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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**Computech Holdings Limited**  
**駿科網絡訊息有限公司\***  
*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 8081)

**ONGOING CONNECTED TRANSACTIONS  
AND  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**Financial adviser to Computech Holdings Limited**

**ALTUS CAPITAL LIMITED**

**Independent financial adviser to the Independent Board Committee and  
the Independent Shareholders**



**KGI Capital Asia Limited**

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A letter from the independent board committee of Computech Holdings Limited is set out on page 13 of this circular.

A letter from KGI Capital Asia Limited, the independent financial adviser, containing its advice to the independent board committee and the independent shareholders of Computech Holdings Limited is set out on pages 14 to 19 of this circular.

A notice convening an extraordinary general meeting of Computech Holdings Limited to be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong on 2 September 2004 at 9:30 a.m is set out on pages 26 to 32 of this circular. Whether or not you are able to attend such meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal place of business of Computech Holdings Limited at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting (as the case may be) should you so wish.

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

\* *for identification purpose only*

18 August 2004

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## CHARACTERISTICS OF GEM

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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 of the Stock Exchange 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.

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Letter from the Independent Board Committee</b> .....	13
<b>Letter from KGI Capital Asia Limited</b> .....	14
<b>Appendix – General information</b> .....	20
<b>Notice of the EGM</b> .....	26

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:*

“AFS Trust”	AFS Trust, a trust set up by Mr. Fung Pak Chuen Alphonso, a Director, for the benefit of his wife and their children. Mr. Fung does not have any direct interests in the Company
“Agreement”	the conditional agreement dated 28 July 2004 entered into between the Company and CLIH in respect of the Purchase Transactions and the Provision of Services
“Aplus”	Aplus Worldwide Limited, the controlling Shareholder, beneficially owns 54.9% shareholding interest in the Company
“Ardian Trust”	Ardian Trust, a trust set up by Mr. Lo, Richard, a Director, for the benefit of his wife and their children. Mr. Lo does not have any direct interests in the Company
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“CLIH”	CL International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“CLIH Group”	CLIH and its subsidiaries
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Computech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong at 9:30 a.m on Thursday, 2 September 2004, notice of which is set out on pages 26 to 32 of this circular

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## DEFINITIONS

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“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, which comprises Mr. Lee Sai Yeung, an independent non-executive Director, established to advise the Independent Shareholders in respect of the Ongoing Connected Transactions
“Independent Shareholders”	Shareholders other than Aplus and its associates
“Inventories”	inventories comprising principally computer parts and components, peripherals and equipment to be acquired by the Company from CLIH pursuant to the Agreement
“Latest Practicable Date”	16 August 2004, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Ongoing Connected Transactions”	Provision of Services and Purchase Transactions
“PRC”	the People’s Republic of China
“Previous Purchase Agreement”	the agreement entered into between the Company and CLIH on 21 December 2001, pursuant to which the Group will, on a continual basis, purchase from the CLIH Group computer equipment, peripherals and related after-sale warranty and maintenance services for a term of 3 financial years ending 31 December 2004 and the aggregate purchase amount will not exceed HK\$10 million per annum
“Proposed Caps”	the respective proposed caps for the Purchases Transactions and the Provision of Services
“Provision of Services”	provision of information technology related services comprising principally system maintenance, technical support, systems integration and operations support, by the Company to customers of CLIH in Hong Kong and the PRC for a period commencing from the date on which the Agreement becoming effective up to and including 31 December 2005
“Purchase Transactions”	purchases of Inventories by the Company from CLIH for a period commencing from the date on which the Agreement becoming effective up to and including 31 December 2005 for use in the Group’s ordinary and normal course of business

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## DEFINITIONS

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“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the existing share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

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## LETTER FROM THE BOARD

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

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

*Directors:*

*Executive Directors:*

Fung Pak Chuen, Alphonso  
Lo, Richard

*Non-executive Director:*

Toshio Sugii

*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:*

10/F., Westlands Centre  
20 Westlands Road  
Quarry Bay  
Hong Kong

18 August 2004

*To the Shareholders*

Dear Sir or Madam,

## ONGOING CONNECTED TRANSACTIONS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

### INTRODUCTION

The Board announced that, on 28 July 2004, the Company entered into the Agreement with CLIH. Pursuant to the Agreement, the Group will purchase Inventories from the CLIH Group and provide technical services to certain existing customers of the CLIH Group on a recurring basis up to and including 31 December 2005.

CLIH is indirectly owned as to approximately 62.6% by The General Trust (the trustee of AFS Trust and Ardian Trust) and Mr. Henry Yap Fat Suan and the remaining 37.4% by independent third parties. Aplus, the controlling Shareholder, is indirectly owned as to 84.0% by The General Trust and

\* for identification purpose only

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## LETTER FROM THE BOARD

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directly owned as to 16.0% by Mr. Henry Yap Fat Suan. CLIH therefore is a connected person to the Company according to the GEM Listing Rules. Transactions contemplated under the Agreement constitute ongoing connected transactions for the Company and the Company will be subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Aplus which beneficially owns 54.9% shareholding interest in the Company and its associates will abstain from voting on the resolution to be proposed in relation to the Agreement at the EGM. The vote will be taken by poll.

The Stock Exchange has revised the GEM Listing Rules on 31 March 2004 and to align the Articles of Association with the requirements of the revised GEM Listing Rules, the Board wishes to propose a special resolution at the EGM to alter the Articles of Association.

The purpose of this circular is (i) to provide the Shareholders with further information relating to the Agreement and the amendments to the Articles of Association; (ii) to provide the Shareholders with the recommendation and opinion from the Independent Board Committee in relation to the Ongoing Connected Transactions; (iii) to set out the letter from KGI Capital Asia Limited containing its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Ongoing Connected Transactions; and (iv) to give notice of the EGM at which resolutions as set out in the notice of EGM will be proposed to approve the Agreement and the amendments to the Articles of Association. This circular also contains information in compliance with the GEM Listing Rules.

### ONGOING CONNECTED TRANSACTIONS

#### 1. The Agreement dated 28 July 2004

- Parties: (i) The Company
- (ii) CLIH
- Subject: (i) Purchase Transactions; and
- (ii) Provision of Services.

