



COMPUTECH HOLDINGS LIMITED

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8081)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. 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.

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* For identification purpose only

AUDITED ANNUAL RESULTS

The board (the “**Board**”) of Directors of the Company hereby submits the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2012, together with the comparative audited figures for the year ended 31 December 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue	4	106,604	21,592
Cost of inventories sold/services		(99,631)	(17,394)
Direct expenses arising from money lending business		(1,094)	–
Other revenue	4	7	1
Other income		208	76
Selling and distribution expenses		(29)	(30)
Administrative expenses		(24,468)	(29,765)
Operating loss		(18,403)	(25,520)
Finance costs		(2,673)	(577)
Loss before income tax	5	(21,076)	(26,097)
Income tax expense	6	–	–
Loss for the year		(21,076)	(26,097)
Other comprehensive loss		–	–
Total comprehensive loss for the year		(21,076)	(26,097)
Attributable to:			
Owners of the Company		(21,076)	(26,097)
Basic loss per share (HK cents)	8	(12.78)	(26.98)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		5,899	6,281
Goodwill		97	97
Investment in fish breeding business		15,500	–
Loan receivables		4,816	349
		<u>26,312</u>	<u>6,727</u>
CURRENT ASSETS			
Inventories		–	68
Debtors, deposits and prepayments	9	19,501	2,441
Financial assets at fair value through profit or loss		6,744	–
Loan receivables		30,363	10,045
Cash and bank balances		77,156	11,789
		<u>133,764</u>	<u>24,343</u>
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and other payables	10	6,951	6,251
		<u>6,951</u>	<u>6,251</u>
NET CURRENT ASSETS		<u>126,813</u>	<u>18,092</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		153,125	24,819
NON-CURRENT LIABILITY			
Convertible notes		39,587	–
NET ASSETS		<u>113,538</u>	<u>24,819</u>
REPRESENTING:			
SHARE CAPITAL	11	55,770	12,142
SHARE PREMIUM AND RESERVES		57,768	12,677
SHAREHOLDERS' FUNDS		<u>113,538</u>	<u>24,819</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Warrants reserve <i>HK\$'000</i>	Convertible bonds/notes reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1.1.2011	9,193	29,634	-	843	-	(20,261)	19,409
Recognition of equity components of convertible bonds issued	-	-	-	-	5,806	-	5,806
Exercise of warrants	1,129	7,616	-	(843)	-	-	7,902
Shares issued upon conversion of convertible bonds	1,820	20,930	-	-	(5,806)	-	16,944
Share-based payments	-	-	855	-	-	-	855
Total comprehensive loss for the year	-	-	-	-	-	(26,097)	(26,097)
At 31.12.2011 and 1.1.2012	12,142	58,180	855	-	-	(46,358)	24,819
Shares issued upon placing	1,800	12,836	-	-	-	-	14,636
Shares issued upon open offer	41,828	38,988	-	-	-	-	80,816
Recognition of equity components of convertible notes issued	-	-	-	-	13,809	-	13,809
Share-based payments	-	-	534	-	-	-	534
Lapse of share options	-	-	(1,389)	-	-	1,389	-
Total comprehensive loss for the year	-	-	-	-	-	(21,076)	(21,076)
At 31.12.2012	55,770	110,004	-	-	13,809	(66,045)	113,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The consolidated financial statements are prepared under the historical cost basis, except for the financial instruments which are carried at fair values.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following HKFRSs:

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Recovery of Underlying Assets

The initial application of these HKFRSs does not necessitate material changes in the Group’s accounting policies or retrospective adjustments of the comparatives presented.

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

The following HKFRSs in issue at 31 December 2012 have not been applied in the preparation of the Group’s consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2012:

HKAS 19 (2011)	Employee Benefits
HKAS 27	Separate Financial Statements
HKAS 28	Investments in Associates and Joint Ventures
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10	Investment Entities
Annual improvements to HKFRSs (2009-2011)	Amendments to HKAS 1, HKAS 16 and HKAS 32

The Group is required to initially apply these HKFRSs in its annual consolidated financial statements beginning on 1 January 2013, except that the Group is required to initially apply amendments to HKAS 32 and HKFRS 10 in its annual consolidated financial statements beginning on 1 January 2014 and HKFRS 9 in its annual consolidated financial statements beginning on 1 January 2015.

