
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Proactive Technology Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

PROACTIVE
PROACTIVE TECHNOLOGY HOLDINGS LIMITED
(寶訊科技控股有限公司)*
(Incorporated in Bermuda with limited liability)
(Stock Code: 8089)

**REFRESHMENT OF GENERAL MANDATE
TO ISSUE AND ALLOT ISSUE SHARES**

**Independent financial adviser to the independent board committee
and the independent shareholders of the Company**

Nuada Limited

A letter from the independent board committee of the Company (the “**Independent Board Committee**”) is set out on page 8 of this circular. A letter from Nuada Limited, the independent financial adviser to the Independent Board Committee and the independent shareholders of the Company, is set out on pages 9 to 13 of this circular.

A notice convening a special general meeting (the “**SGM**”) of the Company to be held at 10:30 a.m. on Wednesday, 21 February 2007 at 14th Floor, Bangkok Bank Building, 18 Bonham Strand West Street, Hong Kong is set out on pages 14 to 16 of this circular. A form of proxy for use at the SGM is also enclosed with this circular.

Whether or not you are able to attend the SGM, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company’s head office and principal place of business in Hong Kong at 14th Floor, Bangkok Bank Building, 18 Bonham Strand West Street, Sheung Wan, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting in person if you so wish.

This circular will remain at www.hkgem.com on the “Latest company announcements” page of the GEM website for at least 7 days from the date of its posting.

* For identification purposes only

2 February 2007

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, unless the context required otherwise, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company held on 28 April 2006 in which the shareholders had approved, among other matters, the Current General Mandate;
“associates”	have the same meaning as ascribed in the GEM Listing Rules;
“Board”	the board of Directors, including all independent non-executive Directors;
“Company”	Proactive Technology Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on GEM;
“Current General Mandate”	the general mandate approved at the AGM to grant to the Directors to allot and issue Shares of up to 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution, which was 28 April 2006;
“Director(s)”	director(s) of the Company;
“GEM”	the Growth Enterprises Market of the Stock Exchange;
“GEM Listing Rules”	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;
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the grant of the New General Mandate;
“Independent Financial Adviser”	Nuada Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities as defined under the SFO, being independent financial adviser to the Independent Board Committee and the Independent Shareholders;
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the SGM pursuant to the GEM Listing Rules;

DEFINITIONS

“Latest Practicable Date”	1 February 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“MOU”	the non-legally binding memorandum of understanding entered into between the Group and Shellybeach Investments Limited in relation to the Possible Acquisition as detailed in the Company’s announcement dated 6 December 2006
“New General Mandate”	the general mandate proposed to be granted to the Directors at the SGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolutions;
“Possible Acquisition”	the possible acquisition by the Group from Shellybeach Investments Limited of not less than 51% of the issued share capital of Eternity Profit Investments Limited as detailed in the Company’s announcement dated 6 December 2006
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened and held at 10:30 a.m. on Wednesday, 21 February 2007 at 14th Floor, Bangkok Bank Building, 18 Bonham Strand West Street, Sheung Wan, Hong Kong to consider and, if appropriate, to approve the proposed grant of the New General Mandate;
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the placing of existing Shares and subscription for new Shares as announced on 21 November 2006
“HK\$”	Hong Kong dollars, the lawfully currency of Hong Kong;
“%”	per cent.

LETTER FROM THE BOARD

PROACTIVE

PROACTIVE TECHNOLOGY HOLDINGS LIMITED

(寶訊科技控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8089)

Executive Directors:

Mr. Tsang Chi Hin

(Chairman and Chief Executive Officer)

Mr. Zeng Bangjian

Mr. Ng Kam Wing

Mr. Koh Tat Lee, Michael

Mr. Lim Kwok Choi

Independent non-executive Directors:

Mr. Leung Lok Ming

Mr. Chan Ho Wah Terence

Mr. Chong Cha Hwa

Dr. James Wing Ho Wong

Mr. Lok Shing Kwan, Sunny

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place
of business in Hong Kong:*

14th Floor

Bangkok Bank Building

18 Bonham Strand West Street

Sheung Wan, Hong Kong

2 February 2007

To the Shareholders

Dear Sirs or Madams,

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

The purpose of this circular is to provide you with the information relating to (i) the proposed grant of the New General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the proposed grant of the New General Mandate; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, on the proposed grant of the New General Mandate; and (iv) the notice of SGM, at which the necessary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the grant of the New General Mandate by way of poll.

* For identification purposes only

LETTER FROM THE BOARD

CURRENT GENERAL MANDATE

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Current General Mandate to issue not more than 46,400,000 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 232,000,000 Shares as at the date of passing of the resolution.

