



Computech Holdings Limited
駿科網絡訊息有限公司

(incorporated in the Cayman Islands with limited liability)

**First Quarterly Report
2004**

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 quarterly 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 quarterly report. This quarterly report, for which the directors of Computech Holdings Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Computech Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this quarterly 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 quarterly report misleading; and (3) all opinions expressed in this quarterly report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover was approximately HK\$6,396,000 for the three months ended 31 March 2004.
- The Group recorded a net loss attributable to shareholders of approximately HK\$1,590,000, representing a 73% decrease as compared with the net loss of the corresponding period in 2003.
- The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2004.

RESULTS

The board (the “Board”) of directors (the “Directors”) of Computech Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the company and its subsidiaries (together the “Group”) for the three months ended 31 March 2004 together with the comparative unaudited consolidated figures for the corresponding period in 2003 as follows:

	For the three months ended 31 March 2004	For the three months ended 31 March 2003
	<i>Notes</i>	<i>HK\$'000</i>
Turnover	2	6,396
Cost of sales		(5,891)
		<hr/>
Gross profit		505
Selling and distribution expenses		(84)
Administrative expenses		(2,003)
		<hr/>
Operating loss		(1,582)
Finance costs		(8)
Amortization of goodwill		—
		<hr/>
Loss before income tax		(1,590)
Income tax expense	3	—
		<hr/>
Loss for the period		(1,590)
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Dividend		—
		<hr/>
Loss per share - Basic	4	HK(0.66) cents
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Notes:

1. Basis of preparation

The unaudited consolidated quarterly accounts are prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Society of Accountants and the requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The accounting policies and basis of preparation used in preparing the unaudited consolidated results are consistent with those used in the audited financial statements for the year ended 31 December 2003.

2. Turnover

Turnover represents the invoiced value of packaged software products sold and computer related services rendered, net of discounts, value-added tax and business tax.

3. Income tax expense

No provision for Hong Kong profits tax has been made in these income statements as the Group has no estimated assessable profits for the period.

The Company's PRC subsidiary is under the Income Tax Law of the PRC for Foreign Investment Enterprises and other relevant regulations, entitled to an income tax holiday for two years from the first profit making year of 1996 and a 50% reduction in income tax for the following six years.

4. Loss per share

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

	For the three months ended 31 March 2004 HK\$'000	For the three months ended 31 March 2003 HK\$'000
Loss		
Loss for the period used the calculation of basic loss per share	<u>(1,590)</u>	<u>(5,841)</u>
Shares		
Weighted average number of shares in issue for the purpose of calculation of basic loss per share	<u>240,000,000</u>	<u>240,000,000</u>

5. Movement of reserves

	Share Premium HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2003 (Audited)	19,030	100	(15,619)	3,511
Loss for the period	—	—	(5,841)	(5,841)
At 31 March 2003 (Unaudited)	<u>19,030</u>	<u>100</u>	<u>(21,460)</u>	<u>(2,330)</u>
At 1 January 2004 (Audited)	19,030	100	(42,901)	(23,771)
Loss for the period	—	—	(1,590)	(1,590)
At 31 March 2004 (Unaudited)	<u>19,030</u>	<u>100</u>	<u>(44,491)</u>	<u>(25,361)</u>

6. Segment information

The Group conducted its business within one business segment which is the provision of IT solutions to the financial industry in the PRC. The Group also operates within one geographical segment because over 90% of its revenues are generated from customers located in the PRC. Accordingly, no segment information is presented.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2004 (2003: Nil).

BUSINESS REVIEW AND OUTLOOK

Review

For the three months ended 31 March 2004, the Group recorded an unaudited consolidated turnover of approximately HK\$6,396,000, representing a decrease of approximately 52% as compared with the corresponding period in 2003. The unaudited net loss attributable to shareholders amounted to approximately HK\$1,590,000. This represented a decrease of approximately 73% in the net loss as compared with the corresponding period in 2003. The loss per share for the three months ended 31 March 2004 was HK0.66 cents.

The decrease in turnover of the Group was mainly due to the general weak demand in IT products in the banking sector in the People's Republic of China ("PRC") in the early months of this fiscal year. Meanwhile, the consolidation process of banking sector in centralized purchasing approach and direct dealing with IT product manufacturers is still underway. Our industry is continuously suffering from fierce competition. In view of the market uncertainty in the PRC, the management of the Group is difficult to anticipate the impact on the results in the coming quarters of the year. In order to alleviate the economic hardship, the management will continue to exercise stringent cost control and actively look for new market sectors and niche product areas that offer greater growth potential and better gross profit margins.

