Computech

COMPUTECH HOLDINGS LIMITED

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8081)

Annual Report 2012

* For identification purpose only

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 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 a minimum period of seven days from the date of its publication and on the Company's website at http://www.computech.com.hk.

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Corporate Information

EXECUTIVE DIRECTORS

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

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

AUDITOR

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

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

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 BANKER

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 the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2012. During the year under review, the Group recorded the revenue of approximately HK$106,604,000 (2011: HK$21,592,000). The loss attributable to the owners of the Company was approximately HK$21,076,000 (2011: HK$26,097,000) and the loss per share was 12.78 HK cents (2011: 26.98 HK cents).

BUSINESS REVIEW

The overall performance of IT business has been improving, the revenue from this segment increased 381% to approximately HK$101,846,000 (2011: HK$21,162,000) and the segment loss reduced to approximately HK$228,000 from HK$10.8 million in 2011. During the year, we adopted strict cost control and outsourced certain operating process resulting in significant increase in revenue. We intended to continue to explore new customer base and diversify the IT products in order to further strengthen our market position and financial performance.

The Group commenced the money lending business in third quarter 2011, the revenue from the loan interests and related income was approximately HK$4.8 million (2011: HK$430,000). During the year, we expanded the loan to customers of approximately HK$35.2 million at 31 December 2012, an increase of 238%, compared with HK$10.4 million in last year. The loss from this segment was mainly attributable to the staff costs. In view of the significant demand in the market, we intended to continue to expand the loan portfolios and will implement a tighter cost control in order to enhance the cost efficiency. We expect that the money lending business will generate a healthy cash flow and steady returns to the Company.

In August 2012, the Company acquired Feng Tai Shun Cultural Travel Limited. We intended to enter into the People's Republic of China ("**PRC**") property market and develop low density luxury villas for residential use. The overall development plan is subject to the approval of relevant regulators and authorities as well as the negotiation between the relevant parties. We consider that it is an opportunity to diversity the business portfolios and we will deal with the property activities in a prudent manner. In the event that any definitive agreement is entered into or the project does not become materialized, the relevant announcement will be made as and when appropriate.

In February 2013, the Company entered into a memorandum in relation to the proposed acquisition of Luck Key Investment Limited ("**Target Company**"). The Target Company and its subsidiaries (the "**Target Group**") are principally engaged in the provision of medical diagnostic and health check service. Currently, the Target Group is operating an aggregate of 9 health check centres and 2 laboratories in Hong Kong providing one-stop comprehensive and quality medical diagnostic services with advanced imaging technology and experienced medical and healthcare professionals. The consideration of the acquisition shall be determined after further negotiations between the Company and the proposed vendors and it is expected that the consideration will be settled by cash by the Group's internal resources. In view of the aging population in Hong Kong, it is expected that the acquisition, if materialised, will present a good opportunity for the Group to tap into the medical diagnostic and health check services and enable the Group to diversify its investment in a business sector with growth potential.

Chairman's Statement

PROSPECT

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

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

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, 25 February 2013

Management Discussion and Analysis

BUSINESS REVIEW

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

IT business

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

Money lending business

The Group commenced the money lending business in the third quarter of 2011. As at 31 December 2012, the loan receivables and loans interests receivable were approximately HK$35,179,000 and HK$932,000. The loan receivables increased 238% comparing with the balances of HK$10,394,000 in 2011, of which the outstanding secured and unsecured loan receivables were approximately HK$18 million and HK$17 million respectively. During the year under review, the revenue from loan interests and related income was approximately HK$4,758,000 (2011: HK$430,000), which accounted for approximately 4% of the Group's total revenue. This segment recorded a loss of approximately HK$4,561,000 (2011: HK$995,000) mainly attributable to staff costs. The average interest rate charged by the Group was approximately 34% per annum and the credit terms of the outstanding loan granted by the Group to the customers ranged from less than a month to five years. The average size of the outstanding loan granted by the Group was approximately HK$2.5 million. In view of significant demand in the market, the Company intends to expand the loan portfolio by applying part of the net proceeds from the Open Offer. The Company's main focus area will be secondary mortgage and personal loan for customers with good credit record in Hong Kong. The Company is targeting on terms loan shorter than two years as the Board considers such loan portfolio will enhance liquidity and flexibility as well as generate a healthy cash flow as a whole.

Property development business

In August 2012, Enrich Fortune Development Limited, an indirect wholly-owned subsidiary of the Company, has entered into an agreement with vendors, who are independent third parties of the Company, to acquire the entire issued capital of Feng Tai Shun Cultural Travel Limited ("**FTS**"), a limited liability company incorporated in Hong Kong, and a vendor's loan to FTS, for an aggregate consideration of HK$3,500,000. FTS holds 100% of the equity interest in Meizhou City Hang Fung Tai Cultural Travel Development Company Limited* (梅州市恒豐泰旅游文化開發有限公司) ("**HFT**"), a wholly foreign-owned enterprise in the PRC which is licensed for property related activities in PRC. HFT has entered into an agreement with Dabu County Land and Resources Bureau (大埔縣國土資源局) of Guangdong Province, PRC, which involves property development in the region.

Management Discussion and Analysis

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

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

Investment in fish breeding business

As disclosed in the Company's announcement dated 25 April 2012, the Group entered into an investment agreement in relation to a fish breeding business. The Group has invested HK$15,500,000 in the fish breeding business for a term of 20 calendar months with guaranteed return on profit and investment amount. The investment amount has been applied to purchase fish fry and fish feed for the sole purpose of fish breeding at the fish farm in Sabah, Malaysia. The Directors expect the project will be accomplished by January 2014. The Company intends to maintain the investment till the end of investing period. The Directors are not aware of any circumstances which may lead to a failure in meeting the profit guarantee or investment return.