During the period from the grant of the Current General Mandate to the Latest Practicable Date, the Current General Mandate had been utilised as to 46,400,000 Shares in association with completion of the Subscription, details of which were set out in the announcements of the Company dated 21 November 2006, 24 November 2006 and 4 December 2006 respectively, being the entire number of Shares which may be allotted and issued under the Current General Mandate.

PROPOSED GRANT OF NEW GENERAL MANDATE

As the Current General Mandate has been fully utilised, the Company will be convening the SGM at which ordinary resolutions will be proposed to the Independent Shareholders that:

- (i) the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the share capital of the Company in issue as at the date of passing the relevant ordinary resolution; and
- (ii) the New General Mandate be extended to Shares repurchased by the Company pursuant to the repurchase mandate granted to the Directors at the AGM.

The Company has not refreshed the Current General Mandate since the AGM. The New General Mandate proposed will last until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association and bye-laws of the Company or any other applicable laws to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

As at the Latest Practicable Date, the Company had an aggregate of 278,400,000 Shares in issue. On the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the New General Mandate to allot and issue up to 55,680,000 Shares representing 20% of the share capital of the Company in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

REASONS FOR THE NEW GENERAL MANDATE

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 Board believes that the grant of the New General Mandate is in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future business development. On 5 December 2006, the Group entered into the MOU with Shellybeach Investments Limited in relation to the Possible Acquisition, details of which are set out in the Company's announcement dated 6 December 2006. The Board considers equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development. While the Board considers that there is no immediate funding need for the Group's current operations and business investment save for the Possible Acquisition and that there is currently no concrete proposal presented by potential investors for investment in the Shares, the Board is now proposing to seek the approval of Independent Shareholders at the SGM of the New General Mandate such that should funding needs arise or attractive terms for investment in the Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly because fund raising exercise pursuant to a general mandate provides the Company a more simple and less lead time process than other types of fund raising exercises and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner.

Other than the Subscription, no fund raising activity has been conducted by the Company since the AGM. Details in relation to the Subscription are summarised as follows:

Date of initial announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
21 November 2006	Placing of 46,400,000 existing Shares and subscription of 46,400,000 new Shares	Approximately HK\$10.9 million	General working capital	General working capital

In view of the above, the Directors consider the grant of the New General Mandate, which may or may not be utilised, is in the best interests of the Company and the Shareholders as a whole.

SGM

Pursuant to Rule 17.42A(1) of the GEM Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at the SGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions. As at the Latest Practicable Date, there was no controlling

LETTER FROM THE BOARD

Shareholder and none of the Directors and/or their respective associates was interested in any Shares. Pursuant to Rule 17.47(4)(b) of the GEM Listing Rules, any vote of the Independent Shareholders at the SGM will be taken by poll and a results announcement will be made after the SGM.

The notice convening the SGM is set out on pages 14 to 16 of this circular. At the SGM, ordinary resolutions will be proposed to approve the proposed grant of the New General Mandate. A form of proxy for use at the SGM is also enclosed with this circular. To be valid, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed must be completed in accordance with the instructions printed thereon and delivered to the Company's head office and principal place of business in Hong Kong at 14th Floor, Bangkok Bank Building, 18 Bonham Strand West Street, Sheung Wan, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting in person if you so wish.

POLL PROCEDURES

Pursuant to the bye-law of the Company, a resolution put to vote of a meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or
- (v) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights of all Shareholders having right to vote at such meeting.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprises Mr. Leung Lok Ming, Mr. Chan Ho Wah Terence, Mr. Chong Cha Hwa, Dr. James Wing Ho Wong and Mr. Lok Shing Kwan, Sunny, all being independent non-executive Directors. It has been established to advise the Independent Shareholders on the grant of the New General Mandate.

Nuada Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the New General Mandate.

RECOMMENDATIONS

The Directors consider the grant of the New General Mandate is in the interest of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM for approving the grant of the New General Mandate.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the grant of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM for approving the grant of the New General Mandate.

Your attention is drawn to the letter of advice from the Independent Financial Adviser set out on pages 9 to 13 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the grant of the New General Mandate and the letter from the Independent Board Committee set out on page 8 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of the New General Mandate.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully
For and on behalf of the Board
Proactive Technology Holdings Limited
Tsang Chi Hin
Chairman and Chief Executive Officer

PROACTIVE
PROACTIVE TECHNOLOGY HOLDINGS LIMITED
(寶訊科技控股有限公司)*
(Incorporated in Bermuda with limited liability)
(Stock Code: 8089)

2 February 2007

To the Independent Shareholders

Dear Sirs or Madams,

**REFRESHMENT OF GENERAL MANDATE
TO ALLOT AND ISSUE SHARES**

We refer to the circular of the Company dated 2 February 2007 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders in connection with the proposed grant of the New General Mandate. Nuada Limited has been appointed as the independent financial adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to us on pages 9 to 13 of the Circular, we are of the opinion that the proposed grant of the New General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the grant of the New General Mandate by way of poll.

