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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)

PLACING OF CONVERTIBLE NOTES AND RESUMPTION OF TRADING

Placing agent



太平洋基業證券有限公司

PACIFIC FOUNDATION SECURITIES LIMITED

PACIFIC FOUNDATION SECURITIES LIMITED

On 5 December 2011, the Company entered into the Placing Agreement with the Placing Agent and varied by a side letter dated 8 December 2011, pursuant to which the Placing Agent has agreed, amongst other things to procure, on a best endeavours basis, Placee(s) to subscribe for HK\$50,000,000 of the Convertible Notes. Assuming the Convertible Notes are fully placed, upon full conversion of the HK\$50,000,000 principal amount of the Convertible Notes at the Conversion Price, a total of 1,000,000,000 Conversion Shares will be issued, representing approximately 82.36% of the existing issued share capital of the Company and approximately 45.16% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.

The gross proceeds from the Placing, if fully placed, will be HK\$50,000,000 and the net proceeds from the Placing will be approximately HK\$48,000,000. Mr. Yang, has agreed to undertake all the Convertible Notes not placed by the Placing Agent.

The Placing is conditional upon, inter alia, the convening of the EGM for Shareholders to consider and, if thought fit, passing by Independent Shareholders of the resolutions to approve the entering into of the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares.

* For identification purpose only

Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading of the Shares has been suspended with effect from 9:00 a.m. on 6 December 2011 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 9 December 2011.

THE PLACING

A summary of the principal terms of the Placing Agreement is set out below:

Issuer:	The Company
Placing Agent:	Pacific Foundation Securities Limited. To the best of the director's knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company.
The Placing Agreement:	On 5 December 2011, the Company entered into the Placing Agreement with the Placing Agent and varied by a side letter dated 8 December 2011, pursuant to which the Placing Agent agreed on a best endeavours basis for up to an aggregate principal amount of HK\$50,000,000 of the Convertible Notes.
Placing Conditions Precedent:	<ul style="list-style-type: none">(i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and Placing Agent do not reasonably object) listing of and permission to deal in the Conversion Shares to be issued upon the exercise of conversion rights under the Convertible Notes;(ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms hereof, including provisions regarding force majeure; and(iii) the passing of a resolution by the Shareholders to approve the issue of the Convertible Notes and the allotment and issue of the Conversion Shares.
Placing Commission:	The Company shall pay to the Placing Agent a fee equal to 2.5% of the aggregate principal amount of the Convertible Notes placed/taken up.

- Placing Period: A period of 90 days from the date of the Placing Agreement.
- Placee(s): The Placing Agent will place the Placing Shares to not less than six placees who are and whose ultimate beneficial owners are expected to be third parties independent of and not connected with the Company and Connected Persons of the Company and not acting in concert (as such term is defined in Takeovers Code) with Connected Persons of the Company.
- Termination: If, at any time prior to 9:00 a.m. on the relevant Completion of Convertible Notes, in the absolute opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:
- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
 - (b) any of the following events:
 - (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not *eiusdem generis* with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Convertible Notes to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the placing of Convertible Notes; or

- (iii) any change in market conditions (including without limitation, a suspension or limitation on trading in securities generally on the Stock Exchange) which would materially and adversely affect the success of the placing of the Convertible Notes to potential investor(s) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the placing of the Convertible Notes

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 9:00 a.m. on the date of Completion and provided further that such termination shall not affect any partial completion of the Convertible Notes that have taken place prior to such date of termination.

If the Placing Agent terminates the Placing Agreement, all obligations of the Placing Agent and the Company under the Placing Agreement will cease and determine and neither party may have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

Underwriting:

Mr. Yang has irrevocably and unconditionally undertaken to subscribe for all the Convertible Notes not placed by the Placing Agent. Mr. Yang will not receive any commission for the underwriting.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The following summarizes certain of the principal terms of the Convertible Notes:

