



COMPUTECH HOLDINGS LIMITED

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8081)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2013**

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

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

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

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

* for identification purposes only

RESULTS

The board (the “**Board**”) of Directors of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (together the “**Group**”) for the three months ended 31 March 2013 (the “**Results**”) together with the comparative unaudited consolidated figures for the corresponding period in 2012 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2013

		Three months ended	
		31 March	
		2013	2012
	Note	HK\$'000	HK\$'000
Revenue	2	47,138	2,805
Cost of inventories sold/services		(45,179)	(1,413)
Direct expenses arising from money lending business		(246)	–
Other income		88	187
Administrative expenses		<u>(2,676)</u>	<u>(5,584)</u>
Operating loss		(875)	(4,005)
Finance costs		<u>(866)</u>	<u>(293)</u>
Loss before income tax		(1,741)	(4,298)
Income tax expense	3	<u>–</u>	<u>–</u>
Loss for the period		(1,741)	(4,298)
Other comprehensive loss		<u>–</u>	<u>–</u>
Total comprehensive loss for the period		<u>(1,741)</u>	<u>(4,298)</u>
Attributable to:			
Owners of the Company		<u>(1,741)</u>	<u>(4,298)</u>
Basic loss per share – (HK cents)	4	<u>(0.31)</u>	<u>(3.54)</u>

Notes to the unaudited condensed consolidated results:

1. BASIS OF PREPARATION

The Results have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKFRSs”) and the disclosure requirements of the GEM Listing Rules.

The Results have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair value. The principal accounting policies used in the preparation of these Results are consistent with those applied in the preparation of audited annual financial statements for the year ended 31 December 2012 with addition for the new and revised HKFRSs which are effective for the Group’s financial year beginning on 1 January 2013. The adoption of these new and revised HKFRSs has no material effect on these Results.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective.

2. REVENUE

Revenue represents the net invoiced value of IT products sold, related IT services rendered and loans interest income.

	Three months ended 31 March	
	2013	2012
	HK\$’000	HK\$’000
Sales of IT products	45,632	1,329
IT service income	130	334
Loans interest income and related income	1,376	1,142
	<u>47,138</u>	<u>2,805</u>

3. INCOME TAX EXPENSE

No provision for the Hong Kong profits tax has been made in these financial statements as the Group had no assessable profit for the period (2012: Nil).

4. BASIC LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Three months ended	
	31 March	
	2013	2012
	HK\$'000	HK\$'000
Loss attributable to owners of the Company	<u>1,741</u>	<u>4,298</u>
		(Restated)
Weighted average number of ordinary shares in issue	557,699,728	1,214,249,326
Effect on shares consolidation on 31 October 2012	<u>–</u>	<u>(1,092,824,394)</u>
	<u>557,699,728</u>	<u>121,424,932</u>

Diluted loss per share is not presented for the three months ended 31 March 2013 as the potential ordinary shares in respect of outstanding convertible notes are anti-dilutive (2012: Nil).

5. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2013 (2012: Nil).

6. CONVERTIBLE NOTES

On 6 March 2012, the Company issued the zero coupon convertible notes (the “Notes”) in the principal amount of HK\$50,000,000 due on 5 March 2015. The holders of the Notes can be able to convert the outstanding principal amount of Notes into ordinary share of the Company at initial conversion price of HK\$0.05 per share (subject to adjustment) at any time from one year after the date of issue of the Notes. In accordance with the terms and conditions of the Notes, as a result of completion of the Share Consolidation and Open Offer, the conversion price has been adjusted to HK\$0.19 per share (subject to adjustment). Details of information were set out in the Company’s circular dated 2 February 2012 and announcements dated 6 March 2012, 31 October 2012 and 3 December 2012 respectively.

The effective interest rate of the liability component of the Notes is 11.38% per annum.

The movement of the principal amount, liability component and equity component of the Notes are as follows:

	31 March 2013 HK\$'000	31 March 2012 HK\$'000
Principal amount of the Notes	50,000	50,000
Equity component	13,809	13,809
Liability component at the beginning of the period	39,587	36,191
Interest expenses	1,111	293
Liability component at the end of the period	40,698	36,484

7. MOVEMENT OF RESERVES

	Share premium Unaudited HK\$'000	Share options reserve Unaudited HK\$'000	Convertible notes reserve Unaudited HK\$'000	Accumulated losses Unaudited HK\$'000	Total Unaudited HK\$'000
At 1.1.2012	58,180	855	–	(46,358)	12,677
Total comprehensive loss for the period	–	–	–	(4,298)	(4,298)
Issue of convertible notes	–	–	13,809	–	13,809
Share-based payments	–	342	–	–	342
At 31.03.2012	58,180	1,197	13,809	(50,656)	22,530
At 1.1.2013	110,004	–	13,809	(66,045)	57,768
Total comprehensive loss for the period	–	–	–	(1,741)	(1,741)
At 31.03.2013	110,004	–	13,809	(67,786)	56,027

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

The Group is principally engaged in (i) the provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products in Hong Kong; and (ii) money lending business in Hong Kong. During the three months ended 31 March 2013 under review, the Group recorded a revenue of approximately HK\$47,138,000 (2012: HK\$2,805,000), representing an increase of 1,580.50% as compared with the corresponding period in 2012. The significant increase in revenue was due to the Group extended its sales of IT products since the second quarter of 2012 following the issuing of zero coupon convertible notes.

