This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

PROACTIVE

PROACTIVE TECHNOLOGY HOLDINGS LIMITED

寶訊科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8089)

(1) VERY SUBSTANTIAL ACQUISITION, (2) PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES, AND (3) RESUMPTION OF TRADING

On 12 March 2007, the Purchaser entered into the Agreement with the Vendor to acquire from the Vendor the Sale Shares, for a total consideration of HK$681,450,000.

Total consideration of the Sale Shares of HK$681,450,000 shall be settled in the following manner: (i) by way of the Deposit which has already been paid by the Purchaser to the Vendor on 5 December 2006 upon the entering into of the MOU; and (ii) with the balance of HK$675,450,000 to be satisfied by way of the Purchaser procuring the Company to allot and issue to the Vendor, the Consideration Shares at the Issue Price, credited as fully paid, at Completion.

The Consideration Shares represent approximately 34.12% of the existing issued share capital and approximately 28.49% of the enlarged issued share capital of the Company immediately after full completion of the Placing and Subscription but before Completion of the Acquisition. The Consideration Shares represent approximately 22.18% of the issued share capital of the Company as enlarged by both the completion of the Placing and Subscription in full, and of the allotment and issue of the Consideration Shares.

The Acquisition constitutes a very substantial acquisition on the part of the Company under the GEM Listing Rules and is subject to the approval of the Shareholders at the SGM. A circular containing, among other matters, further details of the Acquisition and a notice to convene the SGM will be despatched to the Shareholders in compliance with the GEM Listing Rules.

* *for identification purposes only*

On 12 March 2007, the Placing Shareholders entered into the Placing Agreement with the Placing Manager and the Company and the Subscription Letters with the Company, pursuant to which (i) the Placing Shareholders agreed to place through the Placing Manager the Placing Shares beneficially owned by the Placing Shareholders to the Placees at a Placing Price of HK$7.11 per Share on a best-efforts basis; and (ii) the Placing Shareholders will subscribe and the Company will allot and issue the Subscription Shares to the Placing Shareholders at the Subscription Price.

As at the date of this announcement, the Placing Shares represent approximately 19.76% of the issued share capital, and approximately 16.50% of the enlarged share capital of the Company immediately after completion of the Placing and Subscription in full. And before Completion of the Acquisition, it represents approximately 12.84% of the enlarged share capital immediately after completion of the Placing and Subscription in full and Completion of the Acquisition.

At the request of the Company, trading in the Shares was suspended with effect from 10:00 a.m. on 12 March 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 23 March 2007.

(1) VERY SUBSTANTIAL ACQUISITION

Reference is made to the announcements of the Company dated 6 December 2006 and 15 February 2007 in relation to the MOU and Supplemental MOU in respect of the potential Acquisition. The Board is pleased to announce the Purchaser has entered into the Agreement with the Vendor to acquire the Sale Shares for a total consideration of HK$681,450,000.

THE AGREEMENT

Date: 12 March 2007

Parties:

Purchaser: Dragon Billion Limited, a wholly owned subsidiary of the Company

Guarantor: Cheung Yu Ching, an Independent Third Party

Vendor: Shellybeach Investments Limited, an Independent Third Party

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and the Guarantor (who is a director and the ultimate beneficial owner of the Vendor) are Independent Third Parties. The Vendor is principally engaged in investment holdings.

The Guarantor has guaranteed under the Agreement the due and punctual performance of the obligations of the Vendor subject to and upon the terms of the Agreement. The Guarantor is a director and ultimate beneficial owner of the Vendor.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Shares which represent the entire issued share capital of the Target. The Target will own an equity interest of 49% in the PRC Subsidiary upon completion of the Reorganisation. (For additional details relating to the Reorganisation and the Target Group, please refer to sub-sections headed "The Reorganisation" and "Information on the Target Group, including the PRC Subsidiary" below).

Consideration

The total consideration for the Sale Shares is HK$681,450,000 and shall be settled by the Purchaser in the following manner:

(i) the Deposit which has already been paid by the Purchaser to the Vendor on 5 December 2006 upon the entering into of the MOU; and

(ii) the balance of HK$675,450,000 to be satisfied by way of the Purchaser procuring the Company to allot and issue to the Vendor the Consideration Shares at the Issue Price, credited as fully paid, at Completion.

The Issue Price represents:

(i) a premium of approximately 5.33% over the closing price of HK$6.75 per Share as quoted on the Stock Exchange on 12 March 2007, being the last trading day immediately prior to the entering into of the Agreement;

(ii) a premium of approximately 22.59% over the average of the closing prices of HK$5.80 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 Mach 2007, being the last trading day immediately prior to the entering into of the Agreement;

(iii) a premium of approximately 45.99% over the average of the closing prices of HK$4.87 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 12 March 2007, being the last trading day immediately prior to the entering into of the Agreement; and

(iv) a premium of approximately 124 times over the net asset value per Share of approximately HK$0.057 as at 31 December 2006 based on the audited consolidated financial statements of the Group.

The business enterprise value of the PRC Subsidiary was appraised by Grant Sherman Appraisal Limited, an independent valuer appointed by the Company, at approximately RMB8.047 billion as at 28 February 2007 by adopting the discounted cash flow approach. The discounted cash flow approach values the worth of future economic benefits projected to be generated by the proposed project that purchases cargo trains, and manages and operates a railway transportation and related logistics business in the PRC. Indications of the value have been developed by discounting the projected future net cash flows available for payment of shareholders' loans and interest, and in certain circumstances, repayment of registered capital plus interest, dividends to their present worth at market-derived rates of return. Valuing the PRC Subsidiary using the discounted cash flow approach is considered to be a profit forecast in respect of the Target, and the reporting accountants of the Company, Cachet Certified Public Accountants Limited, have confirmed that they have reviewed the accounting policies and calculations for the profit forecast and the financial advisers of the Company, CCB International Capital Limited, have confirmed that they have satisfied that the forecast has been made by the Directors after due and careful enquiry. The text of the valuation report issued by Grant Sherman Appraisal Limited will be included in the circular relating to the Acquisition.

