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COMPUTECH HOLDINGS LIMITED

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8081)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

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

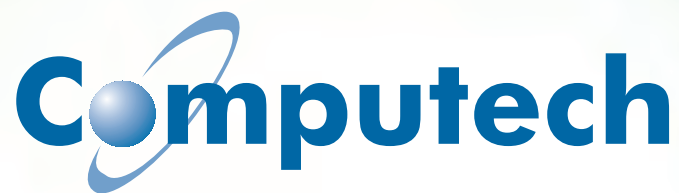
*This announcement, for which the directors (the “**Directors**”) of Computech Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.*

* For identification purposes only

FINAL RESULTS ANNOUNCEMENT

For the year ended 31 December 2011

The board (the “**Board**”) of Directors of Computech Holdings Limited hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2011. This announcement, containing the full text of the Annual Report 2011, complies with the GEM Listing Rules in relation to information to accompany preliminary announcements of the final results.



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Annual Report **2011**

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*This report, for which the directors (the “ **Directors**”) of Computech Holdings Limited (the “ **Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “ **GEM Listing Rules**”) for the purpose of giving information with regard to the Company. 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.*

This report will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least seven days from the date of its publication and on the Company’s website at <http://www.computech.com.hk>.

Contents

	page
Corporate Information	03
Chairman's Statement	04
Management Discussion and Analysis	05
Directors Profile	07
Directors' Report	08
Corporate Governance Report	14
Independent Auditor's Report	19
Consolidated Statement of Comprehensive Income	21
Consolidated Statement of Financial Position	22
Statement of Financial Position	23
Consolidated Statement of Changes in Equity	24
Consolidated Statement of Cash Flows	25
Notes to the Consolidated Financial Statements	26
Financial Summary	60

Corporate Information

EXECUTIVE DIRECTORS

Mr. Yang Yue Zhou (*Chairman*)
Mr. Mak Kwong Yiu
Mr. Jiang Tan Shan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Siu Keung, Joe
Mr. Wong Ching Yip
Mr. Luk Chi Shing

COMPLIANCE OFFICER

Mr. Mak Kwong Yiu

AUTHORISED REPRESENTATIVES

Mr. Mak Kwong Yiu
Mr. Lam Wing Tai

COMPANY SECRETARY

Mr. Lam Wing Tai

AUDIT COMMITTEE

Mr. Wong Siu Keung, Joe (*Committee Chairman*)
Mr. Wong Ching Yip
Mr. Luk Chi Shing

REMUNERATION COMMITTEE

Mr. Wong Siu Keung, Joe (*Committee Chairman*)
Mr. Wong Ching Yip
Mr. Luk Chi Shing

NOMINATION COMMITTEE

Mr. Wong Siu Keung, Joe (*Committee Chairman*)
Mr. Wong Ching Yip
Mr. Luk Chi Shing

AUDITORS

PKF
Certified Public Accountants

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1604, 16/F
West Tower, Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 705, George Town
Grand Cayman, Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Room 1712–1716, 17/F., Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
Hang Seng Bank Limited

STOCK CODE

8081

WEBSITE ADDRESS

www.computech.com.hk

Chairman's Statement

To Shareholders:

On behalf of the Board of Directors (the "Board"), I hereby present the annual results of Computech Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2011.

During the year under review, the Group recorded a turnover of approximately HK\$21,592,000 (2010: HK\$25,914,000). The loss attributable to the owners of the Company was approximately HK\$26,097,000 (2010: HK\$14,353,000) and the loss per share was 2.70 HK cents (2010: 1.74 HK cents).

The decrease of turnover was mainly due to the keen competition of warranty and maintenance service of IT business. With reference to the Company's announcement dated 30 November 2011, the service agreement regarding certain IT related service with CL International Holdings Limited expired on 31 December 2011. It is anticipated that the non-renewal of the service agreement will continue influence the performance of IT business segment. The Company intends to maintain the IT business and continue to explore new customer base as well as expanding the sales of computer products to mitigate the adverse effect from such termination.

The Group has acquired and commenced a money lending business in the third quarter of 2011, the Board considered that the demand for money lending business in Hong Kong is significant and it can provide a steady income stream. The Company intends to expand its loan portfolio in order to extend the revenue base.

On 5 December 2011, the Company entered into the placing agreement with the placing agent and varied by a side letter dated 8 December 2011 in relation to the Placing of zero coupon Convertible Notes in an aggregate principal amount of HK\$50 million. The Placing was duly passed by the independent shareholders on 7 February 2012. All conditions set out in the placing agreement in relation of the placing had been fulfilled and the aggregate principal amount of HK\$50 million Convertible Notes due 2015 was placed to not less than six Placees on 6 March 2012. The proceeds from the Placing are intended to be used for general working capital and further potential investments as and when opportunities arise.

PROSPECTS

The Board is devoted to explore and broaden the existing businesses in order to strengthen our competitiveness and provide business growth potential. The Company will continue to explore other investment opportunities for diversifying its business portfolios with the aim of enhancing shareholders' value.

APPRECIATION

I would like to take this opportunity to express my appreciation to our employees, shareholders, customers and business partners for their continued support.

Yang Yue Zhou
Chairman

Hong Kong, 30 March 2012

Management Discussion and Analysis

BUSINESS REVIEW

During the year under review, the Group reported a turnover of approximately HK\$21,592,000 (2010: HK\$25,914,000), representing a decrease of 17% as compared to the last year. It was mainly due to keen competition of the warranty and maintenance service of IT business. In September 2010, the Group has successfully acquired and commenced the money lending business. The Company will continue to expand its loan portfolios in order to provide a steady income for the Group.

IT business

The turnover of IT business for the year amounted to approximately HK\$21,162,000 (2010: HK\$25,914,000), which accounted for 98% of the Group's turnover. This segment recorded a loss of approximately HK\$10,814,000.

Money lending business

The Group commenced the money lending business in the third quarter of 2011, the turnover for the year amounted to HK\$430,000 (2010: Nil), which accounted for 2% of the Group's turnover. As at 31 December 2011, the loan portfolios were approximately HK\$10,394,000 and this segment recorded a loss of approximately HK\$995,000.

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$21,592,000 and loss attributable to owners of the Company was approximately HK\$26,097,000 for the year ended 31 December 2011, compared to HK\$25,914,000 and HK\$14,353,000 respectively for the last year. The basic loss per share was 2.70 HK cents (2010: 1.74 HK cents).

The administrative expenses for the year under review amounted to approximately HK\$29,765,000 (2010: HK\$17,852,000). The significant increase was mainly due to (i) the acquisition-related expenses including professional fee, consultancy fee and valuation fee and (ii) staff and related costs incurred during the year as compared with last year.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2011, the total assets of the Group were approximately HK\$31,070,000 (2010: HK\$26,687,000), including cash and bank deposits of approximately HK\$11,789,000 (2010: HK\$21,289,000). The net current assets of the Group was approximately HK\$18,092,000 (2010: HK\$19,317,000) and the Group's current ratio, current assets over its current liabilities, was approximately 3.9 times (2010: 3.7 times).

At the 31 December 2011, the Group did not have any loans due to banks or financial institutions. The total non-current liabilities of the Group was nil (2010: nil), where including bank loans and long-term borrowings. As a result, the Group had no gearing, calculated on the basis of net debt to shareholders funds, as at 31 December 2011.

During the year, the warrant holders had exercised and subscribed for a total of 112,952,857 shares of the Company at a subscription price of HK\$0.07 per share. The proceeds from the subscription were approximately HK\$7,902,000 and there was no outstanding warrant as at 31 December 2011.

CAPITAL STRUCTURE

The subscription of 5% convertible bond due 2016 of the Company was completed on 22 August 2011 and the convertible bonds in principal amount of HK\$22,750,000 were issued to the subscriber in accordance with the terms of the Subscription Agreement. The net proceed of issue of convertible bonds was in amount of HK\$22,350,000. On 23 November 2011, all convertible bonds at the initial conversion price of HK\$0.125 were converted into 182,000,000 shares of the Company. Details of information were set out in the Company's announcement dated 15 April 2011.

Management Discussion and Analysis

CAPITAL STRUCTURE (CONT'D)

On 5 December 2011, the Company entered into the Placing Agreement with the Placing Agent and varied by a side letter dated 8 December 2011, pursuant to which the Placing Agent has agreed, amongst other things to procure, on a best endeavours basis, Placee(s) to subscribe for HK\$50,000,000 of the Convertible Notes. Assuming the Convertible Notes are fully placed, upon full conversion of the HK\$50,000,000 principal amount of the Convertible Notes at the Conversion Price, a total of 1,000,000,000 Conversion Shares will be issued and the gross proceeds from the Placing, if fully placed, will be HK\$50,000,000 and the net proceeds from the Placing will be approximately HK\$48,000,000. Mr. Yang Yue Zhou ("Mr. Yang"), has agreed to undertake all the Convertible Notes not placed by the Placing Agent. The Placing is conditional upon, inter alia, the convening of the EGM for shareholders to consider and, if thought fit, passing by independent shareholders of the resolutions to approve the entering into of the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares and the underwriting by Mr. Yang of any unplaced Convertible Notes. Details of information were set out in the Company's announcement and circular dated 8 December 2011 and 2 February 2012 respectively.

All resolutions were duly passed by the independent shareholders of the Company on 17 February 2012. The Placing was completed and the aggregate principal amount of HK\$50,000,000 Convertible Notes due 2015 was placed to not less than six Placees on 6 March 2012.

FOREIGN EXCHANGE

The Group's foreign exchange risk is primarily attributable to its creditors. The Group's purchases were principally denominated in Hong Kong Dollars and Renminbi, with the majority of which denominated in Hong Kong Dollars. As the foreign exchange risks were insignificant to the Group, the Group has not applied any financial instruments for foreign currency hedging purposes during the year under review.

MAJOR ACQUISITION

On 12 September 2011, the Group entered into an agreement to acquire the entire issued share capital of Checkmate Finance Limited ("Checkmate") and its shareholder loan for a total consideration of HK\$4,200,000. Checkmate is principally engaged in the business of money lending and investment holdings and holds a money lenders licence under the Money Lenders Ordinance. Completion of the acquisition of Checkmate took place immediately after the entering into of the agreement and the consideration of HK\$4,200,000 had been paid by the Group in cash. Details of information were set out in the announcement of the Company dated 12 September 2011.

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2011, there was no charge on the Group's assets (2010: nil).

CAPITAL COMMITMENTS

As at 31 December 2011, the Group did not have undertaken any material capital commitments (2010: nil).

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2011, the Group had 16 employees (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 its employees in Hong Kong.

Directors Profile

EXECUTIVE DIRECTOR

Mr. YANG Yue Zhou, aged 41, was appointed as the executive Director and chairman of the Company on 8 November 2011. Mr. Yang studied in Harbin Institute of Technology (哈爾濱工業大學), was elected as the Secretary General of the Qinghai Real Estate Association (青海省房地產協會) in 2009, the member of the 11th Committee of the Qinghai Youth Federation (青海省十一屆青聯委員) in 2007, and the member of the 10th CPPCC National Committee from Qinghai Province (青海省十屆政協委員) in December 2007. Mr. Yang has over 19 years of experience in property development and corporate management. Mr. Yang had been the chairmen of the board of directors of two state-owned enterprises from 1992 to 1999 and had been the chairman of the board of directors of a property enterprise from 1999 to 2002. Currently, he is the chairman of the board of directors of a property development corporation in Qinghai Province, PRC. Mr. Yang is currently an executive director and deputy chairman of Birmingham International Holdings Limited (Stock code: 2309), which is listed on the Main Board of the Stock Exchange.

Mr. MAK Kwong Yiu, aged 37, was appointed as the executive Director on 30 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 executive director of Convoy Financial Services Holdings Limited (Stock code: 1019), a company whose shares are listed on the Main Board of the Stock Exchange. Mr. Mak had been an independent non-executive director of AcrossAsia Limited (Stock code: 8061) from March 2008 to May 2010, a company whose shares are listed on the GEM of the Stock Exchange.

Mr. JIANG Tan Shan, aged 64, was appointed as the executive Director on 8 November 2011. Mr. Jiang had been the managing director and general manager of Shenzhenshi Qi Peng Group Company Limited (深圳市青鵬集團有限公司) for the years from 2000 to 2005. He had been Committee Secretary (黨委書記) of the Office of Qinghai Province in Shenzhen. Mr. Jiang has extensive experience in hotel management and corporate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Siu Keung, Joe, aged 47, was appointed as the independent non-executive Director on 15 December 2011. Mr. Wong holds a Degree of Master of Arts in International Accounting from City University of Hong Kong. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Wong has extensive experience in taxation, accounting, financing, audit field and public listed companies for many years.

Mr. WONG Ching Yip, aged 39, was appointed as the independent non-executive Director on 15 December 2011. Mr. Wong holds a Double Degree of Bachelor of Arts in Business Administration and Economics in University of Winnipeg in Canada. He has extensive experience in the field of global sales and marketing covering areas including PRC, the United States of America and Europe. Mr. Wong had been an independent non-executive director of SMI Publishing Group Limited (the "SMI") (Stock code: 8010) for the period from September 2008 to May 2010 and had been re-designated as an executive director of SMI on May 2010 till August 2011.

Mr. Luk Chi Shing, aged 42, was appointed as the independent non-executive Director on 20 December 2011. Mr. Luk holds a Bachelors Degree of Business Administration in Accountancy from City University of Hong Kong. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Luk has extensive experience in financial management, auditing and public listed companies for over 15 years.

Directors' Report

The Directors present herewith their annual report together with the audited consolidated financial statements for the year ended 31 December, 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in (i) provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products and (ii) money lending. The details of which are set out in note 26 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 21.

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

FINANCIAL SUMMARY

The summary of the consolidated financial results and consolidated assets and liabilities of the Group for the last five financial years are set out on page 60.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital are set out in note 20 to the consolidated financial statements.

SHARE OPTIONS

Details of the Company's share option scheme are set out in note 28 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 24 and note 21 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVE

As at 31 December 2011, the Company had reserves available for distribution set out in note 21, calculated in accordance with the Company Law of the Cayman Islands.

EVENTS AFTER THE END OF REPORTING PERIOD

Details of the events after the end of reporting period are set out in note 31 to the consolidated financial statements.

Directors' Report

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Yang Yue Zhou (<i>Chairman</i>)	(appointed on 8 November, 2011)
Mr. Mak Kwong Yiu	
Mr. Jiang Tan Shan	(appointed on 8 November, 2011)

Non-executive Director:

Mr. Fung Pak Chuen, Alphonso	(resigned on 30 June, 2011)
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Independent non-executive Directors:

Mr. Wong Siu Keung, Joe	(appointed on 15 December, 2011)
Mr. Wong Ching Yip	(appointed on 15 December, 2011)
Mr. Luk Chi Shing	(appointed on 20 December, 2011)
Mr. Ng Chik Sum, Jackson	(resigned on 5 May, 2011)
Mr. Chung Kong Fei, Stephen	(resigned on 30 June, 2011)
Mr. Pang Wing Kin, Patrick	(resigned on 30 June, 2011)
Dr. Ip Wai Hung	(appointed on 1 January, 2011 and resigned on 15 December, 2011)
Mr. Wong Chung Wai	(appointed on 10 June, 2011 and resigned on 15 December, 2011)
Mr. Chan Wai Man	(appointed on 20 May, 2011 and resigned on 20 December, 2011)

Pursuant to the Articles of Association 86 (3) of the Company, (i) two executive Directors namely Mr. Yang Yue Zhou and Mr. Jiang Tan Shan and (ii) three independent non-executive Directors namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing were appointed by the Board during the year and shall hold office only until the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with the Articles of Association 87 (1) of the Company, Mr. Mak Kwong Yiu as the executive Director will retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

CONFIRMATION OF INDEPENDENCE

Pursuant to the requirement of the GEM Listing Rules, the Company has received an annual written confirmation from each of the independent non-executive directors of the Company of his independence to the Company. The Company considers that all of the independent non-executive directors are independent in accordance with the guidelines set out in rule 5.09 of the GEM Listing Rules.

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the connected transactions as disclosed below, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

The Group entered into the following significant connected transactions during the year ended 31 December, 2011:

On 14 November, 2008, the Company renewed the agreement with CL International Holdings Limited ("CLIH") for a term of three years commencing from 1 January, 2009, pursuant to which the Group would purchase computer parts and components, peripherals and equipment from CLIH and its subsidiaries (together "CLIH Group") and provide IT related services to CLIH Group ("Agreement"). CLIH was one of shareholders of the Company and the former non-executive Director, Mr. Fung Pak Chuen, Alphonso was interested in the above transactions by virtue of his interest in CLIH. CLIH is therefore a connected person of the Company according to the GEM Listing Rules.

Related party transactions as disclosed in note 24 to the consolidated financial statements also constituted connected transaction, which required to be disclosed in accordance with Chapter 20 under the GEM Listing Rules.

The independent non-executive Directors have reviewed the continuing connected transactions and are of the opinion that these transactions were (i) effected on normal commercial terms or terms no less favourable to the Group than terms available to or from independent third parties; (ii) in the ordinary course of the business of the Group; and (iii) in accordance with the Agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with paragraph 20.38 of the GEM Listing Rules, the Board engaged the auditor of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported the factual findings on the selected samples based on the agreed procedures to the Board that the continuing connected transactions have received the approval of the Board. Nothing came to their attention that the continuing connected transactions (a) were not in accordance with the pricing policies of the Company; (b) have not been entered into in accordance with the Agreement governing the transactions; and (c) have exceeded the cap disclosed in the circular of the Company dated 8 December, 2008.

On 23 November 2011, the Company received a notice from CLIH, informing the Company that the Agreement would expire on 31 December 2011 and CLIH had no intention to renew a new service contract. Details of information were set out in the announcement of the Company dated 30 November 2011.

Directors' Report

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December, 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they 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 referred to therein, or which were 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 were as follows:

Long positions in shares of the Company

Name of Director	Capacity	Number of shares	Approximate % of the issued share capital
Mr. Yang Yue Zhou	Beneficial owner	268,453,158	22.11%

Save as disclosed above, as at 31 December, 2011, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they 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 referred to therein, or which were 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the terms of the share option scheme adopted by the Company on 12 November, 2010, the Board is authorised, at its absolute discretion, to grant options to eligible participants including any employee, contracted celebrity, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Group at the time when an option is granted to such employee, or any person who, in the sole discretion of the Board, have contributed or may contribute to the Group. Further details of the share option scheme are set out in note 28 to the consolidated financial statements.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

As at 31 December, 2011, so far as was known to any Directors, 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	Approximate % of the issued share capital
Mr. Yang Yue Zhou	Beneficial owner	268,453,158	22.11%

Save as disclosed above, as at 31 December, 2011, so far as was known to the Directors, no other persons had any interests and short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 & 3 of Part XV of the SFO and section 336 of the SFO or, who were interest 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.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 90% of the total sales for the year and sales to the largest customer included therein amounted to approximately 79%. Purchases from the Group's five largest suppliers accounted for approximately 21% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 15%.

Save for one of the largest customers and one of the largest suppliers, being the subsidiaries of CLIH, details of the connected transactions are set out in the Directors' report on page 10 and note 24 to the consolidated financial statements, neither the Directors, their associates, nor any shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

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 2011.

COMPETING INTERESTS

As at 31 December, 2011, the Directors are not aware of any business or interest of the Directors, the initial management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules), that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules throughout the financial year ended 31 December, 2011.

PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDITOR

The consolidated financial statements have been audited by PKF who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Yang Yue Zhou

Chairman

Hong Kong, 30 March 2012

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and upholding good corporate governance practices that promote greater transparency and quality of disclosure as well as more effective internal control.

The Company has considered the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules and has taken steps to comply with it where appropriate. In the opinion of the Directors, the Company had complied with the CG Code throughout the year ended 31 December 2011, except for the code provisions A.2.1, A4.1 and B.1.1. Detail of the deviation is set out in the relevant section below.

DIRECTORS’ SECURITIES TRANSACTIONS

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.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises of six Directors, including three executive Directors and three independent non-executive Directors (the “INEDs”). Mr. Yang Yue Zhou, Mr. Mak Kwong Yiu and Mr. Jiang Tan Shan served as executive Directors and Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing served as INEDs.

The Board is responsible for formulating the strategic business development, reviewing and monitoring the business performance of the Group, as well as preparing and approving the Group’s financial statements. The Directors, collectively and individually, are aware of their responsibilities to shareholders, for the manner in which the affairs of the Company are managed and operated. The Board gives clear directions as to the powers delegated to the management for the management and administration functions of the Group, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group.

The Company complies at all times during the year under review with the minimum requirements of the GEM Listing Rules relating to the appointment of at least 3 INEDs and one of which should have appropriate professional qualifications or accounting or related financial management expertise.

Corporate Governance Report

The Board meets regularly and held 24 Board meetings in 2011. At least 14 days notice of the regular Board meetings were given to all Directors, who were all given an opportunity to include matters in the agenda for discussion. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each regular board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Directors attended the meetings in persons or through other means of electronic communication in accordance with the Company's articles of association (the "Articles"). During regular Board meetings, the Directors discussed and formulated the overall strategies of the Group, reviewed and approved the annual, interim and quarterly results, as well as discussed and decided on other significant matters of the Group. All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board. The following was an attendance record of the Board meetings for the Year ended 31 December 2011:

Name of Directors	Attended/Eligible to attend
Executive Directors	
Mr. Yang Yue Zhou (<i>Chairman</i>) (appointed on 8 November 2011)	5/6
Mr. Mak Kwong Yiu	20/24
Mr. Jiang Tan Shan (appointed on 8 November 2011)	3/6
Non-executive Director	
Mr. Fung Pak Chuen, Alphonso (resigned on 30 June 2011)	11/11
Independent non-executive Directors	
Mr. Wong Siu Keung, Joe (appointed on 15 December 2011)	2/2
Mr. Wong Ching Yip (appointed on 15 December 2011)	2/2
Mr. Luk Chi Shing (appointed on 20 December 2011)	1/1
Mr. Ng Chik Sum, Jackson (resigned on 5 May 2011)	3/7
Mr. Chung Kong Fei, Stephen (resigned on 30 June 2011)	7/11
Mr. Pang Wing Kin, Patrick (resigned on 30 June 2011)	7/11
Dr. Ip Wai Hung (appointed on 1 January 2011 and resigned on 15 December 2011)	15/23
Mr. Wong Chung Wai (appointed on 10 June 2011 and resigned on 15 December 2011)	11/13
Mr. Chan Wai Man (appointed on 20 May 2011 and resigned on 20 December 2011)	12/14

INDEPENDENCE

Pursuant to the requirement of the GEM Listing Rules, the Company has received a written confirmation from each of the INEDs of his independence to the Company. The Company considers that all of the INEDs are independent in accordance with the guidelines set out in rule 5.09 of the GEM Listing Rules.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The code provisions A.2.1 of the CG Code 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 at present have any office with the title of “chief executive officer”. The chairman of the Company undertakes the day-to-day management of the Company’s business, whereas the executive Director is responsible for 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.

NON-EXECUTIVE DIRECTOR

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

REMUNERATION OF DIRECTORS

The code provisions B.1.1 of the CG Code 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 INEDs.

As at 31 December 2011, the Company did not establish a remuneration committee as required by this Code. The Board was 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 past practice of the Company, remuneration of Directors are reviewed and approved at regular Board meetings which have the presence of the INEDs. In addition, the Director will abstain from voting on the relevant board resolution in which he has interest.

The Company has established a remuneration committee on 23 March 2012, the details of information including the term of reference were set out in the announcement dated 23 March 2012. The remuneration committee comprises three INEDs, namely Mr. Wong Siu Keung, Joe as the Chairman of the committee, Mr. Wong Ching Yip and Mr. Luk Chi Shing at the date of this report.

NOMINATION OF DIRECTORS

As at 31 December 2011, the Company did not establish a nomination committee in consideration of the size of the Group. The Board was empowered under the Articles to appoint any person as a Director either to fill a casual vacancy on or as an addition to the Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company shall then be eligible for re-election at least once every three years. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Group’s business.

Newly appointed Director will be briefed and updated to ensure that he has a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

Corporate Governance Report

The Company has established a nomination committee on 23 March 2012, the details of information including the term of reference were set out in the announcement dated 23 March 2012. The nomination committee comprises three INEDs, namely Mr. Wong Siu Keung, Joe as the Chairman of the committee, Mr. Wong Ching Yip and Mr. Luk Chi Shing at the date of this report.

AUDITOR'S REMUNERATION

For the year ended 31 December 2011, the fee payable to the Group's external auditor, PKF, for the audit service amounted to approximately HK\$277,000 and fee for non-audit related activities amounted to approximately HK\$31,000.

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, internal control procedures, risk management systems and considering and recommending the appointment, re-appointment and removal of external auditors of the Group. The audit committee comprises three INEDs, namely Mr. Wong Siu Keung, Joe as the Chairman of the committee, Mr. Wong Ching Yip and Mr. Luk Chi Shing at the year ended 31 December 2011.

