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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8081)

Major Transaction
Disposal of two subsidiaries

Financial adviser to Computech Holdings Limited

ALTUS CAPITAL LIMITED

The Board announces that, on 28 July 2005, CIL, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement pursuant to which, inter alia, CIL agreed to sell, or procure the sale of, and the Purchaser agreed to purchase from CIL, the entire issued ordinary shares of the Disposal Companies at the Consideration of HK$50,000. The Consideration was determined on an arm's length basis after taking into account the historical operating performance and the net liabilities position of the Disposal Companies.

Pursuant to the Sale and Purchase Agreement, the Disposal constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to Shareholders' approval at the EGM. The Purchaser and its ultimate beneficial owners and their respective associates (as defined under the GEM Listing Rules) are Independent Third Parties and no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting in respect of the resolution to approve the proposed Disposal at the EGM.

A written approval of CLIH, being a controlling Shareholder holding 242,400,000 Shares or approximately 50.5% of the issued share capital of the Company, has been obtained. Therefore, no EGM will be required to be held for approval of the Disposal pursuant to GEM Listing Rule 19.44.

A circular containing, among other things, details of the proposed Disposal will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 20 July 2005 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 29 July 2005.

* *For identification only*

The Directors are pleased to announce that on 28 July 2005, CIL, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with further details set out as below:

I. THE SALE AND PURCHASE AGREEMENT

Date

28 July 2005

Parties

1. CIL as the Vendor; and

2. Miracle Luck Pte Limited as the Purchaser, who is an Independent Third Party. The ultimate beneficial owners of the Purchaser are also Independent Third Parties.

The asset to be disposed

The entire issued ordinary shares of the Disposal Companies.

Consideration and payment term

The Consideration, being HK$50,000, is payable in full by the Purchaser in cash upon Completion. The Directors intend that the sale proceeds will be used as working capital of the Company.

The Consideration was determined on an arm's length basis after taking into account:

(a) the historical operating performance of the Disposal Companies where each of them has recorded operating losses in the past two financial years; and

(b) the net liabilities position of the Disposal Companies as at 31 December 2004.

Conditions precedent and Completion

Completion is conditional upon fulfillment of the following conditions:

(a) all the necessary permissions and approvals have been obtained by the Company from the Stock Exchange and/or the Shareholders and/or the Vendor (if required) in respect of the transfer of the Sale Shares as stated in the Sale and Purchase Agreement in accordance with the GEM Listing Rules and/or other relevant rules, regulations and/or laws;

(b) the warranties (as set out in the Sale and Purchase Agreement) ("Warranties") remaining true and accurate and not misleading at Completion with reference to the facts and circumstances then existing; and

(c) all other necessary consents being granted by third parties (including governmental or official authorities) and no statute, regulation or decision which would prohibit, restrict or materially delay the sale and purchase of the Sale Shares under the Sale and Purchase Agreement, having been proposed, enacted or taken by any governmental or official authority.

The Warranties being referred to in condition (b) above are set out in Schedule 2 to the Sale and Purchase Agreement given or made by CIL as the vendor to the Purchaser. The Warranties are the representations and warranties as to the truthfulness and accuracy of the matters and issues in relation to the good title of the Sale Shares, the financial, trading and other corporate matters of each of CSA, CLCC, CCL and CLCSB.

In the event that any of the above conditions cannot be fulfilled or in respect of condition (b), is not waived within 2 months from the date of the Sale and Purchase Agreement (or such other date as may be agreed in writing between CIL and the Purchaser), the Sale and Purchase Agreement shall terminate and none of the parties shall have any liability against the other party except for any claim for rights and liabilities accrued prior thereto.

II. INFORMATION OF THE DISPOSAL COMPANIES

Information regarding CSA and CCL (the "CSA Group")

CSA

CSA has been a dormant company since January 2004. Prior to that CSA was engaged in research and development of packaged banking software business.