The consideration for the Sale Shares was agreed between the Vendor and the Purchaser after arm's length negotiations and after considering: i) the unprecedented opportunity for the Group, a non-PRC party, to enter into the railway transportation and logistic business in the PRC; ii) the preliminary business enterprise value of the PRC Subsidiary of RMB8.047 billion; and iii) the Directors' belief that with optimization, the proposed Acquisition will provide a steady stream of future income as well as diversify the overall business risks of the Group. The Directors consider the terms and conditions of the Acquisition to be fair and reasonable and the entering into the Agreement is in the interests of the Company and the Shareholders as a whole.

If Completion does not take place other than as a result of the sole default of the Purchaser, the Vendor shall forthwith refund the Deposit, without interest, together with an additional sum equivalent to the Deposit, to the Purchaser as liquidated damages (but not as penalty) as payment in full and final settlement of any and all liabilities of the Vendor under the Agreement whereupon, the Purchaser shall not proceed with any further action to enforce specific performance or any of its other rights and remedies under the Agreement for claimant of damages against the Vendor.

Conditions precedent

Completion is subject to the following conditions having been fulfilled:

(a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs and the feasibility of the business plan of the Target Group;

(b) all necessary governmental consents and approvals and other consents and approvals required to be obtained on the part of the Vendor, Purchaser and Guarantor in respect of the Agreement and the transactions contemplated thereby having been obtained, including but not limited to the approvals from the necessary PRC authorities, including the Ministry of Railways and Ministry of Commerce, and approval of the shareholder of the Vendor;

(c) the passing, by Shareholders, at the SGM to be convened and held, of an ordinary resolution to approve the Agreement and the transactions contemplated hereunder, including but not limited to the allotment and issue to the Vendor of the Consideration Shares, credited as fully paid;

(d) the obtaining of a legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the transactions contemplated under the Agreement, including but not limited to the Reorganisation and business to be carried out by the Target Group;

(e) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from the valuer appointed by the Purchaser and showing the business enterprise value of the PRC Subsidiary to be not less than RMB8.047 billion;

(f) the Vendor's warranties contained in the Agreement remaining true and accurate in all respects;

(g) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;

(h) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares;

(i) completion of the Reorganisation to the satisfaction of the Purchaser; and

(j) the Stock Exchange not adopting the position that the transactions contemplated by the Agreement as a "reverse takeover" as defined in the GEM Listing Rules.

There is no provision in the Agreement, nor does the Purchaser has any intention, to waive any of the abovementioned conditions precedent therein.

According to Provisional Rules on Approval and Administration of Foreign Investment into Railway Cargo Transportation, the conversion of the PRC Subsidiary into a Chinese-foreign cooperative joint venture conducting railway cargo transportation business and owned as to 80% by JV Co. A as part of the Reorganisation (the completion of which is a condition precedent to Completion) requires, among other things, the foreign investor of the PRC Subsidiary, JV Co. A, to meet certain qualifications in terms of relevant industry experience (i.e., at least 10 years of experience in cargo transportation) and financial strength. JV Co. A is a company established on 17 June 2006. Therefore, it is unable to meet the relevant industry experience qualification. The qualification requirements in terms of financial strength will be met by the Group with the net proceeds from the Placing and the Subscription.

Notwithstanding the foregoing, the Company has been advised by its PRC legal advisers that if the conversion of the PRC Subsidiary is approved by all relevant PRC authorities, including the Ministry of Railways and the Ministry of Commerce, the PRC Subsidiary can be legally converted into a Chinese-foreign cooperative joint venture set up to conduct the business of railway cargo transportation. On 2 March 2007, the Ministry of Commerce has already given approval for the Target and China Railway Hong Kong to set up JV Co. A. For further details relating to the Reorganisation and the Target Group, please refer to the sub-sections headed "The Reorganisation" and "Information on the Target Group, including the PRC Subsidiary" below.

The Acquisition is not conditional upon completion of the Placing and the Subscription.

Completion

Completion shall take place at 4:00 p.m. on the Completion Date.

Upon Completion, the Target will become an indirect wholly owned subsidiary of the Company.

Pursuant to the Agreement, the Purchaser can change the board compositions of the members of the Target Group, including the Target and the PRC Subsidiary. As at the date of this announcement, the Purchaser has yet to decide on any changes in the board composition of any member companies of the Target Group. Further announcement will be made by the Group as and when such decision is made.

There are no terms or provisions contained in the Agreement which permit the Vendor to appoint any individuals as directors to the Group or the Target Group (including the PRC Subsidiary) and save as disclosed, there will be no change of board compositions of the Group (including the Target Group upon Completion) as a result of the Acquisition.

Long-stop date

If all of the conditions are not fulfilled on or before 8 June 2007 (or on such later date as the Vendor and the Purchaser may agree), the Agreement shall cease to have any effect and terminate. The Vendor shall forthwith after such cessation and termination, refund the Deposit, without interest, to the Purchaser, and thereafter neither party shall have any obligations and liabilities towards each other under the Agreement.

