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

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

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8081)

**VERY SUBSTANTIAL DISPOSALS AND CONNECTED TRANSACTIONS
INVOLVING DISPOSAL OF THE ENTIRE EQUITY INTEREST IN
CL SOLUTIONS LIMITED AND VICTOR GROUP LIMITED**

Financial adviser to the Company

ALTUS CAPITAL LIMITED

**Independent financial adviser to the independent board committee and
the independent shareholders of the Company**



A letter of advice from the independent board committee of the Company is set out on page 15 of this circular. A letter of advice from Grand Cathay Securities to the independent board committee and the independent shareholders of the Company is set out on pages 16 to 23 of this circular. A notice convening a extraordinary general meeting of the Company ("EGM") to be held at the principal place of business of the Company at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong on Friday, 13th June, 2008 at 10:00 a.m. is set out on pages 91 and 92 of this circular.

If you are not able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same to the principal place of business of the Company at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

This circular and the form of proxy for the EGM will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This circular will also be available on the Company's website at www.computech.com.hk.

29th May, 2008

* For identification purpose only

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CHARACTERISTICS OF GEM

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings when used herein:

“Announcements”	the announcements of the Company dated 11th April, 2008 and 2nd May, 2008 in respect of, among other matters, the Disposals
“Aplus”	Aplus Worldwide Limited, a company registered under the laws of the British Virgin Islands with limited liability and the controlling Shareholder, which beneficially owns 30.86% shareholding interest in the Company
“associates”	has the meaning associated thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday or public holiday or any weekday on which a typhoon signal no. 8 or higher is hoisted or a black rainstorm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.) on which commercial banks are generally open for business in Hong Kong throughout their business hours
“CL Logistic”	CL Logistic Solutions Limited, a private limited company incorporated in Hong Kong, which is held as to 70% by CL Solutions and 10% by CLS Services
“CL Solutions”	CL Solutions Limited, a private limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which in turn holds 70% equity interests in CL Logistic
“CL Solutions Disposal Group”	the entire equity interests in CL Solutions and the 10% equity interests in CL Logistic held by CLS Services
“CLIH”	CL International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling Shareholder, which beneficially owns 35.96% shareholding interest in the Company
“CLS China”	CL Solutions (China) Limited, a private limited company incorporated in Hong Kong and a wholly-owned subsidiary of CLIH
“CLS Services”	CL Solutions Services, a private limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

DEFINITIONS

“Company”	Computech Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“Computech International”	Computech International Limited, a company registered under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“connected persons”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	the total consideration for the Disposals
“Director(s)”	the director(s) of the Company, including the independent non-executive director(s)
“Disposal Agreements”	the First Disposal Agreement and the Second Disposal Agreement
“Disposal Group”	the CL Solutions Disposal Group and Victor Group
“Disposals”	the proposed disposals pursuant to the First Disposal Agreement and the Second Disposal Agreement
“EGM”	the extraordinary general meeting of the Company to be convened by the Company to consider and if thought fit, to approval the Disposal Agreements and the transactions contemplated thereunder
“First Disposal Agreement”	the sale and purchase agreement dated 25th April, 2008 entered into between CLS Services and CLS China in relation to the disposal of the CL Solutions Disposal Group
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grand Cathay Securities”	Grand Cathay Securities (Hong Kong) Limited, a corporation licensed under SFO to carry on type 1, 6 and 9 regulated activities
“Group”	the Company and its subsidiaries (which shall exclude, where the context requires, CL Solutions and Victor Group after completion of the Disposal Agreements)
“Guangzhou CL Solutions”	Guangzhou CL Solutions Limited (廣州日達自助化系統有限公司), a private limited company incorporated in the PRC and a wholly-owned subsidiaries of Victor Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Board comprising all three independent non-executive Directors to advise the Independent Shareholders as to the terms of the Disposal Agreements and how to vote, taking into account the recommendations of the independent financial adviser
“Independent Shareholders”	the Shareholders other than CLIH, Aplus and their respective associates or others who are interested in the Disposals
“IT”	information technology
“Latest Practicable Date”	26th May, 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Mr. Fung”	Mr. Fung Pak Chuen, Alphonso, an executive Director and a director of CL Solutions and Victor Group
“Mr. Lo”	Mr. Richard Lo, an executive Director and a director of CL Solutions and Victor Group
“PRC”	the People’s Republic of China
“Remaining Group”	the Group excluding the Disposal Group after completion of the Disposal Agreements in accordance with their respective terms and conditions
“Second Disposal Agreement”	the sale and purchase agreement dated 25th April, 2008 entered into between Computech International and CLS China in relation to the disposal of Victor Group
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Victor Group”	Victor Group Limited, a private limited company incorporated in Hong Kong and an indirect wholly-owned Subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8081)

Directors:

Executive Directors:

Fung Pak Chuen, Alphonso

Lo, Richard

Independent Non-Executive Directors:

Lee Sai Yeung

Chung Kong Fei, Stephen

Ng Chik Sum, Jackson

Address:

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

29th May, 2008

To Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSALS AND CONNECTED TRANSACTIONS
INVOLVING DISPOSAL OF THE ENTIRE EQUITY INTEREST IN
CL SOLUTIONS LIMITED AND VICTOR GROUP LIMITED**

A. INTRODUCTION

Reference is made to the Announcements in which the Board announced that the Group, on 25th April, 2008, had entered into the Disposal Agreements in relation to the disposal of its entire interests in the Disposal Group.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal Agreements and the transactions contemplated thereunder, (ii) the recommendation of the Independent Board Committee to the Independent Shareholders, (iii) the letter of advice from Grand Cathay Securities to the Independent Board Committee and the Independent Shareholders, (iv) the accountants' report and financial information of the Group, (v) the valuation report prepared by Greater China Appraisal Limited, and (vi) the notice of the EGM.

B. THE DISPOSAL AGREEMENTS

The First Disposal Agreement

Date: 25th April, 2008 (after trading hours of the Stock Exchange)

Parties: (1) Vendor : CLS Services
(2) Purchaser : CLS China

CLS Services, a wholly owned subsidiary of the Company, is the holding company of CL Solutions. CLS China is an investment holding company incorporated in Hong Kong and is wholly-owned by CLIH, the controlling Shareholder. CLS China is therefore a connected person of the Company. CLIH is principally engaged in the provision of banking automation solutions and related services in Hong Kong, the PRC and South-East Asia.

Assets to be disposed of

The CL Solutions Disposal Group comprises:

- a. 100% of the equity interests of CL Solutions; and
- b. 10% equity interests in CL Logistic directly held by CLS Services.

CL Solutions is principally engaged in the provision of supply chain solutions and related services. It in turn holds 70% equity interests in CL Logistic, which is a dormant company incorporated in Hong Kong and does not carry on any business activity.

Conditions

Completion of the First Disposal Agreement is conditional upon the satisfaction of the following:

- (a) obtaining approval from the Independent Shareholders in respect of the First Disposal Agreement and the transactions contemplated thereunder at the EGM, in compliance with the GEM Listing Rules;
- (b) CLS Services complying with, and/or procuring the Company, being the holding company of CLS Services, to comply with all applicable laws, regulations and rules; and

LETTER FROM THE BOARD

- (c) the Second Disposal Agreement becoming unconditional (save for the condition for the First Disposal Agreement to become unconditional).

If the conditions above are not satisfied within six (6) months from the date of the First Disposal Agreement through no fault of CLS Services and CLS China, the First Disposal Agreement shall automatically terminate and all liabilities of the parties pursuant to the First Disposal Agreement shall cease and neither party shall have any claim against the other pursuant to the First Disposal Agreement.

As at the Latest Practicable Date, none of the conditions has been fulfilled.

Completion

Completion of the First Disposal Agreement is expected to be the seventh (7) Business Day immediately after all of the above conditions have been fulfilled, or such other date as CLS Services and CLS China may mutually agree in writing.

Second Disposal Agreement

Date: 25th April, 2008 (after the trading hours of the Stock Exchange)

Parties: (1) Vendor : Computech International
(2) Purchaser : CLS China

Computech International, a wholly-owned subsidiary of the Company, is the holding company of Victor Group. Details of CLS China, which is also the purchaser of the First Disposal Agreement, are set out under the sub-paragraph headed “The First Disposal Agreement” above.

Assets to be disposed of

100% of the equity interests of Victor Group, which is an investment holding company and the principal activity of its subsidiary, Guangzhou CL Solutions, is the provision of supply chain solutions and related services in the PRC.

Conditions

Completion of the Second Disposal Agreement is conditional upon the satisfaction of the followings:

- (a) obtaining approval from the Independent Shareholders in respect of the Second Disposal Agreement and the transactions contemplated thereunder at the EGM, in compliance with the GEM Listing Rules;

LETTER FROM THE BOARD

- (b) Computech International complying with, and/or procuring the Company, being the holding company of Computech International, to comply with all applicable laws, regulations and rules; and
- (c) the First Disposal Agreement becoming unconditional (save for the condition for the Second Disposal Agreement to become unconditional).

If the conditions above are not satisfied within six (6) months from the date of the Second Disposal Agreement through no fault of Computech International and CLS China, the Second Disposal Agreement shall automatically terminate and all liabilities of the parties pursuant to the Second Disposal Agreement shall cease and neither party shall have any claim against the other pursuant to the Second Disposal Agreement.

As at the Latest Practicable Date, none of the conditions has been fulfilled.

Completion

Completion of the Second Disposal Agreement is expected to be the seventh (7) Business Day immediately after all of the above conditions have been fulfilled, or such other date as Computech International and CLS China may mutually agree in writing.

Consideration for the Disposals

The Consideration is HK\$6.06 million and shall be settled by CLS China in cash at completion of the Disposal Agreements.

The Consideration was arrived at after arm's length negotiations between the parties to the Disposal Agreements, having made reference to the valuation of the Disposal Group as at 31st March, 2008 of approximately HK\$6.06 million conducted by Greater China Appraisal Limited, an independent valuer, based on market approach. The valuation report in relation to the Disposal Group is set out in Appendix III of this circular.

Having taken into account the above and the reasons and benefits of the Disposal as stated in the paragraph headed "D. Reasons for and benefits of the Disposals" below, the Directors consider that the Consideration is fair and reasonable and is in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

C. INFORMATION ON THE DISPOSAL GROUP

The Disposal Group

The Disposal Group principally operates the supply chain solutions business segment of the Group. Below sets out the financial information of the Disposal Group, which is extracted from financial statements prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, for the two financial years ended 31st December, 2006 and 2007:

	Year ended 31st December,		Change (%)
	2007 (Audited) HK\$'000	2006 (Audited) HK\$'000	
Results			
Turnover	24,145	27,448	(12.0)
Profit before tax and non-recurring items	1,407	2,056	(31.6)
Profit from non-recurring items (<i>note</i>)	843	–	–
Profit before tax	2,250	2,056	9.4
Profit after tax	1,907	1,816	5.0
Assets and liabilities			
Total assets	10,661	8,375	
Net asset value	4,966	2,907	

Note: Non-recurring items included: (i) gain on disposal of an associate of about HK\$63,000; (ii) decrease in share of loss in associate of about HK\$610,000; and (iii) bad debt recovered of about HK\$170,000 in 2007.

D. REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group is principally engaged in the provision of IT services and supply chain solutions.

During the course of 2007, the business performance of the Group's supply chain solutions continued to be challenging. To improve the Group's financial performance and competitiveness, during the financial year 2007, it has disposed of its loss-making associated company, Automated Logistics Solutions Limited, which is principally engaged in the development and sales of supply chain solutions software products. The disposal, which is non-recurring in nature, has contributed to an improvement of the operating profit of the supply chain solutions segment in 2007.

As shown under the paragraph headed "C. Information on the Disposal Group" above, while the supply chain solutions segment is one of the main contributors to the Group's revenue and profit and have recorded improvement in profit before and after tax of 9.4% and 5% respectively in 2007, they were due mainly to one-off contribution from non-recurring items.

LETTER FROM THE BOARD

As stated in the annual report of the Company for the year ended 31st December, 2007, the supply chain solutions business of the Group did not achieve its expected growth for the year due to the lack of new major projects. The Directors noted that most of the major sizeable supply chain solutions projects have been completed in the first quarter of 2008 while further sizeable projects have yet to be identified.

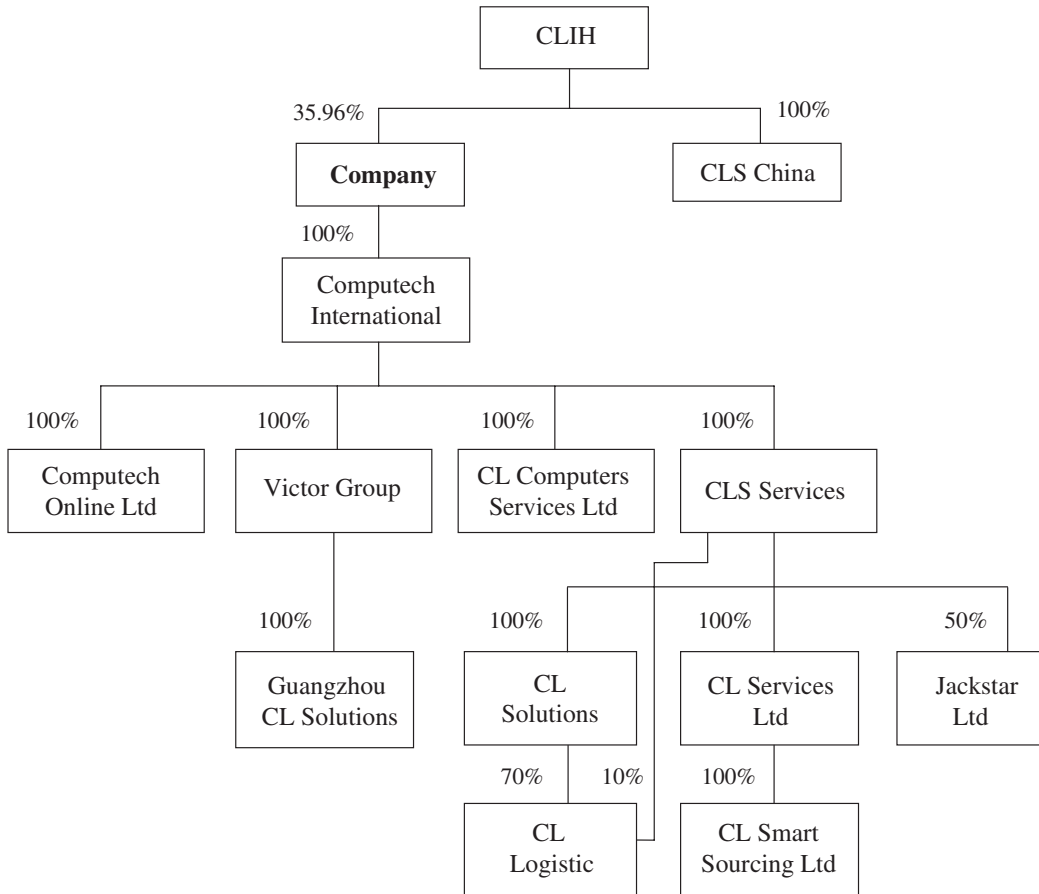
In view of the above, the Directors are of the view that, it is advantageous for the Company and Shareholders as a whole to dispose of its supply chain solutions segment so that the Group could focus its skills and resources on its core business of IT services. The Directors also consider that the Disposal Agreements are on normal commercial terms and the Disposals are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

It is estimated that, upon completion of the Disposals, the Group will record a gain on disposal of approximately HK\$1.29 million. Such gain is estimated based on the difference between (i) the aggregate consideration for the Disposals under the Disposal Agreements, (ii) the aggregate net asset values of the Disposal Group of approximately HK\$4.97 million as at 31st December, 2007, as if the Disposals had been completed on 31st December, 2007, and (iii) the cumulative amount of exchange differences recognised in equity which relate to the Disposal Group amounted to approximately HK\$0.20 million as at 31st December, 2007. The final amount of the actual gain as a result of the Disposals will be determined upon completion of the Disposals. The Disposals will also improve the overall gearing of the Group as part of the proceeds from the Disposals are intended to be used for repayment of certain loans owing to Directors as further elaborated below.

