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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**

On 13 June 2007, the Placing Shareholder entered into the Placing and Subscription Agreement with the Placing Manager and the Company pursuant to which (i) the Placing Shareholder agreed to place through the Placing Manager the Placing Shares beneficially owned by the Placing Shareholder to the Placee at a Placing Price of HK\$14 each on a best-efforts basis; and (ii) the Placing Shareholder will subscribe and the Company will allot and issue the Subscription Shares to the Placing Shareholder at the Subscription Price.

The 11,148,000 Placing Shares represent approximately 2.91% of the issued share capital of the Company as at the date of this announcement, approximately 2.83% of the enlarged issued share capital of the Company immediately after completion of the Subscription.

At the request of the Company, trading in the Shares was suspended with effect from 9:45 a.m. on 13 June 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 14 June 2007.

\* *For identification only*

## **PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES**

### **The Placing and Subscription Agreement**

**Date:** 13 June 2007

**Parties:**

Placing Shareholder: Well Support Limited

Placing Manager: CCB International Capital Limited

The Company: Proactive Technology Holdings Limited

The Placing Manager would place the Placing Shares on a best-efforts basis and receive a placing commission payable by the Placing Shareholder based on the amount placed. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Manager. As at the date of this announcement, the Placee has been lined up and the Placing Shares will be placed to it on or before completion of the Placing.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Manager and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Placing and Subscription Agreement, the Placing Shareholder agreed to place through the Placing Manager, up to 11,148,000 Placing Shares held by the Placing Shareholder to the Placee at the Placing Price.

#### **The Placee**

The Placee, Fidelity International Limited, an institutional investor which is engaged in worldwide equity investment, and its ultimate beneficial owners are Independent Third Parties. The Placee is not expected to become a substantial Shareholder of the Company immediately after completion of the Placing and Subscription. To the best of the Directors' knowledge, the Placing Shareholder and its ultimate beneficial owner are independent of and not connected with the Placee and its respective ultimate beneficial owners.

#### **Number of Placing Shares**

Pursuant to the Placing and Subscription Agreement, up to an aggregate of 11,148,000 Shares, representing approximately 2.91% of the issued share capital of the Company as at the date of this announcement and approximately 2.83% of the Company's enlarged issued share capital of the Company immediately after completion of the Subscription. For additional details relating to the effect of the Placing and the Subscription on the shareholding of the Company, please refer to the sub-section headed "Changes in Shareholding Structure" below.

The Placing Price of HK\$14.00 per Placing Share represents:

- (i) a discount of approximately 8.4% over the closing price of HK\$15.28 per Share as quoted on the Stock Exchange on 12 June 2007, being the last trading day immediately prior to the entering into of the Placing and Subscription Agreement;
- (ii) a discount of approximately 2.8% over the average closing price of approximately HK\$14.41 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 June 2007, being the last trading day immediately prior to the entering into of the Placing and Subscription Agreement; and
- (iii) a premium of approximately 2.5% over the average closing price of approximately HK\$13.66 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 12 June 2007, being the last trading day immediately prior to the entering into of the Placing and Subscription Agreement.

The Placing Price was determined and negotiated on an arm's length basis among the parties involved with reference to the closing prices as shown above. Given that the Placing Shares are being placed at a premium over the average closing price of the last ten consecutive trading days up to and including 12 June 2007, as quoted on the Stock Exchange. The Directors (including the independent non-executive Directors) consider the Placing Price to be fair and reasonable and that the Placing and the Subscription are in the interest of the Company and Shareholders as a whole.

After taking into consideration of the necessary related expenses of the Placing and the Subscription payable by the Company, the net Placing Price is approximately HK\$13.93 per Share.

### **Completion of the Placing**

The Placing is unconditional and completion of the Placing will take place on the second business day after the date in which trading in the Shares resumes, following the issue of this announcement (or such other date agreed between the Placing Shareholder and the Placing Manager).

## **SUBSCRIPTION**

### **Number of Subscription Shares**

The Subscription Shares represent approximately 2.91% of the issued share capital of the Company as at the date of this announcement and approximately 2.83% of the enlarged issued share capital of the Company immediately after completion of the Subscription.

The Subscription Shares will be allotted and issued under a general mandate granted to the Directors at the general meeting of the Company held on 30 March 2007. Under such mandate, the Company is authorised to allot, issue and deal with up to 66,680,000 Shares. The Company has exercised the power to allot and issue 49,766,000 Shares on 13th June, 2007 pursuant to such general mandate prior to the Placing and the Subscription.

### **Subscription Price**

HK\$14.00 per Subscription Share, which is equivalent to the Placing Price, and represents a discount of approximately 8.4% over the market price of HK\$15.28 per Share as quoted on the Stock Exchange on 12 June 2007, being the last trading day immediately prior to the date of the Placing and Subscription Agreement. As such, the Board considers that the Subscription Price is fair and reasonable as far as the Shareholders are concerned. After taking into account all necessary related expenses of the Placing and the Subscription payable by the Company, the net Subscription Price is approximately HK\$13.93 per Subscription Share.

### **Conditions precedent**

The subscription of 11,148,000 Subscription Shares pursuant to Placing and Subscription Agreement is subject to and conditional upon the following conditions set out in the Placing and Subscription Agreement:

- (a) completion of the Placing pursuant to the terms of the Placing and Subscription Agreement;
- (b) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the 11,148,000 Subscription Shares; and
- (c) (if required) the consent of the Bermuda Monetary Authority to the issue of the 11,148,000 Subscription Shares.