Force Majeure

The Purchaser may, in its reasonable opinion, after consultation with the Vendor, terminate the Agreement by notice in writing to the Vendor at any time up to 3:30 p.m. on the Completion Date if:

(1) there is any change in national, international, financial, exchange control, political, economic conditions in the PRC and/or Hong Kong which would be materially adverse in the consummation of the transactions contemplated under the Agreement, including but not limited to due completion of the Reorganisation and such other matters in relation to the business to be carried out by the Target Group; or

(2) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Purchaser would materially and prejudicially affect the Agreement and the transactions contemplated thereby or make it inadvisable or inexpedient for any transactions contemplated thereunder to proceed; or

(3) there is occurrence of any local, regional, national or international event or change of a political, military or economic nature which results in a material adverse change in the political, economic or stock market conditions in the PRC and/or Hong Kong which materially affects the transactions contemplated under the Agreement, including but not limited to due completion of the Reorganisation and such other matter as may be reasonably required in the business to be carried out by the Target Group; or

(4) there is any modification, enactment or re-enactment of any statute, any statutory instrument or other legislative act in any applicable jurisdiction which is reasonably expected to have an adverse effect on the Agreement and/or the transactions contemplated thereby.

Upon termination of the Agreement, the Vendor shall forthwith refund the Deposit, without interest, to the Purchaser and thereafter all liabilities of the parties to thereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Agreement save in respect of any antecedent breach of any obligation under the Agreement.

THE REORGANISATION

On 5 December 2006, the Vendor and the Purchaser entered into the MOU, pursuant to which the Purchaser may acquire not less than 51% of the issued share capital of the Target. The Target is an investment holding company. As part of the Reorganisation, it was intended that the Target and China Railway Hong Kong will form a joint venture, JV Co. A, and JV Co. A, together with Guangdong China Railway and Beijing Run Tong, would form another joint venture company, the PRC Subsidiary, to participate in a project which involve the purchase of cargoes trains, and management and operation of a railway transportation and related logistics business in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Railway Hong Kong is held as to 51% by Guangdong China Railway and as to 49% by Pacific Telecom and Networks Limited 滙訊網路有限公司, an Independent Third Party which is incorporated in the British Virgin Islands.

On 25 January 2007, the Target entered into the JV Agreement A with China Railway Hong Kong to form JV Co. A. Pursuant to the JV Agreement A, the Target owns as to 61.25% and China Railway Hong Kong owns as to 38.75% equity interests of the JV Co. A. JV Co. A has been duly incorporated as at the date of this announcement.

On the same date, JV Co. A entered into the JV Agreement B with Guangdong China Railway and Beijing Run Tong. In accordance with the JV Agreement B, the PRC Subsidiary, which is owned as to 90% by Guangdong China Railway and as to 10% by Beijing Run Tong when it was established on 5 March 2007, will be owned as to 60% by JV CO. A once it has been transformed into a Chinese-foreign cooperative joint venture company subject to the approval from the Ministry of Commerce.

According to the JV Agreement B, after such transformation, JV Co. A may increase its capital contribution in accordance with the terms prescribed in that agreement, whereupon its equity interest in the PRC Subsidiary would increase from 60% to 80% and after 11 December 2007, JV Co. A may increase its capital contribution whereupon it equity interest in the PRC Subsidiary would increase from 80% to 100%. Such increase of capital contribution will be subject to the approval of the Ministry of Commerce and relevant PRC authorities.

A general meeting among the shareholders of the PRC Subsidiary was held on 7 February 2007 to confirm 80%, 16% and 4% equity interests in the PRC Subsidiary to be held by JV Co. A, Guangdong China Railway and Beijing Run Tong once the transformation is completed. In accordance with JV Agreement B, JV Co. A is the party responsible for all financing activities including the contribution of RMB200 million into the PRC Subsidiary allowing it to increase its paid-up capital to RMB200 million.

Further, on 15 February 2007, the Vendor and the Purchaser entered into the Supplemental MOU to revise the possible acquisition to 100% of the issued share capital of the Target.

On 6 March 2007, JV Co. A entered into further joint venture agreement with Guangdong China Railway and Beijing Run Tong to consolidate and confirm the parties' intention as set out in the JV Agreement B whereupon 80%, 16%, 4% equity interests of the PRC Subsidiary will be held by JV Co. A, Guangdong China Railway and Beijing Run Tong respectively, and the registered capital will be increased to an amount of Renminbi equivalent to HK$200 million.

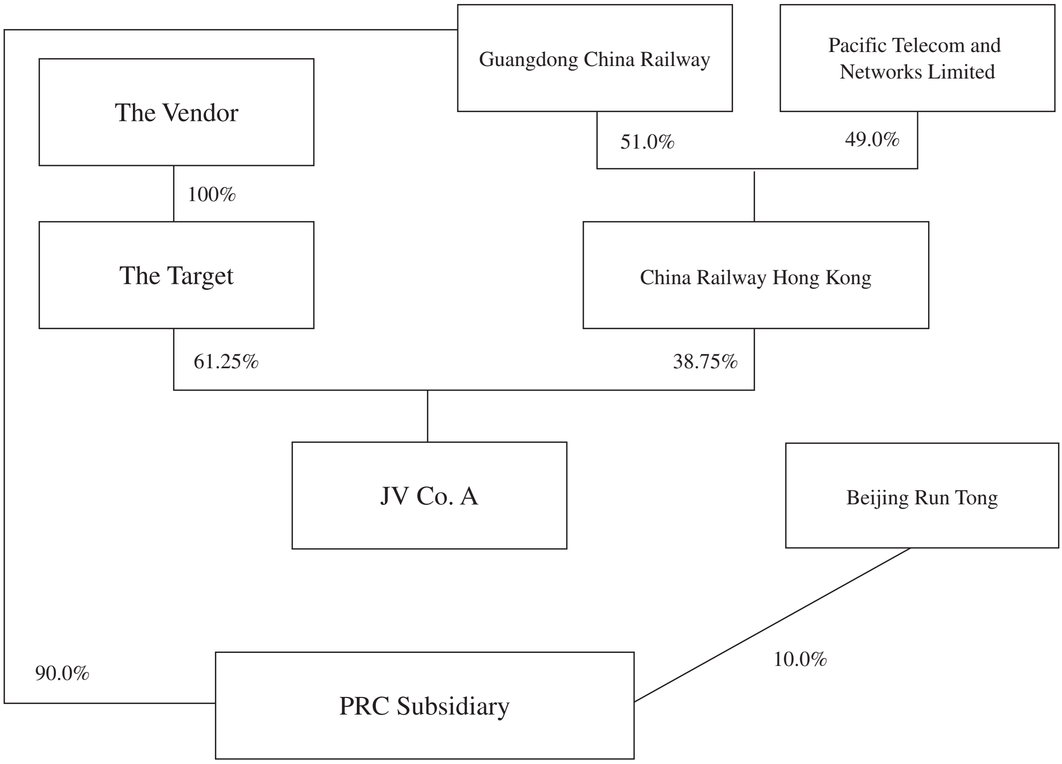
Under the PRC law, any increase in a company's registered capital is subject to the approval of the Ministry of Commerce. The PRC Subsidiary is presently in the process of applying for such approval.

