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This circular, for which the directors (the “Directors”) of Prosten Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.

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

If you have sold or transferred all your securities in Prosten Technology Holdings Limited, you should at once hand this circular 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.



PROSTEN TECHNOLOGY HOLDINGS LIMITED

長達科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

GENERAL MANDATES TO REPURCHASE ITS OWN SHARES AND 2004 WARRANTS AND TO ISSUE NEW SHARES

A notice convening the annual general meeting of Prosten Technology Holdings Limited to be held at Unit 2402 Bank of America Tower, 12 Harcourt Road, Hong Kong on Thursday, 24 July 2003 at 10:30 a.m., is set out in the 2003 annual report. Whether or not you propose to attend the meeting, you are requested to complete the form of proxy attached to the notice of the annual general meeting in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Tengis Limited at 28th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general 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 should you so wish.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.prosten.com.

* For identification purpose only

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Unit 2402 Bank of America Tower, 12 Harcourt Road, Hong Kong on Thursday, 24 July 2003 at 10:30 a.m.
“Buyback Mandate”	the general mandate to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10 per cent. of the issued share capital of the Company and up to 10 per cent. of the total subscription rights attaching to 2004 Warrants outstanding as at the date of the resolution approving the Buyback Mandate
“Commission”	Securities and Futures Commission
“Company”	Prosten Technology Holdings Limited
“Directors”	directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Mandate”	the general mandate to the Directors to the Directors to allot, issue and deal with Shares not exceeding 20 per cent. of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate
“Latest Practicable Date”	23 June 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Shareholders”	holders of Shares
“Share(s)”	share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Code on Takeovers and Mergers approved by the Commission as amended from time to time
“2004 Warrant(s)”	warrant(s) of the Company in amounts of HK\$1.43 each of exercise rights, entitling the holder(s) to subscribe for fully paid Shares at an initial exercise price of HK\$1.43 per Share (subject to adjustment) at any time from 9 January 2001 up to and including 8 January 2004

LETTER FROM THE BOARD



PROSTEN TECHNOLOGY HOLDINGS LIMITED

長達科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Yip Seng Mun *(Chairman)*

Yip Heon Ping

Yip Heon Wai

Yip Heon Keung

Non-Executive Director:

Clement Lau

Independent Non-Executive Directors:

James T. Siano

Au Shing Kwok

Registered office:

Century Yard

Cricket Square

Hutchins Drive

P. O. Box 2681 GT

George Town

Grand Cayman

British West Indies

Principal place of business:

Unit 2402

Bank of America Tower

12 Harcourt Road

Hong Kong

30 June 2003

To the shareholders and the warrant holders

Dear Sir or Madam,

GENERAL MANDATES TO REPURCHASE ITS OWN SHARES AND 2004 WARRANTS AND TO ISSUE NEW SHARES

INTRODUCTION

On 25 July 2002, all the shareholders of the Company passed the written resolutions to give general mandates to the Directors to issue and allot Shares and to exercise the powers of the Company to repurchase its own Shares in accordance with the GEM Listing Rules. These general mandates will lapse at the conclusion of the AGM. It is therefore proposed to renew the general mandates to issue and allot Shares and to repurchase Shares at the AGM.

The purpose of this circular is to provide you with information regarding the proposed general mandates to issue and allot Shares and to repurchase Shares and 2004 Warrants and to seek your approval of the ordinary resolutions relating to these matters at the AGM.

* For identification purpose only

LETTER FROM THE BOARD

BUYBACK MANDATE

An ordinary resolution will be proposed at the AGM to grant to the Directors the Buyback Mandate, details of which are set out in ordinary resolution no. 4 in the notice of AGM. The Shares and the 2004 Warrants which may be repurchased pursuant to the Buyback Mandate are limited to a maximum of 10 per cent. of the issued share capital of the Company and 10 per cent. of the total subscription rights attaching to the 2004 Warrants outstanding respectively at the date of passing of the resolution approving the Buyback Mandate.

An explanatory statement as required under the GEM Listing Rules, giving certain information regarding the Buyback Mandate, is set out in the appendix hereto.

ISSUE MANDATE

An ordinary resolution will be proposed at the AGM to grant to the Directors the Issue Mandate. In addition, an ordinary resolution will also be proposed to authorise an extension of the Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Issue Mandate the number of Shares purchased under the Buyback Mandate, if granted.

