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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)

ANNOUNCEMENT
VERY SUBSTANTIAL DISPOSALS AND
CONNECTED TRANSACTIONS INVOLVING DISPOSALS OF THE
ENTIRE EQUITY INTEREST IN CL SOLUTIONS LIMITED AND
VICTOR GROUP LIMITED
AND
RESUMPTION OF TRADING

DISPOSAL AGREEMENTS

On 25 April 2008 (after the trading hours of the Stock Exchange), CLS China and CLS Services, a wholly-owned subsidiary of the Company, have entered into the First Disposal Agreement pursuant to which CLS China has agreed to purchase and CLS Services has agreed to sell the CL Solutions Disposal Group.

On 25 April 2008 (after the trading hours of the Stock Exchange), CLS China and Computech International, a wholly-owned subsidiary of the Company, have entered into the Second Disposal Agreement pursuant to which CLS China has agreed to purchase and Computech International has agreed to sell its entire equity interests in Victor Group, which in turn holds 100% equity interests in Guangzhou CL Solutions.

The First Disposal Agreement and the Second Disposal Agreement are inter-conditional upon each other. The consideration for the Disposals is HK\$6.06 million, which is determined with reference to the preliminary valuation as conducted by Greater China Appraisal Limited, an independent valuer, based on market approach.

* *For identification purpose only*

As the relevant percentage ratios pursuant to the GEM Listing Rules applicable to the Disposals exceeded 75%, the Disposals constitute very substantial disposals for the Company under Chapter 19 of the GEM Listing Rules. Given that CLS China is a wholly-owned subsidiary of CLIH, a controlling Shareholder which held about 35.96% equity interest of the Company as at the date of this announcement, CLS China is therefore a connected person of the Company. The Disposals thus constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules and are subject to the requirements of reporting, announcement and Independent Shareholders' approval under Rules 20.45 to 20.48 of the GEM Listing Rules. CLIH, Aplus (being an associate of CLIH) and their respective associates, if any, will abstain from voting on the resolutions to be proposed in relation to the Disposal Agreements at the EGM. The vote will be taken by poll.

GENERAL

The Independent Board Committee is established to advise the Independent Shareholders in connection with the Disposal Agreements. An independent financial adviser will be appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in connection with the connected transactions under the Disposal Agreements.

A circular containing, among other things, further details of the Disposal Agreements and the transactions contemplated thereunder, the letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the valuation report prepared by Greater China Appraisal Limited, and the accountants' report of the Group prepared in accordance with Chapter 7 of the GEM Listing Rules together with the notice of the EGM will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares has been suspended with effect from 9:30 a.m. on 28 April 2008 pending the issue of this announcement. 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 5 May 2008.

THE DISPOSAL AGREEMENTS

Further to the Company's announcement dated 11 April 2008, the Directors are pleased to announce that the Group, on 25 April 2008, had entered into the Disposal Agreements in relation to the disposal of its entire interests in the Disposal Group.

The First Disposal Agreement

Date: 25 April 2008 (after trading hours of the Stock Exchange)

Parties: (1) Vendor : CLS Services
(2) Purchaser : CLS China

CLS Services, a wholly owned subsidiary of the Company, is the holding company of CL Solutions. CLS China is an investment holding company incorporated in Hong Kong and is wholly-owned by CLIH, the controlling Shareholder. CLS China is therefore a connected person of the Company. CLIH is principally engaged in the provision of banking automation solutions and related services in Hong Kong, the PRC and South-East Asia.

Assets to be disposed of

The CL Solutions Disposal Group comprises:

- a. 100% of the equity interests of CL Solutions; and
- b. 10% equity interests in CL Logistic directly held by CLS Services.

CL Solutions is principally engaged in the provision of supply chain solutions and related services. It in turn holds 70% equity interests in CL Logistic, which is a dormant company incorporated in Hong Kong and does not carry on any business activity.