Independent Board Committee
Leung Lok Ming Chan Ho Wah Terence Chong Cha Hwa
James Wing Ho Wong Lok Shing Kwan, Sunny
Independent non-executive Directors

* *For identification purposes only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Nuada Limited setting out their advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.

Nuada Limited
7th Floor, New York House
60 Connaught Road Central
Hong Kong

2 February 2007

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs and Madams,

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

We refer to the circular dated 2 February 2007 issued by the Company to the Shareholders of which this letter forms part (the “**Circular**”) and our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the New General Mandate, details of which are set out in the letter from the Board contained in the Circular (the “**Letter**”). Capitalised terms used in this letter, unless the context otherwise requires, shall have the same meaning ascribed to them in the Circular.

Pursuant to Rule 17.42A of the GEM Listing Rules, the grant of the New General Mandate is subject to the approval of the Independent Shareholders by way of poll at the SGM. The controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding the independent non-executive Directors) and the chief executive and their respective associates shall abstain from voting in favour of the relevant resolutions at the SGM. As at the Latest Practicable Date, there was no controlling Shareholder and none of the Directors and/or their respective associates was interested in any Shares.

The Independent Board Committee has been established to advise whether the proposed grant of the New General Mandate is in the interest of the Company and the Shareholders as a whole.

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, the Company and its management. We have assumed that all statements, information, facts, opinions and representations made to us or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the date of the Circular. We have relied on such information and opinions and have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group. We have no reason to doubt the truth, accuracy and completeness of the statements, information, facts, opinions and representations provided to us by the Directors, the Company and its management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We consider that we have been provided with sufficient information to reach an informed view to provide a reasonable basis for our opinion.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the proposed grant of the New General Mandate, we have taken the following principal factors and reasons into consideration:

Background

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. At the AGM, the Directors were granted the Current General Mandate to allot and issue up to 46,400,000 new Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company then in issue.

Subsequent to the AGM and as at the Latest Practicable Date, the Current General Mandate had been utilised as to 46,400,000 Shares in association with completion of the Subscription, details of which are set out in the announcements of the Company dated 21 November 2006, 24 November 2006 and 4 December 2006 respectively, representing the entire number of Shares which may be allotted and issued under the Current General Mandate. Accordingly, the Current General Mandate has been fully utilised.

To maintain the financial flexibility necessary for the Group's future business development, the Directors therefore propose to seek the approval of the Independent Shareholders at the SGM for the grant of the New General Mandate. The Company had an aggregate of 278,400,000 Shares in issue as at the Latest Practicable Date. Subject to the passing of the ordinary resolutions for the approval of the New General Mandate and assuming that no Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the New General Mandate to allot and issue up to 55,680,000 Shares.

Reasons for the New General Mandate

As stated in the Letter, the Directors consider that equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. The Company announced on 6 December 2006 that the Group entered into a non-legally binding MOU with

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shellybeach Investments Limited in relation to the Possible Acquisition. While the Board considers that there is no immediate funding need for the Group's current operations and business investment save for the Possible Acquisition and that there is currently no concrete proposal presented by potential investors for investment in Shares, the Board proposes to seek approval of the Independent Shareholders at the SGM of the New General Mandate such that should funding needs arise or attractive terms for investment in Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly.

Flexibility in financing alternatives

As stated in the annual report 2005 of the Company, the Group's mission is to become the leading Tele-Commerce technology applications and service provider in the Asia Pacific Region, and the Group will continue to focus on its core business and explore new high-growth business opportunities. Given the Current General Mandate has been fully utilised, may any investment opportunities arise that would lead to issuance of new Shares and specific mandate may have to be sought in this respect, the Directors are uncertain as to whether the requisite approval from the Independent Shareholders could be obtained in a timely manner. In addition, the New General Mandate offers an opportunity for the Directors to capture a favourable equity market condition to raise funds by issuing new Shares.

Notwithstanding the fact that the Group had no immediate funding need for its current operations and business investment save for the Possible Acquisition and there is currently no concrete proposal presented by potential investors for investment in Shares, the Directors believe that the New General Mandate would offer the Group greater flexibility to capture investment opportunities which may arise at any time and require prompt investment decision by the Group. The Directors also consider that the New General Mandate would provide the Company with the maximum flexibility to raise additional capital for any future investment or as working capital of the Group.

