THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult a licensed dealer, a bank manager, solicitor, professional accountant or other professional adviser.

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

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Computech

APLUS WORLDWIDE LIMITED

(Incorporated in the British Virgin Islands with limited liability)

Computech Holdings Limited

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

UNCONDITIONAL CASH OFFER BY ALTUS CAPITAL LIMITED ON BEHALF OF APLUS WORLDWIDE LIMITED FOR ALL THE ISSUED SHARES IN COMPUTECH HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY APLUS WORLDWIDE LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to Aplus Worldwide Limited

ALTUS CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee of Computech Holdings Limited

KINGSTON CORPORATE FINANCE LIMITED

A letter from the board of directors of Computech Holdings Limited is set out on pages 5 to 10 of this document.

A letter from Altus Capital Limited containing, among other things, the details of the terms of the Offer is set out on pages 11 to 17 of this document.

A letter from the Independent Board Committee to the Independent Shareholders is set out on page 18 of this document.

A letter of advice from Kingston Corporate Finance Limited containing its opinion and advice to the Independent Board Committee in connection with the Offer is set out on pages 19 to 33 of this document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this document and in the accompanying form of acceptance and transfer. Acceptances of the Offer should be received by Hong Kong Registrars Limited at Rooms 1901-1905, 19/F, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on 29 December, 2003 or such later time and/or date as Aplus Worldwide Limited may determine and announce in accordance with the Takeovers Code.

This document will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its publication.

* *For identification only*

4 December, 2003

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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 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.

CONTENTS

In this document, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the acquisition of the Sale Shares by the Offeror from the Vendor under the S&P Agreement
"Altus"	Altus Capital Limited, a corporation deemed licensed to carry out types 1, 4, 6 and 9 regulated activities (dealing in securities, advising on securities and corporate finance and asset management) under the SFO
"Announcement"	the joint announcement dated 13 November, 2003 published by the Company and the Offeror in relation to the Acquisition and the Offer
"Anstalt"	Anstalt Pacific Techvest Inc., a company incorporated in Liechtenstein and wholly owned by Lam Soon
"Aplus" or "Offeror"	Aplus Worldwide Limited, a company incorporated in the British Virgin Islands, which is owned by Mr. Fung, Mr. Lo and Mr. Yap as to 42%, 42% and 16% respectively
"associates"	the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Brilliant Time" or "Vendor"	Brilliant Time Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Lee
"Business Day"	a day (other than a Saturday) on which banks are open for business in Hong Kong
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CLI"	CL Investments Limited, a company incorporated in the British Virgin Islands with limited liability and details of its shareholders are illustrated in the chart on page 12
"CLIH"	CL International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and ultimately controlled by the shareholders of CLI
"CLIH Group"	CLIH and its subsidiaries
"CLSH"	CL Strategic Holdings Limited, a company incorporated in the British Virgin Islands and holding approximately 23.28% interests in the Company, and details of its shareholders are illustrated in the chart on page 12

"Closing Date"	29 December, 2003 or if the Offer is extended, the closing date of the Offer as extended in accordance with the Takeovers Code
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company"	Computech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
"Completion"	completion of the S&P Agreement in accordance with its terms
"Consideration"	the aggregate of HK$3,720,276 for the Sale Shares under the S&P Agreement
"Director(s)"	director(s) of the Company
"Executive"	the executive director of the Corporate Finance Division of the SFC or any of his delegates
"Form of Acceptance"	the accompanying form of acceptance and transfer in respect of the Offer
"Group"	the Company and its subsidiaries
"GEM"	the Growth Enterprise Market of the Stock Exchange
"HKSCC"	the Hong Kong Securities Clearing Company Limited
"Independent Board Committee"	the independent board committee of the Company comprising Mr. Lee Sai Yeung, being an independent non-executive Director, which has been established for the purpose of advising the Independent Shareholders in relation to the Offer
"Independent Shareholders"	Shareholders other than the Offeror, its associates and parties acting in concert with any of them, but including CLSH
"Kingston"	Kingston Corporate Finance Limited, a corporation deemed licensed to carry out types 4 and 6 regulated activities (advising on securities and corporate finance) under the SFO
"Lam Soon"	Lam Soon (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Latest Practicable Date"	3 December, 2003, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information for inclusion in this document

"Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Mr. Fung"	Mr. Fung Pak Chuen, Alphonso, a non-executive Director and a director and shareholder of the Offeror
"Mr. Lee"	Mr. Lee Man Lung, Vincent, a Director and the sole beneficial owner of the Vendor
"Mr. Lo"	Mr. Richard Lo, a non-executive Director and a director and shareholder of the Offeror
"Mr. Yap"	Mr. Henry Yap Fat Suan, a shareholder of the Offeror
"Offer"	the unconditional cash offer made herein by Altus on behalf of the Offeror in accordance with the Takeovers Code to acquire all the issued Shares not already owned by the Offeror and parties acting in concert with it
"PRC"	the People's Republic of China
"Registrar"	Hong Kong Registrars Limited, Rooms 1901-1905, 19/F, Hopewell Centre, 183 Queen's Road East, Hong Kong
"S&P Agreement"	the agreement dated 1 November, 2003 and entered into between the Vendor, the Offeror and Mr. Lee in relation to the sale by the Vendor and the purchase by the Offeror of the Sale Shares
"Sale Shares"	55,860,000 Shares
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%" or "per cent."	percentage

EXPECTED TIMETABLE

Opening date of the Offer	4 December, 2003
Latest time for acceptance of the Offer	4:00 p.m., 29 December, 2003
Closing Date	29 December, 2003
Latest date for despatch of remittances for the amounts due in respect of valid acceptances received under the Offer	8 January, 2004

Notes:

1. The Offer, which is unconditional, will be closed on 29 December, 2003 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code.

2. The consideration payable for the Shares tendered under the Offer will be paid within 10 days after the receipt by the Registrar of the requisite documents from the accepting Independent Shareholders, duly completed.

3. Although the Offeror does not intend to revise or extend the Offer, it reserves the right to do so.

4. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

All time references contained in this document refer to Hong Kong time.

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

(Incorporated in the Cayman Islands with limited liability)

Directors:
Executive Directors:
Lee Man Lung, Vincent *(Chairman)*
Yip Tai Chee, Alick
Tang Chi Lap

Non-executive Directors:
Fung Pak Chuen, Alphonso
Lo, Richard
Hiroyuki Taniguchi
Toshio Sugii – alternate to Hiroyuki Taniguchi

Independent Non-executive Directors:
Lee Sai Yeung
Tsang Link Carl, Brian

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:
6/F., G.D. Real Estate Tower
143 Connaught Road Central
Sheung Wan
Hong Kong

4 December, 2003

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL CASH OFFER BY ALTUS CAPITAL LIMITED ON BEHALF OF APLUS WORLDWIDE LIMITED FOR ALL THE ISSUED SHARES IN COMPUTECH HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY APLUS WORLDWIDE LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

It was jointly announced by the Company and the Offeror on 13 November, 2003 that the Vendor had entered into the S&P Agreement with the Offeror on 1 November, 2003, pursuant to which the Offeror acquired the Sale Shares from the Vendor for a consideration of HK$3,720,276 (equivalent to HK$0.0666 per Sale Share). The Sale Shares represented approximately 23.28% of the entire issued share capital of the Company as at the Latest Practicable Date.

* *For identification only*

Under the Takeovers Code, there is a presumption that the Vendor, Hitachi, Ltd., CLSH, CLI, Lam Soon, Anstalt and their respective shareholders, among others, are parties acting in concert with the Offeror in respect of the Company. The Vendor, CLSH and Hitachi, Ltd., respectively held 55,860,000 Shares, 55,860,000 Shares and 60,000,000 Shares immediately prior to the Completion of the S&P Agreement. After Completion, which took place on 17 November, 2003, the Offeror, together with parties acting in concert with it, is deemed to be interested in 171,720,000 Shares or approximately 71.56% of the issued share capital of the Company. Altus, on behalf of the Offeror, is making an unconditional cash offer to all Independent Shareholders to acquire all the issued Shares not already owned by the Offeror and parties acting in concert with it.

Although CLSH is presumed to be a party acting in concert with the Offeror in respect of the Company, the Offeror extends the Offer to CLSH since no consultation was made with Lam Soon and Anstalt in relation to the Acquisition and the possible change in the management of the Company after the Acquisition. Accordingly, apart from the 115,860,000 Shares held by the Offeror and Hitachi, Ltd. after Completion, the remaining 124,140,000 Shares (including the 55,860,000 Shares owned by CLSH) of the 240,000,000 Shares in issue, are subject to the Offer.

The purpose of this document is to provide you with, among other things, information relating to the Group and the Offer. The principal terms of the Offer are set out in the letter from Altus on pages 11 to 17 of this document and further terms of the Offer and other information required by the Takeovers Code are set out in the appendices to this document and in the Form of Acceptance. The letter from Kingston containing its advice to the Independent Board Committee in relation to the Offer is set out on pages 19 to 33 of this document.

THE S&P AGREEMENT

Date:	1 November, 2003
Vendor:	Brilliant Time Limited
Purchaser:	Aplus Worldwide Limited
Vendor guarantor:	Mr. Lee
Sale Shares:	55,860,000 Shares, representing approximately 23.28% of the entire issued share capital of the Company as at the Latest Practicable Date. The Sale Shares were acquired by the Offeror free from all liens, charges, options, claims, equities, encumbrances, rights of pre-emption or third-party rights.
Consideration:	HK$3,720,276 (equivalent to HK$0.0666 per Sale Share), which was negotiated and determined on arm's length basis. The purchase price of HK$0.0666 per Sale Share represents: (i) a discount of approximately 69.7% to the closing price of HK$0.22 per Share quoted by the Stock Exchange on 31 October, 2003, being the last day of trading in the Shares prior to the release of the Announcement; (ii) a discount of

approximately 67.4% to the average closing price of approximately HK$0.204 per Share for the 10 days of trading in the Shares up to and including 31 October, 2003 and (iii) a premium of approximately 174.1% to the unaudited net tangible asset value per Share of approximately HK$0.0243 as at 30 September, 2003 based on the consolidated audited net tangible asset value of the Company as at 31 December, 2002 and adjusted by the unaudited consolidated results of the Company for the nine months ended 30 September, 2003.

Save for the said amount of HK$3,720,276, no other consideration has been received by the Vendor or its associates from the Offeror in connection with the disposal of the Sale Shares to the Offeror.

THE OFFER

The Offer is made in compliance with the Takeovers Code by Altus on behalf of the Offeror on the following basis:

For each Share .... HK$0.0666 in cash

The Offer Price of HK$0.0666 is equivalent to the highest price paid for any Share acquired by the Offeror or parties acting in concert with it in the six-month period preceding the commencement of the Offer. Based on 240,000,000 Shares in issue on the Latest Practicable Date, the Offer values the entire issued share capital of the Company at approximately HK$16.0 million.

There were no outstanding warrants, options, subscription rights in respect of any class of equity share capital of the Company or securities convertible into Shares as at the Latest Practicable Date. By accepting the Offer, Independent Shareholders will sell their Shares free from all rights of pre-emption, options, equities, charges, liens, claims, encumbrances or third party rights and with all rights attached, including the right to receive all dividends and distributions declared, paid or made on or after 1 November, 2003, being the date of the S&P Agreement. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

INFORMATION ON THE COMPANY

The Company was listed on GEM in June 2000. The Group is principally engaged in the research, development and sales of banking packaged software products, the provision of software related consultancy and technical services and system integration services in the PRC. As set out in the Company's annual report 2002, the Group recorded a net profit of approximately HK$4.6 million (approximately HK$0.0228 per Share) and a net loss of approximately HK$20.9 million (approximately HK$0.0878 per Share) respectively for the two financial years ended 31 December, 2002. For the nine months ended 30 September, 2003, the Company recorded unaudited loss attributable to Shareholders of approximately HK$14.8 million (approximately HK$0.0617 per Share). The Company had unaudited net tangible assets of approximately HK$5.8 million (approximately HK$0.0423 per Share) as at 30 September, 2003.

The shareholding structure of the Company before and immediately after Completion was as follows:

	Before Completion		After Completion	
	No. of Shares	**%**	**No. of Shares**	**%**
Offeror and parties acting in concert with it				
Offeror *(Note 1)*	–	–	55,860,000	23,28
Hitachi, Ltd. *(Note 2)*	60,000,000	25.00	60,000,000	25.00
Vendor *(Note 3)*	55,860,000	23.28	–	–
CLSH *(Note 1)*	55,860,000	23.28	55,860,000	23.28
Subtotal	**171,720,000**	**71.56**	**171,720,000**	**71.56**
Mr. Yip Tai Chee, Alick, an executive Director	1,000,000	0.42	1,000,000	0.42
Mr. Tang Chi Lap, an executive Director	280,000	0.11	280,000	0.11
Public	67,000,000	27.91	67,000,000	27.91
Total	**240,000,000**	**100.00**	**240,000,000**	**100.00**

Note:

1. Mr. Fung and Mr. Lo, both non-executive Directors, are each interested in 42% of the share capital of the Offeror. Mr. Fung and Mr. Lo are also deemed to be indirectly interested in 50% of CLSH through CLI. Anstalt is interested in the remaining 50% of CLSH. Anstalt is wholly owned by Lam Soon.

2. Mr. Hiroyuki Taniguchi is a non-executive Director nominated by Hitachi, Ltd. Hitachi, Ltd. is a company incorporated in Japan whose shares are listed on the Tokyo Stock Exchange.

3. Mr. Lee is an executive Director and the sole shareholder of the Vendor.

The Directors do not have any interests in the Shares other than those set out above. Save as disclosed in this document and as at the Latest Practicable Date, the Vendor had no interests in the Company.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

Currently, the Board comprises three executive Directors, four non-executive Directors (one of which is acting as an alternate Director), and two independent non-executive Directors. According to the S&P Agreement, Mr. Lee will resign as a Director and such resignation will take immediate effect on the earliest date permitted under the Takeovers Code. The other two executive Directors, namely, Mr. Yip Tai Chee, Alick and Mr. Tang Chi Lap, have indicated that they will also resign as Directors and such resignations will take immediate effect on the earliest date permitted under the Takeovers Code. The Offeror intends to nominate Mr. Fung as executive Director on the earliest date permitted under the Takeovers Code. Mr. Lo, Mr. Hiroyuki Taniguchi, Mr. Lee Sai Yeung and Mr. Tsang Link Carl, Brian both being the non-executive Directors and the independent non-executive Directors, will remain on the Board. Apart from the above, the Offeror may, at an appropriate time, nominate new Directors to the Board. Further announcements relating to the appointment of new Directors will be made by the Company if and when appropriate.

INDEPENDENT BOARD COMMITTEE

As (i) Mr. Lee is the sole beneficial owner of the Vendor; (ii) Mr. Yip Tai Chee, Alick and Mr. Tang Chi Lap are executive Directors with management functions in the Group and are salaried employees of the Company; (iii) Mr. Fung, Mr. Lo, Mr. Hiroyuki Taniguchi (and Mr. Toshio Sugii who is alternate to Mr. Hiroyuki Taniguchi) are non-executive Directors and parties acting in concert with the Offeror; and (iv) Mr. Tsang Link Carl, Brian is a partner in the Company's legal adviser, they are not eligible to be members of the Independent Board Committee. An Independent Board Committee comprising Mr. Lee Sai Yeung has been established to advise the Independent Shareholders in relation to the Offer. The Board has also appointed Kingston to advise the Independent Board Committee in relation to the Offer.