Conditions

Completion of the First Disposal Agreement is conditional upon the satisfaction of the following:

- (a) obtaining approval from the Independent Shareholders in respect of the First Disposal Agreement and the transactions contemplated thereunder at the EGM, in compliance with the GEM Listing Rules;
- (b) CLS Services complying with, and/or procuring the Company, being the holding company of CLS Services, to comply with all applicable laws, regulations and rules; and
- (c) the Second Disposal Agreement becoming unconditional (save for the condition for the First Disposal Agreement to become unconditional).

If the conditions above are not satisfied within six (6) months from the date of the First Disposal Agreement through no fault of CLS Services and CLS China, the First Disposal Agreement shall automatically terminate and all liabilities of the parties pursuant to the First Disposal Agreement shall cease and neither party shall have any claim against the other pursuant to the First Disposal Agreement.

Completion

Completion of the First Disposal Agreement is expected to be the seventh (7) Business Day immediately after all of the above conditions have been fulfilled, or such other date as CLS Services and CLS China may mutually agree in writing.

Second Disposal Agreement

Date: 25 April 2008 (after the trading hours of the Stock Exchange)

Parties: (1) Vendor : Computech International
(2) Purchaser : CLS China

Computech International, a wholly-owned subsidiary of the Company, is the holding company of Victor Group. Details of CLS China, which is also the purchaser of the First Disposal Agreement, are set out under the sub-paragraph headed “The First Disposal Agreement” above.

Assets to be disposed of

100% of the equity interests of Victor Group, which is an investment holding company and the principal activity of its subsidiary, Guangzhou CL Solutions, is the provision of supply chain solutions and related services in the PRC.

Conditions

Completion of the Second Disposal Agreement is conditional upon the satisfaction of the followings:

- (a) obtaining approval from the Independent Shareholders in respect of the Second Disposal Agreement and the transactions contemplated thereunder at the EGM, in compliance with the GEM Listing Rules;
- (b) Computech International complying with, and/or procuring the Company, being the holding company of Computech International, to comply with all applicable laws, regulations and rules; and
- (c) the First Disposal Agreement becoming unconditional (save for the condition for the Second Disposal Agreement to become unconditional).

If the conditions above are not satisfied within six (6) months from the date of the Second Disposal Agreement through no fault of Computech International and CLS China, the Second Disposal Agreement shall automatically terminate and all liabilities of the parties pursuant to the Second Disposal Agreement shall cease and neither party shall have any claim against the other pursuant to the Second Disposal Agreement.

Completion

Completion of the Second Disposal Agreement is expected to be the seventh (7) Business Day immediately after all of the above conditions have been fulfilled, or such other date as Computech International and CLS China may mutually agree in writing.

Consideration for the Disposals

The Consideration is HK\$6.06 million and shall be settled by CLS China in cash at completion of the Disposal Agreements.

The Consideration was arrived at after arm's length negotiations between the parties to the Disposal Agreements, having made reference to the preliminary valuation of the Disposal Group as at 31 March 2008 of approximately HK\$6.06 million conducted by Greater China Appraisal Limited, an independent valuer, based on market approach.

Having taken into account the above and the reasons and benefits of the Disposal as stated in the paragraph headed "Reasons for and benefits of the Disposals" below, the Directors (excluding the independent non-executive Directors) consider that the Consideration is fair and reasonable and is in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Group

The Disposal Group principally operates the supply chain solutions business segment of the Group. Below sets out the financial information of the Disposal Group, which is prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, for the two financial years ended 31 December 2006 and 2007:

	Year ended 31 December		Change (%)
	2007	2006	
	(Audited) HK\$'000	(Audited) HK\$'000	
Results			
Turnover	24,145	27,448	(12.0)
Profit before tax and non-recurring items	1,407	2,056	(31.6)
Profit from non-recurring items (<i>note</i>)	843	–	–
Profit before tax	2,250	2,056	9.4
Profit after tax	1,907	1,816	5.0
Assets and liabilities			
Total assets	10,661	8,375	
Net asset value	4,966	2,907	

Note: Non-recurring items included: (i) gain on disposal of an associate of about HK\$63,000; (ii) decrease in share of loss in associate of about HK\$610,000; and (iii) bad debt recovered of about HK\$170,000 in 2007.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group is principally engaged in the provision of IT services and supply chain solutions.

