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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 shares in Prosten Technology Holdings Limited, you should at once hand this circular together 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.

**PROSTEN TECHNOLOGY HOLDINGS LIMITED****長達科技控股有限公司****(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 8026)**

**PROPOSED GENERAL MANDATES
TO REPURCHASE AND ISSUE SHARES
PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND THE ADOPTION OF THE NEW SHARE OPTION SCHEME
PROPOSED RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting (“AGM”) of Prosten Technology Holdings Limited (the “Company”) to be held on 8th Floor, Wheelock house, 20 Pedder Street, Central, Hong Kong on Friday, 5 August 2011 at 10:30 a.m. is set out on pages 26 to 30 of this circular. A form of proxy for the AGM is enclosed with this circular. Whether you are able to attend the AGM or not, please complete and return the enclosed form of proxy to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, 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 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

This circular, for which the directors (the “Directors”) of 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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 trade on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Adoption Date”	the date on which the adoption of the New Share Option Scheme is approved by the Shareholders
“AGM”	the annual general meeting of the Company to be held on 8th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong on Friday, 5 August 2011 at 10:30 a.m.
“Articles of Association”	articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Prosten Technology Holdings Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Employee”	any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity
“Eligible Participant(s)”	the person(s) who may be invited by the Directors to take up Options pursuant to the New Share Option Scheme, including, among others, any Eligible Employee
“Existing Share Option Scheme”	the Company’s existing share option scheme which was conditionally adopted by the Company and approved by the Shareholders on 9 April 2002, became effective on 23 April 2002 and will expire on 22 April 2012
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) his personal representative
“Group”	collectively, the Company and its subsidiaries from time to time
“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
“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Issue Mandate”	the general and unconditional mandate to the Directors to exercise all the powers of the Company to allot, issue or deal with Shares of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution
“Latest Practicable Date”	23 June 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in Appendix II to this circular
“Offer”	an offer for the grant of an Option
“Offer Date”	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant
“Option(s)”	option(s) to subscribe for the Shares granted pursuant to the New Share Option Scheme
“Option Period”	in respect of any particular Option, a period (which may not be later than 10 years from the Offer Date of that Option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses; and (ii) 10 years from the Offer Date of that Option
“Repurchase Mandate”	the general and unconditional mandate to the Directors to exercise all the powers of the Company to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing of such resolution

DEFINITIONS

“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution item 4 of the notice of AGM approving the Repurchase Mandate
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“Subsidiary(ies)”	the companies which are for the time being and from time to time the subsidiaries (within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)) of the Company
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeover Code”	The Hong Kong Code on Takeovers and Mergers as amended from time to time
“Termination Date”	close of business of the Company on the date which falls 10 years after the Adoption Date
“Terminated Share Option Scheme”	the Company’s share option scheme 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 AGM held on 27 July 2001
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



PROSTEN

PROSTEN TECHNOLOGY HOLDINGS LIMITED

長達科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8026)

Executive Directors:

Mr. Yip Heon Keung (*Chairman*)
Mr. Yip Heon Ping
Ms. Li Luyi

Non-Executive Directors:

Mr. Chen Xiaoxin
Mr. Mah Yong Sun

Independent Non-Executive Directors:

Mr. Tam Chun Wan
Ms. Tse Yuet Ling, Justine
Ms. Lai May Lun

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business:

Unit 802, 8/F
Dominion Centre
43–59 Queen's Road East
Wanchai
Hong Kong

30 June 2011

To the shareholders:

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES
TO REPURCHASE AND ISSUE SHARES
PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND THE ADOPTION OF THE NEW SHARE OPTION SCHEME
PROPOSED RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM for (i) the granting of the Repurchase Mandate and the Issue Mandate; (ii) the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme; and (iii) the re-election of Directors.

* For identification purpose only

LETTER FROM THE BOARD

2. PROPOSED GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in item 4 of the notice of AGM. The Shares which may be repurchased pursuant to the Repurchase Mandate is limited to a maximum of 10% of the issued share capital of the Company at the date of passing of the resolution approving the Repurchase Mandate. An explanatory statement as required under the GEM Listing Rules, giving certain information regarding the Repurchase Mandate, is set out in Appendix I to this circular.

3. PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES

It will also be proposed at the AGM two ordinary resolutions for granting to the Directors a general mandate to allot, issue and deal with not exceeding 151,271,000 Shares or 20% of the issued share capital of the Company as at the date of passing the resolution set out in item 5 of the notice of AGM and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company under the general mandate to repurchase Shares pursuant to the Repurchase Resolution set out in item 4 of the notice of AGM.

4. TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

The Board proposes to the Shareholders to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme at the AGM.

The Existing Share Option Scheme was conditionally adopted by the Company and approved by the Shareholders on 9 April 2002. It became effective on 23 April 2002 and unless otherwise terminated, will remain valid and effective until 22 April 2012. To enable the continuity of the share option scheme of the Company, the Board proposes to recommend to the Shareholders at the AGM to approve and adopt the New Share Option Scheme in place of the Existing Share Option Scheme. The purpose of this Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group, to continue and/or render improved service with the Group, and/or to establish a stronger business relationship between the Group and such participants. The principal terms of the New Share Option Scheme are set out in Appendix II to this circular. The Directors considered that the New Share Option Scheme, which will be valid for 10 years from the date of its adoption, will provide the Company with more flexibility in long term planning of granting of the share options to eligible persons in a longer period in the future, e.g. considering granting share options after the expiry of the Existing Share Option Scheme. Similar to the Existing Share Option Scheme, the New Share Option Scheme does not provide for any minimum period for holding of options or any performance target before exercise of options which can provide appropriate incentives or rewards to the Eligible Participants for their contribution to the Group. Under the New Share Option Scheme, the Board will have discretion in determining the Subscription Price (subject to the GEM Listing Rules) in respect of any Option. The Directors are of the view that the flexibility given to the Directors to determine the Subscription Price will place the Group in a better position to reward its employees and retain human resources that are valuable to the growth and development of the Group as a whole. There are no businesses or interests of the Directors or the controlling shareholder or their respective associates that compete or may compete with the business of the Group.

LETTER FROM THE BOARD

Adoption of the New Share Option Scheme is subject to the passing of an ordinary resolution by the Shareholders to approve its adoption and to authorise the Directors to grant Options thereunder and to issue and allot Shares pursuant to the exercise of the subscription rights under the Options granted pursuant to the New Share Option Scheme at the AGM. No Director has a material interest in the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and therefore is not required to abstain from voting on the ordinary resolution in this respect to be considered and approved by the Shareholder at the AGM.

The adoption of the New Share Option Scheme will also be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of the subscription rights attaching to the Options on the Stock Exchange (which may be subject to conditions and limitations). Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the subscription rights attaching to the Options which may be granted under the New Share Option Scheme.

As at the Latest Practicable Date, there were 33,560,000 and 25,065,000 options granted but not yet exercised under the Existing Share Option Scheme and the Terminated Share Option Scheme respectively. Such outstanding options under the Existing Share Option Scheme and the Terminated Share Option Scheme shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme and the Terminated Share Option Scheme respectively after the adoption of the New Share Option Scheme, and no further share options would be granted thereunder. Termination of the Existing Share Option Scheme (but not for the Terminated Share Option Scheme, which was terminated previously) is subject to Shareholders' approval and conditional upon the adoption of the New Share Option Scheme.

Value of the Options

The Directors consider that it is not appropriate to state the value of the Options that may be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders and to a certain extent would be misleading to the Shareholders, taking into account the number of variables which are crucial for assessing the value of the Options which have not been determined. Such variables include the Subscription Price, the Option Period and all other relevant variables.

Scheme mandate limit and maximum number of Shares issuable

Subject to obtaining of the Shareholders' approval of the adoption of the New Share Option Scheme, pursuant to Rule 23.03 of the GEM Listing Rules, the total number of Shares which may be issued upon the exercise of all the options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the adoption of the New Share Option Scheme initially. Based on the 756,355,000 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the AGM, the maximum number of Shares to be issued upon the exercise of Options that may be granted under the New Share Option Scheme under such initial mandate limit is 75,635,500 Shares. The Company may seek approval of the Shareholders in general meetings to refresh the 10% initial mandate limit. Notwithstanding that the

LETTER FROM THE BOARD

mandate limit may be refreshed, the Board shall not grant Options which would result in the maximum aggregate number of Shares which may be issued upon exercise of all the outstanding options granted but yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company (including but not limited to the Terminated Share Option Scheme) which entitle the holders to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

5. PROPOSED RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association, Ms. Tse Yuet Ling, Justine and Ms. Lai May Lun will retire from office as Directors at the AGM. Ms. Li Luyi and Messrs. Chen Xiaoxin, Mah Yong Sun and Tam Chun Wan will hold office as Directors until the AGM and all of the Directors, being eligible, will offer themselves for re-election at the AGM.

