



COMPUTECH HOLDINGS LIMITED

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8081)

Interim Report **2011**

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

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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This report, for which the directors of Computech Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to Computech Holdings Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

INTERIM RESULTS

The board (the "Board") of directors of Computech Holdings Limited (the "Company") announce the unaudited condensed consolidated interim financial statements ("Interim Results") of the Company and its subsidiaries (together the "Group") for the six months and three months ended 30 June 2011 together with the comparative unaudited consolidated figures for the corresponding period of 2010. The Interim Results have not been audited, but have been reviewed by the Company's audit committee and external auditor, PKF, Certified Public Accountants, Hong Kong.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2011

	Note	For the six months ended 30 June		For the three months ended 30 June	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Turnover	2	12,582	13,255	6,547	6,365
Cost of sales		(9,910)	(11,463)	(4,959)	(5,498)
Gross profits		2,672	1,792	1,588	867
Other income		1	154	-	47
Selling and distribution expenses		(29)	-	(29)	-
Administrative expenses		(13,711)	(3,844)	(3,940)	(1,880)
Operating loss		(11,067)	(1,898)	(2,381)	(966)
Finance cost		(15)	-	(15)	-
Loss before income tax	3	(11,082)	(1,898)	(2,396)	(966)
Income tax expenses	4	-	-	-	-
Loss for the period		(11,082)	(1,898)	(2,396)	(966)
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the period		(11,082)	(1,898)	(2,396)	(966)
Attributable to:					
Shareholders of the Company		(11,082)	(1,898)	(2,396)	(966)
Basic loss per share (HK cents)	5	(1.21)	(0.24)	(0.26)	(0.12)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Note	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
NON-CURRENT ASSETS			
Plant and equipment		69	88
Interest in an associate		4	4
		73	92
CURRENT ASSETS			
Inventories		568	751
Debtors, deposits and prepayments	6	4,100	1,359
Amount due from related companies	7	3,341	3,196
Cash and bank balances		6,000	21,289
		14,009	26,595
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and deposits received	8	4,981	7,275
Income tax payable		3	3
Borrowings		600	–
		5,584	7,278
NET CURRENT ASSETS		8,425	19,317
NET ASSETS		8,498	19,409
REPRESENTING			
Share capital		9,193	9,193
Reserves		(695)	10,216
		8,498	19,409

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to shareholders of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Warrants reserve HK\$'000	Accumulated losses HK\$'000	
At 1/1/2010 (Audited)	7,891	8,380	28	1,025	(5,908)	11,416
Total comprehensive loss for the period	-	-	-	-	(1,898)	(1,898)
At 30/6/2010 (Unaudited)	7,891	8,380	28	1,025	(7,806)	9,518
At 1/1/2011 (Audited)	9,193	29,634	-	843	(20,261)	19,409
Share base payment	-	-	171	-	-	171
Total comprehensive loss for the period	-	-	-	-	(11,082)	(11,082)
At 30/6/2011 (Unaudited)	9,193	29,634	171	843	(31,343)	8,498

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Net Cash used in operating activities	(15,848)	(1,364)
Net Cash used in investing activities	(26)	(2,059)
Net cash inflow from financing activities	585	–
Net decrease in cash and cash equivalent	(15,289)	(3,423)
Cash and cash equivalents at beginning of the period	21,289	8,362
Cash and cash equivalents at end of the period	6,000	4,939
Analysis of cash and cash equivalents cash and bank balances	6,000	4,939

NOTES:

1. BASIS OF PREPARATION

The Interim Results are prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the GEM Listing Rules. They are prepared under the historical cost convention.

The accounting policies and basis of preparation used in the preparation of the Interim Results are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2010, except for the adoption of certain new standards, amendments or interpretations issued by HKICPA which are effective for the Group’s financial year beginning on 1 January 2011. The adoption of these new standards, amendments or interpretations has no material effect on the Group’s financial position or results of operations.

The Group has not early adopted any new standards, amendments or interpretations that have been issued by HKICPA but are not yet effective for the Group’s financial year beginning on 1 January 2011. The directors of the Company is in the process of making an assessment of what the impact of these new standards, amendments or interpretations are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s financial position or results of operations.

2. TURNOVER

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

	(Unaudited) For the six months ended 30 June	
	2011	2010
	HK\$’000	HK\$’000
Services income	11,766	13,113
Sales	816	142
	12,582	13,255

3. LOSS BEFORE INCOME TAX

Loss before income tax was arrived at after charging

	(Unaudited)	
	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Cost of inventories expensed	901	1,208
Depreciation	45	77
Directors' remuneration	1,451	210
Other staff salaries and benefits	8,122	8,391
Retirement scheme contributions	366	377
Interest expenses	15	–
Minimum lease payments paid under operating leases	819	706
Impairment loss/(Written back of impairment loss) on trade debtors	29	(3)

4. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made for the period ended 30 June 2011 as there was no estimated assessable profits for the period (2010: Nil).

5. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:–

	(Unaudited)			
	For the six months ended 30 June		For the three months ended 30 June	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss attributable to equity holders of the Company	(11,082)	(1,898)	(2,381)	(966)
	Number of share			
Weighted average number of share in issue	919,296,469	789,146,990	919,296,469	789,146,990

Diluted loss per share is not presented for the six months and three months ended 30 June 2011 as the outstanding potential ordinary shares of the Company in respect of outstanding warrants and share options are anti-dilutive (2010: Nil).

6. DEBTORS, DEPOSITS AND PREPAYMENTS

	(Unaudited)	(Audited)
	At	At
	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
Debtors, deposits and prepayments comprise:		
Trade debtors	735	893
Other debtors, deposits and prepayments	3,365	466
	4,100	1,359

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 associated with trade debtors, credit evaluations of customers are performed periodically. The following is an aging analysis of trade debtors.

	(Unaudited)	(Audited)
	At	At
	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
Within 3 months	695	834
4 – 6 months	10	23
Over 6 months	30	36
	735	893

7. AMOUNTS DUE FROM RELATED COMPANIES

The amounts due from related companies are trade related which are arisen in ordinary and usual course of business of the Group and are on normal commercial terms and aged within one month. The directors consider the carrying amounts due from related companies approximates their fair values.

8. CREDITORS, ACCRUALS AND DEPOSITS

	(Unaudited)	(Audited)
	At	At
	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
Creditors, accruals and deposits comprise:		
Trade creditors	1,449	1,558
Other creditors and accruals	3,327	5,561
Deferred revenue	161	145
Deposits received	44	11
	4,981	7,275

The following is an aging analysis of trade creditors:

	(Unaudited)	(Audited)
	At	At
	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
Within 3 months	1,147	1,222
4 – 6 months	15	6
Over 6 months	287	330
	1,449	1,558

9. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) During the period, the Group had the following transactions with CL International Holdings Limited ("CLIH") and its subsidiaries. CLIH is a connected associate of the Company according to the GEM Listing Rules.

	(Unaudited)	
	For the six months	
	ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Provision of IT services to subsidiaries of CLIH	9,842	10,549
Purchases from subsidiaries of CLIH	452	545

The above transactions were entered into with reference to market price of goods purchased or services rendered.

(b) Key management compensation

	(Unaudited)	
	For the six months	
	ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Fees for key management personnel	251	210
Salaries, allowances and other benefits in kind	2,142	927
Retirement scheme contributions	45	45
	2,438	1,182

10. SEGMENT AND ENTITY-WIDE INFORMATION

The Group is solely engaged in the provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products in Hong Kong, they are considered as a single reportable segment under HKFRS 8.



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REPORT ON REVIEW OF FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF COMPUTECH HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 9, which comprise the condensed consolidated statement of financial position of Computech Holdings Limited (the "Company") as of 30 June 2011 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, a summary of significant accounting policies and explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report of interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation of this interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PKF

Certified Public Accountants
Hong Kong
9 August 2011

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011(2010 Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The turnover of the Group for the period under review decreased approximately HK\$673,000 from the same period of last year. The fall of the Group's turnover was due to keen competition of warranty and maintenance service of I.T. business. But there were increases in hardware sales and recruitment service of IT business, they have made a positive contribution to sales revenue and service income for the six months ended 30 June 2011 compared with last year. Both businesses have represented approximately 12% of the group turnover with higher profit margin. As a result, the gross profits of the Group had an increase in approximate of HK\$880,000 for the period ended of 30 June 2011 from the corresponding period of 2010.

Financial review

The Group recorded an unaudited consolidated turnover of approximately HK\$12,582,000 (for the six months ended 30 June 2010: HK\$13,255,000) for the six months ended 30 June 2011, representing a decrease of approximately 5% compared with the corresponding period last year. The administrative expenses of the Group for the period under review were approximately HK\$13,711,000 (for the six months ended 30 June 2010: HK\$3,844,000). The increase of administrative expenses of the Group was mainly due to acquisition related expenses for the period. The unaudited net loss attributable to shareholders amounted to approximately HK\$11,082,000 (for the six months ended 30 June 2010: net loss of approximately HK\$1,898,000). The loss per share for the six months ended 30 June 2011 was approximately HK1.21 cents (for the six months ended 30 June 2010: HK0.24 cents).

