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

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Computech Holdings Limited

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8081)

ONGOING CONNECTED TRANSACTIONS

Financial adviser to Computech Holdings Limited

ALTUS CAPITAL LIMITED

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**



TIS Securities (HK) Limited

A letter from the Independent Board Committee is set out on page 14 of this circular.

A letter from TIS Securities (HK) Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 24 of this circular.

A notice convening an extraordinary general meeting of Computech Holdings Limited to be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong on 21 December 2005 at 10:00 a.m. is set out on pages 32 to 33 of this circular. A form of proxy for use at the EGM is enclosed with this circular. If you are not able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

5 December 2005

* for identification purpose only

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“AFS Trust”	AFS Trust, a trust set up by Mr. Fung Pak Chuen, Alphonso, a Director, for the benefit of his wife and their children. Mr. Fung does not have any direct interests in the Company
“Aplus”	Aplus Worldwide Limited, the substantial Shareholder, beneficially owns approximately 16.2% shareholding interest in the Company
“Ardian Trust”	Ardian Trust, a trust set up by Mr. Lo, Richard, a Director, for the benefit of his wife and their children. Mr. Lo does not have any direct interests in the Company
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“CLIH”	CL International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling Shareholder, which beneficially owns 50.5% shareholding interest in the Company
“CLIH Group”	CLIH and its subsidiaries
“Company”	Computech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong at 10:00 a.m. on Wednesday, 21 December 2005
“Existing Purchase and Service Agreement”	the Agreement for Services Provision and Inventory Purchase dated 28 July 2004 entered into between the Company and CLIH in respect of the Ongoing Connected Transactions for a period from 28 July 2004 up to and including 31 December 2005, details of which are set out in the announcement of the Company dated 28 July 2004

DEFINITIONS

“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising the independent non-executive Directors, namely Mr. Lee Sai Yeung, Mr. Chung Kong Fei, Stephen and Mr. Ng Chik Sum, Jackson, is established to advise the Independent Shareholders in respect of the Ongoing Connected Transactions
“Independent Shareholders”	Shareholders other than CLIH and Aplus and their respective associates
“Independent Third Party(ies)”	independent third party(ies) not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates and are not connected persons of the Company
“Inventories”	inventories comprising principally computer parts and components, peripherals and equipment to be acquired by the Company from CLIH pursuant to the New Agreement or the Existing Purchase and Service Agreement (as the case may be)
“Latest Practicable Date”	2 December 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“New Agreement”	the conditional agreement dated 15 November 2005 entered into between the Company and CLIH in respect of the Ongoing Connected Transactions for a term of three years commencing from 1 January 2006, being the date immediately after the expiry of the Existing Purchase and Service Agreement, up to and including 31 December 2008
“Ongoing Connected Transactions”	the Provision of IT Services and the Purchase Transactions
“PRC”	the People’s Republic of China
“Provision of IT Services”	provision of information technology related services including, but not limited to, system maintenance, technical support, system integration and operation support, by the Company to customers of the CLIH Group in Hong Kong and the PRC

DEFINITIONS

“Purchase Transactions”	purchases of Inventories from CLIH by the Company for use in the Group’s ordinary and usual course of business including the Provision of IT Services
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.01 each in the existing share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TIS”	TIS Securities (HK) Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), and type 6 (advising on corporate finance) regulated activities under the SFO
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong


Computech Holdings Limited
駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8081)

Executive Directors:

Mr. Fung Pak Chuen, Alphonso (*Chairman*)

Mr. Lo, Richard

Non-Executive Directors:

Mr. Kaneda Yukitaka

Independent Non-Executive Directors:

Mr. Lee Sai Yeung

Mr. Chung Kong Fei, Stephen

Mr. Ng Chik Sum, Jackson

Registered office:

Century Yard

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Hutchins Drive

P.O. Box 2681GT

George Town

Grand Cayman

British West Indies

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

10/F., Westlands Centre

20 Westlands Road

Quarry Bay

Hong Kong

5 December 2005

To the Shareholders

Dear Sir or Madam,

ONGOING CONNECTED TRANSACTIONS

INTRODUCTION

On 15 November 2005, the Board announced that the Company entered into the New Agreement to renew the terms under the Existing Purchase and Service Agreement. Pursuant to the Existing Purchase and Service Agreement, the Group would provide information technology-related services to certain customers of the CLIH Group in Hong Kong and the PRC and purchase Inventories from the CLIH Group on a recurring basis. The Existing Purchase and Service Agreement will expire on 31 December 2005.

* for identification purpose only

LETTER FROM THE BOARD

The Company proposes to continue with the Ongoing Connected Transactions with CLIH Group by entering into the New Agreement to renew the terms under the Existing Purchase and Service Agreement for another three years commencing from 1 January 2006, being the day immediately after the expiry of the Existing Purchase and Service Agreement, up to and including 31 December 2008. Save for the change in time period to three years for the New Agreement, the Directors consider that there is no material change to the terms of the New Agreement as compared with the Existing Purchase and Service Agreement.

As at the Latest Practicable Date, CLIH held 242,400,000 Shares or 50.5% of the issued share capital of the Company. CLIH is therefore a controlling Shareholder and a connected person to the Company under the GEM Listing Rules. Transactions contemplated under the New Agreement between the Company and CLIH will constitute ongoing connected transactions for the Company and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As at the Latest Practicable Date, CLIH is indirectly owned: (i) as to approximately 46.2% by The General Trust Co. Ltd. (the trustee of AFS Trust and Ardian Trust); (ii) as to approximately 16.4% by Mr. Henry Yap Fat Suan; and (iii) as to the remaining of approximately 37.4% by a number of third parties independent from The General Trust Co. Ltd. and Mr. Henry Yap Fat Suan. Aplus, a substantial Shareholder, beneficially owns approximately 16.2% shareholding interest in the Company, is indirectly owned as to 84.0% by The General Trust Co. Ltd. and directly owned as to 16.0% by Mr. Henry Yap Fat Suan. Accordingly, Aplus is an associate of CLIH.

As at the Latest Practicable Date, CLIH, Aplus and their respective associates together held 320,124,011 Shares, representing approximately 66.7% of the issued share capital of the Company, which control or are entitled to exercise control over the voting rights in respect of their respective shareholdings. CLIH, Aplus and their respective associates, including Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard, both being Directors, are materially interested in the Ongoing Connected Transactions and will therefore abstain from voting on the resolution to be proposed in relation to the New Agreement at the EGM. The vote will be taken by poll.

As at the Latest Practicable Date, no voting trust or other agreement or arrangement or understanding was entered into by or binding upon the above Shareholders which have or may have temporarily or permanently passed control over the exercise of the voting right in respect of their Shares to a third party.

TIS has been appointed by the Company as the independent financial adviser of the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in connection with the terms of the New Agreement and the respective caps of the Ongoing Connected Transactions.

The purpose of this circular is (i) to provide the Shareholders with further information relating to the New Agreement; (ii) to provide the Shareholders with the recommendation and opinion from the Independent Board Committee in relation to the terms of the New Agreement and the proposed caps of the Ongoing Connected Transactions; (iii) to set out the letter from TIS containing its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the New Agreement and the respective caps of the Ongoing Connected Transactions; and (iv) to give notice of the EGM at which a relevant resolution will be proposed to consider and, if thought fit, approve the transactions contemplated under the New Agreement and the proposed caps of the Ongoing Connected Transactions. This circular also contains information in compliance with the GEM Listing Rules.