The Agreement is conditional upon the passing of all necessary resolution(s) by the Independent Shareholders at the EGM to approve the Agreement and the transactions contemplated therein. If the condition is not fulfilled on or before 30 October 2004 (or such later date as may be agreed in writing between the Company and CLIH), the Company or CLIH shall be entitled to rescind the Agreement by giving written notice to the other party whereupon the Agreement shall from such date have no further effect and no party shall have any liability under them (without prejudice to the accrued rights of the parties hereto in respect of any antecedent breaches of the Agreement).

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## LETTER FROM THE BOARD

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**(i) Purchase Transactions**

Transaction nature

Under the Agreement, the Company will from time to time purchase Inventories on an order by order basis from CLIH for a period commencing from the date on which the Agreement becoming effective up to and including 31 December 2005 for use in the Group's ordinary and normal course of business. No minimum purchase amount is required and the purchases may be made by the Company as and when necessary in carrying out engagements for the customers of CLIH under the outsourcing arrangements as further described below. Such arrangement will minimize the need to carry excess Inventories which are not immediately required to meet existing orders.

Pricing basis

The purchase prices of the Inventories to be paid by the Company will be on normal commercial terms and determined after arm's length negotiation, and will be settled by the internal resources of or the banking facilities obtained by the Group. The prices of the Inventories shall not exceed the prevailing market prices at which these products are available to the Group from independent third parties. The payment terms for such purchases, including any credit term available to the Group, will depend on and mirror the payment terms between CLIH and its suppliers, including any credit term available to CLIH. Given such terms of payment, the Directors expect that the Company will be required, in most cases, to make payment for Inventories purchased prior to receipt of payment from the Provision of Services, as further described in the section below "Provision of Services – Pricing basis".

As CLIH is a connected person to the Company, the Purchase Transactions constitute ongoing connected transactions for the Company and are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Aplus and its associates will abstain from voting in respect of the resolution to be proposed in relation to the Agreement at the EGM. The vote will be taken by poll.

**(ii) Provision of Services**

Transaction nature

The Company will render information technology related services including, but not limited to, system maintenance, technical support, systems integration and operations support, to certain existing customers of the CLIH Group in Hong Kong and the PRC in the non-banking sector, which are not connected persons of the Company, for a period commencing from the date on which the Agreement becoming effective up to and including 31 December 2005. As further set out in the section below headed "Reasons for and benefits arising from the Agreement", this will enable the Group to expand its customer base for its existing business to include customers in the non-banking sector, whilst at the same time, enabling

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## LETTER FROM THE BOARD

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the CLIH Group to outsource this segment of its business so as to focus on its core operations. Given the similarity in nature of the current businesses of the Group and the Provision of Services, the Directors are of the view that the above proposal will provide positive contribution for and is beneficial to the Group.

### Pricing basis

The Provision of Services will be carried out in the ordinary course of business of the Group and conducted on normal commercial terms. As stipulated in the Agreement, the Group will act as an outsourcing partner of CLIH and will provide services to the customers of CLIH according to the terms of the contracts between CLIH and its customers. The Group will furnish CLIH with monthly services activity reports detailing services rendered to these customers and the amount of time incurred by the Group. Fees for services rendered will be (i) charged to CLIH on a project/contract basis which is calculated based on, for example, units or value of products sold, amount of time required for the services performed or number of calls serviced; and (ii) payable by CLIH to the Group. Such payments from CLIH to the Group may be on a monthly/quarterly/semi-annual or annual basis, and are dependent on and reflect the terms of payment as between CLIH and its customers, but regardless of whether CLIH itself has received payments from its customers. The Directors advised that such payment arrangement conforms to normal commercial practice in instances where the provision of similar services is entirely outsourced by the principal contractor to its outsourcing partner. The Directors are of the view the payment arrangement and the pricing basis are fair and reasonable as far as the Company and the Shareholders are concerned.

The Directors advised that the Company will negotiate new contracts directly with the customers and the fees will be received directly from the customers following expiration of the existing contracts. Durations of the existing contracts range from one to three years. While there is no guarantee that the Company will be able to secure contracts from these customers, given that (i) the contracts to be entered into between these customers and the Company will be negotiated on an arm's length basis and the terms of which will be comparable to those offered by CLIH; and (ii) the Group has the experience and expertise to provide quality services demanded by the customers, the Directors are of the view that these customers will likely continue their business relationships with the Group following the expiration of their existing contracts with CLIH.

The Directors consider the fees to be received from the Provision of Services, which are expected to cover the cost of inventory used, labour costs and other relevant costs to be incurred in carrying out such services and to generate a reasonable margin for the Group, to be fair and reasonable so far as the Shareholders are concerned taking into consideration that (i) the Provision of Services are in line with the Company's principal business activities; and (ii) the Company will be able to diversify its sources of income.

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## LETTER FROM THE BOARD

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As CLIH is a connected person to the Company, the Provision of Services constitute ongoing connected transactions for the Company and are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Aplus and its associates will abstain from voting in respect of the resolution to be proposed in relation to the Agreement at the EGM. The vote will be taken by poll.

### 2. Basis of cap amounts

Based on the projections provided by CLIH for the two years ending 31 December 2005, the Proposed Caps are as follows:

	<b>For the year ending 31 December 2004</b>	<b>For the year ending 31 December 2005</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision of Services	41,000	65,000
Purchase Transactions	30,000	30,000

The Company has purchased goods from CLIH amounting to HK\$414,000, nil and nil for the three years ended 31 December 2003 in accordance with the Previous Purchase Agreement. Since the Group had not carried on such services in the previous years, purchases from CLIH had been minimal and in fact had been nil for the two years ended 31 December 2003. The values of these purchases are less than the Proposed Caps for the Purchase Transactions; however, the Directors consider the Proposed Caps for the Purchase Transactions to be appropriate taking into consideration that the Group will provide services to a larger number of customers pursuant to the Provision of Services which in turn will require additional quantity of Inventories be purchased. The Company and CLIH will terminate the Previous Purchase Agreement upon the commencement of the Agreement.

Based on the current contracts on hand and projections provided by the management of CLIH, the Proposed Caps relating to Provision of Services may be up to HK\$41 million and HK\$65 million respectively for the two years ending 31 December 2005. In particular, the Directors have taken into account the aggregate sums of existing contracts and the aggregate sums of contracts under negotiation between CLIH and its customers which are mainly for the year 2004 and 2005 in arriving at such amounts. Prior to the Agreement becoming effective, CLIH will remain as the negotiating party. After the Agreement becoming effective, the Directors expect that new contracts will be negotiated and entered into directly between the Company and the ultimate customers.

Transactions contemplated under the Agreement constitute ongoing connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rules 20.35 and 20.52 of the GEM Listing Rules. The Company intends to seek the approval from the Independent Shareholders at the EGM in respect of the Agreement pursuant to Rule 20.35 of the GEM Listing Rules and of the Proposed Caps for a period of two financial years ending 31 December 2005 pursuant to Rule 20.52 of the GEM Listing Rules. In addition, Aplus and its associate(s) are required to abstain from voting at the EGM on the relevant resolution pursuant to Rule 20.54 of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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The Company will comply with the provisions, and in particular, provisions governing ongoing connected transactions, of Chapter 20 of the GEM Listing Rules in relation to the Purchase Transactions and the Provision of Services.

### **3. Reasons for and benefits arising from the Agreement**

The Group is principally engaged in the research, development and sales of packaged software products, the provision of software related consultancy and technical services as well as system integration services in the PRC mainly for the customers in banking sector. The CLIH Group is principally engaged in the research, development and sales of banking terminal automation and mailing solution services, packaged software products for the logistics and manufacturing industries, supply chain solutions and provision of technical services as well as system integration services in Hong Kong and in the PRC.

The Group recorded turnover and net loss of approximately HK\$35.4 million and approximately HK\$27.3 million respectively for the year ended 31 December 2003 and turnover and net loss of approximately HK\$68.6 million and approximately HK\$20.9 million respectively for the year ended 31 December 2002. The Group's turnover for the year ended 31 December 2003 decreased by approximately 48% or approximately HK\$33.2 million from the previous year and the Directors attributed the unsatisfactory performance to the lower than expected IT expenditure of enterprises in the PRC as well as the change in acquisition process of IT products of the Group's banking sector customers where purchases of IT equipment or solutions are increasingly centralized and made by internal procurement divisions rather than by individual departments.

Having regard to the poor business performance of the Group, the Directors intend to find new sources of revenue and enlarge its customer base by also targeting customers in the non-banking sector. At the same time, given that the CLIH Group intends to outsource its supply chain solution services, including technical services and system integration service so as to focus on the research, development and sales of banking terminal automation and mailing solution services, the Directors consider it to be an appropriate opportunity for the Group to expand its revenue base and enlarge the business scope by acting as a subcontractor for CLIH to provide such services to customers who have existing contracts with the CLIH Group in respect of this segment of its operations. The Directors are of the view that revenue to be generated from the Provision of Services will improve the Group's financial performance.

As mentioned previously, the Group provides system maintenance and technical support services and systems integration services in the PRC mainly for clients in the banking sector, while the CLIH Group provides similar services mainly for multinational corporations in the non-banking sector. After the Agreement becoming effective, the CLIH Group will cease to provide such services for any customers. Given that it is in the Group's normal course of business to provide such services, the Directors are of the view that the Group is capable of providing services to non-bank customers in addition to existing bank customers. The Group also expects to recruit more employees with relevant experience and expertise in anticipation of the expected increase in the volume of services to be provided.

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## LETTER FROM THE BOARD

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The Purchase Transactions are necessary for the Group to commence Provision of Services. Given that such Inventories are generally different from those used by the Group in its existing business and that the CLIH Group has existing arrangements with suppliers that provide discounts on purchases made in relation to the existing contracts for the Provision of Services undertaken by the CLIH Group, the Purchase Transactions will allow the Group to acquire Inventories from the CLIH Group at lower prices than if it purchases directly from suppliers. The Group will purchase inventories directly from third parties if the terms of such purchases are more favourable than those offered by the CLIH Group.

The Directors consider the Agreement to be in the ordinary and normal course of the Group's business and that the terms are in the interests of the Company and the Shareholders as a whole. The Directors are of the view that the transactions contemplated under the Agreement will complement the Group's existing operations and enable it to expand its scope of businesses and diversify its sources of revenue. The Directors expect that as the Group continues to engage in the provision of software and hardware products and related services and expand its customer base, its volume of business will increase and its reliance on CLIH will accordingly be minimized.

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has revised the GEM Listing Rules on 31 March 2004. To align the Articles of Association with the requirements of the revised GEM Listing Rules, the Board wishes to propose a special resolution at the EGM to alter the Articles of Association. In general, amendments will be made to the following in relation to corporate governance:

- (a) the minimum seven-day period for lodgment of notice of nomination of Directors by Shareholders shall commence no earlier than the day after the despatch of the notice of meeting appointed for such election and end no later than seven days before the date of such meeting;
- (b) a Director shall abstain from voting at the meeting of the Board on any matter in which he or any of his associates has a material interest and not to be counted towards the quorum of the relevant meeting of the Board; and
- (c) where any Shareholder is, under the revised GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

In addition, the Board also recommends that amendments be made to the Articles of Association so as to allow the Company to offer the Shareholders (subject to adequate arrangements having been made by the Company to ascertain the wishes of the Shareholders) with the choice to elect:

- (a) to receive summary financial statements of the Company instead of the full version of the annual reports and accounts;
- (b) to be treated as having been sent a copy of annual report and accounts (and, where applicable, summary financial report), half-year report (and, when applicable, summary half-year report) and quarterly report by having access to the version of those documents published on the Company's website; and

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## LETTER FROM THE BOARD

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- (c) to receive various corporate communications, including but not limited to annual, interim and quarterly reports, circulars and notices of meeting by electronic means and in either English or Chinese only or in both languages.

Apart from the foregoing, there are also minor amendments which sought to improve the drafting of the Articles of Association. The full text of the proposed amendments is contained in resolution numbered 2 set out in the notice of the EGM.

### THE EGM

A notice convening the EGM to be held at the 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong on 2 September 2004 at 9:30 a.m. is set out on pages 26 to 32 of this circular at which resolutions will be proposed to consider and, if thought fit, to approve the ongoing connected transactions contemplated under the Agreement and the amendments to the Articles of Association.

As CLIH is a connected person to the Company, the transactions contemplated under the Agreement constitute non-exempt continuing connected transactions for the Company under the GEM Listing Rules and are subject to the Independent Shareholders' approval requirements under Rule 20.35 of the GEM Listing Rules. The EGM will be convened to approve the Agreement by way of poll. Aplus which held 131,688,000 Shares, representing approximately 54.87% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the resolution to be proposed at the EGM to approve the Agreement.

As at the Latest Practicable Date, Aplus interested in approximately 54.87% of the total issued share capital of the Company and it has control over the voting rights in respect of its Shares. As at the Latest Practicable Date, no voting trust or other agreement or arrangement or understanding was entered into by or binding upon the above Shareholder which has passed or may result in temporarily or permanently passing control over the exercise of the voting right in respect of any of its Shares to a third party.

An independent board committee has been formed to advise the Independent Shareholders on how they should vote in respect of the Ongoing Connected Transactions. As Mr. Tsang Link Carl, Brian is a partner of Iu, Lai & Li, the legal advisers to the Company in respect of this transaction, he is not considered to be sufficiently independent for the purpose of advising the Independent Shareholders in respect of the Ongoing Connected Transactions. Accordingly, the Independent Board Committee will only comprise Mr. Lee Sai Yeung.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish.

### PROCEDURE BY WHICH A POLL MAY BE DEMANDED

Under the Articles of Association, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or

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## LETTER FROM THE BOARD

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- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the Shares conferring that right.

In addition, under the GEM Listing Rules, if the chairman of the meeting and/or the Directors individually or collectively hold(s) proxies in respect of Shares holding 5% or more of the total voting rights of the Company at a particular meeting, and if the votes casted on a show of hands are in the opposite manner to that instructed in those proxies, then the chairman shall demand a poll. However, if it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands, then the chairman shall not be required to demand a poll.

### RECOMMENDATIONS

Your attention is drawn to (a) the letter from the Independent Board Committee set out on page 13 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM in relation to the Ongoing Connected Transactions; and (b) the letter from KGI Capital Asia Limited, which contains its advice to the Independent Board Committee and the Independent Shareholder in relation to the Ongoing Connected Transactions and the principal factors and reasons considered by it in arriving at its opinions. The text of the letter from KGI Capital Asia Limited is set out on pages 14 to 19 of this circular.

The Independent Board Committee, having taken into account the advice of KGI Capital Asia Limited, considers that the Ongoing Connected Transactions are entered into on normal commercial terms, and in the ordinary and usual course of business of the Group and that the terms of the Ongoing Connected Transactions are fair and reasonable and in the interest of the Group so far as the Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM in relation to the Ongoing Connected Transactions.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

By order of the Board  
**Computech Holdings Limited**  
**Alphonso Fung**  
*Chairman*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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

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

18 August 2004

*To the Independent Shareholders*

Dear Sir or Madam,

**ONGOING CONNECTED TRANSACTIONS**

I refer to the circular of the Company to the Shareholders dated 18 August 2004 (the "Circular"), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as given to them in the section headed "Definitions" of the Circular.

I have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on: (i) whether the terms of the Agreement and the respective caps in relation to the Ongoing Connected Transactions are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) how to vote with respect to the resolution(s) to be proposed at the EGM.

I wish to draw your attention to the letter of advice from KGI Capital Asia Limited as set out on pages 14 to 19 of the Circular and the letter from the Board as set out on pages 4 to 12 of the Circular.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of KGI Capital Asia Limited as stated in its letter of advice, I consider that the terms of the Agreement and the respective caps in relation to the Ongoing Connected Transactions are in the interest of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Agreement and the respective caps in relation to the Ongoing Connected Transactions to be proposed at the EGM.

Yours faithfully,  
The Independent Board Committee of  
**COMPUTECH HOLDINGS LIMITED**  
**Lee Sai Yeung**  
*Independent non-executive Director*

\* *for identification purpose only*

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## LETTER FROM KGI CAPITAL ASIA LIMITED

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*The following is the full text of advice to the Independent Board Committee and the Independent Shareholders from KGI Capital Asia Limited prepared for incorporation in this circular.*



### **KGI Capital Asia Limited**

Asia Pacific Finance Tower 27/F  
Citibank Plaza  
3 Garden Road  
Central Hong Kong

Tel: 2970 0100

Fax: 2970 0080

18 August 2004

To the Independent Board Committee and Independent Shareholders  
Computech Holdings Limited  
10/F., Westlands Centre,  
20 Westlands Road,  
Quarry Bay,  
Hong Kong

Dear Sirs,

### **ONGOING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the terms of the Ongoing Connected Transactions, which comprise (1) Provision of Services; and (2) Purchase Transactions, particulars of which are set out in the “Letter from the Board” (the “Letter”) contained in the circular to the Shareholders dated 18 August 2004 (the “Circular”) and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular. This letter contains our advice to the Independent Board Committee and Independent Shareholders as to whether or not (i) the Ongoing Connected Transactions are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole; (ii) the Proposed Cap for each of the Ongoing Connected Transactions for the year ending 31 December 2004 and 2005 of the respective agreement has been determined on a fair and reasonable basis; and (iii) it would be fair and reasonable for the Independent Shareholders to approve the Ongoing Connected Transactions under the Proposed Caps.

The Company and CLIH entered into the Previous Purchase Agreement dated 21 December 2001 in respect of supply of computer equipment, peripherals and related after-sale warranty and maintenance services from CLIH to the Group for a term of three financial years ending 31 December 2004 and the aggregate purchase amount will not exceed HK\$10 million per annum. Details of the Previous Purchase Agreement were set out in the Company’s announcement dated 21 December 2001. On 28 July 2004, the Company entered into a new Agreement dated 28 July 2004 in respect of (1) Purchase Transactions; and (2) Provision of Services. As CLIH is indirectly owned as to approximately 62.6% by The General Trust (the trustee of AFS Trust and Ardian Trust) and Mr. Henry Yap Fat Suan and Aplus, the controlling Shareholder, is indirectly owned as to 84.0% by The General Trust and directly owned as to 16.0% by

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## LETTER FROM KGI CAPITAL ASIA LIMITED

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Mr. Henry Yap Fat Suan, CLIH is therefore a connected person according to the GEM Listing Rules. Transactions contemplated under the Agreement constitute ongoing connected transactions for the Company and the Company will be subject to reporting, announcement and Independent Shareholders' approval under Chapter 20 of the GEM Listing Rules. Alpus which beneficially owns 54.9% shareholding interest in the Company and its associates will abstain from voting on the resolutions to be proposed in relation to the Agreement at the EGM. The vote will be taken by poll.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have relied to a considerable extent on the information, statements, opinion and representations provided to us by the Company and the directors of the Company and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true and accurate and complete at the time they were made and continue to be true at the date of the Circular, and we have relied on the same. We have also assumed that all statements of belief, opinion and intention of the directors of the Company as set out in the Letter were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular. We have also discussed with the management of the Company their plans for the Group and the prospects of the businesses of the Group.

We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the Transactions and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion and recommendation. We have no reason to suspect that any material facts or information (which is known to the Company) have been omitted or withheld from the information provided or opinions expressed in the Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the directors of the Company which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the directors of the Company, nor have we conducted an independent in-depth investigation into the business and affairs of the Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation to the Independent Board Committee in respect of the terms of the Ongoing Connected Transactions and the voting recommendation to the Independent Shareholders, we have taken the following principal factors and reasons into consideration:

#### **1. Background of the Ongoing Connected Transactions**

The Group is principally engaged in the research, development and sales of packaged software products, the provision of software related consultancy and technical services as well as system integration services in the PRC mainly for the customers in the banking sector. The CLIH Group is principally engaged in the research, development and sales of banking terminal automation and mailing solution services, packaged software products for the logistics and manufacturing industries, supply chain solutions and provision of technical services as well as system integration services in Hong Kong and in the PRC.

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## LETTER FROM KGI CAPITAL ASIA LIMITED

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The Company and CLIH entered into the Previous Purchase Agreement dated 21 December 2001 in respect of supply of computer equipment, peripherals and related after-sale warranty and maintenance services from CLIH to the Group for a term of three financial years ending 31 December 2004. As stated in the Letter, the Company has purchased goods from CLIH amounting to HK\$414,000, nil and nil for the three years ended 31 December, 2003 in accordance with the Previous Purchase Agreement. Since the Group had not carried on such services in the previous years, purchases from CLIH had been minimal and in fact had been nil for the two years ended 31 December 2003 and the Previous Purchase Agreement will be terminated upon the Agreement becomes effective. On 28 July 2004, the Company entered into the Agreement with CLIH regarding (i) Purchase Transactions and (ii) Provision of Services. Please refer to section headed “Terms of the Agreement” below for the detailed information of the Agreement.

### **2. Terms of the Agreement**

The major terms and conditions of the Agreement have been summarised under the section headed “Ongoing Connected Transaction” in the Letter.

#### *(i) Purchase Transactions*

As stated in the Letter, the Company will purchase Inventories from time to time on an order by order basis from CLIH, for a period commencing from the date of the Agreement up to and including 31 December 2005 on normal commercial terms and in the ordinary and normal course of business of the Group. Purchases will be made by the Company as and when necessary in carrying out engagements for the customers of CLIH under the outsourcing arrangements as described below with the heading “Provision of Services”. We concur with the Directors’ views that such arrangement can minimise the need to keep excess Inventories as the Company would only place the purchase order on an order by order basis.

The purchase prices of the Inventories to be paid by the Company will be on normal commercial terms and determined after arm’s length negotiation, and will be settled by the internal resources of or the banking facilities obtained by the Group and shall not exceed the prevailing market prices offered to the Group from the other independent third parties. We have obtained and reviewed samples of the quotation of Inventories provided by the Company from CLIH and other independent third parties and found that the quotation of Inventories of CLIH are comparable to those of other independent third parties as reviewed by us. We are therefore of the opinion that the purchase prices of the Inventories is on normal commercial terms and comparable with other suppliers who are independent third parties.

The payment terms of the purchase of Inventories, including any credit term available to the Group, will depend on and mirror the payment terms between CLIH and its suppliers. According to the Directors, under such payment arrangement, the Company will be required, in most cases to make payment for the Inventories purchased prior to receipt of payment from the Provision of Services. We concur with the Directors that such payment arrangement conforms to normal commercial practice which is further demonstrated in the section headed “Provision of Services” below.

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## LETTER FROM KGI CAPITAL ASIA LIMITED

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On the basis that (i) the Purchase Transactions can minimise the need to keep excess Inventories; (ii) the purchase prices of the Inventories is on normal commercial terms and comparable with other suppliers who are independent third parties; and (iii) the payment terms of the purchase of Inventories is on normal commercial terms, we consider that terms of the Purchase Transactions is in the interests of the Group and Independent Shareholders as a whole.

*(ii) Provision of Services*

The Company will provide information technology related services including, but not limited to, system maintenance, technical support, systems integration and operations support, to certain existing customers of the CLIH Group in Hong Kong and the PRC in the non-banking sector according to the terms of the contracts between CLIH Group and its customers on normal commercial terms and in the ordinary and normal course of business of the Group, for a period commencing from the date of the Agreement up to and including 31 December 2005. These customers of the CLIH Group are not connected persons of the Company. Since the Group's existing customer base is only in the banking sector, we concur with the views of the Directors that Provision of Services allow the Group's customer base to expand into other sectors, while the CLIH Group will be able to focus on its core operations by outsourcing the above mentioned services to the Company.

According to the Directors and as stated in the Letter, the Provision of Services will be carried out in the ordinary course of business of the Group and conducted on normal commercial terms. Based on the Agreement, the Group will act as an outsourcing partner of CLIH and will provide services to the customers of CLIH according to the terms of the contracts between CLIH and its customers. The Group will furnish CLIH with monthly services activity reports detailing services rendered to these customers and the amount of time incurred by the Group. Fees of services rendered will be (i) charged to CLIH on a project/contract basis which is calculated based on, for example, units or value of products sold, amount of time required for the services performed or number of calls serviced and (ii) payable by CLIH to the Group. We are satisfied with the view of Directors that the terms of the contracts between CLIH and its customers are based on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole, since the contracts in relation to the Provision of Services were entered into between CLIH and its customers who are independent third parties to the Company.

Fees of the services provided by the Company will be (i) charged on the project or contract basis and (ii) payable by CLIH to the Company on the basis of monthly/quarterly/semi-annual or annual payment, depending on the terms of payment as stated in the contracts between CLIH and its customers, but regardless of whether CLIH itself has received payments from its customers. The Directors advised that the above pricing basis and payment arrangement conforms to normal commercial practice in instances where the provision of similar services is entirely outsourced by the principal contractor to its outsourcing partner. According to the Directors, the fees to be received from the Provision of Services are expected to cover the cost of inventory used, labour costs and other relevant costs to be incurred in carrying out such services and to generate a reasonable margin for the Group and are based on normal commercial terms.

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## LETTER FROM KGI CAPITAL ASIA LIMITED

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After reviewing and discussing with the Directors about the projections in relation to the Provision of Services and the current contracts on hand and the underlying assumptions, we concur with the Directors' view that the pricing basis, the payment arrangement and the fees are fair and reasonable so far as the Company and the Independent Shareholders are concerned since (i) the determination of the terms of the pricing basis and the payment arrangement are based on normal commercial terms; (ii) the contracts were entered into between CLIH and independent third parties; (iii) the fees to be received from the Provision of Services can cover the cost of inventory used, labour costs and other relevant costs to be incurred in carrying out such services and to generate a reasonable margin for the Group; (iv) Provision of Services are in line with the Company's principal business activities; and (v) the Company will be able to diversify its sources of income by expanding its existing customer base from the banking sector into other non-banking sectors which will further improve the Group's financial performance.

Having considered the above, we are of the view that terms of the Agreement and the Ongoing Connected Transactions are on normal commercial terms, and are fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned.

### 2. Proposed Caps

According to the current contracts on hand in relation to the Provision of Services and projections provided by the management of the Company, the Directors consider that the total purchases of Inventories from CLIH will not exceed HK30 million for each of the two years ending 31 December 2005.

As stated in the Letter, based on the CLIH's projections and the current contracts on hand, as well as based on the Group's aggregate sums of existing contracts and the aggregate sums of contracts under negotiation between CLIH and its customers, for the two years ending 31 December 2005, the Proposed Caps amount for the Provision of Services will not exceed HK\$41 million and HK\$65 million respectively.

Below set out the Proposed Caps for the Purchase Transactions and the Provision of Services:

	<b>For the year ending 31 December 2004</b>	<b>For the year ending 31 December 2005</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Provision of Services	41,000	65,000
Purchase Transactions	30,000	30,000

We have reviewed and discussed with the Directors about the projections in relation to the Provision of Services and the current contracts on hand and the underlying assumptions, in view of the expected business growth of the Group based on the projections prepared by the management of CLIH and the Company respectively and the current contracts on hand in relation to the Provision of Services, and in order to maintain stable supply of raw material and consistent quality of services, we concur with the view of the Directors that the Proposed Caps for the Purchase Transactions and the Provision of Services for the coming two financial years ending 31 December 2005 offer greater flexibility to the Group and is justifiable.

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## LETTER FROM KGI CAPITAL ASIA LIMITED

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### 3. Reasons for the Ongoing Connected Transaction

According to the Directors and as stated in the Letter that (i) the revenue to be generated from the Provision of Services will improve the Group's financial performance – the Group's turnover for the year ended 31 December 2003 decreased by approximately 48% or approximately HK\$33.2 million from the previous year which the Directors considered is the result of the lower than expected IT expenditure of enterprises in the PRC as well as the change in acquisition process of IT products of the Group's banking sector customers from individual departments to increase centralized and made by internal procurement divisions; (ii) the Purchase Transactions will allow the Group to acquire Inventories from the CLIH Group at lower prices than if it purchases directly from suppliers as CLIH Group has existing arrangements with its suppliers that provide discounts on purchases made in relation to the existing contracts for the Provision of Services undertaken by the CLIH Group; and (iii) Provision of Services are in line with the Company's principal business activities. Based on the above, we concur with the view of the Directors that the transactions contemplated under the Agreement will complement the Group's existing operations and enable it to expand its scope of businesses and diversify its sources of revenue.

### 4. Independent Shareholders' approval

As CLIH is a connected person of the Company, the Ongoing Connected Transactions together with the Proposed Caps are subject to the reporting, announcement and approval of the Independent Shareholders of the Company pursuant to Rules 20.35 and 20.52 of the Gem Listing Rules. The Company would seek the approval of the Independent Shareholders for the Ongoing Connected Transaction pursuant to Rule 20.35 and of the Proposed Caps for a period of two financial years ending 31 December 2005 pursuant to Rule 20.52. In addition, Aplus and its associate(s) are required to abstain from voting at the EGM on the relevant resolutions pursuant to Rule 20.54 of the GEM Listing Rules. Furthermore, the Company will ensure that the Ongoing Connected Transactions is in compliance with the provisions governing the ongoing connected transactions, of Chapter 20 of the GEM Listing Rules in relation to the Purchase Transactions and the Provision of Services.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Ongoing Connected Transactions are in the ordinary and normal course of business of the Company and the terms and conditions of the Ongoing Connected Transactions, including the Proposed Caps, are on normal commercial terms and fair and reasonable so far as the interests of the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Ongoing Connected Transactions and the Proposed Caps at the forthcoming EGM.

Yours faithfully,  
For and on behalf of  
**KGI Capital Asia Limited**  
**Kim Chan**  
*Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors in the securities of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange were as follows:

Name of director	Capacity in which such interests were held	Number of Shares	Percentage of nominal value of share capital
Mr. Fung Pak Chuen, Alphonso (“Mr. Fung”) ( <i>Note</i> )	Interests of spouse	131,688,000	54.87%
Mr. Lo, Richard (“Mr. Lo”) ( <i>Note</i> )	Interest of spouse and child under 18	131,688,000	54.87%

*Note:*

Win Plus Group Limited (“Win Plus”) holds 84% interest in the issued share capital of Aplus Worldwide Limited (“Aplus”) and is accordingly taken to have an interest in the 131,688,000 shares in which Aplus is interested under the SFO.

Gumpton Investments Limited (“Gumpton”), which holds 100% of the issued share capital of Win Plus, is taken to have an interest in the 131,688,000 shares in which Win Plus is interested under the SFO.

Both Mr. Fung and Mr. Lo are directors of Aplus, Win Plus and Gumpton.

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 131,688,000 shares in which Gumpton is interested under the SFO. Mr. Fung is a director of AFS.

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 spouse of Mr. Fung. Mr. Fung is taken to have an interest in the same 131,688,000 shares by virtue of his spouse’s interest under the SFO.

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 131,688,000 shares in which Gumpton is interested under the SFO. Mr. Lo is a director of Ardian.

Ardian is wholly-owned by General Trust. General Trust is the trustee of Ardian Trust, the beneficiaries of which include the spouse and a child (who is under 18 years of age) of Mr. Lo. Mr. Lo is taken to have an interest in the same 131,688,000 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 above, as at the Latest Practicable Date, none of the Directors of the Company has any interests and short positions in the shares, equity derivatives, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

### **3. SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND OTHER MEMBERS OF THE GROUP**

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, persons who have an interest or a short position in the shares, equity derivatives, underlying shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions

2 and 3 of Part XV of the SFO, and as recorded in the Register of Substantial Shareholders' Interest required to be maintained by the Company pursuant to Section 336 of the SFO:

**Long positions in Shares**

<b>Name</b>	<b>Capacity in which such interests were held</b>	<b>Number of Shares</b>	<b>Percentage of nominal value of share capital</b>
Hitachi, Ltd.	Beneficial owner	60,000,000	25.00%
Aplus	Beneficial owner	131,688,000	54.87%
Win Plus ( <i>Note 1</i> )	Interest of a controlled corporation	131,688,000	54.87%
Gumpton ( <i>Note 2</i> )	Interest of a controlled corporation	131,688,000	54.87%
AFS ( <i>Note 3</i> )	Interest of a controlled corporation	131,688,000	54.87%
Ardian ( <i>Note 3</i> )	Interest of a controlled corporation	131,688,000	54.87%
General Trust ( <i>Note 4</i> )	Interest of a controlled corporation	131,688,000	54.87%
Mrs. Fung, Pui Lan, Angela ( <i>Note 5</i> )	Beneficiary of trust	131,688,000	54.87%
Mrs. Lo, Lilian ( <i>Note 6</i> )	Beneficiary of trust	131,688,000	54.87%
Mr. Lo, Theodore ( <i>Note 6</i> )	Beneficiary of trust	131,688,000	54.87%

*Notes:*

1. Win Plus holds 84% interest in the issued share capital of Aplus and is accordingly taken to have an interest in the 131,688,000 shares in which Aplus is interested under the SFO.
2. Gumpton, which holds 100% of the issued share capital of Win Plus, is taken to have an interest in the 131,688,000 shares in which Win Plus is interested under the SFO.
3. 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 131,688,000 shares in which Gumpton is interested under the SFO.
4. AFS and Ardian are in turn wholly-owned by General Trust. Therefore, General Trust is taken to have an interest in the 131,688,000 shares in which AFS and Ardian are interested under the SFO.

5. General Trust is the trustee of AFS Trust. Being a beneficiary of AFS Trust, Mrs. Fung, Pui Lan, Angela, being the spouse of Mr. Fung, is taken to have an interest in the 131,688,000 shares in which General Trust is interested under the SFO.
6. General Trust is also the trustee of Ardian Trust. Mrs. Lo, Lilian and Mr. Theodore Lo, being the spouse and son of Mr. Lo, are beneficiaries of Ardian Trust and therefore are taken to have an interest in the 131,688,000 shares in which General Trust is interested under the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director, no other persons had an interest or a short position in the shares, equity derivatives, underlying shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who 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 meetings of any other member of the Group.

#### **4. SERVICE CONTRACTS**

None of the Directors has entered into any service agreements with any member of the Group which is not determinable by the employers within one year without payment of compensation other than statutory compensation.

#### **5. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation, arbitration or claim of material importance known by the Directors to be pending or threatened against any member of the Group.

#### **6. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors or management Shareholders (as defined in the GEM Listing Rules) or any of their respective associates had any business or interest that directly or indirectly competes or may compete with the business of the Group or had or might have any other conflict of interest.

#### **7. MATERIAL ADVERSE CHANGE**

Save as disclosed herein, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2003, being the date to which the latest published audited consolidated accounts of the Group was made up.

#### **8. GENERAL**

- (i) The registered office of the Company is situated at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, Grand Cayman, British West Indies.
- (ii) The principal place of business of the Company in Hong Kong is at 10/F, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong.

- (iii) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The company secretary and qualified accountant of the Company appointed under Rule 5.15 of the GEM Listing Rules is Mr. Yip Yuk Sing, Wallace. He is an associate member of both Association of Chartered Certified Accountants and the Hong Kong Society of Accountants.
- (v) The compliance officer of the Company is Mr. Fung Pak Chuen, Alphonso.
- (vi) 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 and Mr. Tsang Link Carl, Brian, 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 16 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, Pacific Century Premium Developments Limited and Hanny Holdings Limited. He was appointed as an independent non-executive Director in June 2000.

- (vii) The authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares of HK\$0.10 each. As at the Latest Practicable Date, the issued share capital of the Company was HK\$24,000,000 divided into 240,000,000 Shares of HK\$0.10 each.
- (viii) none of the Directors nor expert referred to in paragraph 9 has, or has had, any direct or indirect interest in any assets which have been or proposed to be acquired, disposed of or leased to any member of the group since 31 December 2003, the date to which the latest published audited financial statements of the Group were made up.

- (ix) Save for the Agreement, there is no contract or arrangement entered into by any member of the Group subsisting in which any of the Directors is materially interested in and which is significant in relation to the business of the Group as a whole.

## **9. QUALIFICATION AND CONSENT OF EXPERT**

KGI Capital Asia Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they appear.

The qualification of the expert who has provided its advice as contained in this circular is as follows:

<b>Name</b>	<b>Qualification</b>
KGI Capital Asia Limited	A deemed licensed corporation under the SFO and engaged in types 1, 4 and 6 regulated activities.

KGI Capital Asia Limited is not interested in any Shares or shares in any member of the Group nor does it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares or shares in any member of the Group.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours up to and including 2 September 2004 at the principal place of business of the Company at 10/F, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong:

- (a) the Agreement;
- (b) the Previous Purchase Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 13 in this circular;
- (d) the letter of advice from KGI Capital Asia Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 14 to 19 in this circular;
- (e) the written consent from KGI Capital Asia Limited referred to in paragraph 8 of this appendix; and
- (f) the amended Articles of Association.

## **11. MISCELLANEOUS**

The English text of this circular shall prevail over the Chinese text.

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## NOTICE OF THE EGM

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

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8081)

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “Meeting”) of Computech Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) will be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong on 2 September 2004 at 9:30 a.m. for the purpose of considering and, if thought fit, passing resolution numbered 1 as an ordinary resolution and resolution numbered 2 as a special resolution:

#### ORDINARY RESOLUTION

1. **“THAT** the conditional agreement dated 28 July 2004 between the Company and CL International Holdings Limited (“CLIH”, together with its subsidiaries, the “CLIH Group”), a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification (the “Agreement”), details of which are set out in the circular of the Company dated 18 August 2004, a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification (the “Circular”), all future transactions between the Group and the CLIH Group as described and contemplated in the Agreement and the Proposed Caps as defined and set out in the Circular be and are hereby approved and the execution of the Agreement be and is hereby approved, ratified and confirmed and the directors of the Company be and are hereby authorised to do such acts and things and execute such other documents which in their opinion may be necessary, desirable or expedient to carry out or to give effect to the transactions contemplated thereunder.”

#### SPECIAL RESOLUTION

2. **“THAT** the articles of association of the Company be amended as follows:
  - a. by inserting the following new definition in article 2(1):

““associate” the meaning attributed to it in the rules of the Designated Stock Exchange.”;
  - b. by deleting from the definition of “clearing house” in article 2(1), the words “a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong or”;

\* for identification purpose only

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## NOTICE OF THE EGM

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- c. by inserting the following words at the end of article 2(2)(e) before the semi-colon “,”:

“, including representation which takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member’s election comply with all applicable Statutes, rules and regulations;”;

- d. by replacing the full stop “.” appearing at the end of article 2(2)(g) with a semi-colon “;”, by inserting the word “and” immediately after the semi-colon and by inserting the following new article 2(2)(h):

“references to a document being executed include references to it being executed under hand or under seal or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.”;

- e. by substituting in article 12(1), the words “Subject to the Law, and these Articles” with the following words:

“Subject to the Law, these Articles, any direction that may be given by the Company in general meeting”;

- f. by substituting in article 44, the words “and where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange” with the following words:

“or any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any electronic means in such manner as may be accepted by the Designated Stock Exchange”;

- g. by inserting after the words “Subject to these Articles, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form” appearing in article 46, the following words:

“or in a form prescribed by the Designated Stock Exchange”;

- h. by substituting the words “and, where applicable, any other newspapers” in article 51 with the following words:

“or any other newspapers or by any other means”;

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## NOTICE OF THE EGM

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- i. by re-numbering the existing article 76 as article 76(1) and by inserting the following new article 76(2):

“(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”;

- j. by substituting the words “entitled to exercise the same rights and powers as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee) including the right to vote individually on a show of hands” appearing in the second sentence in article 84(2) with the following words:

“deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually on a show of hands.”;

- k. by substituting in article 86(5), the words “Subject to any provision to the contrary in these Articles the” with the word “The” and by inserting after the words “notwithstanding anything”, the words “to the contrary”;

- l. by deleting the words “unless not less than seven (7) days before the date appointed for the meeting” appearing in article 88 and by inserting the following words at the end of article 88 before the full stop “.”:

“provided that the minimum length of the period, during which such Notices may be given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”;

- m. by substituting the existing article 103 with the following new article 103:

“(1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

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## NOTICE OF THE EGM

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- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
  - (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
  - (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
  - (v) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
  - (vi) any proposal or arrangement concerning the adoption, modification or operation of any share incentive or share option scheme under which the Director or any of his associate(s) may benefit, or, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund or arrangement relates.
- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) is/are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.

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## NOTICE OF THE EGM

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(3) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.

(4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or of his associate(s) (other than associate(s) of the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Directors or his associate(s) shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned or his associate(s) as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting or his associate(s), such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman or his associate(s) as known to such chairman has not been fairly disclosed to the Board.”;

n. by substituting the word “A” at the beginning of article 152 with the words “Subject to Article 152A, a”;

o. by inserting the following new article 152A:

“152A. To the extent permitted by and subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 152 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial report derived from the Company’s annual accounts and the directors’ report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors’ report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial report, a complete printed copy of the Company’s annual financial statement and the directors’ report thereon.”;

p. by inserting the following new article 152B:

“152B. The requirement to send to a person referred to in Article 152 the documents referred to in that provision or a summary financial report in accordance with Article 152A or half-year report, summary half-year report or quarterly report as required by the rules of the Designated Stock Exchange, as the case may be, shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 152 or a summary financial report complying with Article 152A or half-year report, summary half-year report or

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## NOTICE OF THE EGM

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quarterly report as required by the rules of the Designated Stock Exchange, as the case may be, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.”;

- q. by deleting the word “given” appearing in the first line of article 159 and by inserting, in article 159, the following:
- (a) after the words “Any Notice” appearing at the beginning of article 159, the following words:

“or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designed Stock Exchange), whether or not, to be given or issued under these Articles”;
  - (b) after the words “cable, telex or facsimile transmission message”, the words “or other form of electronic transmission or communication”;
  - (c) after the words “by transmitting it to any such address or transmitting it to any telex or facsimile transmission number”, the words “or electronic number or address or website”; and
  - (d) after the words “in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange”, the words “or, to the extent permitted by the applicable laws, by placing it on the Company's website or the website of the Designated Stock Exchange, and giving to the member a notice stating that the notice or other document is available there (a “notice of availability”). The notice of availability may be given to the Member by any of the means set out above.”;
- r. by deleting the word “and” appearing after the semi-colon “;” in bye-law 160(a), by renumbering the existing article 160(b) as a new article 160(c) and by inserting the following new article 160(b):
- “(b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website or the website of the Designated Stock Exchange, is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;”;
- s. by substituting the full stop “.” appearing at the end of the new article 160(c) with a semi-colon “;” and inserting the word “and” after the semi-colon “;”; and

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## NOTICE OF THE EGM

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t. by inserting the following new article 160(d):

“may be given to a Member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.”,

and that the directors of the Company be and are hereby authorised to do all such acts, deeds and things as they shall, in their absolute discretion, deem fit, in order to effect and complete any of the foregoing.”

By order of the Board  
**Computech Holdings Limited**  
**Alphonso Fung**  
*Chairman*

Hong Kong, 18 August 2004

*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:*

10/F., Westlands Centre  
20 Westlands Road  
Quarry Bay  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of such member. A proxy need not be a member of the Company.
2. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the principal place of business of the Company at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.