Outlook

In view of the continuous economic growth in the PRC and economic rebound in Hong Kong, the Group remains optimistic about our business development in the long run. With increasing foreign direct investments in the PRC, the Group will evaluate the possibility of extending its business coverage by targetting the provision of system solutions and services to multi-national organizations in and outside the banking sector and will commence intensive product development and marketing activities once target industry sectors and suitable products have been identified. The management will continue to explore and develop new and competitive products and look for new business partners to help promote products not currently covered by its existing sales network.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2004, 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 5.40 to 5.58 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 issued	Percentage of nominal value of share capital
Mr. Fung Pak Chuen, Alphonso (<i>Note 1</i>)	Interests of spouse	131,688,000	54.87%
Mr. Lo, Richard (<i>Note 2</i>)	Interest of spouse and child under 18	131,688,000	54.87%

Notes:

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 131,688,000 shares in which Aplus is interested 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 131,688,000 shares in which Win Plus is interested under the SFO.

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 131,688,000 shares in which Gumpton is interested under the SFO.

AFS is wholly-owned by The General Trust Co. Ltd. (“General Trust”). General Trust is the trustee of AFS Trust, one of the beneficiaries of which is the spouse of Mr. Fung Pak Chuen, Alphonso. Mr. Fung Pak Chuen, Alphonso is taken to have an interest in the same 131,688,000 shares by virtue of his spouse’s interest under the SFO.

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 131,688,000 shares in which Gumpton is interested under the SFO.

Ardian is wholly-owned by General Trust. General Trust is the trustee of Ardian Trust, the beneficiaries of which include the spouse and a child (who is under 18 years of age) of Mr. Lo, Richard. Mr. Lo, Richard is taken to have an interest in the same 131,688,000 shares by virtue of his spouse’s and his child’s (who is under 18 years of age) interest under the SFO.

Save as disclosed above, as at 31 March 2004, none of the Directors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.40 to 5.58 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2004, so far as was known to any Director of the Company, persons who have an interest or a short position in the shares or underlying shares 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 any member of the Group were as follows:

Long positions in shares of the Company

Name of Director	Capacity in which such interests were held	Number of shares issued	Percentage of nominal value of share capital
Hitachi, Ltd.	Beneficial owner	60,000,000	25.00%
Aplus	Beneficial owner	131,688,000	54.87%
Win Plus (Note 1)	Interest of a controlled corporation	131,688,000	54.87%
Gumpton (Note 2)	Interest of a controlled corporation	131,688,000	54.87%
AFS (Note 3)	Interest of a controlled corporation	131,688,000	54.87%
Ardian (Note 3)	Interest of a controlled corporation	131,688,000	54.87%
General Trust (Note 4)	Interest of a controlled corporation	131,688,000	54.87%
Mrs. Fung, Pui Lan, Angela (Note 5)	Beneficiary of trust	131,688,000	54.87%
Mrs. Lo, Lilian (Note 6)	Beneficiary of trust	131,688,000	54.87%
Mr. Lo, Theodore (Note 6)	Beneficiary of trust	131,688,000	54.87%

Notes:

1. Win Plus holds 84% interest in the issued share capital of Aplus and is accordingly taken to have an interest in the 131,688,000 shares in which Aplus is interested under the SFO.
2. Gumption, which holds 100% of the issued share capital of Win Plus, is taken to have an interest in the 131,688,000 shares in which Win Plus is interested under the SFO.
3. Gumption is owned as to 50% by AFS and 50% by Ardian. Accordingly, AFS and Ardian are each taken to have an interest in the 131,688,000 shares in which Gumption is interested under the SFO.
4. AFS and Ardian are in turn wholly-owned by General Trust. Therefore, General Trust is taken to have an interest in the 131,688,000 shares in which AFS and Ardian are interested under the SFO.
5. General Trust is the trustee of AFS Trust. Being a beneficiary of AFS Trust, Mrs. Fung, Pui Lan, Angela is taken to have an interest in the 131,688,000 shares in which General Trust is interested under the SFO.
6. General Trust is also the trustee of Ardian Trust. Mrs. Lo, Lilian and Mr. Theodore Lo are beneficiaries of Ardian Trust and therefore are taken to have an interest in the 131,688,000 shares in which General Trust is interested under the SFO.

Save as disclosed above, as at 31 March 2004, the Directors were not aware of any other person (other than the Directors of the Company) who had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

As at 31 March 2004, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

COMPETING INTERESTS

As at 31 March 2004, the Directors are not aware of any business or interest of the directors, the initial management shareholders of the Company and their respective associates, that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

As required by Rule 5.23 of 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 three months ended 31 March 2004 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules throughout the three months ended 31 March 2004.

By order of the Board
Fung Pak Chuen, Alphonso
Chairman

Hong Kong, 7th May, 2004