Financial resources and liquidity

As at 30 June 2011, the total assets of the Group were approximately HK\$14,082,000 (at 31 December 2010: HK\$26,687,000) including cash and bank deposits of approximately HK\$6,000,000 (at 31 December 2010: HK\$21,289,000) and debtors, deposits and prepayments of approximately HK\$4,100,000 (at 31 December 2010: HK\$1,359,000).

The Group's current assets were approximately 2.5 times (at 31 December 2010: 3.7 times) over its current liabilities whereas the gearing ratio, representing total borrowings over total assets, was 4% (at 31 December 2010: Nil). The Group's has drawn an unsecured borrowing of approximately HK\$600,000 from a finance company. The outstanding borrowing of the Group was HK\$600,000 as at 30 June 2011 (at 31 December 2010: Nil).

On 14 April 2011, the Company entered into a subscription agreement in respect of the issue of the convertible bonds of the Company in the principal amount of HK\$22,750,000. The subscription is expected to be completed in the next quarter and a net proceed of HK\$22,450,000 will be raised.

Capital structure

There was no change in the capital structure of the Group for the period ended 30 June 2011.

Foreign exchange

The Group's foreign exchange risk is primarily attributable to its creditors. The Group's purchase principally denominated in Hong Kong Dollars and Renminbi, with majority of which denominated in Hong Kong Dollars. The foreign exchange risk was insignificant to the Group, the Group has not applied any financial instrument for foreign currency hedging purpose during the period.

Significant investments and acquisitions

The acquisition agreement, in relation to a proposed acquisition of 86% of the issued share capital in, and the shareholder's loan due from, Wiseking Mining Investment Limited, dated of 2 June 2010 was lapsed. The detail of the lapse of the proposed acquisition can be referred to the announcement of Company dated 4 July 2011.

Save as disclosed, there was no material acquisition and disposal of subsidiaries and affiliated companies of the Group for the period ended 30 June 2011 (at 31 December 2010: Nil).

Charge on the Group's assets

There was no charge on the Group's assets as at 30 June 2011 (at 31 December 2010: Nil).

Capital commitments

Save the lapse of the proposed acquisition mentioned above, the Group did not have any future plans for material investment as at 30 June 2011 (at 31 December 2010: Nil).

Contingent liabilities

As at 30 June 2011, the Group did not have any material contingent liabilities (at 31 December 2010: Nil).

Employees and remuneration policies

As at 30 June 2011, the Group had 85 employees (at 31 December 2010: 88). Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to our employees.

Prospects

The outlook of global economics is still uncertain especially in United States and European financial market. The Hong Kong economy stayed robust but at high inflation rate in the first half year 2011. The Group will continue its I.T. business development and the management will keep on introducing a strict cost control measures.

Competition in I.T. business for warranty and maintenance service is expected to remain keen in the second half of the year, the Group will continue to explore business relating to I.T. business. Moreover, the Group will also look for other business opportunities that will provide potential growth and enhance shareholders' value.

During the period under review, the Group has started to apply a money-lender license and new financing business is expected to commence in the second half year of 2011.

DIRECTORS' INTERESTS

As at 30 June 2011, none of the Directors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

SHARE OPTIONS SCHEME

Pursuant to the share option scheme adopted on 12 November 2010, the details of the share options granted by the Company for the period and the outstanding of share option granted as at 30 June 2011 were as follows:

Category	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1 January 2011	Granted during the period	Exercised during the period	Outstanding as at 30 June 2011
Consultants	17 May 2011	\$0.144	17 May 2011 – 16 May 2014	-	36,400,000	-	36,400,000

Notes:

- On 17 May 2011, the Company granted, a total of 36,400,000 share options to subscribe for a total of 36,400,000 new ordinary shares of HK\$0.01 each in the share capital of the Company were granted to four eligible participants who are consultants of the Company, namely Mr. Chui Bing Sun, Mr. Chui Tak Keung, Duncan, Ms. Ma Pun Sai, Betsy and Mr. Law Yee Man under which 9,100,000 share options were granted to the each of the eligible participant. The closing price of share of the Company immediately before the date of the grant (as of 17 May 2011) was HK\$0.135.

- 2) Under the period of review, no share options have been granted to the Directors or employees of the Group. There were no outstanding share options granted to the Director or employees of the Group as at 30 June 2011.
- 3) There were no share options cancelled, lapsed or forfeited during the six months ended 30 June 2011.
- 4) The fair value of 36,400,000 share options granted during the period are measured based on Black-Scholes option pricing model with following assumptions:-

Fair value at measurement date (17 May 2011)	HK\$1,595,000
Share price	HK\$0.144
Exercise price	HK\$0.144
Expected volatility	66.11%
Expected dividend	Nil
Expected option period	1.5 years
Risk-free interest rate	0.34%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST

As at 30 June 2011, so far as was known to any Director of the Company, persons who have an interest or a short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company pursuant to section 336 of the SFO were as follows:

Long positions in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate % to the issued share capital	Note
Mr. Chui Bing Sun	Beneficial owner	-	78,257,143	78,257,143	8.51%	
	Interest of a controlled corporation	76,800,000	-	76,800,000	8.36%	1
				<u>155,057,143</u>	<u>16.87%</u>	
New Brilliant Investments Limited	Beneficial owner	76,800,000	-	76,800,000	8.36%	1
Aplus Worldwide Limited	Beneficial owner	73,782,000	-	73,782,000	8.03%	
Win Plus Group Limited	Interest of controlled corporations	75,186,015	-	75,186,015	8.18%	2
AFS Holdings Limited	Interest of controlled corporations	75,186,015	-	75,186,015	8.18%	3

Name of shareholder	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate % to the issued share capital	Note
Ardian Holdings Limited	Interest of controlled corporations	75,186,015	-	75,186,015	8.18%	3
Mr. Fung Pak Chuen, Alphonso	Interest of controlled corporations	75,186,015	-	75,186,015	8.18%	4
Mr. Richard Lo	Interest of controlled corporations	75,186,015	-	75,186,015	8.18%	5
Mrs. Fung, Pui Lan, Angela	Interest of spouse	75,186,015	-	75,186,015	8.18%	6
Mrs. Lo Lilian	Interest of spouse	75,186,015	-	75,186,015	8.18%	7

Notes:

1. New Brilliant Investments Limited is wholly-owned by Mr. Chui Bing Sun.
2. Win Plus holds 84% interest in the issued share capital of Aplus and is accordingly taken to have an interest in the 73,782,000 shares of the Company under the SFO. Win Plus also holds approximately as well as approximately 53% directly and indirectly in the issued share capital of CLIH and is accordingly taken to have an interest in the 1,404,015 shares of the Company in which CLIH is interested under the SFO. Therefore, Win Plus is taken to have an interest in the total 75,186,015 shares of the Company under the SFO.
3. Win Plus 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 75,186,015 shares of the Company in which Win Plus 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 75,186,015 shares of the Company under the SFO.
5. Mr. Lo, Richard is the sole beneficial owner of Ardian Holdings Limited, so Mr. Lo is deemed to have an interest in the 75,186,015 shares of the Company under the SFO.
6. Mrs. Fung, Pui Lan, Angela is spouse of Mr. Fung. Therefore, Mrs. Fung is deemed to have an interest in the 75,186,015 shares of the Company under the SFO.
7. Mrs. Lo, Lilian is spouse of Mr. Lo. Mrs. Lo is therefore taken to have an interest in the 75,186,015 shares of the Company under the SFO.

Save as disclosed above, as at 30 June 2011 so far as was known to any Director of the Company, no other persons had an interest or a short position in the shares, underlying shares or debenture of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

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

There were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the period ended 30 June 2011.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period ended 30 June 2011, the Company had adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding directors' securities transactions.

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 period ended 30 June 2011, except for the following deviations:

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

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

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

AUDIT COMMITTEE

Pursuant to the GEM Listing Rules, the Company has established an audit committee (the "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 Group's unaudited consolidated results for the six months and three months ended 30 June 2011 have been reviewed by the Audit Committee and the Company's external auditor, PKF, which were of the opinion that the preparation of such results complied with the applicable accounting standards.

By order of the Board
Computech Holdings Limited
Mak Kwong Yiu
Executive Director

Hong Kong, 9 August 2011

As at the date of this report, the executive Director is Mak Kwong Yiu. The independent non-executive Directors are Dr. Ip Wai Hung, Mr. Chan Wai Man and Mr. Wong Chung Wai.