Brief biographical details of the Directors proposed to be re-elected at the AGM are set out in Appendix III to this circular.

6. ANNUAL GENERAL MEETING

Notice of AGM is set out on pages 26 to 30 of this circular. A form of proxy for use at the AGM is enclosed. Whether or not you intend to be present at the AGM, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding that meeting. The lodging of the enclosed form of proxy will not preclude Shareholders from attending and voting at the AGM or any adjourned meeting if they so wish. To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on any resolution at the AGM.

7. VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the AGM shall be voted by poll.

LETTER FROM THE BOARD

8. RECOMMENDATION

The Directors consider that the resolutions as set out in the notice of AGM for (i) the granting of the Repurchase Mandate and the Issue Mandate; (ii) the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme; and (iii) the re-election of Directors, are all in the best interests of the Company and the Shareholders and accordingly recommend the Shareholders to vote in favour of all such resolutions at the AGM.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix II to this circular. A copy of the rules of the New Share Option Scheme will be available for inspection at the office of the Company at Unit 802, 8/F Dominion Centre 43–59 Queen's Road East Wanchai, Hong Kong, during normal business hours on any Business Day from the date of this circular to and including the date of the AGM (and any adjournment thereof, as the case may be).

Yours faithfully,

For and on behalf of the Board of

PROSTEN TECHNOLOGY HOLDINGS LIMITED

Yip Heon Keung

Chairman

The following is the explanatory statement required to be sent to Shareholders under the GEM Listing Rules in connection with the proposed Repurchase Mandate:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 756,355,000 Shares.

Subject to the passing of the ordinary resolution set out in item 4 of the notice of AGM respect of the granting of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the date of the AGM, the Directors would be authorised under the Repurchase Mandate to repurchase a maximum of 75,635,500 Shares, representing 10% of the issued share capital of the Company as at the date of passing of the resolution approving the Repurchase Mandate, during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

The Directors believe that the granting of the Repurchase Mandate is in the interests of the Company and the Shareholders.

Repurchases of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share. The Directors are seeking the granting of the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply 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 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 position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2011) in the event that the proposed repurchase of Shares was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase 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 were traded on the GEM during the previous twelve months preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2010		
June	0.430	0.330
July	0.430	0.320
August	0.360	0.245
September	0.350	0.240
October	0.325	0.255
November	0.350	0.250
December	0.290	0.234
2011		
January	0.255	0.230
February	0.250	0.225
March	0.240	0.210
April	0.250	0.221
May	0.249	0.200
June*	0.210	0.175

Note:

* Up to the Latest Practicable Date

5. UNDERTAKING

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 repurchases pursuant to the Repurchase 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.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates have any present intention to sell any Shares to the Company under the Repurchase Resolution if such is approved by the Shareholders.

No other connected persons (as defined in the GEM Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Resolution is approved by the Shareholders.

6. TAKEOVER CODE

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code and the provision may apply as a result of any such increase.

As at the Latest Practicable Date, Greenford Company (PTC) Limited, Century Technology Holding (PTC) Limited, Bakersfield Global (PTC) Corporation and First League Investments Limited were interested in an aggregate of 304,354,000 Shares, together representing approximately 40.24% of the issued share capital of the Company. Based on such shareholding, and in the event that the Directors exercised in full the Repurchase Mandate, the aggregate interests of Greenford Company (PTC) Limited, Century Technology Holding (PTC) Limited, Bakersfield Global (PTC) Corporation and First League Investments Limited in the issued share capital of the Company would be increased to approximately 44.71% 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 Repurchase 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 25%, which is the minimum public float as required under the GEM Listing Rules.

7. SHARES PURCHASE MADE BY THE COMPANY

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

The following is a summary of the principal terms of the rules of the New Share Option Scheme proposed to be adopted at the AGM.

1. PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group, to continue and/or render improved service with the Group, and/or to establish a stronger business relationship between the Group and such participants.

2. WHO MAY JOIN

The Board may, at its discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price determined in accordance with paragraph 6 below.

The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

3. CONDITIONS

The New Share Option Scheme adopted by the Company at a general meeting of the Shareholders is conditional upon the listing committee of the Stock Exchange granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit (as defined in paragraph 9.2) to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

4. DURATION AND ADMINISTRATION

4.1 Subject to paragraphs 3 and 15, the New Share Option Scheme shall be valid and effective until the Termination Date, after which period no further Options may be issued but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

4.2 The New Share Option Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to the New Share Option Scheme or their interpretation or effect shall be final and binding on all persons who may be affected thereby.

5. GRANT OF OPTIONS

5.1 Subject to paragraph 5.2, the Directors shall, in accordance with the provisions of the New Share Option Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the Adoption Date to make an Offer to any person belonging to the following classes of participants to subscribe, and no person

other than the Eligible Participant named in such Offer may subscribe, for such number of Shares at such Subscription Price as the Directors shall, subject to paragraph 10, determine:

- (a) any Eligible Employee;
- (b) any non-executive director (including independent non-executive director) 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 any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of 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;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the New Share Option Scheme, the Offer may be made to any company wholly owned by one or more Eligible Participants.

- 5.2 Without prejudice to paragraph 9.4 below, the making of an Offer to any Director, chief executive 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 or whose associate is the proposed Grantee of an Option).
- 5.3 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.
- 5.4 An Offer shall have been accepted by an Eligible Participant in respect of all Shares under the Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.

- 5.5 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of \$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 5.6 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 5.4 or 5.5, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraph 5.4 or 5.5, it will be deemed to have been irrevocably declined.
- 5.7 For so long as the Shares are listed on the Stock Exchange:
- (a) an Offer may not 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 announced in accordance with the requirements of the GEM Listing Rules; and
 - (b) the Directors may not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

6. SUBSCRIPTION PRICE

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 10, be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the Offer Date;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

7. EXERCISE OF OPTIONS

- 7.1 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any

Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.

- 7.2 Unless otherwise determined by the Directors and stated in the Offer to a Grantee, a Grantee is not required to hold an Option for any minimum period nor achieve any performance targets before the exercise of an Option granted to him.
- 7.3 subject to the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 7.4 and 7.5 by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Within 21 days (7 days in the case of an exercise pursuant to paragraph 7.4(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial advisers pursuant to paragraph 10, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a personal representative pursuant to paragraph 7.4(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his personal representative as aforesaid) a share certificate for the Shares so allotted and issued.
- 7.4 Subject to the terms and conditions of the New Share Option Scheme, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:
- (a) if the Grantee is an Eligible Employee and in the event of his ceasing 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 in accordance with the provisions of paragraph 7.3 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 7.4(c) or 7.4(d) occur during such period, exercise the Option pursuant to paragraph 7.4 (c) or 7.4 (d) respectively;
 - (b) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 8.1(c) before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and 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 in accordance with the provisions of paragraph 7.3 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in sub-paragraph 7.4(c) or 7.4(d) occur during such period, exercise the Option pursuant to paragraph 7.4(c) or 7.4(d) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not;

- (c) 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 the 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, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to shareholders in the Company, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the 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 accordance with the provisions of paragraph 7.3 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, the Option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, the revised offer) closed or the relevant record date for entitlements under the scheme of arrangement, as the case may be;
- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 7.3 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one (1) Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up; and
- (e) if the Grantee is a company wholly owned by one or more Eligible Participants:
 - (i) the provisions of paragraphs 7.4(a), 7.4(b), 8.1(c) and 8.1(d) shall apply to the Grantee and to the Options granted to such Grantee, mutatis mutandis, as if such Options had been granted to the relevant Eligible Participant, and such Options

shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 7.4(a), 7.4(b), 8.1(c) and 8.1(d) shall occur with respect to the relevant Eligible Participant; and

- (ii) the Options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

7.5 Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (“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 the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

