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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**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 accompanying form of proxy to the purchaser or other transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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.

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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)**

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

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**VEDA | CAPITAL**  
**智略資本**

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A letter from the independent board committee of the Company (the “Independent Board Committee”) is set out on page 9 of this circular. A letter from Veda Capital Limited, the independent financial adviser to the Independent Board Committee and the independent shareholders of the Company, is set out on pages 10 to 14 of this circular.

A notice convening a special general meeting of the Company (the “SGM”) to be held at the Executive Conference Room of The JW Centre (L/G Level) JW Marriott Hotel Hong Kong Pacific Place, 88 Queensway, Hong Kong on 9 August 2007 at 10:00 a.m. is set out on pages 15 to 17 of this circular. A form of proxy for the SGM is enclosed with this circular.

Whether or not you are able to attend and vote at the SGM, you are requested to complete the form of proxy and return the same to the Company’s Hong Kong branch share registrar, Union Registrars Limited at Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of SGM. Completion and return of the form of proxy will not preclude you from attending and voting at SGM or any adjournment thereof if you so wish.

This circular will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days and the Company website at [www.proactive.com.hk](http://www.proactive.com.hk) from the date of its posting.

20 July 2007

\* For identification purpose only

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## CHARACTERISTICS OF SGM

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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 risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange 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. GEM-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 at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“AGM”	the annual general meeting of the Company held on 30 March 2007 in which the Shareholders had approved, among other matters, the Existing General Mandate
“Acquisition”	the acquisition of the sale shares and sale loan of Eternity Profit Investments Limited, an Independent Third Party as detailed in the Company’s circular dated 25 May 2007
“Associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors, including all independent non-executive Directors, from time to time
“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) of the Company from time to time
“Existing General Mandate”	the general mandate granted at the AGM to the Directors to allot, issue and deal with up to 66,680,000 new Shares, being 20% of the issued share capital of the Company on the date of the passing of the relevant ordinary resolution as at 30 March 2007
“GEM”	the Growth Enterprises 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 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 Shareholders”	Shareholders other than Directors (excluding the independent non-executive Directors) and the chief executive and their respective Associates

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## DEFINITIONS

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“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 of the Group or any of their respective Associates
“Latest Practicable Date”	18 July 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“New General Mandate”	the general mandate proposed to be granted to the Directors at the SGM to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company on the date of the passing of the relevant ordinary resolution by the Shareholders
“SGM”	the special general meeting of the Company to be convened and held at the Executive Conference Room of The JW Centre (L/G Level) JW Marriott Hotel Hong Kong Pacific Place, 88 Queensway, Hong Kong on 9 August 2007 at 10:00 a.m. to consider and, if appropriate, to approve the proposed grant of the New General Mandate, a notice of which is set out on pages 15 to 17 of this circular
“SFO”	the Hong Kong Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the placing of existing Shares and subscription for new Shares as announced on 4 June 2007 and 13 June 2007
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Veda Capital”	Veda Capital Limited, a licensed corporation permitted to carry on business in type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of New General Mandate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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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)**

*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:*

Flat A, 15/F., Sunshine Plaza

353 Lockhart Road

Wanchai

Hong Kong

20 July 2007

*To the Shareholders*

Dear Sirs or Madams,

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

#### **1. 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 Veda Capital to the Independent Board Committee and the Independent Shareholder, 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 purpose only*

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## LETTER FROM THE BOARD

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### 2. EXISTING GENERAL MANDATE

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue not more than 66,680,000 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 333,400,000 Shares as at the date of passing of the resolution.

During the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate had been utilized as to 60,914,000 Shares (being approximately 91.35% of Shares which have been allotted and issued under the Existing General Mandate) in association with completion of the Subscriptions, details of which were set out in the announcements of the Company dated 4 June 2007 and 13 June 2007 respectively.

### 3. PROPOSED NEW GENERAL MANDATE

Since the AGM, only 8.65% of the Existing General Mandate has not yet been utilized as at the Latest Practicable Date, the Company will convene 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 Existing 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 489,314,000 Shares in issue. On the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable and the date of the SGM, the Company will be allowed under the New General Mandate to allot and issue up to 97,862,800 Shares, which representing 20% of the share capital of the Company in issue as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### 4. 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.