During the course of 2007, the business performance of the Group's supply chain solutions continued to be challenging. To improve the Group's financial performance and competitiveness, during the financial year 2007, it has disposed of its loss-making associated company, Automated Logistics Solutions Limited, which is principally engaged in the development and sales of supply chain solutions software products. The disposal, which is non-recurring in nature, has contributed to an improvement of the operating profit of the supply chain solutions segment in 2007.

As shown under the paragraph headed “Information of the Disposal Group” above, while the supply chain solutions segment is one of the main contributors to the Group’s revenue and profit and have recorded improvement in profit before and after tax of 9.4% and 5% respectively in 2007, they were due mainly to one-off contribution from non-recurring items.

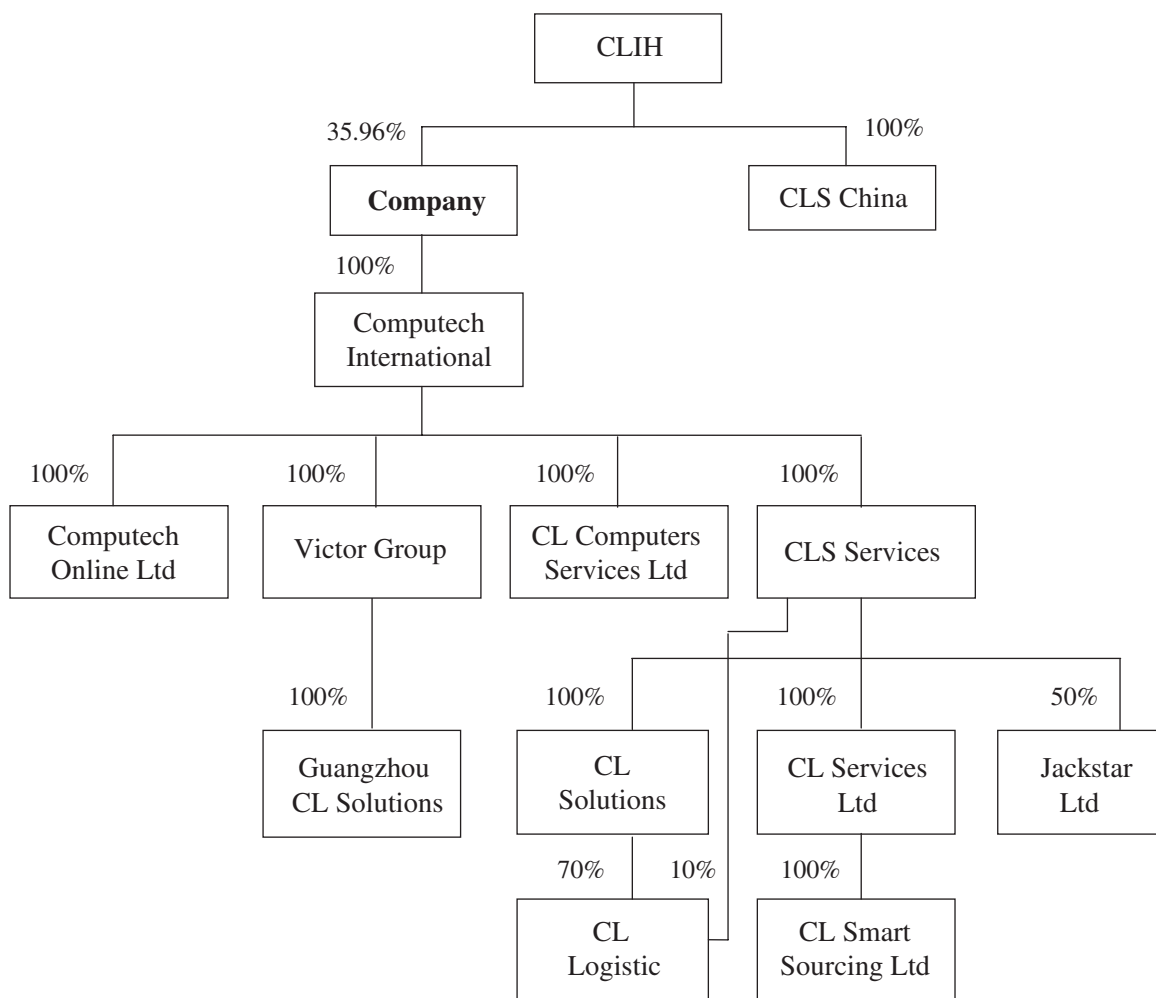
As stated in the annual report of the Company for the year ended 31 December 2007, the supply chain solutions business of the Group did not achieve its expected growth for the year due to the lack of new major projects. The Directors noted that most of the major sizeable supply chain solutions projects have been completed in the first quarter of 2008 while further sizeable projects have yet to be identified.

In view of the above, the Directors (excluding the independent non-executive Directors who will express their views on the terms of the Disposals after receiving advice from the independent financial adviser) are of the view that, it is advantageous for the Company and Shareholders as a whole to dispose of its supply chain solutions segment so that the Group could focus its skills and resources on its core business of IT services. The Directors (excluding the independent non-executive Directors who will express their views on the terms of the Disposals after receiving advice from the independent financial adviser) also consider that the Disposal Agreements are on normal commercial terms and the Disposals are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

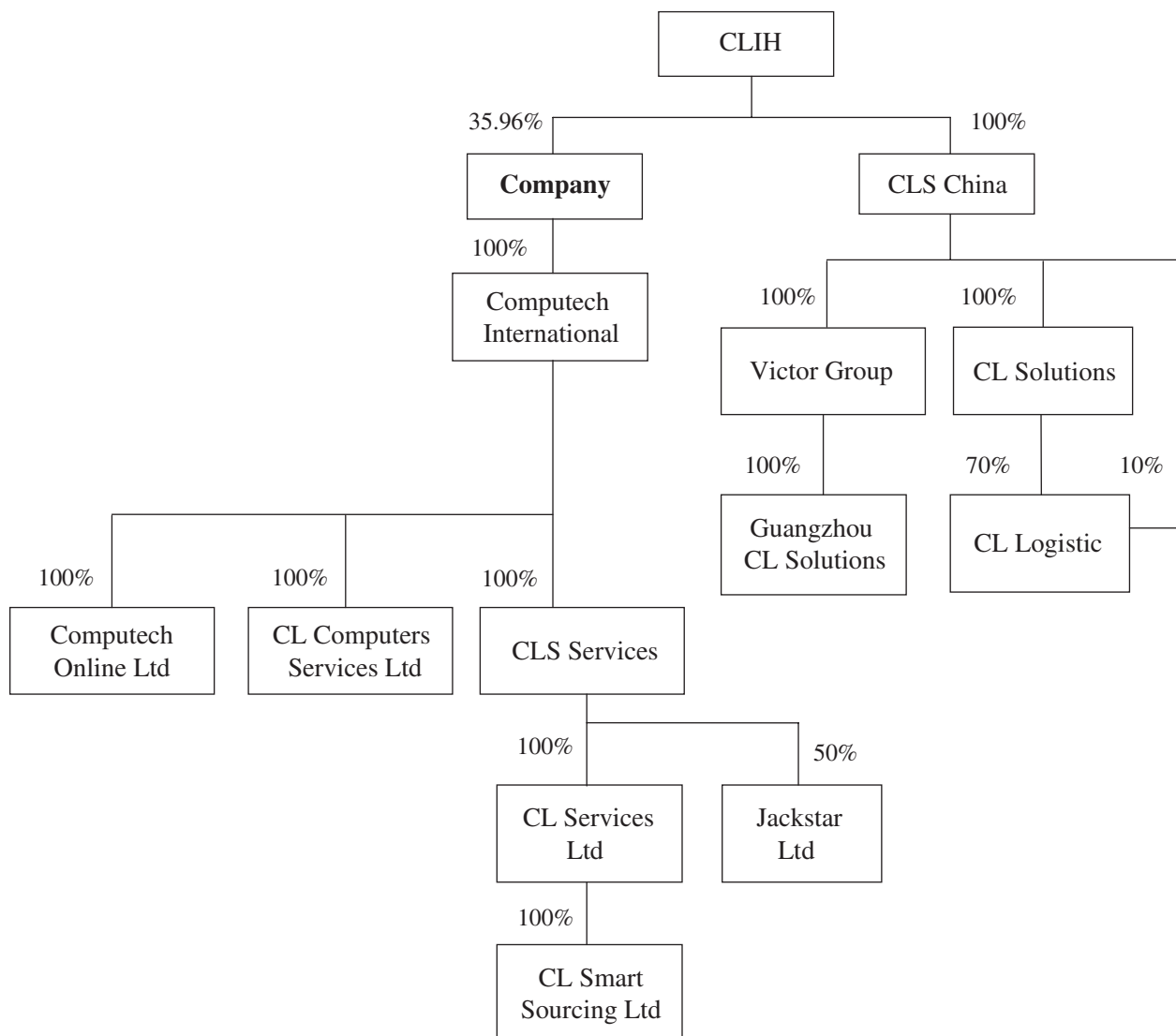
It is estimated that, upon completion of the Disposals, the Group will record a gain on disposal of approximately HK\$1.29 million. Such gain is estimated based on the difference between (i) the aggregate consideration for the Disposals under the Disposal Agreements, (ii) the aggregate net asset values of the Disposal Group of approximately HK\$4.97 million as at 31 December 2007, and (iii) the cumulative amount of exchange differences recognised in equity which relate to the Disposal Group amounted to approximately HK\$0.20 million as at 31 December 2007. The final amount of the actual gain as a result of the Disposals will be determined upon completion of the Disposals. The Disposals will also improve the overall gearing of the Group as part of the proceeds from the Disposals are intended to be used for repayment of certain loans owing to Directors as further elaborated below.

STRUCTURE OF THE GROUP

Before the Disposals



After the Disposals



After the completion of the Disposal Agreements, CL Solutions and Victor Group will no longer be subsidiaries of the Group.

INTENDED USE OF PROCEEDS

The net proceeds from the Disposals of approximately HK\$5.16 million will be used for (i) the settlement of the loans owing to Directors of approximately HK\$2.26 million; (ii) working capital of the Group; and/or (iii) any future possible acquisition which has yet to be identified.

In respect of (i) above, the loans relate to the amount owing to Mr. Fung and Mr. Lo, being Directors. The amounts of loan to be settled with Mr. Fung and Mr. Lo are HK\$1.2 million and HK\$1.06 million respectively. Mr. Fung and Mr. Lo are the ultimate beneficial owners of CLIH and CLS China.

GEM LISTING RULES IMPLICATION

As the relevant percentage ratios pursuant to the GEM Listing Rules applicable to the Disposals exceeded 75%, the Disposals constitute very substantial disposals for the Company under Chapter 19 of the GEM Listing Rules. Given that CLS China is a wholly-owned subsidiary of CLIH, a controlling Shareholder which held about 35.96% equity interest of the Company as at the date of this announcement, CLS China is therefore a connected person of the Company. The Disposals thus constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules and are subject to the requirements of reporting, announcement and Independent Shareholders' approval under Rules 20.45 to 20.48 of the GEM Listing Rules. CLIH, Aplus (being an associate of CLIH) and their respective associates, if any, will abstain from voting on the resolutions to be proposed in relation to the Disposal Agreements at the EGM. The vote will be taken by poll.

The Independent Board Committee is established to advise the Independent Shareholders in connection with the Disposal Agreements. An independent financial adviser will be appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in connection with the connected transactions under the Disposal Agreements.

GENERAL

A circular containing, among other things, further details of the Disposal Agreements and the transactions contemplated thereunder, the letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the valuation report prepared by Greater China Appraisal Limited, and the accountants' report of the Group prepared in accordance with Chapter 7 of the GEM Listing Rules together with the notice of the EGM will be despatched to the Shareholders as soon as practicable and in accordance with the GEM Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 28 April 2008 pending the issue of this announcement. 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 5 May 2008.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Aplus”	Aplus Worldwide Limited, a company registered under the laws of British Virgin Islands with limited liability and the controlling Shareholder, which beneficially owns 30.86% shareholding interest in the Company
“associates”	has the meaning associated thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday or public holiday or any weekday on which a typhoon signal no.8 or higher is hoisted or a black rainstorm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.) on which commercial banks are generally open for business in Hong Kong throughout their business hours
“CL Logistic”	CL Logistic Solutions Limited, a private limited company incorporated in Hong Kong, which is held as to 70% by CL Solutions and 10% by CLS Services
“CL Solutions”	CL Solutions Limited, a private limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which in turn holds 70% equity interests in CL Logistic
“CL Solutions Disposal Group”	the entire equity interests in CL Solutions and the 10% equity interests in CL Logistic held by CLS Services
“CLIH”	CL International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling Shareholder, which beneficially owns 35.96% shareholding interest in the Company
“CLS China”	CL Solutions (China) Limited, a private limited company incorporated in Hong Kong and a wholly-owned subsidiary of CLIH
“CLS Services”	CL Solutions Services, a private limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Company”	Computech Holdings Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Computech International”	Computech International Limited, a company registered under the laws of British Virgin Islands and a wholly-owned subsidiary of the Company
“connected persons”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	the total consideration for the Disposals
“Director(s)”	the director(s) of the Company, including the independent non-executive director(s)
“Disposal Agreements”	the First Disposal Agreement and the Second Disposal Agreement
“Disposal Group”	the CL Solutions Disposal Group and Victor Group
“Disposals”	the proposed disposals pursuant to the First Disposal Agreement and the Second Disposal Agreement
“EGM”	the extraordinary general meeting of the Company to be convened by the Company to consider and if thought fit, to approval the Disposal Agreements and the transactions contemplated thereunder
“First Disposal Agreement”	the sale and purchase agreement dated 25 April 2008 entered into between CLS Services and CLS China in relation to the disposal of the CL Solutions Disposal Group
“GEM”	the 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 (which shall exclude, where the context requires, CL Solutions and Victor Group after completion of the Disposal Agreements)
“Guangzhou CL Solutions”	Guangzhou CL Solutions Limited (廣州日達自助化系統有限公司), a private limited company incorporated in the PRC and a wholly-owned subsidiaries of Victor Group

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all three independent non-executive Directors to advise the Independent Shareholders as to the terms of the Disposal Agreements and how to vote, taking into account the recommendations of the independent financial adviser
“Independent Shareholders”	the Shareholders other than CLIH, Aplus and their respective associates or others who are interested in the Disposals
“IT”	information technology
“Mr. Fung”	Mr. Fung Pak Chuen, Alphonso, an executive Director and a director of CL Solutions and Victor Group
“Mr. Lo”	Mr. Richard Lo, an executive Director and a director of CL Solutions and Victor Group
“PRC”	the People’s Republic of China
“Second Disposal Agreement”	the sale and purchase agreement dated 25 April 2008 entered into between Computech International and CLS China in relation to the disposal of Victor Group
“Shareholders”	holders of the Shares
“Share(s)”	ordinary share(s) of HK\$0.50 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Victor Group”	Victor Group Limited, a private limited company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent

Made by the order of the Board, the Directors of which collectively and individually accept responsibility for the accuracy of this announcement.

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

Hong Kong, 2 May 2008

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

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (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 on the “Latest Company Announcements” page for 7 days from the day of its posting. This announcement will also be available on the Company’s website at www.computech.com.hk.