8. EARLY TERMINATION OF OPTION PERIOD

8.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraph 7.4;
- (c) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of termination of his employment on the grounds 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 arrangement 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 any member of the Group or the Invested Entity into disrepute);
- (d) in respect of a Grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that (i) (aa) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group or any Invested Entity on the other part; or (bb) 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 or (cc) the Grantee

could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above; and

- (e) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 7.1 by the Grantee in respect of that or any other Option.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 9.1 The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes adopted by the Company shall not exceed 30% of the share capital of the Company in issue from time to time. No options may be granted under the New Share Option Scheme or any other share option scheme adopted by the Company if the grant of such option will result in the limit referred to in this paragraph 9.1 being exceeded.
- 9.2 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 Share Option Scheme and any other share option scheme of the Company) to be granted under the New Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the Shares in issue at the date of approval of the New Share Option Scheme ("General Scheme Limit") provided that:
 - (a) subject to paragraph 9.1 and without prejudice to paragraph 9.2(b), the Company may seek approval of its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the New Share Option 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 and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option scheme of the Group) previously granted under the New Share Option Scheme and any other share option scheme of the Group will not be counted; and
 - (b) subject to paragraph 9.1 and without prejudice to paragraph 9.2(a), the Company may seek separate shareholders' approval in general meeting to grant Options under the New Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph 9.2(a) to Eligible Participants specifically identified by the Company before such approval is sought.
- 9.3 Subject to paragraph 9.4, the total number of Shares issued and which may fall to be issued upon exercise of the Options and the options granted under any other share option scheme of the Company (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of Options to a Grantee under the New Share Option Scheme

would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the New Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Grantee and his associates abstaining from voting.

9.4 Without prejudice to paragraph 5.2, where any grant of Options to a substantial shareholder of the Company 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:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the Offer Date of each Offer, in excess of HK\$5 million;

such further grant of Options must be approved by the shareholders of the Company in general meeting. The Company must send a circular to its shareholders containing the information required under the GEM Listing Rules and where the GEM Listing Rules shall so require, the vote at the shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the GEM Listing Rules abstaining from voting.

10. ADJUSTMENT TO THE SUBSCRIPTION PRICE

10.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the New Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the Auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of Shares to which the New Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price of any Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option,

and an adjustment as so certified by the Auditors or such independent financial adviser shall be made, provided that:

- (a) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (b) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (d) any such adjustment shall be in compliance with the GEM Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the GEM Listing Rules from time to time promulgated by the Stock Exchange.

In respect of any adjustment referred to in this paragraph 10.1, other than any adjustment made on a capitalisation issue, the Auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules.

11. CANCELLATION OF OPTIONS

Subject to paragraph 7.1 and Chapter 23 of the GEM Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors. Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding, for this purpose, the Options so cancelled) within the General Scheme Limit or the limits approved by the shareholders of the Company pursuant to paragraph 9.2(a) or 9.2(b)

12. SHARE CAPITAL

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares on the exercise of any Option.

13. DISPUTES

Any dispute arising in connection with the number of Shares, the subject of an Option, or any adjustment under paragraph 10.1 shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

14. ALTERATION OF THIS SCHEME

14.1 Subject to paragraphs 14.2 and 14.4, the New Share Option Scheme may be altered in any respect by a resolution of the Directors except that:

- (a) the provisions of the New Share Option Scheme as to the definitions of “Eligible Participants”, “Grantee”, “Option Period” and “Termination Date” in the section headed “Definition” of the New Option Scheme;
- (b) the provisions of the New Share Option Scheme relating to the matters governed by Rule 23.03 of the GEM Listing Rules;

shall not be altered to the advantage of Grantees or prospective Grantees without the prior approval of the shareholders of the Company in general meeting.

14.2 Subject to paragraphs 14.3, any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature shall be approved by the shareholders of the Company in general meeting except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

14.3 Any change to the authority of the Directors or the administrators of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by the shareholders of the Company in general meeting.

14.4 The terms of this Scheme and/or any Options amended pursuant to this paragraph 14 must comply with the applicable requirements of the GEM Listing Rules.

15. TERMINATION

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

The details of the retiring directors proposed to be re-elected at the AGM are set out as follows:

1. **Ms. Tse Yuet Ling, Justine**, aged 40, was appointed as an independent non-executive Director of the Company in January 2005. She is also a member of the audit committee and the Chairman of the remuneration committee of the Company. Ms. Tse graduated from the Northern Illinois University in USA with a bachelor degree in computer science. Ms. Tse is currently employed in a leadership position by a worldwide computer corporation in Hong Kong. Prior to that, she has been in the IT and software industry for more than 17 years. Save as disclosed above, Ms. Tse did not hold any directorships in any other public listed companies in Hong Kong or overseas in the last three years.