As at the date of this announcement, the PRC Subsidiary is a domestic PRC company and it does not form part of the Target Group. The Reorganisation will allow the PRC Subsidiary to be consolidated into the financial accounts of the Target Group. JV Co. A's 80% equity interests in the PRC Subsidiary is predicated on its contribution relative to the existing capital structure of the PRC Subsidiary.

Once approved by the Ministry of Commerce, the PRC Subsidiary will engage in a project which involves the purchase of cargoes trains, and management and operation of a railway transportation and related logistics business in the PRC.

The following charts show the group structure of the Target Group (i) as at the date of this announcement and before completion of the Reorganisation; (ii) immediately after the completion of the Reorganisation but before Completion; and (iii) immediately after the Completion:

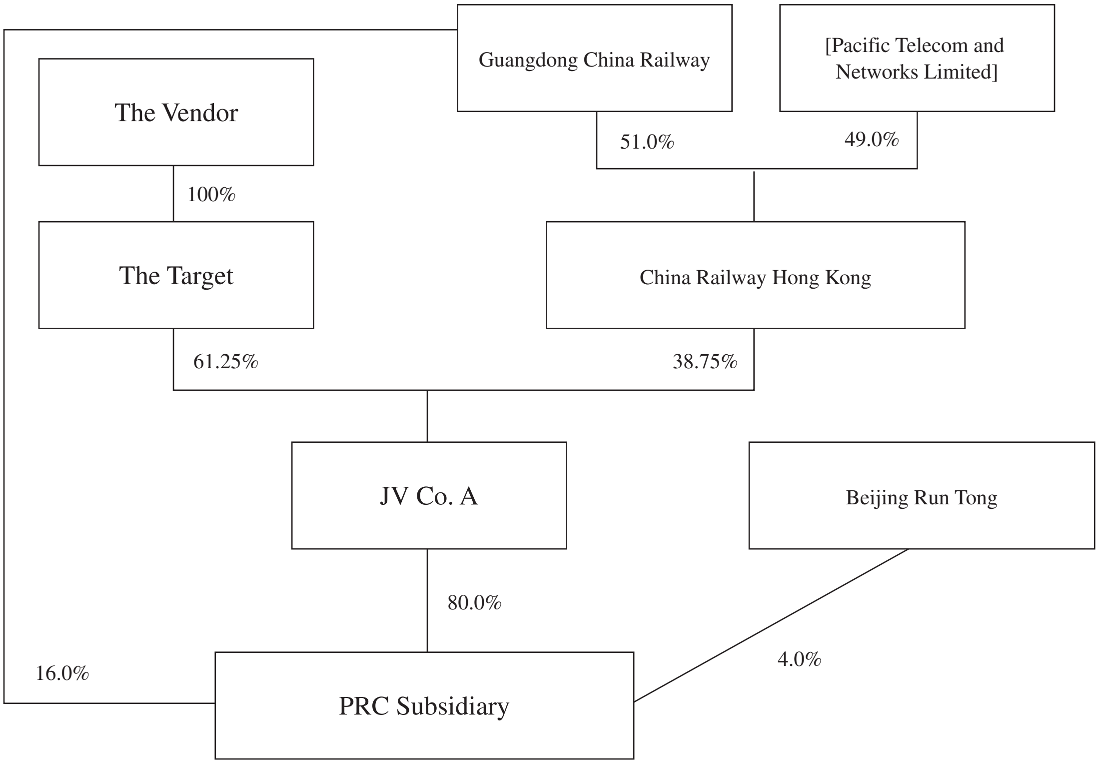
Group structure of the Target Group as at the date of this announcement:



Other than the Target's 61.25% equity interests in JV Co. A, China Railway Hong Kong is the other shareholder holding the remaining 38.75%. China Railway Hong Kong and its ultimate beneficial owners are Independent Third Parties.

