

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

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

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PROSTEN TECHNOLOGY HOLDINGS LIMITED

長達科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME

AND

ADOPTION OF A NEW SHARE OPTION SCHEME

A notice convening an extraordinary general meeting of Prosten Technology Holdings Limited to be held at Unit 906–910, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 9 April 2002 is set out in pages 16 to 17 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with Tengis Limited, the branch share registrar and transfer office of Prosten Technology Holdings Limited in Hong Kong, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

This circular will remain on the GEM website of www.hkgem.com under the section titled “Information on Listed Companies” from the date of its posting and on the website of the Company at www.prosten.com.

* For identification only

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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 a 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. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

DEFINITIONS

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

“Announcement”	an announcement of the Company dated 2 January 2002
“associate(s)”	has the meaning as defined in the GEM Listing Rules
“Board”	the board of Directors
“Company”	Prosten Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning as defined in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 10:30 a.m. on Tuesday, 9 April 2002, at Unit 906–910, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong for the consideration of the Proposal, notice of which is set out in pages 16 to 17 of this circular to Shareholders
“Existing Options”	means an aggregate of 32,845,000 share options (excluding those that had lapsed) granted and yet to be exercised under the Existing Scheme as at the Latest Practicable Date
“Existing Scheme”	the existing share option scheme of the Company which has become effective on 28 March 2000 pursuant to a resolution in writing passed by all shareholders of the Company on 7 March 2000 and was subsequently amended pursuant to an ordinary resolution passed by the shareholders of the Company at its annual general meeting held on 27 July 2001
“GEM”	the Growth Enterprise Market operated by 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
“Latest Practicable Date”	20 March 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information of this circular

DEFINITIONS

“New Scheme”	the new share option scheme proposed to be adopted by the Company for the benefit of the eligible participants as defined under such scheme (including without limitation the employees and directors of the Company and its subsidiaries) at the EGM
“Proposal”	means the proposed termination of the Existing Scheme, the adoption of the New Scheme, and the grant of a general authorisation to the Directors to grant options under the New Scheme of up to 10% of the issued capital of the Company as at the date of the EGM
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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 Company. 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.



PROSTEN TECHNOLOGY HOLDINGS LIMITED

長達科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Mr Yip Seng Mun (*Chairman*)
Mr Yip Heon Ping
Mr Yip Heon Wai
Mr Yip Heon Keung
Ms Chan Fu Kuen Gladys
Dr Clement Lau

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Independent non-executive Directors:

Mr James T. Siano
Mr Au Shing Kwok

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

Unit 906–910
Dah Sing Financial Centre
108 Gloucester Road
Wanchai
Hong Kong

23 March 2002

*To the Shareholders and
for information only, option holders*

Dear Sirs,

**PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
ADOPTION OF A NEW SHARE OPTION SCHEME**

INTRODUCTION

Pursuant to an ordinary resolution in writing passed by all shareholders of the Company on 7 March 2000, the Existing Scheme has become effective on 28 March 2000, which was subsequently amended pursuant to an ordinary resolution passed by the shareholders of the Company at its annual general meeting held on 27 July 2001. Pursuant to the Existing Scheme, the Directors were authorised to grant options to employees of the Company or its subsidiaries, including executive directors of such company, to subscribe for Shares.

* For identification only

By the Announcement, the Board announced the Proposal involving the proposed termination of the Existing Scheme, the adoption of the New Scheme and the grant of a general authorisation to the Directors to grant options under the New Scheme of up to 10% of the issued capital of the Company as at the date of the EGM. The Proposal would be put forward to the Shareholders for their consideration and, if thought fit, approval at the EGM to be held on 9 April 2002.

The purpose of this circular is to provide you with further information regarding the Proposal and to give you notice of the EGM at which ordinary resolutions will be proposed to consider and, if thought fit, approve, among other matters, the termination of the Existing Scheme, the adoption of the New Scheme and the grant of a general authorisation to the Directors to grant options under the New Scheme of up to 10% of the issued capital of the Company as at the date of the EGM.

THE PROPOSAL

Proposed termination of the Existing Scheme and adoption of the New Scheme

Existing Options

During the period between 28 March 2000 (being the date on which the Existing Scheme became effective) and 27 July 2001 (being the date of the annual general meeting of the Company at which certain amendments were approved to be made to the Existing Scheme), an aggregate of options to subscribe for up to 41,323,000 Shares were granted to the Group's employees. During the same period, options to subscribe for a total of 1,258,000 Shares lapsed.