In light of the above, we are of the opinion that the New General Mandate would provide the Company with the necessary flexibility essential for fulfilling any possible funding needs for future business development and/or investment decisions in a timely manner. As such, we are of the view that the granting of the New General Mandate will be in the interest of the Company and the Shareholders as a whole.

Other financing alternative

As stated in the Letter, in appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development. While sufficient for its present requirements, there is no certainty that such cash resources will be adequate or other financing alternatives will be available for appropriate investment that may be identified by the Company in the future. In addition, as debt financing may incur interest burden to the Group, the Directors consider that equity financing such as issuance of new Shares for cash or equity swaps may be an appropriate mean to fund such investments and/or acquisitions and provide additional working capital for the future development and expansion of the Group, given the Group's financial position, capital structure, cost of funding and the then financial market condition.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that the grant of the New General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity issuance. As such, we are of the view that the grant of the New General Mandate will be in the interest of the Company and the Shareholders as a whole.

Potential dilution to shareholding of the Independent Shareholders

Set out below is a table showing the shareholdings of the Company as at the Latest Practicable Date and; for illustrative purpose, the potential dilution effect on the shareholdings upon full utilisation of the New General Mandate, assuming no Shares are issued or repurchased during the period between the Latest Practicable Date and the date of the SGM:

	As at Latest Practicable Date		Upon full utilisation of the New General Mandate	
	<i>No. of Shares</i>		<i>No. of Shares</i>	
Well Support Limited	52,415,466	18.83%	52,415,466	15.69%
Gorgeous Overseas Limited	22,898,000	8.22%	22,898,000	6.85%
Century Dragon Development Limited	27,000,000	9.70%	27,000,000	8.08%
Public Shareholders	176,086,534	63.25%	176,086,534	52.71%
Shares to be issued under the New General Mandate	–	–	55,680,000	16.67%
Total	278,400,000	100%	334,080,000	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.

As illustrated in the table above, the existing aggregate shareholding of the public Shareholders will decrease from approximately 63.25% as at the Latest Practicable Date to approximately 52.71% upon full utilisation of the New General Mandate. Taking into account the benefits of the New General Mandate as discussed above and the fact that the shareholdings of all Shareholders will be diluted proportionately, we consider such dilution or potential dilution of shareholding to be acceptable.

RECOMMENDATION

Having considered the factors and reasons as stated above, we are of the view that the grant of the New General Mandate is in the interest of the Company and Shareholders as a whole, and is fair reasonable. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the grant of the New General Mandate to be proposed at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the New General Mandate is utilised.

Yours faithfully,
For and on behalf of
Nuada Limited

Bernard Chan
Director

Po Chan
Director

NOTICE OF SGM



PROACTIVE TECHNOLOGY HOLDINGS LIMITED

(寶訊科技控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8089)

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of the shareholders of Proactive Technology Holdings Limited (the “Company”) will be held at 14th Floor, Bangkok Bank Building, 18 Bonham Strand West Street, Sheung Wan, Hong Kong on Wednesday, 21 February 2007 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**, to the extent not already exercised, the mandate to allot and issue shares of the Company given to the directors (the “**Directors**”) of the Company at the annual general meeting (the “**AGM**”) of the Company held on 28 April 2006 be and is hereby revoked and replaced by the mandate **THAT**:
 - (a) subject to paragraph (c) below, pursuant to the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares of HK\$0.001 each (the “**Shares**”) in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws (the “**Bye-laws**”) of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any

* For identification purposes only

NOTICE OF SGM

warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
- (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of such resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

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2. “**THAT** conditional upon the passing of resolution no. 1 above, the mandate granted to the Directors at the AGM to extend the general mandate to allot and issue Shares to Shares repurchased by the Company be and is hereby revoked and replaced by the mandate **THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 1 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

By order of the Board
Proactive Technology Holdings Limited
Tsang Chi Hin
Chairman and Chief Executive Officer

Hong Kong, 2 February 2007

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and principal place
of business in Hong Kong*
14th Floor
Bangkok Bank Building
18 Bonham Strand West Street
Sheung Wan
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Bye-laws, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's head office and principal place of business in Hong Kong at 14th Floor, Bangkok Bank Building, 18 Bonham Strand West Street, Sheung Wan, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. Pursuant to the GEM Listing Rules, the voting on ordinary resolutions at the SGM will be conducted by way of poll.