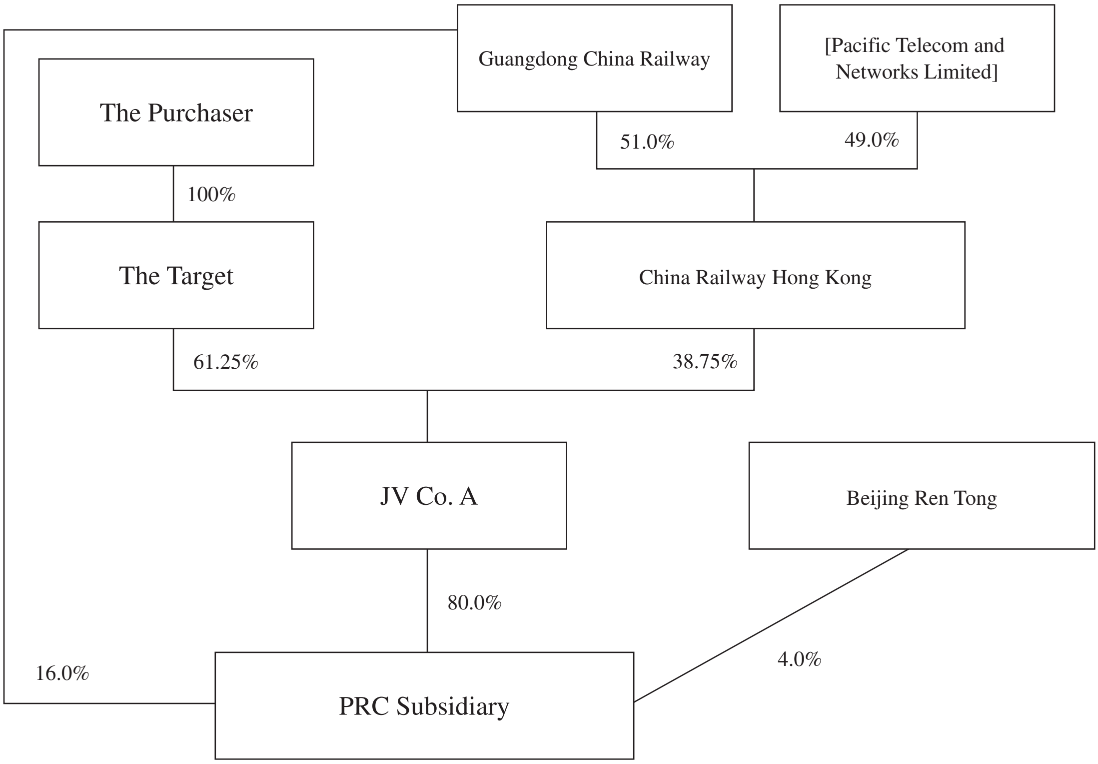
As at the date of the Agreement, the PRC Subsidiary was owned as to 90% by Guangdong China Railway and as to 10% by Beijing Run Tong.

Group structure of the Target Group immediately after the completion of the Reorganisation but before Completion



Other than JV Co. A's 80% equity interest in PRC Subsidiary, Guangdong China Railway and Beijing Run Tong are the other two shareholders having a respective equity interest of 16% and 4%. Guangdong China Railway, Beijing Run Tong and their respective ultimate beneficial owners are Independent Third Parties.

Group structure of the Target Group immediately after Completion



THE CONSIDERATION SHARES

The 95,000,000 Consideration Shares will be issued to the Vendor, at the Issue Price, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Consideration Shares will be allotted and issued on Completion Date pursuant to the specific mandate to be sought at the SGM.

Based on the closing price of HK$6.75 per Share as quoted on the Stock Exchange on 12 March 2007, being the trading day immediately prior to the date of the Agreement, the Consideration Shares have a total market value of approximately HK$641,250,000.

The Consideration Shares represent approximately 34.12% of the existing issued share capital of the Company, approximately 28.49% of the enlarged issued share capital of the Company immediately after completion in full of the Placing and Subscription but before Completion of the Acquisition. Assuming the Placing and Subscription would not complete, the Consideration Shares represent approximately 25.44% of the enlarged issued share capital of the Company as a result of the allotment and issue of the Consideration Shares. The Consideration Shares represent approximately 22.18% of the issued share capital of the Company as enlarged by both the completion in full of the Placing and Subscription, and the allotment and issue of the Consideration Shares. Upon the allotment and issue of the Consideration Shares to the Vendor, the Vendor will become the Company's single largest Shareholder.

The Vendor undertakes to and covenants with the Purchaser that it will not, within the period commencing on the date of Completion and ending on the date falling 6 months thereafter, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the Consideration Shares or any interests therein or grant any options or rights in respect of any of the Consideration Shares.

The Vendor further undertakes to and covenants with the Purchaser that it will not within a further 6 months commencing on the expiry of the 6 month period referred to in the above paragraph, transfer or otherwise dispose of or create any encumbrance or other rights in respect of more than 40,000,000 Consideration Shares or any interests therein or grant any options or rights in respect of more than 40,000,000 Consideration Shares.

Application for listing

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

INFORMATION ON THE TARGET GROUP, INCLUDING THE PRC SUBSIDIARY

The Target Group, through the PRC Subsidiary once the Reorganisation has been completed, intends to purchase of cargoes trains, and manage and operate a railway transportation and related logistics business in the PRC. The Target and JV Co. A are principally engaged in investment holding and there are no other major assets other than the PRC Subsidiary. The PRC Subsidiary will be responsible for the daily operations of the business on behalf of the Target Group.

According to the pro forma unaudited consolidated financial statements of the Target Group (including the PRC Subsidiary) for the period commencing from 1 September 2006 to 5 March 2007, no turnover was recorded and the net loss before taxation and extraordinary items was about HK$244,097.

According to the unaudited consolidated financial statements of the Target Group, excluding the PRC Subsidiary, for the period commencing from 1 June 2006 to 9 March 2007, no turnover was recorded and the net loss before taxation and extraordinary items was about HK$219,702. The net asset value of the Target Group, excluding the PRC Subsidiary, as at 9 March 2007 was HK$253,226. The Target and JV Co. A were duly incorporated on 29 September 2006 and 17 June 2006 respectively.

The PRC Subsidiary was established on 5 March 2007 with a registered capital of RMB50 million which has been fully paid up as at the date of this announcement. The PRC Subsidiary's unaudited net loss before taxation and extraordinary items was approximately RMB24,030 for the period from 5 March 2007 to 9 March 2007. As at 9 March 2007, the total net assets of the PRC Subsidiary were approximately RMB49.97 million which does not take into account the appraised business enterprise value of the PRC Subsidiary as previous indicated under the sub-section headed "Consideration" of this announcement.