Pursuant to an ordinary resolution passed by the Shareholders in the annual general meeting of the Company held on 27 July 2001, all share options granted to the Directors and employees of the Group and remained outstanding prior to that date were cancelled with effect from the second day immediately following the date of the annual general meeting. Following the cancellation of such outstanding share options, share options were re-granted to the Directors and certain full-time employees of the Group. Up to the Latest Practicable Date, as certain grantees of options left the Group, only options to subscribe for 32,845,000 Shares remained outstanding.

As at the Latest Practicable Date, there were 511,250,000 Shares in issue and the Existing Options, if exercised in full, would result in the issue of up to 32,845,000 Shares, which represents approximately 6.42% of the issued share capital of the Company.

Among the Existing Options, options to subscribe for up to an aggregate of 28,800,000 Shares, which represents approximately 5.63% of the issued share capital of the Company, were granted to a total of six Directors, while options to subscribe for up to an aggregate of 4,045,000 Shares, which represents approximately 0.79% of the issued share capital of the Company, were granted to certain full-time employees of the Group, who do not fall under the category of connected persons in relation to the Company.

The Directors confirm that they will not further exercise their authorities in granting options under the Existing Scheme and no further option will be granted under the Existing Scheme prior to its termination and the adoption of the New Scheme to be approved by the Shareholders at the EGM.

Upon termination of the Existing Scheme, no further options would be offered pursuant to the Existing Scheme but the Existing Scheme would in all other respects remain in force to the extent necessary to give effect to the exercise of the Existing Options. The Existing Options will continue to be valid and exercisable in accordance with the provisions of the Existing Scheme.

Reasons for the Proposal

Major amendments have recently been introduced to Chapter 23 of the GEM Listing Rules. These amendments came into effect on 1 October 2001.

Chapter 23 of the GEM Listing Rules deals with the share option schemes of listed companies. The amendments introduced expanded the classes of potential grantees of share options, relaxed certain requirements relating to the maximum number of shares comprised in share options that can be granted under the share option schemes of listed companies and, at the same time, imposed new disclosure and approval requirements on listed companies. In general, these amendments are designed to facilitate the giving of incentives and rewards of employees and other classes of persons who may participate in such schemes through the grant of share options while improving transparency and accountability over the grant of share options by these companies.

Options may no longer be granted under the Existing Scheme by the Company unless such grants have been made in compliance with the amended rules. In this connection, the Board wishes to propose to the Shareholders that the Company should terminate its Existing Scheme and adopt the New Scheme, the terms of which comply with the amended Chapter 23. The Directors consider that the adoption of the New Scheme is in the interests of the Company and the Shareholders as a whole because it enables the Company to reward and provide incentives to its employees and other classes of persons who contributed or may contribute to the growth and development of the Group.

Set out in pages 8 to 15 of this circular are the principal terms of the New Scheme, under which the maximum number of Shares which might be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme could represent up to 30% of the issued share capital of the Company from time to time.

Conditions of the adoption of the New Scheme

The adoption of the New Scheme is conditional upon, among other matters, (i) the termination of the Existing Scheme by an ordinary resolution at the EGM; (ii) the approval of the New Scheme at the EGM and the allotment and issue of the Shares which fall to be allotted and issued upon the exercise of the options which may be granted under the New Scheme; and (iii) the Stock Exchange granting the listing of, and permission to deal in, the Shares which fall to be allotted and issued upon the exercise of the options which may be granted under the New Scheme.

The Directors will seek approval of the Shareholders at the EGM for the termination of the Existing Scheme and the adoption of the New Scheme in accordance with the GEM Listing Rules and the allotment and issue of the Shares which may fall to be allotted and issued upon exercise of the options to be granted under the New Scheme.

LETTER FROM THE BOARD

Application has been made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued upon the exercise of the options which may be granted under the New Scheme.

General mandate to Directors to grant options

Subject to the approval of the New Scheme by the Shareholders, a resolution will be proposed at the EGM for the grant of general authority to the Directors to grant options under the New Scheme for the subscription of not more than 10% of the entire issued capital of the Company as at the date of the passing of the relevant resolution.

RECOMMENDATION

The Board believes that the Proposal is beneficial to the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to implement the Proposal at the EGM.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's head office and principal place of business in Hong Kong at Unit 906–910, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong during normal business hours on any business day up to and including Tuesday, 9 April 2002 and at the EGM:

- (i) the memorandum and articles of association of the Company; and
- (ii) the New Scheme.