In the event that the conditions are not fulfilled within 14 days after the date of this agreement or such later date as may be agreed between the relevant parties thereto, the relevant Subscription and all rights and obligations thereunder will cease and terminate. As at the date of the announcement, none of the above conditions have been fulfilled.

### **Ranking of the Subscription Shares**

The Subscription Shares will be allotted and issued fully paid, free from all liens, charges and encumbrances whatsoever and will rank *pari passu* in all respects with the Shares then in issue as at the date of allotment and in particular will rank in full for all dividends and other distributions declared, made or paid thereafter.

### **Completion of the Subscription**

Completion of the Subscription will take place at a time to be fixed between the Company and the Placing Shareholder within 48 hours after confirming that all conditions of the subscription have been fulfilled provided that the date on which completion of the Subscription takes place shall not be later than the date falling 14 days after the date of the Placing and Subscription Agreement. If the Subscription is to be completed 14 days after the date of the Placing and Subscription Agreement, 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. It is expected that the completion of the Subscription will take place on or before 27 June 2007.

## Application for listing

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

## Reasons for the Placing and Subscription and the use of proceeds

The net proceeds from the issue of the Subscription Shares will be approximately HK\$155 million, of which approximately HK\$145 million will be used for financing future operation costs and expenses for the Acquisition if the Acquisition materialize and the balance of approximately HK\$10 million will be used for general working capital of the Group.

For additional information pertaining to the Acquisition, please refer to the circular of the Company dated 25 May 2007.

## CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing but before the completion of the Subscription and (iii) immediately after completion of the Placing and the Subscription:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing but before the completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Well Support Limited	52,415,466	13.68%	41,267,466	10.77%	52,415,466	13.29%
Century Dragon Development Limited	27,000,000	7.05%	27,000,000	7.05%	27,000,000	6.84%
Fidelity International Limited	–	–	11,148,000	2.91%	11,148,000	2.83%
Other public Shareholders	<u>303,750,534</u>	<u>79.27%</u>	<u>303,750,534</u>	<u>79.27%</u>	<u>303,750,534</u>	<u>77.03%</u>
Total:	<u><u>383,166,000</u></u>	<u><u>100.00%</u></u>	<u><u>383,166,000</u></u>	<u><u>100.00%</u></u>	<u><u>394,314,000</u></u>	<u><u>100.00%</u></u>

## **Fund Raising Activities by the Company during the past 12 months**

On 21 November 2006, the Company issued 46,400,000 new Shares to raise approximately HK\$11.18 million. The intended use of proceeds from the fund raising was for general working capital while HK\$6 million of the funds were actually used to pay the deposit when the Company signed the non-legally binding memorandum of understanding dated 5 December 2006 in relation to the Acquisition with the remaining balance being spent for general working capital purposes. The Directors believe the use of funds was appropriate. In addition, on 12 March 2007, the Company issued 55,000,000 new Shares to raise approximately HK\$391 million. The intended use of the proceeds from the fund raising was to be use for meeting future operating expenses of HK\$210 million while the balance of HK\$173 million was for general working capital purposes pending the completion of the Acquisition. Furthermore, on 1 June 2007 and 4 June 2007, the Company issued a total of 49,766,000 Shares to raise approximately HK\$600 million for financing future operation costs and expenses for the Acquisition and HK\$30 million for general working capital of the Company. As at the date hereof, neither the intended application of the proceeds has been changed nor has the funds been utilized for other purpose from the past fund raising activities.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:45 a.m. on 13 June 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 14 June 2007.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the sale shares and sale loan of Eternity Profit Investments Limited, an Independent Third Party, pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 12 March 2007 entered into among Shellybeach Investments Limited, Dragon Billion Limited, a wholly owned subsidiary of the Company and Cheung Yu Ching. For further details, please refer to the announcement of the Company dated 22 March 2007
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“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

“Director(s)”	the director(s), including the independent non-executive 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 People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any director, chief executive or substantial Shareholders, or management shareholders of the Company and its subsidiaries or any of their respective associates
“Placee”	Fidelity International Limited, an institutional investors procured by the Placing Manager to subscribe for the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing”	the placing of in aggregate 11,148,000 existing Shares under the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription Agreement dated 13 June 2007 entered into between the Company, the Placing Manager and the Placing Shareholder in relation to the Placing and the Subscription
“Placing Manager”	CCB International Capital Limited, a licensed corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Price”	HK\$14.00 per Placing Share
“Placing Shares”	an aggregate of 11,148,000 existing Shares to be placed pursuant to the Placing and Subscription Agreement of which are held by Placing Shareholder as at the date of the Placing and Subscription Agreement
“Placing Shareholder”	Well Support Limited which held 52,415,466 Shares as at the date of the Placing and Subscription Agreement



“PRC”	the People’s Republic of China which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.001 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	The subscription of 11,148,000 Subscription Shares by the Placing Shareholder
“Subscription Price”	HK\$14.00 per Subscription Share
“Subscription Shares”	an aggregate of 11,148,000 new Shares to be allotted and issued by the Company to Well Support Limited pursuant to the Placing and Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**PROACTIVE TECHNOLOGY HOLDINGS LIMITED**  
**Koh Tat Lee, Michael**  
*Director*

Hong Kong, 13 June 2007

*As at the date of this announcement, the executive Directors are Mr. Tsang Chi Hin, Mr. Zeng Bangjian, Mr. Ng Kam Wing, Mr. Koh Tat Lee, Michael and Mr. Lim Kwok Choi. The independent non-executive Directors are Mr. Leung Lok Ming, Mr. Chan Ho Wah, Terence, Mr. Chong Cha Hwa, Dr. James Wing Ho Wong and Mr. Lok Shing Kwan, Sunny.*

*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 Group. 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 on GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting.*