3. SEGMENT AND ENTITY-WIDE INFORMATION

The Group's determines its operating segment based on the internal reports that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance. During the year, the Group's operating and reportable segments under HKFRS8 are as follows:

- (i) IT business — the provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products in Hong Kong;
- (ii) Money lending business in Hong Kong; and
- (iii) Property development business in the People's Republic of China (the "PRC").

The key management assesses the performance of the segments based on the results, assets and liabilities attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

Segment assets and liabilities excluded interests in an associate and other corporate assets and liabilities.

The measure used for reporting segment profit is "adjusted EBIT", i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as including investment income. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments.

(a) **Segments results, assets and liabilities**

The following tables present the information for the Group's reporting segments:

	Reporting segments				Property		Consolidated	
	IT business		Money lending business		development business			
	2012	2011	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue								
Revenue from external customers	<u>101,846</u>	<u>21,162</u>	<u>4,758</u>	<u>430</u>	<u>-</u>	<u>-</u>	<u>106,604</u>	<u>21,592</u>
Reportable segments loss	(228)	(10,814)	(4,561)	(995)	(3,498)	-	(8,287)	(11,809)
Unallocated head office and corporate expenses							(10,123)	(13,712)
Interest income							<u>7</u>	<u>1</u>
Operating loss							(18,403)	(25,520)
Finance costs							<u>(2,673)</u>	<u>(577)</u>
Loss before income tax							(21,076)	(26,097)
Income tax expense							<u>-</u>	<u>-</u>
Loss for the year							<u>(21,076)</u>	<u>(26,097)</u>
Reportable segment assets	26,318	1,079	43,385	24,427	2	-	<u>69,705</u>	<u>25,506</u>
Reportable segment liabilities	608	1,311	4,050	3,522	-	-	<u>4,658</u>	<u>4,833</u>
Other segment items								
Depreciation	79	57	272	61	-	-	<u>351</u>	<u>118</u>
Additions to non-current segment assets	2	26	-	5,858	-	-	<u>2</u>	<u>5,884</u>

(b) **Reconciliation of reportable segment assets and liabilities:**

	2012	2011
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	69,705	25,506
Unallocated head office and corporate assets	<u>90,371</u>	<u>5,564</u>
Consolidated total assets	<u>160,076</u>	<u>31,070</u>
Liabilities		
Reportable segment liabilities	4,658	4,833
Unallocated head office and corporate liabilities	<u>41,880</u>	<u>1,418</u>
Consolidated total liabilities	<u>46,538</u>	<u>6,251</u>

The Group only operates in Hong Kong, no geographical segment information is presented.

4. REVENUE

Revenue represents the net invoiced value of IT products sold, related IT services rendered and loans interest income. An analysis of the Group's turnover and other major revenue is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue		
Sales of IT products	99,627	199
IT service income	2,219	20,963
Loans interest and related income	4,758	430
	106,604	21,592
Other revenue		
Interest income	7	1
Total revenue	106,611	21,593

5. LOSS BEFORE INCOME TAX

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss before income tax is arrived at after charging/(crediting):		
Cost of inventories expensed	98,330	1,322
Direct expenses arising from money lending business		
– Interest expenses	723	–
– Other costs	371	–
	1,094	–
Minimum lease payments paid under operating leases	817	1,278
Auditor's remuneration	304	277
Depreciation	351	140
Directors' remuneration	360	6,186
Other staff salaries and benefits	6,560	7,137
Retirement scheme contributions	90	712
Exchange loss	–	1
Impairment loss on interests in an associate	–	4
Impairment loss on trade debtors	29	29
Impairment loss on goodwill	3,498	–
Interest expenses	2,673	577
Stock written-off	–	476
Loss on disposal of property, plant and equipment	33	–
Fair value loss on financial assets through profit or loss	940	–
Gain on disposal of a subsidiary	(186)	(38)

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in these financial statements as the Group has no assessable profits for both years.

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss before income tax	<u>(21,076)</u>	<u>(26,097)</u>
Tax effect at Hong Kong profits tax rate of 16.5%	(3,477)	(4,306)
Tax effect of income that is not taxable	(3)	(1)
Tax effect of expenses that are not deductible	951	77
Tax effect of unrecognised accelerated depreciation allowances	(12)	(107)
Tax effect of tax loss not recognised	2,546	4,347
Tax effect unrecognised temporary differences arising from provision for trade debtors	<u>(5)</u>	<u>(10)</u>
Income tax expense	<u>—</u>	<u>—</u>

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Deductible temporary differences — Note 6(b)(i)		
Unutilised tax losses	56,057	40,625
Provision for trade debtors	—	30
Taxable temporary difference — Note 6(b)(ii)		
Accelerated depreciation allowances	<u>(736)</u>	<u>(661)</u>
Net deductible temporary differences	<u>55,321</u>	<u>39,994</u>

- (i) Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. The unutilised tax losses accumulated in the Group amounted to HK\$56,057,000 (2011: HK\$40,625,000) can be carried forward indefinitely.
- (ii) Taxable temporary difference has not been recognised in these financial statements owing to immateriality.

7. DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of each of the year ended 31 December 2012 and 2011.

8. BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year as adjusted to reflect the effect of placing, shares consolidation and open offer subsequent to the end of the reporting period.

The calculation of basic loss per share is based on:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of Company, used in the basic loss per share calculation	<u>(21,076)</u>	<u>(26,097)</u>
Shares		<i>(Restated)</i>
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	1,214,249,326	967,345,890
Effect on placing issue	113,917,808	–
Effect on shares consolidation subsequent to the end of the reporting period	(1,195,350,421)	(870,611,301)
Effect on open offer	<u>32,086,834</u>	<u>–</u>
	<u>164,903,547</u>	<u>96,734,589</u>

Diluted loss per share is not presented as the potential ordinary shares in respect of outstanding convertible notes are anti-dilutive.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade debtors	17,690	406
Less: Provision for impairment of trade debtors	<u>–</u>	<u>(30)</u>
	17,690	376
Other debtors, deposits and prepayments	879	1,704
Loans interest receivable	<u>932</u>	<u>361</u>
	<u>19,501</u>	<u>2,441</u>

Notes:

- (a) 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 2 days to 30 days. The following is an aging analysis of trade debtors:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within 3 months	17,690	347
Over 3 months	–	29
	<u>17,690</u>	<u>376</u>

- (b) Impairment loss in respect of trade receivables from third parties is recorded using an allowance account unless the company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables.

The movement in the allowance for doubtful debts during the year is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
At 1 January	30	90
Impairment loss on trade debtors	29	29
Impairment loss written off	(59)	(89)
	<u>–</u>	<u>30</u>
At 31 December	<u>–</u>	<u>30</u>

10. CREDITORS, ACCRUALS AND OTHER PAYABLES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade creditors	90	34
Accruals and other payables	6,861	6,117
Deferred revenue	–	85
Deposits received	–	15
	<u>6,951</u>	<u>6,251</u>

The following is an aging analysis of trade creditors of the Group:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within 3 months	<u>90</u>	<u>34</u>

11. SHARE CAPITAL

Share capital	Note	Number of shares	HK\$'000
Authorised:			
Ordinary shares of HK\$0.01 each at 1.1.2012		10,000,000,000	100,000
Shares consolidation	(i)	<u>(9,000,000,000)</u>	<u>–</u>
Ordinary shares of HK\$0.1 each at 31.12.2012		<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:			
Ordinary shares of HK\$0.01 each at 1.1.2011		919,296,469	9,193
Issue of shares through warrants	(ii)	43,795,714	438
Issue of shares through warrants	(iii)	69,157,143	691
Conversion of convertible bonds	(iv)	<u>182,000,000</u>	<u>1,820</u>
Ordinary shares of HK\$0.01 each at 31.12.2011 and 1.1.2012		1,214,249,326	12,142
Issue of shares through placing	(v)	180,000,000	1,800
Shares consolidation	(i)	(1,254,824,394)	–
Issue of shares through open offer	(vi)	<u>418,274,796</u>	<u>41,828</u>
Ordinary shares of HK\$0.1 each at 31.12.2012		<u>557,699,728</u>	<u>55,770</u>