LETTER FROM THE BOARD

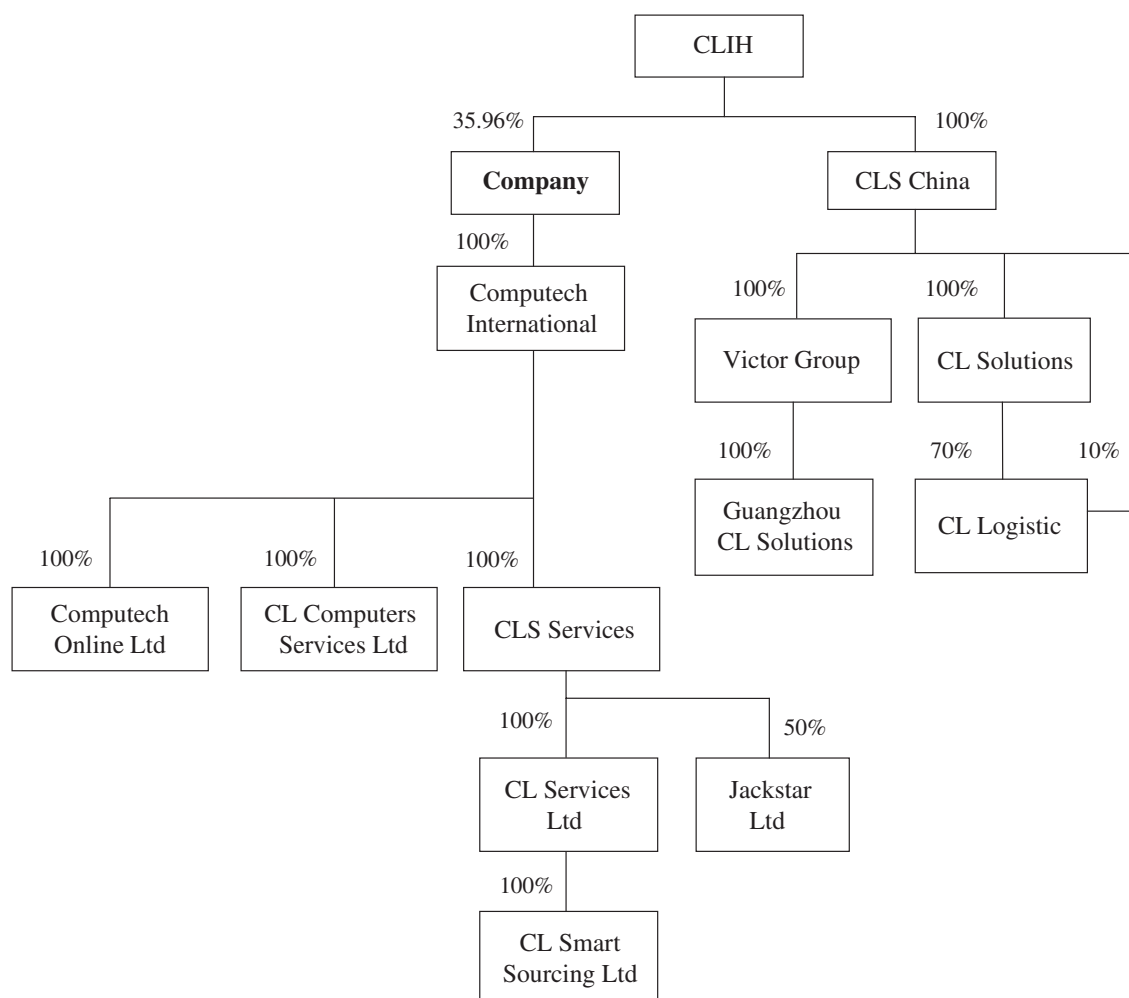
E. STRUCTURE OF THE GROUP

Before the Disposals



LETTER FROM THE BOARD

After the Disposals



After the completion of the Disposal Agreements, CL Solutions and Victor Group will no longer be subsidiaries of the Group.

F. INTENDED USE OF PROCEEDS

The net proceeds from the Disposals of approximately HK\$5.16 million will be used for (i) the settlement of the loans owing to Directors of approximately HK\$2.26 million; (ii) working capital of the Group; and/or (iii) any future possible acquisition which has yet to be identified.

In respect of (i) above, the loans relate to the amount owing to Mr. Fung and Mr. Lo, being Directors. The amounts of loan to be settled with Mr. Fung and Mr. Lo are HK\$1.2 million and HK\$1.06 million respectively. Mr. Fung and Mr. Lo are the ultimate beneficial owners of CLIH and CLS China.

LETTER FROM THE BOARD

G. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As mentioned above, out of the net proceeds from the Disposals of approximately HK\$5.16 million, approximately HK\$2.26 million will be used to fully repay the loans owing to the Directors. Such repayment will improve the overall gearing and enhance the financial position of the Group.

The balance of approximately HK\$2.9 million of the net proceeds from the Disposals will be for working capital purposes, thereby improving the liquidity of the Group. This in turn enables the Group to have greater financial flexibility to focus its resources on its core business of IT services. To expand the IT services, the Group intends to increase its pool of qualified and experienced personnel, couples with its existing infrastructures so as to continue to enhance its services to its existing clients as well as potential new business. The management believes that such investment in human resources will enhance the Group's competitiveness in the market and allow the Group to capture new business opportunities.

H. GEM LISTING RULES IMPLICATION

As the relevant percentage ratios pursuant to the GEM Listing Rules applicable to the Disposals exceeded 75%, the Disposals constitute very substantial disposals for the Company under Chapter 19 of the GEM Listing Rules. Given that CLS China is a wholly-owned subsidiary of CLIH, a controlling Shareholder which held about 35.96% equity interest of the Company as at the Last Practicable Date, CLS China is therefore a connected person of the Company. The Disposals thus constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules and are subject to the requirements of reporting, announcement and Independent Shareholders' approval under Rules 20.45 to 20.48 of the GEM Listing Rules. CLIH, Aplus (being an associate of CLIH) and their respective associates, if any, will abstain from voting on the resolutions to be proposed in relation to the Disposal Agreements at the EGM. The vote will be taken by poll.

I. THE EGM

The EGM will be held to consider and, if thought fit, pass the necessary resolutions to approve, amongs others, the Disposals.

Notice of the EGM is set out on pages 91 to 92 of this circular. The EGM will be held at the Company's principal office at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong on Friday, 13th June, 2008 at 10:00 a.m. (or any adjournment thereof).

Form of proxy for use at the EGM is enclosed in this circular. If you are not able to attend the EGM in person, you are requested to complete and return the form of proxy to the Company's principal office at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for holding of the EGM. Completion of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting thereof should you so wish.

LETTER FROM THE BOARD

J. PROCEDURE BY WHICH A POLL MAY BE DEMANDED

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

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

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

K. RECOMMENDATION

The Board considers that the terms of the Disposal Agreements and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions as set out in the notice of the EGM to approve the Disposals.

Your attention is also drawn to the letter from the Independent Board Committee sets out on page 15 of this circular. The Independent Board Committee, having taken into account of the advice of Grand Cathay Securities, the text of which is set out on pages 16 to 23 of this circular, considers that the terms of the Disposal Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Disposals.

LETTER FROM THE BOARD

L. ADDITIONAL INFORMATION

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

By order of the Board
Computech Holdings Limited
Fung Pak Chuen, Alphonso
Chairman



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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8081)

29th May, 2008

To the Independent Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSALS AND CONNECTED TRANSACTIONS
INVOLVING DISPOSAL OF THE ENTIRE EQUITY INTEREST IN
CL SOLUTIONS LIMITED AND VICTOR GROUP LIMITED**

We refer to the letter from the Board sets out in the circular (the “**Circular**”) dated 29th May, 2008, of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider whether the terms of the Disposal Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and are in the interests of the Company and its Shareholders as a whole and to advise on the Independent Shareholders on how to vote, taking into account of the recommendations of Grand Cathay Securities, the independent financial advisers. Grand Cathay Securities will advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on page 4 of the Circular, and the letter from Grand Cathay Securities to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Disposals, as set out on pages 16 to 23 of this Circular.

Having taken into account the advice of Grand Cathay Securities, we consider that Disposals are in the interests of the Company and the Independent Shareholders as a whole and that the terms of Disposal Agreements are on normal commercial terms and are fair and reasonable in so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Disposal Agreements and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

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

* *For identification purpose only*

LETTER FROM GRAND CATHAY SECURITIES

The following is the text of a letter of advice from Grand Cathay Securities in connection with the terms of the Disposal Agreements which has been prepared for inclusion in this circular.



GRAND CATHAY SECURITIES (HONG KONG) LIMITED

香港中環花園道3號中國工商銀行大廈7樓705至706室

Room 705-706, 7/F., ICBC Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong

Tel: 852-2521-2982 Fax: 852-2521-0085 www.gcsc.com.tw

*To the Independent Board Committee
and the Independent Shareholders
of Computech Holdings Limited*

29th May, 2008

Dear Sirs,

VERY SUBSTANTIAL DISPOSALS AND CONNECTED TRANSACTIONS INVOLVING DISPOSAL OF THE ENTIRE EQUITY INTEREST IN CL SOLUTIONS LIMITED AND VICTOR GROUP LIMITED

INTRODUCTION

We refer to the circular dated 29th May, 2008 (the “Circular”) issued by the Company to its Shareholders of which this letter forms part and to our appointment as adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposals details of which are set out in the “Letter from the Board” (the “Letter”) contained in the Circular and in which this letter is reproduced. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular of which this letter forms part unless the context otherwise requires.

On 25th April, 2008 (after the trading hours of the Stock Exchange), CLS China and CLS Services, a wholly-owned subsidiary of the Company, have entered into the First Disposal Agreement pursuant to which CLS China has agreed to purchase and CLS Services has agreed to sell the CL Solutions Disposal Group.

On 25th April, 2008 (after the trading hours of the Stock Exchange), CLS China and Computech International, a wholly-owned subsidiary of the Company, have entered into the Second Disposal Agreement pursuant to which CLS China has agreed to purchase and Computech International has agreed to sell its entire equity interests in Victor Group, which in turn holds 100% equity interests in Guangzhou CL Solutions.

The First Disposal Agreement and the Second Disposal Agreement are inter-conditional upon each other. The total consideration for the Disposals is HK\$6.06 million, which is determined with reference to the preliminary valuation as conducted by Greater China Appraisal Limited, an independent valuer, based on market approach.

LETTER FROM GRAND CATHAY SECURITIES

As the relevant percentage ratios pursuant to the GEM Listing Rules, applicable to the Disposals exceeded 75%, the Disposals constitute very substantial disposals for the Company under Chapter 19 of the GEM Listing Rules. Given that CLS China is a wholly-owned subsidiary of CLIH, a controlling Shareholder which held about 35.96% equity interest of the Company as at Latest Practicable Date, CLS China is therefore a connected person of the Company. The Disposals thus constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules and are subject to the requirements of reporting, announcement and Independent Shareholders' approval under Rules 20.45 to 20.48 of the GEM Listing Rules. CLIH, Aplus (being an associate of CLIH) and their respective associates, if any, will abstain from voting on the resolutions to be proposed in relation to the Disposal Agreements at the EGM. The vote will be taken by poll.

The Independent Board Committee, comprising Lee Sai Yeung, Chung Kong Fei, Stephen and Ng Chik Sum, Jackson, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Disposal Agreements are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole. We advise the Independent Board Committee and the Independent Shareholders in this respect.

BACKGROUND INFORMATION

The Disposals

Pursuant to the Disposal Agreements, CLS Services has conditionally agreed to dispose and CLS China has conditionally agreed to purchase the CL Solutions Disposal Group and Computech International has conditionally agreed to dispose and CLS China has conditionally agreed to purchase the Victor Group at a total consideration of HK\$6.06 million. After the completion of the Disposal Agreements, CL Solutions and Victor Group will no longer be subsidiaries of the Group.

If the relevant conditions of the First Disposal Agreement are not satisfied within six months from the date of the First Disposal Agreement through no fault of CLS Services and CLS China, the First Disposal Agreement shall automatically terminate and all liabilities of the parties pursuant to the First Disposal Agreement shall cease and neither party shall have any claim against the other pursuant to the First Disposal Agreement.

If the relevant conditions of the Second Disposal Agreement are not satisfied within six months from the date of the Second Disposal Agreement through no fault of Computech International and CLS China, the Second Disposal Agreement shall automatically terminate and all liabilities of the parties pursuant to the Second Disposal Agreement shall cease and neither party shall have any claim against the other pursuant to the Second Disposal Agreement.

The First Disposal Agreement and the Second Disposal Agreement are inter-conditional upon each other.

According to the pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, upon completion of the Disposals, the Group will record a gain on disposal of approximately HK\$1.29 million.

LETTER FROM GRAND CATHAY SECURITIES

Information on Disposal Group

The Disposal Group principally operates the supply chain solutions business segment of the Group. According to the Letter, set out below are the financial information of the Disposal Group, which is prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, for the two financial years ended 31st December, 2006 and 2007:

	Year ended 31st December,		
	2007	2006	
	(Audited)	(Audited)	Change
	HK\$'000	HK\$'000	(%)
Result			
Turnover	24,145	27,448	(12.0)
Profit before tax and non-recurring items	1,407	2,056	(31.6)
Profit from non-recurring items	843	–	–
Profit before tax	2,250	2,056	9.4
Profit after tax	1,907	1,816	5.0
Assets and liabilities			
Total assets	10,661	8,375	
Net asset value	4,966	2,907	

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, opinion and representations contained or referred to in the Circular and the information, opinion and representations provided to us by the management of the Company and the Directors. We have assumed that all information, opinion and representations contained or referred to in the Circular and all information, opinion and representations which have been provided by the management of the Company and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so at the date hereof.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information, opinion and representations contained in the Circular and provided to us by the management of the Company and the Directors, or the reasonableness of the opinions expressed by the management of the Company and the Directors. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. Furthermore, we have relied on the Company that it has provided us sufficient information to reach an informed view and to provide a reasonable basis for our opinion and we have relied on such information and opinions. We consider that we have performed all reasonable steps as required under the Rule 17.92 of the GEM Listing Rules (including the notes thereto) to formulate our

LETTER FROM GRAND CATHAY SECURITIES

opinion and recommendation. We have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group, CL Solutions Disposal Group and Victor Group nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposals.

