



Computech Holdings Limited

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8081



INTERIM
REPORT
2007

*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 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.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of this report. This report, for which the directors (the “Director”) of Computech Holdings Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“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: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Computech Holdings Limited (the "Company") is pleased to announce the condensed consolidated interim financial statements ("Interim Accounts") of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2007 together with the comparative unaudited consolidated figures for the corresponding period of 2006. The Interim Account have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	Note	For the six months ended 30 June		For the three months ended 30 June	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Turnover	(2)	28,364	30,954	13,627	14,346
Cost of sales		(20,109)	(23,628)	(9,531)	(11,345)
Gross profit		8,255	7,326	4,096	3,001
Other income		41	93	15	-
Selling and distribution expenses		(646)	(648)	(305)	(289)
Administrative expenses		(6,717)	(7,116)	(3,360)	(3,592)
Operating profit/(loss)		933	(345)	446	(880)
Finance costs		-	(22)	-	(2)
Share of losses of associates		(157)	(305)	(79)	(181)
Profit/(loss) before income tax	(3)	776	(672)	367	(1,063)
Income tax expense	(4)	(210)	(85)	(107)	108
Profit/(loss) for the period		566	(757)	260	(955)
Earnings/(loss) per share					
- Basic (HK cents)	(5)	0.54	(0.76)	0.25	(0.93)

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	Note	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
NON-CURRENT ASSETS			
Fixed assets		1,052	1,104
Interests in associates		175	305
		1,227	1,409
CURRENT ASSETS			
Inventories		3,686	3,277
Debtors, deposits and prepayments	(6)	4,866	5,809
Amount due from a shareholder	(7(a))	12	12
Amount due from related companies	(7(b))	3,623	2,652
Income tax recoverable		330	128
Cash and bank balances		2,881	2,087
		15,398	13,965
DEDUCT:			
CURRENT LIABILITIES			
Creditors, accruals and deposits	(8)	6,123	5,914
Income tax payable		473	58
		6,596	5,972
NET CURRENT ASSETS		8,802	7,993
TOTAL ASSETS LESS CURRENT LIABILITIES		10,029	9,402
NON-CURRENT LIABILITY			
Loans from directors	(9)	(2,256)	(2,256)
NET ASSETS		7,773	7,146
REPRESENTING:			
SHARE CAPITAL		5,240	5,240
RESERVES		2,533	1,906
SHAREHOLDERS' FUNDS		7,773	7,146

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Share capital	Share premium	Exchange reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2006 (Audited)	4,800	1,880	4	(2,077)	4,607
Issue of shares	440	1,760	-	-	2,200
Share issuing expenses	-	(176)	-	-	(176)
Loss for the period	-	-	-	(757)	(757)
At 30.6.2006 (Unaudited)	5,240	3,464	4	(2,834)	5,874
At 1.1.2007 (Audited)	5,240	3,465	80	(1,639)	7,146
Exchange reserve arising on translation of a PRC subsidiary	-	-	61	-	61
Profit for the period	-	-	-	566	566
At 30.6.2007 (Unaudited)	5,240	3,465	141	(1,073)	7,773

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

For the six months ended 30 June 2007

	For the six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Net Cash inflow/(outflow) from operating activities	914	(6,815)
Net Cash (outflow)/inflow from investing activities	(134)	773
Net cash inflow from financing activities	-	2,024
Net increase/(decrease) in cash and cash equivalent	780	(4,018)
Cash and cash equivalents		
At beginning of the period	2,087	6,620
Effects of foreign exchange rate changes	14	-
Cash and cash equivalents at end of the period	2,881	2,602
Analysis of cash and cash equivalents		
Cash and bank balances	2,881	2,602

Notes:

1. Basis of preparation

The Interim Accounts are prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules.

The accounting policies and basis of preparation used in preparing the Interim Results are consistent with those used in the audited financial statements for the year ended 31 December 2006.

2. Turnover

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

	For the six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Provision of IT services	17,649	20,522
Provision of supply chain solutions	10,715	10,432
Turnover	28,364	30,954

3. Profit/(loss) before income tax

Profit/(loss) before income tax is arrived at after charging:–

	For the six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Depreciation	210	188
Directors' remuneration	855	872
Other staff salaries and benefits	9,525	10,508
Retirement scheme contributions	514	585

4. Income tax expense

Income tax represents the provision for Hong Kong profits tax, which is calculated at the tax rate of 17.5% on the estimated assessable profits for the period.

No provision for PRC income tax has been made in this income statement as the Company's subsidiary operating in PRC sustained losses for tax purpose during the period.

