
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Computech Holdings Limited (the "Company"), you should at once hand this prospectus together with the accompanying form of application (together, the "Prospectus Documents") to the purchaser or transferee, or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents. Dealings in the securities of the Company may be settled through CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares (as defined herein) on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares or such other dates as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of the Prospectus Documents, make no representation as to their respective accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of these documents.



Computech Holdings Limited

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)
(stock code: 8081)

OPEN OFFER OF 52,401,000 OFFER SHARES AT HK\$0.15 PER OFFER SHARE ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON RECORD DATE

Underwriter



Convoy Investment Services Limited

康宏証券投資服務有限公司

The latest time for application and payment for the Offer Shares is 4:00 p.m. (Hong Kong time) on Monday, 25 May 2009. The procedures for application of the Offer Shares are set on pages 18 to 19 of this prospectus.

Shares (as defined herein) has been dealt on an ex-entitlement basis from Monday, 4 May 2009. If the Underwriter (as defined herein) terminates the Underwriting Agreement (as defined herein), or the conditions of the Open Offer (as defined herein) are not fulfilled, the Open Offer will not proceed. Any Shareholders (as defined herein) or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer are fulfilled (which is expected to be Friday, 29 May 2009) will accordingly bear the risk that the Open Offer could not become unconditional and may not proceed.

It should be noted that if prior to the Latest Time for Termination (as defined herein),

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group (as defined herein) as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty consecutive trading days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer, the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall also be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event (as defined herein) comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall cease and terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

11 May 2009

* For identification purposes only

CHARACTERISTICS OF GEM

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 8 April 2009 in relation to, among other things, the Open Offer
“Aplus”	Aplus Worldwide Limited, a company incorporated in the British Virgin Islands and is beneficially owned as to approximately 42% by Mr. Fung Pak Chuen, Alphonso, an executive Director and chairman of the Company
“Application Form(s)”	the application form for use by the Qualifying Shareholders to apply for the Offer Shares
“Articles”	articles of association of the Company
“associates”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CL”	CL International Holdings Limited, a company incorporated in the British Virgin Islands and is beneficially owned as to approximately 26.57% by Mr. Fung Pak Chuen, Alphonso, an executive Director and chairman of the Company
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Computech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Lodging Date”	4:30 p.m. on Tuesday, 5 May 2009 or such later time or date as may be agreed between the Company and the Underwriter as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
“Latest Practicable Date”	7 May 2009 being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Monday, 25 May 2009 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on Friday, 29 May 2009, being the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwrite, being the latest time to terminate the Underwriting Agreement
“Mr. Chui”	Mr. Chui Bing Sun, holder of 20,900,000 Warrants
“Mr. Mak”	Mr. Mak Kwong Yiu, Mark, an executive Director and holder of 500,000 Share Options
“Offer Share(s)”	52,401,000 new Shares proposed to be offered to the Qualifying Shareholders for subscription under the Open Offer
“Open Offer”	the proposed issue of the Offer Shares at the Subscription Price by way of an open offer to the Qualifying Shareholders on the terms pursuant to the Prospectus Documents and summarized herein
“Overseas Shareholders”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong

DEFINITIONS

“Prohibited Shareholder(s)”	the Shareholders whose name appear on the register of members of the Company on the Record Date and whose addresses are in places outside of Hong Kong or who are person to whom in the Directors’ opinion, the Offer Shares may not be offered without compliance with registration and/or other legal or regulatory requirements of a jurisdiction or jurisdictions outside of Hong Kong
“Prospectus”	this prospectus containing details of the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form(s)
“Prospectus Posting Date”	11 May 2009
“Qualifying Shareholders”	the Shareholders other than the Prohibited Shareholders whose names appear on the register of members of the Company as at the close of business on Record Date
“Record Date”	8 May 2009
“Registrar”	Hong Kong Registrars Limited, the Company’s Hong Kong branch share registrar located at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 2 June 2000, which entitles the holders of the Share Options to subscribe for Shares
“Share Options”	shares options granted by the Company under the Share Option Scheme
“Share(s)”	existing ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.15 per Offer Share under the Open Offer
“Underwriter”	Convoy Investment Services Limited, a licensed corporation to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 8 April 2009 entered into among the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	30,388,599 Offer Shares, being all Offer Shares less such number of Offer Shares agreed to be taken up or procured to be taken up by CL and Aplus pursuant to their respective irrevocable undertakings
“Warrants”	the warrants granted by the Company, each of which is exercisable by holders thereof at any time during the period of three years commencing from 30 September 2008 to subscribe for 20,900,000 Shares at the exercise price of HK\$0.46 per Share
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

SUMMARY OF THE OPEN OFFER

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

Basis of the Open Offer:	One Offer Share for every two Shares held on the Record Date
Number of existing Shares in issue:	104,802,000 Shares as at the Latest Practicable Date
Number of Open Offer Shares to be issued:	52,401,000 Offer Shares
Subscription Price:	HK\$0.15 per Offer Share payable in full on application
Amounted to be raised by the Open Offer:	Approximately HK\$7,860,150
Number of Offer Shares undertaken to be taken up by CL and Aplus:	22,012,401 Shares
Number of Underwritten Shares:	30,388,599 Offer Shares, being all Offer Shares less such number of Offer Shares agreed to be taken up or procured to be taken up by CL and Aplus pursuant to their respective irrevocable undertakings
Basis of entitlement:	Offer Shares will be allotted in the proportion of one Offer Share for every two Shares held by the Qualifying Shareholders on the Record Date. No Offer Shares will be offered to the Prohibited Shareholders (if any)
Right of excess application:	The Qualifying Shareholders will not have the right to apply for excess Offer Shares
Underwriter:	Convoy Investment Services Limited

Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter. The Offer Shares are therefore fully underwritten.

EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is for indicative purposes only and has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

2009

Latest time for payment for and acceptance of the Offer Shares	4:00 p.m. on Monday, 25 May
Latest Time for Termination	4:00 p.m. on Friday, 29 May
Expected time for all conditions to which the Open Offer is subject are fulfilled and the Open Offer becomes unconditional	4:00 p.m. on Friday, 29 May
Announcement of results of the Open Offer on the GEM's website on or before	Monday, 1 June
If the Open Offer is terminated, refund cheques to be despatched on or before	Tuesday, 2 June
Certificates for the Offer Shares to be despatched on or before	Tuesday, 2 June
Dealings in the Offer Shares commence on	9:30 a.m. on Thursday, 4 June

All times stated above refer to Hong Kong times. Dates stated in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Open Offer will be announced as appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR OFFER SHARES

The Latest Time for Acceptance of and payment for Offer Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or
2. a “black” rainstorm warning
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 25 May 2009. Instead the latest time of acceptance of and payment for the Open Offer will be extended to 5:00 p.m. on the same business day; and
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 25 May 2009. Instead the latest time of acceptance of any payment for the Open Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Open Offer does not take place at 4:00 p.m. on 25 May 2009, the dates mentioned in the section headed “Expected timetable” in this Prospectus may be affected. An announcement will be made by the Company in such event.

LETTER FROM THE BOARD



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

(Incorporated in the Cayman Islands with limited liability)

(stock code: 8081)

Executive Directors:

Mr. Fung Pak Chuen, Alphonso

Mr. Mak Kwong Yiu, Mark

Independent non-executive Directors:

Mr. Pang Wing Kin, Patrick

Mr. Chung Kong Fei, Stephen

Mr. Ng Chik Sum, Jackson

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

10/F., Westlands Centre

20 Westlands Road

Quarry Bay

Hong Kong

11 May 2009

*To the Qualifying Shareholders and, for
information only, the Prohibited Shareholders*

Dear Sir or Madam,

**OPEN OFFER OF 52,401,000 OFFER SHARES AT HK\$0.15 PER OFFER SHARE
ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD
ON RECORD DATE**

INTRODUCTION

On 8 April 2009, the Company announced, among other things, that the Board proposed to raise approximately HK\$7,860,150, before expenses, by an open offer of 52,401,000 Offer Shares at a subscription price of HK\$0.15 per Offer Share, payable in full on application, on the basis of one Offer Share for every two Shares held on the Record Date. The Open Offer will not be extended to the Prohibited Shareholders.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has 104,802,000 Shares in issue, on the basis of one Offer Share for every two Shares held on the Record Date, 52,401,000 Offer Shares will be issued and 30,388,599 Offer Shares (being all Offer Shares less such number of Offer Shares agreed to be taken up or procured to be taken up by CL and Aplus pursuant to their respective irrevocable undertakings) will be underwritten by the Underwriter.

The purpose of this Prospectus is to provide you with, among other things, further details of (i) the Open Offer; (ii) financial information of the Group; and (iii) general information of the Group.

OPEN OFFER

Issue Statistics

Basis of the Open Offer:	One Offer Share for every two Shares held on the Record Date
Number of existing Shares in issue:	104,802,000 Shares as at the Latest Practicable Date
Number of Open Offer Shares to be issued:	52,401,000 Offer Shares
Subscription Price:	HK\$0.15 per Offer Share payable in full on application

As at the Latest Practicable Date, the Company has 500,000 outstanding Share Options. Mr. Mak is the beneficial owner of such 500,000 outstanding Share Options (all of which have been vested in and are exercisable by him), Mr. Mak has irrevocably undertaken to the Company and the Underwriter not to exercise any of the 500,000 Share Options on or before the Record Date.

As at the Latest Practicable Date, the Company has 20,900,000 outstanding Warrants. Mr. Chui is the beneficial owner of such 20,900,000 outstanding Warrants. Mr. Chui has also irrevocably undertaken to the Company and the Underwriter not to exercise any of the 20,900,000 Warrants on or before the Record Date.

Save as disclosed, apart from the 500,000 Share Options and 20,900,000 Warrants, there are no other outstanding options, warrants, convertible notes or other rights to subscribe for Shares as at the Latest Practicable Date.

Qualifying Shareholders

The Company has sent the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Prohibited Shareholders.

LETTER FROM THE BOARD

To qualify for the Open Offer, Qualifying Shareholders must be registered as members of the Company on the register of members of the Company on the Record Date and not be Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, Qualifying Shareholders must lodge any transfer of Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on 5 May 2009.

The invitation to apply for the Offer Shares will not be transferable and there will be no trading in the nil-paid entitlements on the Stock Exchange.

Closure of register of members

The register of members of the Company in Hong Kong was closed from Wednesday, 6 May 2009 to Friday, 8 May 2009 (both dates inclusive) to determine the eligibility of the Qualifying Shareholders to the Open Offer. No transfer of Shares has been registered during this period.