LETTER FROM THE BOARD

RENEWAL OF THE ONGOING CONNECTED TRANSACTIONS

1. The New Agreement dated 15 November 2005

Parties:	(i) The Company; and (ii) CLIH.
Subject:	(i) Provision of IT Services; and (ii) Purchase Transactions.
Period:	From 1 January 2006 to 31 December 2008.

The Company is principally engaged in the research, development and sale of software products, the provision of information technology services such as consultancy, technical and system integration services and supply chain solutions in Hong Kong and in the PRC.

The CLIH Group is principally engaged in the research, development and sale of banking terminal automation and mailing solution services in Hong Kong, the PRC and South-East Asia.

i) Provision of IT Services

Nature of transaction

The Existing Purchase and Service Agreement governing, inter alia, the Provision of IT Services will expire on 31 December 2005. Under the New Agreement, the Group will continue to act as an outsourcing partner of the CLIH Group. The Group will render information technology-related services including, but not limited to, system maintenance, technical support, system integration and operation support, to existing non-banking sector customers of the CLIH Group in Hong Kong and the PRC during the term of the New Agreement. As an outsourcing partner, these services will be provided by the Group in accordance with the terms of the contracts entered into between the CLIH Group and their respective customers, who are not connected persons of the Company.

Under the New Agreement, upon expiration of the contracts between CLIH Group and its customers in relation to the Provision of IT Services, the Company may negotiate and enter into new contracts directly with those customers. While there is no guarantee that the Company will be able to secure contracts with those customers, if it is able to do so, the contracts to be entered into between these customers and the Company will be negotiated on an arm's length basis.

The Provision of IT Services is in line with the Company's principal business activities. The Directors are of the view that the outsourcing arrangement with CLIH Group relating to the Provision of IT Services will enable: (i) the Group to continue expanding its customer base in the non-banking sector and diversifying its income source; and (ii) both the Group and the CLIH Group to focus on their respective core competencies. On this basis, the Directors are of the view that the Provision of IT Services will provide positive contribution, and is beneficial, to the Group.

LETTER FROM THE BOARD

Pricing basis

The Provision of IT Services will be carried out in the ordinary course of business of the Group and conducted on normal commercial terms. The Group will furnish CLIH with monthly service activity reports detailing the services rendered to the relevant customers and the amount of time incurred by the Group. Fees for services rendered will be (i) charged to CLIH on a project/contract basis which is calculated based on, for example, units or value of products sold, amount of time required for services performed or number of calls serviced; and (ii) payable by CLIH to the Group. Such payments from CLIH to the Group may be on monthly/quarterly/semi-annual or annual basis, mirroring the terms of payment between CLIH and its customers. CLIH Group is obligated to pay the Group regardless of whether CLIH itself has received payments from its customers. The Directors confirm that such payment arrangements are in line with normal commercial practices. The Directors are of the view that the payment arrangement and the pricing basis are fair and reasonable so far as the Company and the Shareholders are concerned.

The Directors consider the fees to be received from the Provision of IT Services, which are expected to cover the cost of inventory used, labour costs and other relevant costs to be incurred in carrying out such services and to generate a reasonable margin for the Group, to be fair and reasonable so far as the Shareholders are concerned.

ii) *Purchase Transactions*

Nature of transaction

In the course of carrying out its engagement under the outsourcing arrangements in respect of the Provision of IT Services, the Group will need to utilise items such as computer parts and components, including the Inventories. Save for purchasing Inventories from CLIH for the Provision of IT Services, the Group will also purchase Inventories, in particular certain equipment, from CLIH for the Group's own customers of other businesses.

The Existing Purchase and Service Agreement governing, inter alia, the Purchase Transactions will expire on 31 December 2005. Under the New Agreement, the Company may from time to time purchase Inventories from CLIH on an order-by-order basis for its own use in the ordinary and usual course of business including the Provision of IT Services. No minimum amount of purchase is stipulated and the purchases may be made by the Company at its discretion. The Directors are of the view that the Purchase Transactions will minimise the need for the Group to carry excess Inventories which are not immediately used. It may also allow the Group to enjoy bulk purchase discounts as the Group's purchase requirements are aggregated with CLIH Group's own purchases. The Group, however, will purchase inventories and equipment of the same or similar nature and/or function of the Inventories from other suppliers if better prices or discounts are offered.

LETTER FROM THE BOARD

Pricing basis

The purchase prices of the Inventories will be on normal commercial terms and determined on arm's length basis. They will be settled by internal resources of or banking facilities obtained by the Group. There is no pre-determined or agreed mark-up to be charged by CLIH over its purchase cost of the Inventories. The prices of the Inventories are determined on an order-by-order basis and shall not exceed the prevailing market prices at which these products are available to the Group from Independent Third Parties. The payment terms for such purchases, including any credit terms available to the Group, will depend on and mirror the terms between CLIH and the relevant suppliers.

2. Basis of proposed caps amounts

The Company and CLIH Group commenced the Ongoing Connected Transactions since the fourth quarter of the year 2004. In arriving at the proposed caps for the Ongoing Connected Transactions in respect of the New Agreement, the Directors have taken into consideration: (i) the historical figures for the Ongoing Connected Transactions; (ii) CLIH Group's current customer contracts on hand; (iii) business projections provided by the management of CLIH, which are based on contracts under negotiation between CLIH Group and its customers; (iv) estimated parts and components usage based on projected technical support service calls volume under the Provision of IT Services; and (v) estimated purchase of equipment by the Company for its other customers.

The table below sets out the actual total contract sums which were received and paid by the Group in respect of the Ongoing Connected Transactions in the past and the proposed caps for the Ongoing Connected Transactions for the three years ending 31 December 2008:

	Actual total contract sum		Proposed caps		
	For the three months ended 31 December 2004 (audited) HK\$'000	For the nine months ended 30 September 2005 (unaudited) HK\$'000	2006 HK\$'000	For the year ending 31 December 2007 HK\$'000	2008 HK\$'000
Provision of IT Services	12,029	33,800	43,000	62,000	79,000
Purchase Transactions	14,592	15,400	23,000	24,000	26,000

(i) *Provision of IT Services*

For the three months ended 31 December 2004 and the nine months ended 30 September 2005, the total contract sum which were received by the Group in respect of the Provision of IT Services under the Existing Purchase and Service Agreement were approximately HK\$12.0 million and HK\$33.8 million respectively. On an annualised basis, the contract sums for each the two years ended 31 December 2005 would be approximately HK\$48.0 million and HK\$45.0 million respectively. The proposed new caps for the Provision of IT Services for the three years ending 31 December 2008 are approximately HK\$43.0 million, HK\$62.0 million and HK\$79.0 million respectively.

LETTER FROM THE BOARD

For the year ending 31 December 2006, the proposed cap is slightly lower than the aforesaid actual contract sums on an annualised basis, the Directors explain that the main reason for such expected decline is because some customers of the CLIH Group previously outsourced to the Group have entered into new contracts directly with the Company after their contracts with CLIH have expired. Transactions between the Group and such customers directly will therefore no longer constitute the Ongoing Connected Transactions.