Notes:

- (i) Pursuant to the ordinary resolution of the Company passed on 31 October 2012, each 10 of the issued and unissued shares of HK\$0.01 each in the share capital of the Company was consolidated into 1 consolidation share of HK\$0.1 each, resulting in the issued and unissued share capital of the Company being consolidated into 1,000,000,000 shares of HK\$0.1 each.
- (ii) Upon the exercise of warrants under the Instrument dated 30 September 2008 by warrant holder, 43,795,714 shares were issued on 22 September 2011 at a price of HK\$0.07 per share.
- (iii) Upon the exercise of warrants under the Instrument dated 30 September 2008 by warrant holder, 69,157,143 shares were issued on 6 October 2011 at a price of HK\$0.07 per share.
- (iv) On 23 November 2011, a total of 182,000,000 ordinary shares at par value of HK\$0.01 each were issued as a result of conversion of the 5% convertible bonds due on 30 April 2016.
- (v) On 15 May 2012, a total of 180,000,000 new shares of the Company were issued at a placing price of HK\$0.084 each to not less than six placees.
- (vi) On 4 December 2012, a total of 418,274,796 new shares at par value of HK\$0.1 each were issued as a result of open offer to the shareholders of the Company, on the basis of three offer shares for every one share held by the shareholders.

BUSINESS REVIEW

The Group is principally engaged three business segments, namely (i) IT business which provides consultancy, technical support, system integration, development and sales of relevant hardware and software products in Hong Kong; (ii) Money lending business in Hong Kong and (iii) property development business in the People's Republic of China ("PRC"). During the year under review, the Group reported a revenue of approximately HK\$106,604,000 (2011: HK\$21,592,000), representing an increase of 394% as compared with last year.

IT business

The revenue of IT business for the year amounted to approximately HK\$101,846,000 (2011: HK\$21,162,000), which accounted for 96% of the Group's revenue. This segment recorded a loss of approximately HK\$228,000 (2011: HK\$10,814,000). During the year under review, we proposed to maintain in the IT business though the termination of the service agreement with our major customer and the keen competitive environment. We extended the sales of hardware products resulting in an increase in turnover of the segment of 381% compared with last year. Furthermore, we have adopted strict cost saving control by outsource part of the operating process. New customers and business partners were found and we had participated in various IT projects.

Money lending business

The Group commenced the money lending business in the third quarter of 2011. As at 31 December 2012, the loan receivables and loans interests receivable were approximately HK\$35,179,000 and HK\$932,000. The loan receivable has increased 238% comparing with the balances of HK\$10,394,000 in 2011, of which the outstanding secured and unsecured loan receivables were approximately HK\$18 million and HK\$17 million respectively. During the year under review, the revenue from loan interests and related income was approximately HK\$4,758,000 (2011: HK\$430,000), which accounted for approximately 4% of the Group's total revenue. This segment recorded a loss of approximately HK\$4,561,000 (2011: HK\$995,000) mainly attributable to staff costs. The average interest rate charged by the Group was 34.24% per annum and the credit terms of the outstanding loan granted by the Group to the customers ranged from less than a month to five years. The average size of the outstanding loan granted by the Group was approximately HK\$2,200,000. In view of significant demand in the market, the Company intends to expand the loan portfolio by applying part of the net proceeds from the Open Offer. The Company's main focus area will be secondary mortgage and personal loan for customers with good credit record in Hong Kong. The Company is targeting on terms loan shorter than two years as the Board considers such loan portfolio will enhance liquidity and flexibility as well as generate a healthy cash flow as a whole.

Property development business

In August 2012, Enrich Fortune Development Limited, an indirect wholly-owned subsidiary of the Company, has entered into an agreement with vendors, who are independent third parties of the Company, to acquire the entire issued capital of Feng Tai Shun Cultural Travel Limited ("FTS"), a limited liability company incorporated in Hong Kong, and a vendor's loan

to FTS, for an aggregate consideration of HK\$3,500,000. FTS holds 100% of the equity interest in Meizhou City Hang Fung Tai Cultural Travel Development Company Limited* (梅州市恒豐泰旅游文化開發有限公司) (“HFT”), a wholly foreign-owned enterprise in the PRC which is licensed for property related activities in PRC. HFT has entered into an agreement with Dabu County Land and Resources Bureau (大埔縣國土資源局) of Guangdong Province, PRC, which involves property development in the region.

The Directors intend to develop low density luxury villas for residential use, the overall development plan is subject to the approval of relevant regulators and authorities as well as the negotiation between the relevant parties. As at date of this announcement, the matters that are still subject to negotiation/approval include but not limited to the overall design and planning of the development project, environmental protection measures, land costs and terms of payment for consideration.

The Group is devoted to explore and broaden the existing businesses in order to strengthen its competitiveness and provide business growth potential. With the management’s experience and expertise in the PRC real estate industry, the Board considers that it is an opportunity for the Company to enter into PRC property development market. The Company will deal with the property activities in a prudent manner.

Investment in fish breeding business

As disclosed in the Company’s announcement dated 25 April 2012, the Group entered into an investment agreement in relation to a fish breeding business. The Group has invested HK\$15,500,000 in the fish breeding business for a term of 20 calendar months with guaranteed return on profit and investment amount. The investment amount has been applied to purchase fish fry and fish feed for the sole purpose of fish breeding at the fish farm in Sabah, Malaysia. The Directors expect that it will take another twelve months of breeding before the fish becomes marketable. The Company intends to maintain the investment till the end of investing period. The Directors are not aware of any circumstances which may lead to a failure in meeting the profit guarantee or investment return.

Financial assets at fair value through profit or loss

As at 31 December 2012, the Company had held-for-trading investments of approximately HK\$6,744,000 and recorded a fair value loss of approximately HK\$940,000. The Company has no plan for further investment.

FINANCIAL REVIEW

The Group recorded a revenue of approximately HK\$106,604,000 and loss attributable to owners of the Company of HK\$21,076,000 for the year ended 31 December 2012, compared to HK\$21,592,000 and HK\$26,097,000 respectively for the last year. The basic loss per share was 12.78 HK cents (2011: 26.98 HK cents).

The administrative expenses for the year under review amounted to approximately HK\$24,468,000 (2011: HK\$29,765,000). It was mainly comprised of impairment of goodwill, staff cost, operation lease rental, professional fee, share-based payments and fair value loss on financial assets through profit or loss. During the year, the Group also recorded an increase in finance costs of approximately HK\$3,396,000 for the imputed interest expenses on the convertible notes due 2015 (2011: HK\$577,000).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2012, the total assets of the Group were approximately HK\$160,076,000 (2011: HK\$31,070,000), including cash and bank balances of approximately HK\$77,156,000 (2011: HK\$11,789,000). The net current assets of the Group was approximately HK\$126,813,000 (2011: HK\$18,092,000) and the Group's current ratio, current assets over its current liabilities, was approximately 19.2 times (2011: 3.9 times).

At the 31 December 2012, the Group did not have any loans due to banks or financial institutions and the total non-current liabilities of the Group was HK\$39,587,000 (2011: nil). The group's gearing was 0.35 times, calculated on the basis of long-term debt to shareholders' fund.

CAPITAL STRUCTURE

Placing of convertible notes

On 6 March 2012, the Company issued the zero coupon Convertible Notes (the "Notes") in the principal amount of HK\$50,000,000 due on 5 March 2015. The holders of the Notes can be able to convert the outstanding principal amount of Notes into ordinary share of the Company at initial conversion price of HK\$0.05 per share (subject to adjustment) at any time from one year after the date of issue of the Notes. In accordance with the terms and conditions of the Notes, as a result of completion of the Share Consolidation and Open Offer, the conversion price has been adjusted to HK\$0.19 per share (subject to adjustment). Details of information were set out in the Company's circular dated 2 February 2012 and announcement dated 6 March 2012, 31 October 2012 and 3 December 2012 respectively.