Subscription Price

The Subscription Price of HK\$0.15 per Offer Share, payable in full on application, represents:

- (i) a discount of approximately 57.14% to the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on 8 April 2009, being the date of the Underwriting Agreement;
- (ii) a discount of approximately 47.00% to the theoretical ex-entitlement price of approximately HK\$0.283 per Share based on the aforesaid closing price per Share;
- (iii) a discount of approximately 57.14% to the average closing price of approximately HK\$0.35 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 8 April 2009;
- (iv) a discount of approximately 57.14% to the average closing price of approximately HK\$0.35 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 8 April 2009; and
- (v) a premium of approximately 78.57% to the audited net asset value per Share of approximately HK\$0.084 as at 31 December 2008.

LETTER FROM THE BOARD

The Subscription Price was determined based on arm's length negotiations between the Company and the Underwriter, with reference to the prevailing market prices of the Shares. The Directors (including independent non-executive Director) consider that the discount of the Subscription Price as compared to the recent market prices would encourage Qualifying Shareholders to participate in the Open Offer and accordingly the future growth of the Group. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (including independent non-executive Director) consider that the Subscription Price for the Offer Shares are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares, when allotted and fully paid, will rank pari passu with the then existing Shares in issue in all respects on the date of allotment and issue of the Offer Shares. Holders of fully paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Share certificates for the Offer Shares and refund cheques

Subject to the fulfillment of the conditions of the Open Offer as set out in the section headed "Conditions of the Open Offer" below, share certificates for the Offer Shares are expected to be posted on or before Tuesday, 2 June 2009 to those Shareholders who have validly applied and paid for the Offer Shares at their own risks. If the Open Offer is terminated, refund cheques will be despatched on or before Tuesday, 2 June 2009 by ordinary post at their own risk.

Rights of Prohibited Shareholders

The Prospectus Documents are not registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. To determine the identities of the Prohibited Shareholders and in compliance with the relevant GEM Listing Rules, the Company has made necessary enquiries regarding the legal restrictions, if any, under the laws of the relevant jurisdictions and will only exclude the Prohibited Shareholders for the Open Offer if it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place after making relevant enquiries. The Company has sent the Prospectus to Prohibited Shareholders for their information only. No Application Forms has been sent to the Prohibited Shareholders.

As at the close of business on the Record Date, there were no Overseas Shareholders on the register of members of the Company. Hence, no Shareholders will be excluded from the Open Offer.

LETTER FROM THE BOARD

No application for excess Offer Shares

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Directors hold the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and to participate in the future growth and development of the Group. After arm's length negotiation with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Shareholders.

Fractions of Offer Shares

Fractional entitlements of Offer Shares will not be allotted and will be aggregated. All Offer Shares arising from the aggregation of such fractional entitlements will be taken up by the Underwriter.

Odd lots arrangements

The Company will not procure an agent to arrange for odd lots matching service.

Application for listing

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares are expected to continue to be traded in existing board lot of 10,000 Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

Irrevocable undertaking from CL and Aplus

As at the Latest Practicable Date, CL which holds 24,187,202 Shares representing approximately 23.08% of the issued share capital of the Company, has given an irrevocable undertaking in favour of the Company and the Underwriter to subscribe for or procure subscriptions for an aggregate of 12,093,601 Offer Shares to which it is entitled under the Open Offer, and Aplus which holds 19,837,600 Shares representing approximately 18.93% of the issued share capital of the Company, has given an irrevocable undertaking in favour of the Company and the Underwriter to subscribe for or procure subscriptions for an aggregate of 9,918,800 Offer Shares to which it is entitled under the Open Offer.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Taking into account the undertaking from CL and Aplus, as well as the undertaking from Mr. Mak and Mr. Chui, the Underwriter has agreed to fully underwrite 30,388,599 Offer Shares (being all Offer Shares less such number of Offer Shares agreed to be taken up or procured to be taken up by CL and Aplus pursuant to their respective irrevocable undertakings) at a subscription price of HK\$0.15 per Offer Share. The Underwriter and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules). The Underwriting Agreement provides that the Underwriter will be obliged to subscribe or procure subscribers for any Underwritten Shares not taken up by the Qualifying Shareholders.

The Company will pay the Underwriter an underwriting commission of 3% of the aggregate subscription price in respect of the number of Underwritten Shares on the Record Date. Both the Company and Underwriter consider the underwriting commission is in line with the market rate. The Directors (including the independent non-executive Directors) are also of the view that the commission is fair and reasonable.

Termination of the Underwriting Agreement

The Underwriting may by notice in writing to the Company given at any time before the Latest Time for Termination or such later time as the Company or the Underwriter may agree, terminate the Underwriting Agreement, if any of the following grounds of termination happens:

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:**
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or**

LETTER FROM THE BOARD

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty consecutive trading days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

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The Underwriter shall also be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or**
- (2) any Specified Event comes to the knowledge of the Underwriter.**

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

CONDITIONS OF THE OPEN OFFER

Completion of the Open Offer is conditional upon fulfillment of each of the following conditions:

1. the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the date on which the Prospectus is despatched;
2. the posting of the Prospectus Documents to the Qualifying Shareholders and, the posting of the Prospectus and a letter to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the date on which the Prospectus is despatched;
3. the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
4. the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
5. compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
6. compliance with and performance of all undertakings and obligations of Mr. Chui in respect of his undertaking not to exercise any of the outstanding Warrants;

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7. compliance with and performance of all undertakings and obligations of Mr. Mak in respect of his undertaking not to exercise any of the outstanding Share Options;
8. compliance with and performance of all undertakings and obligations of CL in respect of its undertaking to subscribe 12,093,601 Offer Shares to which it is entitled; and
9. compliance with and performance of all undertakings and obligations of Aplus in respect of its undertaking to subscribe 9,918,800 Offer Shares to which it is entitled.

The Company shall make an application to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

All the conditions stated above cannot be waived by any parties to the Underwriting Agreement. If any of the conditions of the Open Offer is not fulfilled by the Latest Time for Termination or shall become incapable of being fulfilled on or before such time, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

The Company shall use all reasonable endeavours to procure the fulfillment of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Offer Shares or to give effect to the Open Offer and the arrangements contemplated in the Underwriting Agreement.

Up to the Latest Practicable Date, none of the above conditions precedent has been fulfilled. The above conditions (1) and (2) have been fulfilled on the Prospectus Posting Date.

WARNING OF RISKS OF DEALING IN SHARES

If the Underwriter terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement have not been fulfilled in accordance with the terms thereof, the Open Offer will not proceed. Shareholders and potential investors are advised to exercise due caution when dealing with the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt with on an ex-entitlement basis commencing from 4 May 2009 and that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholders or other persons dealing in such Shares up to the date on which all conditions to which the Open Offer is subject to are fulfilled (which is expected to be 29 May 2009) will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating on selling or purchasing the Shares who are in any doubt about their position are recommended to consult their professional advisers.

LETTER FROM THE BOARD

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE OPEN OFFER

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Open Offer assuming all Shareholders take up their respective allotment of the Offer Shares in full		Immediately after completion of the Open Offer assuming no Shareholder (other than CL and Aplus) takes up any of the Underwritten Shares and all Underwritten Shares are taken up by the Underwriter	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Aplus (Note 1)	19,837,600	18.93	29,756,400	18.93	29,756,400	18.93
CL (Note 2)	24,187,202	23.08	36,280,803	23.08	36,280,803	23.08
The Underwriter	–	–	–	–	30,388,599	19.33
Public Shareholders	60,777,198	57.99	91,165,797	57.99	60,777,198	38.66
Total	<u>104,802,000</u>	<u>100</u>	<u>157,203,000</u>	<u>100</u>	<u>157,203,000</u>	<u>100</u>

Notes:

- The issued share capital of Aplus is owned as to approximately 84% by Win Plus Group Limited (“Win Plus”). Win Plus is owned as to 50% by AFS Holdings Limited and 50% by Ardian Holdings Limited. AFS Holdings Limited is wholly-owned by Mr. Fung Pak Chuen, Alphonso, the chairman and an executive Director of the Company. Ardian Holdings Limited is wholly-owned by Mr. Lo Richard. The ultimate beneficial owner of the remaining 16% interests in Aplus is Yap Fat Suan, Henry who has no role and/or position with the Group. Save for being interested in the Shares, an ex-Director and directors of subsidiaries of the Company, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, Mr. Lo Richard has no other role and/or position with the Group.
- The issued share capital of CL is owned as to approximately 67.86% by Adwin Investments Limited and as to approximately 3.08% by Win Plus. Win Plus holds approximately 73.77% interest in the issued share capital of Adwin Investments Limited. The ultimate beneficial owners of the remaining 29.06% interests in CL are third parties independent of the Company.

FUNDS RAISED DURING THE PAST 12 MONTHS

During the past 12 months immediately preceding the Latest Practicable Date, the Company has not conducted any fund raising activity.

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REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in the provision of information technology services.

The gross proceeds from the Placing will be approximately HK\$7,860,150. The estimated net proceeds from the Open Offer is approximately HK\$7,310,150 (assuming no exercise of the Share Options and Warrants on or before the Record Date). The net proceeds from the Open Offer will be used for general working capital of the Group. The net proceeds raised per Share upon the completion of the Open Offer will be approximately HK\$0.140 per Share.

In view of the recent economic climate, it is prudent to finance the Group's long term growth by long term funding, preferably in the form of equity. The Directors also consider that the finance cost by equity will be lower than those by debt financing.

The Board considers that the Open Offer provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position. In addition, since the Open Offer will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Open Offer.

The estimated expenses of the Open Offer are about HK\$550,000, which include underwriting commission and professional fees payable to lawyers and financial printer, etc. and will be borne by the Company.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group will remain focus on in its existing businesses, including the provision of information technology services, consultancy, technical support, systems integration, development and sales of hardware and software products. However, the Group will continue to look for possible diversification potentials.

The Company of Board considers that the Open Offer will enable the Group to strengthen its capital base and to enhance its financial position. The estimated net proceeds from the Open Offer will be approximately HK\$7.3 million and are intended to be used as the general working capital of the Group.

PROCEDURE FOR APPLICATION AND PAYMENT

If you are a Qualifying Shareholder, you will find the Application Form enclosed with this Prospectus which entitles you to apply for the number of Offer Shares in your assured entitlement shown thereon. If you wish to apply for such Offer Shares or any lesser number of such Offer Shares, you must complete, sign and lodge the same in accordance with the instructions printed thereon, together with the remittance for full amount payable on application with the Registrar by not later than 4:00 p.m. (Hong Kong time) on Monday, 25 May 2009. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "Computech Holdings Limited – Assured Allotment Account" and crossed "Account Payee Only".