Ms. Tse does not have any relationship with any Directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). In addition, Ms. Tse does not have any interests in any shares of the Company within the meaning of Part XV of the SFO.

Ms. Tse has not entered into any service contract with the Company but she has renewed the letter of appointment to act as an independent non-executive Director of the Company for a term of one year commencing from 1 January 2011 and is subject to retirement by rotation and re-election in accordance with the provisions of the Articles of Association. Under the letter of appointment, Ms. Tse is entitled to a director's fee of HK\$100,000 per annum, which is determined by the Board on the basis of her performance and working experience, the Company's result as well as the prevailing market conditions.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of the provisions under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders pursuant to Rule 17.50(2)(w) of the GEM Listing Rules.

2. **Ms. Lai May Lun**, age 61, was appointed as an independent non-executive Director of the Company in March 2006. She is also a member of the audit committee and the remuneration committee of the Company. She graduated from the Chinese University of Hong Kong with a bachelor degree in social science and a master degree in business administration. Ms. Lai had been the administration manager of a charitable foundation in Hong Kong. Prior to that, she had worked for the Hong Kong Telecommunications Limited for more than 20 years and had extensive experience in various areas of telecommunications. Save as disclosed above, Ms. Lai did not hold any directorships in any other public listed companies in Hong Kong or overseas in the last three years.

Ms. Lai does not have any relationship with any Directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). In addition, Ms. Lai does not have any interests in any shares of the Company within the meaning of Part XV of the SFO.

Ms. Lai has not entered into any service contract with the Company but she has renewed the letter of appointment to act as an independent non-executive Director of the Company for a term of one year commencing from 1 March 2011 and is subject to retirement by rotation and re-election in accordance with the provisions of the Articles of Association. Under the letter of appointment, Ms. Lai is entitled to a director's fee of HK\$100,000 per annum, which is determined by the Board on the basis of her performance and working experience, the Company's result as well as the prevailing market conditions.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of the provisions under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders pursuant to Rule 17.50(2)(w) of the GEM Listing Rules.

3. **Ms. Li Luyi**, aged 31, was appointed as an executive Director of the Company in November 2010. She is also the Chief Executive Officer of the Company since February 2010 and responsible for overseeing the daily operations of the Group. Ms. Li holds a bachelor's degree in Investment Economics from Shanghai Tongji University in Shanghai. Prior to joining the Group, Ms. Li served as the vice-president of KongZhong Corporation (NASDAQ: KONG) and the vice general manager of the wireless industry department of TOM Online Inc. Ms. Li has very extensive experience in the marketing, business development and wireless value added services especially in the music-related services, and also has accumulated years of invaluable experience in the operation and management of the telecommunications industry in China. Save as disclosed above, Ms. Li did not hold any directorships in any other public listed companies in Hong Kong or overseas in the last three years.

Ms. Li does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). As at the latest practicable date, Ms. Li is entitled to her share options to subscribe for 4,000,000 shares and 2,500,000 shares of the Company with an exercise price of HK\$0.66 per share and HK\$0.27 per share, respectively. Save as disclosed above, she does not have any interests in any shares of the Company within the meaning of Part XV of the SFO.

Ms. Li has entered into a service contract with the Company for an initial term of one year commencing from 10 November 2010. Her appointment is subject to retirement by rotation and re-election in accordance with the provisions of the Articles of Association. Under the service contract, Ms. Li is entitled to a monthly fixed salary of Renminbi 50,000 plus a discretionary bonus. The remuneration payable to Ms. Li has been determined and approved by the remuneration committee of the Company with reference to her duties and responsibilities and the prevailing market conditions.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of the provisions under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders pursuant to Rule 17.50(2)(w) of the GEM Listing Rules.

