of the Placing and the Subscription

“HK\$”

Hong Kong dollars, the lawful currency for the time being of Hong Kong

“%”

per cent.

By order of the Board  
**Proactive Technology Holdings Limited**  
**Tsang Chi Hin**  
*Chairman*

Hong Kong, 21 November 2006

*As at the date of this announcement, the executive Directors are Mr. Tsang Chi Hin and Mr. Li Siu Ming, and the independent non-executive Directors are Mr. Leung Lok Ming, Mr. Chan Ho Wah, Terence and Mr. Chong Cha Hwa.*

*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 issuer. The Directors, having made all reasonable enquiries, 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 at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.*