



COMPUTECH HOLDINGS LIMITED

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8081)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Computech Holdings Limited 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 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 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

QUARTERLY RESULTS

The board (the “Board”) of Directors of Computech Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results (the “Results”) of the Company and its subsidiaries (together the “Group”) for the nine months and three months ended 30 September 2010 together with the comparative unaudited consolidated figures for the corresponding period of 2009. The Results are unaudited but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2010

	<i>Note</i>	Nine months ended 30 September 2010		Three months ended 30 September 2010	
		2010	2009	2010	2009
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	19,921	25,878	6,666	7,394
Cost of sales		(17,073)	(20,574)	(5,610)	(6,170)
Gross profit		2,848	5,304	1,056	1,224
Other income		177	312	23	103
Selling and distribution expenses		–	(39)	–	(12)
Administrative expenses		(12,153)	(7,493)	(8,309)	(2,451)
Loss before income tax		(9,128)	(1,916)	(7,230)	(1,136)
Income tax credit/(expense)	3	–	–	–	57
Total comprehensive loss for the period		<u>(9,128)</u>	<u>(1,916)</u>	<u>(7,230)</u>	<u>(1,079)</u>
Total comprehensive loss for the period attributable to equity holders of the Company		<u>(9,128)</u>	<u>(1,916)</u>	<u>(7,230)</u>	<u>(1,079)</u>
			(restated)		(restated)
Loss per share – Basic (HK cents)	4	<u>(1.14)</u>	<u>(0.30)</u>	<u>(0.89)</u>	<u>(0.14)</u>

MOVEMENT OF RESERVES

For the nine months ended 30 September 2010

	Share premium <i>HK\$'000</i>	Options reserve <i>HK\$'000</i>	Share Warrants reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1/1/2009 (Audited)	3,465	28	1,025	(934)	3,584
Issue of shares	4,926	–	–	–	4,926
Total comprehensive loss for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,916)</u>	<u>(1,916)</u>
At 30/9/2009 (Unaudited)	<u>8,391</u>	<u>28</u>	<u>1,025</u>	<u>(2,850)</u>	<u>6,594</u>
At 1/1/2010 (Audited)	8,380	28	1,025	(5,908)	3,525
Issue of shares	18,575	–	–	–	18,575
Total comprehensive loss for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>(9,128)</u>	<u>(9,128)</u>
At 30/9/2010 (Unaudited)	<u>26,955</u>	<u>28</u>	<u>1,025</u>	<u>(15,036)</u>	<u>12,972</u>

NOTES:

1. BASIS OF PREPARATION

The unaudited accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. They are prepared under the historical cost convention.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company's annual financial statements for the year ended 31 December 2009, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards.

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:

	(Unaudited)	
	For the nine months	
	ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Provision of IT services	<u>19,921</u>	<u>25,878</u>

3. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the period ended 30 September 2010 as there was no assessable profits for the period (2009: nil).

4. LOSS PER SHARE

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

	(Unaudited)		(Unaudited)	
	Nine months		Three months	
	ended 30 September		ended 30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total comprehensive loss attributable to equity holders of the Company for the period	<u>(9,128)</u>	<u>(1,916)</u>	<u>(7,230)</u>	<u>(1,079)</u>
		(restated)		(restated)
Weighted average number of ordinary shares in issue	<u>797,205,598</u>	<u>640,480,933</u>	<u>813,060,033</u>	<u>787,036,301</u>

Diluted earnings per share is not presented for the nine months and three months ended 30 September 2010 as the outstanding potential ordinary shares of the Company are anti-dilutive (2009: Nil).

5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group recorded an unaudited consolidated turnover of approximately HK\$19,921,000 (for the nine months ended 30 September 2009: HK\$25,878,000) for the nine months ended 30 September 2010, representing a decrease of approximately 23% compared with the corresponding period last year. The unaudited comprehensive loss attributable to equity holders amounted to approximately HK\$9,128,000 (for the nine months ended 30 September 2009: HK\$1,916,000). Significant increase in comprehensive loss attributable to equity holders was due to (i) decrease in turnover as a result of termination of call center services with one of the major customers in last corresponding period and (ii) acquisition-related expenses including but not limited to professional fee, financial adviser fee, consultancy fee and valuation fee incurred during the period. The loss per share for the nine months ended 30 September 2010 was approximately HK1.14 cents (for the nine months ended 30 September 2009: HK0.3 cents (restated)).