5. Earnings/(Loss) per share

The calculation of basic earnings/(loss) per share for the six months and three months ended 30 June 2007 was based on the Group's net profit of approximately HK\$566,000 (for the six months ended 30 June 2006: net loss of approximately HK\$757,000) and the net profit of approximately HK\$260,000 (for the three months ended 30 June 2006: net loss of approximately HK\$955,000) respectively.

The basic earnings/(loss) per share was based on the weighted average number of 104,802,000 (2006: 99,306,829) and 104,802,000 (2006: 102,577,317) ordinary shares in issue during the six months and three months ended 30 June 2007 respectively.

The Company did not have dilutive potential shares for the six months and three months ended 30 June 2007 (2006: Nil).

6. Debtors, deposits and prepayments

	At 30 June 2007 HK\$'000	At 31 December 2006 HK\$'000
Debtors, deposits and prepayments		
comprise:		
Trade debtors	4,021	4,946
Other debtors, deposits and prepayments	845	863
	4,866	5,809

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically. The following is an aging analysis of trade debtors.

	At	At
	30 June	31 December
	2007	2006
	HK\$'000	HK\$'000
0 – 3 months	3,741	4,535
4 – 6 months	256	282
7 – 12 months	24	129
	4,021	4,946

7. Amounts due from a shareholder and related companies

- (a) The amount is interest-free, unsecured and repayable on demand. The directors consider the carrying amount due from a shareholder approximates its fair values.
- (b) The amount is trade related which is arisen in ordinary and usual course of business of the Group and is on normal commercial terms. The directors consider the carrying amount due from related companies approximates its fair values.

8. Creditors, accruals and deposits

	At	At
	30 June	31 December
	2007	2006
	HK\$'000	HK\$'000
Creditors, accruals and deposits comprise:		
Trade creditors	1,356	1,395
Other creditors, accruals and deposits	3,283	3,280
Deferred revenue	1,484	1,239
	6,123	5,914

The following is an aging analysis of trade creditors:

	At	At
	30 June	31 December
	2007	2006
	HK\$'000	HK\$'000
0 – 6 months	1,356	1,395

9. Loans from directors

The loans are interest-free, unsecured and not repayable until the Group is in a position to do so. The directors consider the carrying amounts of loans from directors approximate their fair values.

10. Connected and related party transactions

- (a) During the period, the Group had the following transactions with CL International Holdings Limited ("CLIH") and its subsidiaries. CLIH is the controlling shareholder of the Company.

	For the six months	
	ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Provision of IT services to subsidiaries of CLIH	14,388	17,032
Purchases from subsidiaries of CLIH	5,587	7,436

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

- (b) Key management compensation

	For the six months	
	ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Fees for key management personnel	90	90
Salaries, allowances and other benefits in kind	1,528	1,489
Retirement scheme contributions	77	74
	1,695	1,653

11. Segment information

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 two segments, (i) provision of IT services and (ii) supply chain solutions.

	IT Services		Supply chain solutions		Unallocated items		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from								
external customers	17,649	20,522	10,715	10,432	-	-	28,364	30,954
RESULTS								
Segment results	(249)	(783)	1,362	477	(221)	(132)	892	(438)
Interest income	1	16	39	77	1	-	41	93
Finance costs	-	(9)	-	(13)	-	-	-	(22)
Share of net loss of an associate	-	-	(157)	(305)	-	-	(157)	(305)
Profit/(loss) before income tax	(248)	(776)	1,244	236	(220)	(132)	776	(672)
Income tax expense	(15)	(10)	(188)	(75)	(7)	-	(210)	(85)
Profit/(loss) attributable to shareholders	(263)	(786)	1,056	161	(227)	(132)	566	(757)
SEGMENT ASSETS								
Segment assets	8,739	7,629	7,465	7,800	421	1,533	16,625	16,962
SEGMENT LIABILITIES								
Segment liabilities	(2,897)	(3,053)	(3,259)	(5,190)	(2,696)	(2,845)	(8,852)	(11,088)
OTHER INFORMATION								
Depreciation and amortisation	114	100	91	88	5	-	210	188
Capital expenditure incurred during the year	211	50	53	70	-	-	264	120

- (i) Unallocated expenses include administrative expenses incurred by the Company and certain non-operating subsidiaries.
- (ii) Unallocated assets consist of deposits and prepayments and cash and bank balances of the Company and certain non-operating subsidiaries.
- (iii) Unallocated liabilities represent accruals and loans from directors owed by the Company and certain non-operating subsidiaries.