On the other hand, based on the business projections provided by the management of CLIH, CLIH is in negotiation with certain customers for potential contracts. Should the aforesaid contracts be concluded, the Company will be required to provide technical support services to customers of the CLIH Group commencing around the fourth quarter of 2006 to 2008 under the Provision of IT Services with minimal or no Inventories required. Based on the aforesaid, the proposed caps for the Provision of IT Services have been revised accordingly. The Directors are of the view that, having taking into consideration of the potential contracts of CLIH, the demand for the Provision of IT Services for the two years ending 31 December 2008 might increase significantly.

(ii) Purchase Transactions

For the three months ended 31 December 2004 and the nine months ended 30 September 2005, the total contract sum paid by the Group in respect of the Purchase Transactions under the Existing Purchase and Service Agreement were approximately HK\$14.6 million and HK\$15.4 million respectively. On an annualised basis, the contract sums for each of the two years ended 31 December 2005 would be approximately HK\$58.4 million and HK\$20.5 million respectively. The Directors explain that when the Company first commenced the Provision of IT Services in the fourth quarter of 2004, the Company was required to “stock-up” its inventory to a certain level to meet the immediate needs of the CLIH customers under the Provision of IT Services. The Company then from time to time purchased Inventories from CLIH on an order-by-order basis to replenish its inventory levels. In addition, as some customers of CLIH did not enter into new contracts with CLIH after their contracts have expired during the nine months ended 30 September 2005, the purchase of Inventories under the Purchase Transactions required for the Provision of IT Services had decreased during the same period. Accordingly, the Purchase Transactions made by the Company for the three months ended 31 December 2004 were comparatively higher, on an annualised basis, than that for the nine months ended 30 September 2005.

Having considered: (i) the historical figures for the Purchase Transactions; (ii) CLIH Group’s current customer contracts on hand that might require the purchase of Inventories; (iii) the estimated parts and components usage based on projected technical support service calls volume under the Provision of IT Services; and (iv) estimated purchase of equipment by the Company for its other customers, the proposed new caps for the Purchase Transactions for the three years ending 31 December 2008 are approximately HK\$23.0 million, HK\$24.0 million and HK\$26.0 million respectively.

The Directors advise that the changes in the amount of Inventories to be purchased by the Group under the Purchase Transactions may not be direct proportionate to that of the Provision of IT Services as some customers may not require any components or spare parts in their services.

LETTER FROM THE BOARD

3. Reasons for and benefits arising from the New Agreement

Outsourcing of information technology services has been adopted by many commercial enterprises and government institutions over the years. The Directors are of the view that such trend will continue as it allows these organisations to focus on their core competencies while relying on partners who have the scale and capabilities to handle such non-core areas, often in a more economical and efficient manner.

The Group started the Provision of IT Services in the fourth quarter of 2004 and principally undertakes outsourcing jobs for non-banking sector customers of the CLIH Group. The Directors advised that the Provision of IT Services has expanded the client base of the Group and became one of the major income sources of the Group.

The table below sets out the financial performance of the Group for each of the two years ended 31 December 2004 and the nine months ended 30 September 2004 and 30 September 2005:

	For the year ended			For the nine months		
	31 December		Change in	ended 30 September		Change in
	2003	2004		2004	2005	
(audited)	(audited)	percentage	(unaudited)	(unaudited)	percentage	
	HK\$('000)	HK\$('000)	(%)	HK\$('000)	HK\$('000)	(%)
Total turnover of the Group	35,399	43,240	22.2	17,313	60,284	248.2
– Turnover attributed by the Provision of IT Services to the CLIH Group	–	12,029	N/A	–	33,800	N/A
Net profit/(loss) of the Group	(27,282)	(11,841)	N/A	(9,223)	11,820	N/A

Prior to the last quarter of 2004, the Group did not undertake the Provision of IT Services. The Group commenced such services in the fourth quarter of 2004 and it contributed approximately HK\$12.0 million in turnover or about 27.8% out of the total turnover of approximately HK\$43.2 million for the year ended 31 December 2004. For the nine months ended 30 September 2005, out of the total turnover of approximately HK\$60.3 million, approximately HK\$33.8 million or about 56.0% were contributed by the Provision of IT Services to the CLIH Group.

For the nine months ended 30 September 2005, the Group made a turn-around in financial performance where it recorded unaudited net profit of approximately HK\$11.8 million, representing a significant improvement as compared with the net loss of approximately HK\$9.2 million in the same period in 2004. The Directors attributed such improvement to the contributions from the business segments of Provision of IT Services and supply chain solutions.

In view of the growing trend of outsourcing of information technology services among large commercial institutions and the economic growth in Hong Kong and the PRC, the Directors are of the view that the Provision of IT Services will continue to contribute positively, and is beneficial, to the Group.

LETTER FROM THE BOARD

With regard to the Purchase Transactions, the CLIH Group has arrangements with suppliers that provide better prices or discounts for purchases of the Inventories. The Purchase Transactions will therefore continue to allow the Group to purchase the Inventories from the CLIH Group at prices lower than if it purchases directly from suppliers. Such arrangements also minimise the need to carry excess Inventories when they are not immediately used. Nevertheless, the Directors advise that the Group will purchase equipment and inventories directly from third parties if the terms of such purchases are more favourable than those offered by the CLIH Group.

The Directors consider that the Ongoing Connected Transactions as contemplated under the New Agreement are in the ordinary and usual course of business of the Group and that the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole. They are also of the view that the Ongoing Connected Transactions will complement the Group's operations and enable it to diversify its sources of revenue.

4. Ongoing Connected Transactions

The Provision of IT Services and the Purchase Transactions contemplated under the New Agreement constitute ongoing connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rules 20.35 and 20.52 of the GEM Listing Rules. The Company intends to seek the approval from the Independent Shareholders at the EGM in respect of the New Agreement pursuant to Rule 20.35 and of the proposed caps for the Ongoing Connected Transactions for each of the three financial years ending 31 December 2008 pursuant to Rule 20.52. As connected persons, CLIH, Aplus and their respective associates, including Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard, both being Directors, are required to abstain from voting at the EGM on the relevant resolutions pursuant to Rule 20.54 of the GEM Listing Rules. The vote will be taken by poll.

Upon implementation of the New Agreement, the Company will comply with the provisions, and in particular, provisions including but not limited to the reporting and annual review requirements governing the ongoing connected transactions, of Chapter 20 of the GEM Listing Rules in relation to the Provision of IT Services and the Purchase Transactions.

THE EGM

A notice convening the EGM to be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong, Hong Kong at 10:00 a.m. on Wednesday, 21 December 2005 is set out on pages 32 to 33 of this circular at which a relevant resolution will be proposed to consider and, if thought fit, approve the transactions contemplated under the New Agreement and the respective caps of the Ongoing Connected Transactions.

A form of proxy for use at the EGM is enclosed with this circular. If you are not able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish.

LETTER FROM THE BOARD

PROCEDURE BY WHICH A POLL MAY BE DEMANDED

Under the articles of association of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the Shares conferring that right.

In addition, under the GEM Listing Rules, if the chairman of the meeting and/or the Directors individually or collectively hold(s) proxies in respect of Shares holding 5% or more of the total voting rights of the Company at a particular meeting, and if the votes casted on a show of hands are in the opposite manner to that instructed in those proxies, then the chairman shall demand a poll. However, if it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands, then the chairman shall not be required to demand a poll.