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It should be noted that unless the Application Form, together with the appropriate remittance, has been lodged with Hong Kong Registrars Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than the Latest Time for Acceptance by the Qualifying Shareholder, his/her/its entitlement to apply under the Open Offer will be deemed to have been declined and will be cancelled.

All cheques or banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such application monies will be retained for the benefit of the Company. Any Application Form in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Shareholder under the Open Offer will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions to which the Open Offer is subject are not fulfilled in accordance with the section headed "Conditions of the Open Offer", the application monies will be refunded, without interest, by sending cheques made out to the applicants (or in the case of joint applicants, to the first named applicant) and crossed "Account Payee Only", through ordinary post at the risk of the applicants to the address as registered in the register of members of the Company on or before Tuesday, 2 June 2009.

The Application Form is for use only by the person(s) named therein and is not transferable or renounceable. All documents, including cheques and cashier orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses.

No receipt will be issued in respect of any application monies received.

ADJUSTMENTS IN RELATION TO THE SHARE OPTION SCHEMES AND THE WARRANTS

Pursuant to the terms of the Share Option Schemes and the Warrants, the exercise prices of the respective Share Options and Warrants may be adjusted in accordance with the terms of the Share Option Schemes and the Warrants upon the Open Offer becoming unconditional. The corresponding adjustments will be made to the number or nominal amount of Shares subject to the respective Share Options and Warrants so far as unexercised and unconverted, and/or the method of exercise of the Share Options and the method of conversion of the Warrants provided that such adjustments will be made on the basis that the proportion of the issued share capital to which a holder of the Share Options and/or Warrants is entitled after such adjustments will remain the same as that to which he was entitled before such alteration and no Share will be issued at less than its nominal value.

An approved investment bank or the auditors of the Company will be appointed to certify the necessary adjustment. Further announcement will be made by the Company in this regard.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

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

I. FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated income statement for each of the three years ended 31st December, 2006, 2007 and 2008 (the “Relevant Years”) and the audited consolidated balance sheets as at 31st December, 2006, 2007 and 2008, as extracted from the annual report of the Company for the Relevant Years.

Consolidated income statement

	<i>Note</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Turnover	4	39,424	36,353	38,758
Cost of sales		<u>(32,386)</u>	<u>(29,126)</u>	<u>(30,197)</u>
Gross profit		7,038	7,227	8,561
Other income		–	18	322
Selling and distribution expenses		(123)	(195)	(47)
Administrative expenses		<u>(8,267)</u>	<u>(7,268)</u>	<u>(10,920)</u>
Operating loss		(1,352)	(218)	(2,084)
Share of result of associates		<u>(4)</u>	<u>(4)</u>	<u>(1)</u>
Loss before income tax	5	(1,356)	(222)	(2,085)
Income tax (expense)/credit	6	<u>(22)</u>	<u>(9)</u>	<u>1</u>
Loss from continuing operations		(1,378)	(231)	(2,084)
Discontinued operations				
Profit from discontinued operations		<u>1,816</u>	<u>1,907</u>	<u>1,108</u>
Profit/(loss) for the year	7	<u><u>438</u></u>	<u><u>1,676</u></u>	<u><u>(976)</u></u>
Attributable to:–				
Shareholders of the Company		438	1,681	(976)
Minority interests		<u>–</u>	<u>(5)</u>	<u>–</u>
Profit/(loss) for the year		<u><u>438</u></u>	<u><u>1,676</u></u>	<u><u>(976)</u></u>
Earnings/(loss) per share – Basic (HK cents)				
From continuing and discontinued operations (HK cents)	8	<u><u>0.43</u></u>	<u><u>1.60</u></u>	<u><u>(0.93)</u></u>
From continuing operations (HK cents)		<u><u>(1.35)</u></u>	<u><u>(0.22)</u></u>	<u><u>(1.99)</u></u>
From discontinued operations (HK cents)		<u><u>1.78</u></u>	<u><u>1.82</u></u>	<u><u>1.06</u></u>

Consolidated balance sheet

	<i>Note</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NON-CURRENT ASSETS				
Plant and equipment	11	1,104	768	417
Interests in associates	13	305	3	4
		<u>1,409</u>	<u>771</u>	<u>421</u>
CURRENT ASSETS				
Inventories	14	3,277	3,576	1,824
Debtors, deposits and prepayments	15	5,809	8,221	2,010
Amount due from a shareholder	17(a)	12	–	23
Amounts due from related companies	17(b)	2,652	2,466	6,045
Income tax recoverable		128	147	23
Cash and bank balances	16	2,087	3,124	3,063
		<u>13,965</u>	<u>17,534</u>	<u>12,988</u>
DEDUCT:				
CURRENT LIABILITIES				
Creditors, accruals and deposits received	18	5,914	6,969	4,585
Amount due to a shareholder	17(a)	–	15	–
Income tax payable		58	107	–
		<u>5,972</u>	<u>7,091</u>	<u>4,585</u>
NET CURRENT ASSETS		<u>7,993</u>	<u>10,443</u>	<u>8,403</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,402	11,214	8,824
NON-CURRENT LIABILITY				
Loans from directors	19	(2,256)	(2,256)	–
NET ASSETS		<u>7,146</u>	<u>8,958</u>	<u>8,824</u>
REPRESENTING:				
SHARE CAPITAL	20	5,240	5,240	5,240
RESERVES	21	1,906	3,703	3,584
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		7,146	8,943	8,824
MINORITY INTERESTS		–	15	–
TOTAL EQUITY		<u>7,146</u>	<u>8,958</u>	<u>8,824</u>

Balance sheet

	<i>Note</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NON-CURRENT ASSETS				
Interests in subsidiaries	12	<u>5,732</u>	<u>5,271</u>	<u>4,727</u>
CURRENT ASSETS				
Amount due from a shareholder	17(a)	12	–	25
Amount due from a related company	17(c)	–	8	–
Deposits and prepayments		240	107	127
Income tax recoverable		–	19	–
Cash at bank		<u>53</u>	<u>76</u>	<u>1,790</u>
		<u>305</u>	<u>210</u>	<u>1,942</u>
DEDUCT:				
CURRENT LIABILITIES				
Accruals		395	150	395
Amounts due to subsidiaries	12(c)	233	185	4,041
Income tax payable		<u>15</u>	<u>–</u>	<u>–</u>
		<u>643</u>	<u>335</u>	<u>4,436</u>
NET CURRENT LIABILITIES		<u>(338)</u>	<u>(125)</u>	<u>(2,494)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,394	5,146	2,233
NON-CURRENT LIABILITY				
Loans from directors	19	<u>(2,256)</u>	<u>(2,256)</u>	<u>–</u>
NET ASSETS		<u><u>3,138</u></u>	<u><u>2,890</u></u>	<u><u>2,233</u></u>
REPRESENTING:				
SHARE CAPITAL	20	5,240	5,240	5,240
RESERVES	21	<u>(2,102)</u>	<u>(2,350)</u>	<u>(3,007)</u>
SHAREHOLDERS' FUNDS		<u><u>3,138</u></u>	<u><u>2,890</u></u>	<u><u>2,233</u></u>

Consolidated statement of changes in equity

	Attributable to shareholders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Warrants reserve HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1.1.2006	4,800	1,880	4	-	-	(2,077)	4,607	-	4,607
Issue of shares (Note 20(b))	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 and an associate	-	-	116	-	-	-	116	-	116
Profit/(loss) for the year	-	-	-	-	-	1,681	1,681	(5)	1,676
At 31.12.2007 and 1.1.2008	5,240	3,465	196	-	-	42	8,943	15	8,958
Disposal of a subsidiary with a minority shareholder	-	-	-	-	-	-	-	(15)	(15)
Disposal of a PRC subsidiary	-	-	(196)	-	-	-	(196)	-	(196)
Share-based payments	-	-	-	28	1,025	-	1,053	-	1,053
Loss for the year	-	-	-	-	-	(976)	(976)	-	(976)
At 31.12.2008	<u>5,240</u>	<u>3,465</u>	<u>-</u>	<u>28</u>	<u>1,025</u>	<u>(934)</u>	<u>8,824</u>	<u>-</u>	<u>8,824</u>

Consolidated cash flow statement

	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Operating (loss)/profit			
From continuing operations	(1,352)	(218)	(2,085)
From discontinued operations	<u>2,666</u>	<u>2,250</u>	<u>1,281</u>
	1,314	2,032	(804)
Adjustments for:-			
Interest income	(40)	(46)	(10)
Depreciation	526	631	453
Share-based payments	-	-	1,053
Loss on disposal of plant and equipment	43	37	4
Gain on disposal of interest in an associate	-	(63)	-
Gain on disposal of discontinued operations	<u>-</u>	<u>-</u>	<u>(103)</u>
Operating profit before working capital changes	1,843	2,591	593
(Increase)/decrease in inventories	(452)	(299)	808
Decrease/(increase) in debtors, deposits and prepayments	3,515	(2,412)	2,557
(Increase)/decrease in amounts due from related companies	(2,625)	186	(7,140)
(Decrease)/increase in creditors, accruals and deposits received	(937)	1,055	3,816
Decrease in amounts due to fellow subsidiaries	<u>(7,077)</u>	<u>-</u>	<u>-</u>
Cash (used in)/generated from operations	(5,733)	1,121	634
Interest received	40	46	10
Income tax paid	<u>(478)</u>	<u>(322)</u>	<u>(201)</u>
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(6,171)</u>	<u>845</u>	<u>443</u>

APPENDIX I

FINANCIAL INFORMATION

	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000
CASH FLOWS FROM			
INVESTING ACTIVITIES			
Payments to acquire plant and equipment	(848)	(331)	(289)
Proceeds from disposal of plant and equipment	33	4	–
Proceeds from disposal of interest in an associate	–	40	–
Net cash generated from disposal of subsidiaries	–	–	2,080
Decrease/(increase) in amounts due from associates	351	329	(1)
Decrease in amounts due from fellow subsidiaries	27	–	–
	<u> </u>	<u> </u>	<u> </u>
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(437)	42	1,790
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM			
FINANCING ACTIVITIES			
Issue of shares for cash	2,201	–	–
Share issuing expenses	(176)	–	–
Repayment of loans from directors	–	–	(2,256)
Increase/(decrease) in amount due to a shareholder	–	27	(15)
Increase in amount due from a shareholder	–	–	(23)
Issue of shares to a minority shareholder	–	20	–
	<u> </u>	<u> </u>	<u> </u>
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	2,025	47	(2,294)
	<u> </u>	<u> </u>	<u> </u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,583)	934	(61)
EXCHANGE ADJUSTMENT OF CASH AND CASH EQUIVALENTS	50	103	–
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	<u>6,620</u>	<u>2,087</u>	<u>3,124</u>
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER			
Cash and bank balances	<u>2,087</u>	<u>3,124</u>	<u>3,063</u>

Notes to the financial information

1. GENERAL INFORMATION

Computech Holdings Limited (the “Company”) is a limited liability company incorporated in 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, 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 year ended 31st December, 2008, the Group initially applied the following new and revised Hong Kong Financial Reporting Standards:–

Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets
Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets – Effective Date and Transition
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The initial application of these Hong Kong Financial Reporting Standards does not necessitate material changes in the Group’s accounting policies or retrospective adjustments of the comparatives presented, except that reclassification of certain held-for-trading financial assets is now permitted by Amendments to HKAS 39 and HKFRS 7.