The audited net profit (before and after tax) of CSA for the financial year ended 31 December 2004 was approximately HK$14.9 million and the audited net loss (before and after tax) of CSA for the financial year ended 31 December 2003 was approximately HK$13.5 million. During the financial year ended 31 December 2004, CSA was dormant with no turnover. The audited profit recorded in 2004 was mainly attributable to the waiver of an obligation to repay an amount advanced by the Company to CSA. The amount was approximately HK$28.6 million. If the aforementioned waiver is excluded, CSA would have recorded an audited net loss (before and after tax) of approximately HK$13.6 million for the financial year ended 31 December 2004 due to the write-off of bad debts of approximately HK$10.1 million and the provision for amounts due from CCL, CLCC and CLCSB of approximately HK$2.45 million.

The audited total net liabilities of CSA as at 31 December 2004 and 2003 were approximately HK$13.6 million and HK$28.6 million respectively. As at 31 December 2004, the major assets of CSA were trade related debtors of approximately HK$43,000 and an amount due from CIL of approximately HK$41,000, which in aggregate represented approximately 92.3% of the audited total assets of approximately HK$91,000 of CSA. The major liability of CSA was an amount due to the Company of approximately HK$10.0 million, representing approximately 73.0% of the audited total liabilities of approximately HK$13.6 million of CSA as at 31 December 2004.

Save as its investment in CCL, CSA does not hold any other investments.

CCL

CCL is a wholly-owned subsidiary of CSA and has been a dormant company since 2000. The audited net loss (before and after tax) of CCL for each of the two financial years ended 31 December 2004 and 2003 was approximately HK$7,000 and HK$11,000 respectively. CCL was dormant with no turnover in each of the two financial years ended 31 December 2004 and 2003.

The audited total net liabilities of CCL as at 31 December 2004 and 2003 were approximately HK$64,000 and HK$57,000 respectively. CCL did not have any asset as at 31 December 2004 and the major liability of CCL was the amount due to CSA of approximately HK$41,000, representing approximately 64.1% of the audited total liabilities of CCL of approximately HK$64,000 as at 31 December 2004.

Unaudited consolidated financial highlights of CSA Group

According to the unaudited consolidated accounts of CSA Group as at 31 December 2004 as prepared by the Company, the consolidated net profit (before and after tax) was approximately HK$14.9 million with no turnover. As at 31 December 2004, the total assets of CSA Group was approximately HK$2.2 million and the total liabilities was approximately HK$13.7 million, giving rise to net liabilities of approximately HK$11.5 million.

The unaudited consolidated accounts of CSA Group as at 31 December 2004 included inter-company balances comprising (a) an amount due from CIL of approximately HK$41,000; (b) an amount due to the Company of approximately HK$10.0 million; (c) an amount due to CL International Holdings limited ("CLIH"), being a controlling Shareholder, of approximately HK$30,000; (d) an amount due to CL Computers China/ Hong Kong Limited ("CL Computers"), a company owned by Mr. Fung Pak Chuen, Alphonso, Mr. Lo, Richard and Mr. Yap Fat Suan, Henry, the ultimate controlling Shareholders, of approximately HK$0.47 million; (e) and an amount due to CLSSL, a subsidiary of CIL, of approximately HK$0.4 million.

As at 30 June 2005, the amount due to CLIH of approximately HK$30,000 and the amount due from CIL of approximately HK$41,000 have been settled respectively. Save for the amount due to CL Computers of approximately HK$0.47 million, the amounts due to the Company of approximately HK$10.0 million and due to CLSSL of approximately HK$0.4 million will be waived by the relevant parties upon the Disposal. Please also refer to the section headed "Reasons for the Disposal and benefits to the Company" for further details.

Information regarding CLCC and CLCSB (the "CLCC Group")

CLCC

CLCC is an investment holding company incorporated for the holding of the entire issued shares of CLCSB.

The audited net loss (before and after tax) of CLCC for each of the two financial years ended 31 December 2004 and 2003 were approximately HK$7,000 and HK$11,000 respectively.

The audited total net liabilities of CLCC as at 31 December 2004 was approximately HK$1,100 and the audited total net assets of CLCC as at 31 December 2003 was approximately HK$6,000. The major asset of CLCC was an amount due from CLIH of approximately HK$44,000, representing approximately 95.7% of the audited total assets of approximately HK$46,000 of CLCC as at 31 December 2004. The major liability of CLCC was an amount due to CSA of approximately HK$31,000, representing approximately 66.0% of the audited total liabilities of approximately HK$47,000 of CLCC as at 31 December 2004.