RECOMMENDATION

An Independent Board Committee has been formed to advise the Independent Shareholders on how they should vote in respect of the Ongoing Connected Transactions. The Independent Board Committee comprises the independent non-executive Directors, namely Mr. Lee Sai Yeung, Mr. Chung Kong Fei, Stephen and Mr. Ng Chik Sum, Jackson.

Your attention is drawn to (a) the letter from the Independent Board Committee set out on page 14 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the terms of the New Agreement and the respective caps of the Ongoing Connected Transactions; and (b) the letter from TIS, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the New Agreement and the respective caps of the Ongoing Connected Transactions and the principal factors and reasons considered by it in arriving at its opinions. The text of the letter from TIS is set out on pages 15 to 24 of this circular.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of TIS, considers that the Ongoing Connected Transactions are entered into on normal commercial terms, and in the ordinary and usual course of business of the Group and that the terms of the New Agreement and the respective caps of the Ongoing Connected Transactions are fair and reasonable and are in the interest of the Group so far as the Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM in relation to the New Agreement and the respective caps of Ongoing Connected Transactions.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix I to this circular.

By Order of the Board
Computech Holdings Limited
Fung Pak Chuen, Alphonso
Chairman


Computech Holdings Limited
駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8081)

5 December 2005

To the Independent Shareholders

Dear Sir or Madam,

ONGOING CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 5 December 2005 (the “Circular”), in which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed as members of the Independent Board Committee and to advise you on whether the terms of the New Agreement and the respective caps in relation to the Ongoing Connected Transactions are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. TIS Securities (HK) Limited (“TIS”) has been appointed as the independent financial adviser of the Company to advise us in this respect.

Your attention is drawn to the letter from the Board as set out on pages 4 to 13 of the Circular and the letter of advice from TIS as set out on pages 15 to 24 of the Circular.

Having taken into account the principal factors and reasons considered by and recommendation of TIS, we are of the view that the terms of the New Agreement and the respective caps in relation to the Ongoing Connected Transactions are in the interest of the Company and Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the New Agreement and the respective caps of the Ongoing Connected Transactions to be proposed at the EGM.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Lee Sai Yeung
*Independent non-executive
Director*

Chung Kong Fei, Stephen
*Independent non-executive
Director*

Ng Chik Sum, Jackson
*Independent non-executive
Director*

* *for identification purpose only*

LETTER FROM TIS

Set out below is the text of the letter from TIS Securities (HK) Limited to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this circular:



TIS Securities (HK) Limited
Units 1401-02, 14th Floor
Grand Millennium Plaza
No. 181 Queen's Road Central
Hong Kong

5 December 2005

To the Independent Board Committee and the Independent Shareholders

Computech Holdings Limited

10/F., Westlands Centre,
20 Westlands Road,
Quarry Bay,
Hong Kong

Dear Sirs,

ONGOING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the terms of the Ongoing Connected Transactions under the New Agreement, which comprise (1) Provision of IT Services; and (2) Purchase Transactions, particulars of which are set out in the "Letter from the Board" (the "Letter") contained in the circular to the Shareholders dated 5 December 2005 (the "Circular") and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as those defined in the Circular. This letter contains our advice to the Independent Board Committee and to the Independent Shareholders as to whether or not (i) the terms of the New Agreement are fair and reasonable and are in the interest of the Company and the Independent Shareholders as a whole; (ii) the proposed caps of the Ongoing Connected Transactions for each of the three years ending 31 December 2008 has been determined on a fair and reasonable basis; and (iii) it would be fair and reasonable for the Independent Shareholders to approve the New Agreement and the transactions contemplated therein and the respective caps of the Ongoing Connected Transactions.

As at the Latest Practicable Date, CLIH held 242,400,000 Shares or 50.5% of the issued share capital of the Company. CLIH is therefore a controlling Shareholder and a connected person to the Company under the GEM Listing Rules. Transactions contemplated under the New Agreement between the Company and CLIH will constitute ongoing connected transactions for the Company and will be subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

LETTER FROM TIS

As at the Latest Practicable Date, CLIH is indirectly owned: (i) as to approximately 46.2% by The General Trust Co. Ltd. (the trustee of AFS Trust and Ardian Trust); (ii) as to approximately 16.4% by Mr. Henry Yap Fat Suan; and (iii) as to the remaining of approximately 37.4% by a number of third parties independent from The General Trust Co. Ltd. and Mr. Henry Yap Fat Suan. Aplus, a substantial Shareholder, is indirectly owned as to 84.0% by The General Trust Co. Ltd. and directly owned as to 16.0% by Mr. Henry Yap Fat Suan. Accordingly, Aplus is an associate of CLIH.

As at the Latest Practicable Date, CLIH, Aplus and their respective associates together held 320,124,011 Shares, representing approximately 66.7% of the issued share capital of the Company, which control or are entitled to exercise control over the voting rights in respect of their respective shareholdings. CLIH, Aplus and their respective associates, including Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard, both being Directors, are materially interested in the Ongoing Connected Transaction and will therefore abstain from voting on the resolution to be proposed in relation to the New Agreement at the EGM. The vote will be taken by poll.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied to a considerable extent on the information, statements, opinion and representations provided to us by the Company, the CLIH and the Directors and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true and accurate and complete at the time they were made and continue to be true at the date of the Circular, and we have relied on the same. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the Letter were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular. We have also discussed with the management of the Company their plans for the Group and the prospects of the businesses of the Group.

We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the Ongoing Connected Transactions and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion and recommendation. We have no reason to suspect that any material facts or information (which is known to the Company) have been omitted or withheld from the information provided or opinions expressed in the Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted an independent in-depth investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Ongoing Connected Transactions, we have taken the following principal factors and reasons into consideration:

1. Background of the Ongoing Connected Transactions

The Company is principally engaged in the research, development and sale of software products, the provision of information technology services such as consultancy, technical and system integration services and supply chain solutions in Hong Kong and in the PRC. The CLIH Group is principally engaged in the research, development and sale of banking terminal automation and mailing solution services in Hong Kong, the PRC and South-East Asia.

The Company and CLIH entered into the Existing Purchase and Services Agreement dated on 28 July 2004, pursuant to which the Group would provide information technology-related services to certain customers of the CLIH Group in Hong Kong and the PRC and purchase Inventories from the CLIH Group on a recurring basis. The Existing Purchase and Service Agreement will expire on 31 December 2005. The Company proposes to continue the Ongoing Connected Transactions with the CLIH Group by entering into the New Agreement to renew the terms under the Existing Purchase and Service Agreement for another three years commencing from 1 January 2006, being the day immediately after the expiry of the Existing Purchase and Service Agreement, up to and including 31 December 2008. Save for the change in time period to three years for the New Agreement, the Directors consider that there is no material change to the terms of the New Agreement as compared with the Existing Purchase and Services Agreement. Please refer to section headed "Terms of the New Agreement" below for the detailed information of the New Agreement.

2. Terms of the New Agreement

The major terms and conditions of the New Agreement have been summarised under the section headed "Renewal of the Ongoing Connected Transactions" in the Circular.