The letter from the Independent Board Committee containing its advice to the Independent Shareholders on the above matters is set out on page 18 of this document. The letter from Kingston containing its advice to the Independent Board Committee on the above matters is set out on pages 19 to 33 of this document.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Directors believe that the Offeror intends that the Company will remain listed on GEM after the closing of the Offer. The Company will undertake to the Stock Exchange to take appropriate steps as soon as practicable following the closing of the Offer to ensure that not less than 20% of the Shares will be held by the public.

The Stock Exchange has stated that it will closely monitor trading in the Shares following the closing of the Offer. If less than 20% of the issued Shares are in public hands following the completion of the Offer, or if the Stock Exchange believes that a false market exists or may exist in the Shares and that there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

The Stock Exchange has also stated that, if the Company remains a company listed on the Stock Exchange, any future acquisitions or disposals of assets by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has discretion to require the Company to issue a circular to its Shareholders irrespective of the size of any proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of the Company. The Stock Exchange also has the power to aggregate a series of transactions of the Company and any such transactions may result in the Company being treated as if it were a new listing applicant and subject to the requirements for new listing application as set out in the Listing Rules.

GENERAL

Your attention is drawn to the letter from Altus contained in this document, which contains information on the Offer, the Offeror and the intentions of the Offeror regarding the business of the Group. Your attention is also drawn to the statutory and general information set out in Appendix III to this document.

The Directors strongly advise you to read the letter from each of the Independent Board Committee and Kingston, the independent financial adviser to the Independent Board Committee, set out in this document with their respective recommendations and advice in respect of the Offer.

Yours faithfully,
For and on behalf of
Computech Holdings Limited
Lee Man Lung, Vincent
Director

ALTUS CAPITAL LIMITED
8/F Hong Kong Diamond Exchange Building
8 Duddell Street, Central
Hong Kong

4 December, 2003

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL CASH OFFER BY ALTUS CAPITAL LIMITED ON BEHALF OF APLUS WORLDWIDE LIMITED FOR ALL THE ISSUED SHARES IN COMPUTECH HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY APLUS WORLDWIDE LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

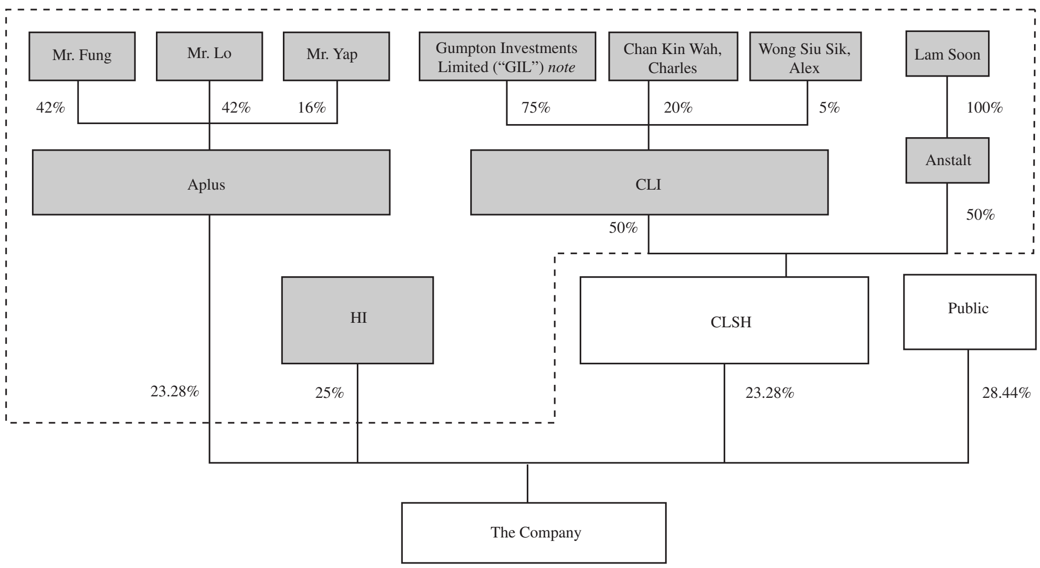
INTRODUCTION

On 13 November, 2003, the respective boards of directors of the Company and the Offeror jointly announced that on 1 November, 2003, the Offeror has entered into the S&P Agreement with the Vendor and Mr. Lee, pursuant to which, among other things, the Offeror agreed to purchase and the Vendor agreed to sell the Sale Shares for an aggregate consideration of HK$3,720,276 (equivalent to HK$0.0666 per Sale Share). The Sale Shares represented approximately 23.28% of the entire issued share capital of the Company as at the Latest Practicable Date.

Under the Takeovers Code, there is a presumption that the Vendor, Hitachi, Ltd., CLSH, CLI, Lam Soon, Anstalt and their respective shareholders, among others, are parties acting in concert with the Offeror in respect of the Company. Following the Completion, the aggregate number of Shares held by the Offeror and parties presumed to be acting in concert with the Offeror is 171,720,000 Shares, representing approximately 71.56% of the issued share capital of the Company. The Executive, under the Takeovers Code, has expressed the opinion that the presumption has not been rebutted and, based on the view of the SFC, the Completion will result in a change in the make-up or balance between the shareholdings of the members of such presumed concert group. Pursuant to Note 1 to Rule 26.1 of the Takeovers Code, a general offer obligation would thus arise following the Completion, and Altus is making the Offer on behalf of Aplus. The Offeror has chosen not to take further steps to rebut the presumption for the time being, but reserves the right to do so.

CLSH currently owns 55,860,000 Shares, representing approximately 23.28% of the entire issued share capital of the Company. Mr. Fung and Mr. Lo are deemed to be indirectly interested in 50% of CLSH through CLI and the balance of CLSH is held by Anstalt. Anstalt and its sole shareholder, Lam Soon, are presumed to be parties acting in concert with the Offeror in respect of the Company; however, they were not consulted with in relation to the Acquisition and the possible change in the management of the Company after the Acquisition. As a result, even though CLSH is presumed to be a party acting in concert with the Offeror in respect of the Company, the Offeror will also extend the Offer to CLSH. Mr. Fung and Mr. Lo will procure (i) CLI not to exercise its vote as a shareholder of CLSH; and (ii) the three members nominated by CLI to the board of CLSH not to participate in any decision of CLSH in relation to the acceptance of the Offer. The Offeror is of the view that the extension of the Offer to CLSH will provide Lam Soon and Anstalt the same opportunity as other public Shareholders to accept the Offer. Accordingly, apart from the 115,860,000 Shares held by the Offeror and Hitachi, Ltd., the remaining 124,140,000 Shares (which includes the 55,860,000 Shares held by CLSH) are subject to the Offer.

The following chart sets out the shareholding structure of the Company after the Acquisition and as at the Latest Practicable Date:



Notes:

1. GIL is owned in equal shares by AFS Holdings Limited (for the benefit of the wife of Mr. Fung) and Ardian Holdings Limited (for the benefit of the wife and a child of Mr. Lo). Both AFS Holdings Limited and Ardian Holdings Limited are wholly-owned by General Trust.

2. Highlighted parties are presumed to be parties acting in concert with the Offeror in the Offer.

This letter sets out detailed terms of the Offer, together with information on the Offeror and its intention regarding the Group. Further terms of the Offer are also set out in Appendix I to this document and in the Form of Acceptance. Your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee to the Independent Shareholders and the letter from Kingston to the Independent Board Committee as contained in this document.

THE OFFER

Altus is making, on behalf of the Offeror, an unconditional cash offer to acquire all the issued Shares other than those already owned by the Offeror and parties acting in concert with it, but including the Shares held by CLSH as described above, on the following basis:

The Offer

For each Share .... HK$0.0666 in cash

The offer price of HK$0.0666 per Share is the same as the price paid by the Offeror to the Vendor for each Sale Share under the S&P Agreement. The offer price of HK$0.0666 per Share represents:

- a discount of approximately 69.7% to the closing price of HK$0.22 per Share quoted by the Stock Exchange on 31 October, 2003, being the last day of trading in the Shares prior to the release of the Announcement;
- a discount of approximately 67.4% to the average closing price of approximately HK$0.204 per Share for the 10 days of trading in the Shares up to and including 31 October, 2003;
- a premium of approximately 174.1% to the unaudited net tangible asset value per Share of approximately HK$0.0243 as at 30 September, 2003 based on the consolidated audited net tangible asset value of the Company as at 31 December, 2002 and adjusted by the unaudited consolidated results of the Company for the nine months ended 30 September, 2003; and
- a discount of approximately 68.3% to the closing price per Share of HK$0.21 per Share quoted by the Stock Exchange on the Latest Practicable Date.

Highest and lowest closing prices of the Shares

During the six months period preceding the date of the S&P Agreement, the highest and lowest closing prices of the Shares on the Stock Exchange were HK$0.25 per Share on 16 June, 2003 and 17 June, 2003 and HK$0.20 per Share during the periods from 2 May, 2003 to 13 May, 2003, 15 May, 2003 to 12 June, 2003 and 10 September, 2003 to 29 October, 2003 respectively.

Total consideration

As at the Latest Practicable Date, there were 240,000,000 Shares in issue, of which 124,140,000 Shares (representing approximately 51.7% of the issued share capital of the Company) are subject to the Offer being made. At a price of HK$0.0666 per Share, the entire issued share capital of the Company is valued at HK$15,984,000 under the Offer and the total consideration payable under the Offer is approximately HK$8.27 million.

Altus has been engaged by the Offeror as its financial adviser in respect of the Offer and is making the Offer on behalf of the Offeror. Altus is satisfied that there are sufficient financial resources available to the Offeror to meet full acceptance of the Offer.

Unconditional Offer

The Offer is unconditional and is not subject to the attainment of any particular level of acceptances in respect of the Offer.

Effect of accepting the Offer

The Shares acquired under the Offer will be acquired free from all rights of pre-emption, options, claims, equities, third party rights, liens, charges or encumbrances and together with all rights attaching thereto, including the right to receive all dividends and distributions declared, paid or made on or after 1 November, 2003, being the date of the S&P Agreement.

Dealings in Shares

The Offeror confirmed that there have been no dealings in the Shares by the Offeror and parties acting in concert with it in the past six months from 2 May, 2003 to 1 November, 2003 other than the acquisition of the Sales Shares by the Offeror from the Vendor pursuant to the S&P Agreement.

Stamp duty

Stamp duty at a rate of HK$1.00 for every HK$1,000 or part thereof of the amount greater of (i) the consideration payable in respect of the relevant acceptance, and (ii) the market value of the relevant Shares payable in respect of relevant acceptance will be payable by the accepting Independent Shareholders. The Offeror will pay for such amount of stamp duty on behalf of and for the account of the Independent Shareholders who accept the Offer and such amount will be deducted from the amount payable to Independent Shareholders on acceptance of the Offer.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands on 28 October, 2002 and is owned by Mr. Fung, Mr. Lo and Mr. Yap as to 42%, 42% and 16% respectively. Other than the entering into of the S&P Agreement, the Offeror has not conducted any business since its incorporation.

Mr. Fung, aged 53, is a non-executive Director. He is one of the two co-founders and managing directors of CLIH Group. Mr. Fung graduated from the University of London, England, with a master's degree in Computer Science. Prior to the establishment of the CLIH Group in 1979, he worked at IBM in Hong Kong and International Computers Limited in the United Kingdom.

Mr. Lo, aged 52, is a non-executive Director. Mr. Lo is the other co-founder and managing director of CLIH Group. Before the establishment of the CLIH Group, Mr. Lo worked in the marketing department of IBM in Hong Kong. Mr. Lo holds a bachelor's degree in Mathematics from Syracuse University, New York, USA and a master's degree in Business Administration from the University of California at Los Angeles, USA.

Mr. Yap, aged 58, is currently the managing director of Johnson Matthey Hong Kong Limited and had previously worked with The Union Bank of Switzerland and Sun Hung Kai Securities Limited. He is a fellow member of The Institute of Chartered Accountants in England and Wales and of the Hong Kong Society of Accountants. He is a member of the audit committee of the Hong Kong Housing Society.

INTENTIONS OF THE OFFEROR

It is the intention of the Offeror that the existing principal activities of the Group will remain unchanged immediately after the closing of the Offer. The Offeror has no intention to dispose of or re-deploy the assets of the Group and to inject assets into the Group. The Offeror believes that the Group has the knowledge and experience in the research and development of banking software, software consultancy as well as system integration services and considers that there will be potential for these products and services in the PRC market. The Offeror believes that the business model of the Group is viable despite its current tight cash flow conditions and hopes that the operating condition of the Group will improve gradually. The Offeror intends to conduct a review of the Group's existing position with a view to improving its operating efficiency while broadening and expanding the scope of business of the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends that the Company will remain listed on GEM after the closing of the Offer. The Offeror will undertake to the Stock Exchange to take appropriate steps as soon as practicable following the closing of the Offer to ensure that not less than 20% of the Shares will be held by the public.

The Stock Exchange has stated that it will closely monitor trading in the Shares following the closing of the Offer. If less than 20% of the issued Shares are in public hands following the completion of the Offer, or if the Stock Exchange believes that a false market exists or may exist in the Shares and that there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

The Stock Exchange has also stated that, if the Company remains a company listed on the Stock Exchange, any future acquisitions or disposals of assets by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has discretion to require the Company to issue a circular to its Shareholders irrespective of the size of any proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of the Company. The Stock Exchange also has the power to aggregate a series of transactions of the Company and any such transactions may result in the Company being treated as if it were a new listing applicant and subject to the requirements or new listing application as set out in the Listing Rules.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Offeror intends to nominate Mr. Fung as executive Director on the earliest date permitted under the Takeovers Code. Mr. Lo, Mr. Hiroyuki Taniguchi, Mr. Lee Sai Yeung and Mr. Tsang Link Carl, Brian, both being the non-executive Directors and the independent non-executive Directors, will remain on the Board. Apart from the above, the Offeror may, at an appropriate time, nominate new Directors to the Board. Further announcements relating to the appointment of new Directors will be made by the Company if and when appropriate.

ACCEPTANCE AND SETTLEMENT

Procedures for acceptance

The Offer

In order to accept the Offer, Independent Shareholders should complete the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.

The completed Form of Acceptance should then be forwarded, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in which you intend to accept under the Offer, by post or by hand, to the Registrar, Hong Kong Registrars Limited, Rooms 1901-1905, 19/F, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "Computech Offer" as soon as possible but in any event not later than 4:00 p.m. on 29 December, 2003 or such later date as the Offeror may determine and announce in accordance with the Takeovers Code. No acknowledgement of receipt of any Form of Acceptance, share certificate(s), transfer receipts(s) or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to the further terms of the Offer set out in Appendix I to this document and in the Form of Acceptance. Independent Shareholders with registered addresses outside Hong Kong please also pay attention to the section headed "General Information" in Appendix III to this document.

Settlement

The Offer

Provided that the relevant Form of Acceptance and share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the Registrar on or before 4:00 p.m. on 29 December, 2003, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Shares tendered by them under the Offer, less seller's ad valorem stamp duty payable by them, will be dispatched to the accepting Independent Shareholders by ordinary post at their own risk within 10 days following the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

Nominee registration

To ensure equality of treatment of all Independent Shareholders, those registered Shareholders who hold Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regards to the Offer.

All documents and remittances will be sent to the accepting Independent Shareholders through ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the said register of members, unless otherwise specified in the relevant Forms of Acceptance completed and returned by the accepting Independent Shareholders. None of the Company, the Offeror, the parties acting in concert with the Offeror, Altus, the Registrar, any of their respective directors or any other parties involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

TAXATION

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications of accepting the Offer. It is emphasised that none of the Offeror, the parties acting in concert with the Offeror, Altus, any of their respective directors or any other parties involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance of the Offer.