Save as its investment in CLCSB, CLCC does not hold any other investments.

CLCSB

CLCSB is principally engaged in the provision of packaged banking software products and services in the PRC. The audited net loss (before and after tax) of CLCSB for each of the two financial years ended 31 December 2004 and 2003 was approximately RMB25,000 (equivalent to approximately HK$24,000) and approximately RMB$12.7 million (equivalent to approximately HK$11.9 million) respectively. The reduction in losses was mainly due to the scaling down of the operations of CLCSB during the financial year ended 31 December 2004.

The audited total net liabilities of CLCSB as at 31 December 2004 and 2003 remained stable at approximately RMB$9.5 million (equivalent to approximately HK$9.0 million). As at 31 December 2004, the major assets of CLCSB were trade related debtors, deposits and prepayments of approximately RMB1.0 million (equivalent to approximately HK$1.0 million), representing approximately 76.9% of the audited total assets of approximately RMB1.4 million (equivalent to approximately HK$1.3 million) of CLCSB. The major liabilities of CLCSB were trade related creditors and accruals of approximately RMB7.6 million (equivalent to approximately HK$7.2 million, representing approximately 69.2% of the audited total liabilities of approximately RMB11.0 million (equivalent to approximately HK$10.4 million) of CLCSB as at 31 December 2004.

Unaudited consolidated financial highlights of CLCC Group

According to the unaudited consolidated accounts of CLCC Group as at 31 December 2004 as prepared by the Company, the consolidated net loss (before and after tax) was approximately HK$31,000 with turnover of approximately HK$18.6 million. As at 31 December 2004, the total assets of CLCC Group was approximately HK$1.4 million and the total liabilities was approximately HK$10.4 million, giving rise to net liabilities of approximately HK$9.0 million.

The unaudited consolidated accounts of CLCC Group as at 31 December 2004 included inter-company balances comprising an amount due from CLIH of approximately HK$44,000 and an amount due to the Company of approximately HK$0.3 million.

The aforementioned amount due from CLIH of approximately HK$44,000 has been settled. The amount due to the Company, which stood at approximately HK$0.4 million as at 30 June 2005, will be waived by the Company upon the Disposal. Please also refer to the section headed "Reasons for the Disposal and benefits to the Company" for further details.

III. REASONS FOR THE DISPOSAL AND BENEFITS TO THE COMPANY

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

The audited turnover of the Group for each of the two financial years ended 31 December 2004 and 2003 was approximately HK$43.2 million and HK$35.4 million respectively. Audited net loss of the Group for each of the two financial years ended 31 December 2004 and 2003 was approximately HK$11.8 million and HK$27.3 million respectively.

According to the first quarterly results for the 3 months ended 31 March 2005, the unaudited consolidated turnover of the Group was approximately HK$20.0 million with net profit of approximately HK$654,000 recorded. According to the unaudited accounts for the 3 months ended 31 March 2005, save for CLCSB which recorded a loss of approximately RMB5,000 (equivalent to approximately HK$5,000) on a turnover of approximately RMB0.6 million (equivalent to approximately HK$0.56 million), CCL, CSA and CLCC were dormant with nominal amount of losses recorded.

As discussed above, CSA has been a dormant company since 2004. Prior to that, CSA was engaged in research and development of packaged banking software. CLCC is an investment holding company of CLCSB, which is principally engaged in the provision and sales of packaged banking software products and services to the financial institutions in the PRC.

The Purchaser is principally engaged in investments relating to the provision of internet access services and computer hardware and peripheral equipment.

The competition in the packaged software products catering to the financial industry in the PRC has been severe, resulting in losses in the Disposal Companies in the past few years. Meanwhile, in the past year, the Group has expanded two major lines of business, namely IT services and supply chain solutions services which have seen encouraging growth and potential. Following internal reviews by the Board and the management of the Company, they believe that the Group should focus its resources on and further develop these businesses.