On 12 March 2007, the Group entered into the agreement on the Acquisition. As the Acquisition being secured, the Board considers necessary to maintain financial flexibility for the future development of the newly acquired railway logistics business. Since the equity financing does not create any interest paying obligations on the Group and immediate funding is not required for the Group's current operations and business investment, the Board considers the grant of the New General Mandate is in the best interests of the Company and the Shareholders as a whole. Therefore, the Board is 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. In appropriate circumstances, the Board will also consider other financing methods such as debt financing or internal cash resources to fund its future business development.

### Fund Raising Activities since the AGM

Date of Initial Announcement	Event	Net Proceeds	Intended use of proceed	Actual use of proceed as at the Latest Practicable Date
4 June 2007	Placing of 49,766,000 existing Shares and Subscription of 49,766,000 new Shares	Approximately HK\$630 million	Approximately HK\$600 million will be used for financing future operation costs and expenses for the Acquisition (as defined in the announcement on 4 June 2007) and approximately HK\$30 million will be used for general working capital	Approximately HK\$630 million is deposited in bank



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## LETTER FROM THE BOARD

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<b>Date of Initial Announcement</b>	<b>Event</b>	<b>Net Proceeds</b>	<b>Intended use of proceed</b>	<b>Actual use of proceed as at the Latest Practicable Date</b>
13 June 2007	Placing of 11,148,000 existing Shares and Subscription of 11,148,000 new Shares	Approximately HK\$155 million	Approximately HK\$145 million will be used for financing future operation costs and expenses for the Acquisition (as defined in the announcement on 13 June 2007) and approximately HK\$10 million will be used for general working capital	Approximately HK\$155 million is deposited in bank

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 Independent Shareholders as a whole.

### 5. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Leung Lok Ming, Mr. Chan Ho Wah, Terence, Mr. Chong Cha Hwa, Dr. James Wing Ho Wong and Mr. Lok Shing Kwan, Sunny, who are all being independent non-executive Directors of the Company, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the granting of the New General Mandate and whether the same is in the interests of the Company and the Independent Shareholders as a whole.

Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the granting of the New General Mandate.

Recommendations of the Independent Board Committee and the advice of Veda Capital are further elaborated under the heading “RECOMMENDATIONS” below.

### 6. 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, the Company had no controlling Shareholders and none of the Directors and their respective Associates were 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 the results of the SGM will be made after the SGM.

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## LETTER FROM THE BOARD

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A notice convening the forthcoming SGM of the Company to be held at the Executive Conference Room of The JW Centre (L/G Level) JW Marriott Hotel Hong Kong Pacific Place, 88 Queensway, Hong Kong on 9 August 2007 at 10:00 a.m. is set out on pages 15 to 17 of this circular.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend and vote at the SGM, you are requested to complete the form of proxy and return the same to the Company's Hong Kong branch share registrar, Union Registrars Limited at Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of SGM. Completion and return of the form of proxy will not preclude you from attending and voting at SGM or any adjournment thereof if you so wish.

### **7. PROCEDURES FOR DEMANDING A POLL**

According to the bye-laws 66 and 67 of the Bye-laws 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:

- (a) by a chairman of such meeting; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorized representative) or by proxy and holding shares in the Company 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 shares conferring that right; or
- (e) 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 as 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 authorized representative shall be deemed to be the same as a demand by a Shareholder.

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## LETTER FROM THE BOARD

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### 8. RECOMMENDATIONS

The Directors consider that the grant of the New General Mandate is in the interests of the Company and the Independent Shareholders and so recommend the Independent Shareholders to vote in favour of the grant of the New General Mandate to be proposed at the SGM.

The Independent Board Committee, having taken into account the advice of Veda Capital, 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 Veda Capital set out in pages 10 to 14 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 9 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of the New General Mandate.

### 9. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading; and
- (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

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## LETTER FROM INDEPENDENT BOARD COMMITTEE

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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)**

20 July 2007

*To the Independent Shareholders*

Dear Sirs or Madams,

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

We refer to the circular of the Company dated 20 July 2007 (the “Circular”) of which this letter forms part. Unless the context requires otherwise, capitalized 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 as to whether the terms of the proposed grant of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned, Veda Capital 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, Veda Capital in its letter of advice to us as set out on pages 10 to 14 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 Independent 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 purpose only

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## LETTER FROM VEDA CAPITAL

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

**VEDA | CAPITAL**

**智略資本**

**Veda Capital Limited**

Suite 11-12, 13/F, Nam Fung Tower  
173 Des Voeux Road Central, Hong Kong

20 July 2007

*To the Independent Board Committee and the Independent Shareholders of Proactive Technology Holdings Limited*

Dear Sirs and Madams,

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

#### **INTRODUCTION**

We refer to the circular dated 20 July 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 “**Board 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, the Company had no controlling Shareholder and none of the Directors and/or their respective Associates was interested in any Shares. On the date of the SGM, should any Directors hold any Shares, such Directors and their respective Associates are required to abstain from voting in favour of the resolutions to be proposed at the SGM with respect of the revocation of the Existing General Mandate and the approval of the grant of the New General Mandate.