Aggregate Principal amount of the Convertible Notes:	up to HK\$50,000,000
Authorized denomination for the issue, transfer, conversion and redemption:	HK\$1,000,000
Maturity Date:	3 years from the relevant date of issue
Conversion Period:	The holders of Convertible Notes will be able to convert the outstanding principal amount of the Convertible Notes in whole or in part into Shares at any time following the Conversion date until a date falling seven days prior to (and excluding) the maturity date.
Conversion Price:	HK\$0.05 per Conversion Share, subject to customary adjustments in certain events, including share consolidation, share subdivision, capitalization issues, capital distribution, rights issue and issues of other securities.
Interest Rate:	zero interest.
Transferability:	The Convertible Notes will be transferrable without the consent of the Company except that the Convertible Notes can only be transferred to a Connected Person of the Company if prior written consent of the Company is obtained.
Voting:	Holders of Convertible Notes will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of them being holders of Convertible Notes.
Listing:	<p>No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange.</p> <p>Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Notes.</p>

Ranking:	The Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Notes will rank pari passu in all respects with all other Shares outstanding on the date the name of the noteholder is entered on the register of the members of the Company as a holder of the Conversion Shares.
Conversion date:	One year after the relevant date of issue.
Conversion restriction:	<p>(i) the conversion rights attaching to a Convertible Note cannot be exercised (and accordingly the Company will not issue Conversion Shares) if and to the extent that the total number of Conversion Shares (together with other Shares) with voting rights held by the holder of the Convertible Notes in question and parties acting in concert with it within the meaning of the Takeovers Code immediately after the issue of the relevant Conversion Shares would be more than 29.99% of the enlarged issued share capital of the Company or of such other amount equal to 0.1% below the amount as may be specified in the Takeovers Code as being the level for triggering a mandatory general offer.</p> <p>(ii) if the Conversion Shares are to be issued to a Connected Person in which case the exercise of the relevant Conversion Rights will be subject to approval of shareholders of the Company in a general meeting (if required) and compliance with relevant requirements of the GEM Listing Rules.</p> <p>(iii) the maintenance of public float as required under Rule 11.23 of the GEM Listing Rules immediately after issue of Conversion Shares.</p>
Redemption and Repurchase:	<p>The Company may at any time and from time to time, by 10 Business Days prior written notice (“Redemption Notice”) to a Noteholder elect to redeem the whole or part (being an authorised denomination of being not less than HK\$1,000,000) of the then outstanding principal amount of the Convertible Notes (together with accrued and outstanding interest to the extent redemption is in full).</p> <p>The Company may also repurchase Convertible Notes at prices to be agreed between the Company and the holder of the Convertible Notes.</p>

Assuming the Convertible Notes are fully placed, upon full conversion of the HK\$50,000,000 principal amount of the Convertible Notes at the Conversion Price, a total of 1,000,000,000 Conversion Shares (with an aggregate nominal value of HK\$10,000,000) will be issued, representing approximately 82.36% of the existing issued share capital of the Company and approximately 45.16% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.

The Placing is conditional upon, inter alia, the convening of the EGM for Shareholders to consider and, if thought fit, passing by Independent Shareholders of the resolutions to approve the entering into of the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares.

CONVERSION PRICE

The Conversion Price of HK\$0.05 per Conversion Share was arrived at after arm's length negotiation between the Company and the Placing Agent and represents:

- (i) a discount of approximately 44.44% to the closing price of HK\$0.09 per Share quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 45.30% to the average closing price of HK\$0.0914 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Conversion Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is illustrated as follows:

	As at the date of this announcement		Upon completion of the Placing (assuming all Shares are taken up by Mr. Yang and converted in full) at the Conversion Price		Upon completion of the Placing (assuming the Convertible Notes are placed and converted in full) at the Conversion Price	
	<i>No. of Shares</i>	<i>Approximate (%)</i>	<i>No. of Shares</i>	<i>Approximate (%)</i>	<i>No. of Shares</i>	<i>Approximate (%)</i>
Mr. Yang	268,453,158	22.11	1,268,453,158	57.29	268,453,158	12.12
Public	<u>945,796,168</u>	<u>77.89</u>	<u>945,796,168</u>	<u>42.71</u>	<u>1,945,796,168</u>	<u>87.88</u>
Total:	<u><u>1,214,249,326</u></u>	<u><u>100</u></u>	<u><u>2,214,249,326</u></u>	<u><u>100</u></u>	<u><u>2,214,249,326</u></u>	<u><u>100</u></u>