IT business

The revenue of IT business for the three months period was approximately HK\$45,762,000 (2012: HK\$1,663,000). During the period under review, the IT business continued to extend the sales of hardware products resulting in an increase in revenue of 2,651.80% compared with the corresponding period in 2012. The Group will continue to attempt to broaden the customer base and diversify the IT products to further strengthen its market position and financial performance.

Money lending business

During the period under review, the loan portfolios comprised of secured and unsecured loans and the revenue from loan interests and related income was approximately HK\$1,376,000, (2012: HK\$1,142,000). The average interest rate charged by the Group during the period was approximately 24% per annum and the credit terms of the outstanding loan granted by the Group to the customers ranged from less than a month to five years. The Group's main focus area will be secondary mortgage and personal loan for customers with good credit record in Hong Kong. The Group will continue to expand the loan portfolios in order to generate a healthy cash flow and steady returns.

Investment Property

As disclosed in the Company's announcement dated 22 March 2013, the Group entered into the sale and purchase agreement (the "**SP agreement**") in relation to the acquisition of the entire issued share capital of Funa Assets Limited (the "**Target**") free from all encumbrances, and together with all rights and benefits attaching thereto at the Consideration of HK\$40,000,000. The principal asset of the Target is the property, which is currently leased to an independent third party. The acquisition constituted a discloseable transaction under the GEM Listing Rules. The transaction was completed on 26 March 2013, the Group will continue to lease the property out in order to receive stable rental income.

Investment in fish breeding business

As disclosed in the Company's announcement dated 25 April 2012, the Group entered into an investment agreement in relation to a fish breeding business. The Group has invested HK\$15,500,000 in the fish breeding business for a term of 20 calendar months with guaranteed return on profit and investment amount. The investment amount has been applied to purchase fish fry and fish feed for the sole purpose of fish breeding at the fish farm in Sabah, Malaysia. The Directors expect the project will be accomplished by January 2014. The Company intends to maintain the investment till the end of investing period. The Directors are not aware of any circumstances which may lead to a failure in meeting the profit guarantee or investment return.

Financial assets at fair value through profit or loss

During the period under review, the Company had disposed all held-for-trading securities and recorded a loss of approximately HK\$239,000.

The administrative expenses of the Group for the three months period ended 31 March 2013 was approximately HK\$2,676,000 (2012: HK\$5,584,000), which comprised mainly staff costs, operating lease rentals, professional fee and loss on disposal of financial assets at fair value through profit and loss. During the period, the Group recorded interest expenses of approximately HK\$1,111,000 (2012: HK\$293,000) for the imputed interest on the zero coupon convertible notes due 2015 in the principal amount of HK\$50 million, of which HK\$245,000 was allocated as direct expenses for money lending business.

The loss attributable to the owners of the Company for the three months period ended 31 March 2013 was approximately HK\$1,741,000 (2012: HK\$4,298,000) and the loss per share was 0.31 HK cents (2012: 3.54 HK cents).

Prospects

The Group is devoted to explore and broaden the existing businesses in order to strengthen our competitiveness and provide business growth potential. The Company will stay focus for the IT business and money lending business in Hong Kong. On 16 April 2013, the Group and the vendors entered into the Sale and Purchase Agreement in relation to the acquisition of a group operating health check centers and laboratories in Hong Kong. In view of the aging population in Hong Kong and the accelerating demand in healthcare services in the local market, it is expected that the proposed acquisition, if materialised, will present a good opportunity for the Group to tap into the medical diagnostic and health check services with an aim of broadening the income base of the Group and to enable the Group to diversify its investment in a business sector with growth potential.

We will continue to explore other investment opportunities for diversifying our business portfolios with the aim of enhancing shareholders' wealth.

Very Substantial Acquisition

As disclosed in the Company's announcement dated 16 April 2013, the Purchaser, the Vendors and the Company entered into the Sale and Purchase Agreement, pursuant to which the Group has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares and the Sale Loan at a total cash consideration of HK\$85,000,000, comprising HK\$17,979,000 for the Sale Shares and HK\$67,021,000 for the Sale Loan on a dollar-for-dollar basis respectively. The Target Group is principally engaged in the provision of medical diagnostic and health check services. The principal assets of the Target Group include nine health check centres and two laboratories in Hong Kong providing one-stop comprehensive medical diagnostic and health check services with advanced imaging technology and full-range laboratory services.

The Consideration has been/will be satisfied by the Purchaser (i) as to HK\$38,000,000 in cash as refundable deposit and was satisfied by the Purchaser within 3 calendar days after signing of the Addendum to the Vendors (being HK\$33,812,000, HK\$3,698,000 and HK\$490,000 to the First Vendor, the Second Vendor and the Third Vendor respectively) under the Addendum; and (ii) as to the remaining balance of HK\$47,000,000 to be paid in cash by the Purchaser to the Vendors (being HK\$41,819,000, HK\$4,574,000 and HK\$607,000 to the First Vendor, the Second Vendor and the Third Vendor respectively) at Completion.

The EGM will be convened and held for the Shareholders to consider and, if through fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. As more time is required for preparing the information for inclusion in the circular, the circular containing, among other things, (i) further details of the Acquisition; (ii) accountant's report of the Target Group; (iii) pro forma financial information on the enlarged Group upon Completion; and (iv) the notice of EGM, will be despatched to the Shareholders on or about 31 May 2013 in accordance with the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (i) were 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, if any, which they were deemed or taken to have under such provisions of the SFO, (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were 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 held	Approximate % to the issued share capital
Mr. Yang Yue Zhou	Beneficial owner	107,381,260	19.25%

Save as disclosed above, as at 31 March 2013, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were 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 were deemed or taken to have under such provisions of the SFO, (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were 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.

SHARE OPTION SCHEME

Under the terms of a share option scheme (the “**Scheme**”) adopted by the Company on 12 November 2010, the Board is authorised, at its absolute discretion, to grant options to eligible participants including any employee, contracted celebrity, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any Director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Group at the time when an option is granted to such employee, or any person who, in the sole discretion of the Board, have contributed or may contribute to the Group.

The purpose of the Scheme is to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economics interest in attaining the long term business objectives of the Company.

No share option was granted and exercised during the periods ended 31 March 2013 and 2012 and no outstanding share option as at 31 March 2013.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTEREST

As at 31 March 2013, so far as was known to any Directors, persons who have an interest or a short position in the shares, 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 shareholders	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate % to the issued share capital
Mr. Yang Yue Zhou	Beneficial owner	107,381,260	–	107,381,260	19.25%
China Gogreen	Beneficial owner	–	263,157,894	263,157,894	47.19%

(Note)

Note: These underlying shares represent the new shares to be issued upon conversion of the Notes due 2015 by China Gogreen Assets Investment Limited (“**China Gogreen**”), currently known as Jun Yang Solar Power Investments Limited, a company whose shares are listed on the Main Board of the Stock Exchange, in the principal amount of HK\$50,000,000 at the adjusted conversion price of HK\$0.19 per share (subject to adjustment).

Save as disclosed above, as at 31 March 2013 so far as was known to any Directors, no other persons had an interest or a short position in the shares, 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 31 March 2013.

COMPETING INTERESTS

As at 31 March 2013, the Directors are not aware of any business or interest of the Directors, the initial management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules), that compete 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period ended 31 March 2013, 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 is committed to achieving and upholding good corporate governance practices that promote greater transparency and quality of disclosure as well as more effective internal control.

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules (the “**Code Provision**”) throughout the period ended 31 March 2013. Detail of the deviation is set out in the relevant section below:

The Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any office with title of “chief executive officer”. The executive Directors undertake the day-to-day management of the Company’s business, whereas the chairman is responsible for management of the Board and strategic planning of the Group. The Board believes that the balance of power and authority is adequately ensured under the existing arrangement and the operations of the Board which comprises experienced and high calibre individuals with a substantial number thereof being non-executive Directors.

The Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. All independent non-executive Directors (“**INEDs**”) do not have specified length of service period and will be continuous to hold offices unless terminated by either party giving to the other not less than one month notice in writing. All INEDs are subject to the provisions of retirement by rotation at annual general meeting under the articles of association accomplishing the same objective as a specific term of appointment.

AUDIT COMMITTEE

An audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provision C.3.3. The Audit Committee must consist of a minimum of three members, all of whom must be non-executive Directors, at least one of whom must have appropriate professional qualification or accounting or related financial management expertise. There are three members in the Audit Committee comprising three INEDs, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing. Mr. Wong Siu Keung, Joe, is the chairman of the Audit Committee.

The primary duties of the audit committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Group's unaudited consolidated results for the three months ended 31 March 2013 have been reviewed by the audit committee, which is of the opinion that the preparation of such Results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure have been made.

By order of the Board
Computech Holdings Limited
Yang Yue Zhou
Chairman

Hong Kong, 10 May 2013

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Yang Yue Zhou, Mr. Mak Kwong Yiu, Mr. Jiang Tan Shan and Mr. Kwok Shun Tim and (ii) three independent non-executive Directors, namely Mr. Wong Siu Keung, Joe, Mr. Wong Ching Yip and Mr. Luk Chi Shing.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for a minimum period of seven days from the date of its publication and on the Company's website at <http://www.computech.com.hk>.