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

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## LETTER FROM VEDA CAPITAL

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### **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 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 Existing General Mandate to allot and issue up to 66,680,000 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, 60,914,000 Shares, representing approximately 91.35% of Shares which may be allotted and issued under the Existing General Mandate, had been utilised in association with completion of the Subscriptions, details of which are set out in the announcements of the Company dated 4 June 2007 and 13 June 2007 respectively.

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 489,314,000 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 97,862,800 Shares.

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## LETTER FROM VEDA CAPITAL

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### **Reasons for the New General Mandate**

With reference to the announcement dated 15 February 2007, the Company has entered into a non-legally binding supplemental memorandum of understanding pursuant to the possible Acquisition. As stated in the announcement dated 22 March 2007, the Company entered into a formal agreement in the Acquisition.

As stated in the Board Letter, the Directors consider that equity financing is in the best interests to the Company and Shareholders as a whole 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 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 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 that over 90% of the Existing General Mandate has been 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 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 enhance business development of the newly acquired business as well as being able 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 Independent Shareholders as a whole.

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## LETTER FROM VEDA CAPITAL

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### Other financing alternative

As stated in the Board 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.

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 interests of the Company and the Independent Shareholders as a whole.

### Potential dilution to shareholdings 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 utilization 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 the Latest Practicable Date		Upon full utilization of the New General Mandate	
	No. of Shares	%	No. of Shares	%
Shellybeach Investments Limited (Note 1)	95,000,000	19.41	95,000,000	16.18
Well Support Limited (Note 2)	52,415,466	10.71	52,415,466	8.92
Credit Suisse Group (Note 3)	30,446,000	6.22	30,446,000	5.19
HSZ Limited on behalf of clients	28,216,000	5.77	28,216,000	4.81
Century Dragon Development Limited (Note 4)	27,000,000	5.52	27,000,000	4.60
Public Shareholders	256,236,534	52.37	256,234,534	43.63
Shares to be issued under the New General Mandate	—	—	97,862,800	16.67
	_____	_____	_____	_____
Total	<u>489,314,000</u>	<u>100.00</u>	<u>587,176,800</u>	<u>100.00</u>



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## LETTER FROM VEDA CAPITAL

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*Notes:*

1. Shellybeach Investments Limited is wholly-owned by Mr. Cheung Yu Ching.
2. 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.
3. Credit Suisse Group is wholly-owned by Credit Suisse.
4. 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 52.37% as at the Latest Practicable Date to approximately 43.63% 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 interests of the Company and Independent Shareholders as a whole, and is fair and 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. 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

**Veda Capital Limited**

**Hans Wong**

**Julisa Fong**

*Managing Director*

*Director*

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## NOTICE OF SGM

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### PROACTIVE TECHNOLOGY HOLDINGS LIMITED

(寶訊科技控股有限公司)\*

*(incorporated in Bermuda with limited liability)*

(Stock code: 8089)

#### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an special general meeting (the “**SGM**”) of the shareholders of Proactive Technology Holdings Limited (the “**Company**”) will be held at the Executive Conference Room of The JW Centre (L/G Level) JW Marriott Hotel Hong Kong Pacific Place, 88 Queensway, Hong Kong on 9 August 2007 at 10:00 a.m. for the following purpose by way of special business, to consider 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 share of the Company given to the directors of the Company (the “**Directors**”) at the annual general meeting (the “**AGM**”) of the Company held on 30 March 2007 be and is hereby revoked and replaced by the mandate **THAT:**
  - (a) subject to paragraph (c) of this ordinary resolution, and pursuant to the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on The Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), 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 share 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) of this ordinary resolution shall authorize 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;

\* For identification purpose only

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## NOTICE OF SGM

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- (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 warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
- (i) 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
  - (ii) (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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## NOTICE OF SGM

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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 (ii) 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, 20 July 2007

*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of business in Hong Kong:*  
Flat A, 15/F., Sunshine Plaza  
353 Lockhart Road  
Wanchai  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the bye-laws of the Company, 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 Hong Kong branch share registrar, Union Registrars Limited at Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, 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 Shares as if he was solely entitled thereto, but if more than one such joint holders 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.