Details of the aforesaid two ordinary resolutions are set out in ordinary resolutions no. 5 and no. 6 in the notice of AGM.

ANNUAL GENERAL MEETING

A notice convening the AGM at which ordinary resolutions will be proposed to approve the Buyback Mandate, the Issue Mandate and the extension of the Issue Mandate, set out in the 2003 annual report of the Company has been despatched to Shareholders.

RECOMMENDATION

The Directors believe that the Buyback Mandate, the Issue Mandate and the extension of the Issue Mandate are in the best interests of the Company as well as its Shareholders. Accordingly, the Directors recommend that all Shareholders of the Company should vote in favour of resolutions nos. 4 to 6 as set out in the notice of AGM.

Yours faithfully,
On behalf of the Board
Yip Heon Keung
Director

This appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide you with requisite information for your consideration of the Buyback Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 511,250,000 Shares and 2004 Warrants to subscribe for Shares outstanding at such date with total subscription rights of HK\$73,108,750.00 equivalent to the aggregate subscription price for a total of 51,125,000 Shares on the basis of subscription price of HK\$1.43 per Share.

Subject to the passing of the ordinary resolution no. 4 set out in the notice of AGM and on the basis that no further Shares and 2004 Warrants are issued or repurchased and no 2004 Warrants are exercised prior to the AGM, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 51,125,000 Shares and 2004 Warrants amounting to HK\$7,310,875.00.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to repurchase securities of the Company on GEM. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when and to the extent that the Directors believe that such repurchases will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing securities, the Company may apply only funds legally available for such purpose in accordance with its Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. The Company may not purchase Shares or 2004 Warrants on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2003) in the event that the proposed repurchase of securities was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. MARKET PRICES

The highest and lowest prices at which the Shares and 2004 Warrants have been traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	Price per Share		Price per 2004 Warrant <i>(Note)</i>	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002				
June	0.280	0.280	—	—
July	0.218	0.172	—	—
August	0.186	0.140	—	—
September	0.198	0.168	—	—
October	0.170	0.164	—	—
November	0.175	0.084	—	—
December	0.123	0.072	—	—
2003				
January	0.119	0.085	—	—
February	0.100	0.092	—	—
March	0.119	0.088	—	—
April	0.068	0.068	—	—
May	0.085	0.041	—	—

Note: 2004 Warrants of the Company were created and listed on the Stock Exchange on 12 January 2001 and will expire on 8 January 2004.

5. GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make securities repurchases pursuant to the Buyback Mandate in accordance with the GEM Listing Rules, the Memorandum and Articles of Association of the Company and the applicable laws of the Cayman Islands.

If as a result of the share repurchases, a Shareholder's proportionate interest in the voting rights of the Company increases, such interest will be treated as an acquisition for the purposes of the Takeover Code. As a result, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, Greenford Company Limited, Century Technology Holding Limited, Bakersfield Global Corporation and First League Investments Limited were interested in an aggregate of 425,000,000 Shares, together representing approximately 83.13 per cent. of the issued share capital of the Company. Based on such shareholding, and in the event that the Directors exercised in full the Buyback Mandate, the interests of Greenford Company Limited, Century Technology Holding Limited, Bakersfield Global Corporation and First League Investments Limited in the issued share capital of the Company would be changed to a percentage ranging from approximately 83.97 per cent. (on the assumption that all outstanding subscription rights attached to 2004 Warrants will be exercised in full before and up to the AGM) and to approximately 92.37 per cent. (on the assumption that all outstanding subscription rights attached to 2004 Warrants will not be exercised before and up to the AGM) of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeover Code as a consequence of any purchase made under the Buyback Mandate. However, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 16.87 per cent..

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the GEM Listing Rules), has any present intention, if the Buyback Mandate is approved by the Shareholders of the Company, to sell any securities to the Company or its subsidiaries.

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell any securities to the Company, or has undertaken not to do so, if the Buyback Mandate is approved by the Shareholders.

6. SECURITIES REPURCHASED BY THE COMPANY

The Company had not purchased any of the Shares or 2004 Warrants (whether on GEM or otherwise) in the previous six months prior to the Latest Practicable Date.