Upon completion of the Acquisition, the PRC Subsidiary, the JV Co. A and the Target, will become subsidiaries of the Company and be consolidated into the financial accounts of the Company.

REASONS FOR THE ACQUISITION AND THE REORGANISATION

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 Group's telecommunications products targets telecommunications carriers and services providers while its computer telephony products are marketed mostly to corporate customers in different industries.

The Group recorded a net loss of approximately HK$3,611,000 for the year ended 31 December 2006 and a cash position of HK$4,773,000 as at 31 December 2006.

In view of the increasing competition in the market of telecommunications products and computer telephony products, the Directors have actively and consistently seek new investment opportunities, irrespective of whether these opportunities fall within the Company's principal business activities, in order to increase the value of the Company.

The Directors views the railway transportation and logistics as a fast growing industry in light of the PRC's continuous economic development and expansion. The Directors believe the Acquisition provides an excellent entry point for the Group to be involved in this industry and for it to develop this future business to provide the Group with a steady stream of income. Furthermore, the Directors consider the Acquisition as a good investment opportunity in a frontier that has significant growth potential.

The Directors believe the Acquisition will enhance the future growth of the Group's business activities enabling it to maximise returns to Shareholders. In view of the increasing competition in the market of telecommunications products and computer telephony products, the Company's tapping into this new business line will broaden its revenue base and help to diversify the overall business risks of the Group.

Taking into account the benefits, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

The Board wishes to emphasize that Completion is subject to various conditions as set out on the sub-section headed "Conditions precedent" to be fulfilled. In the event that the conditions are not fulfilled by the long-stop date as stipulated in the Agreement, the Agreement will cease and terminate. As such, Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

The Directors consider the entering into of the Agreement, JV Agreement A, JV Agreement B, and the pending transformation of the PRC Subsidiary to be commercial decisions undertaken by each respective party and parties to these agreements. Prior to the entering of the Agreement, each of the respective parties involved, including but not limited to, the Vendor, China Railway Hong Kong, Guangdong China Railway and Beijing Run Tong, has acted independently of each other. The Acquisition and Reorganisation are being consummated as commercial transactions predicated on various business discussions and meetings between these parties.

Mr. Michael Koh Tat Lee, an executive Director, has extensive infrastructural project experience in Asia. He has previously been involved in the development of satellite and cellular network in China, Taiwan, India and the Philippines.

Concurrent with the Acquisition, the Company, subject to the Board's approval, is in the process of identifying and recruiting other suitable experienced professional to join the management team of the Group upon Completion. Those under consideration include senior and/or retired executives from the Ministry of Railways of the PRC. In addition, the Company's joint venture partners in the joint ventures of JV Co. A and the PRC Subsidiary, namely, Beijing Run Tong, China Railway Hong Kong and Guangdong China Railway are experienced operators in the rail freight transportation industry and can assist and participate in the management and operation of JV Co. A and the PRC Subsidiary.

The structure of the Reorganisation was arrived at after arms' length negotiations among all the parties. The percentage shareholding of the PRC Subsidiary was determined with reference to the share capital to be contributed by JV Co. A of RMB200 million relative to the combined share capital already contributed by Beijing Run Tong and Guangdong China Railway of RMB50 million.

GEM LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition on the part of the Company under the GEM Listing Rules and is subject to the approval of the Shareholders at the SGM. A circular containing, among other matters, further details of the Acquisition and a notice to convene the SGM will be despatched to the Shareholders in compliance with the GEM Listing Rules.

(2) PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

1. The Placing

THE PLACING AGREEMENT

Date: 12 March 2007

Parties:

Placing Shareholders: Well Support Limited and Homerun Business Development Limited

Placing Manager: CCB International Capital Limited

The Company

The Placing Manager would place the Placing Shares on a best-efforts basis and receive a placing commission payable by the Placing Shareholders 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, all the Placees have been lined up and the Placing Shares will be placed to them 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 Agreement, the Placing Shareholders agreed to sell and place through the Placing Manager, the Placing Shares held by the Placing Shareholders to the Placees at the Placing Price.

Placees

The Placees are institutional investors, and they and their ultimate beneficial owners are Independent Third Parties. None of the Placees is 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 Vendor and its ultimate beneficial owner are independent of and not connected with the Placees and their respective ultimate beneficial owners.

Number of Placing Shares

Up to an aggregate of 55,000,000 Shares, representing approximately 19.76% of the issued share capital of the Company as at the date of this announcement and approximately 16.50% of the Company's enlarged issued share capital immediately after completion of the Placing and Subscription. For additional details relating to the effect of the Placing and Subscription on the shareholding of the Company, please refer to the sub-section headed "Changes in Shareholding Structure" below.

Placing Period

The period commencing upon execution of the Placing Agreement and ending at 5:00 p.m. on the earlier of (a) the third business day after the date of the Placing Agreement; or (b) the date on which the Placing Manager notifying the Company and the Placing Shareholders in writing that sufficient Placees have been procured for all the Placing Shares, unless terminated earlier pursuant to the terms of the Placing Agreement. (the "**Placing Period**")

Placing Price

The Placing Price of HK$7.11 per Placing Share represents:

(i) a premium of approximately 5.33% over the closing price of HK$6.75 per Share as quoted on the Stock Exchange on 12 March 2007, being the last trading day immediately prior to the entering into of the Placing Agreement;

(ii) a premium of approximately 22.59% over the average of the closing prices of HK$5.80 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 March 2007, being the last trading day immediately prior to the entering into of the Placing Agreement;

(iii) a premium of approximately 45.99% over the average of the closing prices of HK$4.87 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 12 March 2007, being the last trading day immediately prior to the entering into of the Placing Agreement; and

(iv) a premium of approximately 124 times over the net asset value per Share of approximately HK$0.057 based on the audited consolidated financial statements of the Group as at 31 December 2006.