GENERAL

Independent Shareholders are advised to read carefully the letter from the Independent Board Committee and the letter from Kingston as contained in this document before deciding whether or not to accept the Offer.

Your attention is also drawn to the further terms of the Offer and the additional information set out in the appendices to this document.

Yours faithfully
For and on behalf of
Altus Capital Limited

Arnold Ip
Executive Director

Kevin Chan
Executive Director

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

(Incorporated in the Cayman Islands with limited liability)

4 December, 2003

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL CASH OFFER BY ALTUS CAPITAL LIMITED ON BEHALF OF APLUS WORLDWIDE LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF COMPUTECH HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY APLUS WORLDWIDE LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

I refer to the document dated 4 December, 2003 issued by the Company (the "Document") of which this letter forms part. Terms defined in the Document have the same meanings in this letter unless the context otherwise requires.

I have been appointed by the Board as the Independent Board Committee to consider the Offer. I do not have a conflict of interest in the Offer and do not have any connection with the Offeror or any parties acting in concert with it. Kingston has been appointed as the independent financial adviser to advise the Independent Board Committee on the Offer.

Your attention is drawn to the letter from the Board and the letter of advice from Kingston containing its advice to the Independent Board Committee as set out in the Document, and to the letter from Altus set out in the Document containing, among other things, the terms of the Offer.

RECOMMENDATION

Taking into account the terms of the Offer and the advice from Kingston, I consider that the terms of the Offer are fair and reasonable in so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Offer if they no longer wish to retain part or all of their investments in the Shares. Independent Shareholders who wish to realise part or all of their holdings should monitor the movement of the prices of the Shares carefully before the close of the Offer and should consider selling their Shares in the market if the net proceeds of such sale will be higher in the market than the net amount receivable under the Offer.

Yours faithfully
Lee Sai Yeung
Independent Board Committee

* *For identification only*

The following is text of a letter of advice to the Independent Board Committee from Kingston regarding the Offer which is prepared for the purpose of incorporation in this document.

KINGSTON CORPORATE FINANCE LIMITED

Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

4 December, 2003

To the Independent Board Committee

Dear Sirs,

Unconditional cash offer by
Altus Capital Limited
on behalf of Aplus Worldwide Limited for all
the issued Shares in Computech Holdings Limited
(other than those Shares already owned and/or agreed
to be acquired by Aplus Worldwide Limited
and parties acting in concert with it)

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the composite document (the "Composite Document") dated 4 December, 2003 to the Independent Shareholders, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Composite Document unless the context requires otherwise.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Offer. We have been appointed to advise the Independent Board Committee as to whether or not the terms of the Offer are fair and reasonable for its consideration in making its recommendation to the Independent Shareholders. In assessing the eligibility of the Directors to be a member of the Independent Board Committee, we, having considered the confirmations from each of the Directors to the SFC in respect of their interests in the Company, noted the following:

– Mr. Lee Man Lung, Vincent, an executive Director, is a sole shareholder of Vendor and a salaried employee of the Group.

– Mr. Yip Tai Chee, Alick and Mr. Tang Chi Lap are the executive Directors and salaried employees of the Group.

– Mr. Fung Pak Chuen, Alphonso, a non-executive Director, is a director and shareholder of the Offeror.

– Mr. Richard Lo, a non-executive Director, is a director and shareholder of the Offeror.

– Mr. Hiroyuki Taniguchi, is a non-executive director nominated by Hitachi, Ltd., which is a party presumed to be acting in concert with the Offeror under the Takeovers Code.

– Mr. Toshio Sugii, an alternative Director to Mr. Hiroyuki Tangiguchi, is a non-executive Director nominated by Hitachi, Ltd., which is a party presumed to be acting in concert with the Offeror under the Takeovers Code.

– Mr. Brian Tsang Link Carl, is an independent non-executive Director and is a partner of the legal adviser to the Company.

Based on the foregoing, we consider that Mr. Lee Man Lung, Vincent, Mr. Yip Tai Chee, Alick, Mr. Tang Chi Lap, Mr. Fung Pak Chuen, Alphonso, Mr. Richard Lo, Mr. Hiroyuki Taniguchi, Mr. Toshio Sugii and Mr. Brian Tsang Link Carl will not be eligible to be members of the Independent Board Committee.

The Independent Board Committee thus comprises Mr. Lee Sai Yeung, the independent non-executive Director and is considered as independent of the Offeror.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and facts supplied by, the opinions expressed by and the representations of the Directors and the director of the Offeror concerning the Group and the Offeror respectively, including those facts, opinions and representations set out elsewhere in the Composite Document. We have assumed that all information, facts, opinions and representations made or referred to elsewhere in the Composite Document were true at the time they were made and continued to be true at the date of the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the directors of the Offeror. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinion expressed by them and we have no reason to doubt that any relevant material fact has been withheld or omitted from the information provided and referred to in the Composite Document or the reasonableness of the opinions and representations expressed by the Group and the Offeror, which have been provided to us.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror) and confirmed, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any such statement contained in the Composite Document misleading. The directors of the Offeror have declared in a responsibility statement set out in Appendix III of the Composite Document that they are jointly and severally responsible for the accuracy of the information contained in the Composite Document (other than information relating to the Group) and confirmed, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any such statement contained in the Composite Document misleading. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our advice. We have relied on such information and opinions and have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospect of the Group, the Offeror or their respective associates.

We have not considered the tax implications on the Independent Shareholders of their acceptances or non-acceptances of the Offer since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken into consideration the following principal factors and reasons:

1. Terms of the Offer

Under the Offer, Altus Capital, on behalf of the Offeror, is making an unconditional cash offer on the following basis:

for each Share .... HK$0.0666 in cash

As at the Latest Practicable Date, the Offer is being made for 124,140,000 Shares, representing approximately 51.73% of the entire issued Share capital of the Company. At a price of HK$0.0666 per Share (the "Offer Price"), the Offer is valued at HK$8,267,724. Altus Capital is satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptance of the Offer. Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the Composite Document and the Form of Acceptance.

2. Financial Performance of the Group

The Company is principally engaged in research, development and sales of banking packaged software products, the provision of software related consultancy and technical services and system integration services in the PRC.

The audited consolidated results of the Group for the three years ended 31 December, 2002, are set out in Appendix II to the Composite Document. A summary, together with the unaudited financial results of the Group for the nine months ended 30 September, 2003, is as follows:

	For the financial year ended 31 December, ("FY")			**Nine months ended**
	2000 *(Note)*	**2001**	**2002**	**30 September, 2003**
	(audited)	**(audited)**	**(audited)**	**(unaudited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	23,386	120,990	68,635	32,718
Net profit/(loss)	681	4,552	(20,852)	(14,817)
Gross profit margin	33.9%	23.2%	19.8%	2.93%

Note: The accounting period is from 29 March, 2000 (date of incorporation) to 31 December, 2000.

The Group has experienced a significant downturn in the operational results in the FY2002. In FY2002, the turnover of the Group decreased 43% from approximately HK$121.0 million in FY2001 to approximately HK$68.6 million and recorded a net loss attributable to Shareholders of approximately HK$20.9 million. As stated in the section headed "Management discussion and analysis" of the Group's annual report 2002, the substantial deterioration in the financial conditions of the Group was due to a combined effect of 16th People's Congress in the PRC and generally adverse economic environment, which delayed the ordering process for bankers in the PRC. Followed by the 16th People's congress in the PRC, there were certain reforms in the financial industry in the PRC which, in the view of the Directors, contributed the major reason for the unsatisfactory result in FY2002. One of the major customers for the Group, Credit Co-operatives was being reformed and such re-organisation hindered the progress of most of the IT construction projects. The establishment of the Banking Commissioner was also seriously considered by the central authority and led to the change of the role and function of the People's Bank of China. The Directors considered that top management of most of the national commercial banks has been changed which led to the delay of the purchasing decision on the information technology investment by PRC banks.

Besides, as stated in the sections headed "Chairman's statement" and "Management discussion and analysis" of the Group's annual report 2002, the downturn in the Group's operational results was also attributed to the following factors:

(a) Additional increase in cost of sales

An additional cost of sales of approximately HK$5.3 million was charged to the Group's income statements in the fourth quarter of FY2002. The amount involved two portions. Approximately HK$2.97 million represented the PRC technical staff salaries and expenses incurred in the first three quarters of FY2002. According to the revenue matching principle applied by the Group, these expenses were capitalised first and charged to the income statement upon recognition of after-sales services for package software products. Since the sales volume dropped in the fourth quarter of FY2002, for prudence sake, a full cost provision was made. The remaining balance of approximately HK$2.4 million was the direct cost of technical staff salaries and expenses incurred in the fourth quarter of FY2002. The gross profit margin decreased from approximately 23.2% in FY2001 to approximately 19.8% in FY2002.

(b) Increase in selling and distribution expenses

Selling and distribution expenses for the FY2002 increased as compared to FY2001. The increase in selling and distribution expenses was mainly due to the marketing expenses of approximately HK$2.9 million incurred for potential projects, and salesman's commission for incomplete projects in the fourth quarter of FY2002 was written off to the income statement since these projects did not realize and no contract was signed.

(c) Provision for long outstanding debts

A general provision for long outstanding debts of approximately HK$3.7 million was included in the administration expenses in FY2002. The provision represented 50% of the outstanding trade debts aged over 12 months as at 31 December, 2002.

(d) Impairment loss of development costs

The development costs for the product, Corporate Banking System (CBS), had been capitalised and amortised according to the Group's accounting policy in FY2001. However, since the product had been launched into the market for over 1 year without success, a full provision for the capitalised amount was made in FY2002.

According to the Group's third quarter interim report for the period ended 30 September 2003, the Group has experienced a further decrease in the operating results as compared to the previous corresponding period. The unaudited turnover of the Group was approximately HK$32.7 million, representing a drop of approximately 51.9% in the turnover as compared to the Group's result for the nine months ended 30 September, 2002. The gross profit margin significantly decreased to approximately 2.93% from approximately 27.7% as compared to the corresponding period in 2002. For the nine months ended 30 September, 2003, the Group experienced an unaudited consolidated loss attributable to shareholders of approximately HK$14.8 million as compared to the loss of approximately HK$2.2 million in the previous corresponding period. The loss per share for the nine months ended 30 September, 2003 was HK$0.0617. As stated in the Group's third quarter interim report for the period ended 30 September, 2003, the deterioration in the financial condition of the Group was mainly attributed to the structural reform of the financial industry in the PRC which is still ongoing and has hindered the banks in the PRC from acquiring new hardware and software.

Independent Shareholders are advised to consider the future prospects of the Group by studying the sections headed "Information on the Offeror" and "Intentions of the Offeror" in the "Letter from Altus" contained in the Composite Document, and our analysis in "Intention of the Offeror regarding the future prospects of the Group" contained in this letter.

3. Price/earnings multiples and dividend yields

One of the most commonly used references for valuing a company is the price/earnings multiple. However, since the Company recorded audited consolidated net losses for the the year ended 31 December, 2002 and that no forecast of profit or loss has been made, a meaningful price/earnings multiple cannot be derived for assessing the value of the Group.

We have also reviewed the dividend payment history of the Company and noted that for the three financial years ended 31 December, 2002, the Company has not paid or declared any dividends to the Shareholders. Accordingly, there is no basis to appraise the fairness and reasonableness of the Offer Price based on the historical dividend yield of the Company.

4. Net tangible assets value

Generally, it would be more common to use the price/earnings multiple or a discount cashflow method based on the cashflow forecasts of the business to appraise the value of a software company. However, as discussed earlier, the Company was loss making and no detailed cashflow forecast has been provided by the Company, the use of price/earnings multiple or the discounted cashflow method would not be applicable. As such, although it may not be appropriate to apprise the value of the shares of an software company by reference to its net tangible asset, such valuation method may provide an alternative indication on how the market recognises the value of such company in absence of a comparison by way of a meaningful price/earning multiples or a valuation using a discounted cashflow method.

As stated in the paragraph headed "Pro forma unaudited adjusted consolidated net tangible assets value of the Group" in Appendix II to the Composite Document, the Offer Price represents a premium of approximately 178% to the pro forma unaudited adjusted consolidated net tangible assets value per Share of approximately HK$0.024 as at 30 September, 2003. The Offer Price also represents a premium of approximately 25.9% to the unaudited net assets value per Share of approximately HK$0.0529 as at 30 September, 2003.

As at 31 October, 2003, being the last trading date prior the release of the Announcement, the market capitalisation of the Company was approximately HK$52.8 million. Given that (i) the size of the market capitalisation of companies listed on the main board (the "Main Board") of the Stock Exchange is normally larger than those listed on GEM; (ii) companies listed on GEM are required to pursue a focused line of business whilst there is no such requirement for companies listed on the Main Board; and (iii) there is a general perception that companies listed on GEM should offer a higher investment return than those on the Main Board due to their risk profile, we consider that it would be more appropriate to use the companies listed on GEM for comparison purposes. The Company is a banking packaged software products provider and is specific in its businesses. There is only one company, Soluteck Holdings Limited, with a similar business nature listed on GEM and its business activity is categorised as "Banking software" as shown on the web page headed "Primary Market Statistics" on the GEM website. Nevertheless, for our analysis purpose, we have also selected 14 companies (together with Soluteck Holdings Limited, the "Comparables") with principal business activities categorised as "Enterprise software" as shown on the web page headed "Primary Market Statistics" on the GEM website. We have reviewed the premiums/ discounts of the closing share prices of the Comparables as at 31 October, 2003, being the last trading date of the Company before the Announcement to their adjusted net tangible assets value per share as published in their latest published annual reports and latest published quarterly reports, for the purpose of comparing the premium/discount of the Offer Price to the pro forma unaudited adjusted consolidated net tangible assets value per Share of the Group, to the market in general.

	Closing price on 31 October, 2003 *(HK$)*	Adjusted net tangible asset value per share based on the latest published annual report and latest published quarterly/interim results (approximately) *(HK$)*	Premium/ (discount) of closing price to net tangible assets value per share (approximately) *(%)*
AKuP International Holding Limited	0.029	0.0638	(55)
Chengdu Top Sci-Tech Company Limited	0.46	0.3597 *(Note 3)*	28
ePro Limited	0.04 *(Note 4)*	0.0157	155
Excel Technology International Holdings Limited	0.146	0.114	28
FlexSystem Holdings Limited	0.1360	0.06415	112
Golding Soft Limited	0.075	0.0901 *(Note 3)*	(17)
Jiangsu NandaSoft Company Limited	0.44	0.1727 *(Note 3)*	155
Kingdee International Software Group Company Limited	2.65	0.3765	604
Linefan Technology Holdings Limited	0.041	0.06369	(36)
MRC Holdings Limited	0.06	N/A *(Note 5)*	N/A
Sing Lee Software (Group) Limited	0.25	0.066 *(Note 3)*	279
Soluteck Holdings Limited	0.1070	0.1037	3
Systek Information Technology (Holdings) Limited	0.025	0.00414	504
Timeless Software Limited	0.22	0.236	(7)
Universal Technologies Holdings Limited	0.094	0.0449	109
Median			69
Average			133
The Company	0.0666 *(Note 1)*	0.024 *(Note 2)*	178

Note:

1. The Offer Price
2. Unaudited pro forma adjusted consolidated net tangible assets value per Share on the Latest Practicable Date
3. Assume HK$1=RMB1.06
4. The closing price on 29 October, 2003, being the last trading date before the suspension of trading of the shares on GEM of the Stock Exchange
5. Since the Company recorded an adjusted net tangible liabilities as at the date of its latest published quarterly report, the respective financial figures will not provide a meaningful reference for our analysis.