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

The following Hong Kong Financial Reporting Standards in issue at 31st December, 2008 have not been applied in the preparation of the financial information for the Relevant Years since they were not yet effective for the annual period beginning on 1st January, 2008:–

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
Amendments to HKAS 32 and HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to HKFRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to HKFRS 1 and HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associates
Amendments to HKAS 39	Eligible Hedged Items
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
Improvements to HKFRSs	

The Group is required to initially apply HKAS 1 (Revised), HKAS 23 (Revised), HKFRS 8, amendments to HKAS 32 and HKAS 1, amendments to HKFRS 2, amendments to HKFRS 1 and HKAS 27, HK(IFRIC)-Int 13, HK(IFRIC)-Int 15, HK(IFRIC)-Int 16 and Improvements to HKFRSs (except for the amendments to paragraphs 8A, 36A and 44C of HKFRS 5 and paragraphs 34C and 47L of HKFRS 1) in its annual financial statements beginning on 1st January, 2009, and to initially apply HKAS 27 (Revised), HKFRS 1 (Revised), HKFRS 3 (Revised), HK(IFRIC)-Int 17, amendments to HKAS 39 and Improvements to HKFRSs regarding the amendments to paragraphs 8A, 36A and 44C of HKFRS 5 and paragraphs 34C and 47L of HKFRS 1 in its annual financial statements beginning on 1st January, 2010.

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 Years. The results of subsidiaries during the Relevant Years 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 PRC 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
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 statements 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.

(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 income statements as incurred.

(j) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. 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 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 net profit 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) 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 consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

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

(c) *Group companies*

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

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

(p) **Significant judgement**

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

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

(q) **Share-based payments**

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserve and warrants reserve).

(r) **Discontinued operations**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated income statement, which comprises:

- (i) the post-tax profit or loss of the discontinued operation; and
- (ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

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:–

Continuing operations:–

	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Sales	2,970	256	686
Service income	<u>36,454</u>	<u>36,097</u>	<u>38,072</u>
Turnover	39,424	36,353	38,758
Interest income	<u>16</u>	<u>14</u>	<u>6</u>
Total revenue	<u><u>39,440</u></u>	<u><u>36,367</u></u>	<u><u>38,764</u></u>

Discontinued operations:–

	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Sales	23,477	20,072	9,042
Service income	<u>3,971</u>	<u>4,073</u>	<u>1,689</u>
Turnover	27,448	24,145	10,731
Interest income	<u>24</u>	<u>32</u>	<u>4</u>
Total revenue	<u><u>27,472</u></u>	<u><u>24,177</u></u>	<u><u>10,735</u></u>

5. LOSS BEFORE INCOME TAX

Continuing operations:–

	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss before income tax is arrived at after charging/(crediting):–			
Cost of inventories expensed	6,585	3,556	3,868
Minimum lease payments paid under operating leases for office premises	2,166	1,908	1,748
Auditor's remuneration	218	230	226
Depreciation	428	467	375
Directors' remuneration	1,123	1,143	1,828
Other staff salaries and benefits	18,487	18,250	17,097
Retirement scheme contributions	293	196	652
Exchange losses/(gain), net	9	21	(1)
Loss on disposal of plant and equipment	<u>43</u>	<u>–</u>	<u>4</u>

Discontinued operations:–

	2006	2007	2008
	<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	13,055	9,467	3,939
Minimum lease payments paid under operating leases for office premises	351	438	135
Auditor's remuneration	46	49	38
Bad debts written off/(recovered)	197	(170)	–
Depreciation	98	164	78
Directors' remuneration	657	767	–
Other staff salaries and benefits	3,292	3,508	1,163
Retirement scheme contributions	149	217	6
Exchange losses, net	6	–	6
Gain on disposal of discontinued operation	–	–	(103)
Loss on disposal of plant and equipment	–	37	–
Gain on disposal of interest in an associate	–	(63)	–
	<u> </u>	<u> </u>	<u> </u>

6. INCOME TAX (EXPENSE)/CREDIT

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax			
– Hong Kong profits tax	262	295	157
– PRC enterprise income tax	–	57	15
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
Income tax expense/(credit) expense contributable to continuing operations	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
Income tax expense contributable to discontinued operations	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2007 and 2006: 17.5%) of the estimated assessable profits for each year. Overseas taxation represents the income tax of a branch in the PRC which is subject to the Income Tax Law of the PRC for Enterprises with Foreign Investment. The provision for PRC enterprise income tax is calculated at 25% (2007 and 2006: 33%) of the estimated assessable profits for the year.

- (a) The income tax expense for the Relevant Years can be reconciled to the profit/(loss) per income statement as follows:–

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit before income tax			
– from continuing operations	(1,356)	(222)	(2,085)
– from discontinued operations	<u>2,056</u>	<u>2,250</u>	<u>1,178</u>
	<u><u>700</u></u>	<u><u>2,028</u></u>	<u><u>(907)</u></u>
Tax effect at Hong Kong profits tax rate of 16.5% (2007 and 2006: 17.5%)	123	355	(150)
PRC and Hong Kong tax rates differential	81	43	38
Tax effect of income that is not taxable	(88)	(103)	(1,056)
Tax effect of expenses that are not deductible	122	20	994
Tax effect of unrecognised (decelerated)/ accelerated depreciation allowances	(30)	50	(24)
Tax effect of tax loss not recognised	54	44	383
Utilisation of previously recognised tax losses	–	(57)	(7)
Over-provision in respect of prior year	<u>–</u>	<u>–</u>	<u>(6)</u>
Income tax expense	<u><u>262</u></u>	<u><u>352</u></u>	<u><u>172</u></u>

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

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deductible temporary differences			
Unutilised tax losses (<i>Note 6(b)(i)</i>)	309	340	2,660
Accelerated depreciation allowances	<u>(839)</u>	<u>(557)</u>	<u>(701)</u>
Net taxable temporary difference	<u><u>(530)</u></u>	<u><u>(217)</u></u>	<u><u>1,959</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. LOSS FOR THE YEAR

The consolidated loss attributable to shareholders of the Company for the year includes a loss of approximately HK\$1,710,000 (2007: loss of approximately HK\$248,000; 2006: profit of approximately HK\$96,000) which has been dealt with in the financial statement of the Company.

8. EARNINGS /(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share for the Relevant Years is based on the following data:–

	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit/(loss) attributable to shareholders of the Company for the year	<u>438</u>	<u>1,681</u>	<u>(976)</u>
Attributable to:			
Continuing operations	<u>(1,378)</u>	<u>(231)</u>	<u>(2,084)</u>
Discontinued operations	<u>1,816</u>	<u>1,912</u>	<u>1,108</u>
Shares			
Weighted average number of ordinary shares in issue	<u>102,076,997</u>	<u>104,802,000</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 Years.

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 Years 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>	Share- based payments <i>HK\$'000</i>	Total <i>HK\$'000</i>
2006					
Executive directors:					
Fung Pak Chuen, Alphonso	-	1,531	69	-	1,600
Lo, Richard	-	-	-	-	-
	-	1,531	69	-	1,600
Non-executive director:					
Yukitaka Kaneda	-	-	-	-	-
Independent non-executive directors:					
Lee Sai Yeung	60	-	-	-	60
Chung Kong Fei, Stephen	60	-	-	-	60
Ng Chik Sum, Jackson	60	-	-	-	60
	180	-	-	-	180
	180	1,531	69	-	1,780
2007					
Executive directors:					
Fung Pak Chuen, Alphonso	-	1,648	82	-	1,730
Lo, Richard	-	-	-	-	-
	-	1,648	82	-	1,730
Independent non-executive directors:					
Lee Sai Yeung	60	-	-	-	60
Chung Kong Fei, Stephen	60	-	-	-	60
Ng Chik Sum, Jackson	60	-	-	-	60
	180	-	-	-	180
	180	1,648	82	-	1,910

	Fees <i>HK\$'000</i>	Basic salaries, allowances and other benefits <i>HK\$'000</i>	Retirement scheme contributions <i>HK\$'000</i>	Share- based payments <i>HK\$'000</i>	Total <i>HK\$'000</i>
2008					
Executive directors:					
Fung Pak Chuen, Alphonso	–	1,495	75	–	1,570
Mak Kwong Yiu, Mark	50	–	–	28	78
Lo, Richard	–	–	–	–	–
	<u>50</u>	<u>1,495</u>	<u>75</u>	<u>28</u>	<u>1,648</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>–</u>	<u>180</u>
	<u>230</u>	<u>1,495</u>	<u>75</u>	<u>28</u>	<u>1,828</u>

(i) During the Relevant Years, 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 Years.

(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 Years are as follows:–

	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Salaries and allowances	1,708	2,128	1,730
Retirement scheme contributions	<u>80</u>	<u>86</u>	<u>77</u>
	<u>1,788</u>	<u>2,214</u>	<u>1,807</u>

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

- (i) During the Relevant Years, 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

	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>

	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 1.1.2008	1,767	35	229	2,031
Additions	260	-	29	289
Disposals:				
- Others	(13)	-	-	(13)
- Through disposal of subsidiaries	(456)	(21)	(61)	(538)
At 31.12.2008	1,558	14	197	1,769
Accumulated depreciation:-				
At 1.1.2008	1,090	20	153	1,263
Charge for the year	400	5	48	453
Written back on disposals	(9)	-	-	(9)
Disposal of subsidiaries	(323)	(15)	(17)	(355)
At 31.12.2008	1,158	10	184	1,352
Net book value:-				
At 31.12.2008	400	4	13	417
12. INTERESTS IN SUBSIDIARIES				
		2006	2007	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost		100	100	100
Less: Provision for impairment loss		(100)	(100)	(100)
		-	-	-
Amounts due from subsidiaries – <i>Note 12(b)</i>		5,732	5,271	4,727
		5,732	5,271	4,727

- (a) The details of the subsidiaries as at 31st December, 2008, 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 Services Limited	Hong Kong, limited liability company	300,000 ordinary shares of HK\$1 each	–	100%	Provision of IT support services in Hong Kong
Computech Online Limited*	The British Virgin Islands, limited liability company	1 ordinary share of US\$1	–	100%	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 on demand. The directors consider the carrying 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

	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000
Share of net assets/(liabilities)	(27)	–	–
Amounts due from associates – <i>Note 13(b)</i>	332	3	4
	<u>305</u>	<u>3</u>	<u>4</u>

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

Name	Place of incorporation	Particulars of issued shares	Assets HK\$'000	Liabilities HK\$'000	Revenue HK\$'000	Loss HK\$'000	Interest held %
2008							
Jackstar Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	5	13	–	(1)	50
2007							
Jackstar Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	5	12	–	(3)	50
2006							
Automated Logistics Solutions Limited	Hong Kong	200 ordinary shares of HK\$1 each and 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	PRC	HK\$500,000	565	1,352	153	(1,185)	49.5
Jackstar Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	1	5	1	(5)	50

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

(b) The amounts due from associates are interest-free, unsecured and repayable on demand. The directors consider the carrying amounts approximate their fair value.

