
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, 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 or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

PROPOSED CAPITAL REORGANISATION

Financial adviser to Computech Holdings Limited
ALTUS CAPITAL LIMITED

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 at 9:30 a.m. on Tuesday, 12 October, 2004 is set out on pages 10 to 11 of this circular. If you are not able to attend the 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 on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

* For identification purpose only

CHARACTERISTICS OF GEM

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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EXPECTED TIMETABLE

The following expected timetable takes into account the Court procedures for the Capital Reorganisation and tentative timing relating thereto. The expected timetable is indicative only and is subject to change. Further announcement will be made in the event of any changes.

2004

Latest time for lodging proxy forms for the EGM 9:30 a.m. on Sunday, 10 October

EGM 9:30 a.m. on Tuesday, 12 October

2005

Hearing of petition for confirmation of the Capital

Reduction by the Court (*Note*) Monday, 3 January

Effective date of the Capital Reorganisation Wednesday, 5 January

Dealings in the New Shares commence 9:30 a.m. on Thursday, 6 January

Effective date for the change in board lot size

from 4,000 Shares to 30,000 New Shares Thursday, 6 January

First day for the designated broker to stand in the market

to provide matching services Thursday, 6 January

First day for free exchange of existing share certificates for

the Shares for new share certificates for the New Shares Thursday, 6 January

Last day for the designated broker to stand in the market to

provide matching services Monday, 7 February

Last day for free exchange of existing share certificates

for new share certificates Monday, 7 February

Note: All references in this circular to time and dates are references to Hong Kong time and dates other than reference to the expected date for the hearing of petition for confirmation of the Capital Reduction by the Court, which refers to relevant time and date in the Cayman Islands. Cayman Islands time is twelve hours behind Hong Kong time.

DEFINITIONS

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

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Capital Reduction”	the proposed diminution and reduction of the authorised and issued share capital of the Company by cancelling issued and paid up capital to the extent of HK\$0.09 on each of the Shares in issue and by reducing the nominal value of all issued Shares from HK\$0.10 each to HK\$0.01 each
“Capital Reorganisation”	the capital reorganisation of the Company including, among other things, the Capital Reduction, Share Cancellation and Subdivision and the cancellation of the entire amount standing to the credit of the Share Premium Account
“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
“Court”	the Grand Court of the Cayman Islands
“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 Tuesday, 12 October, 2004, notice of which is set out on pages 10 to 11 of this circular
“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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	14 September, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company upon the Capital Reorganisation becoming effective
“Shareholders”	holders of the Shares and/or the New Shares, as the case may be
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company before the Capital Reorganisation
“Share Cancellation and Subdivision”	the proposed cancellation of 684,000,000 unissued Shares of HK\$0.10 each in the share capital of the Company whereby the authorised capital of the Company will be diminished by HK\$68,400,000 and the proposed subdivision of each remaining unissued Share of HK\$0.10 each in the share capital of the Company into 10 unissued New Shares of HK\$0.01 each
“Share Premium Account”	the share premium account of the Company which amounted to HK\$19,030,000 as at 31 December, 2003 based on the latest published audited accounts of the Group for the year ended 31 December, 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



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

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

Executive Directors:

Fung Pak Chuen, Alphonso (*Chairman*)
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

16 September, 2004

To the Shareholders

Dear Sir or Madam,

PROPOSED CAPITAL REORGANISATION

INTRODUCTION

On 27 August, 2004, the Company announced the proposed Capital Reorganisation. The purpose of this circular is to provide you with additional information on the above proposal and to give you notice of the EGM for the purpose of considering and, if thought fit, approving the Capital Reorganisation.

* For identification purpose only

LETTER FROM THE BOARD

CAPITAL REORGANISATION

The Board intends to put forward the following to the Shareholders to effect the Capital Reorganisation:

- (i) to diminish and reduce the authorised and issued share capital of the Company by cancelling issued and paid up capital to the extent of HK\$0.09 on each of the Shares in issue and by reducing the nominal value of all issued Shares from HK\$0.10 each to HK\$0.01 each;
- (ii) to cancel 684,000,000 unissued Shares of HK\$0.10 each in the share capital of the Company whereby the authorised capital of the Company is diminished by HK\$68,400,000 and to subdivide each remaining unissued Share of HK\$0.10 each in the share capital of the Company into 10 unissued New Shares of HK\$0.01 each;
- (iii) to cancel the entire amount standing to the credit of the Share Premium Account; and
- (iv) to apply the credit in the amount of HK\$21,600,000 arising from the Capital Reduction and the amount of HK\$11,921,000 from the cancellation of the Share Premium Account to set off in full the accumulated losses of the Company, which amounted to approximately HK\$33,521,000 as shown in the audited accounts of the Company for the year ended 31 December, 2003.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 1,000,000,000 Shares and the issued share capital of the Company was HK\$24,000,000 divided into 240,000,000 Shares. The accumulated losses of the Company as set out in the Company's audited accounts for the year ended 31 December, 2003 was HK\$33,521,000. As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities convertible into or giving rights to subscribe for Shares.

Upon the Capital Reorganisation becoming effective, the authorised share capital of the Company will become HK\$10,000,000 divided into 1,000,000,000 New Shares of HK\$0.01 each, of which 240,000,000 New Shares of HK\$0.01 each will be in issue. Based on the number of issued Shares as at the Latest Practicable Date, the Capital Reduction will cause the issued share capital of the Company to be reduced by approximately HK\$21,600,000 and such amount will be applied to eliminate part of the accumulated losses of the Company which amounted to HK\$33,521,000 as at 31 December, 2003. The sum standing to the credit of the Share Premium Account as at 31 December, 2003 amounted to HK\$19,030,000, HK\$11,921,000 of which will be applied to set off against the remaining balance in full of the accumulated losses of the Company and the balance of HK\$7,109,000 will be transferred to the distributable reserve of the Company.

LETTER FROM THE BOARD

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on the following conditions being fulfilled:

- (i) the passing of a special resolution by the Shareholders at the EGM;
- (ii) compliance with any conditions which the Court may impose;
- (iii) the confirmation of the Capital Reduction by the Court and the registration by the Registrar of Companies in the Cayman Islands of a copy of the Court order and the minute containing the particulars required under the Companies Law; and
- (iv) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. The effective date of the Capital Reorganisation is expected to be on or about 5 January, 2005. Further announcement will be made in the event of any changes in the effective date of the Capital Reorganisation.

Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares upon implementation of the Capital Reorganisation.

Effects of and reasons for the Capital Reorganisation

Save for the setting off of the accumulated losses of the Company as at 31 December, 2003 as mentioned above and the expenses to be incurred in relation to the Capital Reorganisation, the Directors consider that the Capital Reorganisation will have no effect on the underlying assets, business operations, management or financial position of the Company.

Since 19 July, 2004, the Shares have been traded below the par value of HK\$0.10 per Share. For so long as the share price continues to trade below the par value of the Shares, it will be difficult for the Company to raise capital by issuing new Shares because under Cayman Islands law, since the issue of shares at a discount to the par value requires the sanction of the court of the Cayman Islands. Following the Capital Reduction, the par value of each New Share will become HK\$0.01 which is lower than its current market price. The total amount of the credit arising from the Capital Reduction and the cancellation of the Share Premium Account is expected to be sufficient to eliminate all of the accumulated losses of the Company as at the effective date of the Capital Reduction. The Directors consider that the Capital Reorganisation will provide greater flexibility to the Company in pricing the securities of the Company in future capital raising exercises. Moreover, it will also facilitate the declaration of dividends by the Company if the Company records distributable profits in the future. The Directors consider that the Capital Reorganisation is in the interest of the Company and the Shareholders as a whole.

The Directors do not currently have any plans to raise funds for the Company; however, the Company may conduct fund raising exercises including, but not limited to, issuance of New Shares if and when suitable opportunities arise. Further announcement will be made as and when required in compliance with the GEM Listing Rules.

LETTER FROM THE BOARD

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Change in board lot size

The Shares are currently traded in board lots of 4,000 Shares and the market value per board lot of the Shares is HK\$384 (based on the closing price of HK\$0.096 per Share as quoted on the Stock Exchange on the Latest Practicable Date). The New Shares will be traded in board lots of 30,000 New Shares and the estimated market value per board lot of the New Shares will be HK\$2,880 (based on the closing price of HK\$0.096 per Share as quoted on the Stock Exchange on the Latest Practicable Date and assuming the Capital Reorganisation becomes effective). The New Shares will rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the articles of association of the Company.

Odd lot arrangement

In order to facilitate the trading of odd lots (if any) of the New Shares, the Company has appointed Sun Hung Kai Investment Services Ltd. as an agent to arrange for the sale and purchase of odd lots on behalf of the Shareholders and potential investors. Subject to changes to the timetable, during the period from 6 January, 2005 to 7 February, 2005 (both dates inclusive), holders of the New Shares who wish to take advantage of this facility either to dispose of their odd lots or to top up to a full board lot may contact Sun Hung Kai Investment Services Ltd. during the aforesaid period as follows:

Contact person	Address	Telephone number
Ms. Connie Cheung	Level 12, One Pacific Place 88 Queensway, Hong Kong	2822 5075

Holders of New Shares in odd lots should note that the matching of odd lots will be made on a best efforts basis and is not guaranteed. They are advised to consult their professional advisers if they have any doubt about the facility described above.

Free exchange of certificates for New Shares

As the current expected timetable on, among other things, the Court hearing date and the effective date of the Capital Reorganisation (as set out on page 1 of this circular) is indicative only, further

LETTER FROM THE BOARD

announcement will be made in the event of any changes thereto. Should the Capital Reorganisation become effective, Shareholders may submit certificates for the Shares to the Company's share registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, during a specific period which is currently expected to be from 6 January, 2005 to 7 February, 2005 (both dates inclusive) for exchange of certificates for the New Shares at the expense of the Company. Thereafter, certificates for the Shares will only be accepted for exchange for certificates for the New Shares on payment of a fee of HK\$2.50 (or such higher amount as may be stipulated in the GEM Listing Rules from time to time) for each new certificate to be issued or each old certificate submitted, whichever number of certificates is higher. The existing share certificates will continue to be good evidence of legal title to the New Shares and will be valid for delivery, trading and settlement purposes after the Capital Reorganisation has become effective and may be exchanged into new share certificates in accordance with the foregoing.

In order to distinguish between the existing and the new certificates, certificates for the New Shares will be orange in colour, which is different from the existing certificates for the Shares, which are blue in colour.

It is expected that the new certificates for the New Shares will be available for collection on or after the 10th business day from the date of submission of the existing certificates for the Shares to the Company's share registrar at the above address. Unless otherwise instructed, new certificates will be issued in the board lot size of 30,000 New Shares.

EGM

A notice convening the EGM to be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong at 9:30 a.m. on Tuesday, 12 October, 2004 is set out on pages 10 to 11 of this circular at which a special resolution will be proposed to consider and, if thought fit, approve the Capital Reorganisation.

A form of proxy for use at the EGM is enclosed. If you are not 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 the EGM 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 of the Company, 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

LETTER FROM THE BOARD

- (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 cast 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.

Recommendation

The Directors believe that the Capital Reorganisation is in the interest of the Company and the Shareholders as a whole and, accordingly, the Directors recommend the Shareholders to vote in favour of the aforesaid resolution to be proposed at the EGM.

By order of the Board
Computech Holdings Limited
Alphonso Fung
Chairman

NOTICE OF THE EGM



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”) will be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong at 9:30 a.m. on Tuesday, 12 October, 2004 for the purpose of considering and, if thought fit, passing the following resolution of the Company:

SPECIAL RESOLUTION

“**THAT** subject to and conditional upon (i) the GEM Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the new ordinary shares of HK\$0.01 each in the issued share capital of the Company upon the Capital Reorganisation (as defined below) becoming effective; (ii) the confirmation of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the “Court”); and (iii) the filing with and registration by the Registrar of Companies in the Cayman Islands of a copy of the Court order and a copy of the minute containing the particulars required under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”):

- (i) the authorised and issued share capital of the Company be reduced and diminished by cancelling issued and paid up capital to the extent of HK\$0.09 on each existing ordinary share of HK\$0.10 of the Company (“Share(s)”) in issue as at the date upon which the Capital Reorganisation becomes unconditional and effective (the “Effective Date”) and by reducing the nominal value of all issued Shares from HK\$0.10 each to HK\$0.01 each (“New Share(s)”) (the “Capital Reduction”);
- (ii) 684,000,000 unissued Shares of HK\$0.10 each in the share capital of the Company be cancelled and each remaining unissued Share of HK\$0.10 each in the share capital of the Company be subdivided into 10 unissued New Shares of HK\$0.01 each (the “Share Cancellation and Subdivision”);
- (iii) the entire amount standing to the credit of the share premium account of the Company (the “Share Premium Account”) as at 31 December, 2003 be cancelled (together with the Capital Reduction, the Share Cancellation and Subdivision, the “Capital Reorganisation”);

* For identification purpose only

NOTICE OF THE EGM

- (iv) the directors of the Company be and are hereby authorised to apply the credit arising from the Capital Reduction and the cancellation of the Share Premium Account to set off in full the accumulated losses of the Company in accordance with the articles of association of the Company and all applicable laws (“Application of Credit”) and transfer the balance of such credit to a distributable reserve account of the Company to be applied in such manner as the directors of the Company consider appropriate; and
- (v) the directors of the Company be and are hereby authorised generally to do all such acts and things and to approve, sign and execute any other documents which in their opinion may be necessary, desirable or expedient to effect and implement the Capital Reorganisation and the Application of Credit.”

By order of the Board
Computech Holdings Limited
Alphonso Fung
Chairman

Hong Kong, 16 September, 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. In order 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 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.