Prospects

The Company intended in diversifying to mining business. On 2 June 2010, the Company has signed an Acquisition Agreement (as supplemented by the Supplemental Agreement dated 28 July 2010) on acquiring approximately 86% of equity interest on a mining group. The Company considered that the Acquisition is a valuable investment opportunity for the Company to participate in the mineral business which is in line with its investment and business strategy. The completion of the Acquisition is subject to fulfillment or waiver of certain conditions precedent. Furthermore, the Company shall continue its IT business and exercise stringent cost control.

Financial resources

Placing of new shares under current general mandate (the “Placing”)

On 6 August 2010, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has agreed to place a maximum of 100,000,000 Placing Shares to not fewer than six Placees at a price of HK\$0.20 per Placing Share. The Placing was completed on 9 September 2010 in accordance with the terms and conditions of the Placing Agreement. The total number of 100,000,000 new shares of the Company have been issued and allotted by the Company to the placees at price of HK\$0.2 per placing share. The net proceeds from the Placing amount to approximately HK\$19.5 million.

Significant investments and acquisitions

On 2 June 2010, Mr. Lam Fung, Full Harbour International Limited, Monz Investments Limited, Apex Return Sdn Bhd, Debut Supreme Capital Sdn Bhd, Splendid Horizon Sdn Bhd, Fabulous Way Limited and Dragonrider Opportunity Fund L.P. (collectively the “Vendors”) and the Company had entered into the Acquisition Agreement (the “Agreement”) (as supplemented by the Supplemental Agreement dated 28 July 2010) pursuant to which, among other things, (i) the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase the sale shares (“Sale Shares”), representing approximately 86% of the issued share capital of Wiseking Mining Investment Company Limited (the “Target”), and the Sale Loans; (ii) the consideration of the Acquisition is HK\$2,395,601,000 (subject to adjustments), which shall be satisfied by the Company by a combination of cash, issue and allotment of the Consideration CPS and Promissory Notes; and (iii) the Company undertakes in favour of the Vendors that within 30 days after the execution of the Acquisition Agreement, the Company will use its best endeavours, to make a conditional offer to the Remaining Shareholders to acquire the Remaining Shares, representing approximately 14% of the entire issued share capital of the Target, at a total consideration of HK\$282,000,000 by way of cash and/or the Fourth Tranche Promissory Notes. Completion is subject to fulfillment or waiver of certain conditions precedent. Details of the Acquisition refers to announcement dated 28 July 2010.

Save for the Acquisition disclosed above, there was no material acquisition of subsidiaries and affiliated companies of the Group during the period ended 30 September 2010 (at 31 December 2009: Nil).

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2010, 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	Number of shares	Approximate percentage of nominal value of share capital
Mr. Mak Kwong Yiu (“Mr. Mak”)	Beneficial owner	3,131,990	0.35%
Mr. Fung Pak Chuen, Alphonso (“Mr. Fung”) (Note)	Interest of controlled corporations	75,186,015	8.46%

Note:

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 73,782,000 shares of the Company in which Aplus is interested under the SFO. Win Plus also holds approximately 53% directly and indirectly in the issued share capital of CL International Holdings Limited (“CLIH”) and is accordingly taken to have an interest in the 1,404,015 shares of the Company in which CLIH is interested under the SFO. Win Plus is accordingly taken to have an interest in the 75,186,015 shares of the Company in total under the SFO.

Mr. Fung is director of Aplus, CLIH and Win Plus.

As 50% of the issued share capital of Win Plus is held by AFS Holdings Limited (“AFS”), AFS is taken to have an interest in the 75,186,015 shares of the Company under the SFO. AFS is wholly-owned by Mr. Fung.