(i) *Provision of IT Services*

The Existing Purchase and Service Agreement governing, inter alia, the Provision of IT Services will expire on 31 December 2005. Under the New Agreement, the Company will provide information technology related services including, but not limited to, system maintenance, technical support, systems integration and operations support, to certain existing customers of the CLIH Group in Hong Kong and the PRC in the non-banking sector according to the terms of the contracts between the CLIH Group and its customers on normal commercial terms and in the ordinary and normal course of business of the Group, during the term of the New Agreement, i.e. for the three years commencing from 1 January 2006, up to and including 31 December 2008. Those customers of the CLIH Group are not connected persons of the Company. Since the Group's existing customer base is mainly in the banking sector, we concur with the views of the Directors and consider that the Provision of IT Services allow the Group to continue expanding its customer base to other non-banking sectors, while the CLIH Group is enabled to focus on its core operations by outsourcing the above mentioned services to the Company.

LETTER FROM TIS

According to the Directors and as stated in the Circular, the Provision of IT Services will be carried out in the ordinary course of business of the Group and conducted on normal commercial terms. Based on the New Agreement, the Group will act as an outsourcing partner of CLIH and will provide services to the customers of CLIH according to the terms of the contracts between CLIH and its customers. The Group will furnish CLIH with monthly services activity reports detailing services rendered to these customers and the amount of time incurred by the Group. Fees of services rendered will be (i) charged to CLIH on a project/contract basis which is calculated based on, for example, units or value of products sold, amount of time required for the services performed or number of calls serviced; and (ii) payable by CLIH to the Group. According to the Directors and CLIH, the terms of the contracts between CLIH and its customers are based on normal commercial terms. Based on the above, we are of the view that the pricing basis is fair and reasonable as far as the Company and the Shareholders are concerned, since the contracts in relation to the Provision of IT Services were entered into between CLIH and its customers who are Independent Third Parties.

Fees of the services provided by the Company will be charged on the project or contract basis and payable by CLIH to the Company on the basis of monthly/quarterly/semi-annual or annual payment, which are equivalent to the amount of fees and the terms of payment as stated in the contracts between CLIH and its customers, but regardless of whether CLIH itself has received payments from its customers. The Directors advised that such payment arrangement conforms to normal commercial practice in instances where the provision of similar services is entirely outsourced by the principal contractor to its outstanding partner. According to the Directors, the fees to be received from the Provision of IT Services are expected to cover the cost of inventory used, labour costs and other relevant costs to be incurred in carrying out such services and to generate a reasonable profit margin for the Group and are based on normal commercial terms. According to the Directors, the Group have a right to decide whether to accept the business from CLIH Group under the Provision of IT Services. Before accept the business from CLIH Group, it is the practice of the Group to assess (i) the amount of the profit margin generated by the Company for the Provision of IT Services; and (ii) terms of the contracts entered into between CLIH and its customers in relation to the Provision of IT Services and compare with that to the Group's customers with similar services provided. This practice will continue under the term of the Ongoing Connected Transactions under the New Agreement. According to the Directors, the aforesaid practice is to ensure that (i) the fees to be received from the Provision of IT Services can cover the cost of inventory used, labour costs and other relevant costs to be incurred in carrying out such services and can generate a reasonable profit margin for the Group and (ii) the terms of contract of the CLIH's Group customers under the Provision of IT Services is not less favourable to the Group than those available from the Group's customers who are Independent Third Parties.

In order to find out the fairness of the terms of the Provision of IT Services, we compared the pricing basis, the profit margin and the payment arrangement of the contracts of the Company's own customers who are Independent Third Parties with that of the Provision of IT Services under the Existing Purchase and Services Agreement with similar services provided, and find out that the pricing basis, the profit margin and the payment arrangement under the Provision of IT Services is not less favourable to the Group than those available from the Group's own customers who are Independent Third Parties.

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Based on the above, we consider and concur with the view of the Directors that the terms of the New Agreement including the pricing basis and the payment arrangement of the Provision of IT Services under the New Agreement are fair and reasonable as far as the Company and the Shareholders are concerned since the fees to be received from the Provision of IT Services can cover the cost of inventory used, labour costs and other relevant costs to be incurred in carrying out such services and to generate a reasonable profit margin for the Group and is not less favourable to the Group than those available from the Group's customers who are Independent Third Parties.

(ii) *Purchase Transactions*

As stated in the Circular, under the New Agreement, the Company will purchase Inventories from time to time on an order-by-order basis from CLIH, during the term of the New Agreement, on normal commercial terms and in the ordinary and normal course of business of the Group. Purchases will be made by the Company as and when necessary in carrying out engagements for the customers of CLIH under the outsourcing arrangements as described with the heading "Provision of IT Services" above and the Group will also purchase Inventories, in particular certain equipment, from CLIH for the Group's own customers of other businesses. We are of the view and we concur with the Directors' views that such arrangement can minimise the need to keep excess Inventories as the Company would only place the purchases order on an order by order basis.

The purchase prices of the Inventories to be paid by the Company will be on normal commercial terms and determined after arm's length negotiation, and will be settled by the internal resources of or the banking facilities obtained by the Group and shall not exceed the prevailing market prices offered to the Group from Independent Third Parties. In addition, it may also allow the Group to enjoy bulk purchase discounts as the Group's purchase requirements are aggregated with CLIH Group's own purchase. We have obtained and reviewed samples of the quotation of Inventories provided by the Company from CLIH and Group's other suppliers who supply similar quality of inventory compared to the Inventories who are Independent Third Parties and found that the quotation of Inventories of CLIH are not higher than the Group's other suppliers who are Independent Third Parties as reviewed by us. The Group, however, will purchase inventories and equipment of the same or similar nature and/or function of the Inventories from other suppliers if better prices or discounts are offered. According to the Directors, there is a practice of the Group to compare the quotations of the Purchase Transactions from, CLIH with that of the other suppliers who are Independent Third Parties before the Company places purchase orders to CLIH and this practice would continue under the New Agreement. We are therefore of the opinion that the purchase price of the Inventories is on normal commercial terms and is not less favourable to the Group than those available from the Group's suppliers who are Independent Third Parties.

Based on the above, we consider that terms of the Purchase Transactions is in the interest of the Group and Independent Shareholders as a whole.

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The payment terms of the purchase of Inventories, including any credit term available to the Group, will depend on and mirror the payment terms between CLIH and its suppliers who are Independent Third Parties. According to the Directors, under such payment arrangement, the Company will be required, in most cases, to make payment for the Inventories purchased prior to receipt of payment from the Provision of IT Services. The Directors advised that such payment arrangement conforms to normal commercial practice which has been demonstrated in the section headed “Provision of IT Service” above. We reviewed the contract between CLIH and its suppliers who are Independent Third Parties and that between the Group and CLIH and noted that the payment terms of the purchase of Inventories, including any credit term available to the Group under the Existing Purchase and Service Agreement, will depend on and mirror the payment terms between CLIH and its suppliers who are Independent Third Parties.

On the basis that (i) the Purchase Transactions can minimise the need to keep excess Inventories; (ii) the purchase price of the Inventories from CLIH is on normal commercial terms and is not less favourable to the Group than those available from the Group’s suppliers who are Independent Third Parties who are Independent Third Parties and (iii) the payment terms of the purchase of Inventories are on normal commercial terms, we consider that terms of the Purchase Transactions are in the interest of the Group and Independent Shareholders as a whole.