4. **Mr. Chen Xiaoxin**, aged 38, was appointed as a non-executive Director of the Company in August 2010. Mr. Chen holds a bachelor degree in operations research and industrial engineering from Cornell University, New York, the U.S.A. and a master degree from Stanford Graduate School of Business, California, the U.S.A. and was a recipient of the 2000 Arjay Miller Scholar Award upon graduation. Mr. Chen is currently a managing partner of Zeniphs China Capital, a private equity fund (“Fund”). He has also been an independent director of KongZhong Corporation (NASDAQ: KONG) since 2008 and an independent director of Abax Global Capital (Hong Kong) Limited since 2007. Prior to joining the Fund in 2007, Mr. Chen was the chief financial officer of Oak Pacific Interactive from 2003 to 2007, a leading next generation internet platform provider that offers web 2.0 communities, content creation and distribution, gaming and integrated communication in China. Prior to that, Mr. Chen was an investment banker at Citigroup Hong Kong. Mr. Chen has very extensive experience in investment banking and corporate management. Save as disclosed above, Mr. Chen did not hold any directorships in any other public listed companies in Hong Kong or overseas in the last three years.

Mr. Chen does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). In addition, Mr. Chen does not have any interests in any shares of the Company within the meaning of Part XV of the SFO.

Mr. Chen has not entered into any service contract with the Company but he has signed a letter of appointment to act as a non-executive Director of the Company for an initial term of one year commencing from 20 August 2010 and is subject to retirement by rotation and re-election in accordance with the provisions of the Articles of Association. Mr. Chen will not receive any director’s emolument.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of the provisions under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders pursuant to Rule 17.50(2)(w) of the GEM Listing Rules.

5. **Mr. Mah Yong Sun**, aged 48, was appointed as a non-executive Director of the Company in August 2010. Mr. Mah holds a bachelor degree of science (engineering) in computer science from Imperial College of Science & Technology in London, the United Kingdom and is an associate of City and Guilds of London Institute in the United Kingdom. Mr. Mah is also an independent director of Celcom Axiata Berhad and Catcha Media Berhad in Malaysia, a director of Cuscapi Consulting Services Sdn Bhd in Malaysia and a member of the Development Board of Imperial College in London. Prior to that, Mr. Mah was a director of Accenture Solutions Sdn Bhd, a private company, from 1997 to 2009 and an executive partner thereof from 1997 to 2008. Mr. Mah was also an executive partner of Accenture Pte Ltd. in Singapore from 2008 to 2009. Mr. Mah has very extensive experience in the operation and management of the telecommunications industry in Asia. Save as disclosed above, Mr. Mah did not hold any directorships in any other public listed companies in Hong Kong or overseas in the last three years.

Mr. Mah does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). In addition, Mr. Mah does not have any interests in any shares of the Company within the meaning of Part XV of the SFO.

Mr. Mah has not entered into any service contract with the Company but he has signed a letter of appointment to act as a non-executive Director of the Company for an initial term of one year commencing from 20 August 2010 and is subject to retirement by rotation and re-election in accordance with the provisions of the Articles of Association. Mr. Mah will not receive any director's emolument.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of the provisions under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders pursuant to Rule 17.50(2)(w) of the GEM Listing Rules.

6. **Mr. Tam Chun Wan**, aged 52, was appointed as an independent non-executive Director of the Company in August 2010. Mr. Tam is a qualified accountant and holds a diploma in accountancy from the Hong Kong Polytechnic University. Mr. Tam is currently a managing partner of a certified public accountants firm in Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants in United Kingdom as well as a member of The Institute of Chartered Accountants in England and Wales. Mr. Tam has very extensive experience in providing auditing, taxation and management consultancy services. Save as disclosed above, Mr. Tam did not hold any directorships in any other public listed companies in Hong Kong or overseas in the last three years.

Mr. Tam does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). In addition, Mr. Tam does not have any interests in any shares of the Company within the meaning of Part XV of the SFO.