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have taken into account in assessing the Disposal Agreements and in giving our advice to the Independent Board Committee and the Independent Shareholders are set out below:

(i) Reasons and benefit for the Disposals

The principal business of the Group is the provision of IT services and supply chain solutions.

As stated in the Letter, during the financial year 2007, the business performance of the Group's supply chain solutions continued to be challenging. According to the financial information of the Disposal Group as stated above, profit before tax and non-recurring items of the Disposal Group was approximately HK\$1.4 million for the year ended 31st December, 2007 which representing a decrease of approximately 31.6% when compared with that for the year ended 31st December, 2006.

As shown under the paragraph headed "Information of the Disposal Group" as stated in the Letter, and according to the management of the Company, the improvement in the profit of the Group's supply chain solution business for the year ended 31st December, 2007 when compared with that in the corresponding period of 2006 was mainly due to the one-off contribution from non-recurring items. If exclude the one-off contribution from non-recurring items, the profit of the supply chain solution business for the year ended 31st December, 2007 would be decreased by approximately 31.6% when compared to that in the corresponding period of 2006.

As stated in the Letter and the annual report of the Group for the financial year ended 31st December, 2007 (the "Annual Report"), the supply chain solutions business of the Group did not achieve its expected growth for the year as the turnover of the supply chain solutions business of the Group fell by approximately 12% when compared with that for the year ended 31st December, 2006. The Company has provided to us the information regarding the amounts of the confirm orders of supply chain solutions business of the Group for the three months ended 31st March, 2007 and for the three months ended 31st March, 2008. We have compared the aforesaid information and found that the dollar value of confirm orders for the three months ended 31st March, 2008 decrease by approximately 38% when compared with that for the corresponding period in 2007. Based on the above, we consider that the outlook of the Group's supply chain solution business is not favourable.

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As stated in the Letter, the net proceeds from the Disposals of approximately HK\$5.16 million will be used for (i) the settlement of the loans owing to the Directors of approximately HK\$2.26 million; (ii) working capital of the Group; and/or (iii) any future possible acquisition which has yet to be identified.

According to the Directors and as stated in the Annual Report, the Group will continue its attempt to diversify into areas with potential for higher growth. The proceeds from the Disposals would be used for future possible acquisition when opportunity arises which is in line with the Group's strategies.

Further, upon the completion of the Disposals, approximately HK\$2.26 million from the proceeds of the Disposals will be used for the settlement of the loans owing to the Directors, which would lower the gearing ratio of the Group. We consider that this would improve the financial position of the Group. Please refer to the section headed "Financial effect of the Disposals" below for detailed information.

Based on the above, we are of the view and concur with the views of the Directors that it is advantageous for the Company and the Shareholders as a whole to dispose of its supply chain solutions business.

(ii) Key terms of the Disposals

Consideration and payment terms

As stated in the Letter, the Consideration is HK\$6.06 million and shall be settled by CLS China in cash at completion of the Disposal Agreements.

The Consideration was arrived at arm's length negotiations between the parties to the Disposal Agreements, having made reference to the preliminary valuation of the Disposal Group as at 31st March, 2008 of approximately HK\$6.06 million conducted by Greater China Appraisal Limited (the "Valuer"), an independent valuer, based on the market approach. The valuation report of the Disposal Group is stated in Appendix III in this circular (the "Valuation Report").

In order to assess the fairness of the Consideration, we have discussed with the Valuer regarding the basis of the valuation, the assumptions of the Valuation Report and the method applied.

Basis of the valuation

The Valuer has valued the Disposal Group on the basis of fair value. According to the Hong Kong Financial Reporting Standard, fair value is the amount for which an asset could be exchanged, or a fair value liability settled, between knowledgeable, willing parties in an arm's length transaction.

LETTER FROM GRAND CATHAY SECURITIES

Assumption of the Valuation

The major assumptions adopted in the Valuation Report are:

- there will be no material changes in the existing political, legal, fiscal, foreign trade and economic conditions in which the Disposal Group carries on or intends to carry on business;
- there will be no material changes in the current taxation law in which the Disposal Group carries on or intends to carry on business, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- there will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing;
- all relevant legal approvals and business certificates or licenses to operate the Disposal Group should have been formally obtained;
- there will be a sufficient supply of product and technical staff in the industries in which the Disposal Group operates; and
- the Disposal Group will retain competent management, key personnel, staff, and technical staff to support its ongoing operation and development.

Method applied

We have also discussed the valuation method applied to the valuation of the Disposal Group with the Valuer. According to the Valuer, due to the unstable growing supply chain solution development and related services environments in the PRC and Hong Kong as well as the keen competition of the Disposal Group's related business environments, the future profits and cash flows for the Disposal Group are reasonably unpredictable. Based on the above, the Valuer considers that the traditional capitalised and discounted returns methods in the income approach are not the most appropriate method in the valuation of the value of the Disposal Group. Also, due to (i) the value of the individual assets and their associated liabilities are less important than the manner in which management has utilized them; (ii) the Disposal Group is an ongoing enterprise; and (iii) it is very unlikely that there is a similar-enough substitute ready for use and very difficult to simulate one usable especially in the supply chain solutions business, the Valuer consider that it is inappropriate to use the asset approach in the valuation of the value of the Disposal Group. Based on the above, the Valuer considers that market approach is an appropriate method to estimate the fair value of the Disposal Group. Please refer to the Valuation Report as stated in Appendix III of this circular for the detailed information.

LETTER FROM GRAND CATHAY SECURITIES

Based on the above, we are of the view and concur with the view of the Directors that the Disposal Agreements are on normal commercial terms and the Consideration is fair and reasonable.

(iii) Financial effects upon the completion of the Disposals

Working capital

According to the Unaudited Pro Forma Financial Information of the Remaining Group upon the completion of the Disposals as stated in Appendix IV (the "Pro Forma Financial Information"), the cash and bank balances of the Remaining Group will increase by approximately HK\$1,958,000 to approximately HK\$5,082,000 immediately after the completion of the Disposals.

Gearing ratio

According to the Annual Report, the gearing ratio (Total liabilities/Total assets) of the Group as at 31st December, 2007 was approximately 51.1%. According to the Pro Forma Financial Information, the gearing ratio of the remaining Group would decrease to approximately 27.2%, upon the completion of the Disposals, representing an improvement of approximately 46.8%.

Net asset value per Share

According to the Annual Report, the net asset value per Share as at 31st December, 2007 was approximately HK\$0.085. According to the Pro Forma Financial Information, the net asset value per Share of the remaining Group would increase to approximately HK\$0.096, upon the completion of the Disposals, representing an improvement of approximately 12.9%.

Overall

Having taken into account the above mentioned financial effects upon the completion of the Disposals, we are of the opinion that the Disposals has a positive impact on the financial position of the Group.

LETTER FROM GRAND CATHAY SECURITIES

RECOMMENDATION ON THE DISPOSALS

Taking into account the factors and reasons as mentioned above, we are of the opinion that the Disposals are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. The ordinary and usual course of business of the Group is the provision of IT services and supply chain solutions. The Disposals, however, are transactions which are not the ordinary and usual course of business of the Group. Therefore, please be advised that the Disposals are not in the ordinary and usual course of business of the Group. Accordingly, we recommend, and advise the Independent Board Committee to recommend, the independent Shareholders to vote in favour of the relevant ordinary resolutions to approve the Disposals at the EGM.

Yours faithfully,

For and on behalf of

Grand Cathay Securities (Hong Kong) Limited

Kim Chan

Director

Kevin Chan

Director

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants, PKF Hong Kong.

大信梁學濂(香港)會計師事務所

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



Accountants &
business advisers

The Directors
Computech Holdings Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information (the “Financial Information”) regarding Computech Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31st December, 2005, 2006 and 2007 (the “Relevant Period”), for inclusion in the circular of the Company dated 29th May, 2008 (the “Circular”) in connection with the proposed disposal of 100% equity interest in CL Solutions Limited and Victor Group Limited (the “Disposal”).

The Company was incorporated in the Cayman Islands on 29th March, 2000 as an exempted company with limited liability under the Company Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company is an investment holding company.

As at the date of this report, the Company has direct and indirect interests in subsidiaries and associate as set out in Notes 12 and 13 to the Financial Information respectively. All companies comprising the Group have adopted 31st December as their financial year end date.

CL Solutions Limited (“CL Solutions”) was incorporated in Hong Kong on 5th July, 2004 with limited liability. It has an authorised share capital of HK\$1,000,000 divided into 1,000,000 shares of HK\$1 each, of which 300,000 shares have been issued and are fully paid up. As at the date of this report, CL Solutions has one subsidiary, namely CL Logistic Solutions Limited (“CL Logistic”).

Victor Group Limited (“Victor Group”) was incorporated in Hong Kong on 5th March, 2004 with limited liability. It has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each, of which 1 share has been issued and is fully paid up. As at the date of this report, Victor Group has one subsidiary, namely Guangzhou CL Solutions Limited (“GZ CL Solutions”).

The details of CL Solutions, CL Logistic, Victor Group and GZ CL Solutions are set out in Note 12 to the Financial Information.

We have been the auditors of the Company, CL Solutions, CL Solutions Services Limited, CL Smart Sourcing Limited, CL Computer Services Limited, CL Services Limited and Victor Group during the Relevant Period.

The auditors of GZ CL Solutions are Guangzhou Yinyue CPA Co., Limited (廣州銀粵會計師事務所有限公司) during the relevant period.

No audited financial statements have been prepared for all other companies comprising the Group for the Relevant Period as they are either recently incorporated or dormant and have not carried out any business since their respective dates of incorporation or are not subject to statutory audit requirement in the countries/jurisdictions in which the companies are incorporated/established.

BASIS OF PREPARATION

The Financial Information has been prepared by the directors based on the audited consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance for the Relevant Period for the purpose of inclusion in the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the Financial Information which gives a true and fair view. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the audited consolidated financial statements of the Group for each of the three years ended 31st December, 2005, 2006 and 2007 prepared in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance and we have carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

OPINION

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the Group and the Company as at 31st December, 2005, 2006 and 2007, and of the profits and cash flows of the Group for the Relevant Period.

I. FINANCIAL INFORMATION

Consolidated income statements

	<i>Note</i>	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	4	82,690	66,872	60,498
Cost of sales		<u>(60,456)</u>	<u>(49,100)</u>	<u>(43,502)</u>
Gross profit		22,234	17,772	16,996
Other income		160	109	310
Selling and distribution expenses		(1,515)	(1,645)	(1,461)
Administrative expenses		<u>(18,837)</u>	<u>(14,922)</u>	<u>(13,813)</u>
Operating profit		2,042	1,314	2,032
Finance costs		(3)	–	–
Gain on disposal of subsidiaries		9,767	–	–
Share of net profit/(losses) of associates		<u>561</u>	<u>(614)</u>	<u>(4)</u>
Profit before income tax	5	12,367	700	2,028
Income tax expense	6	<u>(332)</u>	<u>(262)</u>	<u>(352)</u>
Profit for the year	7	<u>12,035</u>	<u>438</u>	<u>1,676</u>
Profit for the year attributable to:–				
Continuing operations		2,211	438	1,676
Discontinued operations	22(b)	<u>9,824</u>	<u>–</u>	<u>–</u>
		<u>12,035</u>	<u>438</u>	<u>1,676</u>
Attributable to:–				
Shareholders of the Company		12,035	438	1,681
Minority interests		<u>–</u>	<u>–</u>	<u>(5)</u>
Profit for the year		<u>12,035</u>	<u>438</u>	<u>1,676</u>
Earnings per share – Basic (HK cents)	8	<u>14.63</u>	<u>0.43</u>	<u>1.60</u>

Consolidated balance sheets

	<i>Note</i>	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
NON-CURRENT ASSETS				
Plant and equipment	11	853	1,104	768
Interests in associates	13	1,249	305	3
		<u>2,102</u>	<u>1,409</u>	<u>771</u>
CURRENT ASSETS				
Inventories	14	2,825	3,277	3,576
Debtors, deposits and prepayments	15	9,324	5,809	8,221
Amount due from a shareholder	17(a)	–	12	–
Amount due from the ultimate holding company	17(b)	12	–	–
Amounts due from related companies	17(c)	27	2,652	2,466
Amounts due from fellow subsidiaries	17(d)	27	–	–
Income tax recoverable		–	128	147
Cash and bank balances	16	6,620	2,087	3,124
		<u>18,835</u>	<u>13,965</u>	<u>17,534</u>
DEDUCT:				
CURRENT LIABILITIES				
Creditors, accruals and deposits received	18	6,851	5,914	6,969
Amount due to a shareholder	17(a)	–	–	15
Income tax payable		146	58	107
Amounts due to fellow subsidiaries	17(d)	7,077	–	–
		<u>14,074</u>	<u>5,972</u>	<u>7,091</u>
NET CURRENT ASSETS		<u>4,761</u>	<u>7,993</u>	<u>10,443</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,863	9,402	11,214
NON-CURRENT LIABILITY				
Loans from directors	19	(2,256)	(2,256)	(2,256)
NET ASSETS		<u>4,607</u>	<u>7,146</u>	<u>8,958</u>
REPRESENTING:				
SHARE CAPITAL	20	4,800	5,240	5,240
RESERVES	21	(193)	1,906	3,703
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		4,607	7,146	8,943
MINORITY INTERESTS		–	–	15
TOTAL EQUITY		<u>4,607</u>	<u>7,146</u>	<u>8,958</u>

Balance sheet

	<i>Note</i>	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
NON-CURRENT ASSETS				
Interests in subsidiaries	12	<u>3,802</u>	<u>5,732</u>	<u>5,271</u>
CURRENT ASSETS				
Amount due from a shareholder	17(a)	–	12	–
Amount due from the ultimate holding company	17(b)	12	–	–
Amount due from a related company	17(e)	–	–	8
Deposits and prepayments		315	240	107
Income tax recoverable		–	–	19
Cash at bank		<u>75</u>	<u>53</u>	<u>76</u>
		<u>402</u>	<u>305</u>	<u>210</u>
DEDUCT:				
CURRENT LIABILITIES				
Accruals		434	395	150
Amounts due to subsidiaries	12(c)	493	233	185
Income tax payable		<u>4</u>	<u>15</u>	<u>–</u>
		<u>931</u>	<u>643</u>	<u>335</u>
NET CURRENT LIABILITIES		<u>(529)</u>	<u>(338)</u>	<u>(125)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,273	5,394	5,146
NON-CURRENT LIABILITY				
Loans from directors	19	<u>(2,256)</u>	<u>(2,256)</u>	<u>(2,256)</u>
NET ASSETS		<u><u>1,017</u></u>	<u><u>3,138</u></u>	<u><u>2,890</u></u>
REPRESENTING:				
SHARE CAPITAL	20	4,800	5,240	5,240
RESERVES	21	<u>(3,783)</u>	<u>(2,102)</u>	<u>(2,350)</u>
SHAREHOLDERS' FUNDS		<u><u>1,017</u></u>	<u><u>3,138</u></u>	<u><u>2,890</u></u>