Placing of new shares under general mandate

On 30 April 2012, the Company and Kingston Securities Limited (the "Placing Agent") entered into the placing agreement, pursuant to which the Company had conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 180,000,000 new shares at HK\$0.084 per placing share. The net proceeds of approximately HK\$14,661,000 from the Placing were intended to be used as to approximately HK\$10,000,000 for the general working capital and/or future investments for the IT business as and when opportunities arise, and as to approximately HK\$5 million for possible investments in properties. The Placing was completed on 15 May 2012. Details of Placing were set out in the Company's announcements dated 30 April 2012 and 15 May 2012 respectively.

Share Consolidation and Open Offer

On 22 August 2012 and 23 August 2012, the Company announced the proposed (i) Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of HK\$0.01 each would be consolidated into one (1) Consolidated Share of HK\$0.10 each and (ii) raise approximately HK\$83,700,000, before expenses, by way of the Open Offer of 418,274,796 Offer Shares at the Subscription Price of HK\$0.20 per Offer Share on the basis of three (3) Offer Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date and payable in full on application subject to the Share Consolidation becoming effective.

The gross proceeds from the Open Offer were approximately HK\$83,700,000 and the net proceeds from the Open Offer were approximately HK\$81,000,000. The Board intends to use the net proceeds from the Open Offer of approximately HK\$30,000,000 and approximately HK\$50,000,000 for general working capital for the money lending business and the property development project as mentioned respectively. Should the property development project do not become materialized, the Board intends to retain the relevant proceeds for other property related activities when suitable opportunities arise. On 31 October 2012, the resolutions for approving the Share Consolidation and the Open Offer were duly passed by the Shareholders. The Share Consolidation was effective on 1 November 2012 and the Open Offer was completed on 4 December 2012. Details of information were set out in the Company's prospectors, dated 12 November 2012 and announcements dated 31 October 2012 and 3 December 2012 respectively.

FOREIGN EXCHANGE

The Group's foreign exchange risk is primarily attributable to its creditors. The Group's purchase principally denominated in Hong Kong Dollars, United States Dollars and the impact of foreign exchange exposure of the Group is minimal.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2012, the Group did not have any material charge on assets (2011: nil).

CAPITAL COMMITMENTS

As at 31 December 2012, the Group did not have undertaken any material capital commitments (2011: nil).

CONTINGENT LIABILITIES

As at 31 December 2012, the Group did not have any material contingent liabilities (2011: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group had 18 employees (2011:16). Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to our employees.

PROSPECTS

The Group is devoted to explore and broaden the existing businesses in order to strengthen our competitiveness and provide business growth potential. The Company will stay focus for the IT business and money lending business in Hong Kong while dealing the property development in PRC with a prudent manner. We are now in negotiation with vendors in acquisition of a group operating health check centers and laboratories in Hong Kong. In view of the aging population in Hong Kong, it is expected that the proposed acquisition, if materialised, will present a good opportunity for the Group to tap into the medical diagnostic and health check services and enable the Group to diversify its investment in a business sector with growth potential.

The Directors are of the view that with the capital from the fund raising activities during the year, we will continue to explore other investment opportunities for diversifying our business portfolios with the aim of enhancing shareholders' wealth.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which (i) 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, if any, which they were taken or deemed to have under such provisions of the SFO, (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company

Name of Director	Capacity	Number of shares held	Approximate% to the issued share capital
Mr. Yang Yue Zhou	Beneficial owner	107,381,260	19.25%

Save as disclosed above, as at 31 December 2012, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) 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, if any, which they were taken or deemed to have under such provisions of the SFO, (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

SHARE OPTIONS SCHEME

Under the terms of a share option scheme (the “**Scheme**”) adopted by the Company on 12 November 2010, the Board may, at its absolute discretion, grant options to eligible participants including any employee, contracted celebrity, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any Director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Group at the time when an option is granted to such employee, or any person who, in the sole discretion of the Board, have contributed or may contribute to the Group.

The purpose of the Scheme is to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economics interest in attaining the long term business objectives of the Company.

The details of the share options granted by the Company for the year and the outstanding of share option granted as at 31 December 2012 were as follows:

Category	Date of grant	Exercise Price (HK\$)	Exercise period	Outstanding as at 1 January 2012	Granted during the year	Lapsed during the year	Outstanding as at 31 December 2012
Consultants	17 May 2011	\$0.144	17 May 2011 to 16 May 2014	36,400,000	–	36,400,000	–

Under the year of review, there were no outstanding share options as at 31 December 2012.

Directors' Rights to Acquire Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST

As at 31 December 2012, so far as was known to any Director of the Company, persons who have an interest or a short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company pursuant to section 336 of the SFO were as follows:

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate % to the issued share capital
Mr. Yang Yue Zhou	Beneficial owner	107,381,260	–	107,381,260	19.25%
Mr. Tam Siu Ki (“Mr. Tam”)	Beneficial owner	23,631,000	231,578,947	255,209,947	45.76%

(Note)

Note: These underlying shares represent the new shares to be issued upon conversion of the Notes due 2015 by Mr. Tam in the principal amount of HK\$44,000,000 at the adjusted conversion price of HK\$0.19 per share (subject to adjustment).

Save as disclosed above, as at 31 December 2012 so far as was known to the Directors, no other persons had an interest or a short position in the shares, underlying shares or debenture of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

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

There were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2012.

COMPETING INTERESTS

As at 31 December 2012, none of the Directors, substantial shareholders nor any of their respective associates (as defined in the GEM Listing Rules) had any interests in a business which causes or may cause a significant competition with the business of the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2012, the Company had adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding directors' securities transactions.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules (the "Code") throughout the year ended 31 December 2012, except for the following deviations:

Chairman and Chief Executive Officer

The Code A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any offices with title of "chief executive officer". The executive Directors undertake the day-to-day management of the Company's business, whereas the chairman is responsible for management of the Board and strategic planning of the Group. The Board believes that the balance of power and authority is adequately ensured under the existing arrangement and the operations of the Board which comprises experienced and high calibre individuals with a substantial number thereof being non-executive Directors.

Appointment and Re-Election of Directors

The Code A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. All independent non-executive Directors ("INEDs") do not have specified length of service period and will be continuous to hold offices unless terminated by either party giving to the other not less than one month notice in writing. All INEDs are subject to the provisions of retirement by rotation at annual general meeting under the articles of association accomplishing the same objective as a specific term of appointment.

Audit Committee

An audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules and Code C.3.3. There are three members in the Audit Committee comprising three INEDs, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe, is the chairman of the Audit Committee. The principal responsibilities of the Audit Committee are to review and provide supervision over the financial reporting system and internal control procedures of the Group and to review the Company’s annual report and accounts, half-year report and quarterly reports and to provide advices and comments thereon to the Board.

Remuneration Committee

On 23 March 2012, a remuneration committee of the Company (the “**Remuneration Committee**”) was established with written terms of reference in compliance with the Code B.1.2. There are three members in the Remuneration Committee comprising three INEDs, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe is the chairman of the Remuneration Committee. The principal responsibilities of the Remuneration Committee are to make recommendations and to the Board on the Company’s policy and structure for all Directors and senior management remuneration and to review and approve the management’s remuneration proposals with reference to Board’s corporate goals and objectives.

Nomination Committee

On 23 March 2012, a nomination committee of the Company (the “**Nomination Committee**”) was established with written terms of reference in compliance with the Code A.5.2. There are three members in the Nomination Committee comprises three INEDs, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe is the chairman of the Nomination Committee. The principal responsibilities of the Nomination Committee are to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

REVIEW OF THE RESULTS ANNOUNCEMENT

The Group's audited consolidated results for the year ended 31 December 2012 have been reviewed by the Audit Committee. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, PKF, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PKF in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PKF on the preliminary announcement.

By order of the Board
Computech Holdings Limited
Yang Yue Zhou
Chairman

Hong Kong, 25 February 2013

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Yang Yue Zhou, Mr. Mak Kwong Yiu, Mr. Jiang Tan Shan and Mr. Kwok Shun Tim and (ii) three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for a minimum period of seven days from the date of its publication and on the Company's website at <http://www.computech.com.hk>.