THE EGM

In connection with the Proposal, notice of the EGM is set out on pages 16 and 17 of this circular. At the EGM, ordinary resolutions will be proposed to approve the Proposal.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof to the Company's branch share registrar and transfer office, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

An announcement on the outcome of the EGM for the adoption of the New Scheme will be made by the Company upon passing of the relevant ordinary resolutions at the EGM.

Yours faithfully,
For and on behalf of the Board of
Prosten Technology Holdings Limited
Yip Seng Mun
Chairman

Set out below is a summary of the principal terms of the New Scheme to provide sufficient information to the Shareholders for their consideration of the New Scheme proposed to be adopted at the EGM.

(i) Purpose of the scheme

The purpose of the New Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

(ii) Who may join

The Directors may at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for Shares:

- (a) any employee or proposed employee (whether full time or part time) of the Company, any of its subsidiaries or any entity (“the Invested Entity”) in which any member of the Group holds any equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity (“Eligible Employee”);
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- (g) joint venture partners or counter-parties to business transactions of the Group,

and, for the purposes of the New Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the New Scheme.

The eligibility of any of the above class of participants to the grant of any options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.

(iii) Maximum number of Shares

- (a) The maximum number of securities which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the relevant class of securities of the Company (or the subsidiary) in issue from time to time.
- (b) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Scheme) to be granted under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 51,125,000 Shares, representing 10% of the Shares in issue as at the date of passing the relevant resolution adopting the New Scheme (the “**General Scheme Limit**”).
- (c) Subject to (a) above and without prejudice to (d) below, the Company may seek approval of the Shareholders at general meeting to refresh the General Scheme Limit (a circular containing the information required by the GEM Listing Rules to be despatched to Shareholders for that purpose) provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the New Scheme and any other share option scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the limit. For the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Scheme and any other share option scheme of the Group) previously granted under the New Scheme and any other share option scheme of the Group will not be counted.
- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate Shareholders’ approval at general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of such specified participants who may be granted options, the number and the terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose.

(iv) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the Shareholders’ approval at general meeting of the Company (a circular containing the identities of

such participant, the number and terms of the options to be granted and previously granted to such participant is despatched to the Shareholders for that purpose) with such participant and his associates abstaining from voting.

(v) Grant of options to connected persons

- (a) Any grant of options under the New Scheme to a Director, chief executive, management shareholder or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is also the grantee of the options).
- (b) Where any grant of options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (aa) representing in aggregate over 0.1% of the Shares in issue; and
 - (bb) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by the Shareholders at general meeting. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates must be approved by the Shareholders at general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the New Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of acceptance of the offer for the grant of options but shall end in any event not later than 10 years from the date on which the offer for grant of the option is made subject to the provisions for early termination thereof.

(vii) Performance targets

Unless the Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the New Scheme can be exercised.

(viii) Subscription price for Shares

The subscription price for Shares under the New Scheme shall be a price determined by the Directors but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (iii) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(ix) Ranking of Shares

- (a) Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the articles of association of the Company and will rank pari passu in all respects with the fully paid Shares in issue on the date on which the option is duly exercised (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until completion of the registration of the grantee as the holder thereof.
- (b) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a sub-division, consolidation, reclassification or reduction of the share capital of the Company from time to time.

(x) Restrictions on the time of grant of options

- (a) No offer for the grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the manner prescribed by the GEM Listing Rules from time to time. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of the Directors for the approval of the Company's quarterly, half year or annual results, and (bb) the last date on which the Company must publish its quarterly, half year or annual results announcement under the GEM Listing Rules and ending on the date of the announcement of such results, no option may be granted.

- (b) The Directors may not grant any option to a participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares under such circumstances as prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(xi) Period of the New Scheme

The New Scheme will remain in force for a period of 10 years commencing on the date on which the New Scheme becomes unconditional (please refer to paragraph (xxiii) (a) below for conditions of the New Scheme).

(xii) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee or proposed employee (whether full time or part time employee, including any executive director but excluding any non-executive director and independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

(xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of persistent or serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(xv) Rights on breach of contract

If the Directors shall at their absolute discretion determine that (i) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; and (ii) the option granted to the grantee under the New Scheme shall lapse, his option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, with appropriate alteration of details; and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer). Subject to the above, an option (to the extent not already exercised) will lapse automatically on the date on which such offer (or, as the case may be, revised offer) closes.

(xvii) Rights on winding up

During the option period, if an effective resolution is proposed to the shareholders of the Company for the voluntary winding-up of the Company, the grantee may by notice in writing to the Company at any time prior to the date on which such resolution is passed exercise his option (to the extent not already exercised) either (a) to its full extent or (b) to the extent specified in such notice in accordance with the provisions of the New Scheme. The notice given by the grantee to the Company to exercise his option is, however, subject to the provisions of all applicable laws.