REASONS FOR THE PLACING

The reason for the Placing is to strengthen the capital base of the Company to cope with the highly competitive IT business environment. If the Convertible Notes are fully placed, the gross proceeds from the Placing will be HK\$50,000,000. The net price raised per Conversion Share is approximately HK\$0.048. The net proceeds from the Placing of up to approximately HK\$48,000,000 is to be used for general working capital of the Group and/or for further investment.

In order to secure sufficient proceeds available to fund the potential investment opportunities if and when they arise, the Company considers that this is a good opportunity for the Company to raise funds from the Placing. On the basis that the Placing provides an opportunity for the Company to strengthen its financial positions, to be equipped with readily available funds to enable it to grasp the potential investment opportunities. The Directors consider the terms of the Placing to be fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Apart from the fund raising activities mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of Announcement	Fund raising activity	Net proceeds actually raised	Intended use of proceeds	Actual use of proceed raised
15 April 2011	issue of 5% convertible bond due 2016	HK\$22,350,000	General working capital	HK\$3,605,000 paid for acquisition of property, the rest for general working capital

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of (i) IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products, and (ii) money lending activities in Hong Kong.

Completion of the Placing is subject to the satisfaction of the conditions precedent as set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

EGM

The placing is conditional upon, inter alia, the convening of the EGM for Shareholders to consider and, if thought fit, passing by Independent Shareholders of the resolutions to approve, inter alia, the entering into of the Placing Agreement and the allotment and issue of Conversion Shares and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares.

RESUMPTION OF TRADING

At the request of the Company, trading of the Shares has been suspended with effect from 9:00 a.m. on 6 December 2011 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 9 December 2011.

DEFINITIONS

The following terms are used in this announcement with the meanings set opposite them:

“associate(s)”	the meaning ascribed thereto in the GEM Listing Rules
“Business Day(s)”	a day on which banks are open for business in Hong Kong (excluding Saturdays and Sundays)
“Company”	Computech Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the GEM of the Stock Exchange
“Completion”	the date which is the fifth Business Day after the date of satisfaction of the Placing Conditions Precedent
“Connected Person(s)”	the meaning ascribed thereto in the GEM Listing Rules
“Conversion Price”	the conversion price of HK\$0.05 per Conversion Share (subject to adjustment)
“Conversion Share(s)”	the new Shares to be issued by the Company as a result of the exercise of the conversion rights attaching to the Convertible Notes
“Convertible Notes”	the zero coupon HK\$50,000,000 convertible notes due 2014 to be issued by the Company
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company
“GEM”	the Growth Enterprise Market
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Independent Shareholders”	Shareholders other than Mr. Yang and his associates
“Mr. Yang”	Mr. Yang Yue Zhou, a substantial Shareholder of the Company
“Placing”	the placing of the Convertible Notes of up to an aggregate principal amount of HK\$50,000,000 by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Pacific Foundation Securities Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 regulated activities (dealing in securities)

“Placing Agreement”	the placing agreement dated 5 December 2011 entered into between the Company and the Placing Agent in respect of placing of the Convertible Notes and varied by a side letter dated 8 December 2011
“Placing Conditions Precedent”	the conditions precedent referred to in the section headed “Placing Conditions Precedent” in this Announcement
“Placing Period”	a period of 90 days commencing from the date of the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	the lawful currency of Hong Kong dollars
“%”	per cent

By Order of the Board
Computech Holdings Limited
Yang Yue Zhou
Chairman

Hong Kong, 8 December 2011

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Yang Yue Zhou, Mr. Mak Kwong Yiu and Mr. Jiang Tan Shan and (ii) three independent non-executive Directors, namely Dr. Ip Wai Hung, Mr. Chan Wai Man and Mr. Wong Chung Wai.

This announcement for which the Directors collectively and individually accept full responsibility, includes particulars given in the 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication and on the website of the Company at <http://www.computech.com.hk>.