THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Computech Holdings Limited, you should at once hand this circular to the purchaser(s) or 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 transferee(s).

Computech Holdings Limited

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8081)

MAJOR TRANSACTION
DISPOSAL OF TWO SUBSIDIARIES

Financial adviser to Computech Holdings Limited

ALTUS CAPITAL LIMITED

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcement" page for at least 7 days from the date of its posting.

* *For identification purpose only*

18 August 2005

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.

CONTENTS

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

"Board"	the board of Directors
"CCL"	Computech Convergence Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned subsidiary of CSA
"CIL"	Computech International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"CLCC"	CL Computers (China) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"CLCSB"	CL Computers System (Beijing) Co. Limited, a company incorporated in the PRC with limited liability and wholly-owned subsidiary of CLCC
"CLSSL"	CL Solutions Services Limited, a company incorporated in Hong Kong with limited liability and wholly-owned subsidiary of the Company
"Company"	Computech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
"Consideration"	HK$50,000, being the total amount payable by the Purchaser for the purchase of the entire issued ordinary shares of the Disposal Companies
"Completion"	the completion of the sale and purchase of the Sale Shares as set out in the Sale and Purchase Agreement
"CSA"	Computech Systems (Asia) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Directors"	directors of the Company
"Disposal"	the disposal of the entire ordinary issued shares of the Disposal Companies
"Disposal Companies"	CSA and CLCC

"EGM"	the extraordinary general meeting of the Company convened to approve the Disposal
"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
"Independent Third Party"	a person who, to the best of the Directors' knowledge, information and belief, having made all reasonable enquires, is independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the GEM Listing Rules) and who is not a connected person of the Company (as that term is defined in the GEM Listing Rules)
"Latest Practicable Date"	16 August 2005, being the latest practicable date for ascertaining certain information contained in this circular
"PRC"	the People's Republic of China
"Purchaser"	Miracle Luck Pte Limited, a company incorporated in Singapore with limited liability and an Independent Third Party
"Sale and Purchase Agreement"	the sale and purchase agreement dated 28 July 2005 entered into between CIL and the Purchaser pursuant to which, CIL agreed to sell, or procure the sale of, and the Purchaser agreed to purchase the Sale Shares
"Sale Shares"	means the entire issued ordinary shares of the Disposal Companies
"Share(s)"	ordinary shares of HK$0.01 each in the existing share capital of the Company
"Shareholders"	holders of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"RMB"	Renminbi, the lawful currency of the PRC
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong

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:
Mr. Fung Pak Chuen, Alphonso *(Chairman)*
Mr. Lo, Richard

Non-executive Director:
Mr. Kaneda Yukitaka

Independent Non-executive Directors:
Mr. Lee Sai Yeung
Mr. Chung Kong Fei, Stephen
Mr. Ng Chik Sum, Jackson

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:
10th Floor, Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

18 August 2005

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION
DISPOSAL OF TWO SUBSIDIARIES

INTRODUCTION

By an announcement dated 28 July 2005, the Directors announced that on the even date, CIL, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement pursuant to which CIL agreed to sell, or procure the sale of, and the Purchaser agreed to purchase the Sale Shares, being the entire issued ordinary shares of the Disposal Companies, at a consideration of HK$50,000.

* *For identification purpose only*

Pursuant to the Sale and Purchase Agreement, the Disposal constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to Shareholders' approval at the EGM. The Purchaser and its ultimate beneficial owners and their respective associates (as defined under the GEM Listing Rules) are Independent Third Parties and no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting in respect of the resolution to approve the proposed Disposal at the EGM.

A written approval of CL International Holdings Limited ("CLIH"), being a controlling Shareholder holding 242,400,000 Shares or approximately 50.5% of the issued share capital of the Company, has been obtained for the approval of the Disposal. Therefore, no EGM will be required to be held for approval of the Disposal pursuant to GEM Listing Rule 19.44.

The purpose of this circular is to provide Shareholders with further information on the Disposal and other information in compliance with the requirements of Chapter 19 of the GEM Listing Rules.

BACKGROUND OF THE DISPOSAL

I. The Sale and Purchase Agreement

Date

28 July 2005

Parties

1. CIL as the vendor ("Vendor"); and

2. Miracle Luck Pte Limited as the Purchaser, who is an Independent Third Party. The ultimate beneficial owners of the Purchaser are also Independent Third Parties.

The asset to be disposed

The entire issued ordinary shares of the Disposal Companies.

Consideration and payment term

The Consideration, being HK$50,000, is payable in full by the Purchaser in cash upon Completion. The Directors intend that the sale proceed will be used as working capital of the Company.

The Consideration was determined on an arm's length basis after taking into account:

(a) the historical operating performance of the Disposal Companies where each of them has recorded operating losses in the past two financial years; and

(b) the net liabilities position of the Disposal Companies as at 31 December 2004.

Conditions precedent and Completion

Completion is conditional upon fulfillment of the following conditions:

(a) all the necessary permissions and approvals have been obtained by the Company from the Stock Exchange and/or the Shareholders and/or the Vendor (if required) in respect of the transfer of the Sale Shares as stated in the Sale and Purchase Agreement in accordance with the GEM Listing Rules and/or other relevant rules, regulations and/or laws;

(b) the warranties (as set out in the Sale and Purchase Agreement) ("Warranties") remaining true and accurate and not misleading at Completion with reference to the facts and circumstances then existing; and

(c) all other necessary consents being granted by third parties (including governmental or official authorities) and no statute, regulation or decision which would prohibit, restrict or materially delay the sale and purchase of the Sale Shares under the Sale and Purchase Agreement, having been proposed, enacted or taken by any governmental or official authority.

As at the Latest Practicable Date, conditions (b) and (c) were duly fulfilled. Condition (a) is expected to be fulfilled at the publication of this circular.

The Warranties being referred to in condition (b) above are set out in Schedule 2 to the Sale and Purchase Agreement given or made by CIL as the Vendor to the Purchaser. The Warranties are the representations and warranties as to the truthfulness and accuracy of the matters and issues in relation to the good title of the Sale Shares, the financial, trading and other corporate matters of each of CSA, CLCC, CCL and CLCSB.

In the event that any of the above conditions cannot be fulfilled or in respect of condition (b), is not waived within 2 months from the date of the Sale and Purchase Agreement (or such other date as may be agreed in writing between CIL and the Purchaser), the Sale and Purchase Agreement shall terminate and none of the parties shall have any liability against the other party except for any claim for rights and liabilities accrued prior thereto.

II. Information of the Disposal Companies

Information regarding CSA and CCL (the "CSA Group")

CSA

CSA has been a dormant company since January 2004. Prior to that CSA was engaged in research and development of packaged banking software business.

The audited net profit (before and after tax) of CSA for the financial year ended 31 December 2004 was approximately HK$14.9 million and the audited net loss (before and after tax) of CSA for the financial year ended 31 December 2003 was approximately HK$13.5 million. During the financial year ended 31 December 2004, CSA was dormant with no turnover. The audited profit recorded in 2004 was mainly attributable to the waiver of an obligation to repay an amount advanced by the Company to CSA. The amount was approximately HK$28.6 million. If the aforementioned waiver is excluded, CSA would have recorded an audited net loss (before and after tax) of approximately HK$13.6 million for the financial year ended 31 December 2004 due to the write-off of bad debts of approximately HK$10.1 million and the provision for amounts due from CCL, CLCC and CLCSB of approximately HK$2.45 million.

The audited total net liabilities of CSA as at 31 December 2004 and 2003 were approximately HK$13.6 million and HK$28.6 million respectively. As at 31 December 2004, the major assets of CSA were trade related debtors of approximately HK$43,000 and an amount due from CIL of approximately HK$41,000, which in aggregate represented approximately 92.3% of the audited total assets of approximately HK$91,000 of CSA. The major liability of CSA was an amount due to the Company of approximately HK$10.0 million, representing approximately 73.0% of the audited total liabilities of approximately HK$13.6 million of CSA as at 31 December 2004.

For the six months ended 30 June 2005, the unaudited net loss (before and after tax) of CSA was approximately HK$31,000. The unaudited total net liabilities of CSA as at 30 June 2005 was approximately HK$13.6 million which included an amount due to the Company of approximately HK$10.0 million, representing approximately 73.5% of the unaudited total liabilities of approximately HK$13.6 million of CSA as at 30 June 2005.

Save as its investment in CCL, CSA does not hold any other investments.

CCL

CCL is a wholly-owned subsidiary of CSA and has been a dormant company since 2000. The audited net loss (before and after tax) of CCL for each of the two financial years ended 31 December 2004 and 2003 was approximately HK$7,000 and HK$11,000 respectively. CCL was dormant with no turnover in each of the two financial years ended 31 December 2004 and 2003.

The audited total net liabilities of CCL as at 31 December 2004 and 2003 were approximately HK$64,000 and HK$57,000 respectively. CCL did not have any asset as at 31 December 2004 and the major liability of CCL was the amount due to CSA of approximately HK$41,000, representing approximately 64.1% of the audited total liabilities of CCL of approximately HK$64,000 as at 31 December 2004.

For the six months ended 30 June 2005, the unaudited net loss (before and after tax) of CCL was approximately HK$190. The unaudited total net liabilities of CCL as at 30 June 2005 was approximately HK$64,000. CCL did not have any asset and the major liability of CCL was the amount due to CSA of approximately HK$41,000, representing approximately 64.1% of the unaudited total liabilities of CCL of approximately HK$64,000 as at 30 June 2005.

Unaudited consolidated financial highlights of CSA Group

According to the unaudited consolidated accounts of the CSA Group as at 31 December 2004 as prepared by the Company, the consolidated net profit (before and after tax of CSA Group) was approximately HK$14.9 million with no turnover. As at 31 December 2004, the total assets of CSA Group was approximately HK$2.2 million and the total liabilities was approximately HK$13.7 million, giving rise to net liabilities of approximately HK$11.5 million.

The unaudited consolidated accounts of CSA Group as at 31 December 2004 included inter-company balances comprising (a) an amount due from CIL of approximately HK$41,000; (b) an amount due to the Company of approximately HK$10.0 million; (c) an amount due to CLIH, being a controlling Shareholder, of approximately HK$30,000; (d) an amount due to CL Computers China/Hong Kong Limited ("CL Computers"), a company owned by Mr. Fung Pak Chuen, Alphonso, Mr. Lo, Richard and Mr. Yap Fat Suan, Henry, the ultimate controlling Shareholders, of approximately HK$0.47 million; (e) and an amount due to CLSSL, a subsidiary of CIL, of approximately HK$0.4 million.

For the six months ended 30 June 2005, the unaudited consolidated net loss (before and after tax) of CSA Group was approximately HK$31,000 with no turnover. As at 30 June 2005, the total assets of CSA Group was approximately HK$2.0 million and the total liabilities was approximately HK$13.6 million, giving rise to net liabilities of approximately HK$11.6 million.

As at 30 June 2005, the amount due to CLIH of approximately HK$30,000 and the amount due from CIL of approximately HK$41,000 have been settled respectively. Save for the amount due to CL Computers of approximately HK$0.47 million, the amounts due to the Company of approximately HK$10.0 million and due to CLSSL of approximately HK$0.4 million will be waived by the relevant parties upon the Completion. Please also refer to the section headed "Reasons for and benefits of the Disposal" for further details.

Information regarding CLCC and CLCSB (the "CLCC Group")

CLCC

CLCC is an investment holding company incorporated for the holding of the entire issued shares of CLCSB.

The audited net loss (before and after tax) of CLCC for each of the two financial years ended 31 December 2004 and 2003 were approximately HK$7,000 and HK$11,000 respectively.

The audited total net liabilities of CLCC as at 31 December 2004 was approximately HK$1,100 and the audited total net assets of CLCC as at 31 December 2003 was approximately HK$6,000. The major asset of CLCC was an amount due from CLIH of approximately HK$44,000, representing approximately 95.7% of the audited total assets of approximately HK$46,000 of CLCC as at 31 December 2004. The major liability of CLCC was an amount due to CSA of approximately HK$31,000, representing approximately 66.0% of the audited total liabilities of approximately HK$47,000 of CLCC as at 31 December 2004.

For the six months ended 30 June 2005, the unaudited net loss (before and after tax) of CLCC was approximately HK$4,000. The unaudited total net liabilities of CLCC as at 30 June 2005 was approximately HK$5,000. The major asset of CLCC was an amount due from CLCSB of approximately HK$165,000, representing approximately 98.2% of the unaudited total assets of approximately HK$168,000 of CLCC as at 30 June 2005. The major liability of CLCC was an amount due to the Company of approximately HK$171,000, representing approximately 98.8% of the unaudited total liabilities of approximately HK$173,000 of CLCC as at 30 June 2005.

Save as its investment in CLCSB, CLCC does not hold any other investments.

CLCSB

CLCSB is principally engaged in the provision of packaged banking software products and services in the PRC. The audited net loss (before and after tax) of CLCSB for each of the two financial years ended 31 December 2004 and 2003 was approximately RMB25,000 (equivalent to approximately HK$24,000) and approximately RMB$12.7 million (equivalent to approximately HK$11.9 million) respectively. The reduction in losses was mainly due to the scaling down of the operations of CLCSB during the financial year ended 31 December 2004.

The audited total net liabilities of CLCSB as at 31 December 2004 and 2003 remained stable at approximately RMB$9.5 million (equivalent to approximately HK$9.0 million). As at 31 December 2004, the major assets of CLCSB were trade related debtors, deposits and prepayments of approximately RMB1.0 million (equivalent to approximately HK$1.0 million), representing approximately 76.9% of the audited total assets of approximately RMB1.4 million (equivalent to approximately HK$1.3 million) of CLCSB. The major liabilities of CLCSB were trade related creditors and accruals of approximately RMB7.6 million (equivalent to approximately HK$7.2 million, representing approximately 69.2% of the audited total liabilities of approximately RMB11.0 million (equivalent to approximately HK$10.4 million) of CLCSB as at 31 December 2004.

For the six months ended 30 June 2005, the unaudited net profit (before and after tax) of CLCSB was approximately RMB91,000 (equivalent to approximately HK$85,000) with turnover of approximately HK$0.9 million. As at 30 June 2005, the major assets of CLCSB were trade related debtors, deposits and prepayments of approximately RMB1.0 million (equivalent to approximately HK$1.0 million), representing approximately 91.0% of the unaudited total assets of approximately RMB1.1 million (equivalent to approximately HK$1.0 million) of CLCSB. The major liabilities of CLCSB as at 30 June 2005 was stable and comparable to those as at 31 December 2004 as disclosed above.

Unaudited consolidated financial highlights of CLCC Group

According to the unaudited consolidated accounts of CLCC Group as at 31 December 2004 as prepared by the Company, the consolidated net loss (before and after tax) was approximately HK$31,000 with turnover of approximately HK$18.6 million. As at 31 December 2004, the total assets of CLCC Group was approximately HK$1.4 million and the total liabilities was approximately HK$10.4 million, giving rise to net liabilities of approximately HK$9.0 million.

The unaudited consolidated accounts of CLCC Group as at 31 December 2004 included inter-company balances comprising an amount due from CLIH of approximately HK$44,000 and an amount due to the Company of approximately HK$0.3 million.

For the six months ended 30 June 2005, the unaudited consolidated net profit (before and after tax) of CLCC Group was approximately HK$81,000 with turnover of approximately HK$0.9 million. The total assets of CLCC Group was approximately HK$1.1 million and the total liabilities was approximately HK$10.0 million, giving rise to net liabilities of approximately HK$8.9 million. The inter company balance comprised an amount due to the Company of approximately HK$456,000 as at 30 June 2005.

As at 30 June 2005, the aforementioned amount due from CLIH of approximately HK$44,000 has been settled. The amount due to the Company, which stood at approximately HK$456,000 as at 30 June 2005, will be waived by the Company upon the Completion. Please also refer to the section headed "Reasons for and benefits of the Disposal" for further details.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the research, development and sale of software products, information technology ("IT") services such as consultancy, technical and system integration services and supply chain solutions services in Hong Kong and in the PRC.

As discussed above, CSA has been a dormant company since 2004. Prior to that, CSA was engaged in research and development of packaged banking software. CLCC is an investment holding company of CLCSB, which is principally engaged in the provision and sales of packaged banking software products and services to the financial institutions in the PRC.

The Purchaser is principally engaged in investments relating to the provision of internet access services and computer hardware and peripheral equipment.

The competition in the packaged software products catering to the financial industry in the PRC has been severe, resulting in losses in the Disposal Companies in the past few years. Meanwhile, in the past year, the Group has expanded two major lines of business, namely IT services and supply chain solutions services which have seen encouraging growth and potential. Following internal reviews by the Board and the management of the Company, they believe that the Group should focus its resources on and further develop these businesses.

The Disposal is therefore part of the Group's business reengineering process with a view to enhance its competitiveness and financial performance. The Board (including the independent non-executive Directors) believes that the Disposal and the terms of the Sale and Purchase Agreement, which were negotiated at arm's length basis, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the six months ended 30 June 2005, the Group recorded an unaudited consolidated turnover of approximately HK$41.0 million, representing an increase of approximately 331% as compared with the corresponding period in 2004. The unaudited net profit attributable to Shareholders amounted to approximately HK$1.7 million, representing a significant improvement as compared with the net loss of approximately HK$6.8 million in same period last year.

The improvement in the financial results of the Group was mainly due to the contribution from the business segments of IT services and supply chain solutions, which were commenced in the fourth quarter of 2004 contributed to, in terms of turnover and operating profit, approximately HK$40.1 million and HK$2.4 million in aggregate respectively for the six months ended 30 June 2005. For the six months ended 30 June 2005, the turnover of banking software segment amounted to approximately HK$0.9 million, representing approximately 91% decrease as compared with the same corresponding period last year due to the scaling down in operation of this segment.

In view of the growth trend of the outsourcing of IT services among large commercial institutions and the continuous economic growth in the PRC and Hong Kong, these two business lines will be the main revenue and profit generator for the Group in the near term. The Group is constantly looking for innovative products and solutions to add to its portfolio. Meanwhile, the management does not foresee any positive change in business environment for the packaged software in the financial industry in the PRC and has decided to further scale down its operation in this area so as to focus its resources on further developing our major business lines in IT services and supply chain solutions. Nevertheless, the PRC remains a main market focus for the Group. While the sale and support teams in the banking sector in the PRC have been scaled down, the teams to promote and support customers in the supply chain solutions area in the PRC will gradually be built as revenue increases.

FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP

Upon Completion, the Disposal Companies, CCL and CLCSB will cease to be subsidiaries of the Company. The Group is expected to record a gain of approximately HK$9.7 million and a reduction of the net liabilities of the Group amounted to approximately HK$9.7 million as a result of the disposal of the Disposal Companies. The gain has taken into account (a) the Consideration; (b) the aggregate of the unaudited consolidated net liabilities of CSA Group and CLCC Group of approximately HK$20.5 million as at 31 December 2004; (c) the waiver by the Company of the obligation of the Disposal Companies to repay a total of approximately HK$10.4 million advanced to them; (d) the waiver by CLSSL, a member of the Group, of the obligation of CSA to repay an advance of approximately HK$0.4 million; and (e) the operating results of the Disposal Companies, CCL and CLCSB during the past six months up to and including 30 June 2005. The aforesaid gain on disposal is subject to audit by the auditors of the Company.

GENERAL

Pursuant to the Sale and Purchase Agreement, the Disposal constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the Shareholders' approval at the EGM. The Purchaser and its ultimate beneficial owners and their respective associates (as defined under the GEM Listing Rules) are Independent Third Parties and no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting in respect of the resolution to approve the proposed Disposal at the EGM.

A written approval of CLIH, being a controlling Shareholder holding 242,400,000 Shares or approximately 50.5% of the issued share capital of the Company, has been obtained. Therefore, no EGM will not be required to be held for approval of the Disposal pursuant to GEM Listing Rule 19.44.

ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in the Appendix II to this circular.

Yours faithfully,
For and on behalf of
Computech Holdings Limited
Fung Pak Chuen, Alphonso
Chairman

FINANCIAL STATEMENTS

(I) Set out below are the audited financial statements as extracted from the annual report of the Company for the year ended 31 December 2004, together with accompanying notes. Reference to page numbers in the audited financial statements is to the page numbers of the 2004 annual report of the Company.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

		2004	2003
	Note	*HK$'000*	*HK$'000*
Turnover	2	43,240	35,399
Cost of sales		(32,959)	(32,543)
Gross profit		10,281	2,856
Other income		235	23
Impairment loss of development costs		(862)	(2,396)
Bad debts		(8,992)	(4,825)
Selling and distribution expenses		(498)	(4,086)
Administrative expenses		(11,774)	(17,745)
Operating loss		(11,610)	(26,173)
Finance costs		(10)	(447)
Amortisation of goodwill on consolidation		–	(661)
Loss before income tax	3	(11,620)	(27,281)
Income tax expense	4	(221)	(1)
Loss for the year	5	(11,841)	(27,282)
Loss per share – Basic *(HK cents)*	6	(4.93)	(11.37)

CONSOLIDATED BALANCE SHEET

31 December 2004

	Note	2004 HK$'000	2003 HK$'000
NON-CURRENT ASSETS			
Fixed assets	9	99	220
Investment securities	11	–	–
Development costs	12	–	1,896
		99	2,116
CURRENT ASSETS			
Inventories	13	2,854	308
Debtors, deposits and prepayments	14	5,595	11,075
Cash and bank balances	16	5,337	8,494
		13,786	19,877
DEDUCT:			
CURRENT LIABILITIES			
Bank overdrafts			
– unsecured		–	42
Secured bank loan	15 & 17	91	115
Creditors, accruals and deposits	18	15,793	18,660
Value-added tax payable		799	178
Income tax payable		219	1
Amounts due to related companies	19	6,339	461
Amounts due to directors		–	332
		23,241	19,789
NET CURRENT (LIABILITIES)/ASSETS		(9,445)	88
		(9,356)	2,204
REPRESENTING:			
SHARE CAPITAL	20	24,000	24,000
RESERVES		(35,612)	(23,771)
(CAPITAL DEFICIENCY)/SHAREHOLDERS' FUNDS		(11,612)	229
NON-CURRENT LIABILITIES			
Secured bank loan	15 & 17	–	91
Loans from directors	22	2,256	1,884
		(9,356)	2,204

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2004

	Share capital	Share premium	Exchange reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.1.2003	24,000	19,030	100	(15,619)	27,511
Loss for the year	–	–	–	(27,282)	(27,282)
At 31.12.2003 and 1.1.2004	24,000	19,030	100	(42,901)	229
Loss for the year	–	–	–	(11,841)	(11,841)
At 31.12.2004	24,000	19,030	100	(54,742)	(11,612)

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2004

1. PRINCIPAL ACCOUNTING POLICIES

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

(a) Group reorganisation

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

(b) Basis of preparation

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

(ii) These financial statements have also been prepared on a going concern basis notwithstanding the existence of the capital deficiency and net current liabilities position at the balance sheet date as the Directors have adopted the following measures with a view to improving the Group's overall financial position, immediate liquidity and cash flows in order to sustain the Group to continue its business as a going concern:

1. Subsequent to the balance sheet date, the Company proposed to raise HK$4,800,000, before expenses, from a rights issue of 240,000,000 new shares of the Company. The rights issue will be fully underwritten by Aplus Wordwide Limited and is scheduled to become unconditional on 3rd May, 2005. The estimated net proceeds of the rights issue will amount to approximately HK$4.3 million. The Company intends to use the net proceeds from the rights issue for general working capital purposes.

2. The Directors are actively exploring new business opportunities in order to revitalize the Group. In the fourth quarter of 2004, the Group has successfully diversified into 2 new lines of business, namely IT services and supply chain solutions, which contributed operating profit of approximately HK$1,261,000 in aggregate to the Group.

3. The Directors have taken stringent cost-saving measures to streamline the Group's exiting operations and to strengthen its financial control.

In the opinion of the Directors, if the above measures accomplish the expected results, the Group will have sufficient cash resources to satisfy its future working capital requirements and financial obligations. Accordingly, the Directors consider that it is appropriate to prepare these financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

(c) Basis of consolidation

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

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

1. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

(d) Goodwill/negative goodwill

Goodwill/negative goodwill arising on consolidation represents the excess/shortfall of the cost of investments in subsidiaries over the appropriate share of the fair value of the net tangible assets at the date of acquisition.

Goodwill is recognised as an asset which is amortised on a straight line basis over its estimated useful life of three years. Negative goodwill is recognised in the income statement depending on the circumstances which give rise to it.

(e) Fixed assets and depreciation

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

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

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

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

(f) Leases

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

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

(g) Subsidiaries

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

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

(h) Investment securities

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

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

(i) Development costs

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

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(j) Inventories

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

(k) Impairment

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

(l) Provisions

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

(m) Revenue recognition

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

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

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

(n) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

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

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

(o) Foreign currency translation

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

The consolidated financial statements are prepared by using the net investment method such that the balance sheet of the Company's PRC subsidiary is translated in Hong Kong dollars at the market exchange rate ruling at the balance sheet date while the income statement is translated at the average exchange rate for the year. Any exchange differences arising on such translation are dealt with in the exchange reserve.

(p) Related parties

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

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(r) Cash equivalents

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

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is based on similar terms as those available to other external parties.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items may comprise financial and corporate assets, interest-bearing loans, corporate and financing expenses.

(t) Recently issued accounting standards

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December, 2004. The Group has already commenced an assessment of the impact of these HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of the operations and financial position.

2. TURNOVER AND REVENUE

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

	2004	**2003**
	HK$'000	*HK$'000*
Sales of packaged software products and related services	2,422	4,528
Provision of IT services	15,342	–
Provision of supply chain solutions	10,892	–
System integration	8,762	28,007
Others	5,822	2,864
Turnover	43,240	35,399
Interest income	–	23
Total revenue	43,240	35,422

3. LOSS BEFORE INCOME TAX

	2004	**2003**
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Amortisation of development costs	1,034	2,901
Minimum lease payments paid under operating leases	1,025	2,127
Auditors' remuneration	244	254
Depreciation	133	962
Less: Amounts capitalised as development costs	–	9
	133	953
Directors' remuneration – *Note 8(a)*	763	872
Less: Amounts capitalised as development costs	–	212
	763	660
Other staff salaries and benefits	5,910	6,116
Less: Amounts capitalised as development costs	–	484
	5,910	5,632
Retirement scheme contributions	150	144
Less: Amounts capitalised as development costs	–	6
	150	138
Bank overdraft and bills interest	–	169
Interest on bank and other loans wholly repayable within five years	10	56
Finance lease interest	–	2
Exchange (gain)/loss	(18)	427
Sales proceeds	–	(5)
Less: Net book value	–	990
Loss on disposal of fixed assets	–	985

4. INCOME TAX EXPENSE

	2004	**2003**
	HK$'000	*HK$'000*
Current tax		
Provision for Hong Kong profits tax at 17.5% on the estimated assessable profits for the year	221	1

The Company's subsidiary operating in the PRC sustained a loss for tax purpose during the year.

4. INCOME TAX EXPENSE *(Continued)*

(a) The income tax expense for the year can be reconciled to the loss per income statement as follows:

	2004 *HK$'000*	2003 *HK$'000*
Loss before income tax	(11,620)	(27,281)
Tax effect at Hong Kong profits tax at 17.5% (2003: PRC statutory income tax rate of 33%)	(2,033)	(9,003)
PRC and Hong Kong tax rates differential	154	2,381
Tax effect of income that is not taxable	(305)	(430)
Tax effect of expenses that are not deductible	362	2,441
Tax effect of waiver of intra-group balance that is taxable in subsidiary level but eliminated and not taxable in group level	5,000	–
Tax effect of unrecognised decelerated depreciation allowances	125	(88)
Utilisation of tax loss not previously recognised	(3,082)	–
Effect of tax loss not recognised	–	4,700
Income tax expense	221	1

As the Group's principal place of operations during the year ended 31st December, 2004 was in Hong Kong, the applicable tax rate adopted for the above income tax reconciliation for the current year under review was the Hong Kong profits tax rate of 17.5%.

(b) The components of unrecognised deductible/(taxable) temporary differences are as follows:

	2004 *HK$'000*	2003 *HK$'000*
Deductible temporary differences *(Note 4(b)(i))*		
Unutilised tax losses *(Note 4(b)(ii))*	36,472	54,083
Provision for bad debts	–	4,085
Decelerated depreciation allowances	1,121	409
	37,593	58,577
Taxable temporary difference *(note 4(b)(iii))*		
Revenue recognised for financial reporting purposes before being recognised for tax purposes	–	(6,573)
	37,593	52,004

(i) Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

(ii) The unutilised tax losses accumulated in the PRC subsidiary amounted to approximately HK$15,060,000 (2003: HK$16,936,000) would expire in five years from the respective year of loss. The unutilised tax losses accumulated in the Hong Kong subsidiaries amounted to HK$21,412,000 (2003: HK$37,147,000) can be carried forward indefinitely.

(iii) Taxable temporary difference has not been recognised owing to immateriality.

5. LOSS FOR THE YEAR

Loss for the year includes a loss of approximately HK$12,121,000 (2003: HK$29,588,000) which has been dealt with in the financial statements of the Company.

6. LOSS PER SHARE

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

	2004	**2003**
	HK$'000	*HK$'000*
Loss		
Loss for the year used in the calculation of basic loss per share	(11,841)	(27,282)
Shares		
Weighted average number of shares in issue for the purpose of calculation of basic loss per share	240,000,000	240,000,000

7. RETIREMENT BENEFIT COSTS

The Hong Kong operating subsidiaries of the Group had participated in both a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme ("MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance. The assets of the ORSO Scheme and MPF Scheme are held separately in independently managed and administered funds. Contributions to the ORSO Scheme and MPF Scheme are made by both the employer and employees at 5% on the employees' salaries.

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

8. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Details of emoluments paid by the Group to the directors during the year are as follow:–

	Fees	Basic salaries, allowances and other benefits	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2003				
Executive directors:				
Fung Pak Chuen, Alphonso	–	–	–	–
Lo, Richard	–	–	–	–
Lee Man Lung, Vincent	–	254	13	267
Yip Tai Chee, Alick	–	181	9	190
Tang Chi Lap	–	167	8	175
	–	602	30	632
Non-executive directors:				
Taniguchi Hiroyuki	–	–	–	–
Sugii Toshio	–	–	–	–
	–	–	–	–
Independent non-executive directors:				
Tsang Link Carl, Brian	120	–	–	120
Lee Sai Yeung	120	–	–	120
	240	–	–	240
	240	602	30	872
2004				
Executive directors:				
Fung Pak Chuen, Alphonso	–	498	25	523
Lo, Richard	–	–	–	–
Lee Man Lung, Vincent	–	–	–	–
Yip Tai Chee, Alick	–	–	–	–
Tang Chi Lap	–	–	–	–
	–	498	25	523
Non-executive directors:				
Taniguchi Hiroyuki	–	–	–	–
Sugii Toshio	–	–	–	–
	–	–	–	–
Independent non-executive directors:				
Lee Sai Yeung	120	–	–	120
Chung Kong Fei, Stephen	15	–	–	15
Ng Chik Sum, Jackson	15	–	–	15
Tsang Link Carl, Brian	90	–	–	90
	240	–	–	240
	240	498	25	763

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

8. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

Among the five highest paid individuals in the Group, one is the director of the Company and the details of his remuneration have already been disclosed above.

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

	2004	**2003**
	HK$'000	*HK$'000*
Salaries and allowances	783	1,322
Retirement scheme contributions	24	66
	807	1,388

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

9. FIXED ASSETS

	Computer equipment	**Motor vehicles**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1.1.2004	–	828	828
Additions	12	–	12
At 31.12.2004	12	828	840
Aggregate depreciation:			
At 1.1.2004	–	608	608
Charge for the year	1	132	133
At 31.12.2004	1	740	741
Net book value:			
At 31.12.2004	11	88	99
At 31.12.2003	–	220	220

10. INTERESTS IN SUBSIDIARIES

	2004	**2003**
	HK$'000	*HK$'000*
Unlisted shares, at cost	100	100
Amounts due from subsidiaries – *Note 10(b)*	10,248	38,452
	10,348	38,552
Less: Provision for impairment loss and bad debts	10,334	28,570
	14	9,982

10. INTERESTS IN SUBSIDIARIES *(Continued)*

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

Name	Place of incorporation/ establishment	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Group Directly	Attributable equity interest held by the Group Indirectly	Principal activities
Computech International Limited	The British Virgin Islands	1,000 shares of US$1 each	100%	–	Investment holding
CL Computers (China) Limited	Hong Kong	10 ordinary shares of HK$1 each 400,002 non-voting deferred shares of HK$1 each*	–	100%	Investment holding
CL Computers System (Beijing) Co., Ltd.	PRC	US$500,000	–	100%	Software application development and customer liaison
Computech Systems (Asia) Limited	Hong Kong	10 ordinary shares of HK$1 each 12,690,000 non-voting deferred shares of HK$1 each*	–	100%	Dormant
CL Solutions Services Limited (formerly known as Computech Systems Limited)	Hong Kong	100,000 shares of HK$1 each	–	100%	Provision of hardware warranty services and investment holding
Computech Convergence Limited	The British Virgin Islands	10 shares of US$1 each	–	100%	Dormant
CL Computers Services Limited	Hong Kong	200,000 shares of HK$1 each	–	100%	Dormant
CL Solutions Limited	Hong Kong	300,000 shares of HK$1 each	–	100%	Provision of IT solutions and related services
CL Services Limited	Hong Kong	300,000 shares of HK$1 each	–	100%	Provision of IT support services
Guangzhou CL Solutions Limited	PRC	US$200,000	–	100%	Dormant
Victor Group Limited	Hong Kong	1 share of HK$1 each	–	100%	Dormant

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

(b) The amounts due to/from subsidiaries are interest-free, unsecured and have no fixed repayment term.

