



Computech Holdings Limited

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8081

2009

First Quarterly Report



* 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim 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.

RESULTS

The board (the "Board") of Directors of the Company is please to announce the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the three months ended 31 March 2009 ("Results") together with the comparative unaudited consolidated figures for the corresponding period in 2008 as follows.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2009

	Note	For the three months ended 31 March	
		2009 HK\$'000	2008 HK\$'000
Turnover	2	9,356	10,227
Cost of sales		(7,239)	(8,210)
Gross profit		2,117	2,017
Other income		105	26
Selling and distribution expenses		(17)	(41)
Administrative expenses		(2,472)	(1,954)
(Loss) Profit before income tax		(267)	48
Income tax expense	3	(36)	(22)
(Loss) Profit from Continuing Operations		(303)	26
Discontinued Operations			
Profit from discontinued operations		–	563
(Loss) Profit for the period		(303)	589
(Loss) Earnings per share – Basic (HK cents)	4		
From continuing and discounted operations (HK cents)		(0.29)	0.56
From continuing operations (HK cents)		(0.29)	0.02
From discontinued operations (HK cents)		N/A	0.54

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 the disclosure requirements of the GEM Listing Rules.

The unaudited consolidated results have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values.

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 2008.

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 three months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Continuing operations		
Provision of IT services	9,356	10,227
Discontinued operations		
Supply Chain Solutions	—	7,108
	9,356	17,335

3. INCOME TAX EXPENSE

The provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the period.

4. (LOSS) EARNINGS PER SHARE

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

	For the three months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
(Loss) Profit attributable to shareholders of the Company for the period	<u>(303)</u>	<u>589</u>
Attributable to:		
Continuing operations	<u>(303)</u>	<u>26</u>
Discontinued operations	<u>–</u>	<u>563</u>
	Number of shares	
Weighted average number of ordinary shares in issue	<u>104,802,000</u>	<u>104,802,000</u>

Diluted earnings per share is not presented for the three months ended 31 March 2009 as the outstanding potential ordinary shares of the Company had no dilutive effect on the basis loss per share (2008: Nil).

5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2009 (2008: Nil).

6. MOVEMENT OF RESERVES

	Share premium	Translation reserve	Share Options reserve	Warrants reserve	(Accumulated loss)/ Retained profit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1/1/2008 (Audited)	3,465	196	–	–	42	3,703
Translation of financial statements of a PRC subsidiary	–	198	–	–	–	198
Profit for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>589</u>	<u>589</u>
At 31/3/2008 (unaudited)	<u>3,465</u>	<u>394</u>	<u>–</u>	<u>–</u>	<u>631</u>	<u>4,490</u>
At 1/1/2009 (Audited)	3,465	–	28	1,025	(934)	3,584
Loss for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(303)</u>	<u>(303)</u>
At 31/3/2009 (Unaudited)	<u>3,465</u>	<u>–</u>	<u>28</u>	<u>1,025</u>	<u>(1,237)</u>	<u>3,281</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group recorded an unaudited consolidated turnover of approximately HK\$9,356,000 (for the three months ended 31 March 2008: HK\$10,227,000) for the three months ended 31 March 2009, representing a decrease of approximately 9% compared with the corresponding period last year. This was due to a drop in I.T. services contracts as customers were affected by the economic downturn. The unaudited net loss attributable to shareholders amounted to approximately HK\$303,000 (for the three months ended 31 March 2008: net profit of approximately HK\$589,000). The loss per share for the three months ended 31 March 2009 was HK0.29 cents.

Prospects

The Group will remain focus on its I.T. services business and will keep on exploring diversification opportunities.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2009, 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)	Interest of a controlled corporation	44,024,802	42.01%

Note:

Win Plus Group Limited holds 84% interest in the issued share capital of Aplus Worldwide Limited and is accordingly taken to have an interest in the 19,837,600 shares of the Company in which Aplus Worldwide Limited is interested under the SFO. Win Plus Group Limited also holds approximately 53% directly and indirectly in the issued share capital of CL International Holdings Limited and is accordingly taken to have an interest in the 24,187,202 shares of the Company in which CL International Holdings Limited is interested under the SFO. Win Plus Group Limited is accordingly taken to have an interest in the 44,024,802 shares of the Company in total under the SFO.

Mr. Fung is director of Aplus Worldwide Limited, CL International Holdings Limited and Win Plus Group Limited.

As 50% of the issued share capital of Win Plus Group Limited is held by AFS Holdings Limited, AFS Holdings Limited is taken to have an interest in the 44,024,802 shares of the Company under the SFO. AFS Holdings Limited is wholly-owned by Mr. Fung.