The audit committee has held four meetings for the year of 2011 and has reviewed the Company's annual, interim and quarterly financial reports, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. The audit committee also met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending the annual financial reports to the Board for approval. The following was an attendance record of the audit committee meetings held for the year ended 31 December 2011:

Name of audit committee members	Attend/Eligible to attend
Mr. Wong Siu Keung, Joe (<i>Committee Chairman</i>) (appointed on 15 December 2011)	N/A
Mr. Wong Ching Yip (appointed on 15 December 2011)	N/A
Mr. Luk Chi Shing (appointed on 20 December 2011)	N/A
Mr. Ng Chik Sum, Jackson (<i>Committee Chairman</i>) (resigned on 5 May 2011)	1/1
Mr. Chung Kong Fei, Stephen (resigned on 30 June 2011)	2/2
Mr. Pang Wing Kin, Patrick (resigned on 30 June 2011)	2/2
Mr. Fung Pak Chuen, Alphonso (resigned on 30 June 2011)	2/2
Dr. Ip Wai Hung (appointed on 1 January 2011 and resigned on 15 December 2011)	4/4
Mr. Wong Chung Wai (appointed on 10 June 2011 and resigned on 15 December 2011)	2/2
Mr. Chan Wai Man (appointed on 20 May 2011 and resigned on 20 December 2011)	2/2

Corporate Governance Report

INTERNAL CONTROL

The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing the effectiveness of these controls. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. By their nature however, such internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

As might be expected in a Group of this size, a key control procedure is the day-to-day supervision of the business by the executive Directors, supported by managers responsible for operations and the key central and divisional support functions of finance, information systems and human resources. Key elements of the internal control system are described below. These have all been in place throughout the year under review and up to the date of this report and are reviewed regularly by the Board:

- clearly defined management structure, lines of responsibility and delegation of authority;
- high recruitment standards and formal career development and training to ensure the integrity and competence of staff;
- regular and comprehensive information provided to management, covering financial performance and non-financial measures;
- procedures for the approval of capital expenditure, investments and acquisitions;
- detailed budgeting process where the top management are involved in the budget setting process, constantly monitoring key statistics and reviewing management accounts on a monthly basis, noting and investigating major variances;
- consideration of progress made against significant business risks at monthly management review meetings, with quarterly briefings to the Board.

The Board has considered the need for an internal audit function, and concluded that, given the size of the Group and the systems and controls in place, it is not appropriate at present. The Board will review this on a regular basis.

COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders is given high priority. The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual, interim and quarterly reports, announcements and circulars made through websites of the Company and of the Stock Exchange.

The Board also maintains an on-going dialogue with shareholders and use general meeting to communicate with shareholders. The Company encourages all shareholders to attend general meeting which provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board and members of relevant committees and senior management of the Company are also available to answer the shareholders' questions in the general meetings.

To safeguard shareholder interest and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual Directors. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

Independent Auditor's Report

大信梁學濂(香港)會計師事務所



Accountants &
business advisers

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

TO THE SHAREHOLDERS OF COMPUTECH HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Computech Holdings Limited (the "Company") set out on pages 21 to 59, which comprise the consolidated and Company's statements of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PKF

Certified Public Accountants

Hong Kong, 30 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Note	2011 HK\$'000	2010 HK\$'000
Turnover	4	21,592	25,914
Cost of sales		(17,394)	(22,492)
Gross profit		4,198	3,422
Other income		77	123
Selling and distribution expenses		(30)	(42)
Administrative expenses		(29,765)	(17,852)
Operating loss		(25,520)	(14,349)
Finance costs		(577)	—
Loss before income tax	5	(26,097)	(14,349)
Income tax expense	6	—	(4)
Loss for the year	7	(26,097)	(14,353)
Other comprehensive loss		—	—
Total comprehensive loss for the year		(26,097)	(14,353)
Attributable to:			
Owners of the Company		(26,097)	(14,353)
Basic loss per share (HK cents)	8	(2.70)	(1.74)

Consolidated Statement of Financial Position

At 31 December 2011

	Note	2011 HK\$'000	2010 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	6,281	88
Goodwill	12	97	—
Interests in an associate	14	—	4
Loan receivables	15	349	—
		6,727	92
CURRENT ASSETS			
Inventories	16	68	751
Debtors, deposits and prepayments	17	2,441	1,359
Amounts due from related companies	18	—	3,196
Loan receivables	15	10,045	—
Cash and bank balances		11,789	21,289
		24,343	26,595
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and other payables	19	6,251	7,275
Income tax payable		—	3
		6,251	7,278
NET CURRENT ASSETS		18,092	19,317
NET ASSETS		24,819	19,409
REPRESENTING:			
SHARE CAPITAL	20(a)	12,142	9,193
SHARE PREMIUM AND RESERVES	21	12,677	10,216
SHAREHOLDERS' FUNDS		24,819	19,409

Approved and authorised for issue by the Board of Directors on 30 March 2012

Yang Yue Zhou
Director

Mak Kwong Yiu
Director

Statement of Financial Position

At 31 December 2011

	Note	2011 HK\$'000	2010 HK\$'000
NON-CURRENT ASSET			
Interests in subsidiaries	13	8,233	4,763
CURRENT ASSETS			
Amount due from a subsidiary	13(c)	18,000	—
Deposits and prepayments	17	1,459	346
Cash at bank		146	19,892
		19,605	20,238
DEDUCT:			
CURRENT LIABILITIES			
Accruals	19	982	1,404
Amounts due to subsidiaries	13(d)	1,637	2,616
		2,619	4,020
NET CURRENT ASSETS		16,986	16,218
NET ASSETS		25,219	20,981
REPRESENTING:			
SHARE CAPITAL	20(a)	12,142	9,193
SHARE PREMIUM AND RESERVES	21	13,077	11,788
SHAREHOLDERS' FUNDS		25,219	20,981

Approved and authorised for issue by the Board of Directors on 30 March 2012

Yang Yue Zhou
Director

Mak Kwong Yiu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Warrants reserve <i>HK\$'000</i>	Convertible bonds reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1.1.2010	7,891	8,380	28	1,025	—	(5,908)	11,416
Issue of shares — Note 20(a)(i)	1,000	18,562	(28)	—	—	—	19,534
Exercise of warrants — Note 20(a)(ii)	244	1,645	—	(182)	—	—	1,707
Share-based payments — Note 28	—	—	28	—	—	—	28
Exercise of share options — Note 20(a)(iii)	58	1,047	(28)	—	—	—	1,077
Total comprehensive loss for the year	—	—	—	—	—	(14,353)	(14,353)
At 31.12.2010 and 1.1.2011	9,193	29,634	—	843	—	(20,261)	19,409
Recognition of equity components of convertible bonds issued — Note 22	—	—	—	—	5,806	—	5,806
Exercise of warrants — Note 20(a)(iv)&(v)	1,129	7,616	—	(843)	—	—	7,902
Shares issued upon conversion of convertible bonds — Note 20(a)(vi)	1,820	20,930	—	—	(5,806)	—	16,944
Share-based payments — Note 28	—	—	855	—	—	—	855
Total comprehensive loss for the year	—	—	—	—	—	(26,097)	(26,097)
At 31.12.2011	12,142	58,180	855	—	—	(46,358)	24,819

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	Note	2011 HK\$'000	2010 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(26,097)	(14,349)
Adjustments for:			
Interest income		(1)	(1)
Interest expenses		577	—
Depreciation		140	136
Stock written-off		476	82
Share-based payments		855	—
Impairment loss on trade debtors		29	42
Impairment loss on interests in an associate		4	—
Gain on disposal of a subsidiary		(38)	—
Operating loss before working capital changes		(24,055)	(14,090)
Decrease in inventories		207	938
Decrease in debtors, deposits and prepayments		669	270
Increase in loan receivables		(4,994)	—
Decrease in amounts due from related companies		3,196	1,106
(Decrease)/increase in creditors, accruals and other payables		(4,677)	2,343
Decrease in amount due to a related company		—	(4)
Cash used in operations		(29,654)	(9,437)
Interest received		1	1
Interest paid		(27)	—
Income tax (paid)/refund		(3)	53
NET CASH USED IN OPERATING ACTIVITIES		(29,683)	(9,383)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		(6,081)	(36)
Net cash outflow arising on acquisition	29	(4,138)	—
NET CASH USED IN INVESTING ACTIVITIES		(10,219)	(36)
CASH FLOWS FROM FINANCING ACTIVITIES			
Convertible bonds issued		22,750	—
Issue of shares for cash		7,902	22,784
Share issuing expenses		(250)	(438)
NET CASH FROM FINANCING ACTIVITIES		30,402	22,346
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(9,500)	12,927
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		21,289	8,362
CASH AND CASH EQUIVALENTS AT END OF YEAR		11,789	21,289
Cash and bank balances		11,789	21,289

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

1. GENERAL INFORMATION

Computech Holdings Limited is a limited liability company incorporated in the Cayman Islands. The addresses of its registered office and principal place of business are disclosed in the “Corporate Information” section of the annual report.

The Company and its subsidiaries (collectively the “Group”) are principally engaged in (i) provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products and (ii) money lending.

The Company is listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

(b) Initial application of Hong Kong Financial Reporting Standards

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

HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement
HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

2. BASIS OF PREPARATION (CONT'D)

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

The following HKFRSs in issue at 31 December, 2011 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2011:

HKAS 19 (2011)	Employee Benefits
HKAS 27	Separate Financial Statements
HKAS 28	Investments in Associates and Joint Ventures
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 7 (2010)	Disclosures — Transfers of Financial Assets
Amendments to HKFRS 7 (2011)	Disclosures — Offsetting Financial Assets and Financial Liabilities

The Group is required to initially apply these HKFRSs in its annual consolidated financial statements beginning on 1 January 2013, except that the Group is required to initially apply amendments to HKAS 12 and amendments to HKFRS 7 (2010) in its annual consolidated financial statements beginning on 1 January 2012, amendments to HKAS 32 in its annual consolidated financial statements beginning on 1 January 2014 and HKFRS 9 in its annual consolidated financial statements beginning on 1 January 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis. Except for certain financial instruments which measured at fair values.

(b) Basis of consolidation

The consolidated financial statements include the financial statement of the Company and its subsidiaries for the year ended 31 December 2011.

The results of subsidiaries during the year dealt with in the consolidated statement of comprehensive income from the dates of acquisition.

All significant intra-group transactions and balances have been eliminated on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products and loans interest income.

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.

Loans interest income is recognised as it accrued using the effective interest method.

Interest income is recognised as it accrued using the effective interest method.

(d) Property, plant and equipment

Property, 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 profit and loss in the period in which they are incurred.

Depreciation is calculated to write off the costs of property, plant and equipment to their estimated residual values over their estimated useful lives on a straight-line basis as set out below:

Computer equipment	—	3 years
Furniture and fixtures	—	4 years
Motor vehicles	—	5 years
Leasehold improvements	—	the shorter of remaining lease term and useful life
Leasehold land	—	over the remaining unexpired lease term
Building	—	29 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. Income from subsidiaries is recognised in the Company's financial statements when the shareholder's right to receive payment is established.

(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 consolidated financial statements using the equity method of accounting. Under the equity method, the consolidated statement of comprehensive income includes the Group's share of the post-acquisition results of the associates and the consolidated statement of financial position 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) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit or loss.

(i) Payables

Payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

(j) 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 profit or loss as incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of assets

At the end of each reporting period, 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.

(l) 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 consolidated statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes profit and loss 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 end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated 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, 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 the end of each reporting period 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income tax (Cont'd)

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 end of each reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity respectively.

(m) 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.

(n) Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are classified at their fair value at the date of acquisition or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as obligations under finance leases. Finance charges, which represent the difference between the total leasing commitments and the recorded value of the assets acquired, and charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the terms of the relevant leases.

(o) Related parties

A person or a close member of that person's family is related to the Group if that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if (i) the entity and the Group are members of the same group of companies, (ii) the entity is an associate or a joint venture of either the Group or a member of a group of which the Group is a member, (iii) the Group is an associate or a joint venture of either the entity or a member of a group of which the entity is a member, (iv) the entity and the Group are joint ventures of the same third party, (v) the entity is a joint venture of a third entity and the Group is an associate of that third entity, (vi) the Group is a joint venture of a third entity and the entity is an associate of that third entity, (vii) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group, (viii) the entity is controlled or jointly controlled by a person related to the Group or a close member of that person's family, (ix) a person who has control or joint control over the Group has significant influence over the entity, or (x) a person who has control or joint control over the Group is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) 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 profit or loss.

(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 statement of financial position presented are translated at the closing rate at the end of each reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity.

(q) Share-based payments

Share options and warrants 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 and warrants 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) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management that makes strategic decisions.

(t) Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised in which case the balance stated in convertible bonds reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the accumulated losses. No gain or loss is recognised upon conversion or expiration of the option.

(u) Significant judgement

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

- (i) whether the significant risks and rewards of ownership of goods have been transferred to the buyer;
- (ii) whether there is an indication of impairment of assets;
- (iii) whether the discount rates used to calculate the recoverable amount of assets are appropriate for the purpose of impairment review; and
- (iv) the expected manner of recovery of the carrying amount of assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

4. TURNOVER AND REVENUE

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

	2011 HK\$'000	2010 HK\$'000
Sales	199	350
Service income	20,963	25,564
Loans interest income	430	—
Turnover	21,592	25,914
Interest income	1	1
Total revenue	21,593	25,915

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenue. In 2011 revenue from service income from this customer amounted to approximately HK\$17,043,000 (2010: HK\$20,891,000) and arose in Hong Kong.

5. LOSS BEFORE INCOME TAX

	2011 HK\$'000	2010 HK\$'000
Loss before income tax is arrived at after charging/(crediting):		
Cost of inventories expensed	1,322	2,337
Minimum lease payments paid under operating leases	1,278	1,411
Auditor's remuneration	277	212
Depreciation	140	136
Directors' remuneration — Note 10(a)	6,186	2,848
Other staff salaries and benefits	7,137	17,403
Retirement scheme contributions	712	776
Exchange loss	1	2
Impairment loss on interests in an associate	4	—
Impairment loss on trade debtors	29	42
Interest expenses	577	—
Stock written-off	476	82
Gain on disposal of a subsidiary	(38)	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

6. INCOME TAX EXPENSE

	2011 HK\$'000	2010 HK\$'000
Current income tax — Hong Kong Profits Tax		
Provision for the year	—	4

No provision for Hong Kong Profits Tax has been made in these financial statements as the Group had no assessable profits for the year. For the year ended 31 December 2010, the provision for Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the year.

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

	2011 HK\$'000	2010 HK\$'000
Loss before income tax	(26,097)	(14,349)
Tax effect at Hong Kong profits tax rate of 16.5%	(4,306)	(2,368)
Tax effect of income that is not taxable	(1)	—
Tax effect of expenses that are not deductible	77	980
Tax effect of unrecognised accelerated depreciation allowances	(107)	15
Tax effect of tax loss not recognised	4,347	1,377
Tax effect unrecognised temporary differences arising from provision for trade debtors	(10)	—
Income tax expense	—	4

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

	2011 HK\$'000	2010 HK\$'000
Deductible temporary differences — Note 6(b)(i)		
Unutilised tax losses	40,625	14,279
Provision for trade debtors	30	90
Taxable temporary difference — Note 6(b)(ii)		
Accelerated depreciation allowances	(661)	(10)
Net deductible temporary differences	39,994	14,359

- (i) Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. The unutilised tax losses accumulated in the Group amounted to HK\$40,625,000 (2010: HK\$14,279,000) can be carried forward indefinitely.
- (ii) Taxable temporary difference has not been recognised in these financial statements owing to immateriality.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

7. LOSS FOR THE YEAR

The loss attributable to owners of the Company includes an amount of approximately HK\$27,269,000 (2010: approximately HK\$8,292,000) which has been dealt with in the financial statements of the Company.

8. BASIC LOSS PER SHARE

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

	2011 HK\$'000	2010 HK\$'000
Loss attributable to owners of the Company for the year	(26,097)	(14,353)
Shares		
Weighted average number of ordinary shares in issue	967,345,890	827,025,280

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

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 ("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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

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

	Note	Fees HK\$'000	Basic salaries, allowances and other benefits HK\$'000	Retirement scheme contributions HK\$'000	Share-based payments HK\$'000	Total HK\$'000
2011						
Executive director:						
Mak Kwong Yiu		120	1,200	—	—	1,320
Non-executive director:						
Fung Pak Chuen, Alphonso	iii	720	3,881	—	—	4,601
Independent non-executive directors:						
Pang Wing Kin, Patrick	iii	30	—	—	—	30
Wong Siu Keung, Joe		5	—	—	—	5
Wong Ching Yip		3	—	—	—	3
Luk Chi Shing		2	—	—	—	2
Ip Wai Hung	iv	60	—	—	—	60
Wong Chung Wai	iv	30	—	—	—	30
Chan Wai Man	v	84	—	—	—	84
Chung Kong Fei, Stephen	iii	30	—	—	—	30
Ng Chik Sum, Jackson	vi	21	—	—	—	21
		265	—	—	—	265
		1,105	5,081	—	—	6,186
2010						
Executive director:						
Mak Kwong Yiu		120	—	—	28	148
Non-executive director:						
Fung Pak Chuen, Alphonso		120	2,400	—	—	2,520
Independent non-executive directors:						
Pang Wing Kin, Patrick		60	—	—	—	60
Chung Kong Fei, Stephen		60	—	—	—	60
Ng Chik Sum, Jackson		60	—	—	—	60
		180	—	—	—	180
		420	2,400	—	28	2,848

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (CONT'D)

(a) (Cont'd)

- (i) 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 year.
- (iii) Resigned on 30 June 2011.
- (iv) Resigned on 15 December 2011.
- (v) Resigned on 20 December 2011.
- (vi) Resigned on 5 May 2011.

(b) Five highest paid individuals

Among the five highest paid individuals in the Group, two are the directors of the Company and the details of their remuneration have already been disclosed above.

The emoluments and designated band of the remaining three highest paid, non-director individuals during the year are as follows:

	2011 HK\$'000	2010 HK\$'000
Salaries and allowances	1,494	1,679
Retirement scheme contributions	70	67
	1,564	1,746

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

- (i) During the year, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

11. PROPERTY, PLANT AND EQUIPMENT — THE GROUP

	Computer equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold land <i>HK\$'000</i>	Building <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:							
At 1.1.2010	1,536	14	91	—	—	—	1,641
Additions	36	—	—	—	—	—	36
Disposals	(13)	(1)	(3)	—	—	—	(17)
At 31.12.2010	1,559	13	88	—	—	—	1,660
Accumulated depreciation:							
At 1.1.2010	1,352	12	89	—	—	—	1,453
Charge for the year	135	—	1	—	—	—	136
Written back on disposals	(13)	(1)	(3)	—	—	—	(17)
At 31.12.2010	1,474	11	87	—	—	—	1,572
Net book value:							
At 31.12.2010	85	2	1	—	—	—	88
Cost:							
At 1.1.2011	1,559	13	88	—	—	—	1,660
Additions	151	37	48	695	4,888	262	6,081
Acquisition of a subsidiary	—	20	232	—	—	—	252
Disposals	(16)	—	—	—	—	—	(16)
At 31.12.2011	1,694	70	368	695	4,888	262	7,977
Accumulated depreciation:							
At 1.1.2011	1,474	11	87	—	—	—	1,572
Charge for the year	76	2	18	22	20	2	140
Written back on disposals	(16)	—	—	—	—	—	(16)
At 31.12.2011	1,534	13	105	22	20	2	1,696
Net book value:							
At 31.12.2011	160	57	263	673	4,868	260	6,281

The leasehold land and building is situated in Hong Kong under long lease.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

12. GOODWILL — THE GROUP

	2011 HK\$'000	2010 HK\$'000
Cost:		
At 1 January	—	—
Acquisition of a subsidiary — Note 29	97	—
At 31 December	97	—
Impairment loss:		
At 1 January and 31 December	—	—
Net book value:		
At 31 December	97	—

The Group test goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

13. INTERESTS IN SUBSIDIARIES — THE COMPANY

	2011 HK\$'000	2010 HK\$'000
Unlisted shares, at cost	100	100
Less: Provision for impairment loss	(100)	(100)
	—	—
Amounts due from subsidiaries — Note 13(b)	18,205	4,763
Less: Provision for impairment loss	(9,972)	—
	8,233	4,763

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

13. INTERESTS IN SUBSIDIARIES — THE COMPANY (CONT'D)

(a) The details of the subsidiaries are as follows:

Name	Place of incorporation/ establishment and kind of legal entity	Particulars of issued share	Attributable equity interest held by the Company		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
Computech 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
Computech Services Limited (formerly known as 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%	Investment holding in Hong Kong
Checkmate Finance Limited	Hong Kong, limited liability company	10,000 ordinary shares of HK\$1 each	—	100%	Money lending

* Subsidiaries with no statutory financial statements or statutory financial statements are not audited by PKF.

(b) The amounts due from subsidiaries are interest-free, unsecured and repayable after one year.

(c) Amount due from a subsidiary

	2011 HK\$'000	2010 HK\$'000
Amount due from a subsidiary	21,400	—
Less: Provision for impairment loss	(3,400)	—
	18,000	—

The amount is interest-free, unsecured and repayable on demand.

(d) The amounts due to subsidiaries are interest-free, unsecured and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

14. INTERESTS IN ASSOCIATES — THE GROUP

	2011 HK\$'000	2010 HK\$'000
Share of net assets	—	—
Amount due from an associate — Note 14(b)	4	4
Less: Provision for impairment loss	(4)	—
	—	4

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

Name	Place of incorporation	Particulars of issued shares	Assets HK\$'000	Liabilities HK\$'000	Revenue HK\$'000	Loss HK\$'000	Interest held %
2011							
Jackstar Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	5	16	—	(2)	50
2010							
Jackstar Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	5	14	—	(1)	50

(b) The amount due from an associate is interest-free, unsecured and repayable on demand.

15. LOAN RECEIVABLES — THE GROUP

	2011 HK\$'000	2010 HK\$'000
Loan receivables	10,394	—
Less: Current portion included under current assets	(10,045)	—
	—	—
Non-current portion included under non-current assets	349	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

16. INVENTORIES — THE GROUP

	2011 HK\$'000	2010 HK\$'000
Spare parts	68	751

17. DEBTORS, DEPOSITS AND PREPAYMENTS — THE GROUP AND THE COMPANY

	The Group		The Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Trade debtors	406	983	—	—
Less: Provision for impairment of trade debtors — Note17(b)	(30)	(90)	—	—
	376	893	—	—
Other debtors, deposits and prepayments	1,704	466	1,459	346
Loans interest receivable	361	—	—	—
	2,441	1,359	1,459	346

Notes:

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

	2011 HK\$'000	2010 HK\$'000
Within 3 months	347	834
4 – 6 months	—	23
Over 6 months	29	36
	376	893

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

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

	2011 HK\$'000	2010 HK\$'000
At 1 January	90	48
Impairment loss written off	(89)	—
Impairment loss on trade debtors	29	42
At 31 December	30	90

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

18. AMOUNTS DUE FROM RELATED COMPANIES — THE GROUP

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 one month for both year end.

	2011 HK\$'000	2010 HK\$'000
1 – 30 days	—	3,196
30 – 60 days	—	—
	—	3,196

19. CREDITORS, ACCRUALS AND OTHER PAYABLES — THE GROUP AND THE COMPANY

	The Group		The Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Trade creditors	34	1,558	—	—
Accruals and other payables	6,117	5,561	982	1,404
Deferred revenue	15	145	—	—
Deposits received	85	11	—	—
	6,251	7,275	982	1,404

The following is an aging analysis of trade creditors:

	2011 HK\$'000	2010 HK\$'000
Within 3 months	34	1,222
4 – 6 months	—	6
Over 6 months	—	330
	34	1,558

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

20. SHARE CAPITAL AND RESERVE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Share capital

	Note	Number of shares	HK\$'000
Authorised:			
Ordinary shares of HK\$0.01 each at 1.1.2011 and 31.12.2011		10,000,000,000	100,000
Issued and fully paid:			
Ordinary shares of HK\$0.01 each at 1.1.2010		789,146,990	7,891
Issue of shares	(i)	100,000,000	1,000
Issue of shares through warrants	(ii)	24,390,000	244
Issue of shares through share options	(iii)	5,759,479	58
Ordinary shares of HK\$0.01 each at 31.12.2010 and 1.1.2011		919,296,469	9,193
Issue of shares through warrants	(iv)	69,157,143	691
Issue of shares through warrants	(v)	43,795,714	438
Conversion of convertible bonds	(vi)	182,000,000	1,820
Ordinary shares of HK\$0.01 each at 31.12.2011		1,214,249,326	12,142

- (i) Pursuant to the general mandate granted by annual general meeting of the Company held on 3 May 2010, the Company entered into the Placing Agreement with the placing agent on 6 August 2010, the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 100,000,000 Placing Shares at a price of HK\$0.20 per Placing Share.
- (ii) Upon the exercise of warrants under the Instrument dated 30 September 2008 by warrant holder, 24,390,000 shares were issued on 2 November 2010 at a price of HK\$0.07 per shares.
- (iii) The subscription rights attaching to 5,759,479 share options were exercised at the subscription price of HK\$0.187 per share, resulting in the issue of 5,759,479 shares on 8 December 2010.
- (iv) Upon the exercise of warrants under the Instrument dated 30 September 2008 by warrant holder, 69,157,143 shares were issued on 6 October 2011 at a price of HK\$0.07 per share.
- (v) Upon the exercise of warrants under the Instrument dated 30 September 2008 by warrant holder, 43,795,714 shares were issued on 22 November 2011 at a price of HK\$0.07 per share.
- (vi) On 23 November 2011, a total of 182,000,000 ordinary shares at par value of HK\$0.01 each were issued as a result of conversion of the 5% convertible bonds (as defined in note 22) due on 30 April 2016.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

20. SHARE CAPITAL RESERVE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONT'D)

(b) Capital management

The Group's equity capital management objectives 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. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholders, issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debt and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debt over equity capital. Net debt is calculated as total debt less cash and cash equivalents. Equity capital comprises all components of equity (i.e. share capital, accumulated losses and reserves). The debt-to-equity capital ratios at 31 December 2011 and at 31 December 2010 were as follows:

	The Group		The Company	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total debt	6,251	7,278	2,619	4,020
Less: Cash and cash equivalents	(11,789)	(21,289)	(146)	(19,892)
Net debt	—	—	2,473	—
Total equity	24,819	19,409	25,219	20,981
Debt-to-equity capital ratio	N/A	N/A	9.81%	N/A

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

21. SHARE PREMIUM AND RESERVES

The Group	Share premium HK\$'000	Share Options reserve HK\$'000	Warrants reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1.1.2010	8,380	28	1,025	—	(5,908)	3,525
Exercise of share option	1,047	(28)	—	—	—	1,019
Exercise of warrants	1,645	—	(182)	—	—	1,463
Issue of shares	18,562	(28)	—	—	—	18,534
Share-based payments	—	28	—	—	—	28
Loss for the year	—	—	—	—	(14,353)	(14,353)
At 31.12.2010 and 1.1.2011	29,634	—	843	—	(20,261)	10,216
Issue of convertible bonds-equity components	—	—	—	5,806	—	5,806
Exercise of warrants	7,616	—	(843)	—	—	6,773
Conversion of convertible bonds	20,930	—	—	(5,806)	—	15,124
Share-based payments	—	855	—	—	—	855
Loss for the year	—	—	—	—	(26,097)	(26,097)
At 31.12.2011	58,180	855	—	—	(46,358)	12,677

The Company	Share premium HK\$'000	Share Options reserve HK\$'000	Warrants reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1.1.2010	8,380	28	1,025	—	(10,397)	(964)
Exercise of share option	1,047	(28)	—	—	—	1,019
Exercise of warrants	1,645	—	(182)	—	—	1,463
Issue of shares	18,562	(28)	—	—	—	18,534
Share-based payments	—	28	—	—	—	28
Loss for the year	—	—	—	—	(8,292)	(8,292)
At 31.12.2010 and 1.1.2011	29,634	—	843	—	(18,689)	11,788
Issue of convertible bonds-equity components	—	—	—	5,806	—	5,806
Exercise of warrants	7,616	—	(843)	—	—	6,773
Conversion of convertible bonds	20,930	—	—	(5,806)	—	15,124
Share-based payments	—	855	—	—	—	855
Loss for the year	—	—	—	—	(27,269)	(27,269)
At 31.12.2011	58,180	855	—	—	(45,958)	13,077

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

21. SHARE PREMIUM AND RESERVES (CONT'D)

(a) Share options reserve

The share options reserve arises on the grant of share options to eligible participants under the scheme. Further information about share-based payments 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 share-based payments is set out in note 28(b).

(c) Convertible bonds reserve

The convertible bonds reserve arises on the issuance of convertible bonds to the subscriber. Further information about the convertible bonds is set out in note 22.

(d) Distributable reserve

At 31 December 2011, the aggregate amount of reserves available for distribution to owners of the Company was HK\$12,222,000 (2010: HK\$10,945,000).

22. CONVERTIBLE BONDS

On 14 April 2011, the Company issued 5% convertible bonds at a par value of HK\$22,750,000 and maturity date of 30 April 2016 (the "5% Bonds"). The 5% Bonds are denominated in Hong Kong dollars. The bondholders have the right to convert their bonds into the Company's new ordinary shares at any time from the date of issue to the date of maturity at a conversion price of HK\$0.125 per convertible bond (subject to anti-dilution adjustment). If the 5% Bonds have not been converted on the maturity date, the Company shall repay to the bondholders of the 5% Bonds for the principal amount of the outstanding convertible bonds held by the bondholders.

The effective interest rate of the liability component of the 5% Bonds is 12.61% per annum.

The 5% Bonds contain two components, liability and equity elements. The equity element is included in "convertible bonds reserve".

The movement of the liability component of the convertible bonds during the year is set out below:

	2011 HK\$'000	2010 HK\$'000
At 1 January	—	—
Proceeds from issue of 5% Bonds	22,750	—
Equity component	(5,806)	—
Liability component on initial recognition	16,944	—
Converted during the year	(17,197)	—
Interest expenses	550	—
Interest payable	(297)	—
At 31 December	—	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

23. OPERATING LEASES COMMITMENTS

As at 31 December 2011, the Group had outstanding commitments under non-cancellable operating leases for which the aggregate minimum lease payments fall due as follows:

	2011 HK\$'000	2010 HK\$'000
Within one year	1,291	1,800
In the second to fifth year inclusive	614	600
	1,905	2,400

Operating lease payments represent rentals payable to the Group for its office premises. Lease was negotiated for a term of three years with fixed monthly rentals.

24. RELATED PARTY TRANSACTIONS

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

	Note	2011 HK\$'000	2010 HK\$'000
Provision of IT services to CLIH Group	(i)	17,043	20,891
Purchases from CLIH Group	(i)	564	1,164

The above transactions were entered into on the following basis:

- (i) amounts with reference to market price of goods sold or services rendered.
- (b) **Key management personnel remuneration**

The remuneration paid to key management personnel of the Group including the Company's directors as disclosed in note 10 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

25. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

(a) Currency risk

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

Carrying amounts of financial assets and financial liabilities as at 31 December 2011 exposed to currency risk were as follows:

	The Group		The Company	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets denominated in foreign currencies:				
Cash and bank balances	5	20	—	8
Financial liabilities denominated in foreign currencies:				
Creditors and accruals	—	(93)	—	—
Net financial assets/(liabilities) exposed to currency risk	5	(73)	—	8

The Group's financial assets exposed to currency risk were primarily denominated in United States dollars.

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 is remote.

(b) 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, which management believes are of high credit quality. Accordingly, the overall credit risk is considered limited.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

25. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (CONT'D)

(b) Credit risk (cont'd)

Carrying amounts of financial assets as at 31 December 2011, which represented the amounts of maximum exposure to credit risk, were as follows:

	The Group		The Company	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amount due from an associate	—	4	—	—
Debtors and deposits	900	1,129	—	140
Amounts due from related companies	—	3,196	—	—
Loan receivables	10,394	—	—	—
Amounts due from subsidiaries	—	—	26,233	4,763
Cash and bank balances	11,789	21,289	146	19,892
	23,083	25,618	26,379	24,795

Except for trade debtors with carrying amount of HK\$59,000 (2010: HK\$126,000) which were past due, the directors are satisfied with the credit quality of financial assets.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities and capital management. The Group manages liquidity risk 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.

Maturities of the non-derivative financial liabilities of the Group and the Company as at 31 December 2011 were as follows:

	The Group		The Company	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total amounts of contractual undiscounted obligations:				
Accruals and other payables	6,151	7,119	982	1,404
Amounts due to subsidiaries	—	—	1,637	2,616
	6,151	7,119	2,619	4,020
Due for payment:				
Within one year or on demand	6,151	7,119	2,619	4,020

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

25. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS (CONT'D)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group manages interest rate risk, when it is considered significant, by entering into appropriate swap contracts.

As at 31 December 2011, the Group did not have any exposure to interest rate risk.

(e) Market price risk

The market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices.

As at 31 December 2011, the Group did not have any financial instruments exposed to market price risk.

(f) Fair value estimation

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short-term maturities.

26. SEGMENT AND ENTITY-WIDE INFORMATION

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

- (i) IT business — the provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products in Hong Kong; and
- (ii) Money lending business in Hong Kong

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

26. SEGMENT AND ENTITY-WIDE INFORMATION (CONT'D)

(a) Segments results, assets and liabilities

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

	Reporting segments				Consolidated	
	IT business		Money lending business			
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Reportable segment revenue						
Revenue from external customers	21,162	25,914	430	—	21,592	25,914
Reportable segments loss	(10,814)	(4,953)	(995)	—	(11,809)	(4,953)
Unallocated head office and corporate expenses					(13,712)	(9,397)
Interest income					1	1
Operating loss					(25,520)	(14,349)
Finance costs					(577)	—
Loss before income tax					(26,097)	(14,349)
Income tax expense					—	(4)
Loss for the year					(26,097)	(14,353)
Reportable segment assets	1,079	26,495	24,427	—	25,506	26,495
Reportable segment liabilities	1,311	7,085	3,522	—	4,833	7,085
Other segment items:						
Depreciation	57	119	61	—	118	119
Additions to non-current assets	26	36	5,858	—	5,884	36

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

26. SEGMENT AND ENTITY-WIDE INFORMATION (CONT'D)

(a) Segments results, assets and liabilities (Cont'd)

Reconciliation of reportable segment assets and liabilities:

	2011 HK\$'000	2010 HK\$'000
Asset		
Reportable segment assets	25,506	26,495
Unallocated head office and corporate assets	5,564	192
Consolidated total assets	31,070	26,687
Liabilities		
Reportable segment liabilities	4,833	7,085
Unallocated head office and corporate liabilities	1,418	193
Consolidated total liabilities	6,251	7,278

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

27. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty are as follows:

- (i) property, plant and equipment of HK\$6,281,000 at 31 December 2011 (2010: HK\$88,000) 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\$376,000 at 31 December 2011 (2010: HK\$893,000) were carried at amortised cost, less allowance for impairment. Estimation is made in the determination of the allowance for impairment.

28. SHARE-BASED PAYMENTS

(a) Share option scheme

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

28. SHARE-BASED PAYMENTS (CONT'D)

(a) Share option scheme (cont'd)

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

The maximum entitlement of each participant under the Scheme would not exceed 1% of the aggregate number of shares for the time being issued and issuable in any 12-month period under the Scheme.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

The option price will be determined by the Directors, but may not be less than the highest of the closing price of the shares on the GEM of the Stock Exchange on the date of the grant of the option or the average of the closing price of the shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the option or the nominal value of the shares.

The Scheme shall remain in force for the period of 10 years commencing on the adoption date of the Scheme which is 12 November 2010.

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Scheme.

There is no performance target which must be achieved before any of the options can be exercised.

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

Date of grant	Grantees	Exercise price of each option HK\$	Number of share options
1 December 2010	Director	0.187	5,759,479
17 May 2011	Consultants	0.144	36,400,000

- (ii) No share option is exercised during the year. On 8 December 2010, a total numbers of 5,759,479 shares options granted on 1 December 2010 were exercised. The closing share price at the date of exercise was HK\$0.209.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

28. SHARE-BASED PAYMENTS (CONT'D)

(a) Share option scheme (cont'd)

- (iii) The number and weighted average exercise prices of share options granted to a Director and the consultants in respect of their services to the Group are as follows:

	2011		2010	
	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$	Number of share options
Outstanding at the beginning of the year	—	—	—	—
Granted during the year	0.144	36,400,000	0.187	5,759,479
Exercise during the year	—	—	0.187	(5,759,479)
Outstanding at the end of the year	0.144	36,400,000	—	—

- (iv) 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 31 December 2011 and 2010 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.

	2011	2010
Fair value of share options and assumptions		
Fair value at the date of grant	HK\$0.0438	HK\$0.0049
Closing share price at the date of grant	HK\$0.144	HK\$0.184
Exercise price	HK\$0.144	HK\$0.187
Expected volatility	66.11%	61.745%
Expected average share option life	2 Years	1 Year
Expected annual dividend yield	NIL	NIL
Risk-free interest rate per annum	0.34%	0.08%

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

28. SHARE-BASED PAYMENTS (CONT'D)

(b) Warrants

On 6 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.

- (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	Exercise price of each warrant HK\$	Number of warrants
30 September 2008	0.07	137,342,857

- (ii) 43,795,714 warrants and 69,157,143 warrants were exercised on 22 September 2011 and 6 October 2011 at a price of HK\$0.07 per share respectively. The weighted average share price at the date of exercise is HK\$0.17.

- (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:

	2011		2010	
	Weighted average exercise price HK\$	Number of outstanding warrants	Weighted average exercise price HK\$	Number of outstanding warrants
Outstanding at the beginning of the year	0.07	112,952,857	0.07	137,342,857
Granted during the year	—	—	—	—
Exercise during the year	0.07	(112,952,857)	0.07	(24,390,000)
Outstanding at the end of the year	—	—	0.07	112,952,857

- (iv) Details of the warrants granted to the Agent that remained outstanding as at end of each reporting period are as follows:

	2011	2010
Number of warrants outstanding		
Granted on 30 September 2008 with an exercise price of HK\$0.07	—	112,952,857
Weighted average remaining contractual life	—	0.75 years

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

29. ACQUISITION OF A SUBSIDIARY

On 19 September 2011, the Group acquired 100% of the issued share capital of Checkmate Finance Limited for a cash consideration of HK\$4,200,000.

The fair value of the identifiable assets and liabilities of the subsidiary acquired as at its date of acquisition is as follows:

	HK\$'000
Net assets acquired:	
Plant and equipment	252
Debtors, deposits and prepayments	1,780
Loan receivables	5,400
Bank and cash balances	62
Other payables and accruals	(3,391)
	4,103
Purchase consideration satisfied by cash	4,200
Goodwill arising on acquisition — Note 12	97
Net cash outflow arising on acquisition:	
Cash consideration paid	4,200
Cash and cash equivalents acquired	(62)
	4,138

The Group recognised a goodwill of HK\$97,000 because the fair value of net assets acquired is less than the purchase consideration.

The newly acquired business contributed HK\$430,000 and HK\$995,000 to the Group's turnover and loss for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2011, total Group's turnover for the period would have been HK\$21,667,000, and loss for the year would have been HK\$25,991,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 January 2011 nor is intended to be a projection of future results.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

30. DISPOSAL OF INTEREST IN A SUBSIDIARY

The Group disposed of its subsidiary, CL Computers Services Limited on 30 December 2011.

Net liabilities of the subsidiary at the date of disposal were as follows:

	HK\$'000
Bank and cash balances	1
Accruals and other payables	(38)
Net liabilities disposed of	(37)
Gain on disposal of subsidiary	38
Consideration satisfied by cash	1
Net cash outflow arising on disposal:	
Cash consideration received	1
Cash and cash equivalents disposed of	(1)
	—

31. EVENTS AFTER THE END OF REPORTING PERIOD

On 5 December 2011, the Company entered into the placing agreement with the placing agent, Pacific Foundation Securities Limited ("Pacific"), pursuant to which the Company agreed to place, through Pacific, convertible notes in an aggregate principal amount of HK\$50,000,000 (the "Placing Agreement").

All conditions set out in the Placing Agreement have been fulfilled and the aggregate principal amount of HK\$50,000,000 convertible notes were placed to not less than six Placees on 6 March 2012.

Financial Summary

RESULTS

	Years ended 31 December				
	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Turnover	60,498	49,489	32,732	25,914	21,592
Profit/(Loss) for the year	1,676	(976)	(4,974)	(14,353)	(26,097)

ASSETS AND LIABILITIES

	Years ended 31 December				
	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Non-current assets	771	421	192	92	6,727
Current assets	17,534	12,988	16,160	26,595	24,343
Deduct:					
Current liabilities	7,091	4,585	4,936	7,278	6,251
Net current assets	10,443	8,403	11,224	19,317	18,092
Total assets less current liabilities	11,214	8,824	11,416	19,409	24,819
Non-current liabilities	(2,256)	—	—	—	—
Net assets	8,958	8,824	11,416	19,409	24,819

REVIEW OF THE RESULTS ANNOUNCEMENT

The Group's audited consolidated results for the year ended 31 December 2011 have been reviewed by the Audit Committee. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, PKF, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PKF in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PKF on the preliminary announcement.

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

Hong Kong, 30 March 2012

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

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