Mr. Tam has not entered into any service contract with the Company but he has signed a letter of appointment to act as an independent non-executive Director of the Company for an initial term of one year commencing from 20 August 2010 and is subject to retirement by rotation and re-election in accordance with the provisions of the Articles of Association. Mr. Tam is entitled to a director's fee of HK\$100,000 per annum, which is determined by the Board on the basis of his performance and working experience, the Company's result as well as the prevailing market conditions.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of the provisions under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders pursuant to Rule 17.50(2)(w) of the GEM Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



PROSTEN TECHNOLOGY HOLDINGS LIMITED

長達科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8026)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (“AGM”) of Prosten Technology Holdings Limited (the “Company”) will be held on 8th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong on Friday, 5 August 2011 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors (the “Directors”) and auditors for the year ended 31 March 2011;
2. (i) To re-elect the following Directors:
 - (a) Ms. Tse Yuet Ling, Justine;
 - (b) Ms. Lai May Lun;
 - (c) Mr. Chen Xiaoxin;
 - (d) Mr. Mah Yong Sun;
 - (e) Mr. Tam Chun Wan; and
- (ii) To authorise the board of directors (the “Board”) to fix the Directors’ remuneration;
3. To re-appoint Messrs. Ernst & Young as auditors of the Company and to authorise the Board to fix their remuneration;
4. As a special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong (“Securities and Futures Commission”) and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Securities and Futures Commission and the Stock Exchange or any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;

* For identification purpose only

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- (b) the aggregate nominal amount of the shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
 - (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company (“Shareholders”) in general meeting revoking or varying the authority given to the Directors by this Resolution.”
5. As a special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) subject to paragraph (c) of this Resolution and pursuant to the Rules Governing the Listing of Securities on GEM of the Stock Exchange, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a rights issue where shares are offered to shareholders of the Company or any class thereof on a fixed record date in proportion to their then holdings of shares or any class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements

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of any recognised regulatory body or any stock exchange in any territory outside Hong Kong); or (ii) the exercise of any options granted under any option scheme or similar arrangement for the time being adopted by the Company for the grant or issue to eligible participants thereunder or rights to acquire shares in the capital of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company in force from time to time, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this Resolution.”

6. As a special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to the passing of Ordinary Resolutions set out in items 4 and 5 in the above notice, the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to Ordinary Resolution set out in item 5 in the above notice be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution set out in item 4 in the above notice, provided that such amount of shares shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

7. As a special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the share option scheme of the Company (“New Share Option Scheme”), the rules of which are contained in the document marked “A” produced to the meeting and, for the purposes of identification, signed by the chairman of the meeting and summarised in the circular of the Company dated 30 June 2011, be hereby approved and adopted and the

NOTICE OF ANNUAL GENERAL MEETING

Directors be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including without limitation:

- (a) administering the New Share Option Scheme and granting options under the New Share Option Scheme;
- (b) modifying and/or amending the rules of the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment and the requirements of the GEM Listing Rules;
- (c) issuing and allotting from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the New Share Option Scheme;
- (d) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be issued and allotted pursuant to the exercise of the options granted under the New Share Option Scheme; and
- (e) conditional upon the New Share Option Scheme becoming unconditional, the existing share option scheme of the Company which was conditionally adopted by the Company and approved by the Shareholders on 9 April 2002 and became effective on 23 April 2002 be terminated with effect from the date on which this resolution shall become unconditional.”

By Order of the Board
PROSTEN TECHNOLOGY HOLDINGS LIMITED
Yip Heon Keung
Chairman

Hong Kong, 30 June 2011

NOTICE OF ANNUAL GENERAL MEETING

Head office and principal place of business:

Unit 802, 8/F
Dominion Centre
43–59 Queen’s Road East
Wanchai
Hong Kong

Notes:

1. As at the date of this notice, the Board comprises Mr. Yip Heon Keung, Mr. Yip Heon Ping and Ms. Li Luyi (all of them are executive Directors); Mr. Chen Xiaoxin and Mr. Mah Yong Sun (both of them are non-executive Directors); Mr. Tam Chun Wan, Ms. Tse Yuet Ling, Justine and Ms. Lai May Lun (all of them are independent non-executive Directors).
2. Any Shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint another person as his proxy to attend and vote in his stead in accordance with the Articles of Association. A Shareholder who is the holder of two or more shares may appoint more than one proxy to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. A proxy need not be a Shareholder of the Company.
3. In order to be valid, a form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting thereof.
4. The Register of Members of the Company will be closed from Wednesday, 3 August 2011 to Friday, 5 August 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the AGM convened by the above notice, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 2 August 2011.
5. In relation to Ordinary Resolutions set out in items 4 to 6 in the above notice, the Directors wish to state that they have no immediate plan to repurchase any existing shares or issue any new shares of the Company.