The shares of the Comparables were traded from a discount of approximately 55% to a premium of approximately 604% to their respective adjusted net tangible assets value per share and the median and the average are approximately 69% and 133%, respectively. We note that the premium of the Offer Price to the unaudited pro forma adjusted consolidated net tangible assets value per Share of approximately 178% is higher than the median and the average, being a premium of approximately 69% and 133%, respectively.

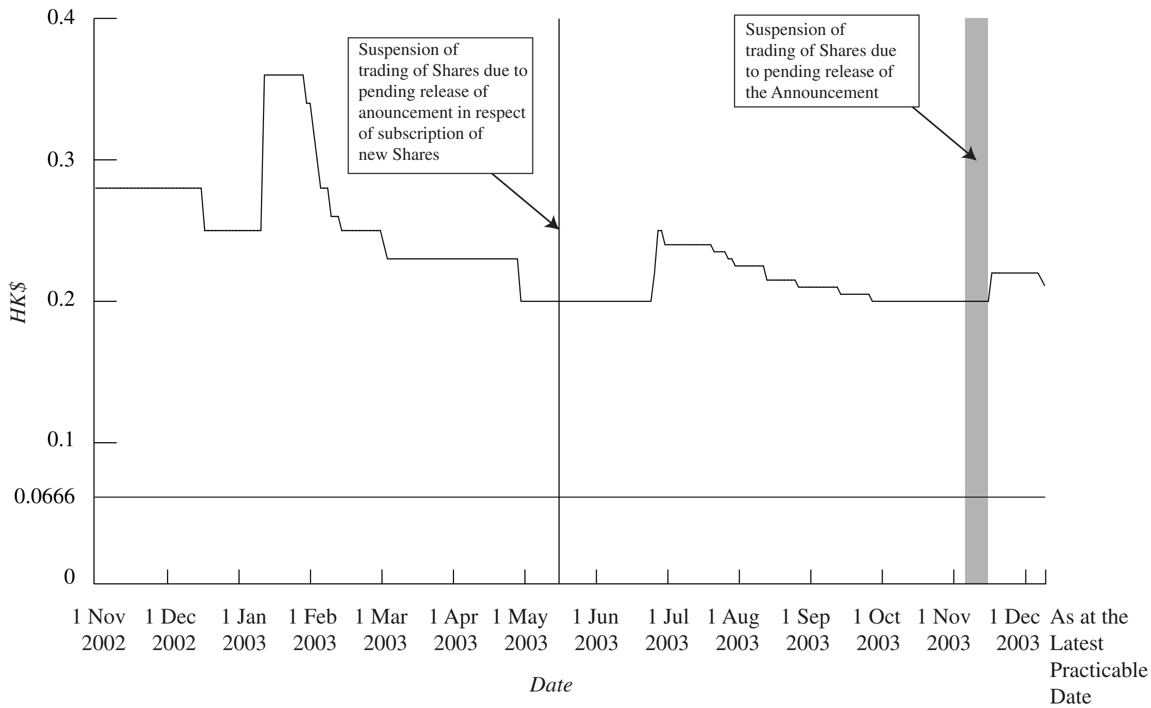
As aforesaid, the shares of the Comparables were traded in a wide range from a discount of approximately 55% to a premium of approximately 604% to their respective adjusted net tangible assets value per share. The wide range implies that the Comparables may not be the direct comparables of the Company since (i) as aforesaid, 14 out of the 15 Comparables are only engaged in the similar business as "Enterprise software" of the Company while the Company is engaged in the banking software industry and (ii) the Comparables have different size of operations. However, in absence of any other direct comparables of the Company, we are of the view that the premiums/discounts of the closing prices of the Comparables to their adjusted net tangible assets value per share can provide a reference to assess the fairness and reasonableness of the Offer Price in the software industry.

5. Historical Share price performance and trading liquidity

Share price performance

The following chart sets out the daily historical closing prices of the Shares traded on The Stock Exchange starting from in 1 November, 2002 up to and including the Latest Practicable Date (the "Review Period").

Computech Holdings Limited



Source: Stock Exchange's website (www.hkex.com.hk)

The highest and lowest closing prices of the Shares for each of the months during the Review Period were as follows:

	Highest daily	Lowest daily	Month/period end closing price	Average daily closing price of the month/period
2002				
November	–	–	0.28	0.280
December	0.36	0.25	0.36	0.267
2003				
January	0.38	0.36	0.25	0.317
February	0.25	0.23	0.23	0.241
March	–	–	0.23	0.230
April	–	–	0.20	0.214
May	–	–	0.20	0.200
June	0.25	0.22	0.24	0.224
July	–	–	0.215	0.230
August	–	–	0.205	0.211
September	–	–	0.20	0.202
October	0.22	0.22	0.22	0.202
November	–	–	0.22	0.220
December (up to the Latest Practicable Date)	–	–	0.21	0.217

During the Review Period, the Share price fluctuated between the average daily closing prices of the month/period of HK$0.317 and HK$0.20 respectively. The Offer Price is lower than the lowest average daily closing price of the month/period during the Review Period, and represents a discount of approximately 79.0% to the highest average daily closing prices of the month/period of HK$0.317, and a discount of approximately 66.7% to the lowest average daily closing prices of the month/period of HK$0.20 during the Review Period.

After the release of the Announcement, the Share price was at HK$0.21 as at the Latest Practicable Date.

The Offer Price of HK$0.0666 per Share represents:

(a) a discount of approximately 69.7% to the closing price of HK$0.22 per Share quoted by the Stock Exchange on 31 October, 2003, being the last day of trading in the Shares prior to the release of the Announcement;

(b) a discount of approximately 67.4% to the average closing price of approximately HK$0.204 per Share for the 10 days of trading in the Shares up to and including 31 October, 2003; and

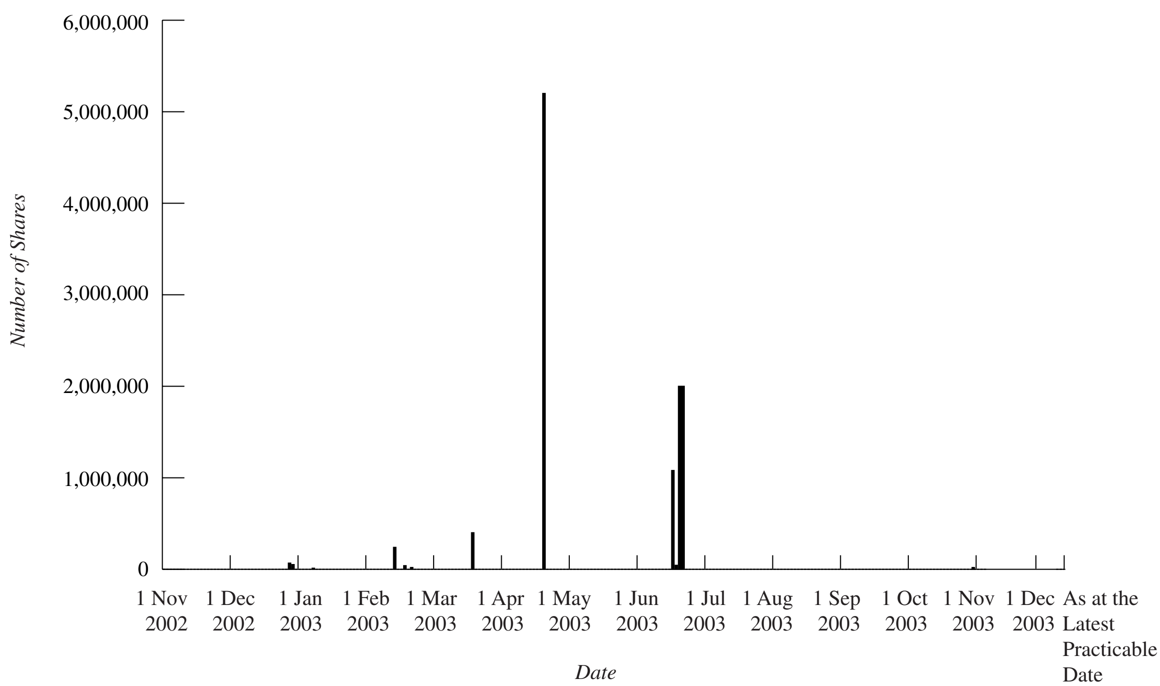
(c) a discount of approximately 68.3% to the closing price of approximately HK$0.21 per Share on the Latest Practicable Date.

The closing prices of the Shares have been consistently and significantly higher than the Offer Price, which represents a discount to the market prices of the Shares both before and after the release of the Announcement. However, Independent Shareholders should also note that the price of the Shares had been on an overall downward trend during the Review Period. Having taking into account the low liquidity of the Shares in the open market during the Review Period (details of which are set out below) and the opportunity offered under the Offer for the Independent Shareholders to dispose of their investments in the Shares, we consider the historical price performance of the Shares does not serve as a meaningful reference to assess whether the Offer Price is fair and reasonable.

Liquidity

The following chart sets out the daily trading volume of the Shares during the Review Period.

Computech Holdings Limited



Source: Stock Exchange's website (www.hkex.com.hk)

The following table sets out the total number of Shares traded per month, and the respective percentages of monthly trading volume compared with the issued share capital and with the Shares held by the public respectively for the Review Period:

	Number of Shares traded per month/period	Shares traded as a percentage of the issued share capital of the Company	Shares traded as a percentage of Shares held by the public *(Note)*
2002			
November	–	–	–
December	120,000	0.05%	0.179%
2003			
January	12,000	0.005%	0.0179%
February	300,000	0.125%	0.448%
March	400,000	0.166%	0.597%
April	5,200,000	2.17%	7.76%
May	–	–	–
June	5,124,000	2.135%	7.65%
July	–	–	–
August	–	–	–
September	–	–	–
October	20,000	0.0083%	0.03%
November	–	–	–
December (up to the Latest Practicable Date)	–	–	–

Note: Based on the 67,000,000 Shares held by the public as at the date of the Announcement.

As illustrated in the above table, prior to the release of the Announcement, the Shares had been thinly traded on the Stock Exchange for the past few months, except for April 2003 and June 2003. The trading volume of the Shares was very thin and within the range of 0.00% to about 2.17% of the issued share capital of the Company or of 0.00% to about 7.76% of the Shares held by the public since 1 November, 2002, being twelve months prior to the release of the Announcement. For the 248 trading days during 1 November, 2002 to the Last Trading Date (excluding the trading of Shares suspended on the GEM of The Stock Exchange), there were 235 trading days when no trading of the Shares was being recorded on the Stock Exchange. The aggregate amount of Shares owned by the public, being 67,000,000 shares as at the date of the Announcement, represents approximately 71.9 times of the monthly average trading volume of Shares of 931,333 Shares for the twelve months ended October 2003. After the release of the Announcement and up to the Latest Practicable Date, there were only 14 trading days and no Shares has been traded on the Stock Exchange.

In view of the low liquidity of the Shares, the Independent Shareholders should note that whilst the Offer Price is lower than the trading prices of the Shares before and after the release of the Announcement, it may be difficult for the Independent Shareholders who do not accept the Offer to sell their Shares in the market within a short period of time without exerting a downward pressure on the price of the Shares. Therefore, Independent Shareholders who wish to realise their investments may not be able to sell the Shares in the open market at a price equal to or higher than the Offer price (after deducting the related expenses), and should consider the Offer as an exit for their investments.

6. Intention of the Offeror regarding the future prospects of the Group

As set out in the "Letter from Altus Capital" contained in the Composite Document, it is the intention of the Offeror that the existing principal activities of the Group will remain unchanged immediately after the closing of the Offer. The Offeror has no intention to dispose of or re-deploy the assets of the Group or to inject assets into the Group. The Offeror intends to conduct a review of the Group's existing position with a view to broadening and expanding the scope of business of the Group.

As set out in the "Letter from Altus", Mr. Lee will resign as Director and such resignation will take immediate effect on the earliest date permitted under the Takeovers Code. The other two executive Directors, namely, Mr. Yip Tai Chee, Alick and Mr. Tang Chi Lap, have indicated that they will also resign as Directors and such resignations will take immediate effect on the earliest date permitted under the Takeovers Code. The Offeror intends to nominate Mr. Fung as an executive Director on the earliest date permitted under the Takeovers Code. Mr. Lo, Mr. Hiroyuki Taniguchi, Mr. Lee Sai Yeung and Mr. Brian Tsang Link Carl, being the two non-executive Directors and the independent non-executive Directors, will remain on the Board.

As mentioned in the above paragraph, the Group has experienced a substantial deterioration on its financial results since FY2002 which was mainly due to the structural reforms in the financial industry in the PRC and the general adverse economic environment. Per our discussion with the management of the Group, the Directors considered that such structural reforms may continue to exert an adverse effect on the industry in which the Group operates, we are of the view that given the uncertainty in the business environment of the Group and there is no detailed information regarding the necessary strategy and plans will be adopted by the Group, the profitability of the Group in future may not be restored.

Taking into account i) that the Offeror has no concrete plan with respect to the future business development of the Group; ii) that there will be a material change to the management of the Company as all the executive Directors will resign; and iii) the substantial deterioration on the financial results of the Group since the FY2002 we are of the view that, there is uncertainty in relation to the future prospects of the Group.

7. Maintaining listing status of the Company

The Offeror intends that the Company will remain listed on GEM after the closing of the Offer. Each of the Offeror and the board of Directors (including the proposed new Directors) will undertake to the Stock Exchange to take appropriate steps as soon as practicable following the closing of the Offer to ensure that sufficient public float will be maintained.

The Stock Exchange has stated that it will closely monitor trading in the Shares following the closing of the Offer. If less than 20% of the issued Shares are in public hands following the completion of the Offer, or if the Stock Exchange believes that a false market exists or may exist in the Shares and that there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

Due to the possibility of insufficient public float, Independent Shareholders should be reminded that, upon completion of the Offer, the trading of the Shares may be temporarily suspended until a sufficient level of public float is restored.

The Stock Exchange has also stated that, if the Company remains a company listed on the Stock Exchange, any future acquisitions or disposals of assets by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has discretion to require the Company to issue a circular to its Shareholders irrespective of the size of any proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of the Company. The Stock Exchange also has the power to aggregate a series of transactions of the Company and any such transactions may result in the Company being treated as if it were a new listing applicant and subject to the requirements for new listing application as set out in the Listing Rules.

RECOMMENDATION

In summary:

(a) the Company recorded considerable losses in the financial year ended 31 December, 2002 and for the nine months ended 30 September, 2003 and a significant decrease in the gross profit margin from approximately 33.9% in FY2000 to approximately 2.93% for the nine months ended 30 September, 2003;

(b) the Company did not declare any dividend to the Shareholders for the past three financial years ended 31 December, 2002;

(c) the Offer price per Share represents a premium of about 178% to the unaudited pro forma adjusted consolidated net tangible assets value per Share of about HK$0.024 as at 30 September, 2003, and such premium is higher than the median and the average of the Comparables, being a premium of about 69% and 133%, respectively;

(d) although the closing prices of the shares have been consistently and significantly higher than the offer price, the thin trading volume of the Shares may make it difficult for the Independent Shareholders to dispose of their Shares in the market without exerting downward pressure on the price of the Shares and the Offer provides an exit opportunity for the Independent Shareholders to realize their investments in the Shares if they so wish.

We are of the view that the Offer, including the Offer Price, is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders that they should consider accepting the Offer.

For those Independent Shareholders who wish to retain part or all of their investments in the Shares, they should carefully consider the future intentions of the Offeror regarding the Group and evaluate the prospects of the Group after the close of the Offer, details of which are set out in the "Letter from Altus" contained in the Composite Document.

