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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)

INSIDE INFORMATION – LICENCE AGREEMENT

This announcement is made by the Company pursuant to the inside information provisions under Part XIVA of the SFO and Rule 17.10 of the GEM Listing Rules.

On 14 March 2014 (after trading hours), the Grantee, a wholly-owned subsidiary of the Company, and the Grantor entered into the Licence Agreement pursuant to which the Grantor granted the exclusive licence to the Grantee to, through itself and/or the operator appointed by the Grantee, develop the Mobile Games and the Derived Products in any languages based on the contents of the Designated Comics during the Licence Period.

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LICENCE AGREEMENT

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Major terms of the Licence Agreement are set out below.

* *For identification purposes only*

Licence Period

The term of the Licence Agreement shall commence on the date of the Licence Agreement and expire upon the expiration of the Operation Period.

Subject Matter

Pursuant to the Licence Agreement, the Grantor grants the Licence to the Grantee to, through itself and/or the operator appointed by the Grantee, develop the Mobile Games and the Derived Products in any languages based on the contents of the Designated Comics (including but not limited to the character images, storylines, display screen, circumstances and various items (weapons and costumes) of various comics series) during the Licence Period.

The Grantee shall be entitled to exercise the following rights in relation to the Mobile Games and the Derived Products:

- (1) through itself, or authorise any third party to, produce, replicate, sell and operate the Mobile Games and/or the Derived Products; and
- (2) through itself, or authorise any third party to, translate the contents of the Mobile Games and/or the Derived Products into different languages.

The intellectual property rights (including copyrights) of the Mobile Games and the Derived Products shall be owned by the Grantee. Whereas, the intellectual property rights (including copyrights) of the contents, graphics and images of the Designated Comics as contained in the Mobile Games and the Derived Products shall be owned by the Grantor and/or the copyright owner.

License fee

Upon the signing of the Licence Agreement, the Grantee shall pay to the Grantor a non-refundable license fee in the sum of HK\$750,000. If the Grantee shall not complete the development of the Mobile Games within the Development Period, the Grantee shall be regarded as to waive all its rights and all such rights shall be returned to the Grantor automatically and the licence fee, being HK\$750,000 shall not be refundable by the Grantor.

Royalty

Pursuant to the Licence Agreement, the Grantee shall also pay royalty to the Grantor, which shall be calculated as follows:

- (1) 7.5% of the total consumption amount of the Mobile Games (i.e. the consideration paid by the users of the Mobile Games to the Grantee or the operator (or their authorised third party) in return for the games' virtual treasures, information, derived products and/or any form of services) after deducting the fees charged by the sales channel provider; and
- (2) 7.5% of the actual total sales generated from the strategic booklet, manual of the Mobile Games and all the Derived Products after deducting the fees charged by the sales channel provider (save for special circumstances, such as if the Grantee produces the Derived Products for promotion, the Grantee and the Grantor shall negotiate to deduct from such total sales, in addition to the fees charged by the sales channel provider, all or part of the production costs).

In order to secure the payment obligations of the Grantee in relation to royalty arising during the Licence Period under the Licence Agreement, the Grantee shall pay a sum of HK\$6,750,000 in advance ("**Advance Payment**") to the Grantor, which shall be used to deduct any royalty arising during the Licence Period payable by the Grantee under the Licence Agreement. The Advance Payment shall be paid as to HK\$3,000,000 before 31 December 2014 and as to HK\$3,750,000 before 31 December 2015. The Advance Payment (if paid) shall be returned to the Grantee, within 30 days, upon the Grantee giving formal notice in writing to the Grantor to waive its rights to develop the Mobile Games.

The royalty shall be payable by the Grantee to the Grantor on quarterly basis and paid in the following manner:

- (i) the royalty shall first be deducted from the Advance Payment;
- (ii) if the Advance Payment is not sufficient for the deduction as mentioned in (i) above, the Grantee shall remit the outstanding balance to the Grantor; and
- (iii) if the Advance Payment has not been fully deducted upon the expiration of the Licence Period, the Grantor shall return the remaining balance of the Advance Payment to the Grantee within 30 days upon the expiration of the Licence Period.

Other terms

Pursuant to the Licence Agreement, the Grantor agreed, in the form of exclusive authorisation, to authorise the Grantee to operate the Mobile Games and the Derived Products in any global area or to further authorise third party to operate the Mobile Games and the Derived Products. The Grantor shall not, in the said global area, through itself or authorise third party to, develop computer software based on the contents of the Designated Comics (including combining the character images, storylines, circumstances and various items (weapons and costumes) of various comics series) into smart mobile devices game in any languages and/or produce, publish and sell any derived products.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products; (ii) money lending business in Hong Kong; (iii) provision of medical diagnostic and health check services; and (iv) property and securities investments and trading.

REASONS FOR AND BENEFITS OF THE LICENCE AGREEMENT

As set out in the announcement of the Company dated 12 March 2014, the Group intends to form a wholly foreign owned enterprise in Shanghai, the PRC whose business shall be engaged in the design and research and development of mobile-online games and identifying and securing intellectual property rights for onward sale or licensing. The Board considers that the entering into of the Licence Agreement would enable the Group to secure the use of certain intellectual property rights for the mobile-online games business, which is in line with the Group's development strategy to tap into the mobile-online games business and the Group's business objective to become one of the leading players in the mobile-online game industry. The Board also considers that the terms of the Licence Agreement were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the Licence Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Computech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Derived Products”	the products derived from the Mobile Games, including but not limited to the value storage card, game strategic booklet, manual and models
“Designated Comics”	the comic named Solor Load (小魔神) or any of the comics composed by Mr. Wong Chun Loong (alias Mr. Wong Yuk Long) as agreed by the parties to the Licence Agreement
“Development Period”	the period of one year commencing from the date of the Licence Agreement
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Grantee”	Absolutely Talent Technology Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Grantor”	Jade Dynasty Publications Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Jade Dynasty Holdings Limited, which has the authority to grant the Licence to the Group
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of the Company and connected persons of the Company (has the meaning ascribed to it under the GEM Listing Rules)
“Licence”	the exclusive licence granted by the Grantor to the Grantee to, through itself and/or the operator appointed by the Grantee, develop the Mobile Games and the Derived Products in any languages based on the contents of the Designated Comics (including but not limited to the character images, storylines, display screen, circumstances and various items (weapons and costumes) of various comics series) during the Licence Period.
“Licence Agreement”	the agreement dated 14 March 2014 entered into between the Grantee and the Grantor in relation to the Licence
“Licence Period”	the period commencing on the date of the Licence Agreement until the expiration of the Operation Period
“Mobile Games”	the smart mobile devices games developed by the Grantee and/or the operator appointed by the Grantee in accordance with the terms of the Licence Agreement
“Operation Period”	the period of three years commencing on the date of completion of the development of the Mobile Games (i.e. the date when the trial version of the Mobile Games, with billing function, is officially available to the public)
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board
Computech Holdings Limited
Zhang Xiongfeng
Chairman

Hong Kong, 14 March 2014

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Zhang Xiongfeng, Mr. Zhang Peiao, Mr. Mak Kwong Yiu and Mr. Hung Kenneth and (ii) three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing.

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 a minimum period of seven days from the date of its publication and on the website of the Company at <http://www.computech.com.hk>.