Consolidated statements of changes in equity

	Attributable to shareholders of the Company						
	Share capital	Share premium	Translation reserve	(Accumulated losses) /retained profits	Sub-total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2005	24,000	19,030	100	(54,742)	(11,612)	-	(11,612)
Capital reduction (Note 20(b))	(21,600)	(19,030)	-	40,630	-	-	-
Rights issue of shares (Note 20(c))	2,400	2,400	-	-	4,800	-	4,800
Share issuing expenses	-	(520)	-	-	(520)	-	(520)
Elimination of exchange reserve arising on establishment of a PRC subsidiary	-	-	(100)	-	(100)	-	(100)
Translation of financial statements of a PRC subsidiary and an associate	-	-	4	-	4	-	4
Profit for the year	-	-	-	12,035	12,035	-	12,035
At 31.12.2005 and 1.1.2006	4,800	1,880	4	(2,077)	4,607	-	4,607
Issue of shares (Note 20(d))	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
At 31.12.2007	<u>5,240</u>	<u>3,465</u>	<u>196</u>	<u>42</u>	<u>8,943</u>	<u>15</u>	<u>8,958</u>

Consolidated cash flow statements

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Operating profit	2,042	1,314	2,032
Adjustments for:–			
Interest income	(12)	(40)	(46)
Depreciation	259	526	631
Loss on disposal of plant and equipment	–	43	37
Gain on disposal of interest in an associate	–	–	(63)
	<u>–</u>	<u>–</u>	<u>(63)</u>
Operating profit before working capital changes	2,289	1,843	2,591
Decrease/(increase) in inventories	29	(452)	(299)
(Increase)/decrease in debtors, deposits and prepayments	(4,704)	3,515	(2,412)
(Increase)/decrease in amounts due from related companies	–	(2,625)	186
Increase/(decrease) in creditors, accruals and deposits received	494	(937)	1,055
Decrease in amounts due to related companies	(5,865)	–	–
Increase/(decrease) in amounts due to fellow subsidiaries	7,077	(7,077)	–
	<u>7,077</u>	<u>(7,077)</u>	<u>–</u>
Cash (used in)/generated from operations	(680)	(5,733)	1,121
Interest received	12	40	46
Interest paid	(3)	–	–
Income tax paid	(405)	(478)	(322)
	<u>(405)</u>	<u>(478)</u>	<u>(322)</u>
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(1,076)</u>	<u>(6,171)</u>	<u>845</u>

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire plant and equipment	(1,035)	(848)	(331)
Proceeds from disposal of plant and equipment	–	33	4
Net cash outflow in respect of the disposal of subsidiaries (Note 22(a))	(76)	–	–
Proceeds from disposal of interest in an associate	–	–	40
(Increase)/decrease in amounts due from associates	(688)	351	329
Increase in amount due from the ultimate holding company	(12)	–	–
Increase in amounts due from fellow subsidiaries	(27)	–	–
(Increase)/decrease in amounts due from fellow subsidiaries	(27)	27	–
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	<u>(1,865)</u>	<u>(437)</u>	<u>42</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares for cash	4,800	2,201	–
Share issuing expenses	(520)	(176)	–
Repayment of bank loan	(60)	–	–
Advance from a shareholder	–	–	27
Issue of shares to a minority shareholder	–	–	20
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>4,220</u>	<u>2,025</u>	<u>47</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,279	(4,583)	934
EXCHANGE ADJUSTMENT OF CASH AND CASH EQUIVALENTS	4	50	103
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	<u>5,337</u>	<u>6,620</u>	<u>2,087</u>
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER			
Cash and bank balances	<u>6,620</u>	<u>2,087</u>	<u>3,124</u>

II. NOTES TO THE FINANCIAL INFORMATION

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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong respectively.

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 financial information 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 financial information 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 Company's accounting policies or retrospective adjustments of the comparatives presented.

(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 financial information for the Relevant Period 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 financial information are prepared under the historical cost basis.

(b) **Basis of consolidation**

The financial information include the financial statements of the Company and its subsidiaries for the Relevant Period. The results of subsidiaries during the Relevant Period are dealt with in the consolidated income statements from the dates of acquisition. 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.

(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 statements 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
Motor vehicles	– 3 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 statements.

(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 sheets, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted 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 Financial Information using the equity method of accounting. Under the equity method, the consolidated income statements includes the Group's share of the post-acquisition results of the associates and the consolidated balance sheets includes the Group's share of the net assets of the associate, as reduced by any identified impairment losses.

(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 statements 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.

(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 profit before tax as reported in the income statements 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 income statements, 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 income statements on a straight-line basis over the terms of the relevant leases.

(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) 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 Financial Information 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.

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:–

	2005	2006	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales	27,553	26,447	20,328
Service income	55,137	40,425	40,170
	<u> </u>	<u> </u>	<u> </u>
Turnover	82,690	66,872	60,498
Interest income	12	40	46
	<u> </u>	<u> </u>	<u> </u>
Total revenue	<u>82,702</u>	<u>66,912</u>	<u>60,544</u>

5. PROFIT BEFORE INCOME TAX

	2005	2006	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before income tax is arrived at after charging/(crediting):–			
Cost of inventories expensed	26,545	19,640	13,023
Minimum lease payments paid under operating leases for office premises	1,857	2,517	2,346
Auditor's remuneration	249	264	279
Bad debts written off/(recovered)	–	197	(170)
Depreciation	259	526	631
Directors' remuneration	2,504	1,780	1,910
Other staff salaries and benefits	30,797	21,779	21,758
Retirement scheme contributions	546	442	413
Exchange losses, net	38	15	21
Loss on disposal of plant and equipment	–	43	37
Gain on disposal of interest in an associate	–	–	(63)
Interest on bank loans wholly repayable within five years	3	–	–
	<u> </u>	<u> </u>	<u> </u>

6. INCOME TAX EXPENSE

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current income tax			
– Hong Kong profits tax	332	262	295
– PRC enterprise income tax	–	–	57
	<u>332</u>	<u>262</u>	<u>352</u>

The provision for Hong Kong Profits Tax for 2007 is calculated at 17.5% for the Relevant Period of the estimated assessable profits for each year. The provision for PRC enterprise income tax is calculated at 33% for the Relevant Period of the estimated assessable profits for each year.

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

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit before income tax	<u>12,367</u>	<u>700</u>	<u>2,028</u>
Tax effect at Hong Kong profits tax rate of 17.5%	2,164	123	355
PRC and Hong Kong tax rates differential	54	81	43
Tax effect of income that is not taxable	(1,837)	(88)	(103)
Tax effect of expenses that are not deductible	69	122	20
Tax effect of unrecognised (decelerated)/accelerated depreciation allowances	(115)	(30)	50
Tax effect of tax loss not recognised	1	54	44
Utilisation of previously recognised tax losses	<u>(4)</u>	<u>–</u>	<u>(57)</u>
Income tax expense	<u>332</u>	<u>262</u>	<u>352</u>

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

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Deductible temporary differences			
Unutilised tax losses (<i>Note 6(b)(i)</i>)	2	309	377
Accelerated depreciation allowances	<u>(667)</u>	<u>(839)</u>	<u>(557)</u>
Net taxable temporary difference	<u><u>(665)</u></u>	<u><u>(530)</u></u>	<u><u>(180)</u></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 for the year includes a loss of approximately HK\$248,000 (2006: profit of approximately HK\$96,000; 2005: loss of approximately HK\$651,000) 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 Relevant Period is based on the following data:–

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Earnings			
Profit attributable to shareholders of the Company for the year	<u>12,035</u>	<u>438</u>	<u>1,681</u>
Shares			
Weighted average number of ordinary shares in issue	<u>82,241,471</u>	<u>102,076,997</u>	<u>104,802,000</u>

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

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.

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

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

	Fees <i>HK\$'000</i>	Basic salaries, allowances and other benefits <i>HK\$'000</i>	Retirement scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
2005				
Executive directors:				
Fung Pak Chuen, Alphonso	–	2,255	69	2,324
Lo, Richard	–	–	–	–
	–	2,255	69	2,324
Non-executive director:				
Sugii Toshio	–	–	–	–
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
	180	2,255	69	2,504
2006				
Executive directors:				
Fung Pak Chuen, Alphonso	–	1,531	69	1,600
Lo, Richard	–	–	–	–
	–	1,531	69	1,600

	Fees <i>HK\$'000</i>	Basic salaries, allowances and other benefits <i>HK\$'000</i>	Retirement scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
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
	<u>180</u>	<u>—</u>	<u>—</u>	<u>180</u>
	<u>180</u>	<u>1,531</u>	<u>69</u>	<u>1,780</u>

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

- (i) During the Relevant Period, 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.
- (ii) No directors waived any emoluments during the Relevant Period.

(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 Relevant Period are as follows:–

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Salaries and allowances	2,331	1,708	2,128
Retirement scheme contributions	<u>74</u>	<u>80</u>	<u>86</u>
	<u><u>2,405</u></u>	<u><u>1,788</u></u>	<u><u>2,214</u></u>

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

- (i) During the Relevant Period, 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.

11. PLANT AND EQUIPMENT

	Motor vehicle <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:–					
At 1.1.2005	828	12	–	–	840
Additions	–	889	22	124	1,035
Disposals	–	(1)	–	–	(1)
Disposals of subsidiaries (Note 22)	<u>(828)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(828)</u>
At 31.12.2005	<u>–</u>	<u>900</u>	<u>22</u>	<u>124</u>	<u>1,046</u>
Accumulated depreciation:–					
At 1.1.2005	740	1	–	–	741
Charge for the year	66	170	4	19	259
Written back on disposals	–	(1)	–	–	(1)
Written back on disposals of subsidiaries (Note 22)	<u>(806)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(806)</u>
At 31.12.2005	<u>–</u>	<u>170</u>	<u>4</u>	<u>19</u>	<u>193</u>
Net book value:–					
At 31.12.2005	<u><u>–</u></u>	<u><u>730</u></u>	<u><u>18</u></u>	<u><u>105</u></u>	<u><u>853</u></u>

	Computer equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:–				
At 1.1.2006	900	22	124	1,046
Exchange adjustment	3	–	3	6
Additions	671	12	165	848
Disposals	(46)	–	(65)	(111)
	<u>1,528</u>	<u>34</u>	<u>227</u>	<u>1,789</u>
At 31.12.2006	1,528	34	227	1,789
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)
	<u>613</u>	<u>12</u>	<u>60</u>	<u>685</u>
At 31.12.2006	613	12	60	685
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)
	<u>1,767</u>	<u>35</u>	<u>229</u>	<u>2,031</u>
At 31.12.2007	1,767	35	229	2,031
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)
	<u>1,090</u>	<u>20</u>	<u>153</u>	<u>1,263</u>
At 31.12.2007	1,090	20	153	1,263
Net book value:–				
At 31.12.2007	<u>677</u>	<u>15</u>	<u>76</u>	<u>768</u>

12. INTERESTS IN SUBSIDIARIES

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
Unlisted shares, at cost	100	100	100
Less: Provision for impairment loss	(100)	(100)	(100)
	–	–	–
Amounts due from subsidiaries – Note 12(b)	3,802	5,732	5,271
	<u>3,802</u>	<u>5,732</u>	<u>5,271</u>

(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.

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

13. INTERESTS IN ASSOCIATES

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Share of net assets/(liabilities)	566	(27)	–
Amounts due from associates – <i>Note 13(b)</i>	<u>683</u>	<u>332</u>	<u>3</u>
	<u><u>1,249</u></u>	<u><u>305</u></u>	<u><u>3</u></u>

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

Name	Place of incorporation	Particulars of issued shares	Assets	Liabilities	Revenue	Loss	Interest held
			<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
2007							
Jackstar Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	<u>5</u>	<u>12</u>	<u>–</u>	<u>(3)</u>	<u>50</u>
2006							
Automated Logistics Solutions Limited	Hong Kong	200 ordinary shares of HK\$1 each and 2 A 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	<u>1</u>	<u>5</u>	<u>1</u>	<u>(5)</u>	<u>50</u>

Name	Place of incorporation	Particulars of issued shares	Assets HK\$'000	Liabilities HK\$'000	Revenue HK\$'000	Loss HK\$'000	Interest held %
2005							
Automated Logistics Solutions Limited	Hong Kong	200 ordinary shares of HK\$1 each and 2 A shares of HK\$1 each *	3,288	2,153	4,291	1,135	49.5
Jackstar Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	<u>10</u>	<u>12</u>	<u>1</u>	<u>(12)</u>	<u>50</u>

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

14. INVENTORIES

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
Equipment and accessories held for re-sale	317	1,459	1,599
Spare parts	<u>2,508</u>	<u>1,818</u>	<u>1,977</u>
	<u>2,825</u>	<u>3,277</u>	<u>3,576</u>

15. DEBTORS, DEPOSITS AND REPAYMENTS

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
Debtors, deposits and prepayments comprise:			
Trade debtors	8,302	4,946	7,816
Other debtors, deposits and prepayments	<u>1,022</u>	<u>863</u>	<u>405</u>
	<u>9,324</u>	<u>5,809</u>	<u>8,221</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.

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 3 months	7,970	4,535	6,448
4 – 6 months	269	282	1,301
7 – 12 months	63	129	67
	<u>8,302</u>	<u>4,946</u>	<u>7,816</u>

16. CASH AND BANK BALANCES

At 31st December, 2005, 2006 and 2007, the cash and bank balances of the Group denominated in Renminbi amounted to approximately HK\$569,000, HK\$324,000 and HK\$879,000 respectively. Renminbi is not freely convertible into foreign currencies. Subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks authorised to conduct foreign exchange business.

17. AMOUNTS DUE FROM/(TO) THE ULTIMATE HOLDING COMPANY/A SHAREHOLDER/RELATED COMPANIES AND FELLOW SUBSIDIARIES

- (a) The amount due from/(to) a shareholder are interest-free, unsecured and repayable on demand. The directors consider the carrying amounts approximate their fair values.
- (b) The amount due from the ultimate holding company is interest-free, unsecured and repayable on demand. The directors consider the carrying amount approximates its fair value.
- (c) 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.
- (d) The amounts due from/(to) fellow subsidiaries are interest-free, unsecured and repayable on demand. The directors consider the carrying amounts approximate their fair value.
- (e) 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 Companies Ordinance in relation to an amount due from a related company in which directors Fung Pak Chuen, Alphonso, Lo, Richard have controlling interest are as follows:-

	Balance outstanding							
	Maximum outstanding		At 31.12.2005	Maximum outstanding		At 31.12.2006	Maximum outstanding	
	At 1.1.2005	during the year 1.1.2005 to 31.12.2005	and 1.1.2006	during the year 1.1.2006 to 31.12.2006	and 1.1.2007	during the year 1.1.2007 to 31.12.2007	At 31.12.2007	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Related company								
CL Systems (China) Limited	-	-	-	-	-	8	8	

18. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Creditors, accruals and deposits and deposits received comprise:			
Trade creditors	1,414	1,395	2,584
Other creditors, accruals and deposits	3,459	3,280	2,658
Deferred revenue	1,978	1,239	1,112
Deposits received	—	—	615
	<u>6,851</u>	<u>5,914</u>	<u>6,969</u>

The following is an aging analysis of trade creditors:

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 3 months	1,414	1,395	2,417
4 – 6 months	—	—	167
	<u>1,414</u>	<u>1,395</u>	<u>2,584</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.

20. SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>
Authorised:—		
Ordinary shares of HK\$0.01 each at 1.1.2005	1,000,000,000	10,000
Capital reduction – <i>Note 20(b)(i)</i>	—	(90,000)
Cancellation – <i>Note 20(b)(iv)</i>	(684,000,000)	—
Subdivision of shares – <i>Note 20(b)(iv)</i>	<u>684,000,000</u>	<u>—</u>
Ordinary shares of HK\$0.01 each at 31.12.2005 and 1.1.2006	1,000,000,000	10,000
Share consolidation – <i>Note 20(c)</i>	<u>(800,000,000)</u>	<u>—</u>
Ordinary shares of HK\$0.05 each at 31.12.2006 and 31.12.2007	<u>200,000,000</u>	<u>10,000</u>

	Number of shares	HK\$'000
Issued and fully paid:-		
Ordinary shares of HK\$0.01 each at 1.1.2005	240,000,000	24,000
Capital reduction – <i>Note 20(b)(i)</i>	–	(21,600)
Rights issue – <i>Note 20(c)</i>	<u>240,000,000</u>	<u>2,400</u>
Ordinary shares of HK\$0.01 each at 31.12.2005 and 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>
Ordinary shares of HK\$0.05 each at 31.12.2006 and 31.12.2007	<u>104,802,000</u>	<u>5,240</u>

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

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

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

- (b) By the order of the Grand Court of the Cayman Islands dated 14th January, 2005 and special resolution passed on 12th October, 2004, to reduce and diminish the authorised and issued share capital of the Company (“Capital Reduction”) by the following ways:-
- (i) to reduce the share capital of the Company by cancelling issued and paid up capital to the extent of HK\$0.09 on each of shares in issue and by reducing the nominal value of all issued and unissued shares from HK\$0.10 each to HK\$0.01 each;

- (ii) to cancel the share premium account;
- (iii) to apply the credit arising from the capital reduction and cancellation of the share premium account to set off in full the accumulated losses of the Company, which amounted to approximately HK\$45,642,000 as shown in the audited financial statements of the Company for the year ended 31st December, 2004; and
- (iv) to cancel 684,000,000 unissued shares of HK\$0.10 each in the share capital of the Company and each remaining unissued shares of HK\$0.10 each in the share capital of the Company be subdivided into 10 unissued new shares of HK\$0.01 each.
- (c) The Company raised HK\$4.8 million before expenses by way of a rights issue of 240,000,000 rights shares at a price of HK\$0.02 per rights share payable in full on acceptance on the basis of one rights share for every one existing share held on 3rd May, 2005. All rights shares issued rank pari passu with the then existing share in all respects.
- The Company used the net proceeds amounted to approximately HK\$4.3 million from the rights issue for its general working capital purposes.
- (d) 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.
- (e) 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 1.1.2005	19,030	100	(54,742)	(35,612)
Capital reduction (<i>Note 20(b)</i>)	(19,030)	–	40,630	21,600
Rights issue of shares (<i>Note 20(c)</i>)	2,400	–	–	2,400
Share issuing expenses	(520)	–	–	(520)
Elimination of exchange reserve upon disposal of a PRC subsidiary	–	(100)	–	(100)
Translation of financial statements of a PRC subsidiary and an associate	–	4	–	4
Profit for the year	–	–	12,035	12,035
At 31.12.2005 and 1.1.2006	1,880	4	(2,077)	(193)
Issue of shares (<i>Note 20(d)</i>)	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
At 31.12.2007	<u>3,465</u>	<u>196</u>	<u>42</u>	<u>3,703</u>

The Company

	Share premium <i>HK\$'000</i>	(Accumulated losses)/ retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1.1.2005	19,030	(45,642)	(26,612)
Capital reduction (<i>Note 20(b)</i>)	(19,030)	40,630	21,600
Rights issue of shares (<i>Note 20(c)</i>)	2,400	–	2,400
Share issuing expenses	(520)	–	(520)
Loss for the year	–	(651)	(651)
At 31.12.2005 and 1.1.2006	1,880	(5,663)	(3,783)
Issued of shares (<i>Note 20(d)</i>)	1,761	–	1,761
Share issuing expenses	(176)	–	(176)
Profit for the year	–	96	96
At 31.12.2006 and 1.1.2007	3,465	(5,567)	(2,102)
Loss for the year	–	(248)	(248)
At 31.12.2007	<u>3,465</u>	<u>(5,815)</u>	<u>(2,350)</u>

22. DISPOSAL OF SUBSIDIARIES

	2005 <i>HK\$'000</i>
Net liabilities disposal of:–	
Plant and equipment	22
Debtors deposits and prepayments	975
Cash and bank balances	126
Secured bank loan	(31)
Creditors, accruals and deposits received	(9,976)
Amount due to a related company	(474)
Value added tax payable	(259)
Exchange reserve	(100)
	(9,717)
Consideration	(50)
Gain on disposal of subsidiaries	<u>(9,767)</u>
Satisfied by:–	
Cash received	<u>50</u>

- (a) Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries amounted to approximately HK\$76,000.
- (b) The disposal of subsidiaries was related to the business segment – sales of bank packaged software products (note 26(a)). Accordingly, it is regarded as a discontinued operation.

- (i) The revenue, expenses, pre-tax profit and income tax expense of the discontinued operation are set out below:–

	<i>HK'000</i>
Revenue	10,767
Expenses	<u>(943)</u>
Profit before income tax	<u><u>9,824</u></u>
Tax expenses attributable to the discontinued operation	<u><u>–</u></u>

- (ii) The net cash flows attributable to the discontinued operation are set out below:–

	<i>HK\$'000</i>
Net cash used in operating activities	(488)
Net cash from investing activities	166
Net cash used in financing activities	<u>(91)</u>
	<u><u>(413)</u></u>

- (iii) The basic earning per share for discontinued operation is HK\$0.12 cents calculated by the profit for the year attributable to the discontinued operations of HK\$9,824,000 divided by the weighted average number of ordinary shares in issue of 82,241,471.

23. OPERATING LEASES COMMITMENTS

As at 31st December, 2005, 2006 and 2007, the Group had outstanding commitments under non-cancellable operating leases for which the aggregate minimum lease payments fall due as follows:–

	2005	2006	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	848	2,304	2,160
In the second to fifth years inclusive	<u>–</u>	<u>2,712</u>	<u>552</u>
	<u><u>848</u></u>	<u><u>5,016</u></u>	<u><u>2,712</u></u>

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.

24. RELATED PARTY TRANSACTIONS

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

	<i>Note</i>	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Provision of IT services to CLIH Group	(i)	40,587	34,358	29,738
Purchases from CLIH Group	(i)	24,173	19,103	13,779
Sales of plant and equipment to an associate	(ii)	117	-	-
Acquisition of plant and equipment from CLIH Group	(ii)	<u>243</u>	<u>240</u>	<u>82</u>

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**

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Salaries, allowances and other benefits in kind	3,676	2,374	3,776
Retirement scheme contributions	<u>132</u>	<u>110</u>	<u>168</u>
	<u>3,808</u>	<u>2,484</u>	<u>3,944</u>

25. 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, 2005, 2006 and 2007 that exposed to currency risks were as follows:-

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Financial assets denominated in foreign currencies:-			
Debtors, deposits and prepayment	2,745	2,037	6,179
Cash and bank balances	<u>1,216</u>	<u>467</u>	<u>1,100</u>
	3,961	2,504	7,279
Financial liabilities denominated in foreign currencies:-			
Creditors, accruals and deposits	<u>(546)</u>	<u>(814)</u>	<u>(1,020)</u>
Net financial assets exposed to currency risks	<u>3,415</u>	<u>1,690</u>	<u>6,259</u>

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

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
USD	2,142	1,445	5,162
Renminbi	<u>1,273</u>	<u>244</u>	<u>1,097</u>
	<u><u>3,415</u></u>	<u><u>1,690</u></u>	<u><u>6,259</u></u>

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 weaken against Hong Kong dollars by 5% at the balance sheet date, the net assets as at 31st December, 2005, 2006 and 2007 of the Group would decreased by approximately HK\$64,000, HK\$12,000 and HK\$55,000 respectively.

(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, 2005, 2006 and 2007, which represented the amounts of maximum exposure to credit risks, were as follows:-

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Amounts due from associates	683	332	3
Debtors, deposits and prepayment	9,324	5,809	8,221
Amount due from a shareholder	-	12	-
Amount due form the ultimate holding company	12	-	-
Amount due from related companies	27	2,652	2,466
Amounts due from fellow subsidiaries	27	-	-
Bank balances	<u>6,620</u>	<u>2,087</u>	<u>3,124</u>
	<u><u>16,693</u></u>	<u><u>10,892</u></u>	<u><u>13,814</u></u>

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

(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.

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Total debt	16,330	8,228	9,347
Less: Cash and cash equivalents	<u>6,620</u>	<u>2,087</u>	<u>3,124</u>
Net debt	<u><u>9,710</u></u>	<u><u>6,141</u></u>	<u><u>6,223</u></u>
Total equity	<u><u>4,607</u></u>	<u><u>7,146</u></u>	<u><u>8,958</u></u>
Net debt-to-adjusted capital ratio	<u><u>211%</u></u>	<u><u>85%</u></u>	<u><u>69%</u></u>

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.

Maturities of the financial liabilities of the Group and the Company as at 31st December, 2005, 2006 and 2007 were as follows:-

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Total amounts of contractual undiscouted obligations:-			
Creditors, accruals and deposits received	6,851	5,914	6,969
Amount due to a shareholder	-	-	15
Income tax payable	146	58	107
Amounts due to fellow subsidiaries	7,077	-	-
Loans from directors	<u>2,256</u>	<u>2,256</u>	<u>2,256</u>
	<u><u>16,330</u></u>	<u><u>8,228</u></u>	<u><u>9,347</u></u>
Due for payment:-			
Repayable on demand or within one year	14,074	5,972	7,091
In the second to fifth years	<u>2,256</u>	<u>2,256</u>	<u>2,256</u>
	<u><u>16,330</u></u>	<u><u>8,228</u></u>	<u><u>9,347</u></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.

26. 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 three business segments, (i) provision of IT services, (ii) supply chain solutions and (iii) Bank packaged software products.

	IT services			Supply chain solutions			Bank packaged software products			Unallocated items			Elimination			Consolidated		
	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
Revenue from external customers	50,217	42,090	36,353	31,601	24,782	24,145	872	-	-	-	-	-	-	-	-	82,690	66,872	60,498
Inter-segment sales	-	2,521	-	-	2,666	-	-	-	-	-	-	-	-	(5,187)	-	-	-	-
Total revenue	<u>50,217</u>	<u>44,611</u>	<u>36,353</u>	<u>31,601</u>	<u>27,448</u>	<u>24,145</u>	<u>872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,187)</u>	<u>-</u>	<u>82,690</u>	<u>66,872</u>	<u>60,498</u>
RESULTS																		
Segment results	1,463	239	68	1,165	1,546	2,357	60	-	-	(658)	(511)	(502)	-	-	-	2,030	1,274	1,923
Interest income	1	11	15	3	21	30	-	-	-	8	8	1	-	-	-	12	40	46
Finance costs	-	-	-	-	-	-	(3)	-	-	-	-	-	-	-	-	(3)	-	-
Gain on disposal of subsidiaries	-	-	-	-	-	-	9,767	-	-	-	-	-	-	-	-	9,767	-	-
Gain on disposal of an associate	-	-	-	-	-	63	-	-	-	-	-	-	-	-	-	-	-	63
Share of net losses of associates	-	-	-	567	(613)	(4)	-	-	-	(6)	(1)	-	-	-	-	561	(614)	(4)
Profit/(loss) before income tax	<u>1,464</u>	<u>250</u>	<u>83</u>	<u>1,735</u>	<u>954</u>	<u>2,446</u>	<u>9,824</u>	<u>-</u>	<u>-</u>	<u>(656)</u>	<u>(504)</u>	<u>(501)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,367</u>	<u>700</u>	<u>2,028</u>
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(332)	(262)	(352)
Profit for the year																<u>12,035</u>	<u>438</u>	<u>1,676</u>
SEGMENT ASSETS																		
Segment assets	4,317	9,678	5,556	7,542	4,854	12,458	-	-	-	7,829	537	288	-	-	-	19,688	15,069	18,302
Associate	3	2	3	1,246	303	-	-	-	-	-	-	-	-	-	-	1,249	305	3
Total segment assets	<u>4,320</u>	<u>9,680</u>	<u>5,559</u>	<u>8,788</u>	<u>5,157</u>	<u>12,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,829</u>	<u>537</u>	<u>288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,937</u>	<u>15,374</u>	<u>18,305</u>
SEGMENT LIABILITIES																		
Segment liabilities	(1,876)	(3,563)	(1,009)	(9,012)	(1,792)	(6,963)	-	-	-	(5,442)	(2,873)	(1,375)	-	-	-	(16,330)	(8,228)	(9,347)
OTHER INFORMATION																		
Depreciation	<u>179</u>	<u>428</u>	<u>487</u>	<u>15</u>	<u>98</u>	<u>144</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259</u>	<u>526</u>	<u>631</u>
Capital expenditure	<u>924</u>	<u>575</u>	<u>251</u>	<u>111</u>	<u>273</u>	<u>79</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,035</u>	<u>848</u>	<u>331</u>

(i) The business segment – sales of bank packaged software products has been disposed of in July, 2005 (note 22(c)) and is regarded as discontinued operations.

(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 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		
	2005	2006	2007	2005	2006	2007	2005	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>79,786</u>	<u>64,206</u>	<u>54,216</u>	<u>2,904</u>	<u>2,666</u>	<u>6,282</u>	<u>82,690</u>	<u>66,872</u>	<u>60,498</u>
Segment assets	<u>19,466</u>	<u>14,288</u>	<u>10,783</u>	<u>1,471</u>	<u>1,086</u>	<u>7,522</u>	<u>20,937</u>	<u>15,374</u>	<u>18,305</u>
Capital expenditure incurred during the year	<u>883</u>	<u>792</u>	<u>322</u>	<u>152</u>	<u>56</u>	<u>9</u>	<u>1,035</u>	<u>848</u>	<u>331</u>

27. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty are as follows:-

- (i) plant and equipment of HK\$853,000, HK\$1,104,000 and HK\$768,000 at 31st December, 2005, 2006 and 2007 respectively 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\$8,320,000, HK\$4,946,000 and HK\$7,816,000 at 31st December, 2005, 2006 and 2007 respectively 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.

III. SUBSEQUENT EVENT

On 25th April, 2008, the conditional sale and purchase agreements were entered into between CL Solutions Services Limited, a wholly-owned subsidiary of the Company and CL Solutions (China) Limited ("CLS China"), a company related to the Company, regarding the sale of 100% equity interest of CL Solutions; and between Computech International Limited, a wholly-owned subsidiary of the Company and CLS China regarding the sale of 100% equity interest of Victor Group at a total consideration of approximately HK\$6,060,000, payable by cash. The sale and purchase agreements will become unconditional upon the approval of the shareholders of the Company. Details of the disposals are set out in the Company's announcement dated 2nd May, 2008.

Included in the consolidated income statements are the following results attributable to the Disposal Group during the relevant period which are presented on a combined basis after elimination of intra-entities transactions:

	2005	2006	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	31,602	27,448	24,145
Cost of sales	<u>(20,096)</u>	<u>(16,714)</u>	<u>(14,193)</u>
Gross profit	11,506	10,734	9,952
Other income	15	151	268
Selling and distribution expenses	(1,344)	(1,522)	(1,235)
Administrative expenses	<u>(9,056)</u>	<u>(6,697)</u>	<u>(6,735)</u>
Operating profit	1,121	2,666	2,250
Share of result of associates	<u>567</u>	<u>(610)</u>	<u>-</u>
Profit before income tax	1,688	2,056	2,250
Income tax expense	<u>(197)</u>	<u>(240)</u>	<u>(343)</u>
Profit for the year	<u><u>1,491</u></u>	<u><u>1,816</u></u>	<u><u>1,907</u></u>
Attributable to:			
Shareholders of the Disposal Group	1,491	1,816	1,912
Minority interests	<u>-</u>	<u>-</u>	<u>(5)</u>
Profit for the year	<u><u>1,491</u></u>	<u><u>1,816</u></u>	<u><u>1,907</u></u>

Included in the consolidated balance sheets are the following balances of assets and liabilities attributable to the Disposal Group as at respective balance sheet dates which are presented on a combined basis after elimination of intra-entities transactions:

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Plant and equipment	222	362	253
Interests in associates	<u>114</u>	<u>302</u>	<u>–</u>
	<u>336</u>	<u>664</u>	<u>253</u>
CURRENT ASSETS			
Inventories	318	1,459	1,599
Debtors, deposits and prepayments	7,559	4,687	6,377
Amounts due from fellow subsidiaries	646	114	562
Amounts due from related companies	6	524	21
Cash and bank balances	<u>3,777</u>	<u>730</u>	<u>1,846</u>
	<u>12,306</u>	<u>7,514</u>	<u>10,405</u>
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and deposits received	2,975	2,772	3,232
Amounts due to related companies	6,940	1,016	1,345
Amount due to an intermediate holding company	1,199	–	–
Amounts due to fellow subsidiaries	378	1,440	1,012
Income tax payable	<u>118</u>	<u>43</u>	<u>103</u>
	<u>11,610</u>	<u>5,271</u>	<u>5,692</u>
NET CURRENT ASSETS	<u>696</u>	<u>2,243</u>	<u>4,713</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u><u>1,032</u></u>	<u><u>2,907</u></u>	<u><u>4,966</u></u>
REPRESENTING:			
SHARE CAPITAL	300	300	300
RESERVES	<u>732</u>	<u>2,607</u>	<u>4,651</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE DISPOSAL GROUP	1,032	2,907	4,951
MINORITY INTERESTS	<u>–</u>	<u>–</u>	<u>15</u>
TOTAL EQUITY	<u><u>1,032</u></u>	<u><u>2,907</u></u>	<u><u>4,966</u></u>

Included in the consolidated cash flow statements are the following cash flows attributable to the Disposal Group during the relevant period which are presented on a combined basis after elimination of intra-entities transactions:

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	1,688	2,056	2,250
Adjustments for:			
Interest income	(3)	(52)	(9)
Depreciation	45	150	20
Loss on disposal of plant and equipment	–	43	37
Share of results of associates	(567)	610	–
Operating profit before working capital changes	1,163	2,807	2,298
Decrease/(increase) in inventories	260	(1,141)	(140)
(Increase)/decrease in debtors, deposits and prepayments	(4,837)	2,872	(1,642)
(Increase)/decrease in amounts due from related companies	(6)	(518)	503
Decrease in amount due from an intermediate holding company	400	–	–
(Increase)/decrease in amounts due from fellow subsidiaries	(229)	532	(448)
Increase/(decrease) in creditors, accruals and deposits received	1,351	(203)	460
Increase/(decrease) in amounts due to related companies	2,410	(5,924)	329
Increase/(decrease) in amounts due to the ultimate holding company	1,199	(1,199)	–
Decrease in amount due to an intermediate holding company	(4)	–	–
Increase/(decrease) in amounts due to fellow subsidiaries	343	1,062	(428)
Cash generated from/(used in) operations	2,050	(1,712)	932
Interest received	3	52	9
Income tax paid	(158)	(315)	(283)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<u>1,895</u>	<u>(1,975)</u>	<u>658</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire plant and equipment	(264)	(329)	(9)
Decrease/(increase) in amounts due from associates	453	(798)	344
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>189</u>	<u>(1,127)</u>	<u>335</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares to a minority shareholder	–	–	20
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>–</u>	<u>–</u>	<u>20</u>

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,084	(3,102)	1,013
EXCHANGE ADJUSTMENT OF CASH AND CASH EQUIVALENTS	5	55	103
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	<u>1,688</u>	<u>3,777</u>	<u>730</u>
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER			
Cash and bank balances	<u><u>3,777</u></u>	<u><u>730</u></u>	<u><u>1,846</u></u>

Statement of changes in equity of the Disposal Group:

	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
AT 1ST JANUARY	(464)	1,032	2,907
Exchange translation of financial statements of a PRC subsidiary	5	59	132
Profit for the year	1,491	1,816	1,907
Issue of shares to a minority shareholder	<u>—</u>	<u>—</u>	<u>20</u>
AT 31ST DECEMBER	<u><u>1,032</u></u>	<u><u>2,907</u></u>	<u><u>4,966</u></u>

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31st December, 2007.

Yours faithfully

PKF

Certified Public Accountant

Hong Kong

29th May, 2008

1. INDEBTEDNESS**Borrowings**

As at the close of business on 31st March, 2008 being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$2,256,000, which comprises loans from Directors.

Bank borrowings

As at 31st March, 2008, the Group did not have any bank borrowings.

Contingent liabilities

As at 31st March, 2008, the Group had no material contingent liabilities.

Commitments*(i) Operating lease commitments*

As at 31st March, 2008, the Group had operating lease commitments of approximately HK\$1,944,000 in respect of rental payable by the Group for its office premises.

(ii) Capital Commitments

As at 31st March, 2008, the Group had no capital commitments.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31st March, 2008, the Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other contingent liabilities.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 31st March, 2008 and up to the Latest Practicable Date.

2. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds, the Group will have sufficient working capital for at least twelve months from the date of this circular.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2007, the date to which the latest published audited financial statements of the Group were made up.

4. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP**Year ended 31st December, 2007**

The principal activities of the Group for the financial year 2007 was the 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 PRC and Hong Kong.

For the year ended 31st December, 2007, the Group recorded turnover of about HK\$60.5 million (2006: HK\$66.9 million) and gross profit of about HK\$17.0 million (2006: HK\$17.8 million), representing a decrease of about 9.5% and 4.4% respectively compared to 2006. Decrease in overall turnover was due to expiry of a number of contracts in warranty services outsource under the IT service business during third quarter of 2006. The Group recorded net profit attributable to Shareholders of about HK\$1.7 million in 2007 (2006: HK\$0.44 million), representing an increase of about 2.8 times. Such increase was principally due to the disposal of Automated Logistics Solutions Limited, an associate of the Group, as well as costs saving in operating activities.

As at 31st December, 2007, the total assets of the Group were approximately HK\$18.3 million (2006: HK\$15.4 million), including cash and bank deposits of approximately HK\$3.1 million (2006: HK\$2.1 million) and debtors, deposits and prepayments of approximately HK\$8.2 million (2006: HK\$5.8 million).

The Group's current assets are approximately 2.5 times (2006: 2.3 times) 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\$2.3 million (2006: HK\$2.3 million). The loans are interest-free, unsecured and not repayable until the Group is in a position to do so. Saved for the aforesaid, the Group did not have any other long-term borrowings in 2007.

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 HK\$ or US\$. The foreign exchange risk in the transaction of US\$ to HK\$ is limited as HK\$ are being linked to US\$. During the financial year ended 31st December, 2007, the Group did not use any financial instruments for hedging purposes.

On 3rd October, 2007, CL Solutions entered into a sale and purchase agreement with Liu Si Ca, an associate of a substantial shareholder of CL Logistics for the disposal of the loss-making Automated Logistics Solution Limited and a Shareholder's loan for a total consideration of HK\$340,000. Save for the aforesaid, the Group did not have any material acquisitions or disposals of companies during the year ended 31st December, 2007. Details are set out in the circular of the Company dated 23rd October, 2007.

As at 31st December, 2007, the Group had 132 employees (2006: 132 employees). Remuneration is determined by reference to market terms and 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.

Year ended 31st December, 2006

The principal activities of the Group for the financial year 2006 was the 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 PRC and Hong Kong.

For the year ended 31st December, 2006, the Group recorded turnover of about HK\$66.9 million (2005: HK\$82.7 million) and gross profit of about HK\$17.8 million (2005: HK\$22.2 million), representing a decrease of about 19.1% and 20.1% respectively compared to 2005. Decrease in overall turnover was due to expiry of certain warranty services outsource contracts under the IT service business. The Group recorded net profit attributable to Shareholders of about HK\$0.44 million in 2006 (2005: HK\$12.0 million). Such sharp decrease in net profit was principally due to the substantial gain on disposal of subsidiaries in 2005. It was also attributable to the decrease in revenue and share of the loss of an associate.

As at 31st December, 2006, the total assets of the Group were approximately HK\$15.4 million (2005: HK\$20.9 million), including cash and bank deposits of approximately HK\$2.1 million (2005: HK\$6.6 million) and debtors, deposits and prepayments of approximately HK\$5.8 million (2005: HK\$9.3 million).

The Group's current assets are approximately 2.3 times (2005: 1.34 times) over its current liabilities whereas the gearing ratio, representing non-current liabilities over total assets, was 0.15 (2005: 0.11). The Group's non-current liabilities, being non-current loans from Directors, were approximately HK\$2.3 million (2005: HK\$2.3 million). The loans are interest-free, unsecured and not repayable until the Group is in a position to do so. Save for the aforesaid, the Group did not have any other long-term borrowings during 2006.

The Group undertook a shares consolidation exercise in June, 2006 whereby every five shares of par value HK\$0.01 each was consolidated into one consolidated share of par value HK\$0.05 each. Immediate after the shares consolidation became effect, the authorised share capital of the Company became HK\$10,000,000 comprising 200,000,000 consolidated shares, of which 104,802,000 consolidated shares were in issue.

Save as disclosed above, there was no other change on the Group's capital structure for the year ended 31st December, 2006.

The Group's foreign exchange risk is primarily attributable to its trade debtors. The foreign exchange risk is minimal as most of the trade debtors are denominated in HK\$ or US\$. The foreign exchange risk in the translation of US\$ to HK\$ is limited as HK\$ are being linked to US\$.

As at 31st December, 2006, the Group had 132 employees (2005: 159 employees). Remuneration is determined by reference to market terms and 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.

Year ended 31st December, 2005

The principal activities of the Group for the financial year 2005 was the research, development and sale of packaged software products, provision of IT services and supply chain solutions in the PRC and Hong Kong.

For the year ended 31st December, 2005, the Group recorded turnover of about HK\$82.7 million (2004: HK\$43.2 million) and gross profit of about HK\$22.2 million (2004: HK\$10.3 million), representing an increase of about 91.2% and 116.3% respectively compared to 2004. The Group recorded net profit attributable to Shareholders of about HK\$12.0 million in 2005 (2004: net loss of HK\$11.8 million). The improvement was principally due to the business

growth in IT services and supply chain solutions and the disposal of two subsidiaries which were engaged in the provision of packaged software products. Such disposal resulted in a gain of about HK\$9.8 million. Save for the aforesaid, there was no material acquisitions and disposals of subsidiaries and affiliated companies of the Group during the year 2005.

As at 31st December, 2005, the total assets of the Group were approximately HK\$21.0 million (2004: HK\$13.9 million), including cash and bank deposits of approximately HK\$6.6 million (2004: HK\$5.3 million) and debtors, deposits and prepayments of approximately HK\$9.3 million (2004: HK\$5.6 million).

The Group's current assets were approximately 1.34 times (2004: 0.59 times) over its current liabilities whereas the gearing ratio, representing bank borrowing and non-current liabilities over total assets was 0.11 (2004: 0.17). The Group's non-current loans from Directors were approximately HK\$2.3 million (2004: HK\$2.3 million). The loans are interest-free, unsecured and not repayable until the Group is in a position to do so. Saved for the aforesaid, the Group did not have any other long-term borrowings during 2005.

In January 2005, the Group undertook a capital reorganization exercise which involved reducing the nominal value of all issued and unissued shares of the company from HK0.10 each to HK\$0.01 each and to apply the credit arising from the capital reduction and cancellation of the share premium account to set off in full the accumulated losses of the Company.

The Company also completed a rights issue exercise on the basis of one rights share for every one ordinary share held at an issue price of HK\$0.02 per rights share in May, 2005. The net proceeds of the rights issue amounted to approximately HK\$4.3 million are being used for general working capital purpose.

Save for the above, there was no other change on the Group's capital structure for the year ended 31st December, 2005.

The Group's foreign exchange risk is primarily attributable to its trade debtors. The foreign exchange risk is minimal as most of the trade debtors are denominated in HK\$ or US\$. The foreign exchange risk in the translation of US\$ to HK\$ is limited as HK\$ are being linked to US\$.

As at 31st December, 2005, the Group had 159 employees (2004: 217 employees). Remuneration is determined by reference to market terms and 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

For each of the three years ended 31st December, 2005, 2006 and 2007, the Remaining Group's principal activities were the provision of IT services, including consultancy, technical support, systems integration, call center and secondment services in Hong Kong.

For each of the three years ended 31st December, 2005, 2006 and 2007, the Remaining Group recorded turnover of approximately HK\$51.1 million, HK\$39.4 million and HK\$36.4 million respectively, representing about 61.8%, 59.0% and 60.1% of the turnover of the Group.

As at 31st December, 2005, 2006 and 2007, the Remaining Group had cash and cash balances of about HK\$2.8 million, HK\$1.4 million and HK\$5.1 million respectively.

As at 31st December, 2005, 2006 and 2007, the Remaining Group's current assets were approximately 1.3 times, 1.6 times and 3.5 times over its current liabilities whereas the gearing ratio, representing bank borrowing and non-current liabilities over total assets was 0.24, 0.22 and nil respectively. The Remaining Group's non-current loans from Directors were approximately HK\$2.3 million in 2005 and 2006. Assuming the Disposals were completed as at 31st December, 2007, such loans from Directors would be fully settled by the proceeds from the Disposals.

