

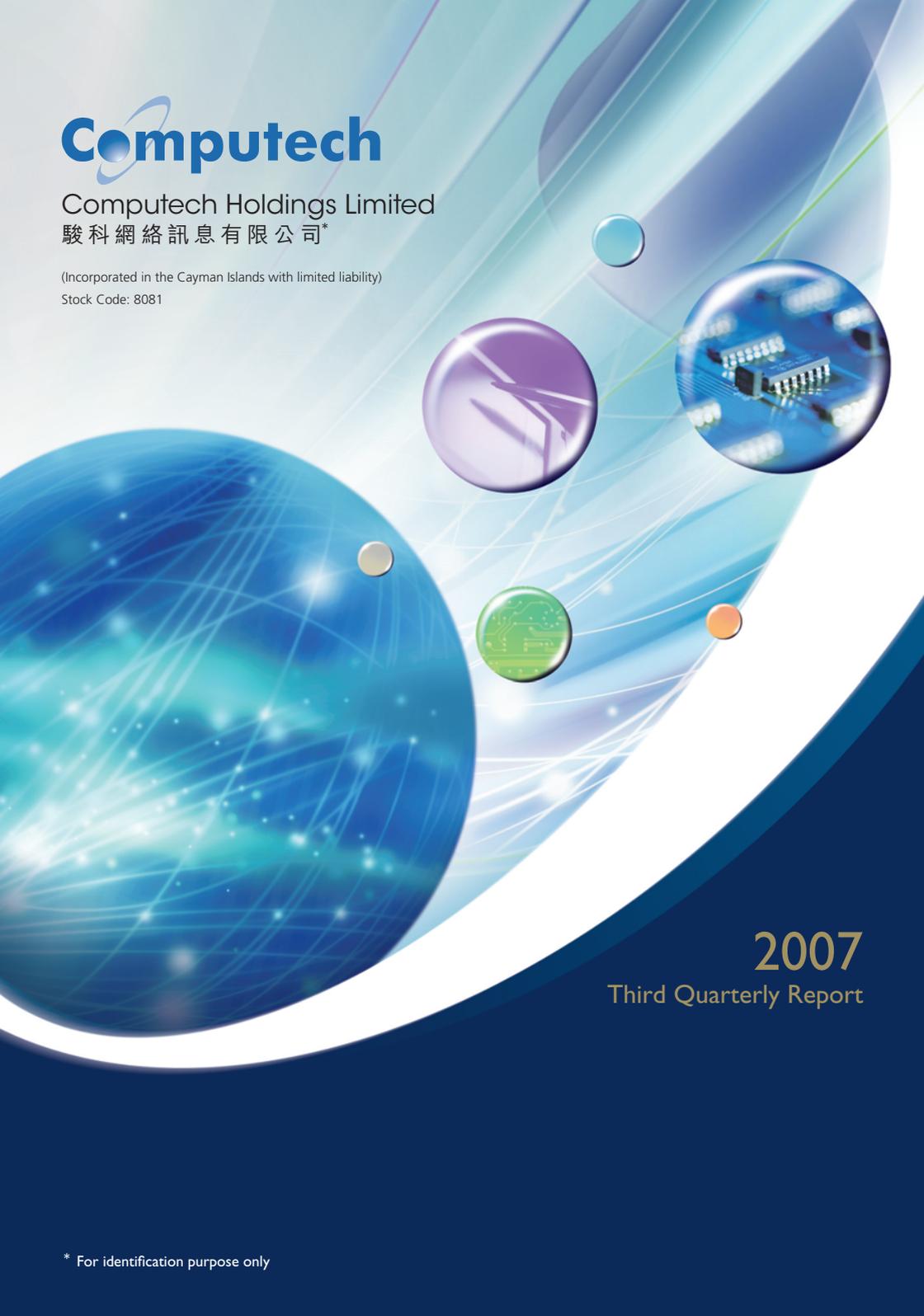
Computech



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8081



2007
Third Quarterly Report

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 “Directors”) 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 (the “GEM Listing Rules”) of the Stock Exchange 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.

RESULTS

The board (the “Board”) of Directors of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the nine months ended 30 September 2007 (“Results”) together with the comparative unaudited consolidated figures for the corresponding period in 2006 as follows:

	Note	For the nine months ended 30 September		For the three months ended 30 September	
		2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	44,938	49,462	16,574	18,508
Cost of sales		(31,768)	(36,934)	(11,659)	(13,306)
Gross profit		13,170	12,528	4,915	5,202
Other income		57	133	16	40
Bad debts		–	(197)	–	(197)
Selling and distribution expenses		(921)	(1,005)	(275)	(357)
Administrative expenses		(10,266)	(10,772)	(3,549)	(3,656)
Operating profit		2,040	687	1,107	1,032
Finance costs		–	(34)	–	(12)
Share of losses of associates		(201)	(396)	(44)	(91)
Profit before income tax		1,839	257	1,063	929
Income tax expense	3	(394)	(197)	(184)	(112)
Profit for the period		1,445	60	879	817
Attributable to:					
Equity holders of the company		1,449	–	883	–
Minority interests		(4)	–	(4)	–
Profit for the period		1,445	–	879	–
Earnings per share					
– Basic (HK cents)	4	1.38	0.06	0.84	0.78

Notes:

1. BASIS OF PREPARATION

The Results have not been audited, but have been reviewed by the Company's audit committee. The Results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (collectively "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and are prepared under the historical cost convention and the disclosure requirements of the GEM Listing Rules.

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

2. TURNOVER

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

3. 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 the Results as the Company's subsidiary operating in the PRC sustained loss for tax purpose during the period.

4. EARNINGS PER SHARE

The calculation of basic earnings per share for the nine months and three months ended 30 September 2007 is based on the Group's net profit attributable to the equity holders of the Company of approximately HK\$1,449,000 and HK\$883,000 respectively (for the nine months and three months ended 30 September 2006: net profit of approximately HK\$60,000 and HK\$817,000 respectively).

The calculation of basic earnings per share is based on the weighted average number of 104,802,000 (2006: 101,158,681) and 104,802,000 (2006: 104,802,000) ordinary shares in issue during the nine months and three months ended 30 September 2007 respectively.

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

5. MOVEMENT OF RESERVES

	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1.1.2006 (Audited)	1,880	4	(2,077)	(193)
Issue of shares	1,760	–	–	1,760
Share issuing expenses	(176)	–	–	(176)
Profit for the period	–	–	60	60
At 30.9.2006 (Unaudited)	3,464	4	(2,017)	1,451
At 1.1.2007 (Audited)	3,465	80	(1,639)	1,906
Exchange reserve arising on translation of a PRC subsidiary	–	92	–	92
Profit for the period	–	–	1,449	1,449
At 30.9.2007 (Unaudited)	3,465	172	(190)	3,447

INTERIM DIVIDEND

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

BUSINESS REVIEW AND OUTLOOK

Review

For the nine months ended 30 September 2007, the Group recorded an unaudited consolidated turnover of approximately HK\$44,938,000 representing a decrease of approximately 9.1% compared with the corresponding period last year. The unaudited net profit attributable to the equity holders of the Company amounted to approximately HK\$1,449,000 (for the corresponding period last year: approximately HK\$60,000). The earnings per share for the nine months ended 30 September 2007 was HK1.38 cents.

The improvement in the financial results of the Group was mainly attributable to the better gross 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\$11,187,000 representing approximately 5% decrease as compared with the corresponding period last year.

Outlook

To enhance the Group's competitiveness and financial performance, we will focus its resources on and further develop its core businesses. As such, the Board decided to dispose the investment in a non-profitable associate company and the transaction was completed in October 2007. The disposal is part of the Group's business reengineering process and is in the best interest of the Group.

As ever the Group will continue to look for new business opportunity in both the PRC and Hong Kong market and will utilise its expertise and connections with its business partners to penetrate into the PRC market.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 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 a controlled corporation	70,024,802	66.82%

Notes:

- 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 CL International Holdings Limited ("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. Ardian is wholly-owned by Mr. Lo.

Save as disclosed above, as at 30 September 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 September 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%
Mrs. Fung, Pui Lan, Angela (Note 5)	Interest of spouse	70,024,802	66.82%
Mrs. Lo, Lilian (Note 6)	Interest of spouse	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. 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.
6. Ardian is wholly-owned by Mr. Lo. Mrs. Lo, Lillian, being the spouse of Mr. Lo, is therefore taken to have an interest in the 70,024,802 shares of the Company under the SFO.

Save as disclosed above, as at 30 September 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 for the nine months ended 30 September 2007.

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 have reviewed the Group's unaudited consolidated results for the nine months ended 30 September 2007, 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, 12 November 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.