Since the trading price of the Shares is higher than the Offer price, we advise those Independent Shareholders who, having regard to their own circumstances, wish to realise whole or part of their Shares to closely monitor the market price and the liquidity of the Shares in the market during the Offer period and consider selling their Shares in the market during the Offer period, rather than accepting the Offer, if the net proceeds of the sale exceed the amount receivable under the Offer.

Independent Shareholders should carefully read the procedures for accepting the Offer as detailed in Appendix I to the Composite Document and are strongly advised that the decision to realise or to hold their investment in the Shares is subject to individual circumstances and investment objectives.

Yours faithfully,
For and on behalf of
Kingston Corporate Finance Limited

Elton Cheung
Director

Hans Wong
Director

FURTHER PROCEDURES FOR ACCEPTANCE

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Share(s) is/are in the name of a nominee company or some name other than your own, and you wish to accept the Offer whether in full or in respect of part of your holding(s) of Share(s), you must:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company or other nominee with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Share(s) to be registered in your name by the Company through the Registrar, and send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Share(s) has/have been lodged with your broker/custodian bank through CCASS, instruct your broker/ custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited, in this case, on 24 December, 2003 which is normally one business day before the latest date on which acceptances of the Offer must be received by the Registrar. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your broker/custodian bank for the timing of processing your instructions, and submit your instructions to your broker/custodian bank as required by them; or

(iv) if your Share(s) has/have been lodged with your Investor Participant Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System not later than one business day before the latest date on which acceptances of the Offer must be received by the Registrar, which is 24 December, 2003 in this case.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Share(s) is/are not readily available and/or is/are lost and you wish to accept the Offer, the relevant Form of Acceptance should nevertheless be completed together with any share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title that you have available and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title or that it/they is/are not readily available. If you find such document(s) or it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost you share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instruction given, should be returned to the Registrar.

(c) If you have lodged transfer(s) of any of your Share(s) for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Altus and/or the Offeror or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it/they had been delivered to the Registrar with the Form of Acceptance.

(d) Acceptances of the Offer may, at the discretion of the Offeror, be treated as valid even if not accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), but, in such cases, a cheque for the cash consideration due (net of the relevant seller's ad valorem stamp duty) will not be despatched until the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) has/have been received by the Registrar.

No acknowledgement of receipt of any Form of Acceptance, share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) will be given.

For the purposes of the acceptances to the Offer, the Offeror will only take into account acceptances of Shares if they are in accordance with the procedures set out under the sub-section headed "Procedures for acceptance" on page 16 above and in accordance with Rule 30.2 of the Takeovers Code.

ACCEPTANCE PERIOD, REVISIONS AND EXTENSIONS

(a) The Offeror reserves the right to revise or extend the Offer in accordance with the relevant provisions of the Takeovers Code.

(b) Unless the Offer has previously been extended or revised, the latest time for acceptance of the Offer will be at 4:00 p.m. on 29 December, 2003.

(c) Although no such revision is envisaged, if the Offer is revised (either in its terms and conditions or in the value or nature of the consideration offered or otherwise) the benefit of the revised Offer will be made available to any Independent Shareholders already accepted the Offer on the date of such revision. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

(d) If the Offer is extended, an announcement of such extension will be made. In any such announcement, the next closing date will be stated or, a statement that the Offer will remain open until further notice will be made. In the case of the latter, not less than 14 days' notice will be given in writing and by way of announcement prior to the closing of the Offer.

ANNOUNCEMENTS

(a) By 6:00 p.m. (or such later time as the Executive may in exceptional circumstances permit), on the Closing Date, the Offeror must inform the Executive and the Stock Exchange that the Offer has been closed or extended. The Offeror shall publish a teletext announcement through the Stock Exchange by 7:00 p.m. on the Closing Date stating whether the Offer has been closed or extended. Such announcement will be published on the next business day after the Closing Date. The announcement shall state the total number of the Shares and the percentage of share capital in the Company, as nearly as practicable, which the Offeror and parties acting in concert with it (as defined under the Takeovers Code) directly or indirectly own or control, including the number of Shares for which valid acceptances of the Offer has been received and the percentages of the voting rights represented by these numbers, and the number of Shares otherwise acquired by the Offeror and any persons acting in concert with it during the period of the Offer.

(b) In computing the number of Shares represented by acceptances, the announcement will include details relating to any acceptances which are not in order or that are subject to verification.

(c) As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be published on the GEM website.

RIGHT OF WITHDRAWAL

Acceptances of the Offer shall be irrevocable and cannot be withdrawn, except in the circumstances set out in Rule 19.2 of the Takeovers Code which is to the effect that if Offeror is unable to comply with any of the requirements of making announcements relating to the Offer, the Executive may require that accepting Independent Shareholders be granted a right of withdrawal, on terms acceptable to the Executive.

STAMP DUTY

Seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the Independent Shareholders who accept the Offer at the rate of HK$1.00 for every HK$1,000 or part thereof of the greater of (i) the consideration payable in respect of the relevant acceptances, and (ii) the market value of the relevant Shares, and will be deducted from the consideration payable to them on their acceptance of the Offer. The Offeror will pay the seller's ad valorem stamp duty on behalf of the Independent Shareholders in respect of their acceptance of the Offer.

GENERAL

(a) Acceptance of the Offer by any person or persons holding the Share(s) will be deemed to constitute a warranty by such person or persons to the Offeror and Altus that the Share(s) to be acquired under the Offer are sold by any such person or persons is/are free from all liens, right of pre-emptions, options, claims, charges, encumbrances, equities or third party rights and together with all rights attaching thereto including the right to receive all dividends and distributions declared, made or paid on or after 1 November, 2003, being the date of the S&P Agreement.

(b) All communications, notices, Forms of Acceptance, share certificate(s), transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, through the post at their own risk, and neither the Offeror nor any of its agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(c) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer. Words and expressions defined in this document have the same meaning when used in the Form of Acceptance unless the context otherwise requires.

(d) The accidental omission to despatch this document and/or the Form of Acceptance or either of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(e) The making of the Offer in, or to Independent Shareholders who are citizens or residents in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals in jurisdictions outside Hong Kong should obtain appropriate legal advice on, inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. Any such Independent Shareholder will be responsible for such transfer or other taxes or other requisite payments by whomsoever payable.

(f) The Offer and all acceptances thereof or pursuant thereto and the Form of Acceptance and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with the laws of Hong Kong.

(g) Due execution of the Form of Acceptance will constitute the irrevocable appointment of any directors of the Offeror or such person or persons as the Offeror may direct as attorney and/or agent of the Independent Shareholder (the "attorney") and an irrevocable instruction to the attorney to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Share(s) in respect of which such person or persons has/have accepted the Offer.

(h) The Offeror does not intend to exercise any right which may be available to it under the provisions of section 88 of the Companies Laws to compulsorily acquire any Shares not acquired under the Offer after the Offer has closed but reserves the right to do so.

(i) References to the Offer in this document and in the Form of Acceptance shall include any extension and revision thereof.

(j) The English texts of this document and of the Form of Acceptance shall prevail over the Chinese texts.

1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the audited consolidated results of the Group from its date of incorporation to the year ended 31 December, 2002.

	Year ended 31 December, 2002	Year ended 31 December, 2001	Period from 29 March, 2000 (date of incorporation) to 31 December, 2000
	HK$'000	*HK$'000*	*HK$'000*
Turnover	68,635	120,990	23,386
Cost of sales	(55,012)	(92,923)	(15,461)
Gross profit	13,623	28,067	7,925
Other income	143	452	520
Provision for diminution in value of investment securities	(2,342)	–	–
Impairment loss of development costs	(2,532)	–	–
Selling and distribution expenses	(4,866)	(2,172)	(73)
Administrative expenses	(22,956)	(19,736)	(6,649)
Operating (loss)/profit	(18,930)	6,611	1,723
Finance costs	(335)	(472)	(116)
Amortisation of goodwill on consolidation	(1,587)	(1,587)	(926)
(Loss)/profit before taxation	(20,852)	4,552	681
Taxation	–	–	–
Exceptional items	–	–	–
(Loss)/profit after taxation	(20,852)	4,552	681
Minority interests	–	–	–
(Loss)/profit for the year/period	(20,852)	4,552	681
Dividends	–	–	–
(Loss)/earnings per share – Basic (HK cents)	(8.78)	2.28	0.45

2. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE TWO YEARS ENDED 31 DECEMBER, 2002

Set out below is the audited financial statements of the Group for the year ended 31 December, 2002 as extracted from the annual report 2002 of the Company.

A. Consolidated income statement

Year ended 31 December, 2002

	Notes	2002 *HK$'000*	2001 *HK$'000*
Turnover	2	68,635	120,990
Cost of sales		(55,012)	(92,923)
Gross profit		13,623	28,067
Other income		143	452
Provision for diminution in value of investment securities		(2,342)	–
Impairment loss of development costs		(2,532)	–
Selling and distribution expenses		(4,866)	(2,172)
Administrative expenses		(22,956)	(19,736)
Operating (loss)/profit		(18,930)	6,611
Finance costs		(335)	(472)
Amortisation of goodwill on consolidation		(1,587)	(1,587)
(Loss)/profit for the year	5	(20,852)	4,552
(Loss)/earnings per share – Basic (HK cents)	6	(8.78)	2.28

B. Consolidated balance sheet

At 31 December, 2002

	Notes	2002 HK$'000	2001 HK$'000
NON-CURRENT ASSETS			
Fixed assets	9	2,165	2,218
Investment securities	11	–	2,342
Development costs	12	6,196	7,886
Goodwill on consolidation	13	661	2,248
		9,022	14,694
CURRENT ASSETS			
Inventories – spare parts		178	127
Debtors, deposits and prepayments	14	39,038	43,264
Pledged time deposit	15	3,203	3,171
Cash and bank balances	16	4,997	12,569
		47,416	59,131
DEDUCT:			
CURRENT LIABILITIES			
Bank overdraft – secured	15	2,746	638
– unsecured		43	–
Secured bank loan	15 & 17	107	–
Bills payable	15	466	3,201
Creditors, accruals and deposits	18	23,712	40,056
Value-added tax payable		1,200	1,356
Obligations under finance lease	19	16	13
Amounts due to related companies	20	431	431
Amount due to a director		–	800
		28,721	46,495
NET CURRENT ASSETS		18,695	12,636
NET ASSETS		27,717	27,330
REPRESENTING:			
SHARE CAPITAL	21	24,000	20,000
RESERVES		3,511	7,314
SHAREHOLDERS' FUNDS		27,511	27,314
NON-CURRENT LIABILITY			
Secured bank loan	17	206	–
Obligations under finance lease	19	–	16
		27,717	27,330

C. Balance sheet

At 31 December, 2002

	Notes	2002 HK$'000	2001 HK$'000
NON-CURRENT ASSET			
Interests in subsidiaries	10	39,315	19,425
CURRENT ASSETS			
Deposits and prepayments		219	268
Cash at bank		8	4
		227	272
DEDUCT:			
CURRENT LIABILITY			
Accruals		445	510
NET CURRENT LIABILITIES		(218)	(238)
NET ASSETS		39,097	19,187
REPRESENTING:			
SHARE CAPITAL	21	24,000	20,000
RESERVES	22	15,097	(813)
SHAREHOLDERS' FUNDS		39,097	19,187

D. Consolidated cash flow statement

Year ended 31 December, 2002

	2002	**2001**
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the year	(20,852)	4,552
Adjustments for:		
Interest income	(73)	(183)
Interest expenses	175	200
Provision for diminution in value of investment securities	2,342	–
Impairment loss of development costs	2,532	–
Loss on disposal of fixed assets	–	3
Amortisation of goodwill on consolidation	1,587	1,587
Depreciation and amortisation	3,608	1,446
Operating (loss)/profit before working capital changes	(10,681)	7,605
Increase in inventories	(51)	–
Decrease/(increase) in debtors, deposits and prepayments	4,226	(31,214)
Increase in pledged time deposit	(32)	(86)
(Decrease)/increase in creditors, accruals and deposits	(16,344)	33,509
(Decrease)/increase in value-added tax payable	(156)	548
Decrease in amounts due to related companies	–	(1,037)
Effect on foreign exchange rate changes	–	75
Cash (used in)/generated from operations	(23,038)	9,400
Interest income	73	183
Interest expenses	(175)	(200)
Hong Kong profits tax refunded	–	23
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(23,140)	9,406

D. Consolidated cash flow statement *(continued)*
Year ended 31 December, 2002

	2002	2001
	HK$'000	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment to acquire fixed assets	(864)	(627)
Sales proceeds of fixed assets	–	3
Increase in development costs	(3,533)	(4,611)
NET CASH USED IN INVESTING ACTIVITIES	(4,397)	(5,235)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in bank loan	313	–
(Decrease)/increase in bills payable	(2,735)	662
(Decrease)/increase in amount due to a director	(800)	800
Issue of shares for cash	22,000	–
Share issuing expenses	(951)	–
Principal repayment of obligations under finance lease	(13)	(14)
NET CASH FROM FINANCING ACTIVITIES	17,814	1,448
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(9,723)	5,619
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	11,931	6,312
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	2,208	11,931
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,997	12,569
Bank overdrafts	(2,789)	(638)
	2,208	11,931

E. Consolidated statement of changes in equity

Year ended 31 December, 2002

	Share capital	Share premium	Exchange reserve	Retained profits/ (accumulated loss)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.1.2001	20,000	1,981	(14)	681	22,648
Exchange difference arising from translation of financial statements of a subsidiary established in the People's Republic of China ("PRC")	–	–	114	–	114
Profit for the year	–	–	–	4,552	4,552
At 31.12.2001	20,000	1,981	100	5,233	27,314
Issue of ordinary shares	4,000	–	–	–	4,000
Premium on issue of ordinary shares	–	18,000	–	–	18,000
Share issuing expenses	–	(951)	–	–	(951)
Loss for the year	–	–	–	(20,852)	(20,852)
At 31.12.2002	24,000	19,030	100	(15,619)	27,511

Notes to the financial statements

Year ended 31 December, 2002

1. Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Group reorganisation

The Company was incorporated in the Cayman Islands on 29 March, 2000 as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands. Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of its shares in June 2000, the Company became the holding company of the companies now comprising the Group on 3 June, 2000. The shares of the Company were listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 June, 2000.

(b) Basis of preparation

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants ("HKSA") and are prepared under the historical cost convention.

In the current year, the Group adopted the following SSAPs issued by the HKSA which are effective for the current year's financial statements:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34	:	Employee benefits

The main revision to SSAP 1 is to change the requirement from presenting a statement of recognised gains and losses to presenting a statement of changes in equity.

The main revision to SSAP 15 is to require the provision of information about the historical changes in cash and cash equivalents of an enterprise by means of a cash flow statement which classifies cash flows during the year into operating, investing and financing activities whereas the old SSAP specifies two additional standard headings: "Return on investments and servicing of finance" and "Taxation".

The effect of adopting SSAP 11 (revised) is set out in note 1(o) below.

The new SSAP 34 requires an enterprise to recognise the service provided by an employee in exchange for employee benefits to be paid in the future as a liability, and when the enterprise consumes the economic benefit arising from service provided by an employee in exchange for employee benefits as expenses. The adoption of the SSAP has not had any significant impact on these financial statements.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intra-group transactions and balances have been eliminated on consolidation.

(d) Goodwill on consolidation

Goodwill on consolidation represents the excess of the purchase consideration over the attributable share of the fair value of separable net assets of subsidiaries at the date of acquisition and is amortised on a straight line basis over three years from the date of acquisition of subsidiaries.