14. INVENTORIES

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equipment and accessories held for re-sale	1,459	1,599	–
Spare parts	1,818	1,977	1,824
	<u>3,277</u>	<u>3,576</u>	<u>1,824</u>

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Debtors, deposits and prepayments comprise:			
Trade debtors	4,946	7,816	1,746
Other debtors, deposits and prepayments	863	405	264
	<u>5,809</u>	<u>8,221</u>	<u>2,010</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.

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	4,535	6,448	1,635
4 – 6 months	282	1,301	96
7 – 12 months	129	67	15
	<u>4,946</u>	<u>7,816</u>	<u>1,746</u>

16. CASH AND BANK BALANCES

At 31st December, 2008, the cash and bank balances of the Group denominated in Renminbi amounted to approximately HK\$1,000 (2007: HK\$879,000 and 2006: HK\$324,000 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) A SHAREHOLDER AND RELATED COMPANIES

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

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

Related company	At	Maximum	At	Maximum	At	Maximum	At
	1.1.2006	during	31.12.2006	during	31.12.2007	during	31.12.2008
	HK\$'000	the year	and	the year	and	the year	HK\$'000
		HK\$'000	1.1.2007	HK\$'000	1.1.2008	HK\$'000	HK\$'000
CL Systems (China) Limited	-	-	-	8	8	8	-

18. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

	2006	2007	2008
	HK\$'000	HK\$'000	HK\$'000
Creditors, accruals and deposits received comprise:			
Trade creditors	1,395	2,584	2,500
Other creditors, accruals and deposits	3,280	2,658	1,820
Deferred revenue	1,239	1,112	115
Deposits received	-	615	150
	<u>5,914</u>	<u>6,969</u>	<u>4,585</u>

The following is an aging analysis of trade creditors:-

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	1,395	2,417	2,247
4 – 6 months	–	167	89
7 – 12 months	–	–	1
Over 1 year but within 2 years	–	–	163
	<u>1,395</u>	<u>2,584</u>	<u>2,500</u>

19. LOANS FROM DIRECTORS

The loans are interest-free, unsecured and repaid in year 2008.

20. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:-		
Ordinary shares of HK\$0.01 each at 1.1.2006	1,000,000,000	10,000
Shares consolidation – <i>Note 20(a)</i>	<u>(800,000,000)</u>	<u>–</u>
Ordinary shares of HK\$0.05 each at 31.12.2006, 31.12.2007 and 31.12.2008	<u>200,000,000</u>	<u>10,000</u>
Issued and fully paid:-		
Ordinary shares of HK\$0.01 each at 1.1.2006	480,000,000	4,800
Issue of shares – <i>Note 20(b)</i>	44,010,000	440
Share consolidation – <i>Note 20(a)</i>	<u>(419,208,000)</u>	<u>–</u>
Ordinary shares of HK\$0.05 each at 31.12.2006, 31.12.2007 and 31.12.2008	<u>104,802,000</u>	<u>5,240</u>

- (a) 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.
- (b) The Company raised HK\$2,200,000 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.

21. RESERVES

The Group	Share premium	Translation reserve	Share options reserve <i>(Note 21(a))</i>	Warrants reserve <i>(Note 21(b))</i>	(Accumulated	Total
					losses)/ retained profits	
					HK\$'000	
At 1.1.2006	1,880	4	-	-	(2,077)	(193)
Issue of shares <i>(Note 20(b))</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 and an associate	-	116	-	-	-	116
Profit for the year	-	-	-	-	1,681	1,681
At 31.12.2007 and 1.1.2008	3,465	196	-	-	42	3,703
Disposal of a PRC subsidiary	-	(196)	-	-	-	(196)
Share-based payments	-	-	28	1,025	-	1,053
Loss for the year	-	-	-	-	(976)	(976)
At 31.12.2008	3,465	-	28	1,025	(934)	3,584

The Company	Share premium	Share options reserve <i>(Note 21(a))</i>	Warrants reserve <i>(Note 21(b))</i>	Accumulated losses	Total					
						HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
						At 1.1.2006	1,880	-	-	(5,663)
Issue of shares <i>(Note 20(b))</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 and 1.1.2008	3,465	-	-	(5,815)	(2,350)					
Share-based payments	-	28	1,025	-	1,053					
Loss for the year	-	-	-	(1,710)	(1,710)					
At 31.12.2008	3,465	28	1,025	(7,525)	(3,007)					

(a) Share options reserve

The share options reserve arises on the grant of share options to a director under the Scheme. Further information about share-based payments to such director is set out in note 28(a).

(b) Warrants reserve

The warrants reserve arises on the grant of warrants to the Group's agent under service agreement entered into by the Group and the agent. Further information about the share-based payments to the agent is set out in note 28(b).

22. OPERATING LEASES COMMITMENTS

As at 31st December, 2006, 2007 and 2008, the Group had outstanding commitments under non-cancellable operating leases for which the aggregate minimum lease payments fall due as follows:-

	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within one year	2,304	2,160	552
In the second to fifth years inclusive	<u>2,712</u>	<u>552</u>	<u>-</u>
	<u><u>5,016</u></u>	<u><u>2,712</u></u>	<u><u>552</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.

23. RELATED PARTY TRANSACTIONS

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

	<i>Note</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Provision of IT services to CLIH Group	<i>(i)</i>	34,358	29,738	31,659
Purchases from CLIH Group	<i>(i)</i>	19,103	13,779	6,942
Acquisition of plant and equipment from CLIH Group	<i>(ii)</i>	<u>240</u>	<u>82</u>	<u>-</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

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and other benefits in kind	2,374	3,776	3,253
Retirement scheme contributions	110	168	152
	<u>2,484</u>	<u>3,944</u>	<u>3,405</u>

24. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS**(a) Currency risk**

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

Carrying amounts of financial assets and financial liabilities as at 31st December, 2006, 2007 and 2008 that exposed to currency risks were as follows:-

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets denominated in foreign currencies:-			
Debtors, deposits and prepayment	2,037	6,179	-
Cash and bank balances	467	1,100	4
	<u>2,504</u>	<u>7,279</u>	<u>4</u>
Financial liabilities denominated in foreign currencies:-			
Creditors, accruals and deposits received	(814)	(1,020)	(1,004)
Net financial assets/(liabilities) exposed to currency risks	<u>1,690</u>	<u>6,259</u>	<u>(1,000)</u>

The net financial assets/(liabilities) denominated in foreign currencies are analysed as follows:-

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
USD	1,446	5,162	4
Renminbi	244	1,097	(1,004)
	<u>1,690</u>	<u>6,259</u>	<u>(1,000)</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 of the Group as at 31st December, 2008 would increase by approximately HK\$50,000 (2007 and 2006: decreased by approximately HK\$55,000 and HK\$12,000 respectively).

(b) Cash flow and fair value interest rate risks

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 Group by failing to discharge an obligation.

The Group's credit risk is primarily attributable to trade debtors 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 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, 2006, 2007 and 2008 which represented the amounts of maximum exposure to credit risks, were as follows:–

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from associates	332	3	4
Debtors, deposits and prepayments	5,809	8,221	2,010
Amount due from a shareholder	12	–	23
Amounts due from related companies	2,652	2,466	6,045
Cash and bank balances	<u>2,087</u>	<u>3,124</u>	<u>3,063</u>
	<u><u>10,892</u></u>	<u><u>13,814</u></u>	<u><u>11,145</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.

APPENDIX I**FINANCIAL INFORMATION**

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total debt	8,228	9,347	4,585
Less: Cash and cash equivalents	<u>2,087</u>	<u>3,124</u>	<u>3,063</u>
Net debt	<u><u>6,141</u></u>	<u><u>6,223</u></u>	<u><u>1,522</u></u>
Total equity	<u><u>7,146</u></u>	<u><u>8,958</u></u>	<u><u>8,824</u></u>
Net debt-to-adjusted capital ratio	<u><u>86%</u></u>	<u><u>69%</u></u>	<u><u>17%</u></u>

Maturities of the financial liabilities of the Group as at 31st December, 2006, 2007 and 2008 were as follows:–

	2006	2007	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total amounts of contractual undiscounted obligations:–			
Creditors, accruals and deposits received	5,914	6,969	4,585
Amount due to a shareholder	–	15	–
Income tax payable	58	107	–
Loans from directors	<u>2,256</u>	<u>2,256</u>	<u>–</u>
	<u><u>8,228</u></u>	<u><u>9,347</u></u>	<u><u>4,585</u></u>
Due for payment:–			
Within one year	5,972	7,091	4,585
In the second to fifth years	<u>2,256</u>	<u>2,256</u>	<u>–</u>
	<u><u>8,228</u></u>	<u><u>9,347</u></u>	<u><u>4,585</u></u>

25. SEGMENT INFORMATION

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

(a) **Business segments**

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

	Continuing operations – IT services		Discontinued operations – Supply chain solutions				Unallocated items				Elimination				Consolidated			
	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000
Revenue from external customers	42,090	36,353	38,758	24,782	24,145	10,731	-	-	-	-	-	-	-	-	-	66,872	60,498	49,489
Inter-segment sales	2,521	-	-	2,666	-	-	-	-	-	-	(5,187)	-	-	-	-	-	-	-
Total revenue	44,611	36,353	38,758	27,448	24,145	10,731	-	-	-	(5,187)	-	-	-	-	-	66,872	60,498	49,489
RESULTS																		
Segment results	239	68	213	1,546	2,357	1,174	(511)	(502)	(2,200)	-	-	-	-	-	-	1,274	1,923	(813)
Interest income	11	15	6	21	30	4	8	1	-	-	-	-	-	-	-	40	46	10
Gain on disposal of an associate	-	-	-	-	63	-	-	-	-	-	-	-	-	-	-	-	-	63
Share of net losses of associates	-	-	(1)	(613)	(4)	-	(1)	-	-	-	-	-	-	-	-	(614)	(4)	(1)
Profit/(loss) before income tax	250	83	218	954	2,446	1,178	(504)	(501)	(2,200)	-	-	-	-	-	-	700	2,028	(804)
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(262)	(352)	(172)
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	438	1,676	(976)
SEGMENT ASSETS																		
Segment assets	9,678	5,556	10,396	4,854	12,458	-	537	288	3,009	-	-	-	-	-	-	15,069	18,302	13,405
Associate	2	3	-	303	-	-	-	-	4	-	-	-	-	-	-	305	3	4
Total segment assets	9,680	5,559	10,396	5,157	12,458	-	537	288	3,013	-	-	-	-	-	-	15,374	18,305	13,409
SEGMENT LIABILITIES																		
Segment liabilities	(3,563)	(1,009)	(3,132)	(1,792)	(6,963)	-	(2,873)	(1,375)	(1,453)	-	-	-	-	-	-	(8,228)	(9,347)	(4,585)
OTHER INFORMATION																		
Depreciation	428	487	365	98	144	78	-	-	10	-	-	-	-	-	-	526	631	453
Capital expenditure	575	251	262	273	79	12	-	1	15	-	-	-	-	-	-	848	331	289

(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 markets, irrespective of the origin of the goods and services:-

	Hong Kong			PRC			Consolidated		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	64,206	54,216	48,169	2,666	6,282	1,320	66,872	60,498	49,489
Segment assets	14,288	10,783	13,409	1,086	7,522	–	15,374	18,305	13,409
Capital expenditure incurred during the year	792	322	277	56	9	12	848	331	289

26. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty are as follows:-

- (i) plant and equipment of HK\$1,104,000, HK\$768,000 and HK\$417,000 at 31st December, 2006, 2007 and 2008 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\$4,946,000, HK\$7,816,000 and HK\$1,746,000 at 31st December, 2006, 2007 and 2008 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.

27. DISCONTINUED OPERATIONS

On 25th April, 2008, the Group entered into an agreement to sell its entire interest in its supply chain solutions business for a consideration of HK\$6,060,000. The Group completed the transaction and received the full amount consideration of HK\$6,060,000 on 13th June, 2008. The disposal has resulted in a net gain of HK\$103,400 and is included in the year ended 31st December, 2008.

APPENDIX I
FINANCIAL INFORMATION

- (a) The results of the discontinued operations for the years ended 31st December, 2006, 2007 and up to the date of disposal on 12th June, 2008 were as follows:-

	Year ended 31.12.2006 <i>HK\$'000</i>	Year ended 31.12.2007 <i>HK\$'000</i>	Period ended 12.6.2008 <i>HK\$'000</i>
Turnover	27,448	24,145	10,731
Cost of sales	<u>(16,714)</u>	<u>(14,193)</u>	<u>(6,337)</u>
Gross profit	10,734	9,952	4,394
Other income	151	268	16
Selling and distribution expenses	(1,522)	(1,235)	(286)
Administrative expenses	<u>(6,697)</u>	<u>(6,735)</u>	<u>(2,946)</u>
Operating profit	2,666	2,250	1,178
Share of result of associates	<u>(610)</u>	<u>-</u>	<u>-</u>
Profit before income tax	2,056	2,250	1,178
Income tax expense	<u>(240)</u>	<u>(343)</u>	<u>(173)</u>
Profit from discontinued operations	1,816	1,907	1,005
Gain on disposal of discontinued operations	<u>-</u>	<u>-</u>	<u>103</u>
	<u><u>1,816</u></u>	<u><u>1,907</u></u>	<u><u>1,108</u></u>

- (b) The net assets of the discontinued operations as at the date of disposal were as follows:-

	<i>HK\$'000</i>
Property, plant and equipment	183
Inventories	944
Trade receivables	3,654
Prepaid tax	46
Amount due from related companies	3,561
Cash and bank deposits	3,980
Creditors, accrual and deposits received	<u>(6,200)</u>
Net assets	6,168
Release of exchange reserve upon disposal	(196)
Minority interests	<u>(15)</u>
	<u><u>5,957</u></u>

- (c) The cash flows of the discontinued operations for the years ended 31st December, 2006, 2007 and up to the date of disposal on 12th June, 2008 were as follows:-

	Year end 31.12.2006 <i>HK\$'000</i>	Year ended 31.12.2007 <i>HK\$'000</i>	Period ended 12.6.2008 <i>HK\$'000</i>
Net cash (used in)/generated from operating activities	(1,975)	658	2,337
Net cash (used in)/generated from investing activities	(1,127)	335	(29)
Net cash generated from financing activities	—	20	—
	<u>(3,102)</u>	<u>1,013</u>	<u>2,308</u>

28. SHARE-BASED PAYMENTS

(a) Share option scheme

Under the term 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 on 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.

- (i) The terms and conditions of the shares options granted to a director in respect of his services rendered to the Group are as follows, whereby all options are settled by delivery of shares:-

Date of grant	Number of share options granted	Vesting conditions	Contractual life of options	Exercise price HK\$
5th September, 2008	500,000	Fully vested on date of grant	3 years	0.56

- (ii) Since the date of grant of share options to balance sheet date, none of the options of the director was exercised, lapsed or cancelled.

- (iii) The number and weighted average exercise prices of share options granted to the director of the Company in respect of his services to the Group are as follows:-

	2008	
	Weighted average exercise price HK\$	Number of options
Outstanding at the beginning of the year	N/A	-
Granted during the year	0.56	500,000
Exercise during the year	N/A	-
Outstanding at the end of the year	<u>0.56</u>	<u>500,000</u>

- (iv) Details of the options granted to the director that remained outstanding as at each balance sheet date are as follows:-

	2008
	Number of options
Number of share options outstanding	
Granted on 5th September, 2008 with an exercise price of HK\$0.56	<u>500,000</u>
Weighted average remaining contractual life	2.68 years

- (v) The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted during the year ended 31st December, 2008 is measured based on the Black-Scholes Model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes Model.

2008

Fair value of share options and assumptions

Fair value at the date of grant	HK\$0.05596
Exercise price	HK\$0.56
Expected volatility	61.91%
Expected share option life	3 years
Expected annual dividend yield	Nil
Risk-free interest rate per annum	1.64%

The expected volatility is based on the historical volatility. Expected dividend yield is based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

(b) Warrants

On 6th September, 2008, the Company entered into a service agreement with Mr Chui Bing Sun (the "Agent") pursuant to which the Agent is appointed for providing business development advisory services for the business of the Group. The services provided by the Agent to the Company comprise the provision of (i) introducing new investment opportunities to the Company in areas of interest which the Group has indicated to the Agent, which may or may not be in the principal business line of the Group, (ii) assisting the Company to seek funding for existing business and future business expansion, and (iii) assisting in diversifying the Company's current business.

In consideration of the performance of the services to be rendered by the Agent, the Company granted the warrants, which is exercisable at any time during the period of three years commencing from 30th September, 2008, to subscribe for 20,900,000 shares at the exercise price of HK\$0.46 per share.

- (i) The terms and conditions of the warrants granted to the Agent in respect of his services rendered to the Group are as follows, whereby all warrants are settled by delivery of shares:–

Date of grant	Number of warrants granted	Vesting conditions	Contractual life of warrants	Exercise price HK\$
30th September, 2008	20,900,000	Fully vested on date of grant	3 years	0.46

- (ii) Since the date of grant of warrants to balance sheet date, none of the warrants of the Agent was exercised, lapsed or cancelled.

- (iii) The number and weighted average exercise prices of warrants granted to the Agent of the Company in respect of his services to the Group are as follows:–

	2008	
	Weighted average exercise price HK\$	Number of warrants
Outstanding at the beginning of the year	N/A	–
Granted during the year	0.46	20,900,000
Exercise during the year	N/A	–
	<u>0.46</u>	<u>20,900,000</u>

- (iv) Details of the warrants granted to the Agent that remained outstanding as at each balance sheet date are as follows:–

	2008
	Number of warrants
Number of share warrants outstanding	
Granted on 30th September, 2008 with an exercise price of HK\$0.46	<u>20,900,000</u>
Weighted average remaining contractual life	2.75 years

- (v) The fair value of services received in return for warrants granted is measured by reference to the fair value of warrants granted. The estimate of the fair value of the warrants granted during the year ended 31st December, 2008 is measured based on the Black-Scholes Model. The contractual life of the warrants is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes Model.

	2008
Fair value of warrants and assumptions	
Fair value at the date of grant	HK\$0.049034
Exercise price	HK\$0.46
Expected volatility	63.02%
Expected warrant life	3 years
Expected annual dividend yield	Nil
Risk-free interest rate per annum	0.11%

The expected volatility is based on the historical volatility. Expected dividend yield is based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

II. SUBSEQUENT EVENT

On 8th April, 2009, the Company entered into the Underwriting Agreement with the Underwriter to implement a proposed Open Offer of 52,401,000 Offer Shares on the basis of One Offer Share for every two Shares held on the record date at the subscription price of HK\$0.15 per Offer Share to the shareholders of the Company.

III. 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, 2008.

IV. INDEBTEDNESS**Borrowings**

As at the close of business on 31st March, 2009 being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the Group did not have any outstanding borrowings.

Bank borrowings

As at 31st March, 2009, the Group did not have any bank borrowings.

Contingent liabilities

As at 31st March, 2009, the Group had no material contingent liabilities.

Commitments*(i) Operating lease commitments*

As at 31st March, 2009, the Group had operating lease commitments of approximately HK\$138,000 in respect of rental payable by the Group for its office premises.

(ii) Capital commitments

As at 31st March, 2009, the Group had no capital commitments.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31st March, 2009, 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, 2009, and up to the Latest Practicable Date.

V. 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.

VI. 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, 2008, the date to which the latest published audited financial statements of the Group were made up.

大信梁學濂(香港)會計師事務所



Accountants &
business advisers

26/F, 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 referred to as the “Group”) which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Open Offer of 52,401,000 Offer Shares at a price of HK\$0.15 per Offer Share on the basis of one Offer Share for every two Shares held by Qualifying Shareholders whose name appear on the register of members of the Company on the Record Date as defined in the Prospectus of the Company dated 11 May 2009 (the “Prospectus”) might have affected the financial information of the Group presented, for inclusion as Appendix II (“Unaudited Pro Forma Financial Information”) to the Prospectus. The basis of preparation of the unaudited pro forma financial information is also set out in Appendix II to the Prospectus.

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 purposes 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, 2008 or any future date.

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.

Yours faithfully,

PKF

Certified Public Accountants

Hong Kong
11 May 2009

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Open Offer of 52,401,000 Offer Shares at the Subscription Price of HK\$0.15 per Offer Share in the proportion of one Offer Share for every two Shares held at the Record Date on the net tangible assets of the Group as if the Open Offer had been completed on 31st December, 2008. As it is prepared for illustrative purposes only, and because of its nature, it may not give a true picture of the financial position of the Group on the completion of the Open Offer.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on audited consolidated net tangible assets of the Group attributable to the Company equity holders as at 31st December, 2008, as shown in the consolidated balance sheet of the Group as at 31st December 2008 as set out in Appendix I to the Prospectus and the adjustments described below.

	Audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31st December, 2008	Estimated net proceeds from the Open Offer	Adjusted consolidated net tangible assets
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	
Consolidated net tangible assets	<u>8,824</u>	<u>7,310</u>	<u>16,134</u>

Notes:

1. The audited consolidated net tangible assets attributable to equity holders of the Company as at 31st December, 2008 has been extracted from the published annual report of the Company for the year ended 31st December, 2008.
2. The estimated net proceeds from the Open Offer of approximately HK\$7,310,000 are based on 52,401,000 Offer Shares to be issued at the Subscription Price of HK\$0.15 per Offer Share (assume outstanding share options and warrants are not exercised on or before the Record Date) and after deducting estimated expenses of approximately HK\$550,000 attributable to the Open Offer.

Set out below is a summary of certain relevant provisions of the memorandum of association (the “Memorandum”), the articles of association (the “Articles”) of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29th March, 2000 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Memorandum and the Articles comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate, irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects, and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The existing Articles were adopted on 2nd June, 2000. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law and the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and the Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (ee) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
- (ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund or arrangement relates.

Where a substantial shareholder (as defined in the rules of the Designated Stock Exchange (as defined in the Articles) or a Director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should not be dealt with by way of circulation of board resolutions pursuant to the Articles or by a committee (except an appropriate board committee set up for that purposes pursuant to a resolution passed in a board meeting) but a board meeting should be held with the presence of the independent non-executive Directors who, and whose associates, have no material interest in the transaction.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting and subject to the rules and/or codes of the Designated Stock Exchange (as defined in the Articles), such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and subject to the rules and/or codes of the Designated Stock Exchange (as defined in the Articles) and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide subject to the rules and/or codes of the Designated Stock Exchange (as defined in the Articles). Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or

ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

Notwithstanding any other provisions in the Articles, at each annual general meeting, one-third of the Directors for the time being (of, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term or holding office as chairman of the board and/or the managing director of the Company) shall be subject to retirement by rotation at least one every three (3) years or within such period as the Designated Stock Exchange (as defined in the Articles) may from time to time prescribe or within such other period as the laws of such jurisdiction applicable to the Company. A retiring Director shall be eligible for re-election and shall continue to act as Director throughout the meeting at which he retires. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director so appointed shall hold office only until the next following general meeting of the Company after his appointment and shall be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2), subject to the rules and/or codes of the Designated Stock Exchange (as defined in the Articles) from time to time as to the number and term of Directors and the composition of the board. There is no maximum number of Directors.

The office or director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board whereupon the Board resolves to accept such resignation;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes.

(x) *Register of Directors and Officers*

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by a special resolution of the members of the Company. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the board may settle any difficulty which may arise as it thinks expedient;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares;
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or share premium account or any capital reduction reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a clearing house (or its nominee), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless voting by way of a poll is required by the Designated Stock Exchange (as defined in the Articles) or (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 by (i) the chairman of the meeting or (ii) at least three members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting or (iii) any 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 the members having the right to vote at the meeting or (iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right or (v) if required by the rules of the designated Stock Exchange (as defined in the Articles), by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent (5%) or more of the total voting rights at such meeting.

If a recognised clearing house is a member of the Company it may authorise such person or persons (or its nominee) as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorization including the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange (as defined in the Articles).

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of incorporation (within a period of not more than 15 months after the holding of the last preceding annual general meeting or a period of 18 months from the date of incorporation, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than 21 days before the date of the meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditors in accordance with generally accepted auditing standards. The auditors shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditors shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditors should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by at least 21 clear days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 clear days' notice (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors; and
- (ff) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares in the capital of the Company representing not more than 20 per cent. in nominal value of its existing issued share capital.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominees(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do). The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper or any other newspapers or by any other means in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole 30 days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange.

(l) Financial assistance to purchase shares of the Company and power for any subsidiary of the Company to own shares in the Company

Except as allowed by the Companies Law and subject further to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority the Company shall not give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent. per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than 14 clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding 20 per cent. per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection during normal business hours (subject to such reasonable restrictions as the Board may impose) on every business day by members without charge, or by any other person upon a maximum payment of HK\$2.50 dollars, at the registered office or such other place in the Cayman Islands at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$10.00, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representatives being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company’s memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 11 April, 2000.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the

Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by either an order of the Court or by a special resolution of its members; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final general meeting shall be called by Public Notice (as defined in the Companies Law) or otherwise as the Registrar of Companies of the Cayman Islands may direct, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particular 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 Prospectus 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 Prospectus misleading; and
- (c) all opinions expressed in this Prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable and immediately following the Open Offer (assuming the Open Offer becoming unconditional) will be as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>200,000,000</u>	Shares	<u>10,000,000.00</u>
<i>Issued and fully paid:</i>		
104,802,000	Shares as at the Latest Practicable Date	5,240,100.00
<u>52,401,000</u>	Offer Shares to be issued	<u>2,620,050.00</u>
<u>157,203,000</u>	Shares upon completion of the Open Offer	<u>7,860,150.00</u>

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Offer Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the existing Shares.

There are no arrangements under which future dividends will be waived or agreed to be waived.

The Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has 500,000 outstanding Share Options and 20,900,000 outstanding Warrants which in aggregate entitling holders thereof to subscribe for 21,400,000 Shares. Save as disclosed above, the Company does not have any other outstanding options, warrants and other convertible notes or securities in issue which are convertible or exchangeable into Shares or conferring any right to subscribe for the Shares as at the Latest Practicable Date and no share or loan capital of the Company or any member of the Group has been put under option or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company 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, were as follows:

(i) Interests in Shares:

Name of Director	Number of attributable number of Shares held or short position	Nature of interest	Approximate Percentage or attributable percentage of shareholding (%)
Fung Pak Chuen, Alphonso (<i>Note</i>)	44,024,802 (L)	Interest of a controlled corporation	42.01

L: Long Position

Note: Win Plus Group Limited (“**Win Plus**”) holds approximately 84% interest in the issued share capital of Aplus and is deemed to be interested in the 19,837,600 Shares held by Aplus. Win Plus also holds approximately 73.77% interest in the issued share capital of Adwin Investments Limited (“**Adwin**”) and Adwin holds approximately 67.86% in the issued share capital of CLIH; Win Plus is therefore deemed to be interested in the 24,187,202 Shares held by CLIH. Accordingly, Win Plus is deemed to be interested in a total of 44,024,802 Share under the SFOs. As 50% of the issued share capital of Win Plus is held by AFS Holdings Limited (“**AFS**”), AFS is deemed to be interested in 44,024,802 Shares held by Aplus and CLIH. AFS is wholly-owned by Mr. Fung. Accordingly, Mr. Fung is deemed to be interested in 44,024,802 Shares of which AFS is interested in. Mr. Fung is the director of each of Aplus, CLIH and Win Plus.

(ii) Interests in Share Options under the Share Option Scheme:

Name of Director	Number of options held	Date of grant	Exercise period	Exercise price per share (HK\$)	Nature of Interest	Approximate percentage of the issued share capital of the Company (%)
Mak Kwong Yiu	500,000	5 September 2008	5 September 2008 – 4 September 2011	0.56	Beneficial owner	0.48

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were 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 meetings of any member of the Group:

Substantial Shareholders:

Name of Shareholder	Number or attributable number of Shares or underlying Shares held or short positions	Nature of interests	Approximate Percentage or attributable percentage of shareholding (%)
Aplus	19,837,600 (L)	Beneficial owner	18.93
CL	24,187,202 (L)	Beneficial owner	23.08
Adwin Investments Limited (<i>Note 1</i>)	24,187,202 (L)	Interest of a controlled corporation	23.08
Win Plus Group Limited (<i>Note 2</i>)	44,024,802 (L)	Interest of a controlled corporation	42.01
AFS Holdings Limited (<i>Note 3</i>)	44,024,802 (L)	Interest of a controlled corporation	42.01
Ardian Holdings Limited (<i>Note 3</i>)	44,024,802 (L)	Interest of a controlled corporation	42.01
Mr. Fung Pak Chuen, Alphonso (<i>Note 4</i>)	44,024,802 (L)	Interest of a controlled corporation	42.01
Mr. Lo, Richard (<i>Note 5</i>)	44,024,802 (L)	Interest of a controlled corporation	42.01
Mrs. Fung Pui Lan, Angela (<i>Note 6</i>)	44,024,802 (L)	Interest of spouse	42.01
Mrs. Lo, Lilian (<i>Note 7</i>)	44,024,802 (L)	Interest of spouse	42.01
New Brilliant Investments Limited (<i>Note 8</i>)	10,400,000 (L)	Beneficial owner	9.92
20/20 International Limited (<i>Note 8</i>)	10,400,000 (L)	Interest of a controlled corporation	9.92
Mr. Chui Bing Sun (<i>Note 8</i>)	10,400,000 (L)	Interest of a controlled corporation	9.92
Asia Financing Limited (<i>Note 9</i>)	10,400,000 (L)	Beneficial owner	9.92
Mr. Cheung Siu Wing (<i>Note 9</i>)	10,400,000 (L)	Interest of a controlled corporation	9.92

L: Long Position

Notes:

1. Adwin Investments Limited holds approximately 67.86% interest in the issued share capital of CL International Holdings Limited and is accordingly taken to have an interest in the 24,187,202 shares of the Company in which CL International Holdings Limited is interested under the SFO.
2. Win Plus Group Limited holds 84% interest in the issued share capital of Aplus Worldwide Limited as well as approximately 73.77% interest in the issued share capital of Adwin Investments Limited and is accordingly taken to have an interest in the 44,024,802 shares of the Company in total under the SFO.
3. Win Plus Group Limited is owned as to 50% by AFS Holdings Limited and 50% by Ardian Holdings Limited. Accordingly, AFS Holdings Limited and Ardian Holdings Limited are each taken to have an interest in the 44,024,802 shares of the Company in which Win Plus Group Limited is interested under the SFO.
4. Mr. Fung Pak Chuen, Alphonso is the sole beneficial owner of AFS Holdings Limited, so Mr. Fung is deemed to have an interest in the 44,024,802 shares of the Company.
5. Mr. Lo, Richard is the sole beneficial owner of Ardian Holdings Limited, so Mr. Lo is deemed to have an interest in the 44,024,802 shares of the Company.
6. AFS Holdings Limited 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 44,024,802 shares of the Company under the SFO.
7. Ardian Holdings Limited is wholly owned by Mr. Lo, Mrs. Lo, Lilian, being the spouse of Mr. Lo, is therefore taken to have an interest in the 44,024,802 shares of the Company under the SFO.
8. As 80% of the issue share capital of New Brilliant Investments Limited is held by 20/20 International Limited and Mr. Chui Bing Sun holds approximately 70.4% interest in the issued share capital of 20/20 International Limited. Accordingly, 20/20 International Limited and Mr. Chui Bing Sun are deemed to be interested in the 10,400,000 Shares held by New Brilliant Investments Limited. Mr. Chui Bing Sun is also interested in the Warrants conferring rights on him to subscribe for 20,900,000 Shares.
9. Asia Financing Limited is wholly-owned by Mr. Cheung Siu Wing.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was 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 meetings of any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholder (as defined in the GEM Listing Rules) or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts were entered into by the Group (not being contracts entered into in the ordinary course of business) during the period of two years immediately preceding the date of this Prospectus and are or may be material:

- (a) the Underwriting Agreement;
- (b) the conditional agreement dated 14 November 2008 entered into between the Company and CLIH in respect of the continuing connected transactions for a term of three years from 1 January 2009 with the annual caps of HK\$49,000,000, HK\$58,000,000 and HK\$66,000,000 payable in relation to the provision of IT services for each of the three years ending 31 December 2011 respectively and HK\$8,000,000, HK\$8,000,000 and HK\$8,000,000 payable in relation to the purchase transactions for each of the three years ending 31 December 2011 respectively;
- (c) the service agreement dated 6 September 2008 entered into between the Group and Mr. Chui Bing Sun in relation to the grant of warrants in consideration of the performance of the service to be rendered by Mr. Chui Bin Sun; and
- (d) the sale and purchase agreement dated 25 April 2008 entered into between CL Solutions Services and CL Solutions (China) Limited in relation to the disposal of the entire equity interests in CL Solutions Limited and 10% equity interests in CL Logistic Solutions Limited held by CL Solutions Services and the sale and purchase agreement dated 25 April 2008 entered into between Computech International Limited and CL Solutions (China) Limited in relation to the disposal of Victor Group Limited at an aggregate consideration of HK\$6.06 million.

8. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2008, the date to which the latest published audited financial statements of the Group were made up.
- (b) On 14th November, 2008, the Company renewed the agreement with CL International Holdings Limited ("CLIH") for a term of three years commencing from 1st January, 2009, pursuant to which the Group would purchase computer parts and components, peripherals and equipment from CLIH and its subsidiaries and provide IT related services to CLIH Group. CLIH is a substantial shareholder of the Company and CLIH is therefore a connected person of the Company according to the GEM Listing Rules. The executive director, Mr. Fung Pak Chuen, Alphonso and former executive director, Mr. Lo, Richard were interested in the above transactions by virtue of their interests in CLIH.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group since 31 December 2008, being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Group.

9. EXPERT AND CONSENT

The following are the qualifications of the expert who has given its opinions and advice which are included in this Prospectus:

Name	Qualification
PKF	Certified Public Accountants

1. As at the Latest Practicable Date, PKF did not have 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.
2. As at the Latest Practicable Date, PKF has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.
3. As at the Latest Practicable Date, PKF did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2008, the date to which the latest published audited consolidated financial statements of the Group were made up.

10. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

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
Authorised representatives	Fung Pak Chuen, Alphonso 10/F., Westlands Centre 20 Westlands Road Quarry Bay Hong Kong Chan Wai Kuen, Karen 10/F., Westlands Centre 20 Westlands Road Quarry Bay Hong Kong
Compliance officer	Fung Pak Chuen, Alphonso 10/F., Westlands Centre 20 Westlands Road Quarry Bay Hong Kong
Company Secretary	Chan Wai Kuen, Karen, who is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants
Auditors	PKF <i>Certified Public Accountants</i> 26/F CitiCorp Centre 18 Whitfield Road Causeway Bay Hong Kong

Underwriter	Convoy Investment Services Limited 34/F One Island East 18 Westlands Road Quarry Bay Hong Kong
Legal advisers	<i>On Hong Kong Law</i> Michael Li & Co. 14/F Printing House 6 Duddell Street, Central Hong Kong
Principal bankers	Bank of Tokyo-Mitsubishi UFJ, Limited Unit 1701, Miramar Tower 132 Nathan Road, Kowloon, Hong Kong China Construction Bank (Asia) Corporation Limited 3-3A Humphreys Avenue Kowloon, Hong Kong
Principal share registrar and transfer office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House, 68 Fort Street P.O. Box 705, George Town Grand Cayman, Cayman Islands British Virgin Indies
Hong Kong branch share registrar and transfer office	Hong Kong Registrars Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong

11. DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. FUNG Pak Chuen, Alphonso (“**Mr. Fung**”), aged 58, is the Chairman of the Company. He was appointed as Non-Executive Director of the Company in March 2000 and re-designated as Executive Director on 13th February, 2004. Mr. Fung is responsible for the overall strategic planning and development of the Group. He has substantial experience in business planning and development in information technology industry. Prior to co-founding the CL Group, a group of IT companies operating in the PRC, Hong Kong and South-East Asia, in 1979, he worked at IBM in Hong Kong and International Computer Limited in the United Kingdom. Mr. Fung graduated from the University of London with a Master degree in Computer Science.

Mr. MAK Kwong Yiu, Mark (“**Mr. Mak**”), aged 34, was appointed as an Executive Director of the Company on 30th July, 2008. Mr. Mak holds Bachelor and Master degrees in Business Administration from the Hong Kong University of Science and Technology. He earned the Chartered Financial Analyst designation in 2000. He is a Certified Public Accountant in the United States and Hong Kong respectively. Mr. Mak currently holds directorships in several companies which are engaged in business of financial services, asset management and asset valuation in Hong Kong. Mr. Mak is also an independent non-executive director of AcrossAsia Limited, a company whose shares are listed on the Growth Enterprise Market operated by The Stock Exchange of Hong Kong Limited.

Independent non-executive Directors

Mr. CHUNG Kong Fei, Stephen (“**Mr. Chung**”), aged 52, was appointed as an independent non-executive Director of the Company in September 2004. Mr. Chung has over 20 years of experience in investment and business management. He is one of the founders and executive directors of SDM Dental Inc., an investment holding company which operates 6 dental clinics in the PRC, currently the clinic chain is one of the largest of its kind in the PRC. Mr. Chung was previously an executive director of Qualipak International Holdings Limited, a manufacturer of packaging materials, whose shares are listed on the Stock Exchange of Hong Kong Limited. From 1987 to 1996, he was the deputy managing director of Lam Soon (HK) Limited. From 1983 to 1987, Mr. Chung was the Head of China Division for Manufacturers Hanover Trust Company. Mr. Chung is currently an independent non-executive director of Unity Investments Holdings Limited, whose shares are listed on the Stock Exchange of Hong Kong Limited. Mr. Chung holds a Bachelor of Science degree from the Wharton School of Business, University of Pennsylvania, U.S.A.

Mr. NG Chik Sum, Jackson (“**Mr. Ng**”), aged 48, 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.

Mr. PANG Wing Kin, Patrick (“**Mr. Pang**”), aged 52, was appointed as an independent non-executive Director of the Company in March 2009. He is a qualified accountant and has over 25 years of working experience in the auditing, finance and general management areas. Mr. Pang is a member of the CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Institute of Internal Auditors of the United Kingdom.

Senior Management

Mr. TAN Kong Chi, Joseph, aged 46, is the general manager of CL Services Limited, the wholly owned subsidiaries of the Company. He joined the Group in October 2004. Mr. Tan is responsible for the overall management of the Group’s IT services. He has more than 15 years

of experience in IT services management. Prior to joining the Group, Mr. Tan served as the General Manager of CL Technical Services Limited, Customer Service Engineering Department Manager of Asian Electronics Limited and Customer Service Manager of Philips Communication & Processing Limited. He holds a Bachelor degree in Business Studies from City University of Hong Kong and a Master degree in Business Administration from the University of Southern Queensland, Australia.

Ms. CHAN Wai Kuen, Karen, aged 43, is the financial controller, company secretary and qualified accountant of the Group. She joined the Group in May 2008. Ms. Chan is responsible for financial management, accounting and company secretarial affairs of the Group. Ms. Chan has extensive experience in accounting and financial management. She holds a Bachelor degree in Accounting from the University of Hong Kong. She is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

The business addresses of the Directors and the senior management are as follows:

Mr. Fung Pak Chuen, Alphonso	10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong
Mr. Mak Kwong Yiu, Mark	10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong
Mr. Chung Kong Fei, Stephen	10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong
Mr. Ng Chik Sum, Jackson	10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong
Mr. Pan Wing Kin, Patrick	10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong
Mr. Tan Kong Chi, Joseph	10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong
Ms. Chan Wai Kuen, Karen	10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong

12. AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control procedures of the Group. The audit committee of the Company comprises Ng Chik Sum, Jackson, Chung Kong Fei, Stephen and Pang Wing Kin, Patrick who are independent non-executive Directors and the primary duty of which are to review the annual reports and accounts, half-year reports and quarterly reports and give advice and comments thereon to the Directors and to review and supervise the financial reporting process and internal controls.

13. EXPENSES

The expenses in connected with the Open Offer, including the underwriting commission and professional fees payable to lawyers and financial printer, etc., are estimated to be approximately HK\$550,000 and will be payable by the Company.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance.

15. GENERAL

The Company has no exposure to foreign exchange liabilities. The Company will have sufficient foreign exchange to pay forecasted or planned dividends and to meet its foreign exchange liabilities as they become due. The Company will pay its dividends, if any, in Hong Kong dollars.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at 10/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong during normal business hours up to and including 29 May 2009:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2007 and 31 December 2008 respectively;
- (c) the unaudited third quarterly report of the Company for the nine months ended 30 September 2008;
- (d) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus;
- (e) the letter from PKF on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus;
- (f) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

- (g) the letter of advice from Conyers Dill and Pearman, the text of which is set out on pages 63 to 87 of this circular, together with a copy of the Companies Act;
- (h) the written consents referred to in the paragraph headed “Experts and consents” in this appendix; and
- (i) a copy of each of the circulars issued pursuant to the requirements set out in Chapters 19 and/or 20 of the GEM Listing Rules which has been issued since 31 December 2008, the date of the latest published audited consolidated financial statements of the Group were made up.