The Ongoing Connected Transactions were subject to a number of conditions, among others, the annual review by the auditors of the Company (the “Auditors”) as to whether (i) the Ongoing Connected Transactions have received the approval of the Board; (ii) the Ongoing Connected Transactions were conducted in accordance with the pricing policies of the Group; (iii) the Ongoing Connected Transactions have been entered into in accordance with the relevant agreement governing the transactions; and (iv) the cap amount has not been exceeded. Based on the letter to the Company from the Auditors dated 3 March 2005 (the “Auditors’ Letter”), we learnt that the Auditors have duly examined the supporting invoices and other relevant documents relating to the Ongoing Connected Transactions. The Auditors noted in the Auditors’ Letter that the Board has approved the Ongoing Connected Transactions and confirmed to the Board that the Ongoing Connected Transactions (i) have received the approval of the Board; (ii) are in accordance with the pricing policies of the Company; (iii) have been entered into in accordance with the relevant agreement governing the transactions; and (iv) have not exceeded the relevant cap amount. In view of the above, the Company has a track record of endeavouring to fulfill strictly the requirements and conditions specified in the GEM Listing Rules.

Having considered the above, we are of the view that the terms of the New Agreement and the Ongoing Connected Transactions are fair and reasonable so far as the interest of the Company and the Independent Shareholders are concerned.

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2. Proposed caps amount

In arriving at the proposed caps for the Ongoing Connected Transactions in respect of the New Agreement, the Directors have taken into the following consideration: (i) the history figures for the Ongoing Connected Transactions; (ii) the CLIH Group's current customer contracts on hand; (iii) business projection in relation to the Provision of IT Services provided by the management of CLIH (the "IT Services Projection"), which are based on contracts under negotiation between the CLIH Group and its customers; (iv) estimated parts and components usage based on projected technical support service calls volume under the Provision of IT Services; and (v) estimated purchase of equipment by the Company for its other customers.

The table below sets out the actual total contract sums which were received and paid by the Group in respect of the Ongoing Connected Transactions in the past and the proposed caps for the Ongoing Connected Transactions for the three years ending 31 December 2008:

	Actual total contract sum		Proposed caps		
	For the three months ended 31 December 2004 (audited) HK\$'000	For the nine months ended 30 September 2005 (unaudited) HK\$'000	2006 HK\$'000	For the year ending 31 December 2007 HK\$'000	2008 HK\$'000
Provision of IT Services	12,029	33,800	43,000	62,000	79,000
Purchase Transactions	14,592	15,400	23,000	24,000	26,000

Provision of IT Services

For the three months ended 31 December 2004 and the nine months ended 30 September 2005, the total contract sum which were received by the Group in respect of the Provision of IT Services under the Existing Purchase and Service Agreement were approximately HK\$12.0 million and HK\$33.8 million respectively. On an annualized basis, the contract sums of each the two years ended 31 December 2005 would be approximately HK\$48.0 million and HK\$45.0 million respectively. The proposed new caps of the Provision of IT Services for the three years ending 31 December 2008 are approximately HK\$43.0 million, HK\$62.0 million and HK\$79.0 million respectively.

For the year ending 31 December 2006, the proposed cap is slightly lower than the aforesaid actual contract sums on an annualized basis, the Directors explain that the main reason for such expected decline is because some customers of the CLIH Group previously outsourced to the Group have entered into new contracts directly with the Company after their contracts with CLIH have expired. Transactions between the Group and such customers directly will therefore no longer constitute the Ongoing Connected Transactions.

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On the other hand, based on the IT Services Projection, CLIH is in negotiation with certain customers for potential contracts. Should the aforesaid contracts be concluded, the Company will be required to provide technical support services to customers of the CLIH Group commencing around the fourth quarter of 2006 to 2008 under the Provision of IT Services with minimal or no Inventories required. Based on the aforesaid, the proposed caps for the Provision of IT Services have been revised accordingly. The Directors are of the view that, having taking into consideration of the potential contracts of CLIH, the demand for the Provision of IT Services for the two years ending 31 December 2008 might increase significantly.

As stated in the Letter and above, based on the IT Services Projection and the current contracts on hand, as well as based on the Group's aggregate sums of existing contracts and the aggregate sums of contracts under negotiation between CLIH and its customers, for the three years ending 31 December 2008, the proposed caps for the Provision of IT Services will be approximately HK\$43.0 million, HK\$62.0 million and HK\$79.0 million respectively.

We have reviewed the IT Services Projection and discussed with the Directors regarding (i) the historical figures of transactions with CLIH Group under the Existing Purchase and Services Agreement; and (ii) the underlying assumption of the IT Services Projection which are based on the CLIH Group's current customer contracts on hand and contracts under negotiation between CLIH Group and its customers. According to the Directors, and our review of the contracts on hand of the CLIH Group's current customer given by the Company and list of potential contracts under negotiation between CLIH Group and its customers given by CLIH Group for the coming three years ending 31 December 2008, we understand that (i) estimated dollar amount of the CLIH Group's current customers contracts on hand and contracts under negotiation between CLIH Group and its customers for the financial year ending 31 December 2006 is approximately HK\$42 million; and (ii) the substantial increase in the proposed caps for the two financial years ending 31 December 2008 when compared with that of financial year ending 31 December 2006 is based on the potential contracts of CLIH with certain customers that commencing around the fourth quarter of 2006 to 2008 under the Provision of IT Services.

Based on the above, we are of the view that the bases of the IT Service Projection are fair and reasonable and we concur with the view of the Directors that the proposed caps for the Provision of IT Services are fair and reasonable.

Purchase Transactions

For the three months ended 31 December 2004 and the nine months ended 30 September 2005, the total contract sum paid by the Group in respect of the Purchase Transactions under the Existing Purchase and Service Agreement were approximately HK\$14.6 million and HK\$15.4 million respectively. On an annualized basis, the contract sums for each of the two years ended 31 December 2005 would be approximately HK\$58.4 million and HK\$20.5 million respectively. The Directors has advised that when the Company first commenced the Provision of IT Services in the fourth quarter of 2004, the Company was required to "stock-up" its inventory to a certain level to meet the immediate needs of the CLIH customers under the Provision of IT Services. The Company then from time to time purchased Inventories from CLIH on an order-by-order basis to replenish

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its inventory levels. In addition, as some customers of CLIH did not enter into new contracts with CLIH after their contracts have expired during the nine months ended 30 September 2005, the purchase of Inventories under the Purchase Transactions required for the Provision of IT Services had decreased during the same period. Accordingly, the Purchase Transactions made by the Company for the three months ended 31 December 2004 were comparatively higher, on an annualized basis, than that for the nine months ended 30 September 2005.

We have reviewed the forecast prepared by the Company regarding (i) the estimated parts and components used by the CLIH Group's customer under the Provision of IT Services and (ii) estimated purchase of equipment by the Company for its other customers and discussed with Directors regarding (i) the historical figures of transactions with CLIH Group under the Existing Purchase and Services Agreement; (ii) the number of CLIH Group's current customer contracts on hand under the Provision of IT Services that might require the purchase of Inventories; (iii) estimated amounts of parts and components usage per projected technical support service calls volume under the Provision of IT Services based on the historical parts and components usage under the Existing Purchase and Service Agreement and (iv) the underlying assumption regarding the estimated amounts of purchase of equipment by the Company for its other customers based on the historical figure.