(e) Fixed assets and depreciation

Fixed assets are stated at cost less aggregate depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss on disposal of the fixed assets representing the difference between the net sales proceeds and the carrying amount of the relevant asset, is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are discounted to their present values.

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives as set out below on a straight line basis:

Computer equipment	–	3 years
Furniture and fixtures	–	4 years
Motor vehicles	–	3 years
Leasehold improvements	–	shorter of 5 years and lease term

Assets held under finance leases are depreciated over their expected useful lives on the same basis as own assets or where shorter, the terms of the relevant leases.

(f) Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised at their fair value at the date of acquisition or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as obligations under finance leases. Finance charges, which represent the difference between the total leasing commitments and the recorded value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the terms of the relevant leases.

(g) Subsidiaries

A subsidiary is an enterprise over which the Company has control either directly or indirectly. Control is the power to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any identified impairment loss. Income from subsidiaries is recognised in the Company's financial statements on the basis of dividends declared by the subsidiaries.

(h) Investment securities

Investment securities are stated at cost less any provision for diminution in value.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities should be reduced to its fair value. The amount of the reduction is recognised as an expense in the income statement.

(i) Development costs

Development costs are capitalised only when it is expected that the product under development will generate probable future economic benefits and will be produced or used internally, its technical feasibility has been demonstrated and the expenditure is separately identifiable and has been measured reliably. Development costs are amortised on a straight line basis over three years commencing when the relevant product is available for sale or use. Development costs which do not meet these criteria are expensed when incurred.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(l) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Revenue recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer.

Income from rendering of computer related services is recognised at the time when the services are provided.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(n) Employee benefits

Employee benefits are all forms of consideration given by an enterprise in exchange for service rendered by employees.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the PRC central pension scheme, are recognised as an expense in the income statement as incurred.

When the Company grants employees options to acquire its shares, the option exercise price will be determined by the directors at the date of grant and no employee benefit cost or obligation is recognised at that time. When the options are exercised, the equity is increased by the amount of proceeds received.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(o) Foreign currency translation

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the market exchange rates ruling at the balance sheet date. Differences on foreign currency translation are dealt with in the income statement.

In prior years, the financial statements of the Company's PRC subsidiary which are denominated in Renminbi are translated into Hong Kong dollars at the market exchange rates ruling at the balance sheet date. Exchange differences arising on such translation are dealt with in the exchange reserve.

With effect from 1 January, 2002, with the introduction of SSAP 11 (revised), the consolidated financial statements are prepared by using the net investment method such that the balance sheet of the Company's PRC subsidiary is translated into Hong Kong dollars at the market exchange rate ruling at the balance sheet date while the income statement is translated at the average exchange rate for the year. Any exchange differences arising on such translation are dealt with in the exchange reserve.

There is no material impact to the financial results and the financial position of the Group by the adoption of the revised SSAP.

(p) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(q) Deferred taxation

Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences which are expected with reasonable probability to crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

(r) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Turnover and revenue

Turnover represents the invoiced value of packaged software products sold and computer related services rendered, net of discounts, value-added tax and business tax. An analysis of the Group's turnover and other revenue is as follows:

	2002	**2001**
	HK$'000	*HK$'000*
Sales of packaged software products and related services	13,015	54,805
System integration	54,287	65,331
Others	1,333	854
Turnover	68,635	120,990
Interest income	73	183
Total revenue	68,708	121,173

3. (Loss)/profit for the year

	2002 *HK$'000*	2001 *HK$'000*
(Loss)/profit for the year is arrived at after charging/(crediting):		
Depreciation		
– own assets	903	680
– asset held under finance lease	14	14
	917	694
Less: Amounts capitalised as development costs	45	121
	872	573
Amortisation of development costs	2,736	873
Bad debts written off	241	714
Provision for bad debts	3,704	–
Minimum lease payments paid under operating leases	2,442	2,410
Auditors' remuneration	300	330
Loss on disposal of fixed assets	–	3
Directors' remuneration – *Note 8(a)*	2,260	2,419
Less: Amounts capitalised as development costs	636	724
	1,624	1,695
Other staff salaries and benefits	9,760	8,920
Less: Amounts capitalised as development costs	1,910	1,699
	7,850	7,221
Retirement scheme contributions	160	272
Less: Amounts capitalised as development costs	16	121
	144	151
Bank overdraft and bills interest	164	197
Interest on bank loan wholly repayable within five years	6	–
Finance lease interest	5	3
Exchange gain	(64)	(2)

4. Taxation

(a) (i) No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year.

(ii) The Company's PRC subsidiary is under the Income Tax Law of the PRC for Foreign Investment Enterprises and other relevant regulations, entitled to an income tax holiday for two years from the first profit making year of 1996 and a 50% reduction in income tax for the following six years. No provision for PRC income tax has been made in accordance with the relevant legislation.

(b) The components of unprovided deferred tax asset/(liability) are as follows:

	2002 *HK$'000*	2001 *HK$'000*
Accelerated depreciation allowances	–	(29)
Unutilised tax losses	3,590	2,521
Net deferred tax asset	3,590	2,492

Net deferred tax asset has not been recognised owing to uncertainty regarding the Group's future operating results.

5. (Loss)/profit for the year

(Loss)/profit for the year includes a loss of HK$1,139,000 (2001: HK$2,256,000) which has been dealt with in the financial statements of the Company.

6. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share for the year is based on the following data:

	2002 *HK$'000*	2001 *HK$'000*
(Loss)/earnings		
(Loss)/profit for the year used in the calculation of basic (loss)/earnings per share	(20,852)	4,552
Shares		
Weighted average number of shares in issue for the purpose of calculation of basic (loss)/earnings per share	237,589,041	200,000,000

No diluted (loss)/earnings per share are shown because the potential ordinary shares issuable under the Company's share option scheme have no dilutive effect.

7. Retirement benefit costs

The Hong Kong operating subsidiaries of the Group had participated in the Mandatory Provident Fund Scheme ("MPF Scheme"). The assets of the MPF Scheme are held separately in an independently managed and administered fund. Contributions to the MPF Scheme are made by both the employer and employees at 5% on the employees' salaries.

The Company's subsidiary in PRC has participated in a central pension scheme, contributions are made by the subsidiary to the scheme based on 19% to 24% of the applicable payroll costs. The Group has no obligation other than above-mentioned contributions.

8. Directors' emoluments and employees' emoluments

(a) Directors' emoluments

	2002 *HK$'000*	2001 *HK$'000*
Fees		
– Executive directors	15	15
– Non-executive directors	10	10
– Independent non-executive directors	240	240
Other emoluments of executive directors		
– Salaries and allowances	1,900	2,059
– Retirement scheme contributions	95	95
	2,260	2,419

Three executive directors received individual emoluments of approximately HK$846,000, HK$558,000 and HK$606,000 respectively for the year ended 31 December, 2002 (2001: HK$913,000, HK$654,000 and HK$602,000).

During the year, no other emoluments were paid by the Group to the non-executive directors.

The number of directors whose remuneration fell within the following band were:

	2002 *HK$'000*	2001 *HK$'000*
Emoluments		
Nil to HK$1,000,000	9	7

No directors waived any emoluments during the year.

During the year, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(b) Five highest paid individuals

Among the five highest paid individuals in the Group, three are directors of the Company and the details of their remuneration have already been disclosed above.

The emoluments and designated band of the remaining two highest paid, non-director individuals during the year are as follows:

	2002 *HK$'000*	2001 *HK$'000*
Salaries and allowances	1,320	1,401
Retirement scheme contributions	55	55
	1,375	1,456

The remuneration of the non-director, highest paid employees during the year fell within the band of nil to HK$1,000,000.

9. Fixed assets

	Computer equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Leasehold improvements *HK$'000*	Total *HK$'000*
Cost:					
At 1.1.2002	2,600	88	432	1,514	4,634
Additions	392	8	396	68	864
Disposals	(390)	–	–	–	(390)
At 31.12.2002	2,602	96	828	1,582	5,108
Aggregate depreciation:					
At 1.1.2002	1,889	41	144	342	2,416
Charge for the year	311	22	188	396	917
Written back on disposals	(390)	–	–	–	(390)
At 31.12.2002	1,810	63	332	738	2,943
Net book value:					
At 31.12.2002	792	33	496	844	2,165
At 31.12.2001	711	47	288	1,172	2,218

At 31 December, 2002, the net book value of computer equipment held under finance lease amounted to approximately HK$14,000 (2001: HK$28,000).

10. Interests in subsidiaries

	2002 HK$'000	2001 HK$'000
Unlisted shares, at cost	100	100
Amounts due from subsidiaries – *Note 10(b)*	39,215	19,325
	39,315	19,425

(a) The details of the subsidiaries are as follows:

Name	Place of incorporation/ establishment	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group Directly	Indirectly	Principal activities
Computech International Limited	The British Virgin Islands	1,000 shares of US$1 each	100%	–	Investment holding
CL Computers (China) Limited	Hong Kong	10 ordinary shares of HK$1 each 400,002 non-voting deferred shares of HK$1 each*	–	100%	Investment holding
CL Computers System (Beijing) Co., Ltd.	PRC	US$500,000	–	100%	Software application development and customer liaison
Computech Systems (Asia) Limited	Hong Kong	10 ordinary shares of HK$1 each 12,690,000 non-voting deferred shares of HK$1 each*	–	100%	Provision of IT solution services and related research and development
Computech Systems Limited	Hong Kong	100,000 shares of HK$1 each	–	100%	Provision of hardware warranty services
Computech Convergence Limited	The British Virgin Islands	10 shares of US$1 each	–	100%	Dormant

* The non-voting deferred shares, which are not held by the Group, practically carry no rights to dividend or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution in winding up.

(b) The amounts are interest-free, unsecured and have no fixed repayment term.

11. Investment securities

	2002	2001
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	2,342	2,342
Less: Provision for diminution in value	2,342	–
	–	2,342

The above represented the Group's share of contributions to a company, of which the Group has an approximately 4% equity interest therein, for the provision of digital/video broadband satellite telecommunication services in the Greater China and Asia region.

12. Development costs

	HK$'000
Cost:	
At 1.1.2002	8,759
Additions	3,578
At 31.12.2002	12,337
Aggregate amortisation:	
At 1.1.2002	873
Charge for the year	2,736
At 31.12.2002	3,609
Impairment loss:	
Charge for the year and at 31.12.2002	2,532
Net book value:	
At 31.12.2002	6,196
At 31.12.2001	7,886

13. Goodwill on consolidation

	2002	2001
	HK$'000	*HK$'000*
Goodwill arising from acquisition of subsidiaries	4,761	4,761
Less: Aggregate amortisation	4,100	2,513
Unamortised goodwill at 31 December	661	2,248

14. Debtors, deposits and prepayments

	2002	2001
	HK$'000	*HK$'000*
Debtors, deposits and prepayments comprise:		
Trade debtors	35,899	39,752
Less: Provision for bad debts	3,704	–
	32,195	39,752
Other debtors, deposits and prepayments	6,843	3,512
	39,038	43,264

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associate with trade debtors, credit evaluations of customers are performed periodically. The following is an aging analysis of trade debtors.

	2002	2001
	HK$'000	*HK$'000*
0 – 3 months	22,263	30,793
4 – 6 months	2,276	3,424
7 – 12 months	3,951	4,998
Over 12 months	7,409	537
	35,899	39,752

15. Banking facilities

As at 31 December, 2002, the Group's available banking facilities to the extent of HK$16,339,000 (2001: HK$4,500,000) are secured by the followings:

(a) Time deposit of approximately HK$3,203,000 (2001: HK$3,171,000);

(b) A motor vehicle with net book value of approximately HK$352,000 (2001: Nil); and

(c) A corporate guarantee of HK$30,000,000 (2001: Nil) given by the Company.

16. Cash and bank balances

At 31 December, 2002, the cash and bank balances of the Group denominated in Renminbi amounted to approximately HK$4,931,000 (2001: HK$11,947,000). Renminbi is not freely convertible into foreign currencies. Subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks authorised to conduct foreign exchange business.

17. Secured bank loan

	2002	**2001**
	HK$'000	*HK$'000*
Principal outstanding	313	–
Less: Amount repayable within one year (shown under current liabilities)	107	–
Amount repayable after one year but within five years (shown under non-current liabilities)	206	–

18. Creditors, accruals and deposits

	2002	**2001**
	HK$'000	*HK$'000*
Creditors, accruals and deposits comprise:		
Trade creditors	19,108	24,484
Other creditors, accruals and deposits	4,604	15,572
	23,712	40,056

The following is an aging analysis of trade creditors:

	2002	**2001**
	HK$'000	*HK$'000*
0 – 6 months	15,822	21,594
7 – 12 months	1,642	2,890
Over 12 months	1,644	–
	19,108	24,484

19. Obligations under finance lease

	Minimum lease payments		Present value of minimum lease payments	
	2002	**2001**	**2002**	**2001**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable under finance lease:				
Within one year	18	18	16	13
After one year but within two years	–	18	–	16
	18	36	16	29
Less: Future finance charges	2	7	–	–
Present value of lease obligations	16	29	16	29
Less: Amounts due for settlement within twelve months (shown under current liabilities)			16	13
Amounts due for settlement after twelve months (shown under non-current liabilities)			–	16

The term of the lease is three years and the lease is on a fixed repayment basis.

20. Amounts due to related companies

The amounts due to the related companies, arose from transactions as disclosed in note 25 to the financial statements, are interest-free, unsecured and repayable on demand.

21. Share capital

	Group and Company	
	Number of shares	*HK$'000*
Authorised:		
At 1 January, 2002 and 31 December, 2002	1,000,000,000	100,000
Issued and fully paid:		
At 1 January, 2002	200,000,000	20,000
Issue of ordinary shares – *Note 21(a)*	40,000,000	4,000
At 31 December, 2002	240,000,000	24,000

(a) On 21 December, 2001, the Company and Hitachi, Limited ("Hitachi") entered into a subscription agreement ("Subscription Agreement") whereby Hitachi shall subscribe 40,000,000 new shares of the Company at a price of HK$0.55 per share.

On the same date, Mr. Yip Tai Chee, Alick and Mr. Tang Chi Lap, who are the directors of the Company also entered into a sale and purchase agreement ("Sale and Purchase Agreement") with Hitachi whereby the vendors agreed to sell to Hitachi an aggregate of 20,000,000 Company's shares at a price of HK$0.55 per share.

On 23 January, 2002, the Subscription Agreement and the Sale and Purchase Agreement were completed and Hitachi holds 25% of the Company's issued capital as enlarged by the subscription.

Further details of the above are set out in the circular dated 31 December, 2001.

(b) Under the terms of a share option scheme (the "Scheme") adopted by the Company on 2 June, 2000, the board of directors is authorised, at its absolute discretion, to grant options to executive directors and full time employees of the Company or its subsidiaries, to subscribe for shares in the Company.

The purpose of the Scheme is to encourage the officers and staff to participate in the ownership of the Company in order to provide additional incentives to them.

The total number of shares available for issue under the Scheme is 64,176,000 which represent 26.74% of the issued share capital of the Company at the date of this report.

The maximum entitlement of each participant under the Scheme would not exceed 25% of the aggregate number of shares for the time being issued and issuable under the Scheme.

Upon acceptance of the option, the grantee shall duly sign the duplicate of the offer letter together with a remittance in favour of the Company of HK$1 by way of consideration of the grant within 28 days from the date of the offer letter.

The option price will be determined by the directors, but may not be less than the highest of the closing price of the shares on the GEM of the Stock Exchange on the date of the grant of the option or the average of the closing price of the shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the option or the nominal value of the shares.

The Scheme shall remain in force for the period of 10 years commencing on the adoption date of the Scheme which is 2 June, 2000.

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the board of directors to each grantee. Such period being not less than 3 years after the date of grant of the option and not more than 10 years after the date of grant of option but such period is subject to the provisions for early termination contained in the terms of the Scheme.

(i) As at 31 December, 2002, details of share options granted to eligible employees under the Scheme are as follows:

			Number of shares under option	
Grantees	**Date of grant**	**Exercise price per share**	**As at 1 January, 2002**	**As at 31 December, 2002**
Employees	11 October, 2000	HK$1.16	7,536,000	6,544,000

The grantees shall be entitled to exercise the above share options granted according to the following schedule:

Exercise period	**Maximum number of shares under option exercisable**
11 April, 2001 – 10 October, 2001	10%
11 October, 2001 – 10 April, 2002	30%
11 April, 2002 – 10 October, 2002	60%
11 October, 2002 – 10 October, 2003	The balance of shares under option not previously exercised

(ii) Movements in share options

	2002	2001
	Number	*Number*
At 1 January	7,536,000	7,824,000
Lapsed	(992,000)	(288,000)
At 31 December	6,544,000	7,536,000
Options vested at 31 December	6,544,000	3,014,400

(iii) No option was exercised during the year.

22. Reserves

The Company	**Share premium**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1.1.2001	1,981	(538)	1,443
Loss for the year	–	(2,256)	(2,256)
At 31.12.2001	1,981	(2,794)	(813)
Premium on issue of ordinary shares	18,000	–	18,000
Share issuing expenses	(951)	–	(951)
Loss for the year	–	(1,139)	(1,139)
At 31.12.2002	19,030	(3,933)	15,097

(a) Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) As at 31 December, 2002, in the opinion of the directors, the reserve of the Company available for distribution to the shareholders amounted to approximately HK$15,097,000 (2001: Nil) subject to the restrictions stated in note 22(a) above.

23. Commitments

(a) Operating leases

As at 31 December, 2002, the Group and the Company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2002	**2001**
	HK$'000	*HK$'000*
(i) The Group		
Within one year	2,046	1,690
In the second to fifth years inclusive	1,656	–
	3,702	1,690
(ii) The Company		
Within one year	484	548
In the second to fifth years inclusive	403	–
	887	548

Operating lease payments represent rentals payable by the Group and the Company for their office premises. Leases are negotiated for an average term of two years with fixed monthly rentals.

(b) Other than the above, the Group had no material capital and financial commitments.

24. Contingent liability

As at 31 December, 2002, the Company had contingent liability in respect of a corporate guarantee to the extent of HK$30,000,000 (2001: Nil) given to a bank to secure the general banking facilities granted to a subsidiary of which approximately HK$3,525,000 (2001: Nil) were utilised by the subsidiary at that date.

25. Connected and related party transactions

During the year, the Group had the following material transactions with subsidiaries of a related company, CL International Holdings Limited ("CLIH") and Hitachi. Two of the non-executive directors, Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard have a family interest of 37.5% in CL Investments Limited which owned 50% of CLIH.

	Notes	**2002** *HK$'000*	**2001** *HK$'000*
Service income from a subsidiary of Hitachi	(i)	361	–
Purchase of goods from a subsidiary of CLIH	(ii)	–	414
Service fee paid to a subsidiary of CLIH	(iii)	298	–
Consultancy fee paid to a subsidiary of CLIH	(i)	–	80
Consultancy fee income received from a subsidiary of CLIH	(i)	72	60
Commission paid to a subsidiary of CLIH	(iv)	–	43

The above transactions were entered into on the following bases:

(i) a fixed amount with reference to the cost of services rendered;

(ii) with reference to market price;

(iii) a certain percentage of the Group's billings on the relevant services; and

(iv) a certain percentage of the contract sum.

The transactions set out above also constituted connected transactions under the GEM Listing Rules. The directors have reviewed the connected transactions and are of the opinion that these transactions were effected on normal commercial terms and in the ordinary course of the business of the Group.

26. Segment reporting

The Group conducts its business within one business segment which is the provision of IT solutions to the financial industry in the PRC. The Group also operates within one geographical segment because over 90% of its revenues are generated from customers located in the PRC. Accordingly, no segment information is presented.

27. Comparative figures

During the year, certain comparative figures have been restated as a result of the adoption of the new/revised accounting standards as mentioned in note 1(b) above and to conform to the current year's presentation.

28. Dividend

The directors do not recommend the payment of a dividend in respect of the year (2001: Nil).

29. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 20 March, 2003.

3. UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2003

Set out below is the unaudited financial statements of the Group for the six months ended 30 June, 2003 as extracted from the interim report 2003 of the Company.

A. Consolidated income statement

Six months ended 30 June, 2003

	For the six months ended 30 June, 2003	**For the six months ended 30 June, 2002**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Turnover	31,526	57,414
Cost of sales	(29,849)	(41,506)
Gross profit	1,677	15,908
Other income	10	107
Selling and distribution expenses	(2,901)	(541)
Administrative expenses	(9,318)	(11,511)
Operating (loss)/profit	(10,532)	3,963
Finance costs	(497)	(209)
Amortisation of goodwill on consolidation	(661)	(793)
(Loss)/profit for the period	(11,690)	2,961
(Loss)/earnings per share		
– Basic (HK cents)	(4.87)	1.26

B. Consolidated balance sheet

At 30 June, 2003

	Note	At 30 June, 2003 HK$'000 (Unaudited)	At 31 December, 2002 HK$'000 (Audited)
NON-CURRENT ASSETS			
Fixed assets		1,727	2,165
Development costs		5,978	6,196
Goodwill on consolidation		–	661
		7,705	9,022
CURRENT ASSETS			
Inventories – spare parts		279	178
Debtors, deposits and prepayments	5	43,273	39,038
Value-added tax recoverable		465	–
Pledged time deposit		3,213	3,203
Cash and bank balances		724	4,997
		47,954	47,416
DEDUCT:			
CURRENT LIABILITIES			
Bank overdraft – secured		3,193	2,746
Bank overdraft – unsecured		–	43
Secured bank loan		62	107
Bills payable		2,199	466
Creditors, accruals and deposits	6	33,674	23,712
Value-added tax payable		–	1,200
Obligations under finance lease		10	16
Amounts due to related companies		431	431
Amount due to a director		63	–
		39,632	28,721
NET CURRENT ASSETS		8,322	18,695
NET ASSETS		16,027	27,717
REPRESENTING:			
SHARE CAPITAL		24,000	24,000
RESERVES	7	(8,179)	3,511
SHAREHOLDERS' FUNDS		15,821	27,511
NON-CURRENT LIABILITY			
Secured bank loan		206	206
		16,027	27,717

C. Consolidated cash flow statement

Six months ended 30 June, 2003

	For the six months ended 30 June, 2003	For the six months ended 30 June, 2002
	HK$'000	*HK$'000*
NET CASH USED IN OPERATING ACTIVITIES	(6,316)	(23,751)
NET CASH USED IN INVESTING ACTIVITIES	(92)	(1,859)
NET CASH FROM FINANCING ACTIVITIES	1,731	20,254
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,677)	(5,356)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,208	11,931
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(2,469)	6,575

Analysis of cash and cash equivalents

	At 30 June, 2003	At 30 June, 2002
	HK$'000	*HK$'000*
Cash and bank balances	724	6,575
Bank overdraft	(3,193)	–
	(2,469)	6,575

Notes:

1. Basis of preparation

The unaudited consolidated interim accounts (the "Interim Accounts") are prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("HKSSAP") No. 25 "Interim Financial Reporting" and the requirements of the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

During the six months ended 30 June, 2003, the Group adopted SSAP 12 (revised) "Income Taxes" for the first time in the preparation of the interim accounts.

The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. The adoption of SSAP 12 (revised) had no significant effect on the results for the current or prior accounting periods.

2. Turnover and revenue

Turnover represents the invoiced value of packaged software products sold and computer related services rendered, net of discounts, value-added tax and business tax. An analysis of the Group's turnover and other revenue is as follows:

	For the six months ended 30 June, 2003 *HK$'000*	**For the six months ended 30 June, 2002** *HK$'000*
Sales of packaged software products and related services	4,404	25,543
System integration	26,730	31,374
Others	392	497
Turnover	31,526	57,414
Interest income	10	49
Total revenue	31,536	57,463

3. Taxation

i. No provision for Hong Kong profits tax has been made in these income statements as the Group has no estimated assessable profits for the period.

ii. The Company's PRC subsidiary is under the Income Tax Law of the PRC for Foreign Investment Enterprises and other relevant regulations, entitled to an income tax holiday for two years from the first profit making year of 1996 and a 50% reduction in income tax for the following six years.

iii. Net deferred tax asset has not been recognised owing to uncertainty regarding the Group's future operating results.

4. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share for the periods presented is based on the following data:

	For the six months ended 30 June, 2003	For the six months ended 30 June, 2002
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit for the period used in the calculation of basic (loss)/earnings per share	(11,690)	2,961
Shares		
Weighted average number of shares in issue for the purpose of calculation of basic (loss)/earnings per share	240,000,000	235,138,122

No diluted (loss)/earnings per share are shown because the potential ordinary shares issuable under the Company's share option scheme have no dilutive effect.

5. Debtors, deposits and prepayments

	At 30 June, 2003	At 31 December, 2002
	HK$'000	*HK$'000*
Trade debts	43,637	35,899
Less: Provision for bad debts	(5,640)	(3,704)
	37,997	32,195
Other debtors, deposits and prepayments	5,276	6,843
	43,273	39,038

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically. The following is an aging analysis of trade debtors.

	At 30 June, 2003	At 31 December, 2002
	HK$'000	*HK$'000*
0 – 3 months	12,546	22,263
4 – 6 months	7,067	2,276
7 – 12 months	16,285	3,951
Over 12 months	7,739	7,409
	43,637	35,899

6. Creditors, accruals and deposits

	At 30 June, 2003 *HK$'000*	At 31 December, 2002 *HK$'000*
Creditors, accruals and deposits comprise:		
Trade creditors	22,604	19,108
Other creditors, accruals and deposits	11,070	4,604
	33,674	23,712

The following is an aging analysis of trade creditors:

	At 30 June, 2003 *HK$'000*	At 31 December, 2002 *HK$'000*
0 – 6 months	12,345	15,822
7 – 12 months	9,359	1,642
Over 12 months	900	1,644
	22,604	19,108

7. Reserves

	Share premium *HK$'000*	Exchange reserve *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*
At 1 January, 2002 (Audited)	1,981	100	5,233	7,314
Net profit for the three months ended 31 March, 2002	–	–	1,037	1,037
Premium on issuing new shares	18,000	–	–	18,000
Issuing expenses for share placing	(944)	–	–	(944)
At 31 March, 2002 (Unaudited)	19,037	100	6,270	25,407
Net profit for the three months ended 30 June, 2002	–	–	1,924	1,924
At 30 June, 2002 (Unaudited)	19,037	100	8,194	27,331
At 1 January, 2003 (Audited)	19,030	100	(15,619)	3,511
Net loss for the three months ended 31 March, 2003	–	–	(5,841)	(5,841)
At 31 March, 2003 (Unaudited)	19,030	100	(21,460)	(2,330)
Net loss for the three months ended 30 June, 2003	–	–	(5,849)	(5,849)
At 30 June, 2003 (Unaudited)	19,030	100	(27,309)	(8,179)

8. Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June, 2003 (2002: Nil).

9. Contingent liabilities

As at 30 June, 2003, the Group had no material contingent liabilities.

10. Approval of the interim financial statements

The unaudited consolidated interim financial statements were approval and authorised for issue by the Board of Directors on 11 August, 2003.

4. UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER, 2003

Set out below is the unaudited condensed financial results of the Group for the nine months ended 30 September, 2003 as extracted from the third quarterly report 2003 of the Company.

A. Consolidated income statement

Nine months ended 30 September, 2003

	For the nine months ended 30 September, 2003	**For the nine months ended 30 September, 2002**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Turnover	32,718	68,073
Cost of sales	(31,758)	(49,220)
Gross profit	960	18,853
Other income	15	107
Selling and distribution expenses	(3,292)	(866)
Administrative expenses	(11,309)	(16,476)
Operating (loss)/profit	(13,626)	1,618
Finance costs	(530)	(255)
Amortisation of goodwill on consolidation	(661)	(1,190)
Impairment loss of investment securities	–	(2,342)
Loss for the period	(14,817)	(2,169)
Loss per share		
– Basic (HK cents)	(6.17)	(0.92)

Notes to the unaudited condensed consolidated financial statements

1. Basic of preparation

The unaudited consolidated quarterly accounts (the "Quarterly Accounts") are prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("HKSSAP") No. 25 "Interim Financial Reporting" and the requirements of the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

During the nine months ended 30 September, 2003, the Group adopted SSAP 12 (revised) "Income Taxes" for the first time in the preparation of the Quarterly Accounts.

The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (revised) requiries the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. The adoption of SSAP 12 (revised) had no significant effect on the results for the current or prior accounting periods.

2. Turnover and revenue

Turnover represents the invoiced value of packaged software products sold and computer related services rendered, net of discounts, value-added tax and business tax.

3. Taxation

i. No provision of Hong Kong profits tax has been made in these income statements as the Group has no estimated assessable profits for the period.

ii. The Company's PRC subsidiary is under the Income Tax Law of the PRC for Foreign Investment Enterprises and other relevant regulations, entitled to an income tax holiday for two years from the first profit making year of 1996 and a 50% reduction in income tax for the following six years.

iii. Net deferred tax asset has not been recognised owing to uncertainty regarding the Group's future operating results.

4. Loss per share

The calculation of basic loss per share for the periods presented is based on the following data:

	For the nine months ended 30 September, 2003	**For the nine months ended 30 September, 2002**
	HK$'000	*HK$'000*
Loss		
Loss for the period used in the calculation of basic loss per share	(14,817)	(2,169)
Shares		
Weighted average number of shares in issue for the purpose of calculation of basic loss per share	240,000,000	236,776,557

No diluted loss per share is shown because the potential ordinary share issuable under the Company's share option scheme have no dilutive effect.

5. Movements of reserves

	Share premium *HK$'000*	Exchange reserve *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*
At 1 January, 2002 (Audited)	1,981	100	5,233	7,314
Net profit for the six months ended 30 June, 2002	–	–	2,961	2,961
Premium on issuing new shares	18,000	–	–	18,000
Issuing expenses for share placing	(944)	–	–	(944)
At 30 June, 2002 (Unaudited)	19,037	100	8,194	27,331
Net loss for the three months ended 30 September, 2002	–	–	(5,130)	(5,130)
At 30 September, 2002 (Unaudited)	19,037	100	3,064	22,201
At 1 January, 2003 (Audited)	19,030	100	(15,619)	3,511
Net profit for the six months ended 30 June, 2003	–	–	(11,690)	(11,690)
At 30 June, 2003 (Unaudited)	19,030	100	(27,309)	(8,179)
Net loss for the six months ended 30 September, 2003	–	–	(3,127)	(3,127)
At 30 September, 2003 (Unaudited)	19,030	100	(30,436)	(11,306)

6. Segment information

The Group conducts its business within one business segment which is the provision of IT solutions to the financial industry in the PRC. The Group also operates within one geographical segment because over 90% of its revenue are generated from customers located in the PRC. Accordingly, no segment information is presented.

7. Interim dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2003 (2002: Nil).

8. Approval of the Quarterly Financial Statements

The unaudited condensed consolidate quarterly financial results the approved and authorised for issue by the Board of Directors on 31 October, 2003.

5. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 October, 2003, being the latest practicable date for the purpose of this indebtedness statement, the Group had secured bank borrowings of approximately HK$224,000.

In addition, as at the close of business of 31 October, 2003, the Group had obligations under finance lease of approximately HK$3,000 and obtained loans from Directors, Mr. Lee and Mr. Tang Chi Lap that amounted to approximately HK$150,000 and HK$134,000 respectively. The loans are interest-free, unsecured and repayable on demand.

Contingent liabilities

As at 31 October, 2003, the Group did not have any significant contingent liabilities.

Disclaimers

Save as the aforesaid and apart from intra-Group liabilities, the Group did not have outstanding any mortgages, charges, debentures or other loan capital issued or outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, or hire purchase commitments or any guarantees or other material contingent liabilities at the close of business on 31 October, 2003.

6. PRO FORMA UNAUDITED ADJUSTED CONSOLIDATED NET TANGIBLE ASSET VALUE OF THE GROUP

The following statement of pro forma unaudited adjusted consolidated net tangible assets of the Group is based on the audited consolidated net assets of the Group as at 31 December, 2002 adjusted as follows:

	HK$'000
Audited consolidated net assets of the Group as at 31 December, 2002	27,511
Less: Intangible assets	(6,857)
Audited consolidated net tangible assets of the Group as at 31 December, 2002	20,654
Unaudited net loss from ordinary activities attributable to Shareholders for the nine months ended 30 September, 2003 as shown in the quarterly report	(14,817)
Pro forma unaudited adjusted consolidated net tangible assets of the Group as at 30 September, 2003	5,837
Pro forma unaudited adjusted consolidated net tangible asset value per Share in issue on the Latest Practicable Date *(Note)*	HK$0.0243

Note: Based on the total number of 240,000,000 Shares in issue as at the Latest Practicable Date.

7. MATERIAL CHANGE

The Directors are of the opinion that there has not been any material change in the financial or trading position of the Group since 31 December, 2002, being the date to which the latest published audited consolidated financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group and the Offeror.

The information contained in this document (other than that relating to the Offeror and the Offer) is supplied by the Company. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this document (other than that relating to the Offeror and the Offer) and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this document (other than those relating to the Offeror and the Offer) have been arrived at after due and careful consideration and there are no other facts not contained in the document, the omission of which would make any statement in this document misleading.

The information contained in this document (other than that relating to the Group) is supplied by the Offeror. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this document (other than those relating to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in the document, the omission of which would make any statement in this document misleading.

2. SHARE CAPITAL

No new Shares have been issued by the Company since 31 December, 2002, being the end of the last financial year of the Company, and up to the Latest Practicable Date. The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

		HK$
Authorised:		
1,000,000,000	Shares of HK$0.10 each	100,000,000
Issued and fully paid:		
240,000,000	Shares of HK$0.10 each	24,000,000

All Shares rank pari passu in all respects as regards to right to dividends, voting and return of capital.

The Shares are listed and traded on GEM. None of the Shares is listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in Shares being, or proposed to be sought on any other stock exchange.

As at the Latest Practicable Date, no other Shares or securities convertible into Shares or warrants or options to subscribe for or derivatives for or derivatives relating to Shares were in issue or outstanding.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors in the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.40 to 5.58 of the 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

Name of Director	Number of Shares	Type of Interest	Approximate percentage of interest *(%)*
Mr. Fung	55,860,000	Family *(Note 1)*	23.28
Mr. Fung	55,860,000	Corporate	23.28
Mr. Lo	55,860,000	Family *(Note 2)*	23.28
Mr. Lo	55,860,000	Corporate	23.28
Mr. Yip Tai Chee, Alick	1,000,000	Personal	4.17
Mr. Tang Chi Lap	280,000	Personal	0.01

Notes:

1. CLI has a 50% interest in the issued share capital of CLSH and is accordingly taken to have an interest in the 55,860,000 shares in which CLSH is interested under the SFO. Gumpton Investments Limited ("Gumpton"), which holds 75% of the issued share capital of CLI, is taken to have an interest in the 55,860,000 shares in which CLI is interested under the SFO.

   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 55,860,000 shares in which Gumpton is interested under the SFO. AFS is wholly-owned by The General Trust Co. Ltd. ("General Trust"). General Trust is the trustee of AFS Trust, one of the beneficiaries of which is the wife of Mr. Fung. Mr. Fung is taken to have an interest in the same 55,860,000 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 55,860,000 shares in which Gumpton is interested under the SFO. Ardian is wholly-owned by General Trust. General Trust is the trustee of Ardian Trust, the beneficiaries of which include the wife and a child (who is under 18 years of age) of Mr. Lo. Mr. Lo is taken to have an interest in the same 55,860,000 shares by virtue of his spouse's and his child's (who is under 18 years of age) interest under the SFO.

Save as disclosed in this paragraph, as at the Latest Practicable Date, none of the Directors and/or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.40 to 5.58 of the Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Interests of the substantial shareholders in the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons other than the Directors or the chief executive of the Company had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or 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 meeting of any other members of the Group and the amount of each of such persons' interest in such securities, together with particulars of any options in respect of such capital are set out below:

Name of Shareholder	**Capacity in which such interests were held**	**Number of shares**	**Percentage of nominal value of issued share capital**
Hitachi, Ltd.	Beneficial owner	60,000,000	25.00%
CLSH	Beneficial owner	55,860,000	23.28%
Anstalt *(Note 1)*	Interests of corporation controlled by it	55,860,000	23.28%
Lam Soon *(Note 2)*	Interests of corporation controlled by it	55,860,000	23.28%
CLI *(Note 3)*	Interests of corporation controlled by it	55,860,000	23.28%
Gumpton *(Note 4)*	Interests of corporation controlled by it	55,860,000	23.28%

Name of Shareholder	Capacity in which such interests were held	Number of shares	Percentage of nominal value of issued share capital
AFS *(Note 5)*	Interests of corporation controlled by it	55,860,000	23.28%
Ardian *(Note 5)*	Interests of corporation controlled by it	55,860,000	23.28%
General Trust *(Note 6)*	Interests of corporation controlled by it	55,860,000	23.28%
Mrs. Fung, Pui Lan Angela *(Note 7)*	Beneficiary of trust	55,860,000	23.28%
Mr. Lo, Lilian *(Note 8)*	Beneficiary of trust	55,860,000	23.28%
Mr. Theodore Lo *(Note 8)*	Beneficiary of trust	55,860,000	23.28%
Aplus *(Note 9)*	Beneficial owner	55,860,000	23.28%

Notes:

1. Anstalt has a 50% interest in the issued share capital of CLSH and is accordingly taken to have an interest in the 55,860,000 shares in which CLSH is interested under the SFO.

2. Anstalt is a wholly-owned subsidiary of Lam Soon and Lam Soon is accordingly taken to have an interest in the 55,860,000 shares in which Anstalt is interested under the SFO.

3. CLI has a 50% interest in the issued share capital of CLSH and is accordingly taken to have an interest in the 55,860,000 shares in which CLSH is interested under the SFO.

4. Gumpton, which holds 75% of the issued share capital of CLI, is taken to have an interest in the 55,860,000 shares in which CLI is interested under the SFO.

5. 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 55,860,000 shares in which Gumpton is interested under the SFO.

6. AFS and Ardian are in turn wholly-owned by General Trust. Therefore, General Trust is taken to have an interest in the 55,860,000 shares in which AFS and Ardian are interested under the SFO.

7. General Trust is the trustee of AFS Trust. Being a beneficiary of AFS Trust, Mrs. Fung, Pui Lan Angela is taken to have an interest in the 55,860,000 shares in which General Trust is interested under the SFO.

8. General Trust is also the trustee of Ardian Trust. Mrs. Lo, Lilian and Mr. Theodore Lo are beneficiaries of Ardian Trust and therefore are taken to have an interest in the 55,860,000 shares in which General Trust is interested under the SFO.

9. Aplus is owned as to 42%, 42% and 16% by Mr. Fung, Mr. Lo and Mr. Yap respectively.

Save as disclosed above and as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any persons other than the Directors or the chief executive of the Company who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or 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 meeting of any other members of the Group.

(c) Interests in the Offeror

Mr. Fung and Mr. Lo are both non-executive Directors and directors of the Offeror. The Offeror is owned as to 42% by Mr. Fung, as to 42% by Mr. Lo and as to 16% by Mr. Yap. Each of Mr. Fung and Mr. Lo is respectively deemed to be interested in 55,860,000 Shares (equivalent to approximately 23.28% of the issued share capital of the Company) prior to the acquisition of the 55,860,000 Shares by the Offeror on 1 November, 2003. After Completion and as at the Latest Practicable Date, each of them is deemed to be interested in 111,720,000 Shares, or approximately 46.56% of the issued share capital of the Company.

Save as disclosed above and as at the Latest Practicable Date, none of the Company, any of its subsidiaries or its associated corporations, or any Director owned or controlled any shares in the Offeror and none of them had dealt in the shares of the Offeror during the period beginning six months prior to the commencement of the period of the Offer and ending on the Latest Practicable Date (the "Relevant Period").

(d) Other interests

As at the Latest Practicable Date:

(i) no person had arrangement of any kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person who is acting in concert with the Offeror, or with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code;

(ii) no shareholding in the Company or the Offeror was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of "associate" (but excluding exempt principal traders) in the Takeovers Code;

(iv) no shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company; and

(v) neither Altus nor Kingston nor any other advisers to the Company or the Offeror had any shareholding in the Company or the Offeror.

4. DEALINGS IN SECURITIES

Save for the acquisition of the 55,860,000 Shares by the Offeror on 1 November, 2003 as disclosed in the paragraph headed "Dealings in the Shares" in the letter from Altus contained in this document, none of the Directors, the Offeror, directors of the Offeror and persons acting in concert with any of them had dealt in any Shares during the Relevant Period.

No subsidiary of the Company, or any of its associates, or any pension funds of the Group, nor any of the professional advisers named under the paragraph headed "Experts" in this appendix had dealt in the Shares during Relevant Period.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the management shareholders of the Company or their respective associates have any interests in a business which competes or may compete with the business of the Group.

6. MARKET PRICES

(a) The highest and lowest closing prices of the Shares on the Stock Exchange during the period commencing on the date falling six months prior to the date of the S&P Agreement were HK$0.25 per Share on 16 June, 2003 and 17 June, 2003 and HK$0.20 per Share during the periods from 2 May, 2003 to 13 May, 2003, 15 May, 2003 to 12 June, 2003 and 10 September, 2003 to 29 October, 2003 respectively.

(b) The table below shows the closing prices per Share as quoted on GEM on (i) the last day on which trading took place in each of the six calendar months immediately preceding the date of the Announcement; (ii) 31 October, 2003, being the last trading day immediately preceding the Announcement; (iii) the last trading day in each of the calendar months during the period from the date of the Announcement to the Latest Practicable Date; and on the Latest Practicable Date:

	Closing price *(HK$)*
30 May, 2003	0.200
30 June, 2003	0.240
31 July, 2003	0.215
29 August, 2003	0.205
30 September, 2003	0.200
31 October, 2003	0.220
28 November, 2003	0.220
Latest Practicable Date	0.210

7. SERVICE CONTRACT

None of the Directors has any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which has more than twelve months to run or which has been entered into or amended within six months before the commencement of the period of the Offer.

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

9. MATERIAL CONTRACTS

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 document which are or may be material.

10. EXPERTS

The following are the respective qualifications of the experts who have been named in this document or have given their opinions, letters or advice which are contained in this document:

Name	Qualification
Altus	Deemed licensed corporation under the SFO
Kingston	Deemed licensed corporation under the SFO

Each of Altus and Kingston has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its letter and references to its name in the form and context in which it appears.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at 6/F, G.D. Real Estate Tower, 143 Connaught Road Central, Sheung Wan, Hong Kong during normal business hours while the Offer remains open.

(a) the memorandum and articles of association of the Company;

(b) the certificate of incorporation and memorandum and articles of association of the Offeror;

(c) the annual report of the Company for the two years ended 31 December, 2002, the interim report of the Company for the six months ended 30 June, 2003 and the third quarterly report of the Company for the three months ended 30 September, 2003;

(d) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 18 of this document;

(e) the letter of advice from Kingston dated 4 December, 2003 to the Independent Board Committee, the text of which is set out on pages 19 to 33 of this document;

(f) the letter from Altus, the text of which is set out on pages 11 to 17 of this document;

(g) the written consents referred to in the paragraph headed "Experts" in this appendix.

12. MISCELLANEOUS

(a) The secretary and qualified accountant of the Company is Mr. Chow Chi Wah, Vincent. Mr. Chow is a fellow member of The Chartered Association of Certified Accountants and an associate member of Hong Kong Society of Accountants.

The compliance officer of the Company is Mr. Lee Man Lung, Vincent.

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, Mr. Tsang Link Carl, Brian and Mr. Lee Man Lung, Vincent, further details of whom are set out below:

Mr. Lee Sai Yeung, aged 52, was the executive director of several companies listed on the Stock Exchange from 1996 to 1998. Mr. Lee obtained both his master and bachelor degrees in business administration (with honours) from the University of Texas at Austin. He has more than 15 years' experience in the securities business and extensive experience in corporate finance and investment banking. From 1981 to 1998, Mr. Lee had been registered as a dealing director, investment adviser and held position as senior executive in several major regional and European securities firms in Hong Kong. He was appointed as an independent non-executive Director in June 2000.

Mr. Tsang Link Carl, Brian, aged 40, is a practicing solicitor in Hong Kong. He is a partner of a Hong Kong law firm, Iu, Lai & Li. He graduated from King's College, London with an LL.B. degree in 1985. He is also admitted to practise law in England & Wales, Singapore, New South Wales, Queensland and the Australian Capital Territories. He is also a non-executive director of several other public companies listed on the Stock Exchange, namely CITIC Resources Holdings Limited, Dong Fang Gas Holdings Limited, Hanny Holdings Limited and Shang Hua Holdings Limited. He was appointed as an independent non-executive Director in June 2000.

Mr. Lee Man Lung, Vincent, aged 44, is an executive Director and the Chief Executive Officer of the Group. He is responsible for the corporate planning as well as the daily operation of the Group. He has been working in the information technology industry for over 19 years. Mr. Lee started has career in NCR after graduation in 1983. He has been responsible for the sales and marketing of computer system to various industries including financial, manufacturing and retail. Prior to joining the Group, he has worked for another technology firm specialised in securities dealing system. He holds a bachelor's degree in business administration from the Chinese University of Hong Kong.

(b) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies.

(c) The principal place of business of the Company is at 6/F, G.D. Real Estate Tower, 143 Connaught Road Central, Sheung Wan, Hong Kong.

(d) The Cayman principal share registrar and transfer office of the Company is the Bank of Butterfield International (Cayman) Limited whose address is Butterfield House, Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands, British West Indies.

(e) The Hong Kong branch share registrar and transfer office of the Company is Hong Kong Registrars Limited, which is at Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(f) The registered office of the Offeror is at Sea Meadow House, Blackburne Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands. The directors of the Offeror are Mr. Fung and Mr. Lo.

(g) The correspondence address of the Offeror in Hong Kong is 10th Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong.

(h) None of the existing Directors will be given any benefit as compensation for loss of office or otherwise in connection with the Offer.

(i) There is no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(j) There is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

(k) The Offeror does not have any intention to transfer any Shares pursuant to the Offer to any other person.

(l) There is no person who has irrevocably committed to accepting or rejecting the Offer.

(m) As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any of the Directors had a material personal interest save for the S&P Agreement.

(n) The English language texts of this document shall prevail over the Chinese language texts.