The Remaining Group's foreign exchange risk is primarily attributable to its trade debtors for each of the three years ended 31st December, 2005, 2006 and 2007. The foreign exchange risk is minimal as most of the trade debtors are denominated in HK\$ or US\$. The foreign exchange risk in the translation of US\$ to HK\$ is limited as HK\$ are being linked to US\$.

The Remaining Group did not have any material acquisition or disposal of companies for each of the three years ended 31st December, 2005, 2006 and 2007.

As at 31st December, 2005, 2006 and 2007, the Remaining Group had 120, 108 and 118 employees respectively. Remuneration is determined by reference to market terms and 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.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent valuers, Greater China Appraisal Limited.

GREATER CHINA APPRAISAL LIMITED

漢華評值有限公司

29th May, 2008

The Directors
Computech Holdings Limited
10/F Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

Dear Sirs,

In accordance with the instructions from Computech Holdings Limited (the “Company”), we have completed a valuation of the 100% controlling and non-marketable fair value of CL Solutions Limited and Victor Group Limited (together referred to the “Disposal Group”) as at 31st March, 2008 (referred to as the “Valuation Date”):

Business enterprises	Equity interest
1. CL Solutions Limited	100%
2. Victor Group Limited	100%

This report identifies the business enterprises, describes the basis of valuation, investigation and analysis, assumptions, limiting conditions and presents our opinion of value. Excluded from this valuation are all real estate property, machinery, equipment, supplies, stocks, spare parts, material on hand, inventories, current assets or current liabilities that may exist.

The purpose of this valuation is to provide an independent opinion of the fair value of the Disposal Group as of the Valuation Date. It is our understanding that this valuation will be used by your company as a reference of consideration for the disposal of the Disposal Group (the “Disposals”) only. Our analysis was conducted for this purpose only and this report should be used for no other purposes.

INTRODUCTION

CL Solutions Limited

CL Solutions Limited is principally engaged in the provision of supply chain solutions and related services. It in turn holds 70% equity interests in CL Logistic Solutions Limited, which is a dormant company incorporated in Hong Kong and does not carry any business activity.

Victor Group Limited

Victor Group Limited is an investment holding company and the principal activity of its subsidiary, Guangzhou CL Solutions Limited, is the provision of supply chain solutions and related services in the PRC.

BASIS OF VALUATION

We have valued the Disposal Group on the basis of fair value.

Fair Value

According to Hong Kong Financial Reporting Standard, fair value is the amount for which an asset could be exchanged, or a fair value liability settled, between knowledgeable, willing parties in an arm's length transaction.

For the purpose of this valuation, the term fair value is similar and/or interchangeable with the valuation standards or definitions below and will be used throughout this valuation report.

Market Value

According to The Hong Kong Business Valuation Forum – Business Valuation Standards, market value is defined as the estimated amount for which an asset (a property) should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Fair Market Value

The International Valuation Glossary defines fair market value as the amount at which property would change hands between a willing buyer and a willing seller, when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts.

Our valuation has been prepared in accordance with the HKIS Valuation Standards on Trade-related Business Assets and Business Enterprise (First Edition 2004) published by the Hong Kong Institute of Surveyors and the Business Valuation Standards (First Printed 2005) published by the Hong Kong Business Valuation Forum, which are generally accepted valuation standards followed by relevant professional practitioners in Hong Kong. These standards contain detailed guidelines on the basis and valuation approaches in valuing assets used in the operation of a trade or business and business enterprises.

Premise of Value

Although valuation is a range concept, current valuation theory suggests that there are three basic “levels” of value applicable to a business or business interest. The levels of value are respectively:

- **Controlling interest:** the value of the enterprise as a whole
- **As if freely tradable minority interest:** the value of a minority interest, lacking control, but enjoying the benefit of market liquidity
- **Non-marketable minority interest:** the value of a minority interest, lacking both control and market liquidity

This valuation is prepared on a 100% controlling interest and non-marketable basis.

Assumptions

Our investigation included discussions with management of the Company in relation to the history and nature of the businesses, review and analysis of relevant financial information and preformed financial statements provided by the Company. We have assumed that such information and representation provided to us are true and accurate.

Owing to the changing environments in which the Disposal Group is operating and the market where the Disposal Group is provided, a number of assumptions have to be established in order to sufficiently support our opinion of fair value of the Disposal Group. The major assumptions adopted in this valuation are:

- there will be no material changes in the existing political, legal, fiscal, foreign trade and economic conditions in which the Disposal Group carries on or intends to carry on business;
- there will be no material changes in the current taxation law in which the Disposal Group carries on or intends to carry on business, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- there will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing;
- all relevant legal approvals and business certificates or licenses to operate the Disposal Group should have been formally obtained;
- there will be a sufficient supply of product and technical staff in the industries in which the Disposal Group operates; and
- The Disposal Group will retain competent management, key personnel, staff, and technical staff to support its ongoing operation and development.

METHODOLOGIES CONSIDERED BUT REJECTED

While there are many methods that can be used to determine the fair value of the Disposal Group, the fact pattern in the specific case of the case indicates that certain methodologies are inappropriate. The following lists those methods and the reasons why they are not used.

The Asset Approach

The Asset Approach was relied upon because of the nature of the underlying assets as well as the significant increase in value over their cost basis as of the valuation date is a better measure of value than other methods. Either one of the book value, replacement cost and liquidation value is used to estimate the current market value of the Disposal Group or its assets.

Book Value Method

The book value method is an accounting based value that is calculated by subtracting the book value of total liabilities from the book value of total assets. This method takes as fact that the underlying assets are the driving factor in the valuation of the Disposal Group and that the fair value is approximated by the book value.

The book value methodology was rejected for determining the value of the Disposal Group because our review indicates that the value of the enterprises are driven by the ability of the collection of assets in place to generate a benefit stream that is more important in terms of valuation than the value in the underlying assets themselves. In other words, the value of the individual assets and their associated liabilities are less important than the manner in which management has utilized them.

Liquidation Value Method

The liquidation value method develops a value by adjusting the reported book values of the Disposal Group's individual assets to their actual or estimated fair values as if they were to be sold in an orderly, piecemeal manner and subtracting the associated liabilities adjusted to their actual or estimated fair values. This method was rejected because our review indicates that the enterprise is an ongoing enterprise and it is more appropriately valued using another method.

Replacement Cost method

Replacement Cost method is the current cost of a similar new asset(s) having the nearest equivalent utility to the asset(s) being valued. The replacement cost is based on the so-called economic principle of substitution; it essentially measures what is the net value of the assets today and how much it would cost to replace those assets. We considered it to be inappropriate because it is very unlikely that there is a similar-enough substitute ready for use and very difficult to simulate one usable especially in the supply chain solutions business.

The Income Approach

The Income Approach is the most generally accepted way of determining a value indication of a business/project, business ownership interest, security, or intangible asset using one or more methods that convert anticipated economic benefits into a present single amount. However, in view of the unstable growing supply chain solutions development and related services environments in the PRC and Hong Kong as well as the keen competition of the Disposal Group related business environment, the future profits and cash flows for the Disposal Group are reasonably unpredictable. The traditional capitalized and discounted returns methods in the income approach are not considered as the most appropriate method in the valuation.

METHOD APPLIED

The Market Approach

We consider this approach to be appropriate because this approach to business valuation is rooted in the economic principle of competition: that in a free market the supply and demand forces will drive the price of business assets to certain equilibrium. Buyers would not pay more for the business, and the sellers will not accept less than the price of a comparable business enterprise. Besides, the market approach develops a value using the principle of substitution. This simply means that if one thing is similar to another and could be used (our case invested in) for the other, then they must be equal. The price of two like and similar items should approximate one another.

Guideline Public Company method

For the purpose of this appraisal, we have performed search for comparative companies from the public companies in connection with the related businesses. We have also determined and tested in the market average with the consideration of the applications of (i) historical price to earning multiples with returns on equity analysis, and (ii) historical price to book ratios analysis of companies in the same or similar lines of business or industries. We have analyzed, and weighed against all the respective advantages and disadvantages of the comparables in order to arrive a fair comparison of values. However, the fact that the turnover and the net income of the Disposal Group are substantially lower than those of the comparable public companies. As such, the traditional valuation multiples of public companies such as price to earnings ratio is not applicable to the valuation of Disposal Group in this company. Alternative for small to middle markets, EBITDA (earnings before interest, taxes, depreciation, and amortization) is an appropriate multiple to determine the acquisition price paid by the acquiring company.

Enterprise Value Multiple

$$\text{Formula: } \text{Enterprise Value Multiple} = \text{Enterprise Value/EBITDA}$$

The enterprise value multiple equals to the enterprise value to EBITDA. The enterprise value multiple serves as a proxy for how long it would take for an acquisition to break-ever (assuming no change in EBITDA). The high multiple needs an obvious rapid growth or significant economics of scale to support.

In light of the above, from the acquirer point of view, it would be too risky to acquire a business with high multiple, as the business is not expected to have a rapid growth in turnover. The required rate of return for acquiring a small businesses would be higher to reward the risk that the investor bears. As return is an inverse term of multiple, the higher the required rate of return, the lower the multiple. Therefore, investor tends to acquire small businesses with a low multiple. We applied enterprise value multiples of 2x and 2.5x for Victor Group Limited and CL Solution Limited, respectively.

SYNTHESIS AND RECONCILIATION

Because valuations cannot be made on the basis of a prescribed formula, there is no means whereby the various applicable factors in a particular case can be assigned mathematical weights in deriving the fair value. For this reason, no useful purpose is served by taking an average of several factors (for example, book value, capitalized earnings and capitalized dividends) and basing the valuation on the result. Such a process excludes active consideration of other pertinent factors, and the end result cannot be supported by a realistic application of the significant facts in the case except by mere chance.

The following comparative data summarizes and the various methods that we have accepted or considered and rejected, along with their respective final values. Each method is rated relative to the applicability of the method relative to Disposal Group's facts and circumstances, and strengths/weaknesses are discussed.

The Asset Approach

Book Value Method, Liquidation or Replacement Cost	NA
Application.	Rejected

The Income Approach

Discounted Cash Flow Method	N/A
Application.	Rejected

The Market Approach

Enterprise Value Multiple Method (EBITDA)	HKD 6,054,000
Application.	Accepted

Valuation Conclusion

Application of valuation methodologies, assumptions and adjustments as discussed above indicates a fair value of HKD6,054,000.

LIMITING CONDITIONS

We have made no investigation of and assumed no responsibility for the title to or any liabilities against the Company and the Disposal Group.

The opinions expressed in this report have been based on the information supplied to us by the Company, Disposal Group and its staff, as well as from various institutes and government bureaus without verification. All information and advice related to this valuation are provided by the company management reader of this report may perform due diligence themselves. We have exercised all due care in reviewing the supplied information. Although we have compared key supplied data with expected values, the accuracy of the results and conclusions from the review are reliant on the accuracy of the supplied data. We have relied on this information and have no reason to believe that any material facts have been withheld, or that a more detailed analysis may reveal additional information. We do not accept responsibility for any errors or omissions in the supplied information and do not accept any consequential liability arising from commercial decision or actions resulting from them.

This valuation reflects facts and conditions existing at the valuation date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, in our opinion, the fair value of the 100% controlling and non-marketable interest in the Disposal Group as of the Valuation Date shown below, with the assumption of free of all encumbrances, is reasonably stated as follows:

	Fair value <i>(HKD)</i>
CL Solutions Limited	4,430,000
Victor Group Limited	<u>1,624,000</u>
Disposal Group	<u><u>6,054,000</u></u>

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the Disposal Group or the Businesses and have neither personal interest nor bias with respect to the parties involved.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED

Samuel Y.C. Chan
BBA, MBA, AVA, CM & AA
Vice President
Head of Business Valuation

Note:

Mr. Samuel Y.C. Chan, MBA, Accredited Valuation Analyst of The National Association of Certified Valuation Analysts and Certified Merger & Acquisition Advisor, has been conducting business enterprise and intellectual property valuations for various purposes since 2004. He also spends a significant portion of his time in valuation of financial instruments including convertible bonds, preference shares, swaps, corporate guarantees and employee share options for private and public companies in China, Hong Kong, Taiwan, Japan, Singapore and the United States.

Analyzed and reported by
Veronica Y.M. Shih

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, PKF Hong Kong.

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

The Directors

Computech Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information of Computech Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively the “Group”) which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed disposal of 100% equity interest in CL Solutions Limited and Victor Group Limited (hereinafter collectively referred as the “Disposal Group”) might have affected the financial information of the Group presented, for inclusion as Appendix II of the Company’s circular dated 29th May, 2008 (the “Circular”). The basis of preparation of the unaudited pro forma financial information is set out on page 77 of the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:–

- the financial position of the Group as at 31st December, 2007 or any future dates.
- the results and cash flows of the Group for the year ended 31st December, 2007 or any future periods.

OPINION

In our opinion:

- the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

PKF*Certified Public Accountants*

Hong Kong

29th May, 2008

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the unaudited pro forma financial information of Computech Holdings Limited and its subsidiaries (collectively the “Group”) prepared to illustrate the effect of the proposed disposal of 100% equity interest CL Solutions Limited and Victor Group Limited (the “Disposal”).

The unaudited pro forma financial information has been prepared in accordance with paragraph 7.31 of the GEM Listing Rules for the purposes of illustrating the effect of the Disposal as if the Disposal took place on 31st December, 2007. The unaudited pro forma financial information has been prepared by the directors for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Group following completion of the Disposal.

The unaudited pro forma balance sheet is based upon the audited consolidated balance sheet of the Group as at 31st December, 2007, which has been extracted from the published annual report of the Group for the year ended 31st December, 2007, as if the Disposal had been completed on 31st December, 2007.

The unaudited pro forma income statement and cash flow statement are prepared based on the audited consolidated income statement and cash flow statement of the Group for the year ended 31st December, 2007, extracted from the published annual report of the Group for the year ended 31st December, 2007, as if the Disposal had been completed on 1st January, 2007.

The unaudited pro forma financial information should be read in conjunction with the historical financial information of the Group as set out in set out in Appendix I to this circular and other financial information included elsewhere in this Circular.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

	The Group as at 31st December, 2007 HK\$'000	Pro forma adjustment HK\$'000 (note 1)	Pro forma adjustment HK\$'000 (note 2)	Pro forma adjustment HK\$'000 (note 3)	Pro forma remaining group HK\$'000
NON-CURRENT ASSETS					
Plant and equipment	768	(253)			515
Interests in associates	3				3
	<u>771</u>				<u>518</u>
CURRENT ASSETS					
Inventories	3,576	(1,599)			1,977
Debtors, deposits and prepayments	8,221	(6,377)			1,844
Amounts due from related companies	2,466	1,774			4,240
Income tax recoverable	147				147
Cash and bank balances	3,124	(1,846)	6,060	(2,256)	5,082
	<u>17,534</u>				<u>13,290</u>
DEDUCT:					
CURRENT LIABILITIES					
Creditors, accruals and deposits received	6,969	(3,232)			3,737
Amount due to a shareholder	15				15
Income tax payable	107	(103)			4
	<u>7,091</u>				<u>3,756</u>
NET CURRENT ASSETS	<u>10,443</u>				<u>9,534</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	11,214				10,052
NON-CURRENT LIABILITY					
Loans from directors	<u>(2,256)</u>			2,256	<u>-</u>
NET ASSETS	<u>8,958</u>				<u>10,052</u>
REPRESENTING:					
SHARE CAPITAL	5,240				5,240
RESERVES	<u>3,703</u>	(181)	1,290		<u>4,812</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8,943				10,052
MINORITY INTERESTS	<u>15</u>	(15)			<u>-</u>
TOTAL EQUITY	<u>8,958</u>				<u>10,052</u>

UNAUDITED PRO FORMA INCOME STATEMENT

	The Group for the year ended 31st December, 2007 <i>HK\$'000</i>	Pro forma adjustment <i>HK\$'000</i> <i>(note 1)</i>	Pro forma adjustment <i>HK\$'000</i> <i>(note 2)</i>	Pro forma remaining group <i>HK\$'000</i>
Turnover	60,498	(24,145)		36,353
Cost of sales	<u>(43,502)</u>	14,193		<u>(29,309)</u>
Gross profit	16,996			7,044
Other income	310	(268)		42
Selling and distribution expenses	(1,461)	1,235		(226)
Administrative expenses	<u>(13,813)</u>	6,735		<u>(7,078)</u>
Operating profit	2,032			(218)
Finance costs	-			-
Gain on disposal of subsidiaries	-		3,217	3,217
Share of net losses of associates	<u>(4)</u>			<u>(4)</u>
Profit before income tax	2,028			2,995
Income tax expense	<u>(352)</u>	343		<u>(9)</u>
Profit for the year	<u><u>1,676</u></u>			<u><u>2,986</u></u>
Attributable to:-				
Shareholders of the Company	1,681			2,986
Minority interests	<u>(5)</u>	5		<u>-</u>
Profit for the year	<u><u>1,676</u></u>			<u><u>2,986</u></u>

UNAUDITED PRO FORMA CASH FLOW STATEMENT

	The Group for the year ended 31st December, 2007 <i>HK\$'000</i>	Pro forma adjustment <i>HK\$'000</i> <i>(note 1)</i>	Pro forma adjustment <i>HK\$'000</i> <i>(note 2)</i>	Pro forma adjustment <i>HK\$'000</i> <i>(note 3)</i>	Pro forma remaining group <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit/(loss)	2,032	(2,250)			(218)
Adjustments for:-	-				
Interest income	(46)	9			(37)
Depreciation	631	(20)			611
Loss on disposal of plant and equipment	37	(37)			-
Gain on disposal of interest in an associate	(63)				(63)
Operating profit before working capital changes	2,591				293
Increase in inventories	(299)	140			(159)
Increase in debtors, deposits and prepayments	(2,412)	1,642			(770)
Decrease in amounts due from related companies	186	44			230
Increase in creditors, accruals and deposits received	1,055	(460)			595
Cash generated from operations	1,121				189
Interest received	46	(9)			37
Income tax paid	(322)	283			(39)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>845</u>				<u>187</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments to acquire plant and equipment	(331)	9			(322)
Proceeds from disposal of plant and equipment	4				4
Net cash inflow from disposal of subsidiaries	-		5,330		5,330
Proceeds from disposal of interest in an associate	40				40
Decrease/(increase) in amounts due from associates	329	(344)			(15)

APPENDIX IV
**PRO FORMA FINANCIAL INFORMATION OF
THE REMAINING GROUP**

	The Group for the year ended 31st December, 2007 <i>HK\$'000</i>	Pro forma adjustment <i>HK\$'000</i> <i>(note 1)</i>	Pro forma adjustment <i>HK\$'000</i> <i>(note 2)</i>	Pro forma adjustment <i>HK\$'000</i> <i>(note 3)</i>	Pro forma remaining group <i>HK\$'000</i>
NET CASH FROM INVESTING ACTIVITIES	42				5,037
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loan from directors	–			(2,256)	(2,256)
Advance from a shareholder	27				27
Issue of shares to a minority shareholder	20	(20)			–
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	47				(2,229)
NET INCREASE IN CASH AND CASH EQUIVALENTS	934				2,995
EXCHANGE ADJUSTMENT OF CASH AND CASH EQUIVALENTS	103	(103)			–
CASH AND CASH EQUIVALENTS AT 1ST JANUARY, 2007	2,087				2,087
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER, 2007					
Cash and bank balances	3,124				5,082

Notes:–

The conditional sale and purchase agreements entered into between CL Solutions Services limited, a wholly-owned subsidiary of the Company and CL Solutions (China) Limited (“CLS China”) on 25th April, 2008 regarding the sale of 100% equity interest in CL Solutions Limited (“CL Solutions”) and between Computech International Limited, a wholly-owned subsidiary of the Company and CLS China on 25th April, 2008 regarding the sales of 100% equity interest in Victor Group Limited (“Victor Group”) (the disposal of CL Solutions and Victor Group are hereinafter collectively referred to as the “Disposal Group”), at a consideration of approximately HK\$6,060,000 payable by cash.

(1) The adjustments in consolidated balance sheet reflects:–

The exclusion of the assets and liabilities attributable to the Disposal Group as at 31st December, 2007 as if the Disposal had been completed on 31st December, 2007.

The adjustments in consolidated income statement reflects:–

The exclusion of the income statement items attributable to the Disposal Group for the year ended 31st December, 2007 as if the Disposal had been completed on 1st January, 2007.

The adjustments in cash flow statement reflects:–

The exclusion of the cash flows attributable to the Disposal Group for the year ended 31st December, 2007 as if the Disposal had been completed on 1st January, 2007.

(2) The adjustments in consolidated balance sheet reflects:–

The gain on the Disposal of approximately HK\$1,290,000 attributable to the Group which is calculated based on the differences between:–

- (i) the cash consideration of approximately HK\$6,060,000; and
- (ii) the net assets of the Disposal Group of approximately HK\$4,966,000 as at 31st December, 2007 minus the exchange reserves attributable to the Disposal Group of approximately HK\$196,000 at the same date.

The adjustments in consolidated income statement reflects:–

The gain on the disposal of approximately HK\$3,217,000 attributable to the Disposal Group which is calculated on the differences between:–

- (i) the cash consideration of approximately HK\$6,060,000; and
- (ii) the net asset of the Disposal Group of approximately HK\$2,907,000 as at 31st December, 2006 minus the exchange reserves attributable by the Disposal Group approximately HK\$64,000 at the same date.

The adjustment in consolidated cash flow statement reflects the net cash inflow of the disposal of the subsidiaries which is calculated based on the differences between the cash consideration of approximately HK\$6,060,000 and the cash and bank balances attributable to the Disposal Group of approximately HK\$730,000 as at 31st December, 2006, as if the Disposal had been completed on 1st January, 2007.

(3) The Adjustment reflects the repayment of loans from directors of approximately HK\$2,256,000 as at 31st December, 2006 as disclosed as a use of the cash consideration disclosed in the announcement on 2nd May, 2008.

1. RESPONSIBILITY STATEMENT

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

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

2. DISCLOSURE OF INTERESTS

A. Directors and chief executive's interest in the Company

As at the Latest Practicable Date, the interests or short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were 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 taken or deemed to have under such provisions of the SFO), or which were required to be entered into the register maintained by the Company pursuant to section 352 of the SFO or which are required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Name of director	Capacity in which such interests were held	Number of shares	Percentage of nominal value of share capital
Mr. Fung Pak Chuen, Alphonso ("Mr. Fung") (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:

1. Win Plus Group Limited ("Win Plus") holds 84% interest in the issued share capital of Aplus Worldwide Limited ("Aplus") and is accordingly taken to have an interest in the 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.

2. Ardian Holdings Limited (“Ardian”) has a 50% interest in the issued share capital of Win Plus and is accordingly 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 the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register to therein, or which were required, pursuant to the 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.

B. Director’s interest in assets and/or arrangement

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been since 31st December, 2007, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

On 15th November, 2005, the Company renewed an agreement with 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”).

Mr. Fung and Mr. Lo were interested in the above transactions by virtue of their interest in CLIH.

As at the Latest Practicable Date, save for the aforesaid, there was no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as a whole.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the persons having an interest in 5% or more of the issued share capital of the Company as recorded in the register of interests in shares and short positions required to be kept under section 336 of the Part XV of the SFO were as follows:–

Name of director	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%

Notes:

- 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.
- 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.
- 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.
- 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.
- Ardian is wholly-owned by Mr. Lo. Mrs. Lo, Lilian, being the spouse of Mr. Lo, is therefore is taken to have an interest in the 70,024,802 shares of the Company under the SFO.

All the interests disclosed above represent long positions in the shares of the Company.

Save as disclosed herein, as at the Latest Practicable Date, as far as the Directors were aware, there was no person other than the Directors who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered or was proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable within one year within payment of compensation other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the management shareholders of the Company and their respective associates has an interest in a business, apart from the business of the Group, which competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interest with the Group.

6. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse change in the financial and trading position of the Group since 31st December, 2007, the date to which the latest published audited consolidated accounts of the Group were made up.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by any member of the Group within two years immediately preceding the Latest Practicable Date which were or may be material:

- a. the top-up placing agreement dated 10th April, 2006 entered into between Aplus, as vendor, and Sun Hung Kai Investment Services Limited as placing agent, and the subscription agreement dated 10th April, 2006 entered into between the Company and Aplus in relation to 44,010,000 shares of the Company at a price of HK\$0.05 per share;

- b. the sale and purchase agreement dated 3rd October, 2007 entered into between CL Solutions and Titron Group Holdings Limited as vendors and Liu Si Ca as purchaser in relation to the disposal of interest in Automated Logistics Solution Limited (“ALSL”) and the shareholder’s loan provided by CL Solutions to ALSL for a total consideration of HK\$340,000; and
- c. the Disposal Agreements.

Save for the aforementioned, no contract, not being contracts in the ordinary course of business carried on by the Company or any of its subsidiaries, had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date.

9. EXPERT’S QUALIFICATION AND CONSENT

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

Name	Qualification
Grand Cathay Securities	Licensed corporation under the SFO to conduct types 1, 6 and 9 regulated activities
PKF Hong Kong (“ PKF ”)	Certified Public Accountants
Greater China Appraisal Limited (“ Greater China ”)	Professional valuer

2. As at the Latest Practicable Date, each of Grand Cathay Securities, PKF and Greater China has no shareholding, directly or indirectly, in any member of the Group or any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
3. Each of Grand Cathay Securities, PKF and Greater China has given and has not withdrawn its written consent to the issue of the circular, with the inclusion of the reference to its name and/or its opinion in the form and context in which they are included.
4. As at the Latest Practicable Date, each of Grand Cathay Securities, PKF and Greater China had no direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Remaining Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Remaining Group since 31st December, 2007, the date to which the latest published audited financial statements of the Group were made up.

10. GENERAL

- (a) The company secretary and qualified accountant of the Company appointed under Rule 5.15 of the GEM Listing Rules is Mr. Yip Yuk Sing, Wallace. He is an associate member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (b) The compliance officer of the Company appointed under Rule 5.19 of the GEM Listing Rules is Mr. Fung Pak Chuen, Alphonso.
- (c) The Company has established an audit committee with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control procedures of the Group. The audit committee has three members comprising Mr. Lee Sai Yeung and Mr. Chung Kong Fei, Stephen and Mr. Ng Chik Sum, Jackson, who are the independent non-executive directors of the Company.

Profile of each of the audit committee members is as follows:

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 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. 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.

- (d) The Hong Kong branch share registrar and transfer office of the Company is Hong Kong Registrars Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) Copies of the following documents are available for inspection during normal business hours up to and including 13th June, 2008 at the principal place of business of the Company at 10th Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong:
 - (i) the memorandum and articles of association of the Company;
 - (ii) the annual reports of the Company for the two financial years ended 31st December, 2007;
 - (iii) the unaudited quarterly report of the Company for the three months ended 31st March, 2008;
 - (iv) the material contracts referred to in the section headed "Material contracts" in this appendix;
 - (v) the written consent referred to in the section headed "Expert's qualification and consent" in this appendix;
 - (vi) the letter from the Independent Board Committee, the text of which is set out on page 15 of this circular;
 - (vii) the letter from Grand Cathay Securities, the text of which is set out on pages 16 to 23 of this circular;
 - (viii) the accountant's report of the Group, the text of which is set out in Appendix I to this circular;
 - (ix) the business valuation report prepared by Greater China, the text of which is set out in Appendix III to this circular;
 - (x) the letter from PKF in respect of the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular; and
 - (xi) (a) the circular dated 23rd October, 2007 in relation to the discloseable and connected transaction involving the disposal of interest in ALSL and the shareholder's loan provided by CL Solutions to ALSL; and
(b) this circular.
- (f) The English text of this circular shall prevail over the Chinese text.

NOTICE OF EGM



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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8081)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that a extraordinary general meeting (the “**Meeting**”) of Computech Holdings Limited (the “**Company**”) to be held at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong on Friday, 13th June, 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions with or without amendments to be taken by way of poll:

ORDINARY RESOLUTIONS

(1) “**THAT,**

- (a) the disposal agreement dated 25th April, 2008 (the “**First Disposal Agreement**”), a copy of which, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked “A”, made between CL Solutions Services Limited (“**CLS Services**”) and CL Solutions (China) Limited (“**CLS China**”) whereby CLS China agreed to acquire CLS Services’s 100% equity interests in CL Solutions Limited and 10% equity interests in CL Logistic Solutions Limited at a consideration of HK\$4,430,000 be and is hereby approved, confirmed and ratified and that the transactions contemplated thereunder be and are hereby approved; and
- (b) any director of the Company be and is hereby authorised to do all such acts and things as they consider necessary or expedient or desirable in connection with or to give effect to the First Disposal Agreement and to implement the transactions contemplated therein.”

(2) “**THAT,**

- (a) the disposal agreement dated 25th April, 2008 (the “**Second Disposal Agreement**”), a copy of which, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked “B”, made between Computech International Limited (“**Computech International**”) and CL Solutions (China) Limited (“**CLS China**”) whereby CLS China agreed to acquire Computech International’s 100% interest in Victor Group Limited at a consideration of HK\$1,630,000 be and is hereby approved, confirmed and ratified and that the transactions contemplated thereunder be and are hereby approved; and

* For identification purpose only

NOTICE OF EGM

- (b) any director of the Company be and is hereby authorised to do all such acts and things as they consider necessary or expedient or desirable in connection with or to give effect to the Second Disposal Agreement and to implement the transactions contemplated therein.”

By order of the Board
Computech Holdings Limited
Fung Pak Chuen, Alphonso
Chairman

Hong Kong, 29th May, 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 Road
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and returned together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, to the principal place of business of the Company at 10/F., Westlands Centre, 20 Westlands Road, Quarry Road, Hong Kong within 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.
3. In the case of joint holders of shares, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.