Based on the forecast prepared by the Company regarding (i) the estimated parts and components used by the CLIH Group's customer under the Provision of IT Services and (ii) estimated purchase of equipment by the Company for its other customers and the discussion with the Directors as stated above, we are of the view that the bases for the aforesaid forecast are fair and reasonable and we concur with the view of the Directors that the proposed caps for the Purchase Transactions are fair and reasonable.

In view of the expected business growth of the Group based on the projection prepared by management of CLIH and in order to maintain stable supply of raw material and consistent quality of services, we concur with the view of the Directors that the proposed caps for the Provision of IT Services and the Purchase Transactions for the coming three financial years ending 31 December 2008 are justifiable.

3. Reasons for the Ongoing Connected Transactions

According to the Directors and as stated in the Letter that (i) the revenue to be generated from the Provision of IT Services will improve the Group's financial performance – the revenue generated from the Provision of IT Services was approximately HK\$12.0 million or about 27.5% out of the total turnover of approximately HK\$43.2 million for the year ended 31 December 2004; for the nine months ended 30 September 2005, out of the total turnover of approximately HK\$60.3 million, approximately HK\$33.8 million or about 56.0% were contributed by the Provision of IT Services to the CLIH Group and (ii) the Purchase Transactions will allow the Group to acquire Inventories from the CLIH Group at lower prices than if it purchases directly from suppliers as CLIH Group has arrangements with suppliers that provide better prices or discounts for purchases of the Inventories and also minimize the need to carry excess Inventories when they are not immediately used. Based on the above, we are of the view and concur with the view of the Directors that the transactions contemplated under the New Agreement will complement the Group's operations and enable it to diversify its sources of revenue.

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Nevertheless, according to the Directors and as stated in the Circular, the Group will purchase equipment and inventories directly from third parties if the terms of such purchases are more favourable than those offered by the CLIH Group.

4. Independent Shareholders' approval

As CLIH is a connected person to the Company, the Ongoing Connected Transactions together with the proposed caps are subject to the reporting, announcement and approval of the Independent Shareholders of the Company pursuant to Rules 20.35 and 20.52 of the GEM Listing Rules. The Company would seek the approval of the Independent Shareholders for the Ongoing Connected Transactions pursuant to Rule 20.35 and of the proposed caps for a period of three financial years ending 31 December 2008 pursuant to Rule 20.52. In addition, CLIH Aplus and their associates including Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard, both being Directors are required to abstain from voting at the EGM on the relevant resolutions pursuant to Rule 20.54 of the GEM Listing Rules. Furthermore, the Company will ensure that the Ongoing Connected Transactions is in compliance with the provisions governing the ongoing connected transactions, Chapter 20 of the GEM Listing Rules in relation to the Purchase Transactions and the Provision of IT Services.

On this basis, we consider that the Company has taken appropriate measures to govern itself in carrying out the Ongoing Connected Transactions, thereby safeguarding the interest of the Independent Shareholders thereunder.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Ongoing Connected Transactions are in the ordinary and normal course of business of the Company and the terms and conditions of the Ongoing Connected Transactions under the New Agreement, including the proposed caps, are on normal commercial terms and fair and reasonable so far as the interest of the Independent Shareholders are concerned and are in the interest of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Ongoing Connected Transactions under the New Agreement and the proposed caps that will be proposed at the EGM.

Yours faithfully,
For and on behalf of
TIS Securities (HK) Limited
Kim Chan
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) 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.

2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THEIR ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors in the securities of the Company and their associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company

Name of Director	Capacity in which such interests were held	Number of Shares	Percentage of nominal value of share capital
Mr. Fung Pak Chuen, Alphonso ("Mr. Fung") (Note 1)	Interests of spouse	320,124,011	66.7%
Mr. Lo, Richard ("Mr. Lo") (Note 2)	Interests of spouse	320,124,011	66.7%

Notes:

1. Win Plus Group Limited ("Win Plus") holds 84% interest in the issued share capital of Aplus Worldwide Limited ("Aplus") and is accordingly taken to have an interest in the 77,724,011 Shares in which Aplus is interested under the SFO. Win Plus also holds approximately 46.2% indirectly in the issued share capital of CL International Holdings Limited ("CLIH") and is accordingly taken to have an interest in the 242,400,000 Shares in which CLIH is interested under the SFO. Win Plus is accordingly taken to have an interest in the 320,124,011 Shares in total under the SFO.

Gumpton Investments Limited (“Gumpton”), which holds 100% of the issued share capital of Win Plus, is taken to have an interest in the 320,124,011 Shares in which Win Plus is interested under the SFO.

Both Mr. Fung and Mr. Lo are directors of Aplus, CLIH, Win Plus and Gumpton.

As 50% of the issued share capital of Gumpton is held by AFS Holdings Limited (“AFS”), AFS is taken to have an interest in the 320,124,011 Shares in which Gumpton is interested under the SFO. Mr. Fung is a director of AFS.

AFS is wholly-owned by The General Trust Co. Ltd. (“General Trust”). General Trust is the trustee of AFS Trust, in which one of the beneficiaries is the spouse of Mr. Fung. Mr. Fung is taken to have an interest in the same 320,124,011 Shares by virtue of his spouse’s interest under the SFO.

2. Ardian Holdings Limited (“Ardian”) has a 50% interest in the issued share capital of Gumpton and is accordingly taken to have an interest in the 320,124,011 Shares in which Gumpton is interested under the SFO. Mr. Lo is a director of Ardian.

Ardian is wholly-owned by General Trust. General Trust is the trustee of Ardian Trust, in which one of the beneficiaries is the spouse of Mr. Lo. Mr. Lo is taken to have an interest in the same 320,124,011 Shares by virtue of his spouse’s interest under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company has any interests and short positions in the Shares, equity derivatives, underlying shares and debentures of the Company and their associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

3. SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND OTHER MEMBERS OF THE GROUP

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, persons who have an interest or a short position in the Shares, equity derivatives, underlying shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, and as recorded in the Register of Substantial Shareholders' Interest required to be maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name of shareholder	Capacity in which such interests were held	Number of Shares	Percentage of nominal value of share capital
Hitachi, Ltd.	Beneficial owner	60,000,000	12.5%
Aplus	Beneficial owner	77,724,011	16.2%
CLIH	Beneficial owner	242,400,000	50.5%
Adwin Investments Limited (<i>Note 1</i>)	Interest of a controlled corporation	242,400,000	50.5%
Win Plus (<i>Note 2</i>)	Interest of a controlled corporation	320,124,011	66.7%
Gumpton (<i>Note 3</i>)	Interest of a controlled corporation	320,124,011	66.7%
AFS (<i>Note 4</i>)	Interest of a controlled corporation	320,124,011	66.7%
Ardian (<i>Note 4</i>)	Interest of a controlled corporation	320,124,011	66.7%
General Trust (<i>Note 5</i>)	Interest of a controlled corporation	320,124,011	66.7%
Mrs. Fung, Pui Lan, Angela (<i>Note 6</i>)	Beneficiary of trust	320,124,011	66.7%
Mrs. Lo, Lilian (<i>Note 7</i>)	Beneficiary of trust	320,124,011	66.7%

Notes:

1. Adwin Investments Limited (“Adwin”) holds approximately 62.6% interest in the issued share capital of CLIH and is accordingly taken to have an interest in the 242,400,000 Shares in which CLIH is interested under the SFO. Both Mr. Fung and Mr. Lo are directors of Adwin.
2. Win Plus holds 84% interest in the issued share capital of Aplus as well as approximately 73.8% interest in the issued share capital of Adwin and is accordingly taken to have an interest in the 320,124,011 Shares in total under the SFO.
3. Gumpton, which holds 100% of the issued share capital of Win Plus, is taken to have an interest in the 320,124,011 Shares in which Win Plus is interested under the SFO.
4. Gumpton is owned as to 50% by AFS and 50% by Ardian. Accordingly, AFS and Ardian are each taken to have an interest in the 320,124,011 Shares in which Gumpton is interested under the SFO.
5. AFS and Ardian are in turn wholly-owned by General Trust. Therefore, General Trust is taken to have an interest in the 320,124,011 Shares in which AFS and Ardian are interested under the SFO.
6. General Trust is the trustee of AFS Trust. Mrs. Fung, Pui Lan, Angela, being the spouse of Mr. Fung, is one of the beneficiaries of AFS Trust and therefore is taken to have an interest in the 320,124,011 Shares in which General Trust is interested under the SFO.
7. General Trust is also the trustee of Ardian Trust. Mrs. Lo, Lilian, being the spouse of Mr. Lo, is one of the beneficiaries of Ardian Trust and therefore is taken to have an interest in the 320,124,011 Shares in which General Trust is interested under the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director, no other persons had an interest or a short position in the Shares, equity derivatives, underlying shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. SERVICE CONTRACTS

None of the Directors has entered into any service agreements with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation, arbitration or claim of material importance known by the Directors to be pending or threatened against any member of the Group.

6. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or managements Shareholders (as defined in the GEM Listing Rules) or any of their respective associates had any business or interest that directly or indirectly competes or may compete with the business of the Group or had or might have any other conflict of interest with the Group.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2004, being the date to which the latest published audited consolidated accounts of the Group was made up.

8. GENERAL

- (i) The registered office of the Company is situated at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, Grand Cayman, British West Indies.
- (ii) The principal place of business of the Company in Hong Kong is at 10th Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong.
- (iii) The Hong Kong branch share registrar and transfer office of the Company is Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The company secretary and qualified accountant of the Company appointed under Rule 5.15 of the GEM Listing Rules is Mr. Yip Yuk Sing, Wallace. He is an associate member of both Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (v) The compliance officer of the Company is Mr. Fung Pak Chuen, Alphonso.
- (vi) The Company has established an audit committee with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control procedures of the Group. The audit committee has three members comprising Mr. Lee Sai Yeung and Mr. Chung Kong Fei, Stephen and Mr. Ng Chik Sum, Jackson.
- (vii) The authorised representatives of the Company are Mr. Fung Pak Chuen, Alphonso and Mr. Yip Yuk Sing, Wallace.
- (viii) The authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each. As at the Latest Practicable Date, the issued share capital of the Company was HK\$4,800,000 divided into 480,000,000 Shares of HK\$0.01 each.

- (ix) As Mr. Fung and Mr. Lo have indirect interests in CLIH, they are both materially interested in the Existing Purchase and Service Agreement and the New Agreement. Save for the Existing Purchase and Service Agreement and the New Agreement, there is no contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date in which any of the Directors is materially interested in and which is significant in relation to the business of the Group as a whole.
- (x) As at the Latest Practicable Date, none of the Directors or expert had any direct or indirect interest in any assets which had been, since 31 December 2004 (the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to any member of the Group.

9. QUALIFICATION AND CONSENT OF EXPERT

TIS has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they appear.

The qualification of the expert who has provided its advice as contained in this circular is as follows:

Name	Qualification
TIS Securities (HK) Limited	A licensed corporation to carry out business in type 1 (dealing in securities), type 2 dealing in futures contracts), type 4 (advising on securities), and type 6 (advising on corporate finance) regulated activities under the SFO

TIS is not interested in any Shares or shares in any member of the Group nor does it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares or shares in any member of the Group.

10. MATERIAL CONTRACT(S)

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within the two years immediately preceding the date of this circular which are or may be material:

- (i) the New Agreement;
- (ii) the Existing Purchase and Service Agreement;
- (iii) the sale and purchase agreement dated 28 July 2005 entered into between Computech International Limited, a wholly-owned subsidiary of the Company, as seller and Miracle Luck Pte Limited, being an Independent Third Party, as purchaser in relation to the purchase of the entire issued ordinary shares of Computech Systems (Asia) Limited and CL Computers (China) Limited at the consideration of HK\$50,000, details of which were contained in the announcement of the Company dated 28 July 2005 and the circular of the Company dated 18 August 2005; and

- (iv) the underwriting agreement dated 20 January 2005 between the Company and Aplus, being the Shareholder and the underwriter in relation to the issue of 240,000,000 rights shares of the Company at HK\$0.02 each. No underwriting fee was charged by the underwriter. Details of which were contained in the circular dated 18 March 2005 and the prospectus dated 8 April 2005 of the Company.

Save as disclosed above, there are no contracts (other than contracts entered into in the ordinary course of business) that have been entered into by any member of the Group within the two years immediately preceding the date of this circular which are or may be material.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours up to and including 21 December 2005 at the principal place of business of the Company at 10th Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong:

- a. the memorandum and articles of association of the Company;
- b. the annual reports of the Company for each of the two financial years end 31 December 2004;
- c. the unaudited first quarterly report of the Company for the three months ended 31 March 2005;
- d. the unaudited interim report of the Company for the six months ended 30 June 2005;
- e. the unaudited third quarterly report of the Company for the nine months ended 30 September 2005;
- f. the letter from the Independent Board Committee, the text of which is set out on page 14 in this circular;
- g. the letter of advice from TIS to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 24 in this circular;
- h. the written consent from TIS referred to in paragraph 9 of this appendix; and
- i. the material contract(s) referred to in the paragraph headed "Material contract(s)" in this appendix.

12. MISCELLANEOUS

The English text of this circular shall prevail the Chinese text.


Computech Holdings Limited
駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8081)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of Computech Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) will be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong on Wednesday, 21 December 2005 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolution:

ORDINARY RESOLUTION

“**THAT** the conditional agreement dated 15 November 2005 between the Company and CL International Holdings Limited (“CLIH”, together with its subsidiaries, the “CLIH Group”), a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification (the “Agreement”), details of which are set out in the circular of the Company dated 5 December 2005, a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification (the “Circular”), all future transactions between the Group and the CLIH Group as described and contemplated in the Agreement and the proposed caps for the Ongoing Connected Transactions as defined and set out in the Circular be and are hereby approved and the execution of the Agreement be and is hereby approved, ratified and confirmed and the directors of the Company be and are hereby authorised to do such acts and things and execute such other documents which in their opinion may be necessary, desirable or expedient to carry out or to give effect to the transactions contemplated thereunder.”

By order of the Board
Computech Holdings Limited
Fung Pak Chuen, Alphonso
Chairman

Hong Kong, 5 December 2005

* *for identification purpose only*

NOTICE OF THE EGM

Registered office:

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

Head office and principal place of business:

10/F., Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
2. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of such member. A proxy need not be a member of the Company.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the principal place of business of the Company at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or at any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote, in respect thereof.