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 closing market prices, the Directors (including the independent non-executive Directors) consider the Placing Price to be fair and reasonable and that the Placing and Subscription are in the interest of the Company and Shareholders as a whole.

After taking into consideration the expected expenses relating to the Placing and Subscription, which is payable by the Company, the net Placing Price is approximately HK$6.97 per Share. This is not construed as an important issue as the net Subscription Price disclosed in the Subscription sub-section will have a direct implication on the Company.

Completion of the Placing

The Placing is unconditional and completion of the Placing will take place on the second business day after the day on which trading in the Shares on the Stock Exchange resumes (or such other date agreed between the Placing Shareholders and the Placing Manager).

The Placing is not conditional upon the Completion.

2. The Subscription

SUBSCRIPTION LETTERS

Date: 12 March 2007

Parties:

Subscriber: Well Support Limited and Homerun Business Development Limited

The Issuer: The Company

Immediately following the signing of the Placing Agreement, each of the Placing Shareholders entered into the Subscription Letters with the Company to subscribe for up to 52,415,466 new Shares and 2,584,534 new Shares respectively at the Subscription Price, the exact number of which will be equal to the number of the Placing Shares actually placed by the Placing Manager.

Number of Subscription Shares

The Subscription Shares consist of an aggregate of up to 55,000,000 new Shares, which is equivalent to the maximum number of the Placing Shares and represents approximately 19.76% of the issued share capital of the Company as at the date of this announcement and approximately 16.50% of the enlarged issued share capital immediately after completion of the Placing and the Subscription.

The Subscription Shares will be allotted and issued under a general mandate granted to the Directors at the special general meeting of the Company held on 21 February 2007. Under such mandate, the Company is authorised to allot, issue and deal with up to 55,680,000 Shares. The Company has not exercised the power to allot and issue any Shares pursuant to such general mandate prior to the Placing and the Subscription.

Subscription Price

HK$7.11 per Subscription Share, which is equivalent to the Placing Price, and represents a premium of approximately 5.33% over the market price of HK$6.75 per Share as quoted on the Stock Exchange on 12 March 2007, being the last trading day immediately prior to the date of the Subscription Letters. 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$6.97 per Subscription Share.

Conditions precedent

The Subscription is subject to and conditional upon the following conditions set out in the Subscription Letters:

(a) completion of the Placing pursuant to the terms of the Placing Agreement;

(b) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in all of the Subscription Shares; and

(c) consent of the Bermuda Monetary Authority to the issue of the Subscription Shares.

In the event that the conditions are not fulfilled on or before 26 March 2007 or such later date as may be agreed between the relevant parties thereto, the relevant Subscription Letters 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.

The Subscription is not conditional upon the Completion.

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 Shareholders 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 Agreement. If the Subscription is to be completed 14 days after the date of the Placing 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 26 March 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 of the Subscription Shares.

Reasons for the Placing and Subscription and the use of proceeds

Reference is made to the announcements of the Company dated 6 December 2006 and 15 February 2007 in relation to, among other matters, the potential Acquisition. Further details of the Acquisition have been disclosed in this announcement. The Directors consider that upon Completion, there may be a necessity for the Group to have sufficient general working capital to finance and operate the business of the Target Group. The detailed terms of such financing (which may involve loan or equity financing or a combination of both) are currently under discussions and negotiations with banks and other financial institutions. The Company will comply with the GEM Listing Rules in relation to such financing. Taking into account the prevailing market conditions, the Board is of the view that the Placing and Subscription are the most efficient and cost effective way for the Company to raise needed funds. In addition, the Board considers that the Placing and Subscription would be a good opportunity for the Company to broaden its Shareholder base, reduce the Group's gearing ratio and strengthen the financial position of the Group.

The net proceeds from the issue of the Subscription shares will be approximately HK$383 million, of which approximately HK$210 million will be used for financing future operation costs and expenses for the Target Group if the Acquisition materializes and the balance of approximately HK$173 million will be used for general working capital of the Group.

CHANGES IN SHAREHOLDING STRUCTURE

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

	As at the date of this announcement and before Completion		Immediately after completion in full of the Placing and Subscription but before Completion		Immediately after Completion in full of the Placing and Subscription and of the allotment and issue of the Consideration Shares	
Shareholders	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Well Support Limited *(Note 1)*	52,415,466	18.83%	52,415,466	15.70%	52,415,466	12.20%
Gorgeous Overseas Limited *(Note 2)*	22,898,000	8.22%	22,898,000	6.87%	22,898,000	5.35%
Century Dragon Development Limited *(Note 3)*	27,000,000	9.70%	27,000,000	8.11%	27,000,000	6.30%
Homerun Business Development Limited *(Note 4)*	11,736,000	4.21%	11,736,000	3.52%	11,736,000	2.74%
The Vendor *(Note 5)*	–	–	–	–	95,000,000	22.18%
The Placees	–	–	55,000,000	16.50%	55,000,000	12.84%
Other public Shareholders	164,350,534	59.04%	164,350,534	49.30%	164,350,534	38.36%
Total:	278,400,000	100.00%	333,400,000	100.00%	428,400,000	100.00%

Note:

1. Well Support Limited is beneficially owned by Liu Yi Dong Family Trust and the beneficiaries of which are Mr. Liu Yi Dong and his family members.

2. Gorgeous Overseas Limited is wholly-owned by Mr. Yang Yongxia.

3. Century Dragon Development Limited is wholly-owned by Mr. Wu Wai Leung.

4. Homerun Business Development Limited is wholly-owned by Mr. So Chi Ming.

5. To the best of the Directors' knowledge and belief, the Vendor and its ultimate beneficial owner are not parties acting in concert (has the meaning ascribed under the Hong Kong Code of Takeovers and Mergers) with any of the Shareholders and (in the case of being incorporations) their ultimate beneficial owners.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
21 November 2006	Placing of 46,400,000 new Shares at a subscription price of HK$0.241 per Share	Approximately HK$10.9 million	To be applied as general working capital of the Group	HK$6 million was used as the Deposit paid to the Vendor while the balance was used as general working capital

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 10:00 a.m. on 12 March 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 23 March 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 pursuant to the terms and conditions of the Agreement
"Agreement"	the conditional sale and purchase agreement dated 12 March 2007 and entered into among the Vendor, Purchaser and Guarantor in respect of the sale and purchase of the Sale Shares
"associates"	has the meaning ascribed to this term under the GEM Listing Rules
"Beijing Run Tong"	Beijing Run Tong Transportation Consulting Company Limited (北京潤通運輸諮詢有限公司), a company established in the PRC
"Board"	the board of Directors
"China Railway Hong Kong"	China Railway Investments Group (Hong Kong) Limited (中鐵開發投資集團(香港)有限公司), (formerly known as China Railway Television Media (Hong Kong) Limited 中鐵視媒體(香港)有限公司), a company incorporated in Hong Kong
"Company"	Proactive Technology Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on GEM

"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
"Completion Date"	the date of Completion, being the date falling two business days after all the conditions of the Agreement have been fulfilled or such later date as may be agreed between the Vendor and the Purchaser
"Consideration Shares"	95,000,000 new Shares to be allotted and issued by the Company at the Issue Price as partial consideration for the Acquisition
"Deposit"	the initial deposit of HK$6,000,000 paid by the Purchaser to the Vendor on the date of the MOU as partial consideration for the Acquisition
"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
"Guarantor"	Cheung Yu Ching, an Independent Third Party
"Guangdong China Railway"	Guangdong China Railway Television Media Limited (廣東中鐵視媒體有限公司), a company established in the PRC
"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 of the Company or its subsidiaries or any of their respective associates
"Issue Price"	the issue price of HK$7.11 per Consideration Share
"JV Agreement A"	the joint venture agreement entered into between the Target and China Railway Hong Kong, an Independent Third Party and dated 25 January 2007 in relation to JV Co. A, which is 61.25% owned by the Target and as to the remaining 38.75% by China Railway Hong Kong

"JV Agreement B"	the joint venture agreement entered into by JV Co. A with Guangdong China Railway and Beijing Run Tong, both being Independent Third Parties, and dated 25 January 2007 to transform the PRC Subsidiary into a Chinese-foreign cooperative joint venture company
"JV Co. A"	Onway Logistics Limited, the joint venture established in Hong Kong under the JV Agreement A
"MOU"	the non-legally binding memorandum of understanding dated 5 December 2006 entered into between the Purchaser and the Vendor in relation to the Acquisition
"Placees"	institutional investors in respect of the subscription of the Placing Shares pursuant to the Placing Agreement
"Placing"	the placing of 55,000,000 existing Shares under the Placing Agreement
"Placing Agreement"	the placing agreement dated 12 March 2007 entered into between the Company, Placing Manager and Placing Shareholders in relation to the Placing and 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$7.11 per Placing Share
"Placing Shares"	up to an aggregate of 55,000,000 existing Shares, of which 52,415,466 Shares are held by Well Support Limited and the balance of 2,584,534 Shares are held by Homerun Business Development Limited as at the date of the Placing Agreement
"Placing Shareholders"	Well Support Limited and Homerun Business Development Limited, who hold 52,415,466 Shares and 11,736,000 Shares respectively as at the date of the Placing Agreement
"Purchaser"	Dragon Billion Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
"PRC"	the People's Republic of China which, for the purpose of the Agreement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"PRC Subsidiary"	China Railway Television Freight and Logistics Transport Co. Ltd. (中鐵視自備列物流運輸有限公司), the limited liability company established in the PRC which will be converted into a Chinese-foreign joint venture cooperative company and whose equity interests will, immediately following completion of the Reorganisation, be 80% owned by JV Co. A
"Reorganisation"	the reorganisation of the Target Group pursuant to which the PRC Subsidiary is being converted into a Chinese-foreign cooperative joint venture and is applying for approval from the Ministry of Commerce to increase its registered capital to RMB200 million. Once approved, JV Co. A will own as to 80%, Guangdong China Railway will own as to 16% and Beijing Run Tong will own as to 4% of the equity interests of the PRC Subsidiary. The Reorganisation shall be conducted and completed in such manner as approved by the Purchaser
"Sale Shares"	50,000 ordinary shares of US$1.00 each in the issued share capital of the Target, representing the entire issued share capital of the Target
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Consideration Shares
"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 the Subscription Shares pursuant to the terms of the Subscription Letters
"Subscription Letters"	the subscription letters dated 12 March 2007 and entered into between the Company and each of the Placing Shareholders respectively as stipulated under the Placing Agreement in relation to the Subscription
"Subscription Price"	HK$7.11 per Subscription Share
"Subscription Shares"	an aggregate of up to 55,000,000 new Shares, of which up to 52,415,466 Shares and up to 2,584,534 Shares are to be allotted and issued by the Company to Well Support Limited and Homerun Business Development Limited respectively pursuant to the Subscription Letters

"Substantial Shareholder"	has the meaning ascribed to this term under the GEM Listing Rules
"Supplemental MOU"	the non-legally binding supplemental memorandum of understanding to the MOU dated 15 February 2007 and entered into between the Vendor and the Purchaser
"Target"	Eternity Profit Investments Limited, a company incorporated in the British Virgin Islands which is wholly and beneficially owned by the Vendor
"Target Group"	the Target, JV Co. A and (immediately after the completion of the Reorganisation) the PRC Subsidiary
"Vendor"	Shellybeach Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

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

Hong Kong, 22 March 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, Terrence, 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.