



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

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

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

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

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

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* For identification purpose only

CHAIRMAN'S STATEMENT

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

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

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

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

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

Operating Results

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

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

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

Market Overview

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

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

Operating Overview

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

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

Disposal of ALS

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

Prospects and Appreciation

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

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

Fung Pak Chuen, Alphonso
Chairman

Hong Kong, 18 March 2008

AUDITED CONSOLIDATED RESULTS

The board (the “Board”) of directors (the “Directors”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2007 together with the comparative audited consolidated results for the year ended 31 December 2006 as follows:

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover	2	60,498	66,872
Cost of sales		<u>(43,502)</u>	<u>(49,100)</u>
Gross profit		16,996	17,772
Other income		310	109
Selling and distribution expenses		(1,461)	(1,645)
Administrative expenses		<u>(13,813)</u>	<u>(14,922)</u>
Operating profit		2,032	1,314
Share of net losses of associates		<u>(4)</u>	<u>(614)</u>
Profit before income tax	3	2,028	700
Income tax expense	4	<u>(352)</u>	<u>(262)</u>
Profit for the year		<u>1,676</u>	<u>438</u>
Attributable to:–			
Shareholders of the Company		1,681	438
Minority interests		<u>(5)</u>	<u>–</u>
Profit for the year		<u>1,676</u>	<u>438</u>
Earnings per share – Basic (HK cents)	5	<u>1.60</u>	<u>0.43</u>

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2007

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

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

1. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

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

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

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

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

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

2. TURNOVER AND REVENUE

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

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

3. PROFIT BEFORE INCOME TAX

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

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

4. INCOME TAX EXPENSE

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

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

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

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

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Deductible temporary differences		
Unutilised tax losses (<i>Note 4(b)(i)</i>)	377	309
Accelerated depreciation allowances	<u>(557)</u>	<u>(839)</u>
Net taxable temporary difference	<u>(180)</u>	<u>(530)</u>

- (i) Unutilised tax losses has not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the unutilised tax losses. The unutilised tax losses accumulated can be carried forward indefinitely.

5. EARNING PER SHARE

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

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

6. DEBTORS, DEPOSITS AND PREPAYMENTS

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

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associate with trade debtors, credit evaluations of customers are performed periodically. The credit period given to trade debtors ranged from 30 days to 60 days. The following is an aging analysis of trade debtors.

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

7. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

The following is an aging analysis of trade creditors:

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

The following is an aging analysis of trade creditors:

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

8. SEGMENT REPORTING

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

(a) Business segments

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

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

(b) Geographical segments

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

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

9. FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2007 (2006: Nil).

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

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in Appendix 15 of the GEM Listing Rules (the "Code") throughout the year ended 31 December 2007, except for the following deviation:

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

The Company does not establish a remuneration committee, which constitutes a deviation from code provision B.1.1 of the Code. The Board is in the opinion that establishment of a remuneration committee does not really benefit to the Group after due consideration of the size of the Group and the associated costs involved. According to the current practice of the Company, remuneration of directors are reviewed and approved at regular Board meetings, which have the presence of the independent non-executive directors. In addition, the director will abstain from voting on the relevant board resolution in which he has interest.

AUDIT COMMITTEE

Pursuant to the GEM Listing Rules, the Company has established an Audit Committee with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control procedures of the Group. The Audit Committee has three members comprising Mr. Lee Sai Yeung, Mr. Chung Kong Fei, Stephen and Mr. Ng Chik Sum, Jackson.

Up to the date of approval of these financial statements, the Audit Committee has held four meetings and has reviewed the Company's draft annual, interim and quarterly financial reports.

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

Hong Kong, 18 March 2008

As at the date of this announcement, the executive Directors are Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard. The independent non-executive Directors are Mr. Lee Sai Yeung, Mr. Chung Kong Fei, Stephen and Mr. Ng Chik Sum, Jackson.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for 7 days from the date of its posting.