(b) *Geographical segments*

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

	Hong Kong		PRC		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from						
external customers	27,018	29,525	1,346	1,429	28,364	30,954
Segment assets	13,624	13,781	3,001	3,181	16,625	16,962
Capital expenditure						
incurred during the						
Year	208	69	56	51	264	120

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006 Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group recorded an unaudited consolidated turnover of approximately HK\$28,364,000 (for the six months ended 30 June 2006: HK\$30,954,000) for the six months ended 30 June 2007, representing a decrease of approximately 8.4% compared with the corresponding period last year. The unaudited net profit attributable to shareholders amounted to approximately HK\$566,000 (for the six months ended 30 June 2006: net loss of approximately HK\$757,000). The earnings per share for the six months ended 30 June 2007 was HK0.54 cents.

The decrease in turnover was mainly due to the expiry of certain contracts in warranty services outsource under the IT Services business in the third quarter of 2006. On the other hand, the revenue of call center services increased significantly which helped to lessen the decrease in overall revenue. The improvement in the financial results of the Group was mainly attributable to the improvement in profit margin of the IT Services business as well as decrease in share of the loss of an associate. Meanwhile, the selling, distribution and administrative expenses for the period amounted to approximately HK\$7,363,000, representing a decrease of 5.2% compared with the corresponding period last year.

Financial resources and liquidity

As at 30 June 2007, the total assets of the Group were approximately HK\$16,625,000 (at 31 December 2006: HK\$15,374,000) including cash and bank deposits of approximately HK\$2,881,000 (at 31 December 2006: HK\$2,087,000) and debtors, deposits and prepayments of approximately HK\$4,866,000 (at 31 December 2006: HK\$5,809,000).

The Group's current assets were approximately 2.3 times (at 31 December 2006: 2.3 times) over its current liabilities whereas the gearing ratio, representing non-current liabilities over total assets, was 0.14 (at 31 December 2006: 0.15). The Group's non-current liabilities being non-current loans of approximately HK\$2,256,000 (at 31 December 2006: 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 above, the Group did not have any other borrowings during the period under review.

Capital structure

There was no change in the capital structure of the Group for the period ended 30 June 2007.

Foreign exchange

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

Significant investments and acquisitions

There was no material acquisitions and disposals of subsidiaries and affiliated companies of the Group during the period ended 30 June 2007.

Charge on the Group's assets

There was no charge on the Group's assets as at 30 June 2007 (at 31 December 2006: Nil).

Capital commitments

As at 30 June 2007, the Group did not have any future plans for material investment.

Contingent liabilities

As at 30 June 2007, the Group did not have any material contingent liabilities.

Employees and remuneration policies

As at 30 June 2007, the Group had 129 employees (at 31 December 2006: 132). Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

Prospects

There are different challenges and opportunities in the IT services marketplace. Certain services work has become highly price competitive. In order to enhance our competitive edge, we have scaled down the business in warranty service outsource and expanded the business in call center services which offer greater growth potential and better profit margin. As a result, the overall performance of the Group has been improved for the first half of 2007 despite the decrease in revenue. We are confident of the Group's strengths in IT services that enable us to compete effectively. In the meantime, the steady growth in supply chain solutions also makes positive contribution to the Group.

Going forward, the Group will continue to explore new businesses and collaboration opportunities relating to our core competencies, especially in the PRC. As ever we recognise the need for vigilance on costs and the management will continue to exercise strict cost control.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2007, the interests and short positions of the Directors in the securities of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company

Name of director	Capacity in which such interests were held	Number of shares	Percentage of nominal value of share capital
Mr. Fung Pak Chuen, Alphonso ("Mr. Fung") (Note 1)	Interest of a controlled corporation	70,024,802	66.82%
Mr. Lo, Richard ("Mr. Lo") (Note 2)	Interest of spouse	70,024,802	66.82%

1. Win Plus Group Limited ("Win Plus") holds 84% interest in the issued share capital of Aplus Worldwide Limited ("Aplus") and is accordingly taken to have an interest in the 32,337,600 shares of the Company in which Aplus is interested under the SFO. Win Plus also holds approximately 46.2% indirectly in the issued share capital of CLIH and is accordingly taken to have an interest in the 37,687,202 shares of the Company in which CLIH is interested under the SFO. Win Plus is accordingly taken to have an interest in the 70,024,802 shares of the Company in total under the SFO.

Gumpton Investments Limited ("Gumpton"), which holds 100% of the issued share capital of Win Plus, is taken to have an interest in the 70,024,802 shares of the Company in which Win Plus is interested under the SFO.

Both Mr. Fung and Mr. Lo are directors of Aplus, CLIH, Win Plus and Gumpton.

As 50% of the issued share capital of Gumpton is held by AFS Holdings Limited ("AFS"), AFS is taken to have an interest in the 70,024,802 shares of the Company in which Gumpton is interested under the SFO. AFS is wholly-owned by Mr. Fung.

2. Ardian Holdings Limited ("Ardian") has a 50% interest in the issued share capital of Gumpton and is accordingly taken to have an interest in the 70,024,802 shares of the Company in which Gumpton is interested under the SFO. Mr. Lo is a director of Ardian.

Ardian is wholly-owned by General Trust Co. Ltd. ("General Trust"). General Trust is the trustee of Ardian Trust, in which one of the beneficiaries is the spouse of Mr. Lo. Mr. Lo is taken to have an interest in the same 70,024,802 shares of the Company by virtue of his spouse's interest under the SFO.

Save as disclosed above, as at 30 June 2007, none of the Directors of the Company has any interests and short positions in the shares, equity derivatives, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they are deemed or taken to have under such provisions of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, so far as was known to any Director of the Company, persons who have an interest or a short position in the shares, equity derivatives, 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 of the Company

Name of shareholder	Capacity in which such interests were held	Number of shares	Percentage of nominal value of share capital
Aplus	Beneficial owner	32,337,600	30.86%
CLIH	Beneficial owner	37,687,202	35.96%
Adwin Investments Limited (Note 1)	Interest of a controlled corporation	37,687,202	35.96%
Win Plus (Note 2)	Interest of a controlled corporation	70,024,802	66.82%
Gumpton (Note 3)	Interest of a controlled corporation	70,024,802	66.82%
AFS (Note 4)	Interest of a controlled corporation	70,024,802	66.82%
Ardian (Note 4)	Interest of a controlled corporation	70,024,802	66.82%
General Trust (Note 5)	Interest of a controlled corporation	70,024,802	66.82%
Mrs. Fung, Pui Lan, Angela (Note 6)	Interest of spouse	70,024,802	66.82%
Mrs. Lo, Lilian (Note 7)	Beneficiary of trust	70,024,802	66.82%

Notes:

1. Adwin Investments Limited ("Adwin") holds approximately 62.6% interest in the issued share capital of CLIH and is accordingly taken to have an interest in the 37,687,202 shares of the Company in which CLIH is interested under the SFO.
2. Win Plus holds 84% interest in the issued share capital of Aplus as well as approximately 73.8% interest in the issued share capital of Adwin and is accordingly taken to have an interest in the 70,024,802 shares of the Company in total under the SFO.
3. Gumpton, which holds 100% of the issued share capital of Win Plus, is taken to have an interest in the 70,024,802 shares of the Company in which Win Plus is interested under the SFO.
4. Gumpton is owned as to 50% by AFS and 50% by Ardian. Accordingly, AFS and Ardian are each taken to have an interest in the 70,024,802 shares of the Company in which Gumpton is interested under the SFO.
5. Ardian is in turn wholly-owned by General Trust. Therefore, General Trust is taken to have an interest in the 70,024,802 shares of the Company in which Ardian is interested under the SFO.
6. AFS is wholly-owned by Mr. Fung. Mrs. Fung, Pui Lan, Angela, being the spouse of Mr. Fung, is therefore taken to have an interest in the 70,024,802 shares of the Company under the SFO.
7. General Trust is the trustee of Ardian Trust. Mrs. Lo, Lilian, being the spouse of Mr. Lo, is one of the beneficiaries of Ardian Trust and therefore is taken to have an interest in the 70,024,802 shares of the Company in which General Trust is interested under the SFO.

Save as disclosed above, as at 30 June 2007 so far as was known to any Director of the Company, no other persons had an interest or a short position in the shares, equity derivatives, underlying shares or debenture of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

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

There were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the period ended 30 June 2007.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period ended 30 June 2007, the Company had adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding directors' securities transactions.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in Appendix 15 of the GEM Listing Rules (the "Code") throughout the period ended 30 June 2007, except for the following deviation:

Under the code provision B.1.1 of the Code, 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, which constitutes a deviation from code provision B.1.1 of the Code. The Board is in the opinion that establishment of a remuneration committee does not really benefit to the Group after due consideration of the size of the Group and the associated costs involved. According to the current practice of the Company, remuneration of directors are reviewed and approved at regular Board meetings, which have the presence of the independent non-executive directors. In addition, the director will abstain from voting on the relevant board resolution in which he has interest.

AUDIT COMMITTEE

Pursuant to the GEM Listing Rules, the Company has established an Audit Committee with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control procedures of the Group.

The Group's unaudited consolidated results for the six months ended 30 June 2007 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

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

Hong Kong, 10 August 2007

As at the date of this report, 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.