Financial assets at fair value through profit or loss

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

FINANCIAL REVIEW

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

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

Management Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY

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

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

CAPITAL STRUCTURE

Placing of convertible notes

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

Placing of new shares under general mandate

On 30 April 2012, the Company and Kingston Securities Limited (the "**Placing Agent**") entered into the placing agreement, pursuant to which the Company had conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 180,000,000 new shares at HK$0.084 per placing share. The net proceeds of approximately HK$14,636,000 from the Placing were intended to be used as to approximately HK$10 million for the general working capital and/or future investments for the IT business as and when opportunities arise, and as to approximately HK$5 million for possible investments in properties. The Placing was completed on 15 May 2012. Details of Placing were set out in the Company's announcements dated 30 April 2012 and 15 May 2012 respectively.

Share Consolidation and Open Offer

On 22 August 2012 and 23 August 2012, the Company announced the proposed (i) Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of HK$0.01 each would be consolidated into one (1) Consolidated Share of HK$0.10 each and (ii) raise approximately HK$83,655,000, before expenses, by way of the Open Offer of 418,274,796 Offer Shares at the Subscription Price of HK$0.20 per Offer Share on the basis of three (3) Offer Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date and payable in full on application subject to the Share Consolidation becoming effective.

Management Discussion and Analysis

The net proceeds from the Open Offer were approximately HK$80,816,000. The Board intends to use the net proceeds from the Open Offer of approximately HK$30 million and approximately HK$50 million for general working capital for the money lending business and the property development project as mentioned respectively. Should the property development project do not become materialized, the Board intends to retain the relevant proceeds for other property related activities when suitable opportunities arise. On 31 October 2012, the resolutions for approving the Share Consolidation and the Open Offer were duly passed by the Shareholders. The Share Consolidation was effective on 1 November 2012 and the Open Offer was completed on 4 December 2012. Details of information were set out in the Company's prospectus, dated 12 November 2012 and announcements dated 31 October 2012 and 3 December 2012 respectively.

FOREIGN EXCHANGE

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

CHARGE ON THE GROUP'S ASSETS

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

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICIES

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

Directors Profile

EXECUTIVE DIRECTOR

Mr. YANG Yue Zhou, aged 42, was appointed as the executive Director and chairman of the Company on 8 November 2011. Mr. Yang studied in Harbin Institute of Technology, was elected as the vice Secretary General of the Qinghai Real Estate Association in 2009, the member of the 8th Committee of the Qinghai Youth Federation in 2007, and the member of the 10th CPPCC National Committee from Qinghai Province in December 2007. Mr. Yang has over 19 years of experience in property development and corporate management including land acquisition, engineering, construction, cost control, sales and financial matter in real estate development. 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 was an executive director and deputy chairman of Birmingham International Holdings Limited (Stock code: 2309) from 30 August 2011 to 4 June 2012, which is listed on the Main Board of the Stock Exchange.

Mr. MAK Kwong Yiu, aged 38, 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 65, was appointed as the executive Director on 8 November 2011. Mr. Jiang was appointed as the manager of the Office of Qinghai Province in Shenzhen* (青海省人民政府駐深圳辦事處) in 1993. He was appointed as the managing director and committee secretary* (黨委書記) of Shenzhenshi Qi Peng Group Company Limited* (深圳市青鵬集團有限公司) in 2000 and 2004, respectively, which had participated in various property projects. Mr. Jiang has extensive experience in hotel management and corporate management.

Directors Profile

Mr. KWOK Shun Tim, aged 38, was appointed as the executive Director on 18 January 2013. Mr. Kwok holds a master of science in China Business Studies from The Hong Kong Polytechnic University and a master of laws (International Economic Law) from the City University of Hong Kong and a Bachelor Degree of Business Administration in Accounting from The Hong Kong University of Science and Technology. He is an associate member of Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants), an ordinary member of Hong Kong Securities Institute in October 2003, a full member of IT Accountants Association and a fellow of the Association of Chartered Certified Accountants. Mr. Kwok is currently a member of Guangdong Province Zhaoqing City Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣東省肇慶市委員會), a director of Yan Oi Tong for the year 2012/2013, the deputy chief supervisor of Hong Kong Road Safety Patrol and a school manager of C.C.C. Kwei Wah Shan College. Mr. Kwok is currently an executive director of China Leason Investment Group Co. Limited (Stock Code: 8270, currently known as China Leason CBM & Shall Gas Group Company Limited), a company whose shares are listed on the GEM of the Stock Exchange, of which he was a non-executive director from May 2006 to December 2010. He is also an independent non-executive director both of Modern Education Group Limited (Stock Code: 1082), a company whose shares are listed on the Main Board of the Stock Exchange, and Longlife Group Limited (stock code: 8037), a company whose shares are listed on the GEM of the Stock Exchange, and the company secretary of Tianjin Jinran Public Utilities Company Limited (Stock code: 1265, formerly known as Tianjin Tianlian Public Utilities Company Limited), a company whose shares are listed on the Main Board of the Stock Exchange. Mr. Kwok is a licensed person for Type 4, Type 6 and Type 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

Directors Profile

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. WONG Siu Keung, Joe, aged 48, 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 and a Master of Corporate Governance from The Hong Kong Polytechnic University. 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 is also as the independent non-executive Director of China Water Industry Group Limited (Stock code: 1129), a company whose shares are listed on the Main Board of the Stock Exchange. He is the chairman of the audit committee, nomination committee and remuneration committee of the Company.

Mr. WONG Ching Yip, aged 40, was appointed as the independent non-executive Director on 15 December 2011. Mr. Wong holds a Degree of Bachelor of Arts 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, currently known as Sing Pao Media Enterprises Limited), for the period from September 2008 to May 2010 and had been re-designated as an executive director of SMI in May 2010 till August 2011, a company whose shares are listed on the GEM of the Stock Exchange. He is the member of the audit committee, nomination committee and remuneration committee of the Company.

Mr. LUK Chi Shing, aged 43, was appointed as the independent non-executive Director on 20 December 2011. Mr. Luk holds a Bachelor Degree of Arts 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. He is the member of the audit committee, nomination committee and remuneration committee of the Company.

Directors' Report

The Directors present herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in three business segments, namely, (i) IT business which provides consultancy, technical support, systems integration, development and sales of relevant hardware and software products in Hong Kong, (ii) money lending business in Hong Kong and (iii) property development business in PRC. 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 27. The Directors do not recommend the payment of any dividend in respect of each of the year ended 31 December 2012 and 2011.

FINANCIAL SUMMARY

The summary of the consolidated financial results and the consolidated assets and liabilities of the Group for the last five financial years are set out on page 66.

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(a) 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 30 and note 21 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVE

As at 31 December 2012, the company had reserves available for distribution set out in note 21, calculated in accordance with the Company Law of the Cayman Islands.

Directors' Report

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Mr. Yang Yue Zhou *(Chairman)*
Mr. Mak Kwong Yiu
Mr. Jiang Tan Shan
Mr. Kwok Shun Tim (appointed on 18 January 2013)

Independent non-executive Directors:

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

Pursuant to the Articles of Association 86(3) of the Company, Mr. Kwok Shun Tim as the executive Director was appointed by the Board during the year and will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

In accordance with the Articles of Association 87(1) of the Company, Mr. Yang Yue Zhou as the executive Director and Mr. Wong Siu Keung, Joe as the independent non-executive Director (the "**INEDs**") will retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

No Directors has entered into any service contract with the Company and are not appointed for specific terms but subject to retirement by rotation and re-election in according with the Company's Article of Association.

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' INTERESTS IN CONTRACTS

No 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.

RELATED PARTY TRANSACTION(S) AND CONNECTED TRANSACTIONS

No related party transaction has been entered during the year. No connected transaction was falling to reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules during the year. Detail of related party transactions and connected parties transactions are set out in Note 24 to the consolidated financial statements.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO, (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company

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

Save as disclosed above, as at 31 December 2012, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO, (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST

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

Long positions in shares and underlying shares of the Company

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 93% of the total sales for the year and sales to the largest customer included therein amounted to approximately 48%. Purchases from the Group's five largest suppliers accounted for approximately 86% of the total purchases for the year and purchase from the largest supplier included therein amounted to approximately 43%.

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

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

COMPETING INTERESTS

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

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 2012.

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, 25 February 2013

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 complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules (the "**Code Provision**") throughout the year ended 31 December 2012. 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 seven Directors, including four executive Directors and three INEDs. Mr. Yang Yue Zhou, Mr. Mak Kwong Yiu, Mr. Jiang Tan Shan and Mr. Kwok Shun Tim served as executive Directors and Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing served as INEDs. All Directors give sufficient time and attention to the affairs of the Group.

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibilities for decision making in all major matters of the Company include approving and monitoring of all policy matters, setting of objectives, annual budgets and overall strategies, material transaction, appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

In compliance with rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing at least one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with each and the various guidelines set out in rule 5.09 of the GEM Listing Rules.

BOARD MEETINGS

The Company Secretary is responsible to the Board for providing with Board papers and related materials, for ensuring that all Board procedures and all applicable laws, rules and regulations are followed, and for reporting to the Chairman and/or the chief executive on governance matters. All Directors have unrestricted access to the advice and services of the Company Secretary. The Company secretary also keeps minutes of all meetings which are available for inspection at any reasonable time on reasonable notice by any Director.

In case where a conflict of interest may arise involving a substantial shareholder or a director, such matter will be discussed through an actual meeting and will not be dealt with by written resolutions. Independent non-executive directors with no conflict of interest will be present at meetings dealing with such conflict issues. The board committees, including the audit committee, the remuneration committee and the nomination committee, have all adopted the applicable practices and procedures used in board meetings for all committee meetings. If considered to be necessary and appropriate by the directors, they may retain independent professional advisors at the Group's expense.

The Board meets regularly and held 24 Board meetings in 2012. 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. Individual attendance records of each Director at the respective Board and committee meetings are set out in the table on page 22 of this report.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A.6.5, which has come into effect from 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

The individual training record of each Director received for the year ended 31 December 2012 is summarized below:

Name of Directors	Attending seminar(s)/ programme(s)/ relevant materials in relation to the business or directors' duties
	Yes/No
Executive Directors	
Mr. Yang Yue Zhou *(Chairman)*	Yes
Mr. Mak Kwong Yiu	Yes
Mr. Jiang Tan Shan	Yes
Independent non-executive Directors	
Mr. Wong Siu Keung, Joe *(Committee Chairman)*	Yes
Mr. Wong Ching Yip	Yes
Mr. Luk Chi Shing	Yes

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training or reading relevant materials in order to develop and refresh their knowledge and skills.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Code Provision A.4.1 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 of association accomplishing the same objective as a specific term of appointment.

AUDIT COMMITTEE

An audit committee of the Company (the "**Audit Committee**") was established with written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provision C.3.3. The Audit Committee must consist of a minimum of three members, all of whom must be non-executive Directors, at least one of whom must have appropriate professional qualification or accounting or related financial management expertise. There are three members in the Audit Committee comprising three INEDs, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe, is the chairman of the Audit Committee.

The primary duties of the audit committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year, the audit committee had held five meetings include two meetings with the external auditors. The audit committee has reviewed and provided supervision over the financial reporting system and internal control procedures of the Group and to review the Company's annual report and accounts, half-year report and quarterly reports and to provide advices and comments thereon to the Board 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.

REMUNERATION COMMITTEE

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

During the year, the Remuneration Committee had held one meeting and adopted the approach under B.1.2(c)(ii) to make recommendation to the Board and review the remuneration packages of the Directors and senior employee management of the Company. No Director was involved in deciding his own remuneration.

NOMINATION COMMITTEE

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

During the year, the Nomination Committee had held one meeting. The Nomination Committee reviewed the structure, size and composition of the Board and assessed the independence of INED.

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

Details of the attendance of the Directors at the meetings of the Board and its respective committees during the year ended 31 December 2012 are as follows:

Name of Directors	Board Meeting Attended/ Eligible to attend	Audit Committee Attended/ Eligible to attend	Remuneration Committee Meeting Attended/ Eligible to attend	Nomination Committee Meeting Attended/ Eligible to attend	General Meeting Attended/ Eligible to attend
Number of meetings held during the financial year	24	5	1	1	3
Executive Directors					
Mr. Yang Yue Zhou *(Chairman)*	24/24	5/5	1/1	1/1	3/3
Mr. Mak Kwong Yiu	19/24	5/5	1/1	1/1	2/3
Mr. Jiang Tan Shan	24/24	5/5	1/1	1/1	0/3
Independent non-executive Directors					
Mr. Wong Siu Keung, Joe *(Committee Chairman)*	24/24	5/5	1/1	1/1	3/3
Mr. Wong Ching Yip	24/24	5/5	1/1	1/1	3/3
Mr. Luk Chi Shing	24/24	5/5	1/1	1/1	3/3

AUDITOR'S REMUNERATION

For the year ended 31 December 2012, the fees paid/payable to the Group's external auditor, PKF, for the audit service amounted to approximately HK$304,000 and fee for non-audit related activities amounted to approximately HK$110,000.

COMPANY SECRETARY

Mr. Lam Wing Tai ("**Mr. Lam**") was appointed as the company secretary of the Company with effect from 1 November 2011. He is responsible to the Board for ensuring the board procedures are followed and that the Board is briefed on legislative, regulatory and corporate governance developments.

Up to the date of this report, Mr. Lam has undertaken not less than 15 hours of relevant professional training.

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.

Corporate Governance Report

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.

Corporate Governance Report

INVESTOR RELATIONS

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the year ended 31 December 2012, there is no significant change in the Company's memorandum and articles of association.

SHAREHOLDERS' RIGHT

As one of the measures to safeguard shareholder's interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the GEM website and the Company's website after the relevant shareholders' meeting.

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to Article 58 of the Articles of Association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

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 27 to 65, which comprise the consolidated and Company's statements of financial position as at 31 December 2012, 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.

AUDITOR'S RESPONSIBILITY (CONT'D)

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.

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 2012 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, 25 February 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

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

Consolidated Statement of Financial Position

At 31 December 2012

	Note	**2012** **HK$'000**	2011 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	11	**5,899**	6,281
Goodwill	12	**97**	97
Investment in fish breeding business	14	**15,500**	–
Loan receivables	15	**4,816**	349
		26,312	6,727
CURRENT ASSETS			
Inventories	16	**–**	68
Debtors, deposits and prepayments	17	**19,501**	2,441
Financial assets at fair value through profit or loss	18	**6,744**	–
Loan receivables	15	**30,363**	10,045
Cash and bank balances		**77,156**	11,789
		133,764	24,343
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and other payables	19	**6,951**	6,251
		6,951	6,251
NET CURRENT ASSETS		**126,813**	18,092
TOTAL ASSETS LESS CURRENT LIABILITIES		**153,125**	24,819
NON-CURRENT LIABILITY			
Convertible notes	22	**39,587**	–
NET ASSETS		**113,538**	24,819
REPRESENTING:			
SHARE CAPITAL	20(a)	**55,770**	12,142
SHARE PREMIUM AND RESERVES	21	**57,768**	12,677
SHAREHOLDERS' FUNDS		**113,538**	24,819

Approved and authorised for issue by the Board of Directors on 25 February 2013

Yang Yue Zhou
Director

Mak Kwong Yiu
Director

Statement of Financial Position

At 31 December 2012

	Note	**2012** **HK$'000**	2011 HK$'000
NON-CURRENT ASSET			
Interests in subsidiaries	13	**53,123**	8,233
CURRENT ASSETS			
Amount due from a subsidiary	13(c)	**28,977**	18,000
Deposits and prepayments	17	**694**	1,459
Financial assets at fair value through profit or loss	18	**6,744**	–
Cash at bank		**67,405**	146
		103,820	19,605
DEDUCT:			
CURRENT LIABILITIES			
Accruals	19	**2,281**	982
Amounts due to subsidiaries	13(d)	**1,550**	1,637
		3,831	2,619
NET CURRENT ASSETS		**99,989**	16,986
TOTAL ASSETS LESS CURRENT LIABILITIES		**153,112**	25,219
NON-CURRENT LIABILITY			
Convertible notes	22	**39,587**	–
NET ASSETS		**113,525**	25,219
REPRESENTING:			
SHARE CAPITAL	20(a)	**55,770**	12,142
SHARE PREMIUM AND RESERVES	21	**57,755**	13,077
SHAREHOLDERS' FUNDS		**113,525**	25,219

Approved and authorised for issue by the Board of Directors on 25 February 2013

Yang Yue Zhou
Director

Mak Kwong Yiu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Share capital *HK$'000*	Share premium *HK$'000*	Share options reserve *HK$'000*	Warrants reserve *HK$'000*	Convertible bonds/notes reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 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)(ii) & (iii)	1,129	7,616	–	(843)	–	–	7,902
Shares issued upon conversion of convertible bonds — Note 20(a)(iv)	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 and 1.1.2012	**12,142**	**58,180**	**855**	**–**	**–**	**(46,358)**	**24,819**
Shares issued upon placing — Note 20(a)(v)	**1,800**	**12,836**	**–**	**–**	**–**	**–**	**14,636**
Shares issued upon open offer — Note 20(a)(vi)	**41,828**	**38,988**	**–**	**–**	**–**	**–**	**80,816**
Recognition of equity components of convertible notes issued — Note 22	**–**	**–**	**–**	**–**	**13,809**	**–**	**13,809**
Share-based payments — Note 28	**–**	**–**	**534**	**–**	**–**	**–**	**534**
Lapse of share options	**–**	**–**	**(1,389)**	**–**	**–**	**1,389**	**–**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(21,076)**	**(21,076)**
At 31.12.2012	**55,770**	**110,004**	**–**	**–**	**13,809**	**(66,045)**	**113,538**

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Note	2012 **HK$'000**	2011 *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(21,076)**	(26,097)
Adjustments for:			
Interest income		**(7)**	(1)
Interest expenses		**3,396**	577
Depreciation		**351**	140
Stock written-off		**–**	476
Share-based payments		**534**	855
Unrealised loss on financial assets at fair value through profit or loss		**940**	–
Impairment loss on trade debtors		**29**	29
Impairment loss on interests in an associate		**–**	4
Impairment loss on goodwill		**3,498**	–
Loss on disposal of property, plant and equipment		**33**	–
Gain on disposal of a subsidiary		**(186)**	(38)
Operating loss before working capital changes		**(12,488)**	(24,055)
Decrease in inventories		**68**	207
(Increase)/decrease in debtors, deposits and prepayments		**(17,217)**	669
Increase in loan receivables		**(24,785)**	(4,994)
Decrease in amounts due from related companies		**–**	3,196
Increase/(decrease) in creditors, accruals and other payables		**1,047**	(4,677)
Cash used in operations		**(53,375)**	(29,654)
Interest received		**7**	1
Interest paid		**–**	(27)
Income tax paid		**–**	(3)
NET CASH USED IN OPERATING ACTIVITIES		**(53,368)**	(29,683)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		**(2)**	(6,081)
Net cash outflow arising on acquisition of a subsidiary	29	**(3,498)**	(4,138)
Investment in fish breeding business		**(15,500)**	–
Purchases of financial assets at fair value through profit or loss		**(7,684)**	–
Net cash outflow arising on disposal of a subsidiary	30	**(33)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(26,717)**	(10,219)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of convertible notes/bonds		**50,000**	22,750
Issue of shares through placing		**15,120**	7,902
Issue of shares through open offer		**83,655**	–
Share issuing expenses		**(3,323)**	(250)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**145,452**	30,402
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**65,367**	(9,500)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**11,789**	21,289
CASH AND CASH EQUIVALENTS AT END OF YEAR		**77,156**	11,789
Cash and bank balances		**77,156**	11,789

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 three business segments, namely (i) IT business which provides consultancy, technical support, systems integration, development and sales of relevant hardware and software products, (ii) money lending and (iii) property development.

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:

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

The initial application of these Hong Kong Financial Reporting Standards does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented.

2. BASIS OF PREPARATION (CONT'D)

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis, except for the financial instruments which are carried 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 2012.

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.

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 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
Leasehold improvements	—	the shorter of remaining lease term and useful life
Motor vehicles	—	5 years
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 profit or loss.

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) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

(g) Financial assets at fair value through profit or loss

Investments in securities held for trading are classified as financial assets at fair value through profit or loss under current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

(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 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 profit or loss as incurred.

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, 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.

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 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).

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 profit or loss.

(q) Share-based payments

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options 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).

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Convertible bonds/notes

Convertible bonds/notes 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/notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds/notes into equity, is included in equity (convertible bonds/notes reserve).

In subsequent periods, the liability component of the convertible bonds/notes 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/notes reserve until the embedded option is exercised in which case the balance stated in convertible bonds/notes reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds/notes 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.

4. REVENUE

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

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

There are only three customers with whom transactions have exceeded 10% of the Group's revenue. In 2012 revenue from sales from these customers amounted to approximately HK$91,240,000 arose in Hong Kong. In 2011, only one customer with whom transactions had exceeded 10% of the Group's revenue amounted to approximately HK$17,043,000.

5. LOSS BEFORE INCOME TAX

	2012 *HK$'000*	2011 *HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Cost of inventories expensed	**98,330**	1,322
Direct expenses arising from money lending business		
— Interest expenses	**723**	–
— Other costs	**371**	–
	1,094	–
Minimum lease payments paid under operating leases	**817**	1,278
Auditor's remuneration	**304**	277
Depreciation	**351**	140
Directors' remuneration — Note 10(a)	**360**	6,186
Other staff salaries and benefits	**6,560**	7,137
Retirement scheme contributions	**90**	712
Exchange loss	**–**	1
Impairment loss on interests in an associate	**–**	4
Impairment loss on trade debtors	**29**	29
Impairment loss on goodwill — Note 12	**3,498**	–
Interest expenses	**2,673**	577
Stock written-off	**–**	476
Loss on disposal of property, plant and equipment	**33**	–
Unrealsied loss on financial assets at fair value through profit or loss	**940**	–
Gain on disposal of a subsidiary	**(186)**	(38)

6. INCOME TAX EXPENSE

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

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

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

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

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

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

(ii) Taxable temporary difference has not been recognised in these financial statements owing to immateriality.

7. LOSS FOR THE YEAR

The loss attributable to owners of the Company includes an amount of approximately HK$21,489,000 (2011: approximately HK$27,269,000) which has been dealt with in the financial statements of the Company.

8. BASIC LOSS PER SHARE

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

The calculation of basic loss per share is based on:

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

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

9. RETIREMENT BENEFIT COSTS

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.

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

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

	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
2012						
Executive director:						
Mak Kwong Yiu		**120**	**–**	**–**	**–**	**120**
Independent non-executive directors:						
Wong Siu Keung, Joe		**120**	**–**	**–**	**–**	**120**
Wong Ching Yip		**60**	**–**	**–**	**–**	**60**
Luk Chi Shing		**60**	**–**	**–**	**–**	**60**
		240	**–**	**–**	**–**	**240**
		360	**–**	**–**	**–**	**360**
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, Pactrick	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

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, none of them are directors of the Company (2011: two directors).

The emoluments and designated band of the five (2011: three) highest paid, non-director individuals during the year are as follows:

	2012	2011
	HK$'000	*HK$'000*
Salaries and allowances	**6,026**	1,494
Retirement scheme contributions	**59**	70
	6,085	1,564

The emoluments of the five (2011: three) individuals with the highest emoluments are within the following bands:

	2012	2011
	Numbers of individuals	*Numbers of individuals*
HK$		
Nil–1,000,000	**3**	3
1,000,001–2,000,000	**1**	–
2,000,001–3,000,000	**–**	–
3,000,001–4,000,000	**1**	–

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.

11. PROPERTY, PLANT AND EQUIPMENT — THE GROUP

	Computer equipment HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Leasehold land HK$'000	Building HK$'000	Total HK$'000
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
Cost:							
At 1.1.2012	**1,694**	**70**	**368**	**695**	**4,888**	**262**	**7,977**
Additions	**2**	–	–	–	–	–	**2**
Disposals	**(1,571)**	**(7)**	**(85)**	–	–	–	**(1,663)**
At 31.12.2012	**125**	**63**	**283**	**695**	**4,888**	**262**	**6,316**
Accumulated depreciation:							
At 1.1.2012	**1,534**	**13**	**105**	**22**	**20**	**2**	**1,696**
Charge for the year	**48**	**13**	**72**	**139**	**70**	**9**	**351**
Written back on disposals	**(1,538)**	**(7)**	**(85)**	–	–	–	**(1,630)**
At 31.12.2012	**44**	**19**	**92**	**161**	**90**	**11**	**417**
Net book value:							
At 31.12.2012	**81**	**44**	**191**	**534**	**4,798**	**251**	**5,899**

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

12. GOODWILL — THE GROUP

	2012 *HK$'000*	2011 *HK$'000*
Cost:		
At 1 January	**97**	–
Acquisition of a subsidiary — Note 29	**3,498**	97
At 31 December	**3,595**	97
Impairment loss:		
At 1 January	**–**	–
Impairment loss	**3,498**	–
At 31 December	**3,498**	–
Net book value:		
At 31 December	**97**	97

The Group completed its annual impairment test for goodwill by comparing its recoverable amount to the carrying amount as at 31 December 2012. The recoverable amount of the goodwill is determined based on value-in-use calculation of the cash flow projections on the financial estimation. As at 31 December 2012, the Directors are in the opinion that future cash inflow contributed by the newly acquired business will be uncertain as the project is still in negotiation. As such, the impairment loss of approximately HK$3,498,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2012.

13. INTERESTS IN SUBSIDIARIES — THE COMPANY

	2012 *HK$'000*	2011 *HK$'000*
Unlisted shares, at cost	**100**	100
Less: Provision for impairment loss	**(100)**	(100)
	–	–
Amounts due from subsidiaries — Note 13(b)	**67,995**	18,205
Less: Provision for impairment loss	**(14,872)**	(9,972)
	53,123	8,233
	53,123	8,233

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

(a) The details of the principal 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
Computech 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	100 ordinary shares of HK$1 each	–	100%	Money lending in Hong Kong
Mass Glory International Trading Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	–	100%	Sales of hardware products in Hong Kong
Mass Glory Technologies Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	–	100%	Provision of system integration and development service in Hong Kong
China Rich Finance Limited	Hong Kong, limited liability company	1,000 ordinary shares of HK$1 each	–	100%	Money lending in Hong Kong
Golden Obvious Global Investments Limited*	The British Virgin Islands, limited liability company	1 ordinary share of US$1 each	100%	–	Investment holding in Hong Kong
Enrich Fortune Development Limited*	The British Virgin Islands, limited liability company	1,000 ordinary shares of US$1 each	–	100%	Property development in Hong Kong

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

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

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

(c) Amount due from a subsidiary

	2012 *HK$'000*	2011 *HK$'000*
Amount due from a subsidiary	**36,300**	21,400
Less: Provision for impairment loss	**(7,323)**	(3,400)
	28,977	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.

14. INVESTMENT IN FISH BREEDING BUSINESS

On 25 April 2012, the Group entered into an agreement with Enrich Marine Sdn. Bhd. ("EMS"), pursuant to which the Group agreed to invest up to HK$15,500,000 in relation to the fish farm business of EMS for a term of 20 calendar months from the date of the agreement.

EMS has guaranteed to the Group that the net profit derived from the sale of the fishes upon the end of the period shall be not less than HK$1,550,000. In the event that the guaranteed amount is not met, EMS has undertaken to pay to the Group the difference between the guaranteed amount and actual net profit.

As at 31 December 2012, the Group has invested HK$15,500,000 in the fish breeding business, the investment amount has been applied to purchase of fish fry and fish feed for the sole purpose of fish breeding at the fish farm.

15. LOAN RECEIVABLES — THE GROUP

	2012 *HK$'000*	2011 *HK$'000*
Loan receivables	**35,179**	10,394
Less: Current portion included under current assets	**(30,363)**	(10,045)
Non-current portion included under non-current assets	**4,816**	349

16. INVENTORIES — THE GROUP

	2012 HK$'000	2011 HK$'000
Spare parts	–	68

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

	The Group		The Company	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Trade debtors	17,690	406	–	–
Less: Provision for impairment of trade debtors — Note17(b)	–	(30)	–	–
	17,690	376	–	–
Other debtors, deposits and prepayments	879	1,704	694	1,459
Loans interest receivable	932	361	–	–
	19,501	2,441	694	1,459

Notes:

(a) The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associate with trade debtors, credit evaluations of customers are performed periodically. The credit period given to trade debtors ranged from 2 days to 30 days. The following is an aging analysis of trade debtors:

	2012 HK$'000	2011 HK$'000
Within 3 months	17,690	347
Over 3 months	–	29
	17,690	376

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

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

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

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS — THE GROUP AND THE COMPANY

	2012	2011
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong, at fair value	**6,744**	–

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

	The Group		**The Company**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade creditors	**90**	34	**–**	–
Accruals and other payables	**6,861**	6,117	**2,281**	982
Deferred revenue	**–**	85	**–**	–
Deposits received	**–**	15	**–**	–
	6,951	6,251	**2,281**	982

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

	2012	2011
	HK$'000	*HK$'000*
Within 3 months	**90**	34

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

Notes:

(i) Pursuant to the ordinary resolution of the Company passed on 31 October 2012, each 10 of the issued and unissued shares of HK$0.01 each in the share capital of the Company was consolidated into 1 consolidation share of HK$0.1 each, resulting in the issued and unissued share capital of the Company being consolidated into 1,000,000,000 shares of HK$0.1 each.

(ii) Upon the exercise of warrants under the Instrument dated 30 September 2008 by warrant holder, 43,795,714 shares were issued on 22 September 2011 at a price of HK$0.07 per share.

(iii) Upon the exercise of warrants under the Instrument dated 30 September 2008 by warrant holder, 69,157,143 shares were issued on 6 October 2011 at a price of HK$0.07 per share.

(iv) On 23 November 2011, a total of 182,000,000 ordinary shares at par value of HK$0.01 each were issued as a result of conversion of the 5% convertible bonds (as defined in note 22) due on 30 April 2016.

(v) On 15 May 2012, a total of 180,000,000 new shares of the Company were issued at a placing price of HK$0.084 each to not less than six placees.

(vi) On 4 December 2012, a total of 418,274,796 new shares at par value of HK$0.1 each were issued at HK$0.2 each as a result of open offer to the shareholders of the Company, on the basis of three offer shares for every one share held by the shareholders.

20. SHARE CAPITAL AND 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 2012 and at 31 December 2011 were as follows:

	The Group		**The Company**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Total debt	**46,538**	6,251	**43,418**	2,619
Less: Cash and cash equivalents	**(77,156)**	(11,789)	**(67,405)**	(146)
Net debt	**–**	–	**–**	2,473
Total equity	**113,538**	24,819	**113,525**	25,219
Net debt-to-equity capital ratio	**N/A**	N/A	**N/A**	9.81%

21. SHARE PREMIUM AND RESERVES

The Group	Share premium	Share options reserve	Warrants reserve	Convertible bonds/notes reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 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 and 1.1.2012	**58,180**	**855**	**–**	**–**	**(46,358)**	**12,677**
Placing	**12,836**	**–**	**–**	**–**	**–**	**12,836**
Open offer	**38,988**	**–**	**–**	**–**	**–**	**38,988**
Issue of convertible notes-equity components	**–**	**–**	**–**	**13,809**	**–**	**13,809**
Share-based payments	**–**	**534**	**–**	**–**	**–**	**534**
Lapse of share options	**–**	**(1,389)**	**–**	**–**	**1,389**	**–**
Loss for the year	**–**	**–**	**–**	**–**	**(21,076)**	**(21,076)**
At 31.12.2012	**110,004**	**–**	**–**	**13,809**	**(66,045)**	**57,768**

The Company	Share premium	Share options reserve	Warrants reserve	Convertible bonds/notes reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 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 and 1.1.2012	**58,180**	**855**	**–**	**–**	**(45,958)**	**13,077**
Placing	**12,836**	**–**	**–**	**–**	**–**	**12,836**
Open offer	**38,988**	**–**	**–**	**–**	**–**	**38,988**
Issue of convertible notes-equity components	**–**	**–**	**–**	**13,809**	**–**	**13,809**
Share-based payments	**–**	**534**	**–**	**–**	**–**	**534**
Lapse of share options	**–**	**(1,389)**	**–**	**–**	**1,389**	**–**
Loss for the year	**–**	**–**	**–**	**–**	**(21,489)**	**(21,489)**
At 31.12.2012	**110,004**	**–**	**–**	**13,809**	**(66,058)**	**57,755**

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.

(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.

(c) Convertible bonds/notes reserve

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

(d) Distributable of reserve

At 31 December 2012, the aggregate amount of reserves available for distribution to owners of the Company was HK$43,946,000 (2011: HK$12,222,000).

22. CONVERTIBLE BONDS/NOTES — THE GROUP AND THE COMPANY

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

	Zero Notes (note (i)) 2012 *HK$'000*	5% Bonds (note (ii)) 2011 *HK$'000*
At 1 January	**–**	–
Proceeds from issue of notes/bonds	**50,000**	22,750
Equity component	**(13,809)**	(5,806)
Liability component on initial recognition	**36,191**	16,944
Converted during the year	**–**	(17,197)
Interest expenses	**3,396**	550
Interest payable	**–**	(297)
At 31 December	**39,587**	–

22. CONVERTIBLE BONDS/NOTES — THE GROUP AND THE COMPANY (CONT'D)

(i) On 6 March 2012, the Company issued Zero convertible notes at a par value of HK$50,000,000 and maturity date of 5 March 2015 (the "Zero Notes"). The Zero Notes are denominated in Hong Kong dollars. The noteholders have the right to convert their notes into the Company's new ordinary shares from 1 year after the date of issue until on the date falling 7 days prior to the maturity date at a conversion price of HK$0.05 per convertible notes (subject to anti-dilution adjustment). If the Zero Notes have not been converted on the maturity date, the Company shall repay to the noteholders of the Zero Notes for the principal amount of the outstanding convertible notes held by the noteholders.

The effective interest rate of the liability component of the Zero Notes is 11.38% per annum.

The Zero Notes contain two components, liability and equity elements. The equity element is included in "convertible notes reserve".

(ii) 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".

23. OPERATING LEASES COMMITMENTS

As at 31 December 2012, the Group had outstanding commitments under non-cancellable operating leases for which the aggregate minimum lease payments fall due as follows:

	2012 ***HK$'000***	2011 *HK$'000*
Within one year	**614**	1,291
In the second to fifth year inclusive	**–**	614
	614	1,905

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 AND CONNECTED PARTIES TRANSACTIONS

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

	Note	**2012** ***HK$'000***	2011 *HK$'000*
Provision of IT services to CLIH Group	(i)	–	17,043
Purchases from CLIH Group	(i)	–	564

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.

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 2012 exposed to currency risk were as follows:

	The Group		**The Company**	
	2012 ***HK$'000***	2011 *HK$'000*	**2012** ***HK$'000***	2011 *HK$'000*
Financial assets denominated in foreign currencies:				
Cash and bank balances	**7,042**	5	**47**	–

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.

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

(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.

Carrying amounts of financial assets as at 31 December 2012, which represented the amounts of maximum exposure to credit risk, were as follows:

	The Group		**The Company**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Debtors and deposits	**18,757**	900	**–**	–
Investment in fish breeding business	**15,500**	–	**–**	–
Loan receivables	**35,179**	10,394	**–**	–
Amounts due from subsidiaries	**–**	–	**82,100**	26,233
Cash and bank balances	**77,156**	11,789	**67,405**	146
	146,592	23,083	**149,505**	26,379

Trade debtors with carrying amount of HK$Nil (2011: HK$59,000) were past due or impaired. The directors are satisfied with the credit quality of financial assets.

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

(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 2012 were as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Total amounts of contractual undiscounted obligations:				
Creditors, accruals and other payables	**6,951**	6,151	**2,281**	982
Amounts due to subsidiaries	**–**	–	**1,550**	1,637
Convertible notes	**50,000**	–	**50,000**	–
	56,951	6,151	**53,831**	2,619
Due for payment:				
Within one year or on demand	**6,951**	6,151	**3,831**	2,619
In the second to fifth year	**50,000**	–	**50,000**	–
	56,951	6,151	**53,831**	2,619

(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.

The Group's interest bearing financial instruments, including loan receivables and convertible notes, are exposed to interest rate risk. Since they are measured at amortised costs, their carrying amounts would not be affected by changes in market interest rates.

(e) Market price risk

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. The Group manages market prices risk, when it is considered significant, by entering into appropriate derivatives contracts.

The Group and the Company are exposed to equity price risk arising from equity investments classified as financial assets at fair value through profit or loss.

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

(e) Market price risk (Cont'd)

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.

If equity price had been 10% higher/lower, post-tax loss for the year ended 31 December 2012 would be decreased/increased by HK$674,000 (2011: HK$Nil); and hence the equity at 31 December 2012 would be increased/decreased by HK$674,000 (2011: HK$Nil) as a result of the change in fair value of equity investments.

(f) Fair value estimation

Financial instruments carried at fair value

For financial instruments carried at fair value, the amendments to HKFRS 7 "Financial Instruments: Disclosures", require disclosures relating to fair value measurements of financial instruments across three levels of a "fair value hierarchy". The fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

- Level 2: fair value measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

At 31 December 2012, the only financial instruments of the Group and the Company carried at fair value were financial assets at fair value through profit or loss of HK$6,744,000 (2011: HK$Nil) listed on the Stock Exchange of Hong Kong. These instruments fall into Level 1 of the fair value hierarchy described above.

During the year ended 31 December 2012, there were no significant transfers between financial level instruments in 1 and level 2.

Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2012 and 2011.

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;

(ii) Money lending business in Hong Kong; and

(iii) Property development business in the People's Republic of China (the "PRC").

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

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

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

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

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

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

(b) Reconciliation of reportable segment assets and liabilities:

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

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$5,899,000 at 31 December 2012 (2011: HK$6,281,000) 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$17,690,000 at 31 December 2012 (2011: HK$376,000) were carried at amortised cost, less allowance for impairment. Estimation is made in the determination of the allowance for impairment.

28. SHARE-BASED PAYMENTS

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.

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 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
17 May 2011	Consultants	0.144	36,400,000

(ii) No share option is exercised during the year.

28. SHARE-BASED PAYMENTS (CONT'D)

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

	2012		2011	
	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	**0.144**	**36,400,000**	–	–
Granted during the year	–	–	0.144	36,400,000
Exercise during the year	–	–	–	–
Lapsed during the year	**0.144**	**(36,400,000)**	–	–
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 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
Fair value of share options and assumptions	
Fair value at the date of grant	HK$0.0438
Closing share price at the date of grant	HK$0.144
Exercise price	HK$0.144
Expected volatility	66.11%
Expected average share option life	2 Years
Expected annual dividend yield	NIL
Risk-free interest rate per annum	0.34%

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.

29. ACQUISITION OF A SUBSIDIARY

On 20 August 2012, the Group acquired 100% equity interest in Feng Tai Shun Cultural Travel Limited and its wholly-owned subsidiary, Meizhou City Hang Fung Tai Cultural Travel Development Company Limited (梅州市恒豐泰旅游文化開發有限公司), ("Feng Tai Shun Group") for a cash consideration of HK$3,500,000.

The fair value of the identifiable assets and liabilities of Feng Tai Shun Group as at its date of acquisition is as follows:

	HK$'000
Net assets acquired:	
Bank and cash balances	2
Purchase consideration satisfied by cash	3,500
Goodwill arising on acquisition — Note 12	3,498
Net cash outflow arising on acquisition:	
Cash consideration paid	3,500
Cash and cash equivalents acquired	(2)
	3,498

The newly acquired business did not contribute any revenue and profit or loss to the Group for the period between the date of acquisition and the end of the reporting period.

30. DISPOSAL OF INTEREST IN A SUBSIDIARY

The Group disposed of its subsidiary, CL Smart Sourcing Limited on 8 March 2012.

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

	HK$'000
Debtors and prepayments	128
Cash and bank balances	43
Accruals and other payables	(347)
Net liabilities disposed of	(176)
Gain on disposal of subsidiary	186
Consideration satisfied by cash	10
Net cash outflow arising on disposal:	
Cash consideration received	10
Cash and cash equivalents disposed of	(43)
	(33)

Financial Summary

RESULTS

	Years ended 31 December				
	2008	2009	2010	2011	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	49,489	32,732	25,914	21,592	**106,604**
Loss for the year	(976)	(4,974)	(14,353)	(26,097)	**(21,076)**

ASSETS AND LIABILITIES

	At 31 December				
	2008	2009	2010	2011	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Non-current assets	421	192	92	6,727	**26,312**
Current assets	12,988	16,160	26,595	24,343	**133,764**
Deduct:					
Current liabilities	4,585	4,936	7,278	6,251	**6,951**
Net current assets	8,403	11,224	19,317	18,092	**126,813**
Total assets less current liabilities	8,824	11,416	19,409	24,819	**153,125**
Non-current liabilities	–	–	–	–	**39,587**
Net assets	8,824	11,416	19,409	24,819	**113,538**