After the giving of his notice to the Company to exercise his option, the grantee shall be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the Shares in issue on the day prior to the date of such resolution.

(xviii) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares the subject matter of the New Scheme and the option so far as unexercised and/or the

option price and/or the method of exercise of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he would have been entitled prior to such alteration but no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value, and (ii) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the GEM Listing Rules.

(xix) Cancellation of options

Any cancellation of options granted but not exercised must be approved by the Board. Where the Company cancels options and issues new ones to the same participant, the issue of such new options may only be made under a scheme with available unissued options (excluding the cancelled options) within the limit approved by Shareholders at general meeting as referred to in paragraph (iii) above.

(xx) Termination of the New Scheme

The Company may by resolution at general meeting at any time terminate the operation of the New Scheme and in such event no further options shall be offered but in all other respects the provisions of the New Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Scheme.

(xxi) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable.

(xxii) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the period referred to in paragraph (vi); and
- (b) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi) and (xvii).

(xxiii) Miscellaneous

- (a) The New Scheme is conditional on the GEM Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the New Scheme.

- (b) The terms and conditions of the New Scheme relating to the matters set out in Chapter 23 of the GEM Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders at general meeting.
- (c) Any alterations to the terms and conditions of the New Scheme which are of a material nature or any change to the terms of options granted shall be approved by the Shareholders at general meeting, except where the alterations take effect automatically under the existing terms of the New Scheme.
- (d) Amended terms of the New Scheme or the options shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.
- (e) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the New Scheme shall be approved by the Shareholders at general meeting.

(xxiv) Present status of the New Scheme

Application has been made to the GEM Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the New Scheme.



PROSTEN TECHNOLOGY HOLDINGS LIMITED

長達科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Prosten Technology Holdings Limited (the “**Company**”) will be held at Unit 906–910, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 9 April 2002 for the purpose of considering and, if thought fit, passing the resolutions set out below as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**, with effect from the close of business of the day on which this resolution is passed, the existing share option scheme (the “**Existing Scheme**”) adopted by the Company pursuant to an ordinary resolution in writing passed by all shareholders of the Company on 7 March 2000 and subsequently amended pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 27 July 2001 (a copy of the Existing Scheme having been produced to the meeting marked “**A**” and signed by the chairman of the meeting for the purposes of identification), be and it is hereby terminated and cease to have any further effect save and except that the Existing Scheme will remain in force to the extent necessary to give effect to the exercise of the options granted thereunder prior to the termination thereof.”.
2. “**THAT**, subject to the passing of resolution numbered 1 and with effect from the close of business of the day on which this resolution is passed, the rules of the share option scheme (the “**New Scheme**”, the principal terms of which are particularly described in the circular (the “**Circular**”) to the shareholders of the Company dated 23 March 2002) (a copy of the New Scheme and the Circular having been produced to the meeting marked “**B**” and “**C**”, respectively, and signed by the chairman of the meeting for the purposes of identification), be approved and adopted and the directors of the Company (the “**Directors**”) be and they are hereby authorised to approve any amendments to the rules of the New Scheme as may be acceptable or not objected to by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with shares (the “**Shares**”) of HK\$0.10 each in the Company pursuant to the exercise of options which may be granted under the New Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the New Scheme with effect from the close of business of the day on which this resolution is passed”.

* For identification only

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. “THAT

- (A) subject to the passing of resolution numbered 2 and paragraph (B) below, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market operated by the Stock Exchange and the terms of the New Scheme (as defined in resolution numbered 2), the exercise by the Directors of the Company are hereby authorise to grant options under the New Scheme and to allot, issue and otherwise deal with the Shares in the capital of the Company pursuant to the exercise of option which may be granted under the New Scheme;
- (B) the aggregate nominal amount of share capital to be allotted and issued pursuant to paragraph (A) above, together with any issue of Shares upon the exercise of any options granted under any other the share option scheme of the Company as may from time to time adopted by the Company, shall not exceed the aggregate of 10 per cent. of the Shares in issue as at the date of the passing of this resolution.”

By order of the Board of
Prosten Technology Holdings Limited
Yip Seng Mun
Chairman

Hong Kong, 23 March 2002

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

Unit 906–910, Dah Sing Financial Centre
108 Gloucester Road
Wanchai, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed herewith. In the case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
2. To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Hong Kong branch share registrar and transfer office of the Company, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish.