



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

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

2007

ANNUAL REPORT 2007

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board and no assurance is given that there will be a liquid market in the securities traded on GEM. The principal means of information dissemination on GEM is publication on the internet website operated by the 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.

*The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of this report. This report, for which the directors (the “Directors”) of Computech Holdings Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) of The Stock Exchange 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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## Corporate Information

### Executive Directors

Fung Pak Chuen, Alphonso (*Chairman*)  
Lo, Richard

### Independent non-executive Directors

Lee Sai Yeung  
Chung Kong Fei, Stephen  
Ng Chik Sum, Jackson

### Compliance officer

Fung Pak Chuen, Alphonso

### Authorised representatives

Fung Pak Chuen, Alphonso  
Yip Yuk Sing, Wallace

### Company secretary

Yip Yuk Sing, Wallace *CPA, FCCA*

### Qualified accountant

Yip Yuk Sing, Wallace *CPA, FCCA*

### Audit Committee

Ng Chik Sum, Jackson (*Committee Chairman*)  
Chung Kong Fei, Stephen  
Lee Sai Yeung

### Auditors

PKF  
*Certified Public Accountants*

### Registered office

Cricket Square,  
Hutchins Drive, P.O. Box 2681,  
Grand Cayman KY1-1111,  
Cayman Islands

### Head office and principal place of business

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

### Principal share registrar and transfer office

Butterfield Fund Services (Cayman) Limited  
Butterfield House, Fort Street,  
P.O. Box 705, George Town,  
Grand Cayman, Cayman Islands,  
British West Indies

### Hong Kong branch share registrar and transfer office

Hong Kong Registrars Limited  
46th floor, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong

### Principal bankers

Bank of Tokyo-Mitsubishi UFJ, Limited  
China Construction Bank (Asia)

### Stock code

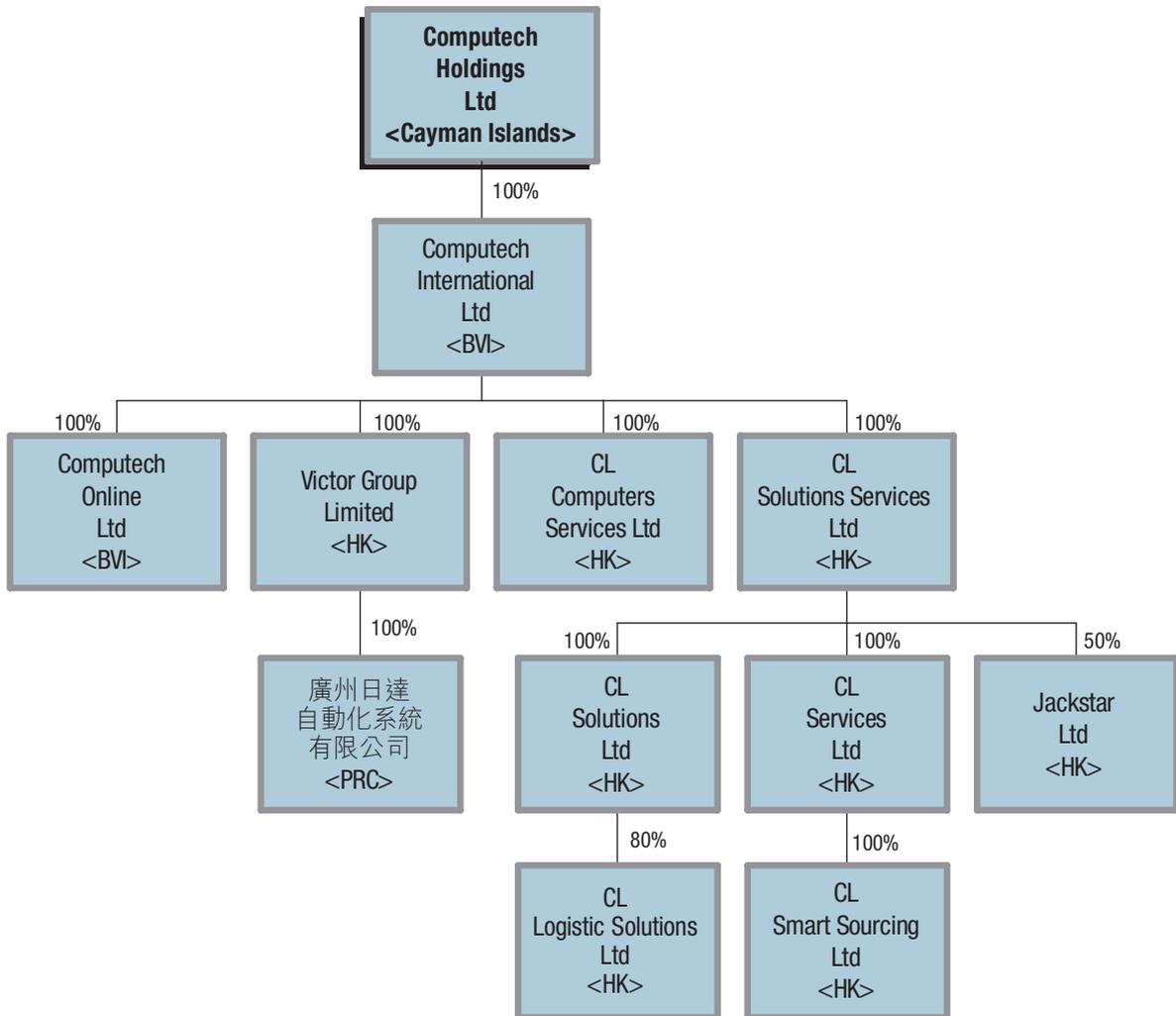
8081

### Website address

[www.computech.com.hk](http://www.computech.com.hk)

## Structure of the Group

At as 31st December, 2007



## Chairman's Statement

I am pleased to present the results of Computech Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2007.

We faced intense competition in the IT services sector in Hong Kong in 2007. During the year, we have refrained from taking on some new projects with unacceptably low margins, which has led to an overall decrease in revenue, although we achieved an increase in overall net profit when compared with the previous year.

New entrants to the market have driven down profit margins for IT services contracts in general, despite continuous growth in demand for IT services in the region. Our principle of maintaining high service standards to our clients and our reluctance to compromise on quality forced us to refrain from bidding for a number of new contracts and renewing a number of existing contracts. With strict control on costs, we managed to achieve a slight profit for the year 2007 in the IT services business unit.

Our supply chain solutions business unit did not achieve the expected growth during the year due to the lack of new major projects. However, we were able to increase its overall profit by incorporating value-add services to the products we carried. Improved working capital management has also helped to reduce stock obsolescence and bad debts during the year. In addition, after the disposal of a loss-making associated company, Automated Logistics Solutions Limited ("ALS") during the year, the Group is no longer affected by its negative results.

The Group has reported an improvement in operating profit for the year 2007.

### OPERATING RESULTS

For the year under review, the Group recorded a turnover of approximately HK\$60,498,000, representing a decrease of approximately 9.5% compared with last year. The audited net profit attributable to shareholders of the Company amounted to approximately HK\$1,681,000, representing an increase of approximately 284% compared with last year. The earnings per share for the year ended 31 December 2007 was HK1.6 cents.

Decrease in overall turnover was mainly due to the expiry of a number of contracts in warranty services outsource under the IT services business unit in the third quarter of 2006. On the other hand, revenue from our call center services increased significantly, which helped to offset the decrease in overall revenue. Improvement in the Group's financial results was attributable to the disposal of an associate as well as savings in operating expenses.

Administrative, selling and distribution expenses amounted to approximately HK\$15,274,000 for the year ended 31 December 2007, representing an approximately 7.8% decrease compared with last year.

### MARKET OVERVIEW

Our previous aim to expand our contact center and recruitment services business during the year did not materialize. In addition, the lack of IT services contracts with reasonable margins prevented us from aggressively pursuing new business. We notice that some consolidation is taking place in the market. We will remain cautious and continue to look for new opportunities for future expansion and diversification.

## **Chairman's Statement**

Demand for sophisticated supply chain solutions in our region has increased. Our track record in developing and implementing barcode and radio frequency identification ("RFID") solutions put us in a strong position to take advantage of this trend. We will continue to explore new ways to add value to our principal's (Intermec USA) products to distinguish ourselves in this field and to secure higher overall profit margins in our product and service offerings.

### **OPERATING OVERVIEW**

In 2007, we partnered with our principal, Intermec USA, to roll out RFID printers in the Hong Kong International Airport for baggage identification and tracking. In addition, we have secured substantial orders for RFID systems and mobile computing equipment in China and Hong Kong from customers such as Air Products (USA), V-tech Communications Limited and Wal-Mart.

During the year, the Group also provided hot-line and on-site technical support services to over 150,000 HP Pavilion home PC users in Hong Kong and Macau.

### **DISPOSAL OF ALS**

During the year, the Group disposed of a loss-making associate, ALS. ALS is principally engaged in the development and sales of supply chain solutions related software products. ALS incurred significant operating loss for the year 2006 and its performance has since not improved. The Board is of the opinion that the Group should focus our resources on the core businesses of the Group. This disposal is part of the Group's business reengineering process to enhance our competitiveness and financial performance.

### **PROSPECTS AND APPRECIATION**

Faced with intense competition and pressure on profit margins in our business, our previously forecasted growth in the Group's business did not materialize in 2007. Economic conditions in the region remain uncertain with the fiscal measures by the Chinese government to cool its economy. It is important that we continue to maintain strict discipline on cost control, and to further improve our efficiency and productivity in the year ahead. At the same time, we will continue our attempt to diversify into areas with potential for higher growth.

I would like to take this opportunity to express my appreciation to our employees, shareholders, board members, customers, and business partners for their support and contribution to the Group in 2007.

**Fung Pak Chuen, Alphonso**  
*Chairman*

Hong Kong, 18th March, 2008

## Management Discussion and Analysis

### BUSINESS REVIEW

Despite the decrease in revenue of Group, we have managed to report an operating profit for the year, which was resulted from the improvement of profit margin in Supply Chain Solutions business and the saving in overall operating overheads.

For IT Services, turnover decreased by approximately 18.5% for the year 2007, which was resulted from intensive competition in warranty service outsource. Also, with the completion of a major systems roll-out project in 2006, it was hard to maintain the same level of revenue for the year. On the other hand, the Group launched its web-chat and e-mail support services to the end-users of software products of Symantec at the end of 2006, which produced significant contribution in 2007. It helped to offset the decrease in overall revenue and also improve the overall profit margin. With strict control on costs, we managed to achieve a slight profit for the year 2007 in the IT services business unit.

For Supply Chain Solutions, turnover fell by approximately 12% for the year 2007. Nevertheless, the operating profit was increased by approximately 157% for the year, which was resulted from improvement in profit margin as well as disposal of ALS. Also, we have implemented certain major projects which made significant contribution to the Group for the year.

During the year, we have implemented a RFID technology based baggage identification system for the Hong Kong International Airport, which included installation of over 500 units of RFID printer and provision of related supporting services. We have also implemented an order for Air Products (USA), which included installation of 155 units of Intermec mobile computers and 140 units of portable bar-code printers across their offices in Hong Kong and the PRC. In addition, we have over HK\$3 million confirmed orders for RFID systems and mobile computing equipment from certain major customers, of which the contracts fulfilment is scheduled in the first quarter of 2008.

In order to focus the Group's resources on hardware systems integration of supply chain solutions, the Group disposed of its investment in a loss-making associate, ALS, which is principally engaged in the development and sales of software products.

### FINANCIAL REVIEW

For the year under review, the Group recorded a turnover of approximately HK\$60,498,000, representing a decrease of approximately 9.5% compared with last year. The audited net profit attributable to shareholders amounted to approximately HK\$1,681,000, representing an increase of approximately 284% compared with last year. The earnings per share for the year ended 31st December, 2007 was HK1.6 cents.

Decrease in overall turnover was mainly due to the expiry of a number of contracts in warranty services outsource under the IT services business unit in the third quarter of 2006. On the other hand, revenue from our call center services increased significantly, which helped to offset the decrease in overall revenue. Improvement in the Group's financial results was attributable to the disposal of an associate as well as savings in operating expenses.

Administrative, selling and distribution expenses amounted to approximately HK\$15,274,000 for the year ended 31st December 2007, representing a approximately 7.8% decrease compared with last year, which was resulted from stringent cost control of the Group.

## Management Discussion and Analysis

### FINANCIAL RESOURCES AND LIQUIDITY

As at 31st December, 2007, the total assets of the Group were approximately HK\$18,305,000 (2006: HK\$15,374,000), including cash and bank deposits of approximately HK\$3,124,000 (2006: HK\$2,087,000) and debtors, deposits and prepayments of approximately HK\$8,221,000 (2006: HK\$5,809,000).

The Group's current assets are approximately 2.5 time (2006: 2.3 time) over its current liabilities whereas the gearing ratio, representing non-current liabilities over total assets, was 0.12 (2006: 0.15). The Group's non-current liabilities, being non-current loans from directors, were approximately HK\$2,256,000 (2006: HK\$2,256,000). The loans are interest-free, unsecured and not repayable until the Group is in a position to do so. Save as disclosed herein, the Group did not have any other long-term borrowings during the year under review.

### CAPITAL STRUCTURE

There was no other change on the Group's capital structure for the year ended 31st December, 2007.

### FOREIGN EXCHANGE

The Group's foreign exchange risk is primarily attributable to its debtors. The foreign exchange risk is minimal as most of the trade debtors are denominated in Hong Kong dollar ("HK\$") or United States dollar ("US\$"). The foreign exchange risk in the transaction of US\$ to HK\$ is limited as HK\$ are being linked to US\$. During the year under review, the Group did not use any financial instruments for hedging purposes.

### SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the year under review, the Company disposed of an associate which was engaged in the development and sales of supply chain solutions related software products.

Save as disclosed above, there was no material acquisitions and disposals of subsidiaries and affiliated companies of the Group during the year ended 31st December, 2007.

### CHARGE ON THE GROUP'S ASSETS

As at 31st December, 2007, there was no charge on the Group's assets (2006: Nil).

### CAPITAL COMMITMENTS

As at 31st December, 2007, the Group did not have any future plans for material investment (2006: Nil).

### CONTINGENT LIABILITIES

As at 31st December, 2007, the Group did not have any material contingent liabilities (2006: Nil).

### EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2007, the Group had 132 employees (2006: 132). Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

## Directors and Senior Management Profile

### DIRECTORS

#### Executive Directors

**FUNG Pak Chuen, Alphonso**, aged 57, 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 co-founding the CL Group, a group of IT companies operating in the PRC, Hong Kong and South-East Asia, 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 56, 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 co-founding the CL Group, a group of IT companies operating in the PRC, Hong Kong and South-East Asia, 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.

#### Independent non-executive Directors

**LEE Sai Yeung**, aged 56, was appointed as an independent non-executive Director of the Company in June 2000. He was previously the executive director of several companies listed on the Stock Exchange of Hong Kong Limited during the 1990s. He has extensive experience in the securities business, corporate finance and investment banking. 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 for many years. Mr. Lee obtained both a Master and a bachelor degree (with honours) in Business Administration from the University of Texas at Austin.

**CHUNG Kong Fei, Stephen**, aged 51, was appointed as an independent non-executive Director of the Company in September 2004. 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 6 dental clinics in the PRC, currently the clinic chain is one of the largest of its kind in the PRC. Mr. Chung was previously an executive director of Qualipak International Holdings Limited, a manufacturer of packaging materials, whose shares are listed on the Stock Exchange of Hong Kong Limited. From 1987 to 1996, he was the deputy managing director of Lam Soon (HK) Limited. From 1983 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 of Hong Kong Limited. Mr. Chung holds a Bachelor of Science degree from the Wharton School of Business, University of Pennsylvania, U.S.A.

**NG Chik Sum, Jackson**, aged 47, was appointed as an independent non-executive Director of the Company in September 2004. 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. Mr. Ng is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He holds a Master of Science degree in Finance and a Master Degree in Business Administration.

## Directors and Senior Management Profile

### Senior management

**TAN Kong Chi, Joseph**, aged 45, is the general manager of CL Services Limited and CL Solutions Limited, the wholly owned subsidiaries of the Company. He joined the Group in October 2004. Mr. Tan is responsible for the overall management of the Group's IT services and supply chain solutions business unit. He has more than 15 years of experience in IT services management. Prior to joining the Group, Mr. Tan served as the General Manager of CL Technical Services Limited, Customer Service Engineering Department Manager of Asian Electronics Limited and Customer Service Manager of Philips Communication & Processing Limited. He holds a bachelor degree in Business Studies from City University of Hong Kong and a Master degree in Business Administration from the University of Southern Queensland, Australia.

**YIP Yuk Sing, Wallace**, aged 42, is the financial controller, company secretary and qualified accountant of the Group. He joined the Group in February 2004. Mr. Yip is responsible for financial management, accounting and company secretarial affairs of the Group. Mr. Yip has extensive experience in accounting and financial management. He holds a bachelor degree in Accounting from the Napier University, United Kingdom and a Master degree in Corporate Finance from the Hong Kong Polytechnic University. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

## Directors' Report

The Directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31st December, 2007.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The Group is principally engaged in provision of IT services and supply chain solutions, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products, in the People's Republic of China and Hong Kong.

### RESULTS AND DIVIDEND

The results of the Group for the year ended 31st December, 2007 are set out in the consolidated income statement on page 24.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 25 to the consolidated financial statements.

The directors do not recommend the payment of a dividend in respect of the year.

### FINANCIAL SUMMARY

The summary of the consolidated results of the Group for each of the five years ended 31st December, 2007 and the assets and liabilities of the Group as at 31st December, 2003, 2004, 2005, 2006 and 2007 are set out on pages 56.

### PLANT AND EQUIPMENT

Details of movements in plant and equipment during the year are set out in note 11 to the financial statements.

### SHARE CAPITAL

There was no movement in share capital during the year.

Details of movements in share capital during the year ended 31st December, 2006 and the reasons thereof are set out in note 20 to the financial statements.

### SHARE OPTIONS

Details of the Company's share option scheme are set out in note 20(a) to the financial statements.

## Directors' Report

### RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 21 to the financial statements respectively.

### DISTRIBUTABLE RESERVES

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 payoff its debts as they fall due in the ordinary course of business.

### DIRECTORS AND DIRECTORS' SERVICES CONTRACTS

The directors of the Company during the year and up to the date of this report were:–

#### Executive directors:

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

#### Independent non-executive directors:

Mr. Lee Sai Yeung  
Mr. Chung Kong Fei, Stephen  
Mr. Ng Chik Sum, Jackson

The Directors' biographical information is set out on pages 9 to 10 under the heading "Directors and Senior Management Profiles".

In accordance with Article 87 (1) and (2) of the Company's Articles of Association, Mr. Lo, Richard and Mr. Lee Sai Yeung shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Mr. Fung Pak Chuen Alphonso, the Chairman and executive director, has entered into a service contract with the Company for an initial term of three years commencing from 1st September, 2004 and will continue thereafter on an annual basis until terminated by not less than three months' notice in writing served by either party.

Save as disclosed above, the other directors of the Company have not entered into any service contract with the Company and are not appointed for specific terms but are subject to retirement by rotation and re-election at least once every three years in accordance with the Company's Articles of Association.

Save as disclosed herein, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

## Directors' Report

### DIRECTORS' INTERESTS IN CONTRACTS

Apart from the connected transactions as disclosed below, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

### CONNECTED TRANSACTIONS

The Group entered into the following significant connected transactions during the year ended 31st December, 2007:

On 15th November, 2005, the Company renewed the agreement with CL International Holdings Limited ("CLIH") for a term of three years commencing from 1st January, 2006, 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 ("Agreement"). CLIH is the controlling shareholder of the Company and 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 interest in CLIH. Details of their interest were disclosed in the section headed "Directors' interests in securities" below.

Related party transactions as disclosed in note 23 to the consolidated financial statements also constituted connected transactions under the GEM Listing Rules.

The independent non-executive directors of the Company have reviewed the continuing connected transactions and are of the opinion that these transactions were (i) effected on normal commercial terms or terms no less favourable to the Group than terms available to or from independent third parties; (ii) in the ordinary course of the business of the Group; and (iii) in accordance with the Agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with rule 20.38 of the GEM Listing Rules, the Board of Directors engaged the auditor of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported the factual findings on the selected samples based on the agreed procedures to the Board of Directors that the continuing connected transactions have received the approval of the Board. Nothing came to their attention that the continuing connected transactions (a) were not in accordance with the pricing policies of the Company; (b) have not been entered into in accordance with the Agreement governing the transactions; and (c) have exceeded the cap disclosed in the circular of the Company dated 5th December, 2005.

## Directors' Report

### DIRECTORS' INTERESTS IN SECURITIES

As at 31st December, 2007, the interests and short positions of the Directors in the securities of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange were as follows:

#### 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)	Interest of a controlled corporation	70,024,802	66.82%
Mr. Lo, Richard ("Mr. Lo") (Note 2)	Interest of a controlled corporation	70,024,802	66.82%

#### Notes:

- 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 32,337,600 shares of the Company in which Aplus is interested under the SFO. Win Plus also holds approximately 47.3% indirectly in the issued share capital of CL International Holdings Limited ("CLIH") and is accordingly taken to have an interest in the 37,687,202 shares of the Company in which CLIH is interested under the SFO. Win Plus is accordingly taken to have an interest in the 70,024,802 shares of the Company in total under the SFO.

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

As 50% of the issued share capital of Win Plus is held by AFS Holdings Limited ("AFS"), AFS is taken to have an interest in the 70,024,802 shares of the Company under the SFO. AFS is wholly-owned by Mr. Fung.

- As 50% of the issued share capital of Win Plus is held by Ardian Holdings Limited ("Ardian"), Ardian is taken to have an interest in the 70,024,802 shares of the Company under the SFO. Ardian is wholly-owned by Mr. Lo.

Save as disclosed above, as at 31st December, 2007, none of the Directors of the Company has any interests and short positions in the shares, equity derivatives, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

## Directors' Report

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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. Further details of the Scheme are set out in note 20(a) to the financial statements. All the share options granted under the Scheme lapsed during the year of 2003. No options had been granted to any directors under the Scheme up to the balance sheet date.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2007, so far as was known to any Director 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 or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of 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
Aplus	Beneficial owner	32,337,600	30.86%
CLIH	Beneficial owner	37,687,202	35.96%
Adwin Investments Limited ( <i>Note 1</i> )	Interest of a controlled corporation	37,687,202	35.96%
Win Plus ( <i>Note 2</i> )	Interest of a controlled corporation	70,024,802	66.82%
AFS ( <i>Note 3</i> )	Interest of a controlled corporation	70,024,802	66.82%
Ardian ( <i>Note 3</i> )	Interest of a controlled corporation	70,024,802	66.82%
Mrs. Fung, Pui Lan, Angela ( <i>Note 4</i> )	Interest of spouse	70,024,802	66.82%
Mrs. Lo, Lilian ( <i>Note 5</i> )	Interest of spouse	70,024,802	66.82%

## Directors' Report

### Notes:

1. Adwin Investments Limited ("Adwin") holds approximately 64.1% interest in the issued share capital of CLIH and is accordingly taken to have an interest in the 37,687,202 shares of the Company 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 70,024,802 shares of the Company in total under the SFO.
3. Win Plus is owned as to 50% by AFS and 50% by Ardian. Accordingly, AFS and Ardian are each taken to have an interest in the 70,024,802 shares of the Company in which Win Plus is interested under the SFO.
4. AFS is wholly-owned by Mr. Fung. Mrs. Fung, Pui Lan, Angela, being the spouse of Mr. Fung, is therefore taken to have an interest in the 70,024,802 shares of the Company under the SFO.
5. Ardian is wholly-owned by Mr. Lo. Mrs. Lo, Lilian, being the spouse of Mr. Lo, is therefore taken to have an interest in the 70,024,802 shares of the Company under the SFO.

Save as disclosed above, as at 31st December, 2007 so far as was known to any Director of the Company, no other persons had an interest or a short position in the shares, equity derivatives, underlying shares or debenture 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 were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

### MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for 64% of the total sales for the year and sales to the largest customer included therein amounted to 49%. Purchases from the Group's five largest suppliers accounted for 52% of the total purchases for the year and purchases from the largest supplier included therein amounted to 30%.

Save for one of the largest customers and two of the largest suppliers, being the subsidiaries of CLIH, as more fully disclosed in note 23 to the financial statements, in which the executive directors, Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard had deemed beneficial interests therein under the SFO, neither the directors, their associates, nor any shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities for the year ended 31 December 2007.

### COMPETING INTERESTS

As at 31st December, 2007, the Directors are not aware of any business or interest of the directors, the initial management shareholders of the Company and their respective associates, that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## Directors' Report

### PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### AUDITOR

A resolution to re-appoint the retiring auditor, Messrs. PKF, is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Fung Pak Chuen, Alphonso**

*Chairman*

Hong Kong, 18th March, 2008

## Corporate Governance Report

### CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and upholding good corporate governance practices that promote greater transparency and quality of disclosure as well as more effective internal control.

The Company has considered the code provisions set out in Appendix 15 of the GEM Listing Rules (the “Code”) and has taken steps to comply with it where appropriate. In the opinion of the Directors, the Company had complied with the Code throughout the year ended 31st December, 2007, except that the Code B.1. 1. Detail of the deviation is set out in the relevant section below.

### DIRECTORS’ SECURITIES TRANSACTIONS

During the year ended 31st December, 2007, the Company had adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding directors’ securities transactions.

### BOARD OF DIRECTORS

The board of directors (the “Board”) of the Company comprises of five directors, including two executive directors and three independent non-executive directors. Details of the Chairman and the Directors are set out in the Directors’ Report.

The Board is responsible for formulating the strategic business development, reviewing and monitoring the business performance of the Group, as well as preparing and approving the Group’s financial statements. The Directors, collectively and individually, are aware of their responsibilities to shareholders, for the manner in which the affairs of the Company are managed and operated. The Board gives clear directions as to the powers delegated to the management for the management and administration functions of the Group, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group.

The Company complies at all times during the year under review with the minimum requirements of the GEM Listing Rules relating to the appointment of at least 3 independent non-executive directors and one of which should have appropriate professional qualifications or accounting or related financial management expertise. Pursuant to the requirement of the GEM Listing Rules, the Company has received a written confirmation from each of the independent non-executive directors of the Company of his independence to the Company. The Company considers that all of the independent non-executive directors are independent in accordance with the guidelines set out in rule 5.09 of the GEM Listing Rules.

The Board meets regularly and held four full Board meetings in 2007 at approximately quarterly intervals. At least 14 days notice of the regular Board meetings were given to all Directors, who were all given an opportunity to include matters in the agenda for discussion. The Directors attended the meetings in persons or through other means of electronic communication in accordance with the Company’s Articles of Association. During regular Board meetings, the Directors discussed and formulated the overall strategies of the Group, reviewed and approved the annual, interim and quarterly results, as well as discussed and decided on other significant matters of the Group. The following was an attendance record of the regular Board meetings for the year ended 31st December, 2007:

## Corporate Governance Report

Name of Directors	Number of meetings
	Attended/Total
<b>Executive Directors</b>	
Mr. Fung Pak Chuen, Alphonso	4/4
Mr. Lo, Richard	3/4
<b>Independent Non-Executive Directors</b>	
Mr. Lee Sai Yeung	4/4
Mr. Chung Kong Fei, Stephen	3/4
Mr. Ng Chik Sum, Jackson	4/4

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Code stipulates that the role of Chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any office with the title “chief executive officer”. The general manager of each business unit of the Company undertake the day-to-day management of the Company’s business, whereas the Chairman is responsible for management of the Board and strategic planning of the Group. The Board believes that the balance of power and authority is adequately ensured under the existing arrangement and the operations of the Board which comprises experienced and high calibre individuals with a substantial number thereof being independent non-executive directors.

### REMUNERATION OF DIRECTORS

Code B.1.1 stipulates that company should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.

The Company does not establish a remuneration committee as required by this Code. The Board is in the opinion that establishment of a remuneration committee does not really benefit to the Group after due consideration of the size of the Group and the associated costs involved. According to the current practice of the Company, remuneration of directors are reviewed and approved at regular Board meetings which have the presence of the independent non-executive directors. In addition, the director will abstain from voting on the relevant board resolution in which he has interest.

### NOMINATION OF DIRECTORS

The Company does not establish a nomination committee in consideration of the size of the Group. The Board is empowered under the Company’s Articles to appoint any person as a director either to fill a casual vacancy on or as an addition to the Board. Any director so appointed by the Board shall hold office only until the next following general meeting of the Company shall then be eligible for re-election. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Group’s business.

## Corporate Governance Report

### AUDITOR'S REMUNERATION

For the year ended 31st December, 2007, the Auditor's remuneration was approximately HK\$279,000 which was for statutory audit services. There was no significant non-audit service assignment provided by the auditors during the year.

### AUDIT COMMITTEE

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 comprises three independent non-executive Directors, namely Mr. Ng Chik Sum, Jackson, Mr. Lee Sai Yeung and Mr. Chung Kong Fei, Stephen.

The Audit Committee held four meetings for the year ended 31st December, 2007 and has reviewed the Company's annual, interim and quarterly financial reports, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. The Audit Committee also met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending the annual financial reports to the Board for approval. The following was an attendance record of the Audit Committee meetings held for the year ended 31st December, 2007:

<b>Name of Audit Committee member</b>	<b>Number of meetings Attended/Total</b>
Mr. Ng Chik Sum, Jackson ( <i>Chairman</i> )	4/4
Mr. Lee Sai Yeung	4/4
Mr. Chung Kong Fei, Stephen	3/4

## Corporate Governance Report

### INTERNAL CONTROL

The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing the effectiveness of these controls. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. By their nature however, such internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

As might be expected in a Group of this size, a key control procedure is the day-to-day supervision of the business by the Executive Directors, supported by managers responsible for operations and the key central and divisional support functions of finance, information systems and human resources. Key elements of the internal control system are described below. These have all been in place throughout the year under review and up to the date of this report and are reviewed regularly by the Board:

- clearly defined management structure, lines of responsibility and delegation of authority;
- high recruitment standards and formal career development and training to ensure the integrity and competence of staff;
- regular and comprehensive information provided to management, covering financial performance and non-financial measures;
- procedures for the approval of capital expenditure, investments and acquisitions;
- detailed budgeting process where the top management are involved in the budget setting process, constantly monitoring key statistics and reviewing management accounts on a monthly basis, noting and investigating major variances;
- consideration of progress made against significant business risks at monthly management review meetings, with quarterly briefings to the Board.

The Board has considered the need for an internal audit function, and concluded that, given the size of the Group and the systems and controls in place, it is not appropriate at present. The Board will review this on a regular basis.

## Independent Auditor's Report

大信梁學濂(香港)會計師事務所



Accountants &  
business advisers

26th Floor, Citicorp Centre  
18 Whitfield Road  
Causeway Bay  
Hong Kong

### TO THE SHAREHOLDERS OF COMPUTECH HOLDINGS LIMITED

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

We have audited the consolidated financial statements of Computech Holdings Limited (the "Company") set out on pages 24 to 55, which comprise the consolidated and Company balance sheets as at 31st December, 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### AUDITOR'S RESPONSIBILITY

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

## Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PKF

*Certified Public Accountants*

Hong Kong, 18th March, 2008

## Consolidated Income Statement

For the year ended 31st December, 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
Turnover	4	60,498	66,872
Cost of sales		(43,502)	(49,100)
Gross profit		16,996	17,772
Other income		310	109
Selling and distribution expenses		(1,461)	(1,645)
Administrative expenses		(13,813)	(14,922)
Operating profit		2,032	1,314
Share of net losses of associates		(4)	(614)
Profit before income tax	5	2,028	700
Income tax expense	6	(352)	(262)
Profit for the year	7	<u>1,676</u>	<u>438</u>
Attributable to:–			
Shareholders of the Company		1,681	438
Minority interests		(5)	–
Profit for the year		<u>1,676</u>	<u>438</u>
Earnings per share – Basic (HK cents)	8	<u>1.60</u>	<u>0.43</u>

## Consolidated Balance Sheet

At 31st December, 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	11	768	1,104
Interests in associates	13	3	305
		<u>771</u>	<u>1,409</u>
<b>CURRENT ASSETS</b>			
Inventories	14	3,576	3,277
Debtors, deposits and prepayments	15	8,221	5,809
Amount due from a shareholder	17(a)	–	12
Amounts due from related companies	17(b)	2,466	2,652
Income tax recoverable		147	128
Cash and bank balances	16	3,124	2,087
		<u>17,534</u>	<u>13,965</u>
<b>DEDUCT:</b>			
<b>CURRENT LIABILITIES</b>			
Creditors, accruals and deposits received	18	6,969	5,914
Amount due to a shareholder	17(a)	15	–
Income tax payable		107	58
		<u>7,091</u>	<u>5,972</u>
<b>NET CURRENT ASSETS</b>		<u>10,443</u>	<u>7,993</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,214</u>	<u>9,402</u>
<b>NON-CURRENT LIABILITY</b>			
Loans from directors	19	(2,256)	(2,256)
<b>NET ASSETS</b>		<u>8,958</u>	<u>7,146</u>
<b>REPRESENTING:</b>			
<b>SHARE CAPITAL</b>	20	5,240	5,240
<b>RESERVES</b>	21	3,703	1,906
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>		<u>8,943</u>	<u>7,146</u>
<b>MINORITY INTERESTS</b>		15	–
<b>TOTAL EQUITY</b>		<u>8,958</u>	<u>7,146</u>

Approved and authorised for issue by the Board of Directors on 18th March, 2008

Fung Pak Chuen, Alphonso  
Director

Lo, Richard  
Director

## Balance Sheet

At 31st December, 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
<b>NON-CURRENT ASSET</b>			
Interests in subsidiaries	12	5,271	5,732
<b>CURRENT ASSETS</b>			
Amount due from a shareholder	17(a)	–	12
Amount due from a related company	17(c)	8	–
Deposits and prepayments		107	240
Income tax recoverable		19	–
Cash at bank		76	53
		<u>210</u>	<u>305</u>
<b>DEDUCT:</b>			
<b>CURRENT LIABILITIES</b>			
Accruals		150	395
Amounts due to subsidiaries	12(c)	185	233
Income tax payable		–	15
		<u>335</u>	<u>643</u>
<b>NET CURRENT LIABILITIES</b>		<u>(125)</u>	<u>(338)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,146</b>	<b>5,394</b>
<b>NON-CURRENT LIABILITY</b>			
Loans from directors	19	(2,256)	(2,256)
<b>NET ASSETS</b>		<u><b>2,890</b></u>	<u><b>3,138</b></u>
<b>REPRESENTING:</b>			
<b>SHARE CAPITAL</b>	20	<b>5,240</b>	<b>5,240</b>
<b>RESERVES</b>	21	<u><b>(2,350)</b></u>	<u><b>(2,102)</b></u>
<b>SHAREHOLDERS' FUNDS</b>		<u><b>2,890</b></u>	<u><b>3,138</b></u>

Approved and authorised for issue by the Board of Directors on 18th March, 2008

Fung Pak Chuen, Alphonso  
Director

Lo, Richard  
Director

## Consolidated Statement of Changes in Equity

For the Year Ended 31st December, 2007

	Attributable to shareholders of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1.1.2006	4,800	1,880	4	(2,077)	4,607	–	4,607
Issue of shares	440	1,761	–	–	2,201	–	2,201
Share issuing expenses	–	(176)	–	–	(176)	–	(176)
Translation of financial statements of a PRC subsidiary and an associate	–	–	76	–	76	–	76
Profit for the year	–	–	–	438	438	–	438
At 31.12.2006 and 1.1.2007	5,240	3,465	80	(1,639)	7,146	–	7,146
Issue of shares to a minority shareholder	–	–	–	–	–	20	20
Translation of financial statements of a PRC subsidiary	–	–	116	–	116	–	116
Profit/(loss) for the year	–	–	–	1,681	1,681	(5)	1,676
<b>At 31.12.2007</b>	<b>5,240</b>	<b>3,465</b>	<b>196</b>	<b>42</b>	<b>8,943</b>	<b>15</b>	<b>8,958</b>

## Consolidated Cash Flow Statement

For the Year Ended 31st December, 2007

	2007 HK\$'000	2006 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating profit	2,032	1,314
Adjustments for:–		
Interest income	(46)	(40)
Depreciation	631	526
Loss on disposal of plant and equipment	37	43
Gain on disposal of interest in an associate	(63)	–
Operating profit before working capital changes	2,591	1,843
Increase in inventories	(299)	(452)
(Increase)/decrease in debtors, deposits and prepayments	(2,412)	3,515
Decrease/(increase) in amounts due from related companies	186	(2,625)
Increase/(decrease) in creditors, accruals and deposits received	1,055	(937)
Decrease in amounts due to fellow subsidiaries	–	(7,077)
Cash generated from/(used in) operations	1,121	(5,733)
Interest received	46	40
Income tax paid	(322)	(478)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>845</b>	<b>(6,171)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire plant and equipment	(331)	(848)
Proceeds from disposal of plant and equipment	4	33
Proceeds from disposal of interest in an associate	40	–
Decrease in amounts due from associates	329	351
Decrease in amounts due from fellow subsidiaries	–	27
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>42</b>	<b>(437)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of shares for cash	–	2,201
Share issuing expenses	–	(176)
Advance from a shareholder	27	–
Issue of shares to a minority shareholder	20	–
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>47</b>	<b>2,025</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>934</b>	<b>(4,583)</b>
<b>EXCHANGE ADJUSTMENT OF CASH AND CASH EQUIVALENTS</b>	<b>103</b>	<b>50</b>
<b>CASH AND CASH EQUIVALENTS AT 1ST JANUARY</b>	<b>2,087</b>	<b>6,620</b>
<b>CASH AND CASH EQUIVALENTS AT 31ST DECEMBER</b>		
Cash and bank balances	3,124	2,087

# Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

## 1. GENERAL INFORMATION

Computech Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The addresses of registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the annual report.

The Company and its subsidiaries (collectively the “Group”) are principally engaged in provision of IT services and supply chain solutions, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products, in the People’s Republic of China (the “PRC”) and Hong Kong.

The Company is listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated.

## 2. BASIS OF PREPARATION

### (a) Compliance with Hong Kong Financial Reporting Standards

The consolidated financial results have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations (“HK(IFRIC)-Int”) issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as “Hong Kong Financial Reporting Standards”).

### (b) Initial application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following new and revised Hong Kong Financial Reporting Standards:

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The initial application of these new and revised Hong Kong Financial Reporting Standards does not necessitate material changes in the Group’s accounting policies or retrospective adjustments of the comparatives presented.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 2. BASIS OF PREPARATION *(Continued)*

#### (c) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31st December, 2007 have not been applied in the preparation of the Group's consolidated financial statements for the year ended 31st December, 2007 since they were not yet effective for the annual period beginning on 1st January, 2007:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Company is required to initially apply HK(IFRIC)-Int 11, HK(IFRIC)-Int 12, and HK(IFRIC)-Int 14 in its annual financial statements beginning on 1st January, 2008, and to initially apply HKAS 1 (Revised), HKAS 23 (Revised), HK(IFRIC)-Int 13 and HKFRS 8 in its annual financial statements beginning on 1st January, 2009.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis.

#### (b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31st December, 2007. The results of subsidiaries during the year are dealt with in the consolidated income statement from the dates on which control was transferred to the Group. All significant intra-group transactions and balances have been eliminated on consolidation.

Minority interests represents the results and net assets of the subsidiaries attributable to equity interest not owned, directly or indirectly, by the Company.

#### (c) Revenue recognition

Turnover represents revenue from sale of goods measured at the invoiced value of goods sold less returns and discounts and service income which included provision of IT services and supply chain solutions, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products, in the People's Republic of China and Hong Kong.

Revenue from the sales 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 as it accrued using the effective interest method.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### (d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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.

Repair and maintenance costs are charged to the income statement in the period in which they are incurred.

Depreciation is calculated to write off the costs of plant and equipment to their estimated residual values over their estimated useful lives on a straight line basis as set out below:–

Computer equipment	– 3 years
Furniture and fixtures	– 4 years
Leasehold improvements	– the shorter of remaining lease term and useful life

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying value of the asset and is recognised in the income statement.

#### (e) Investments in subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

#### (f) Investments in associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The results and assets and liabilities of an associate are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, the consolidated income statement includes the Group's share of the post-acquisition results of the associates and the consolidated balance sheet includes the Group's share of the net assets of the associate, as reduced by any identified impairment losses.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### (g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less variable selling expenses.

#### (h) Payables

Payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

#### (i) Employee benefits

Salaries, annual bonuses and annual leave entitlements are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the consolidated income statement as incurred.

#### (j) Impairment of investments in subsidiaries and non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as revaluation increase under that standard.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### (k) 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. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### (l) Cash equivalents

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

#### (m) Operating leases

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

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### (n) Related parties

An individual is related to the Group if the individual (i) has, directly or indirectly, control or joint control or significant influence over the Group, or (ii) is a member of the key management personnel of the Group, or (iii) if the individual is a close member of the family of the individuals in (i) or (ii).

An entity is related to the Group if the entity (i) has, directly or indirectly, control or joint control or significant influence over the Group, or (ii) is controlled by or under common control with the Group, or (iii) is an associate or jointly controlled entity of the Group, or (iv) is controlled, jointly-controlled or significantly influenced by an individual related to the Group.

#### (o) Foreign currency translation

##### (a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

##### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

##### (c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

#### (p) Significant judgement

In the process of applying the Group's accounting policies, judgements that can significantly affect the amounts recognised in the financial statements are made in determining:

- (i) whether there is an indication of impairment of assets;
- (ii) whether the discount rates used to calculate the recoverable amount of assets are appropriate for the purpose of impairment review; and
- (iii) the expected manner of recovery of the carrying amount of assets.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 4. TURNOVER AND REVENUE

Turnover represents the net invoiced value of goods sold and related computer services rendered. An analysis of the Group's turnover and other revenue is as follows:–

	2007 HK\$'000	2006 HK\$'000
Sales	20,328	26,447
Service income	40,170	40,425
Turnover	60,498	66,872
Interest income	46	40
Total revenue	<u>60,544</u>	<u>66,912</u>

### 5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):–

	2007 HK\$'000	2006 HK\$'000
Cost of inventories expensed	13,023	19,640
Minimum lease payments paid under operating leases for office premises	2,346	2,517
Auditor's remuneration	279	264
Bad debts (recovered)/written off	(170)	197
Depreciation	631	526
Directors' remuneration	1,910	1,780
Other staff salaries and benefits	21,758	21,779
Retirement scheme contributions	413	442
Exchange losses, net	21	15
Loss on disposal of plant and equipment	37	43
Gain on disposal of interest in an associate	(63)	–

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 6. INCOME TAX EXPENSE

	2007 HK\$'000	2006 HK\$'000
Current income tax		
Hong Kong profit tax	295	262
PRC enterprise income tax	57	–
	<u>352</u>	<u>262</u>

The provision for Hong Kong Profits Tax for 2007 is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year. The provision for People's Republic of China ("PRC") (excluding Hong Kong) enterprise income tax for 2007 is calculated at 33% (2006: nil) of the estimated assessable profits for the year.

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

	2007 HK\$'000	2006 HK\$'000
Profit before income tax	<u>2,028</u>	<u>700</u>
Tax effect at Hong Kong profits tax rate of 17.5%	355	123
PRC and Hong Kong tax rates differential	43	81
Tax effect of income that is not taxable	(103)	(88)
Tax effect of expenses that are not deductible	20	122
Tax effect of unrecognised decelerated/(accelerated) depreciation allowances	50	(30)
Tax effect of tax loss not recognised	44	54
Utilisation of previously recognised tax loss	(57)	–
Income tax expense	<u>352</u>	<u>262</u>

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 6. INCOME TAX EXPENSE (Continued)

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

	2007 HK\$'000	2006 HK\$'000
Deductible temporary differences		
Unutilised tax losses (Note 6(b)(i))	377	309
Taxable temporary		
Accelerated depreciation differences	(557)	(839)
Net taxable temporary difference	<u>(180)</u>	<u>(530)</u>

(i) Unutilised tax losses has 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 unutilised tax losses. The unutilised tax losses accumulated can be carried forward indefinitely.

### 7. PROFIT FOR THE YEAR

The consolidated profit attributable to shareholders of the Company includes a loss of approximately HK\$248,000 (2006 : profit of approximately HK\$96,000) which has been dealt with in the financial statements of the Company.

### 8. EARNINGS PER SHARE

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

	2007 HK\$'000	2006 HK\$'000
Earnings		
Profit attributable to shareholders of the Company for the year	<u>1,681</u>	<u>438</u>
Shares		
Weighted average number of ordinary shares in issue	<u>104,802,000</u>	<u>102,076,997</u>

Diluted earnings per share is not presented as there were no dilutive potential shares outstanding at anytime during the year.

### 9. 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 the PRC has participated in a central pension scheme, contributions are made by the subsidiary to the scheme based on 20% to 28% of the applicable payroll costs. The Group has no obligation other than above-mentioned contributions.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

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

	Fees HK\$'000	Basic salaries, allowances and other benefits HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>2006</b>				
Executive directors:				
Fung Pak Chuen, Alphonso	–	1,531	69	1,600
Lo, Richard	–	–	–	–
	–	1,531	69	1,600
Non-executive director:				
Yukitaka Kaneda	–	–	–	–
	–	–	–	–
Independent non-executive directors				
Lee Sai Yeung	60	–	–	60
Chung Kong Fei, Stephen	60	–	–	60
Ng Chik Sum, Jackson	60	–	–	60
	180	–	–	180
	<u>180</u>	<u>1,531</u>	<u>69</u>	<u>1,780</u>
<b>2007</b>				
Executive directors:				
Fung Pak Chuen, Alphonso	–	1,648	82	1,730
Lo, Richard	–	–	–	–
	–	1,648	82	1,730
Independent non-executive directors				
Lee Sai Yeung	60	–	–	60
Chung Kong Fei, Stephen	60	–	–	60
Ng Chik Sum, Jackson	60	–	–	60
	180	–	–	180
	<u>180</u>	<u>1,648</u>	<u>82</u>	<u>1,910</u>

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(Continued)*

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

- (i) 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 (2006: nil).
- (ii) No directors waived any emoluments during the year (2006: nil).

#### (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:–

	2007 HK\$'000	2006 HK\$'000
Salaries and allowances	2,128	1,708
Retirement scheme contributions	86	80
	<u>2,214</u>	<u>1,788</u>

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

- (i) During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office (2006: nil).

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 11. PLANT AND EQUIPMENT

	Computer equipment HK\$'000	Furniture and fixtures HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
Cost:–				
At 1.1.2006	900	22	124	1,046
Exchange adjustment	3	–	3	6
Additions	671	12	165	848
Disposals	(46)	–	(65)	(111)
At 31.12.2006	<u>1,528</u>	<u>34</u>	<u>227</u>	<u>1,789</u>
Accumulated depreciation:–				
At 1.1.2006	170	4	19	193
Exchange adjustment	1	–	–	1
Charge for the year	455	8	63	526
Written back on disposals	(13)	–	(22)	(35)
At 31.12.2006	<u>613</u>	<u>12</u>	<u>60</u>	<u>685</u>
Net book value:–				
At 31.12.2006	<u>915</u>	<u>22</u>	<u>167</u>	<u>1,104</u>
Cost:–				
At 1.1.2007	1,528	34	227	1,789
Exchange adjustment	5	1	2	8
Additions	331	–	–	331
Disposals	(97)	–	–	(97)
At 31.12.2007	<u>1,767</u>	<u>35</u>	<u>229</u>	<u>2,031</u>
Accumulated depreciation:–				
At 1.1.2007	613	12	60	685
Exchange adjustment	3	–	–	3
Charge for the year	530	8	93	631
Written back on disposals	(56)	–	–	(56)
At 31.12.2007	<u>1,090</u>	<u>20</u>	<u>153</u>	<u>1,263</u>
Net book value:				
At 31.12.2007	<u>677</u>	<u>15</u>	<u>76</u>	<u>768</u>

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 12. INTERESTS IN SUBSIDIARIES

	2007 HK\$'000	2006 HK\$'000
Unlisted shares, at cost	100	100
Less: Provision for impairment loss	(100)	(100)
	–	–
Amounts due from subsidiaries ( <i>Note 12(b)</i> )	5,271	5,732
	<b>5,271</b>	<b>5,732</b>

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

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of share capital	Attributable equity interest held by the Group		Principal activities and place of operation
			Directly	Indirectly	
Computech International Limited*	The British Virgin Islands, limited liability company	1,000 ordinary shares of US\$1 each	100%	–	Investment holding in Hong Kong
CL Solutions Services Limited	Hong Kong, limited liability company	100,000 ordinary shares of HK\$1 each	–	100%	Provision of hardware warranty services and investment holding in Hong Kong
CL Smart Sourcing Limited	Hong Kong, limited liability company	1 ordinary share of HK\$1	–	100%	Provision of IT staff outsourcing and recruitment services in Hong Kong
CL Computers Services Limited	Hong Kong, limited liability company	20,000 ordinary shares of HK\$1 each	–	100%	Dormant
CL Solutions Limited	Hong Kong, limited liability company	300,000 ordinary shares of HK\$1 each	–	100%	Provision of supply chain solutions and related services in Hong Kong
CL Services Limited	Hong Kong, limited liability company	300,000 ordinary shares of HK\$1 each	–	100%	Provision of IT support services in Hong Kong
Guangzhou CL Solutions Limited*	The PRC, limited liability company	US\$200,000 registered capital	–	100%	Provision of supply chain solutions and related services in the PRC
Victor Group Limited	Hong Kong, limited liability company	1 ordinary share of HK\$1	–	100%	Investment holding in Hong Kong
Computech Online Limited*	The British Virgin Islands, limited liability company	1 ordinary share of US\$1	–	100%	Dormant
CL Logistic Solutions Limited	Hong Kong, limited liability company	100,000 ordinary shares of HK\$1 each	–	80%	Dormant

\* subsidiaries with no statutory financial statements or statutory financial statements not audited by PKF.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 12. INTERESTS IN SUBSIDIARIES (Continued)

- (b) The amounts due from subsidiaries are interest-free, unsecured and repayable in year 2009. The directors consider the carrying amounts approximate their fair values.
- (c) The amount due to subsidiaries are interest-free, unsecured and repayable on demand. The directors consider the carrying amounts approximate their fair values.

### 13. INTERESTS IN ASSOCIATES

	2007 HK\$'000	2006 HK\$'000
Share of net assets/(liabilities)	–	(27)
Amounts due from associates (Note 13(b))	3	332
	<u>3</u>	<u>305</u>

- (a) The Group's interests in associates is as follows:–

Name	Place of incorporation	Particulars of issued shares	Assets	Liabilities	Revenues	Loss	Interest held
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
2007							
Jackstar Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	5	12	–	(3)	50
2006							
Automated Logistics Solutions Limited	Hong Kong	200 ordinary shares of HK\$1 each and 2A shares of HK\$1 each*	3,398	2,303	7,638	(39)	49.5
廣州德駿軟件科技有限公司	The PRC	HK\$500,000	565	1,352	153	(1,185)	49.5
Jackstar Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	1	5	1	(5)	50

\* The A shares have no rights to dividends and distribution upon liquidation of the associate. In all other respects, the A shares shall rank pari passu with the ordinary shares of the associate.

- (b) The amounts due from associates are interest-free, unsecured and repayable after in year 2009. The directors consider the carrying amounts approximate their fair values.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 14. INVENTORIES

	2007 HK\$'000	2006 HK\$'000
Equipment and accessories held for re-sale	1,599	1,459
Spare parts	1,977	1,818
	<u>3,576</u>	<u>3,277</u>

### 15. DEBTORS, DEPOSITS AND PREPAYMENTS

	2007 HK\$'000	2006 HK\$'000
Debtors, deposits and prepayments comprise:		
Trade debtors	7,816	4,946
Other debtors, deposits and prepayments	405	863
	<u>8,221</u>	<u>5,809</u>

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 credit period given to trade debtors ranged from 30 days to 60 days. The following is an aging analysis of trade debtors.

	2007 HK\$'000	2006 HK\$'000
Within 3 months	6,448	4,535
4 – 6 months	1,301	282
7 – 12 months	67	129
	<u>7,816</u>	<u>4,946</u>

### 16. CASH AND BANK BALANCES

At 31st December, 2007, the cash and bank balances of the Group denominated in Renminbi amounted to approximately HK\$879,000 (2006: HK\$324,000). 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.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 17. AMOUNTS DUE FROM/(TO) A SHAREHOLDER AND RELATED COMPANIES

- (a) The amount due from/(to) a shareholder is interest-free, unsecured and repayable on demand. The directors consider the carrying amount approximates its fair value.
- (b) The amounts due from related companies are trade related which arose in ordinary and usual course of business of the Group and are on normal commercial terms and aged within 3 months for both year end. The directors consider the carrying amounts approximate their fair values.
- (c) The amount due from a related company is interest-free, unsecured and repayable on demand. The directors consider the carrying amount approximate its fair value.

Details disclosed pursuant to section 161(B) of the Hong Kong Companies Ordinance in relation to the amount due from a related company in which directors Fung Pak Chuen, Alphonso, Lo, Richard have controlling interest are as follows:–

Related company	At	Balance outstanding Maximum outstanding	At
	1.1.2007	during the year	31.12.2007
	HK\$'000	HK\$'000	HK\$'000
CL Systems (China) Limited	–	8	8

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 18. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	2007 HK\$'000	2006 HK\$'000
Trade creditors	2,584	1,395
Other creditors and accruals	2,658	3,280
Deferred revenue	1,112	1,239
Deposits received	615	–
	<u>6,969</u>	<u>5,914</u>

The following is an aging analysis of trade creditors:

	2007 HK\$'000	2006 HK\$'000
Within 3 months	2,417	1,395
4 – 6 months	167	–
	<u>2,584</u>	<u>1,395</u>

### 19. LOANS FROM DIRECTORS

The loans are interest-free, unsecured and repayable in year 2009. The directors consider the carrying amounts of loans from directors approximate their fair values.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 20. SHARE CAPITAL

	<u>Number of shares</u>	<u>HK\$'000</u>
Authorised:–		
Ordinary shares of HK\$0.01 each at 1.1.2006	1,000,000,000	10,000
Share consolidation – <i>Note 20(c)</i>	<u>(800,000,000)</u>	<u>–</u>
<b>Ordinary shares of HK\$0.05 each at 31.12.2006 and 31.12.2007</b>	<b><u>200,000,000</u></b>	<b><u>10,000</u></b>
Issued and fully paid:–		
Ordinary shares of HK\$0.01 each at 1.1.2006	480,000,000	4,800
Issue of shares – <i>Note 20(b)</i>	44,010,000	440
Share consolidation – <i>Note 20(c)</i>	<u>(419,208,000)</u>	<u>–</u>
<b>Ordinary shares of HK\$0.05 each at 31.12.2006 and 31.12.2007</b>	<b><u>104,802,000</u></b>	<b><u>5,240</u></b>

- (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.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

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 a period of 10 years commencing on the adoption date of the Scheme which is 2nd June, 2000.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 20. SHARE CAPITAL (Continued)

(a) (Continued)

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 granted under the Scheme lapsed during the year 2003.

- (b) The Company raised HK\$2.2 millions before expenses by way of subscription and top-up placing for an aggregate of 44,010,000 ordinary shares at HK\$0.05 per share. The net proceeds of the issue of shares was HK\$2,024,000 of which HK\$440,000 was credited to share capital and the balance of HK\$1,584,000 was credited to share premium account.
- (c) With the special resolution passed on 1st June, 2006, every five ordinary shares of par value HK\$0.01 each has been consolidated into one ordinary share of par value HK\$0.05 each in the share capital of the Company.

### 21. RESERVES

The Group	Share premium HK\$'000	Translation reserve HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000
At 1.1.2006	1,880	4	(2,077)	(193)
Issue of shares (Note 20(b))	1,761	–	–	1,761
Share issuing expenses	(176)	–	–	(176)
Translation of financial statements of a PRC subsidiary and an associate	–	76	–	76
Profit for the year	–	–	438	438
At 31.12.2006 and 1.1.2007	3,465	80	(1,639)	1,906
Translation of financial statements of a PRC subsidiary	–	116	–	116
Profit for the year	–	–	1,681	1,681
<b>At 31.12.2007</b>	<b>3,465</b>	<b>196</b>	<b>42</b>	<b>3,703</b>

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 21. RESERVES (Continued)

The Company	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1.1.2006	1,880	(5,663)	(3,783)
Issue of shares (Note 20(b))	1,761	–	1,761
Share issuing expenses	(176)	–	(176)
Profit for the year	<u>–</u>	<u>96</u>	<u>96</u>
At 31.12.2006 and 1.1.2007	3,465	(5,567)	(2,102)
Loss for the year	<u>–</u>	<u>(248)</u>	<u>(248)</u>
<b>At 31.12.2007</b>	<b><u>3,465</u></b>	<b><u>(5,815)</u></b>	<b><u>(2,350)</u></b>

### 22. OPERATING LEASES COMMITMENTS

As at 31st December, 2007, the Group had outstanding commitments under non-cancellable operating leases for which the aggregate minimum lease payments fall due as follows:–

	2007 HK\$'000	2006 HK\$'000
Within one year	2,160	2,304
In the second to fifth years inclusive	<u>552</u>	<u>2,712</u>
	<b><u>2,712</u></b>	<b><u>5,016</u></b>

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

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 23. RELATED PARTY TRANSACTIONS

- (a) During the year, the Group had the following transactions with CL International Holdings Limited and its subsidiaries ("CLIH Group"):-

	NOTES	2007 HK\$'000	2006 HK\$'000
Provision of IT services to CLIH Group	(i)	29,738	34,358
Purchases from CLIH Group	(i)	13,779	19,103
Acquisition of plant and equipment from CLIH Group	(ii)	82	240

The above transactions were entered into on the following bases:

- (i) amounts with reference to market price of goods sold or services rendered; and  
(ii) at net book value of assets transferred.

(b) **Key management compensation**

	2007 HK\$'000	2006 HK\$'000
Salaries, allowances and other benefits in kind	3,776	2,374
Retirement scheme contributions	168	110
	<u>3,944</u>	<u>2,484</u>

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 24. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

#### (a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts.

Carrying amounts of financial assets and financial liabilities as at 31st December, 2007 that exposed to currency risks were as follows:–

	The Group		The Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Financial assets denominated in foreign currencies:–				
Debtors, deposits and prepayment	6,179	2,037	3	–
Cash and bank balances	1,100	467	–	5
	<b>7,279</b>	<b>2,504</b>	<b>3</b>	<b>5</b>
Financial liabilities denominated in foreign currencies:–				
Creditors, accruals and deposits	(1,020)	(814)	–	–
Net financial assets exposed to currency risks	<b>6,259</b>	<b>1,690</b>	<b>3</b>	<b>5</b>

The net financial assets denominated in foreign currencies are analysed as follows:

	The Group		The Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
USD	5,162	1,446	3	5
Renminbi	1,097	244	–	–
	<b>6,259</b>	<b>1,690</b>	<b>3</b>	<b>5</b>

Since Hong Kong dollars is pegged to United States dollars, impact on material fluctuations in the exchange rates of Hong Kong dollars against United States dollars are remote.

If the Renminbi has weakened against Hong Kong dollars by 5% at the balance sheet date, the net assets of the Group would be decreased by approximately HK\$55,000 (2006: HK\$12,000).

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 24. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(Continued)*

#### (b) Cash flow and fair value interest rate risks

Other than bank balances, the Group has no significant interest-bearing financial assets and liabilities. The Group's results and operating cash flows are substantially independent of changes in market interest rates.

#### (c) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the company by failing to discharge an obligation.

The Group's credit risk is primarily attributable to trade debtors, amounts due from related companies and bank balances. With respect to trade debtors, the Group has also adopted credit policies, which include the analysis of the financial position of its clients and a regular review of their credit limits. The Group maintains an allowance for doubtful accounts and actual losses have been less than management's expectations and the Group has policies in place to ensure that sales are made to clients with an appropriate credit history. Also, the Group's bank balances were held by major financial institutions located in Hong Kong and the PRC, which management believes are of high credit quality. Accordingly, the overall credit risk is considered limited.

Carrying amounts of financial assets as at 31st December, 2007, which represented the amounts of maximum exposure to credit risks, were as follows:–

	The Group		The Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Amounts due from associates	3	332	–	–
Debtors, deposits and prepayment	8,221	5,809	107	240
Amount due from a shareholder	–	12	–	12
Amounts due from related companies	2,466	2,652	8	–
Bank balances	3,124	2,087	76	53
	<u>13,814</u>	<u>10,892</u>	<u>191</u>	<u>305</u>

The directors are satisfied with the credit quality of financial assets.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 24. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(Continued)*

#### (d) Liquidity risk and capital management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities and capital management. The Group's capital management objective are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. The Group manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group and the Company to meet its financial obligations, measured by the debt-to-equity capital ratio, which is calculated as net debt over total equity. Net debt is calculated as total debt less cash and cash equivalents.

	The Group		The Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Total debt	9,347	8,228	2,591	2,899
Less : Cash and cash equivalents	(3,124)	(2,087)	(76)	(53)
Net debt	<u>6,223</u>	<u>6,141</u>	<u>2,515</u>	<u>2,846</u>
Total equity	<u>8,958</u>	<u>7,146</u>	<u>2,890</u>	<u>3,138</u>
Net debt-to-adjusted capital ratio	69%	86%	87%	91%

To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by issuing new equity shares and raising or repaying debts as appropriate.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 24. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(Continued)*

#### (d) Liquidity risk and capital management *(Continued)*

Maturities of the financial liabilities of the Group and the Company as at 31st December, 2007 were as follows:–

	The group		The company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Total amounts of contractual undiscounted obligations:–				
Creditors, accruals and deposits received	6,969	5,914	150	395
Amount due to a shareholder	15	–	–	–
Amounts due to subsidiaries	–	–	185	233
Income tax payable	107	58	–	15
Loans from directors	2,256	2,256	2,256	2,256
	<u>9,347</u>	<u>8,228</u>	<u>2,591</u>	<u>2,899</u>
Due for payment:–				
Repayable on demand or within one year	7,091	5,972	335	643
In the second to fifth years	2,256	2,256	2,256	2,256
	<u>9,347</u>	<u>8,228</u>	<u>2,591</u>	<u>2,899</u>

#### (e) Fair value

All of the fair values of the Group's financial instruments approximate their fair values due to the short-term maturity of these instruments.

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 25. SEGMENT INFORMATION

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

#### (a) Business segments

The Group principally operates in two business segments, (i) provision of IT services, and (ii) supply chain solutions.

	IT services		Supply chain solutions		Unallocated items		Elimination		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Revenue from external customers	36,353	42,090	24,145	24,782	-	-	-	-	60,498	66,872
Inter-segment sales	-	2,521	-	2,666	-	-	-	(5,187)	-	-
<b>Total revenue</b>	<b>36,353</b>	<b>44,611</b>	<b>24,145</b>	<b>27,448</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,187)</b>	<b>60,498</b>	<b>66,872</b>
<b>RESULTS</b>										
Segment results	68	239	2,357	1,546	(502)	(511)	-	-	1,923	1,274
Interest income	15	11	30	21	1	8	-	-	46	40
Gain on disposal of an associate	-	-	63	-	-	-	-	-	63	-
Share of net losses of associates	-	-	(4)	(613)	-	(1)	-	-	(4)	(614)
<b>Profit/(loss) before income tax</b>	<b>83</b>	<b>250</b>	<b>2,446</b>	<b>954</b>	<b>(501)</b>	<b>(504)</b>	<b>-</b>	<b>-</b>	<b>2,028</b>	<b>700</b>
Income tax expense	-	-	-	-	-	-	-	-	(352)	(262)
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,676</b>	<b>438</b>
<b>SEGMENT ASSETS</b>										
Segment assets	5,556	9,678	12,458	4,854	288	537	-	-	18,302	15,069
Associates	3	2	-	303	-	-	-	-	3	305
<b>Total segment assets</b>	<b>5,559</b>	<b>9,680</b>	<b>12,458</b>	<b>5,157</b>	<b>288</b>	<b>537</b>	<b>-</b>	<b>-</b>	<b>18,305</b>	<b>15,374</b>
<b>SEGMENT LIABILITIES</b>										
Segment liabilities	(1,009)	(3,563)	(6,963)	(1,792)	(1,375)	(2,873)	-	-	(9,347)	(8,228)
<b>OTHER INFORMATION</b>										
Depreciation	487	428	144	98	-	-	-	-	631	526
Capital expenditure	251	575	79	273	1	-	-	-	331	848

## Notes to the Consolidated Financial Statements

For the Year Ended 31st December, 2007

### 25. SEGMENT INFORMATION (Continued)

#### (b) Geographical segments

The Group's two divisions operate in two principal geographical areas - the People's Republic of China (excluding Hong Kong) (the "PRC") and Hong Kong. The following table provides an analysis of the Group's revenue, segment assets and capital expenditure by geographical areas. Revenue is allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

	Hong Kong		PRC		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Revenue from external customers	<u>54,216</u>	<u>64,206</u>	<u>6,282</u>	<u>2,666</u>	<u>60,498</u>	<u>66,872</u>
Segment assets	<u>10,783</u>	<u>14,288</u>	<u>7,522</u>	<u>1,086</u>	<u>18,305</u>	<u>15,374</u>
Capital expenditure	<u>322</u>	<u>792</u>	<u>9</u>	<u>56</u>	<u>331</u>	<u>848</u>

### 26. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty are as follows:–

- (i) plant and equipment of HK\$768,000 at 31st December, 2007 (2006: HK\$1,104,000) were stated at cost less accumulated depreciation and impairment losses. Estimation is made in the determination of the useful lives, residual values and the expected pattern of consumption of the future economic benefits embodied.
- (ii) trade and other debtors of HK\$7,816,000 at 31st December, 2007 (2006 : HK\$4,946,000) were carried at amortised cost, less allowance for impairment. Estimation is made in the determination of the allowance for impairment.

Based on existing knowledge, it is reasonably possible that outcomes within the next financial year that are different from assumptions made could require a material adjustment to the carrying amount of these assets.

## Financial Summary

### RESULTS

	Years ended 31st December,				2007 HK\$'000
	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000	2006 HK\$'000	
Turnover	<u>35,399</u>	<u>43,240</u>	<u>82,690</u>	<u>66,872</u>	<u>60,498</u>
(Loss)/profit for the year	<u>(27,282)</u>	<u>(11,841)</u>	<u>12,035</u>	<u>438</u>	<u>1,676</u>

### ASSETS AND LIABILITIES

	Years ended 31st December,				2007 HK\$'000
	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000	2006 HK\$'000	
Non-current assets	<u>2,116</u>	<u>99</u>	<u>2,102</u>	<u>1,409</u>	<u>771</u>
Current assets	19,877	13,786	18,835	13,965	17,534
Deduct:					
Current liabilities	<u>19,789</u>	<u>23,241</u>	<u>14,074</u>	<u>5,972</u>	<u>7,091</u>
Net current assets/(liabilities)	<u>88</u>	<u>(9,455)</u>	<u>4,761</u>	<u>7,993</u>	<u>10,443</u>
Total assets less current liabilities	2,204	(9,356)	6,863	9,402	11,214
Non-current liabilities	<u>(1,975)</u>	<u>(2,256)</u>	<u>(2,256)</u>	<u>(2,256)</u>	<u>(2,256)</u>
Net assets/(liabilities)	<u>229</u>	<u>(11,612)</u>	<u>4,607</u>	<u>7,146</u>	<u>8,958</u>

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “Meeting”) of the shareholders of Computech Holdings Limited (the “Company”) will be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong at 10:00 a.m. on Friday, 25th April, 2008 for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and the auditors for the year ended 31st December, 2007;
2. To re-elect the retiring directors and to authorize the board of directors (the “Board”) to fix their remuneration;
3. To re-appoint auditors and authorize the Board to fix their remuneration;
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as an ordinary resolution:

**“That**

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM Listing Rules”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with the unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (where pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the grant or exercise of any option under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company, shall not exceed the aggregate of:

## Notice of Annual General Meeting

- (1) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution; and
  - (2) (if the directors of the Company are so authorized by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution), and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual meeting of the Company is required by the Articles of Association of the Company or any other applicable law of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this Resolution.

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for share open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company or any recognized regulatory body or any stock exchange in the territory applicable to the Company).”

## Notice of Annual General Meeting

5. To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as an ordinary resolution:

**“That**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase its shares on the Stock Exchange or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission (the “SFC”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the GEM Listing Rules, the Memorandum and Articles of Association of the Company and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any other applicable law of the Cayman Islands to be held; and
  - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this Resolution.”

## Notice of Annual General Meeting

6. To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as an ordinary resolution:

**“That**

Subject to the resolution nos. 4 and 5 above being duly passed, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with unissued shares pursuant to resolution no. 4 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 5 above.”

By order of the Board  
Computech Holdings Limited  
**Yip Yuk Sing, Wallace**  
*Company Secretary*

28th March, 2008

*Registered office:*

Cricket Square,  
Hutchins Drive,  
P.O. Box 2681,  
Grand Cayman, KY1-1111  
Cayman Islands

*Head office and principal place of business:*

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

*Notes:*

- (a) Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as the proxy. A member who is the holder of two or more shares may appoint more than one proxy to represent and vote on his behalf at the Meeting. A proxy need not be a member of the Company.
- (b) A form of proxy for use at the Meeting is enclosed. Such form of proxy is also published on the GEM website at [www.hkgem.com](http://www.hkgem.com).
- (c) In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited with the Company's head office at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereof.