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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8081)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2006

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

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

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. The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

* *For identification purpose only*

CHAIRMAN'S STATEMENT

I am pleased to present the results of Computech Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year 2006.

The Group experienced a decrease in revenue in both its main lines of business, IT services and supply chain solutions during the year.

For IT services, management has taken actions to reduce our reliance on business processes that require high levels of spare parts, so as to reduce our exposure to the volatility of spare parts costs. As a result, revenue from the warranty service outsource business has decreased significantly. On the other hand, our efforts in expanding the contact center services and human resources recruitment services have produced encouraging results towards the end of the year. A major systems roll-out project undertaken in the fourth quarter of the year also helped to lessen the decrease in overall revenue.

The increase in profit in the supply chain solutions business unit was overshadowed by a significant loss in an associate, Automated Logistic Solutions Limited. The loss in the associate was mainly caused by a delay in the conclusion of the distributorship agreement with its principal, 3M USA. Business should begin to pick up and the financial performance will improve once the terms and conditions of the agreement are finalized.

Through the exercise of strict cost control, operating expenses have decreased significantly. The Group has managed to report an operating profit for the year despite a reduction in revenue and the narrowing of gross profit margins.

Operating Results

For the year under review, the Group recorded a turnover of approximately HK$66.9 million, representing a decrease of approximately 19.1% compared with last year. The audited net profit attributable to shareholders amounted to approximately HK$438,000, representing a decrease of 96.4% compared with last year. The earnings per share for the year ended 31st December 2006 was HK0.43 cents.

The decrease in turnover was mainly due to expiry of certain warranty service outsource contracts under IT services business. The dramatic decrease in net profit was mainly due to the substantial gain on disposal of subsidiaries last year. It was also attributable to the decrease in revenue as well as share of the loss of an associate.

Administrative, selling and distribution expenses amounted to approximately HK$16.6 million for the year ended 31st December 2006, representing a 18.6% decrease compared with last year.

Market Overview

Although there was a slow down in the overall business of the Group during the year, which was due primarily to a shift in our focus from warranty service outsource services to contact center and recruitment services, as well as to the delay in the conclusion of the distributorship agreement with 3M, we believe that the demand for IT services and supply chain solutions will continue to grow in the region that we operate in. With an abundance of talented personnel and relatively low operating costs, the People's Republic of China ("PRC") remains the preferred location for Western and Japanese companies to outsource their IT related tasks, especially in software development and the provision of ongoing support and services.

Demand for supply chain solutions in the PRC and the rest of the world continues to grow at a fast pace. Our industry and technical expertise in this area put us in an advantageous position to actively engage ourselves in providing products and services to the regional market, and to seek new outsourcing opportunities from customers and business partners inside and outside the region. This trend is likely to continue in the years to come.

Operating Overview

In November 2006, the Group launched its web-chat, e-mail and fax support services to end-users of anti-virus and other software products of Symantec Inc. in Japan and the Greater China region. Building on this experience, we will promote this service to other Japanese companies wishing to outsource their software support services to the PRC to reduce their operating costs.

In the second half of 2006, the Group supported our business partner, IBM, in their successful hardware and software roll-out of the AMS/3 Trading System to over 300 stock-brokers in Hong Kong.

Other projects undertaken by the Group during the year include, to name a few, the supply of bar-code PDA type hand-held devices to CLP Power Hong Kong Limited, the installation of bar-code printers at Terminal Two of the Hong Kong International Airport and the design and implementation of vehicle mounted portable hand-held computers at Wal-Mart's Distribution Center in the PRC.

New shares placement

The Company raised approximately HK$2.0 million for the year by way of top-up placing and subscription of new shares. The net proceeds from the subscription will be used for general working capital of the Group and/or for any future possible acquisition which has yet to be identified.

Prospects and Appreciation

The Group's current business activities are mainly conducted in Hong Kong and the Guangdong province. The PRC's economy is expected to continue to grow at a rapid pace. We are currently studying the feasibility of expanding our business activities to other provinces in the PRC which also have high demand for our products and services, either on our own, or in collaboration with local business partners. We believe there is good prospect for growth for our businesses in the year 2007.

Finally, I would like to thank our customers, shareholders, board members, employees and business partners for their support and contribution in the past year.

Fung Pak Chuen, Alphonso
Chairman

Hong Kong, 19th March 2007

AUDITED CONSOLIDATED RESULTS

The board (the "Board") of directors (the "Directors") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31st December 2006 together with the comparative audited consolidated results for the year ended 31st December 2005 as follows:

	Note	**2006**	2005
		HK$'000	*HK$'000*
Turnover	*2*	**66,872**	82,690
Cost of sales		**(49,100)**	(60,456)
Gross profit		**17,772**	22,234
Other income		**109**	160
Selling and distribution expenses		**(1,645)**	(1,515)
Administrative expenses		**(14,922)**	(18,837)
Operating profit		**1,314**	2,042
Finance costs		**–**	(3)
Gain on disposal of subsidiaries		**–**	9,767
Share of net (losses)/profits of associates		**(617)**	680
Profit before income tax	*3*	**697**	12,486
Income tax expense	*4*	**(259)**	(451)
Profit for the year		**438**	12,035
Profit for the year attributable to			
– Continuing operations		**438**	2,211
– Discontinued operations		**–**	9,824
		438	12,035
			Restated
Earnings per share – Basic (HK cents)	*5*	**0.43**	14.29

CONSOLIDATED BALANCE SHEET

AT 31ST DECEMBER 2006

	Note	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**1,104**	853
Interests in associates		**305**	1,249
		1,409	2,102
CURRENT ASSETS			
Inventories		**3,277**	2,825
Debtors, deposits and prepayments	6	**5,809**	9,324
Amount due from a shareholder		**12**	–
Amount due from the ultimate holding company		**–**	12
Amounts due from related companies		**2,652**	27
Amounts due from fellow subsidiaries		**–**	27
Income tax recoverable		**128**	–
Cash and bank balances		**2,087**	6,620
		13,965	18,835
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and deposits	7	**5,914**	6,851
Income tax payable		**58**	146
Amounts due to fellow subsidiaries		**–**	7,077
		5,972	14,074
NET CURRENT ASSETS		**7,993**	4,761
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,402**	6,863
NON-CURRENT LIABILITY			
Loans from directors		**(2,256)**	(2,256)
NET ASSETS		**7,146**	4,607
REPRESENTING:			
SHARE CAPITAL		**5,240**	4,800
RESERVES		**1,906**	(193)
SHAREHOLDERS' FUNDS		**7,146**	4,607

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2006

	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1.1.2005	24,000	19,030	100	(54,742)	(11,612)
Capital reduction	(21,600)	(19,030)	–	40,630	–
Rights issue of shares	2,400	2,400	–	–	4,800
Share issuing expenses	–	(520)	–	–	(520)
Elimination of exchange reserve upon disposal of a PRC subsidiary	–	–	(100)	–	(100)
Exchange reserve arising on establishment of a PRC subsidiary	–	–	4	–	4
Profit for the year	–	–	–	12,035	12,035
At 31.12.2005 and 1.1.2006	4,800	1,880	4	(2,077)	4,607
Issue of shares	440	1,761	–	–	2,201
Share issuing expenses	–	(176)	–	–	(176)
Exchange reserve arising on translation of financial statements of a PRC subsidiary and an associate	–	–	76	–	76
Profit for the year	–	–	–	438	438
At 31.12.2006	**5,240**	**3,465**	**80**	**(1,639)**	**7,146**

1. 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 ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards").

(b) Initial application of Hong Kong Financial Reporting Standards

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

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKAS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

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.

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

The following Hong Kong Financial Reporting Standards in issue at 31st December 2006 have not been applied in the preparation of the Group's consolidated financial statements for the year ended 31st December 2006 since they were not yet effective for the annual period beginning on 1st January 2006:

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

The Group is required to initially apply these standards in its annual financial statements beginning on 1st January 2007.

2. TURNOVER AND REVENUE

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

	2006	2005
	HK$'000	*HK$'000*
Provision of IT services	**42,090**	50,217
Provision of supply chain solutions	**24,782**	31,601
Sales of packaged software products and related services	**–**	872
Turnover	**66,872**	82,690
Interest income	**40**	12
Total revenue	**66,912**	82,702

3. PROFIT BEFORE INCOME TAX

	2006	2005
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging: –		
Cost of inventories expensed	**19,640**	26,545
Minimum lease payments paid under operating leases	**2,517**	1,857
Auditor's remuneration	**264**	249
Bad debts	**197**	–
Depreciation	**526**	259
Directors' remuneration	**1,780**	2,504
Other staff salaries and benefits	**21,779**	30,797
Retirement scheme contributions	**442**	546
Exchange loss	**15**	38
Interest on bank and other loans wholly repayable within five years	**–**	3

4. INCOME TAX EXPENSE

	2006	2005
	HK$'000	*HK$'000*
Current tax		
The Company and subsidiaries	**262**	332
Share of income tax (credit)/expense of associates	**(3)**	119
	259	451

Provision for Hong Kong profits tax at 17.5% on the estimated assessable profits for the year. Overseas tax is calculated at the relevant tax rate.

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

	2006	2005
	HK$'000	*HK$'000*
Profit before income tax	**697**	12,486
Tax effect at Hong Kong profits tax rate at 17.5%	**121**	2,185
PRC and Hong Kong tax rates differential	**81**	54
Tax effect of income that is not taxable	**(88)**	(1,837)
Tax effect of expenses that are not deductible	**121**	167
Tax effect of unrecognised accelerated depreciation allowances	**(30)**	(115)
Tax effect of tax loss not recognised	**54**	1
Utilisation of tax loss not previously recognised	**–**	(4)
Income tax expense	**259**	451

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

	2006	2005
	HK$'000	*HK$'000*
Deductible/(taxable) temporary differences		
Unutilised tax losses *(Note 4 (b) (i))*	**309**	2
Accelerated depreciation allowances *(Note 4 (b) (ii))*	**(839)**	(667)
Net taxable temporary difference	**(530)**	(665)

(i) Deductible temporary difference in respect of unutilised tax losses has not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary difference. The unutilised tax losses accumulated in the Hong Kong subsidiaries amounted to HK$309,000 (2005: HK$2,000) can be carried forward indefinitely.

(ii) Taxable temporary difference in respect of accelerated depreciation allowances has not been recognised owing to immateriality.

5. EARNING PER SHARE

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

	2006	2005
	HK$'000	*HK$'000*
Earnings		
Profit for the year used in the calculation of basic earnings per share	**438**	12,035
Shares		(Restated)
Weighted average number of shares in issue for the purpose of calculation of basic earnings per share	**102,076,997**	82,241,471

6. DEBTORS, DEPOSITS AND PREPAYMENTS

	2006	2005
	HK$'000	*HK$'000*
Debtors, deposits and prepayments comprise:		
Trade debtors	**4,946**	8,302
Other debtors, deposits and prepayments	**863**	1,022
	5,809	9,324

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 following is an aging analysis of trade debtors.

	2006	2005
	HK$'000	*HK$'000*
0 – 3 months	**4,535**	7,970
4 – 6 months	**282**	269
7 – 12 months	**129**	63
	4,946	8,302

7. CREDITORS, ACCRUALS AND DEPOSITS

	2006	2005
	HK$'000	*HK$'000*
Creditors, accruals and deposits comprise:		
Trade creditors	**1,395**	1,414
Other creditors, accruals and deposits	**3,280**	3,459
Deferred revenue	**1,239**	1,978
	5,914	6,851

The following is an aging analysis of trade creditors:

	2006	2005
	HK$'000	*HK$'000*
0 – 6 months	**1,395**	1,414

8. SEGMENT REPORTING

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

(a) Business segments

The Group principally operates in three business segments, (i) provision of IT services, (ii) supply chain solutions and (iii) sales of bank packaged software products.

	IT services		Supply chain solutions		Bank packaged software products		Unallocated items		Elimination		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**42,090**	50,217	**24,782**	31,601	**–**	872	**–**	–	**–**	–	**66,872**	82,690
Inter-segment sales	**2,521**	–	**2,666**	–	**–**	–	**–**	–	**(5,187)**	–	**–**	–
Total revenue	**44,611**	50,217	**27,448**	31,601	**–**	872	**–**	–	**(5,187)**	–	**66,872**	82,690
RESULTS												
Segment results	**239**	1,463	**1,546**	1,165	**–**	60	**(511)**	(658)	**–**	–	**1,274**	2,030
Interest income	**11**	1	**21**	3	**–**	–	**8**	8	**–**	–	**40**	12
Finance costs	**–**	–	**–**	–	**–**	(3)	**–**	–	**–**	–	**–**	(3)
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	9,767	**–**	–	**–**	–	**–**	9,767
Share of net (losses)/profits of associates	**–**	–	**(616)**	686	**–**	–	**(1)**	(6)	**–**	–	**(617)**	680
Profit/(loss) before income tax	**250**	1,464	**951**	1,854	**–**	9,824	**(504)**	(656)	**–**	–	**697**	12,486
Income tax expense	**(3)**	(131)	**(237)**	(316)	**–**	–	**(19)**	(4)	**–**	–	**(259)**	(451)
Profit/(loss) attributable to shareholders	**247**	1,333	**714**	1,538	**–**	9,824	**(523)**	(660)	**–**	–	**438**	12,035
SEGMENT ASSETS												
Segment assets	**9,680**	4,320	**5,157**	8,788	**–**	–	**537**	7,829	**–**	–	**15,374**	20,937
SEGMENT LIABILITIES												
Segment liabilities	**(3,563)**	(1,876)	**(1,792)**	(9,012)	**–**	–	**(2,873)**	(5,442)	**–**	–	**(8,228)**	(16,330)
OTHER INFORMATION												
Depreciation and amortisation	**428**	179	**98**	15	**–**	65	**–**	–	**–**	–	**526**	259
Bad debts	**–**	–	**197**	–	**–**	–	**–**	–	**–**	–	**197**	–
Capital expenditure incurred during the year	**575**	924	**273**	111	**–**	–	**–**	–	**–**	–	**848**	1,035

(i) The business segment – sales of bank packaged software products has been disposed of in July 2005 and is regarded as discontinued operations.

(ii) Unallocated results include other income and administrative expenses incurred by the Company and certain non-operating subsidiaries.

Unallocated assets consist of deposits and prepayments and cash and bank balances of the Company and certain non-operating subsidiaries.

Unallocated liabilities represent accruals and loans from directors owed by the Company and certain non-operating subsidiaries.

(b) Geographical segments

The Group's business can be subdivided into the Hong Kong and PRC markets.

The Group's geographical segments are classified according to the location of the customers as the reporting format because this is considered by management to be more relevant to the Group in making operating and financial decisions. No separate disclosure of the Group's geographical segments according to the location of assets has been made as there is no material difference between the Group's geographical segments classified by location of customers or by location of assets.

Management considers that all items in the consolidated income statement and assets included in the consolidated balance sheet can be reasonably allocated to each geographical segment.

The following table presents revenue, segment assets and capital expenditure incurred for the Group's geographical segments.

	Hong Kong		**PRC**		**Consolidated**	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**64,206**	79,786	**2,666**	2,904	**66,872**	82,690
Segment assets	**14,288**	19,466	**1,086**	1,471	**15,374**	20,937
Capital expenditure incurred during the year	**792**	883	**56**	152	**848**	1,035

9. FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group continues to focus on the business of IT Services and Supply Chain Solutions for the year under review.

IT Services

Turnover in IT Services business decreased by 11.1% to approximately HK$44.6 million (2005: HK$50.2 million) for the year 2006, which was resulted from considerably heightened competition in the markets where customers demand ever greater value from services. To strive for better margin of our services, the Group did not renew some of the non-profitable warranty service outsource projects after their expiry so that we can focus our resources on those projects which offer better profit margin.

The Group, as a subcontractor of IBM, successfully performed the project roll-out of AMS/3 Trading System for the Hong Kong Stock Exchange during the year, of which we provided hardware and software roll-out services to over 300 stock brokers in Hong Kong. The duration of the project was four months and during which over 1,300 units of servers and 1,600 units of workstations were installed.

Supply Chain Solutions

Turnover in the Supply Chain Solutions business fell by 13.3% to approximately HK$27.4 million (2005: HK$31.6 million), as a result of lower volumes in repeat orders for the year. On the other hand, we have completed some major orders which made significant contribution to the Group for the year.

During the year, we implemented the bar-code PDA type hand-held devices to the CLP Power Hong Kong Limited for their use on the tracking of power meter and other maintenance issues. The contract amounted to approximately HK$3.6 million with the majority of 110 units of bar-code PDA and other hardware and software rollout.

In addition, we have installed over 100 units of bar-code printers in Terminal Two of the Hong Kong International Airport for the year. Moreover, we also participated in design and implementation of the Wal-Mart Distribution Center in China, in which we have installed over 50 units of vehicle mounted portable hand-held computers.

Financial Review

For the year under review, the Group recorded a turnover of approximately HK$66.9 million, representing a decrease of approximately 19.1% compared with last year. The audited net profit attributable to shareholders amounted to approximately HK$438,000, representing a decrease of 96.4% compared with last year. The earnings per share for the year ended 31st December 2006 was HK0.43 cents.

The decrease in turnover was mainly due to expiry of certain warranty service outsource contracts under IT services business. The dramatic decrease in net profit was mainly due to the substantial gain on disposal of subsidiaries last year. It was also attributable to the decrease in revenue as well as share of the loss of an associate.

Administrative, selling and distribution expenses amounted to approximately HK$16.6 million for the year ended 31st December 2006, representing a 18.6% decrease compared with last year, which was resulted from stringent cost control of the Group.

Associated with the decrease in turnover, the trade debtors of the Group was decreased to approximately HK$4.9 million as at 31st December 2006, of which approximately 92% of the trade debtors are falling due within 3 months. Except for a specific bad debt provision of approximately HK$197,000 for a customer which is under lawsuit, no provision of doubtful debts is required for the period under review in accordance with the accounting policy of the Group. The Group's inventories were approximately HK$3.3 million as at 31st December 2006, representing an increase of approximately 16% compare with last year. The increase was mainly in bar code equipment and related consumable accessories under the supply chain solutions business. The management will keep on reviewing the inventory level periodically and to maintain the inventory of the Group at a minimum level so as to reduce the risk of impairment.

Financial Resources and Liquidity

As at 31st December, 2006, the total assets of the Group were approximately HK$15,374,000 (2005: HK$20,937,000), including cash and bank deposits of approximately HK$2,087,000 (2005: HK$6,620,000) and debtors, deposits and prepayments of approximately HK$5,809,000 (2005: HK$9,324,000).

The Group's current assets are approximately 2.3 time (2005: 1.34 time) over its current liabilities whereas the gearing ratio, representing non-current liabilities over total assets, was 0.15 (2005: 0.11). The Group's non-current liabilities, being non-current loans from directors, were approximately HK$2,256,000 (2005: HK$2,256,000). The loans are interest-free, unsecured and not repayable until the Group is in a position to do so. Save as disclosed herein, the Group did not have any other long-term borrowings during the year under review.

Foreign Exchange

The Group's foreign exchange risk is primarily attributable to its trade debtors. The foreign exchange risk is minimal as most of the trade debtors are denominated in Hong Kong dollar ("HK$") or United Stated dollar ("US$"). The foreign exchange risk in the translation of US$ to HK$ is limited as HK$ are being linked to US$.

Significant Investments, Acquisitions and Disposal of Subsidiaries

There was no material acquisitions and disposals of subsidiaries and affiliated companies of the Group during the year ended 31st December 2006.

Charge on the Group's Assets

As at 31st December 2006, there was no charge on the Group's assets (2005: Nil).

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

There were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities for the year ended 31st December 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in Code on Corporate Governance Practices under Appendix 15 (the "**Code**") of the GEM Listing Rules throughout the year ended 31st December 2006, except for the following deviations:

Code A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Prior to the amendments to the Articles of Association (the "Articles") of the Company on 1st June 2006, the non-executive and independent non-executive directors of the Company are not appointed for a specific term but they are subject to retirement by rotation and reelection at the annual general meeting of the Company. Directors who are appointed to fill a casual vacancy only required to be re-elected at the next annual general meeting. Moreover, save as the Chairman is not subject to rotation or taken into account in determining the number of directors to retire in each year, one-third of the directors of the Company are required to retire from office by rotation and being eligible for re-election at each annual general meeting.

On 1st June 2006, the Company passed a special resolution at the general meeting to amend certain articles of its Articles of Association ("Amended Articles") so as to bring the Articles in line with the Code A.4.2. Pursuant to the Amended Articles, any director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall be eligible for re-election. In addition, every Director, including those appointed for a specific term or holding office as chairman of the Board, shall be subject to retirement by rotation at least once every three years.

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

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

AUDIT COMMITTEE

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

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

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

Hong Kong, 19th March 2007

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

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