The Disposal is therefore part of the Group's business reengineering process with a view to enhance its competitiveness and financial performance. The Board (including the independent non-executive Directors) believes that the Disposal and the terms of the Sale and Purchase Agreement, which were negotiated at arm's length basis, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon Completion, the Disposal Companies, CCL and CLCSB will cease to be subsidiaries of the Company. The Group is expected to record a gain of approximately HK$9.7 million as a result of the disposal of the Disposal Companies. The gain has taken into account (a) the Consideration; (b) the aggregate of the unaudited consolidated net liabilities of CSA Group and CLCC Group of approximately HK$20.5 million as at 31 December 2004; (c) the waiver by the Company of the obligation of the Disposal Companies to repay a total of approximately HK$10.4 million advanced to them; (d) the waiver by CLSSL, a member of the Group, of the obligation of CSA to repay an advance of approximately HK$0.4 million; and (e) the operating results of the Disposal Companies, CCL and CLCSB during the past six months up to and including 30 June 2005. The aforesaid gain on disposal is subject to audit by the auditors of the Company.

IV. GENERAL

Pursuant to the Sale and Purchase Agreement, the Disposal constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the Shareholders' approval at the EGM. The Purchaser and its ultimate beneficial owners and their respective associates (as defined under the GEM Listing Rules) are Independent Third Parties and no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting in respect of the resolution to approve the proposed Disposal at the EGM.

A written approval of CLIH, being a controlling Shareholder holding 242,400,000 Shares or approximately 50.5% of the issued share capital of the Company, has been obtained. Therefore, no EGM will not be required to be held for approval of the Disposal pursuant to GEM Listing Rule 19.44.

A circular containing, among other things, details of the proposed Disposal will be despatched to the Shareholders as soon as practicable.

Shareholders and potential investors of the Company are reminded that Completion of the Sale and Purchase Agreement is conditional on fulfillment of certain conditions and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

V. RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 20 July 2005 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 29 July 2005.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"Board"	the board of Directors
"CCL"	Computech Convergence Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned subsidiary of CSA
"CIL"	Computech International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"CLCC"	CL Computers (China) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

"CLCSB"	CL Computers System (Beijing) Co. Limited, a company incorporated in the PRC with limited liability and wholly-owned subsidiary of CLCC
"CLSSL"	CL Solutions Services Limited, a company incorporated in Hong Kong with limited liability and wholly-owned subsidiary of the Company
"Company"	Computech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
"Consideration"	HK$50,000, being the total amount payable by the Purchaser for the purchase of the entire issued ordinary shares of the Disposal Companies
"Completion"	the completion of the sale and purchase of the Sale Shares as set out in the Sale and Purchase Agreement
"CSA"	Computech Systems (Asia) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Directors"	directors of the Company
"Disposal"	the disposal of the entire ordinary issued shares of the Disposal Companies
"Disposal Companies"	CSA and CLCC
"EGM"	the extraordinary general meeting of the Company convened to approve the Disposal
"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
"Independent Third Party"	a person who, to the best of the Directors' knowledge, information and belief, having made all reasonable enquires, is independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the GEM Listing Rules) and who is not a connected person of the Company (as that term is defined in the GEM Listing Rules)
"PRC"	the People's Republic of China

"Purchaser"	Miracle Luck Pte Limited, a company incorporated in Singapore with limited liability and an Independent Third Party
"Sale and Purchase Agreement"	the sale and purchase agreement dated 28 July 2005 entered into between CIL and the Purchaser pursuant to which, inter alia, CIL agreed to sell, or procure the sale of, and the Purchaser agreed to purchase the Sale Shares
"Sale Shares"	means the entire issued ordinary shares of the Disposal Companies
"Share(s)"	ordinary shares of HK$0.01 each in the existing share capital of the Company
"Shareholders"	holders of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"RMB"	Renminbi, the lawful currency of the PRC
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong

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

Hong Kong, 28 July 2005

As at the date of this announcement, the executive Directors are Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard. The non-executive Director is Mr. Kaneda Yukitaka and the independent non-executive Directors are Mr. Lee Sai Yeung, Chung Kong Fei, Stephen and Mr. Ng Chik Sum, Jackson.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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