11. INVESTMENT SECURITIES

	2004	2003
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	2,342	2,342
Less: Provision for diminution in value	2,342	2,342
	–	–

The above represented the Group's share of contributions to a company, of which the Group has an approximately 4% equity interest therein. The investee company was dormant during the year.

12. DEVELOPMENT COSTS

	HK$'000
Cost:	
At 1.1.2004 and 31.12.2004	13,334
Aggregate amortisation:	
At 1.1.2004	6,510
Charge for the year	1,034
At 31.12.2004	7,544
Impairment loss:	
At 1.1.2004	4,928
Charge for the year	862
At 31.12.2004	5,790
Net book value:	
At 31.12.2004	–
At 31.12.2003	1,896

13. INVENTORIES

	2004	2003
	HK$'000	*HK$'000*
Equipment and accessories held for re-sale	578	308
Spare parts	2,276	–
	2,854	308

14. DEBTORS, DEPOSITS AND PREPAYMENTS

	2004	2003
	HK$'000	*HK$'000*
Debtors, deposits and prepayments comprise:		
Trade debtors	4,538	17,313
Less: Provision for bad debts	–	7,775
	4,538	9,538
Other debtors, deposits and prepayments	1,057	1,537
	5,595	11,075

14. DEBTORS, DEPOSITS AND PREPAYMENTS *(Continued)*

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

	2004	2003
	HK$'000	*HK$'000*
0 – 3 months	4,504	587
4 – 6 months	12	29
7 – 12 months	22	5,591
Over 1 year but within 2 years	–	6,661
Over 2 years	–	4,445
	4,538	17,313

15. BANKING FACILITIES

As at 31st December, 2004, the Group's available banking facilities to the extent of approximately HK$91,000 (2003: HK$206,000) are secured by a motor vehicle with net book value of approximately HK$88,000 (2003: HK$220,000).

16. CASH AND BANK BALANCES

At 31st December, 2004, the cash and bank balances of the Group denominated in Renminbi amounted to approximately HK$340,000 (2003: HK$8,051,000). Renminbi is not freely convertible into foreign currencies. Subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks authorised to conduct foreign exchange business.

17. SECURED BANK LOAN

	2004	2003
	HK$'000	*HK$'000*
Principal outstanding	91	206
Less: Amount repayable within one year (shown under current liabilities)	91	115
Amount repayable after one year but within five years (shown under non-current liabilities)	–	91

18. CREDITORS, ACCRUALS AND DEPOSITS

	2004	2003
	HK$'000	*HK$'000*
Creditors, accruals and deposits comprise:		
Trade creditors	7,196	13,055
Other creditors, accruals and deposits	8,597	5,605
	15,793	18,660

The following is an aging analysis of trade creditors:

	2004	2003
	HK$'000	*HK$'000*
0 – 6 months	3,573	839
7 – 12 months	116	4,193
Over 12 months	3,507	8,023
	7,196	13,055

19. AMOUNTS DUE TO RELATED COMPANIES

The amounts are interest-free, unsecured and repayable on demand.

20. SHARE CAPITAL

	Group and Company	
	Number of shares	HK$'000
Authorised:		
At 1st January, 2004 and 31st December, 2004	1,000,000,000	100,000
Issued and fully paid:		
At 1st January, 2004 and 31st December, 2004	240,000,000	24,000

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

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

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

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

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

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

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

All the shares options under the Scheme lapsed during the year 2003.

21. RESERVES

	Share premium *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
The Company			
At 1.1.2003	19,030	(3,933)	15,097
Loss for the year	–	(29,588)	(29,588)
At 31.12.2003 and 1.1.2004	19,030	(33,521)	(14,491)
Loss for the year	–	(12,121)	(12,121)
At 31.12.2004	19,030	(45,642)	(26,612)

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

(b) As at 31st December, 2004, in the opinion of the directors, there was no reserve of the Company available for distribution to the shareholders (2003: HK$Nil).

22. LOANS FROM DIRECTORS

The loans are interest-free, unsecured and not repayable until the Group is in a position to do so.

23. COMMITMENTS

(a) Operating leases

As at 31st December, 2004, the Group and the Company had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2004 *HK$'000*	2003 *HK$'000*
(i) The Group		
Within one year	1,538	1,123
In the second to fifth years inclusive	492	–
	2,030	1,123
(ii) The Company		
Within one year	–	403
In the second to fifth years inclusive	–	–
	–	403

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

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

24. CONNECTED AND RELATED PARTY TRANSACTIONS

On 28th July, 2004, the Company entered into an agreement with CL International Holdings Limited ("CLIH"), pursuant to which the Group would purchase computer parts and components, peripherals and equipment from CLIH and its subsidiaries (together "CLIH Group") and provide IT related services to certain existing customers of CLIH Group. CLIH is indirectly owned as to approximately 46.2% by the General Trust. Aplus Worldwide Limited, the controlling shareholder of the Company, is indirectly owned as to 84% by the General Trust. CLIH is therefore a connected person of the Company according to the GEM Listing Rules.

The executive directors, Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard were interested in the above transactions by virtue of their spouses' beneficial interest in the General Trust (notes 5 and 6 in the section headed "substantial shareholders" in the Directors' Report).

During the year, the Group had the following transactions with CLIH Group:–

		2004	**2003**
	Note	*HK$'000*	*HK$'000*
Consultancy fee income received from a subsidiary of CLIH	(i)	572	86
Service income from a subsidiary of Hitachi, Limited which is a substantial shareholder of the Company	(i)	–	158
Service fee paid to a subsidiary of CLIH	(ii)	567	966
Provision of IT services to a subsidiary of CLIH	(iii)	12,029	–
Purchases from subsidiaries of CLIH	(iii)	14,592	–

The above transactions were entered into on the following bases:

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

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

(iii) amounts with reference to market price of goods sold or services rendered.

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

25. SEGMENT REPORTING

Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

(a) Business segments

The Group principally operates in three business segments, (i) sales of bank packaged software products, (ii) provision of IT services and (iii) supply chain solutions.

	IT services		Supply chain solutions		Bank packaged software products		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	15,342	986	10,892	–	17,006	34,413	43,240	35,399
RESULTS								
Segment results	813	9	448	–	(9,618)	(25,154)	(8,357)	(25,145)
Unallocated expenses							(3,253)	(1,051)
Interest income	–	–	–	–	–	23	–	23
Finance cost	–	–	–	–	(10)	(447)	(10)	(447)
Amortisation of goodwill	–	–	–	–	–	–	–	(661)
Income tax expense	(142)	(1)	(79)	–	–	–	(221)	(1)
Profit/(loss) attributable to shareholders	671	8	369	–	(9,628)	(25,578)	(11,841)	(27,282)
SEGMENT ASSETS								
Segment assets	5,997	233	6,116	–	1,433	21,532	13,546	21,765
Unallocated assets							339	228
Total assets							13,885	21,993
SEGMENT LIABILITIES								
Segment liabilities	(5,340)	(307)	(6,230)	–	(11,421)	(20,780)	(22,991)	(21,087)
Unallocated liabilities							(2,506)	(677)
Total liabilities							(25,497)	(21,764)
OTHER INFORMATION								
Depreciation and amortisation	–	–	–	–	1,167	3,863	1,167	3,863
Impairment loss on development cost	–	–	–	–	862	2,396	862	2,396
Bad debts	–	–	–	–	8,992	4,825	8,992	4,825
Capital expenditure incurred during the year	8	–	4	–	–	6	12	6

25. SEGMENT REPORTING *(Continued)*

(a) Business segments *(Continued)*

Unallocated expenses include administrative expenses incurred by the Company and certain non-operating subsidiaries.

Unallocated assets consist of deposits and prepayments and cash and bank balances of the Company and certain non-operating subsidiaries.

Unallocated liabilities represent accruals and loans from directors owed by the Company and certain non-operating subsidiaries.

(b) Geographical segments

The Group's business can be subdivided into the Hong Kong and PRC markets.

The Group's geographical segments are classified according to the location of the customers as the reporting format because this is considered by management to be more relevant to the Group in making operating and financial decisions. No separate disclosure of the Group's geographical segments according to the location of assets has been made as there is no material difference between the Group's geographical segments classified by location of customers or by location of assets.

Management considers that all items in the consolidated income statement and assets included in the consolidated balance sheet can be reasonably allocated to each geographical segment.

The following table presents revenue, segment assets and capital expenditure incurred for the Group's geographical segments.

	Hong Kong		**PRC**		**Consolidated**	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	26,234	986	17,006	34,413	43,240	35,399
Segment assets	12,482	7,843	1,403	14,150	13,855	21,993
Capital expenditure incurred during the year	12	1	–	5	12	6

26. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company to be Aplus Worldwide Limited, a company incorporated in the British Virgin Islands.

27. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the following events have occurred:

(a) By the Order of the Grand Court of the Cayman Islands dated 14th January, 2005 and special resolution passed on 12th October, 2004, to reduce and diminish the authorised and issued share capital of the Company ("Capital Reduction") by the following ways:

(i) to reduce the share capital of the Company by canceling issued and paid up capital to the extent of HK$0.09 on each of shares in issue and by reducing the nominal value of all issued and unissued shares from HK$0.10 each to HK$0.01 each;

(ii) to cancel the share premium account;

(iii) to apply the credit arising from the capital reduction and 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 financial statements of the Company for the year ended 31st December, 2003, and

27. SUBSEQUENT EVENTS *(Continued)*

(iv) to cancel 684,000,000 unissued shares of HK$0.10 each in the share capital of the Company and each remaining unissued shares of HK$0.10 each in the share capital of the Company be subdivided into 10 unissued new shares of HK$0.01 each.

Upon the Capital Reduction 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.

(b) The Company proposes to raise approximately HK$4.8 million before expenses by way of a rights issue of 240,000,000 rights shares at a price of HK$0.02 per rights share payable in full on acceptance on the basis of one rights share for every one existing share held on the expected Record Date on 6th April 2005. The Company will provisionally allot to the qualifying shareholders on rights share in nil-paid form for every one existing share held on the expected Record Date on 6th April 2005. The rights issue will not be available to the non-qualifying shareholders.

The estimated net proceeds of the rights issue will amount to approximately HK$4.3 million. The Company intends to use the net proceeds from the rights issue for general working capital purposes.

FINANCIAL SUMMARY

Results

	Years ended 31st December,				
	2000	**2001**	**2002**	**2003**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	37,565	120,990	68,635	35,399	43,240
Profit/(loss) for the year	356	4,552	(20,852)	(27,282)	(11,841)

Notes:

1. The results of the Group for the year ended 31st December, 2000 presented above include the results of the Company and its subsidiaries with effect from 1st January, 2000 or since their respective dates of incorporation/establishment, where this is a shorter period, on the basis that the current group structure had been in existence throughout the said year.

2. The results of the Group for each of the four years ended 31st December, 2004 are prepared under the basis as set out in note 1(c) on page 27.

Assets And Liabilities

	At 31st December,				
	2000	**2001**	**2002**	**2003**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	11,877	14,694	9,022	2,116	99
Current assets	21,597	59,131	47,416	19,877	13,786
Deduct:					
Current liabilities	10,796	46,495	28,721	19,789	23,241
Net current assets/(liabilities)	10,801	12,636	18,695	88	(9,455)
Non-current liabilities	(30)	(16)	(206)	(1,975)	(2,256)
Net assets/(liabilities)	22,648	27,314	27,511	229	(11,612)

(II) Set out below are the unauidited financial information of the Company for the six months ended 30 June 2005 as extracted from the interim report.

RESULTS

	Note	For the six months ended 30 June 2005 HK$'000	For the six months ended 30 June 2004 HK$'000	For the three months ended 30 June 2005 HK$'000	For the three months ended 30 June 2004 HK$'000
Turnover	2	40,992	9,518	20,978	3,122
Cost of sales		(28,503)	(8,541)	(14,649)	(2,650)
Gross profit		12,489	977	6,329	472
Other income		122	3	113	3
Bad debts		–	(4,170)	–	(3,982)
Selling and distribution expenses		(592)	(196)	(279)	(112)
Administrative expenses		(9,942)	(3,352)	(4,885)	(1,537)
Operating profit/(loss)		2,077	(6,738)	1,278	(5,156)
Finance costs		(28)	(13)	(12)	(5)
Profit/(loss) before income tax		2,049	(6,751)	1,266	(5,161)
Income tax expense	3	(363)	–	(234)	–
Profit/(loss) for the period		1,686	(6,751)	1,032	(5,161)
Earnings/(loss) per share					
– Basic (HK cents)	4	0.47	(2.31)	0.24	(1.77)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) At 30 June 2005 HK$'000	(Audited) At 31 December 2004 HK$'000
NON-CURRENT ASSETS			
Fixed assets		453	99
CURRENT ASSETS			
Inventories		2,691	2,854
Debtors, deposits and prepayments	5	11,610	5,595
Cash and bank balances		5,614	5,337
		19,915	13,786
CURRENT LIABILITIES			
Secured bank loan		31	91
Creditors, accruals and deposits	6	17,036	15,793
Value-added tax payable		265	799
Income tax payable		582	219
Amounts due to fellow subsidiaries	7	5,844	–
Amounts due to related companies		–	6,339
		23,758	23,241
NET CURRENT LIABILITIES		(3,843)	(9,455)
		(3,390)	(9,356)
FINANCED BY:			
Share capital		4,800	24,000
Reserves		(10,446)	(35,612)
Capital deficiency		(5,646)	(11,612)
NON-CURRENT LIABILITIES			
Loans from directors	8	2,256	2,256
		(3,390)	(9,356)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

	Share capital	Share premium	Exchange reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2004 (Audited)	24,000	19,030	100	(42,901)	229
Loss for the period	–	–	–	(6,751)	(6,751)
At 30 June 2004 (Unaudited)	24,000	19,030	100	(49,652)	(6,522)
At 1 January 2005 (Audited)	24,000	19,030	100	(54,742)	(11,612)
Capital reorganisation	(21,600)	(19,030)	–	40,630	–
Issue of shares	2,400	2,400	–	–	4,800
Share issuing expenses	–	(520)	–	–	(520)
Profit for the period	–	–	–	1,686	1,686
At 30 June 2005 (Unaudited)	4,800	1,880	100	(12,426)	(5,646)

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

	For the six months ended 30 June 2005	For the six months ended 30 June 2004
	HK$'000	*HK$'000*
Net cash used in operating activities	(3,598)	(8,028)
Net cash (used in)/from investing activities	(345)	15
Net cash from financing activities	4,220	999
Net increase/(decrease) in cash and cash equivalents	277	(7,014)
Cash and cash equivalents at the beginning of the period	5,337	8,452
Cash and cash equivalents at the end of the period	5,614	1,438
Analysis of cash and cash equivalents:		
Cash and bank balances	5,614	1,438

Notes:

1. BASIS OF PREPARATION

The condensed consolidated interim accounts (the "Interim Accounts") have not been audited by the auditors of the Company. The Interim Accounts are prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange ("GEM Listing Rules").

The accounting policies and basis of preparation used in preparing the Interim Accounts are consistent with those used in the audited financial statements for the year ended 31 December, 2004 except as described below.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKAS") (collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January, 2005. The Group has adopted the new HKFRSs in the current period and has resulted in changes to the Group's accounting policies in the following area. However, the adoption of these new HKFRSs has no material effect on how the results of operations and financial position of the Group are prepared and presented for the current and prior periods. Accordingly, no prior period adjustment is required.

HKAS 31 "Interests in Joint Ventures" allows entities to use either proportionate consolidation or equity method to account for its interests in jointly controlled entities. In the current period, the Group established a jointly controlled entity which is expected to commence operation in the second half of 2005. Upon the application of HKAS 31, the Group elects to use proportionate consolidation method to account for its interest in the jointly controlled entity.

2. TURNOVER

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

	For the six months ended 30 June 2005 *HK$'000*	**For the six months ended 30 June 2004** *HK$'000*
Sales of packaged software products and related services	630	2,017
Provision of IT services	27,048	–
Provision of supply chain solutions	13,072	–
System integration	242	7,178
Others	–	323
Turnover	40,992	9,518

3. INCOME TAX EXPENSE

Income tax represents the provision for Hong Kong profits tax, which is calculated at the tax rate of 17.5% on the estimated assessable profits for the period.

No provision for PRC income tax has been made in this income statement as the Company's subsidiaries operating in PRC sustained losses for tax purpose during the period.

4. EARNINGS/(LOSS) PER SHARE

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

	For the six months ended 30 June 2005 *HK$'000*	For the six months ended 30 June 2004 *HK$'000*	For the three months ended 30 June 2005 *HK$'000*	For the three months ended 30 June 2004 *HK$'000*
Earnings/(loss)				
Earnings/(loss) for the period used in the calculation of basic earnings/(loss) per share	1,686	(6,751)	1,032	(5,161)
Shares		(Restated)		(Restated)
Weighted average number of shares in issue for the purpose of calculation of basic earnings/(loss) per share	361,442,964	291,764,706	430,355,527	291,764,706

The Company completed a rights issue exercise in May 2005 on the basis of one rights share for every one ordinary share held at an issue price of HK$0.02 per rights share. As such, the comparative figures of basic earnings per share for three months and six months ended 30 June 2004 were re-calculated based on the adjusted weighted average of 291,764,706 shares, as adjusted to reflect the rights issue deemed to be in issue during the period.

5. DEBTORS, DEPOSITS AND PREPAYMENTS

	At 30 June 2005 *HK$'000*	At 31 December 2004 *HK$'000*
Trade debtors	10,366	4,538
Other debtors, deposits and prepayments	1,244	1,057
	11,610	5,595

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

	At 30 June 2005 *HK$'000*	At 31 December 2004 *HK$'000*
0 – 3 months	9,647	4,504
4 – 6 months	258	12
7 -12 months	461	22
	10,366	4,538

6. CREDITORS, ACCRUALS AND DEPOSITS

	At 30 June 2005 *HK$'000*	At 31 December 2004 *HK$'000*
Trade creditors	8,786	7,196
Other creditors, accruals and deposits	8,250	8,597
	17,036	15,793

The following is an aging analysis of trade creditors:

	At 30 June 2005 *HK$'000*	At 31 December 2004 *HK$'000*
0 – 6 months	2,192	3,573
7 -12 months	2,981	116
Over 12 months	3,613	3,507
	8,786	7,196

7. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts are interest-free, unsecured and repayable on demand.

8. LOANS FROM DIRECTORS

The loans are interest-free, unsecured and not repayable until the Group is in a position to do so.

9. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

(a) Business segments

The Group principally operates in three segments, (i) sales of packaged banking software, (ii) provision of IT services and (iii) provision of supply chain solutions.

	IT services For the six month ended 30 June		Supply chain solutions For the six month ended 30 June		Banking software For the six month ended 30 June		Consolidated For the six month ended 30 June	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	27,048	323	13,072	–	872	9,195	40,992	9,518
RESULTS								
Segment results	2,428	6	396	–	58	(5,425)	2,882	(5,419)
Unallocated expenses							(927)	(1,319)
Other income	–	–	–	–	122	–	122	–
Finance costs	(11)	–	(14)	–	(3)	(13)	(28)	(13)
Income tax expense	(349)	–	(14)	–	–	–	(363)	–
Profit/(loss) attributable to shareholders	2,068	6	368	–	177	(5,438)	1,686	(6,751)
SEGMENT ASSETS								
Segment assets	8,550	23	8,352	–	1,126	7,469	18,028	7,492
Unallocated assets							2,340	1,300
Total assets							20,368	8,792
SEGMENT LIABILITIES								
Segment liabilities	(6,089)	(88)	(6,993)	–	(10,901)	(13,306)	(23,983)	(13,394)
Unallocated liabilities							(2,031)	(1,920)
Total liabilities							(26,014)	(15,314)
OTHER INFORMATION								
Depreciation and amortisation	5	–	17	–	66	657	88	657
Bad debts	–	–	–	–	–	4,170	–	4,170
Capital expenditure incurred during the year	218	–	224	–	–	–	442	–

(b) Geographical segments

The following table presents revenue, segment assets and expenditure information for the Group's geographical segments.

	Hong Kong For the six month ended 30 June		**PRC For the six month ended 30 June**		**Consolidated For the six month ended 30 June**	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	39,772	324	1,220	9,194	40,992	9,518
SEGMENT ASSETS						
Segment assets	18,261	6,378	2,107	2,414	20,368	8,792
Capital expenditure incurred during the year	242	–	200	–	442	–

STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business of 30 June 2005, the Group had obtained loans from the Directors, Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard, amounted to approximately HK$2,256,000. The loans are interest-free, unsecured and without fixed repayment term. Both Mr. Fung and Mr. Lo have joint and severally undertaken to the Company not to demand the repayment of the said loans until the financial position of the Group has, in the opinion of the Board, improved to such extent that the repayment of the said loans will not negatively affect the Group.

Contingent liabilities

As at 30 June 2005, the Group did not have any contingent liabilities.

Securities

As at 30 June 2005, the Group had bank loan of approximately HK$31,000 granted to CSA which are secured by a motor vehicle with net book value of approximately HK$22,000. Saved as disclosed herein, the Group does not have any other banking facilities as at 30 June 2005.

Disclaimers

Save as aforesaid, and apart from intra-Group liabilities, the Group did not have outstanding at the close of business on 30 June 2005, any mortgages, charges, debentures or other loan capital issued or outstanding or agreed to be issued, bank overdrafts and liabilities under acceptances or acceptance credits, loans or other similar indebtedness, or hire purchase commitments or any guarantees or other contingent liabilities.

WORKING CAPITAL

The Directors are of the opinion that, taking into account the present financial resources of the Group, the loans from the Directors amounted to approximately HK$2,256,000 as mentioned above and the improvement in the net asset value of the Group upon the Completion, the Group has sufficient working capital for its present requirements.

MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2004, the date to which the latest published audited financial statements of the Group were made up.

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 THEIR ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors in the securities of the Company and their 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:

Long positions in Shares of the Company

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") *(Note 1)*	Interests of spouse	320,124,011	66.69%
Mr. Lo, Richard ("Mr. Lo") *(Note 2)*	Interests of spouse	320,124,011	66.69%

Note:

1. 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 77,724,011 Shares in which Aplus is interested under the SFO. Win Plus also holds approximately 46.2% indirectly in the issued share capital of CL International Holdings Limited ("CLIH") and is accordingly taken to have an interest in the 242,400,000 Shares in which CLIH is interested under the SFO. Win Plus is accordingly taken to have an interest in the 320,124,011 Shares in total 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 320,124,011 Shares in which Win Plus is interested under the SFO.

Both Mr. Fung and Mr. Lo are directors of Aplus, CLIH, 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 320,124,011 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, in which one of the beneficiaries is the spouse of Mr. Fung. Mr. Fung is taken to have an interest in the same 320,124,011 Shares by virtue of his spouse's interest under the SFO.

2. Ardian Holdings Limited ("Ardian") has a 50% interest in the issued share capital of Gumpton and is accordingly taken to have an interest in the 320,124,011 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, in which one of the beneficiaries is the spouse of Mr. Lo. Mr. Lo is taken to have an interest in the same 320,124,011 Shares by virtue of his spouse's interest under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company has any interests and short positions in the Shares, equity derivatives, underlying shares and debentures of the Company and their 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 were as follows:

Long positions in shares of the Company

Name of shareholder	Capacity in which such interests were held	Number of Shares	Percentage of nominal value of share capital
Hitachi, Ltd.	Beneficial owner	60,000,000	12.50%
Aplus	Beneficial owner	77,724,011	16.19%
CLIH	Beneficial owner	242,400,000	50.50%

Name of shareholder	Capacity in which such interests were held	Number of Shares	Percentage of nominal value of share capital
Adwin Investments Limited *(Note 1)*	Interest of a controlled corporation	242,400,000	50.50%
Win Plus *(Note 2)*	Interest of a controlled corporation	320,124,011	66.69%
Gumpton *(Note 3)*	Interest of a controlled corporation	320,124,011	66.69%
AFS *(Note 4)*	Interest of a controlled corporation	320,124,011	66.69%
Ardian *(Note 4)*	Interest of a controlled corporation	320,124,011	66.69%
General Trust *(Note 5)*	Interest of a controlled corporation	320,124,011	66.69%
Mrs. Fung, Pui Lan, Angela *(Note 6)*	Beneficiary of trust	320,124,011	66.69%
Mrs. Lo, Lilian *(Note 7)*	Beneficiary of trust	320,124,011	66.69%

Notes:

1. Adwin Investments Limited ("Adwin") holds approximately 62.6% interest in the issued share capital of CLIH and is accordingly taken to have an interest in the 242,400,000 Shares in which CLIH is interested under the SFO.

2. Win Plus holds 84% interest in the issued share capital of Aplus as well as approximately 73.8% interest in the issued share capital of Adwin and is accordingly taken to have an interest in the 320,124,011 Shares in total under the SFO.

3. Gumpton, which holds 100% of the issued share capital of Win Plus, is taken to have an interest in the 320,124,011 Shares in which Win Plus is interested under the SFO.

4. 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 320,124,011 Shares in which Gumpton is interested under the SFO.

5. AFS and Ardian are in turn wholly-owned by General Trust. Therefore, General Trust is taken to have an interest in the 320,124,011 Shares in which AFS and Ardian are interested under the SFO.

6. General Trust is the trustee of AFS Trust. Mrs. Fung, Pui Lan, Angela, being the spouse of Mr. Fung, is one of the beneficiaries of AFS Trust and therefore is taken to have an interest in the 320,124,011 Shares in which General Trust is interested under the SFO.

7. General Trust is also the trustee of Ardian Trust. Mrs. Lo, Lilian, being the spouse of Mr. Lo, is one of the beneficiaries of Ardian Trust and therefore is taken to have an interest in the 320,124,011 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 BUSINESS

As at the Latest Practicable Date, none of the Directors or managements 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. 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 10th Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong.

(iii) The Hong Kong branch share registrar and transfer office of the Company is Hong Kong Registrars Limited at Shops 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 Institute of Certified Public 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. Chung Kong Fei, Stephen and Mr. Ng Chik Sum, Jackson.

(vii) The authorised representatives of the Company are Mr. Fung Pak Chuen, Alphonso and Mr. Yip Yuk Sing, Wallace.

(viii) The authorised share capital of the Company is HK$10,000,000 divided into 1,000,000,000 Shares of HK$0.01 each. As at the Latest Practicable Date, the issued share capital of the Company was HK$4,800,000 divided into 480,000,000 Shares of HK$0.01 each.

(ix) Save for the agreement dated 28 July 2004 entered into between the Company and CLIH in relation to the Group's purchases of inventories ("Purchases") from CLIH and its subsidiaries ("CLIH Group") and the Group's provision of technical services ("Provision of Services') to certain existing customers of the CLIH Group, there is no contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date 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.

The pricing of the Purchases will be based on normal commercial terms and determined after arm's length negotiation and shall not exceed the prevailing market prices at which these products are available to the Group from the Independent Third Parties. The Provision of Services will be (i) charged to CLIH on a project/contract basis which is calculated based on 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. CLIH is owned as to approximately 62.6% indirectly by Mr. Fung Pak Chuen. Alphonso, Mr. Lo, Richard and Mr. Yap Fat Suan, Henry. Both Mr. Fung and Mr. Lo are the Directors. Details of the Purchases and the Provision of Services have been disclosed in the circulars of the Company dated 18 August 2004 and 16 September 2004.

(x) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2004 (the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to any member of the Group.

8. PARTICULARS OF DIRECTORS

Name	Address
Fung Pak Chuen, Alphonso	10th Floor, Westland Centre 20 Westlands Road, Quarry Bay Hong Kong
Lo, Richard	10th Floor, Westland Centre 20 Westlands Road, Quarry Bay Hong Kong
Kaneda Yukitaka	6-27-18 Minamioi, Shinagawa-ku, Tokyo 140-8572 Japan 140-8572
Lee Sai Yeung	Block 2, 24B Clovelly Court 12 May Road Hong Kong
Chung Kong Fei, Stephen	21/F, Flat C 177-179 Wanchai Road Hong Kong
Ng Chik Sum, Jackson	Berth One Kwai Chung Hong Kong

Executive Directors

FUNG Pak Chuen, Alphonso, aged 54, is the Chairman of the Company. He was appointed as non-executive Director of the Company in March 2000 and re-designated as Executive Director on 13th February, 2004. Mr. Fung is responsible for the overall strategic planning and development of the Group. He has substantial experience in business planning and development in information technology industry. Prior to his own business development in 1979, he worked at IBM in Hong Kong and International Computer Limited in the United Kingdom. Mr. Fung graduated from the University of London with a master degree in Computer Science.

LO, Richard, aged 53, is an Executive Director of the Company. He was appointed as non-executive Director of the Company in March 2000 and re-designated as Executive Director on 13th February, 2004. Mr. Lo is responsible for corporate strategy of the Group. Prior to his own business development in 1979, he worked in marketing department of IBM in Hong Kong. Mr. Lo holds a bachelor degree in Mathematics from Syracuse University, New York and a master degree in Business Administration from the University of California at Los Angeles.

Non-executive Director

KANEDA Yukitaka aged 46, is currently a Department Manager (Business Promotion Dept. 1, Global Solution Div., Information and Telecommunication Group) of Hitachi, Ltd. Mr. Kaneda jointed Hitachi, Ltd. in 1986 and accumulated extensive experience in marketing management and IT business development during his employment with Hitachi, Ltd. From 1995 to 1998, he was assigned to Hitachi Data Systems, Santa Clara, CA, U.S.A. as the director engaging in business planning and development of large-scale computer product. During the period from 2002 to 2004, he was assigned to the PRC engaging in IT and financial solutions business development in Beijing. Mr. Kaneda holds a Master's degree in Business Administration from the School of Business and Public Management, George Washington University, Washington D.C., U.S.A. and a Master's degree in Political Science from the Graduate School of Political Science, Waseda University, Tokyo, Japan.

Independent non-executive Directors

LEE Sai Yeung, aged 53, 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.

CHUNG Kong Fei, Stephen, aged 48, holds a bachelor of science degree from the Wharton School of Business, University of Pennsylvania, U.S.A.. Mr. Chung has over 20 years of experience in investment and business management. He is one of the founders and executive directors of SDM Dental Inc., an investment holding company which operates 5 dental clinics in PRC, currently the clinic chain is the second largest of its kind in China. During 1997, Mr. Chung was an executive director of Qualipak International Holdings Limited, a manufacturer of packaging materials, whose shares are listed on the Stock Exchange. From 1987 to 1996, he was the deputy managing director of Lam Soon (HK) Limited. From 1980 to 1987, Mr. Chung was the Head of China Division for Manufacturers Hanover Trust Company. Mr. Chung is currently an independent non-executive director of Unity Investments Holdings Limited, whose shares are listed on the Stock Exchange.

NG Chik Sum, Jackson, aged 44, is a fellow member both of the Hong Kong Institute of Certified Public Accountants and Chartered Association of Certified Accountants with Master of Science degree in Finance and Master degree in Business Administration. Mr. Ng has extensive experience in accounting and financial management. He is currently the Chief Financial Officer of Modern Terminals Limited. Mr. Ng previously worked with Coopers and Lybrand and he also served as Group Financial Controller with Lam Soon Group, Finance Director of East Asia of Allergan Inc., a U.S. pharmaceutical company, and Director of Tradelink Electronic Commerce Limited, the sole provider of e-trade declaration platform in Hong Kong. Mr. Ng has not held any directorship in other listed companies in the last three years.

9. MATERIAL CONTRACT(S)

(i) the Sale and Purchase Agreement; and

(ii) the underwriting agreement dated 20 January 2005 between the Company and Aplus, being the Shareholder and the underwriter in relation to the issue of 240,000,000 rights shares of the Company, details of which were contained in the circular dated 18 March 2005 and the prospectus dated 8 April 2005 of the Company. Please also see item (d) under paragraph 10 as below for details.

Save as disclosed above, there are no contracts (other than contracts entered into in the ordinary course of business) that have been entered into by any member of the Group within the two years immediately preceding the date of this circular which are or may be material.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours up to and including 5 September 2005 at the principal place of business of the Company at 10th Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong:

a. the memorandum and articles of association of the Company;

b. the annual reports of the Company for each of the two financial years end 31 December 2004;

c. the unaudited first quarterly report of the Company for the three months ended 31 March 2005 and the unaudited interim report of the Company for the six months ended 30 June 2005;

d. Circular dated 18 March 2005 and prospectus dated 8 April 2005 of the Company in relation to the issue of 240,000,000 rights shares of the Company to the Shareholders; and

e. the material contract(s) referred to in the paragraph headed “Material contract(s)” in this appendix.

11. MISCELLANEOUS

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