Long positions in the underlying shares of the Company

Pursuant to the share option scheme adopted by the Company on 2 June 2000, one Director in the capacity as beneficial owners was granted share options to subscribe for shares of the Company, details of which as at 31 March 2009 were as follows:

Name of Director	Date of grant	Number of share options	Exercise price HK\$	Exercise period	Number of share options outstanding as at 31 March 2009
Mak Kwong Yiu, Mark	5 September 2008	500,000	0.56	5 September 2008 – 4 September 2011	500,000

Save as disclosed above, as at 31 March 2009, 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 31 March 2009, 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 the issued share capital of the Company
Aplus Worldwide Limited	Beneficial owner	19,837,600	18.93%
CL International Holdings Limited	Beneficial owner	24,187,202	23.08%
Adwin Investments Limited (Note 1)	Interest of a controlled corporation	24,187,202	23.08%
Win Plus Group Limited (Note 2)	Interest of a controlled corporation	44,024,802	42.01%
AFS Holdings Limited (Note 3)	Interest of a controlled corporation	44,024,802	42.01%
Ardian Holdings Limited (Note 3)	Interest of a controlled corporation	44,024,802	42.01%
Mr. Fung Pak Chuen, Alphonso (Note 4)	Interest of a controlled corporation	44,024,802	42.01%
Mr. Lo, Richard (Note 5)	Interest of a controlled corporation	44,024,802	42.01%
Mrs. Fung, Pui Lan, Angela (Note 6)	Interest of spouse	44,024,802	42.01%
Mrs. Lo, Lilian (Note 7)	Interest of spouse	44,024,802	42.01%
New Brilliant Investments Limited (Note 8)	Beneficial owner	10,400,000	9.92%
20/20 International Limited (Note 8)	Interest of a controlled corporation	10,400,000	9.92%
Mr. Chui Bing Sun (Note 8)	Interest of a controlled corporation	10,400,000	9.92%
Asia Financing Limited (Note 9)	Beneficial owner	10,400,000	9.92%
Mr. Cheung Siu Wing (Note 9)	Interest of a controlled corporation	10,400,000	9.92%

Notes:

1. Adwin Investments Limited holds approximately 67.86% interest in the issued share capital of CL International Holdings Limited and is accordingly taken to have an interest in the 24,187,202 shares of the Company in which CL International Holdings Limited is interested under the SFO.
2. Win Plus Group Limited holds 84% interest in the issued share capital of Aplus Worldwide Limited as well as approximately 73.77% interest in the issued share capital of Adwin Investments Limited and is accordingly taken to have an interest in the 44,024,802 shares of the Company in total under the SFO.
3. Win Plus Group Limited 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 44,024,802 shares of the Company in which Win Plus Group Limited is interested under the SFO.
4. 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 44,024,802 shares of the Company.
5. Mr. Lo, Richard is the sole beneficial owner of Ardian Holdings Limited, so Mr. Lo is deemed to have an interest in the 44,024,802 shares of the Company.
6. AFS Holdings Limited 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 44,024,802 shares of the Company under the SFO.
7. Ardian Holdings Limited is wholly owned by Mr. Lo, Mrs. Lo, Lilian, being the spouse of Mr. Lo, is therefore taken to have an interest in the 44,024,802 shares of the Company under the SFO.
8. As 80% of the issue share capital of New Brilliant Investments Limited is held by 20/20 International Limited and Mr. Chui Bing Sun holds approximately 70.4% interest in the issued share capital of 20/20 International Limited. Accordingly, 20/20 International Limited and Mr. Chui Bing Sun are deemed to be interested in the 10,400,000 Shares held by New Brilliant Investments Limited.
9. Asia Financing Limited is wholly-owned by Mr. Cheung Siu Wing.

Long positions in the underlying shares of the Company

Name of shareholder	Capacity in which such interests were held	Description of derivatives	Number of warrants	Percentage of the issued share capital of the Company
Mr. Chui Bing Sun	Beneficial owner	Warrants (Note)	20,900,000	19.94%

Note:

On 6 September 2008, the Company entered into a service agreement with Mr. Chui Bing Sun (the "Agent") pursuant to which the Agent is appointed for providing service for the business of the Group. In consideration of the performance of the service to be rendered by the Agent, the Company granted the warrants, which is exercisable at any time during the period of three years commencing from 30 September 2008, to subscribe for 20,900,000 shares at the exercise price of HK\$0.46 per share.

Save as disclosed above, as at 31 March 2009 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 31 March 2009.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period ended 31 March 2009, 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 31 March 2009, except for the following deviation:

The Code 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 at present have any office with the title "chief executive officer". The general manager of each business unit of the Company undertakes 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 independent non-executive directors.

Code B.1.1 stipulates that 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 as required by this 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 three months ended 31 March 2009 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, 11 May 2009

As at the date of this report, the executive Directors are Mr. Fung Pak Chuen, Alphonso and Mr. Mak Kwong Yiu, Mark. The independent non-executive Directors are Mr. Pang Wing Kin, Patrick, Mr. Chung Kong Fei, Stephen and Mr. Ng Chik Sum, Jackson.