Save as disclosed above, as at 30 September 2010, 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.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 September 2010, 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 and underlying shares of the Company

Name of shareholder	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholding	Note
Mr. Chui Bing Sun	Beneficial owner	–	69,157,143	69,157,143	7.78%	
	Interest of a controlled corporation	76,800,000	–	76,800,000	8.64%	1
				<u>145,957,143</u>	<u>16.42%</u>	

Name of shareholder	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholding	Note
New Brilliant Investments Limited	Beneficial owner	76,800,000	–	76,800,000	8.64%	1
Asia Financing Limited	Beneficial owner	78,000,000	–	78,000,000	8.77%	
Mr. Cheung Siu Wing	Interest of a controlled corporation	78,000,000	–	78,000,000	8.77%	2
Aplus Worldwide Limited	Beneficial owner	73,782,000	–	73,782,000	8.30%	
Win Plus Group Limited	Interest of controlled corporations	75,186,015	–	75,186,015	8.46%	3
AFS Holdings Limited	Interest of controlled corporations	75,186,015	–	75,186,015	8.46%	4
Ardian Holdings Limited	Interest of controlled corporations	75,186,015	–	75,186,015	8.46%	4
Mr. Fung Pak Chuen, Alphonso	Interest of controlled corporations	75,186,015	–	75,186,015	8.46%	5
Mr. Richard Lo (“Mr. Lo”)	Interest of controlled corporations	75,186,015	–	75,186,015	8.46%	6
Mrs. Fung, Pui Lan, Angela	Interest of spouse	75,186,015	–	75,186,015	8.46%	7
Mrs. Lo Lilian	Interest of spouse	75,186,015	–	75,186,015	8.46%	8
Mr. Kwok Shun Tim	Beneficial owner	–	68,185,714	68,185,714	7.67%	
Mrs. Kwok Yip Nga Wan	Interest of spouse	–	68,185,714	68,185,714	7.67%	9

Notes:

1. New Brilliant Investments Limited is wholly-owned by Mr. Chui Bing Sun.
2. Asia Financing Limited is wholly-owned by Mr. Cheung Siu Wing.
3. Win Plus holds 84% interest in the issued share capital of Aplus and is accordingly taken to have an interest in the 73,782,000 shares of the Company under the SFO. Win Plus also holds approximately 53% directly & indirectly in the issued share capital of CLIH and is accordingly taken to have an interest in the 1,404,015 shares of the Company in which CLIH is interested under the SFO. Therefore, Win Plus is taken to have an interest in the total 75,186,015 shares of the Company under the SFO.
4. Win Plus is owned as to 50% by AFS Holdings Limited and 50% by Ardian Holdings Limited. Accordingly, AFS Holdings Limited and Ardian Holdings Limited are each taken to have an interest in the 75,186,015 shares of the Company in which Win Plus is interested under the SFO.
5. Mr. Fung Pak Chuen, Alphonso is the sole beneficial owner of AFS Holdings Limited, so Mr. Fung is deemed to have an interest in the 75,186,015 shares of the Company.
6. Mr. Lo, Richard is the sole beneficial owner of Ardian Holdings Limited, so Mr. Lo is deemed to have an interest in the 75,186,015 shares of the Company.
7. Mrs. Fung, Pui Lan, Angela (“Mrs. Fung”) is spouse of Mr. Fung. Therefore, Mrs. Fung is deemed to have an interest in the 75,186,015 shares of the Company under the SFO.
8. Mrs. Lo, Lilian (“Mrs Lo”) is spouse of Mr. Lo. Mrs Lo is therefore taken to have an interest in the 75,186,015 shares of the Company under the SFO.
9. Mrs. Kwok Yip Nga Wan (“Mrs. Kwok”) is spouse of Mr. Kwok Shun Tim. Under the SFO, Mrs. Kwok is deemed to have an interest in the 68,185,714 underlying shares of the Company.

Save as disclosed above, as at 30 September 2010 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 September 2010.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period ended 30 September 2010, 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.

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 nine months ended 30 September 2010 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
Mak Kwong Yiu
Executive Director

Hong Kong, 9 November 2010

As at the date of this announcement, the executive Director is Mr. Mak Kwong Yiu. The non-executive Director is Mr. Fung Pak Chuen, Alphonso. The independent non-executive Directors are Mr. Pang Wing Kin, Patrick, 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. This announcement will also be available on the Company's website at www.computech.com.hk.