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 RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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

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

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

* *For identification purpose only*

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board (the "**Board**") of directors (the "**Directors**") of the Company hereby submits the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2013, together with the comparative audited figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*4*	**99,557**	106,604
Cost of inventories sold/services		**(54,472)**	(99,631)
Direct expenses arising from money lending business		**(315)**	(1,094)
Other revenue and income	*4*	**1,060**	29
Employee benefits expenses		**(30,147)**	(7,010)
Depreciation		**(8,705)**	(351)
Other operating expenses		**(21,228)**	(17,136)
Gain on disposals of subsidiaries		**1,999**	186
Gain on disposal of fish breeding business		**1,240**	–
Fair value change of investment properties		**(1,603)**	–
Impairment loss on a disposal group classified as held for sale		**(1,071)**	–
Gain on a bargain purchase of subsidiaries		**8,368**	–
Share of result of an associate		**124**	–
Finance costs		**(4,048)**	(2,673)
Loss before income tax	*5*	**(9,241)**	(21,076)
Income tax expense	*6*	**(362)**	–
Loss and total comprehensive loss for the year		**(9,603)**	(21,076)
Attributable to:			
Shareholders of the Company		**(8,847)**	(21,076)
Non-controlling interests		**(756)**	–
		(9,603)	(21,076)
Basic loss per share (HK cents)	*8*	**(1.50)**	(12.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**35,835**	5,899
Investment properties		**38,700**	–
Goodwill		**–**	97
Investment in an associate		**1,561**	–
Investment in fish breeding business		**–**	15,500
Loan receivables		**–**	4,816
Deferred tax assets		**1,211**	–
		77,307	26,312
CURRENT ASSETS			
Inventories		**2,277**	–
Debtors, deposits and prepayments	*9*	**41,483**	19,501
Financial assets at fair value through profit or loss		**–**	6,744
Loan receivables		**–**	30,363
Income tax recoverable		**44**	–
Cash and bank balances		**42,125**	77,156
		85,929	133,764
Assets of a disposal group classified as held for sale		**14,214**	–
		100,143	133,764
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and other payables	*10*	**13,318**	6,951
Income tax payable		**166**	–
		13,484	6,951
Liabilities of a disposal group classified as held for sale		**1,214**	–
		14,698	6,951
NET CURRENT ASSETS		**85,445**	126,813
TOTAL ASSETS LESS CURRENT LIABILITIES		**162,752**	153,125

	2013	2012
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Convertible notes	**–**	39,587
Deferred tax liabilities	**10**	–
	10	39,587
NET ASSETS	**162,742**	113,538
CAPITAL AND RESERVES		
Share capital	**93,086**	55,770
Share premium and reserves	**68,825**	57,768
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	**161,911**	113,538
NON-CONTROLLING INTERESTS	**831**	–
TOTAL EQUITY	**162,742**	113,538

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to shareholders of the Company							
	Share capital	**Share premium**	**Share options reserve**	**Convertible notes reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.1.2012	12,142	58,180	855	–	(46,358)	24,819	–	24,819
Shares issued upon placing	1,800	12,836	–	–	–	14,636	–	14,636
Shares issued upon open offer	41,828	38,988	–	–	–	80,816	–	80,816
Recognition of equity components of convertible notes issued	–	–	–	13,809	–	13,809	–	13,809
Share-based payments	–	–	534	–	–	534	–	534
Lapse of share options	–	–	(1,389)	–	1,389	–	–	–
Loss and total comprehensive loss for the year	–	–	–	–	(21,076)	(21,076)	–	(21,076)
At 31.12.2012 and 1.1.2013	55,770	110,004	–	13,809	(66,045)	113,538	–	113,538
Shares issued upon placing	11,000	2,517	–	–	–	13,517	–	13,517
Acquisition of subsidiaries	–	–	–	–	–	–	1,584	1,584
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	3	3
Conversion of convertible notes	26,316	31,196	–	(13,809)	–	43,703	–	43,703
Loss and total comprehensive loss for the year	–	–	–	–	(8,847)	(8,847)	(756)	(9,603)
At 31.12.2013	**93,086**	**143,717**	**–**	**–**	**(74,892)**	**161,911**	**831**	**162,742**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of GEM Listing Rules.

The consolidated financial statements are prepared under the historical cost basis, except for the financial instruments and investment properties which are carried at fair values.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Initial application of Hong Kong Financial Reporting Standards

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

HKAS 19 (2011)	Employee Benefits
HKAS 27	Separate Financial Statements
HKAS 28	Investments in Associates and Joint Ventures
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 HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Annual improvements to HKFRSs (2009 – 2011)	Amendments to HKAS 1, HKAS 16 and HKAS 32

The initial application of these financial reporting standards does not necessitate material changes in the Group's accounting policies except the following:

(i) HKFRS 10 "Consolidated Financial Statements" modifies the concept of "control" substantially. The Group's adoption of this new concept of control does not result in a change in the classification of investments in subsidiaries and other entities; and

(ii) HKFRS 13 "Fair Value Measurement" introduces a number of new concepts and principles regarding fair value measurement. The Group's adoption of these new concepts and principles does not result in a change in the fair value measurements of its assets and liabilities.

The initial application of these financial reporting standards does not necessitate retrospective adjustments of the comparatives presented in the consolidated financial statements.

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

The following Hong Kong Financial Reporting Standards in issue at 31 December 2013 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 2013:

HKFRS 9	Financial Instruments
HK(IFRIC)-Int 21	Levies
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKFRS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10	Investment Entities

The Group is required to initially apply HK(IFRIC)-Int 21 and amendments to HKAS 32, HKAS 36, HKAS 39 and HKFRS 10 in its annual consolidated financial statements beginning on 1 January 2014 and initially apply amendments to HKAS 19 in its annual consolidated financial statements beginning on 1 January 2015. HKFRS 9 does not have a mandatory effective date.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

– IT business – the provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products;

– Money lending business; and

– Provision of medical diagnostic and health check services.

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors 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 investment 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.

(i) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below.

	Reporting segments							
	IT business		Money lending business		Provision of medical diagnostic and health check services		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue								
Revenue from external customers	**48,487**	101,846	**4,936**	4,758	**46,134**	–	**99,557**	106,604
Reportable segments loss	**(684)**	(228)	**(17)**	(4,561)	**(3,178)**	–	**(3,879)**	(4,789)
Unallocated head office and corporate income and expenses							**(10,703)**	(13,807)
Interest income							**332**	7
Gain on disposals of subsidiaries							**1,999**	186
Gain on disposal of fish breeding business							**1,240**	–
Fair value change of investment properties							**(1,603)**	–
Impairment loss on a disposal group classified as held for sale							**(1,071)**	–
Gain on a bargain purchase of subsidiaries							**8,368**	–
Share of result of an associate							**124**	–
Finance costs							**(4,048)**	(2,673)
Loss before income tax							**(9,241)**	(21,076)
Income tax expense							**(362)**	–
Loss for the year							**(9,603)**	(21,076)
Reportable segment assets	**668**	26,318	**32,158**	43,385	**96,668**	–	**129,494**	69,703
Reportable segment liabilities	**196**	608	**1,693**	4,050	**10,374**	–	**12,263**	4,658
Other segment items								
Depreciation	**76**	79	**216**	272	**8,413**	–	**8,705**	351
Additions to non-current segment assets	**222**	2	**300**	–	**1,182**	–	**1,704**	2

(ii) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2013	2012
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**129,494**	69,703
Unallocated head office and corporate assets	**47,956**	90,373
Consolidated total assets	**177,450**	160,076
Liabilities		
Reportable segment liabilities	**12,263**	4,658
Unallocated head office and corporate liabilities	**2,445**	41,880
Consolidated total liabilities	**14,708**	46,538

(iii) Geographic information

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

4. REVENUE

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

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Income from IT business	**48,487**	101,846
Loans interest and related income	**4,936**	4,758
Income from provision of medical diagnostic and health check services	**46,134**	–
	99,557	106,604
Other revenue		
Interest income	**332**	7
	99,889	106,611

In 2013, there are two customers with whom transactions have exceeded 10% of the Group's revenue, amounted to approximately HK$40,953,000 arose in Hong Kong. In 2012, three customers with whom transactions had exceeded 10% of the Group's revenue amounted to approximately HK$91,240,000 arose in Hong Kong.

5. LOSS BEFORE INCOME TAX

	2013	2012
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Cost of inventories expensed	**54,286**	98,330
Direct expenses arising from money lending business		
– interest expenses	**245**	723
– other costs	**70**	371
	315	1,094
Minimum lease payments paid under operating leases	**3,754**	817
Auditor's remuneration	**375**	304
Depreciation	**8,705**	351
Directors' remuneration	**1,605**	360
Other staff salaries and benefits	**28,124**	6,560
Retirement scheme contributions, excluding those of directors	**418**	90
Fair value change of investment properties	**1,603**	–
Net exchange loss	**33**	–
Impairment loss on trade debtors	**45**	29
Impairment loss on goodwill	**–**	3,498
Interest on borrowings wholly repayable within five years	**4,048**	2,673
Loss on disposal of property, plant and equipment	**26**	33
Realised/unrealised loss on financial assets at fair value through profit or loss	**239**	940
Impairment loss on a disposal group classified as held for sale	**1,071**	–
Interest income	**(332)**	(7)
Gain on disposals of subsidiaries	**(1,999)**	(186)
Gain on disposal of fish breeding business	**(1,240)**	–
Gain on a bargain purchase of subsidiaries	**(8,368)**	–
Rental income from investment properties less direct outgoings of HK$57,000 (2012: Nil)	**(548)**	–

6. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Hong Kong profits tax – current year	**362**	–

Provision for Hong Kong profits tax has been made at 16.5% on the estimated assessable profits for the current year. For the year ended 31 December 2012, no provision for Hong Kong profits tax was made in the financial statements as the Group had no assessable profits in Hong Kong for the year.

7. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of each of the year ended 31 December 2013 and 2012.

8. BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

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

	2013	2012
	HK$'000	*HK$'000*
Loss for the year attributable to shareholders of the Company	**(8,847)**	(21,076)

	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year	**588,061,660**	164,903,547

Diluted loss per share is not presented as there were no dilutive potential shares outstanding at the end of the reporting period.

In 2012, diluted loss per share was not presented as the potential ordinary shares in respect of outstanding convertible notes are anti-dilutive.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	*HK$'000*
Trade debtors	**22,591**	17,690
Less: Provision for impairment loss	**(45)**	–
	22,546	17,690
Other debtors, deposits and prepayments	**18,937**	879
Loans interest receivable	**–**	932
	41,483	19,501

Note:

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associate with trade debtors, credit evaluations of customers are performed periodically. The credit period given to trade debtors ranged from 30 days to 90 days. The following is an aging analysis of trade debtors:

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**7,791**	15,597
1 to 2 months	**6,729**	2,093
2 to 3 months	**3,323**	–
Over 3 months	**4,703**	–
	22,546	17,690

10. CREDITORS, ACCRUALS AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade creditors	**3,106**	90
Accruals and other payables	**9,113**	6,861
Deposits received	**1,099**	–
	13,318	6,951

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

	2013	2012
	HK$'000	*HK$'000*
Within 3 months	**3,106**	90

BUSINESS REVIEW

For the year ended 31 December 2013, the principal activities of the Group in Hong Kong are (i) IT business which provides consultancy, technical support, systems integration, development and sales of relevant hardware and software products; (ii) money lending business; and (iii) provision of medical diagnostic and health check services.

IT business

Revenue of the IT business for the year under review was approximately HK$48,487,000 (2012: HK$101,846,000), which accounted for approximately 49% of the Group's revenue. The segment loss increased to approximately HK$684,000 from HK$228,000 in 2012 due to fierce competition in sales of hardware products. In order to improve profit margin, the Group invested more resources on IT software products rather than on the sale of IT hardware products. During the year under review, the Group explored the feasibility in developing software products, including but not limited to financial-related software, online games, mobile games as well as related service offerings.

Health check business

The Group entered into a conditional sale and purchase agreement on 16 April 2013 to acquire Luck Key Investment Limited and its subsidiaries (the "**Luck Key Group**"). Luck Key Group is a group principally engaged in the provision of medical diagnostic and health check services in Hong Kong. The acquisition was completed on 30 September 2013.

The acquisition is in line with the Group's plan to broaden its income base and provides a good opportunity for the Group to tap into medical diagnostic and health check services, which the Group believes the demand for such services had increased due to the increasing aging population in Hong Kong. The revenue from health check business amounted to approximately HK$46,134,000 for the three months period since completion, which accounted for 46% of the Group's revenue for the year. This segment recorded a loss of approximately HK$3,178,000 for the year under review which was mainly due to payment of discretionary bonus to employees at the end of the year. The Directors are reviewing the operations of health check centers and the entire healthcare industry to formulate a long-term development plan.

Money lending business

During the year under review, the loan portfolio comprised of secured and unsecured loans, and revenue from loan interests and related income was approximately HK$4,936,000 (2012: HK$4,758,000), which accounted for approximately 5% of Group's revenue. The average interest rate charged by the Group during the year under review was approximately 22% per annum. The segment loss decreased to approximately HK$17,000 from HK$4,561,000 in 2012. The improvement is mainly attributable to stringent cost control during the year under review.

On 29 January 2014, the Group entered into a sale and purchase agreement to dispose of Computech Online Limited and its subsidiaries (the "**Computech Online Group**"), which were engaged in one of the money lending businesses of the Group. Due to its historical unsatisfactory performance, the Directors consider that the disposal represents a good opportunity to realise the Group's investment in the Computech Online Group and can provide capital and resources for the operation and development of the Group. However, in view of the significant demand in the market, the Group intends to continue the existing money lending business and the Group expects the money lending business will generate a healthy cash flow and steady returns to for the Group.

Other investments

(i) Investment properties

As disclosed in the Company's announcement dated 22 March 2013, the Group entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of Funa Assets Limited ("**Funa Assets**") at a consideration of HK$40,000,000. The principal assets of Funa Assets are the investment properties situated in Hong Kong (the "**Investment Properties**") which is currently leased to an independent third party. The Group will continue to lease out the Investment Properties or if opportunities arise the Group may consider disposing the Investment Properties in order to realise the investment which can provide capital and resources for the operation and development of the Group.

(ii) Investment in fish breeding business

On 25 April 2012, the Group entered into an investment agreement with Enrich Marine Sdn. Bhd. ("**EMSB**") in relation to a fish breeding business for a term of 20 calendar months with guaranteed returns on profit. On 18 July 2013, the Group entered into a deed of novation with Keen Profit Development Limited ("**Keen Profit**"), a new investor, and EMSB, under which the Group agreed to novate, from the date of the deed of novation, its rights and obligations in and under the investment agreement to Keen Profit at a consideration of HK$16,740,000. The Group recorded a gain of HK$1,240,000 as a result of the novation which represents the difference between the consideration and the Group's investment amount in the fish breeding business. The novation represents a good opportunity for the Group to realize its investment under the investment agreement for fair and reasonable returns.

FINANCIAL REVIEW

For the year ended 31 December 2013, the Group recorded revenue of approximately HK$99,557,000 and loss attributable to the shareholders of the Company of approximately HK$8,847,000, compared with approximately HK$106,604,000 and HK$21,076,000 respectively for the year before. The basic loss per share was 1.50 HK cents (2012: 12.78 HK cents). The improved results were mainly attributable to (a) gain on bargain purchase for the acquisition of entire interest of Luck Key Group of HK$8,368,000, (b) gain on disposal of subsidiaries of approximately HK$1,999,000 and (c) gain on disposal of investment in fish breeding business of HK$1,240,000.

During the year under review, operating expenses increased to approximately HK$60,080,000 from approximately HK$24,497,000 for the year before mainly due to the inclusion of operating expenses of Luck Key Group as a result of the acquisition of Luck Key Group by the Group in September 2013. The operating expenses mainly comprised of employee benefits expenses, depreciation, operating lease expenses and professional fee. During the year under review, the Group recorded finance costs of approximately HK$4,048,000 (2012: HK$2,673,000) which mainly represented the imputed interest expenses on the zero coupon convertible notes due on 2015 in the principal amount of HK$50 million.

FINANCIAL RESOURCES AND LIQUIDITY

The Group has maintained a strong liquidity and financial position. As at 31 December 2013, the total assets of the Group were approximately HK$177,450,000 (2012: HK$160,076,000), including cash and bank balances of approximately HK$42,125,000 (2012: HK$77,156,000), debtors, deposits and prepayments of approximately HK$41,483,000 (2012: HK$19,501,000), investment properties of approximately HK$38,700,000 (2012: Nil) and property, plant and equipment of approximately HK$35,835,000 (2012: HK$5,899,000). The net current assets of the Group was approximately HK$85,445,000 (2012: HK$126,813,000). The Group's current ratio, i.e. current assets over its current liabilities, was approximately 6.8 times (2012: 19.2 times).

As at 31 December 2013, the Group did not have any outstanding loans due to banks or financial institutions and the Group's gearing was 0.08 times (2012: 0.29), calculated on the basis of total liabilities to total assets.

CAPITAL STRUCTURE

As at 31 December 2013, the Group had shareholders' equity of approximately HK$161,911,000 (2012: HK$113,538,000).

Placing of new shares under general mandate

On 12 November 2013, the Company and CNI Securities Group Limited ("**Placing Agent**") entered into the conditional placing agreement, pursuant to which the Company had conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 110,000,000 new ordinary shares of HK$0.10 each in the share capital of the Company ("**GM Placing Share**"), to not less than six placees who and whose ultimate beneficial owners are third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates, at a price of HK$0.128 per GM Placing Share ("**GM Placing**") ("**GM Placing Agreement**"), which represents: (i) a discount of approximately 15.79% to the closing price of HK$0.152 per share of the Company as quoted on the Stock Exchange on the date of the GM Placing Agreement; and (ii) a premium of approximately 0.16% over the average closing price of HK$0.1278 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days of the shares of HK$0.10 each in the share capital of the Company immediately prior to the date of the GM Placing Agreement.

On 28 November 2013, completion of the GM Placing took place in accordance with the terms and conditions of the GM Placing Agreement. The Company received net proceeds of approximately HK$13.4 million from the GM Placing. The net issue price was approximately HK$0.122 per GM Placing Share. The aggregate nominal value of the GM Placing Shares under the GM Placing was HK$11,000,000.

The Directors were of the view that the GM Placing can improve the gearing ratio and strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The GM Placing also represented good opportunities to broaden the shareholders' base and the capital base of the Company. The Directors considered that the GM Placing was in the interest of the Company and the shareholders of the Company as a whole.

The net proceeds from the GM Placing had been applied for the payment of the deposits for the acquisition of 5% issued capital of Mighty Eight Investments Limited ("**Mighty Eight**"), details of which are set out in the announcement of the Company dated 29 January 2014.

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 are entitled to convert the outstanding principal amount of Notes into ordinary share of the Company at the adjusted conversion price of HK$0.19 per share, further details of which are 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. During the year under review, the holders of the Notes converted the Notes into 263,157,892 ordinary shares of the Company at the adjusted conversion price. As at 31 December 2013, the Company had no outstanding convertible notes (2012: HK$39,587,000).

Capital reduction and share subdivision

On 4 February 2014, the Group proposed to implement the capital reorganisations that (i) the par value of each of the issued existing shares will be reduced from HK$0.10 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 per issued existing share (the "**Capital Reduction**") and (ii) immediately following the Capital Reduction becoming effective, each authorised but unissued existing share with a par value of HK$0.10 will be subdivided into ten (10) unissued new shares with par value of HK$0.01 each ("**Share Subdivision**") and (iii) the credits arising from the Capital Reduction will be applied towards setting off the accumulated losses of the Company. The Capital Reduction and the Share Subdivision were approved by a special resolution passed at the extraordinary general meeting of the Company on 10 March 2014 and is conditional upon the approval by the Grand Court of the Cayman Islands and fulfillment of certain registration requirements. Details of these were set out in the Company's circular dated 14 February 2014 and the Company's announcements dated 4 February 2014 and 10 March 2014.

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 2013, the investment properties of the Group with fair value of HK$38,700,000 (2012: Nil) were pledged to secure general bank facilities granted to the Group.

CAPITAL COMMITMENTS

As at 31 December 2013, the Group had capital expenditure commitments contracted for acquiring office equipment of approximately HK$294,000 (2012: Nil). The Group had sufficient internal resources to finance its capital expenditures.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any material contingent liabilities (2012: Nil).

EMPLOYEES REMUNERATION POLICIES

As at 31 December 2013, the Group had approximately 210 employees (2012: 18). Staff (including Directors) salaries, allowances and bonuses totaled HK$30,147,000 for the year under review (2012: HK$7,010,000). The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training.

Remuneration of employee is determined by reference to industry practices and performance, qualification and experience of individual employee.

The emolument policy of the Directors of the Group are decided by the Board and recommendation of the Remuneration Committee, having regard to merit, qualifications and competence.

On top of regular remuneration, discretionary bonus and share options may be granted to employees and Directors by reference to the Group's performance as well as individual's performance. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to our employees.

The Company adopted the Share Option Scheme on 10 November 2010 and as at the date of adoption of the Share Option Scheme 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. No share options were granted, excercised, cancelled or lapsed during the year ended 31 December 2013.

PROSPECTS

Mobile-online game business

The Group aims to develop as one of the leading players in mobile-online gaming industry. With the increasing penetration of smart mobile devices and advanced technologies, the Group expects that money spent on mobile games by users of smart mobile devices will grow rapidly in the future. Subsequent to the year under review, the Group has tapped into the industry through a series of acquisition, entering into cooperation agreement and license agreement, demonstrating the determination of the Group to implement the new business strategy.

On 5 December 2013, the Group agreed to set up a joint venture company with a wholly-owned subsidiary of Universe International Holdings Limited ("**Universe International**"), whose shares are listed on the Main Board of the Stock Exchange (stock code: 1046), Ample China Development Limited, which will be principally engaged in the development and sale of computer and mobile phone games. The maximum investment in the joint venture company shall be HK$40,000,000, which shall be contributed as to 50% by the Group and 50% by Ample China. The joint venture will enables the Group to tap on business in the development and sales of computer and mobile phone games.

In 30 January 2014, the Group and certain independent third parties agreed to conditionally acquire 5% issued share capital of Mighty Eight. The companies contolled by Mighty Eight include 上海頑迦網絡科技有限公司 (unofficial English name being, "Shanghai Wanjia Network Technology Co., Ltd.") ("**Shanghai Wanjia**") and 上海顛視數碼科技有限公司 (unofficial English name being, "Shanghai Something Big Technology Co., Ltd.") ("**Shanghai SBT**"). Shanghai Wanjia recently launched a new mobile game Voyagemobile (手機大航海) in various digital distribution platforms for mobile application software, including Google Play. And Shanghai SBT is well known by its original SanGuo-themed games, namely "手機三國", which are popular in the Greater China and South East Asia and ranked high on various digital distribution platforms for mobile application software, including Google Play and App Store.

On 12 March 2014, the Group announced that it intends to form a wholly foreign owned enterprise in Shanghai, the People's Republic of China which will be engaging in design, research and development of mobile-online games and identifying and securing intellectual property rights for onward sale or licensing. In addition, the Group entered into the cooperation agreement with Something Big Technology Company Limited ("**HK SBT**"), a wholly-owned subsidiary of Mighty Eight, in relation to the appoinment of HK SBT as the preference cooperation partner of the Group in relation to the publication, operation and distribution of the mobile-online games to be developed by the Group from time to time.

On 16 March 2014, the Group entered into exclusive license agreement with Jade Dynasty Publications Limited ("**Jade Dynasty**") pursuant to which Jade Dynasty will grant the exclusive licence to the Group for the development of mobile games and other related products based on the contents of designated comics, including but not limited to the character images, storylines, display screen, circumstances and various items (weapons and costumes) of various comics series during the licence period.

Securities investment

In March 2014, the Group acquired 9.91% stake of Universe International from an investment holding company. As a result of the growing synergy between mobile-online games and films, the Directors consider that Universe International has growth potential and prospects upon the formation of the joint venture company with the Group pursuant to the joint venture agreement dated 5 December 2013 entered into between the Group and Universe International. The acquisition represents a good opportunity for the Group to expand its investment portfolio and broaden its revenue streams. In order to maximise returns for the shareholders of the Company, the Group will continue to consider to invest in quality listed securities.

OTHER INFORMATION

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 2013.

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 Board is responsible for performing the corporate governance duties for including (a) developing and reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulations requirements; (b) reviewing and monitoring the training and continuous professional development of Directors and (c) reviewing the Company's compliance 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**"). The Board had carried out the said corporate governance functions during the year under review.

Save for the deviation stated in relation to segregation of the roles of Chairman and Chief Executive Officer and terms of appointment of independent non-executive Directors as described below, the Company has complied with the Code Provision throughout the year ended 31 December 2013.

Chairman and Chief Executive Officer

The Code Provision A.2.1 stipulates that the roles of Chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 December 2013, the Company does not have any offices with the title of "chief executive officer" as the duties of chief executive officer was discharged by the executive Directors collectively by undertaking 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 considers that the vesting of the roles of chief executive officer into the executive Directors will not impair the balance of power and authority within the Board as all major decisions are made in consultation with members of the Board during the financial year under review.

As the workload of the executive Directors have been increasing due to the recent business development of the Group, the Board considers that the appointment of a chief executive officer will lead to more effective implementation of the overall strategy and ensure smooth operation of the Group. As such, the Company appointed Mr. Zhang Peiao as an executive Director and chief executive officer of the Company on 30 January 2014. Since 30 January 2014, the roles of Chairman and the Chief Executive Officer have been segregated and have not been exercised by the same individual. The Chairman provides leadership, management for the Board whereas the Chief Executive Officer is responsible for the Group's business development and daily management generally.

Independent Non-Executive Directors

The Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. Given that all independent non-executive Directors are subject to the provisions of retirement by rotation at least once every three years at annual general meeting under the articles of association of the Company, the Directors are of the view that such provision in the Company's articles of association has been able to safeguard corporate governance of the Company after taking into account the scope of works to be carried out by the independent non-executive Directors, and therefore there are no specified term of appointment for the independent non-executive Directors and they will continue to hold offices unless terminated by either party giving to the other not less than one month notice in writing.

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, the Directors have complied with the required standard of dealings and its code of conduct regarding Directors' securities transactions 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.

REVIEW OF THE RESULTS ANNOUNCEMENT

The Group's audited consolidated results for the year ended 31 December 2013 have been reviewed by the Audit Committee. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, PKF, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PKF in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PKF on the preliminary announcement.

On behalf of the Board
Computech Holdings Limited
Zhang Xiongfeng
Chairman

Hong Kong, 20 March 2014

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Zhang Xiongfeng, Mr. Zhang Peiao, Mr. Mak Kwong Yiu and Mr. Hung Kenneth and (ii) three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing.

This announcement will remain on the "Latest Company Announcements" page of the GEM website 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.