

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
Report

2010



* For identification purpose only

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

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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 report, 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 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 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 Computech Holdings Limited (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 2010 (the "Results") together with the comparative unaudited consolidated figures for the corresponding period in 2009 as follows.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2010

| | Note | For the three months ended 31 March | |
|---|------|-------------------------------------|------------------|
| | | 2010 HK\$'000 | 2009 HK\$'000 |
| Turnover | 2 | 6,890 | 9,356 |
| Cost of sales | | (5,965) | (7,239) |
| Gross profit | | 925 | 2,117 |
| Other income | | 107 | 105 |
| Selling and distribution expenses | | – | (17) |
| Administrative expenses | | (1,964) | (2,472) |
| Loss before income tax | | (932) | (267) |
| Income tax expense | 3 | – | (36) |
| Loss for the period | | (932) | (303) |
| Loss for the period attributable to equity holders of the Company | | (932) | (303) |
| Loss per share – Basic (HK cents) | 4 | (0.12) | (0.04) |

1. BASIS OF PREPARATION

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 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 as modified by any impairment loss identified. 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 2009.

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 | |
|-----------------|--|----------|
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Services Income | 6,857 | 9,309 |
| Sales | 33 | 47 |
| | 6,890 | 9,356 |

3. INCOME TAX EXPENSE

The provision for Hong Kong Profits Tax for 2010 is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the period.

4. LOSS PER SHARE

Basic loss per share is calculated by dividing the Group's loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The basic loss per share for the period is based on the following data:

| | Three months ended 31 March | |
|---|--|---------------------------|
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Loss attributable to equity holders of the Company | <u><u>(932)</u></u> | <u><u>(303)</u></u> |
| | Number of shares | |
| Weighted average number of ordinary shares in issue | <u><u>789,146,990</u></u> | <u><u>765,590,401</u></u> |

Diluted loss per share is not presented for the three months ended 31 March 2010 as the potential ordinary shares of the Company in respect of outstanding warrants are anti-dilutive. (2009: Nil).

5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2010 (2009: Nil).

6. MOVEMENT OF RESERVES

| | Share premium HK\$'000 | Share Options reserve HK\$'000 | Warrants reserve HK\$'000 | Accumulated loss HK\$'000 | Total HK\$'000 |
|--------------------------|------------------------------|---|---------------------------------|---------------------------------|-------------------|
| At 1/1/2009 (Audited) | 3,465 | 28 | 1,025 | (934) | 3,584 |
| Loss for the period | <u>–</u> | <u>–</u> | <u>–</u> | <u>(303)</u> | <u>(303)</u> |
| At 31/3/2009 (Unaudited) | <u>3,465</u> | <u>28</u> | <u>1,025</u> | <u>(1,237)</u> | <u>3,281</u> |
| At 1/1/2010 (Audited) | <u>8,380</u> | <u>28</u> | <u>1,025</u> | <u>(5,908)</u> | <u>3,525</u> |
| Loss for the period | <u>–</u> | <u>–</u> | <u>–</u> | <u>(932)</u> | <u>(932)</u> |
| At 31/3/2010 (Unaudited) | <u>8,380</u> | <u>28</u> | <u>1,025</u> | <u>(6,840)</u> | <u>2,593</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

Computech's unaudited consolidated turnover decreased by approximately 26% or HK\$2,466,000 to approximately HK\$6,890,000 for the three months ended 31 March 2010 compared with the corresponding period of last year. The fall in turnover was due to a keen competition in the I.T. services industry. In line with the reduction of Group's turnover, the Group's administrative expenses fell by approximately 21% or HK\$508,000 to approximately HK\$1,964,000, compared with same period of 2009. The unaudited net loss attributable to shareholders amounted to approximately HK\$932,000, compared with approximately HK\$303,000 loss in the same period in 2009. The loss per share for the period ended 31 March 2010 was HK 0.12 cents.

Prospects

In view of current volatile and uncertain economic condition, the Group will focus on its existing core business of I.T. services and vigilantly control of the administrative expenditure. In order to strength the Group's business growth, the Group will continue to seek opportunities of business diversification.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 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 ordinary shares held | Approximate % of shareholding |
|---|-------------------------------------|--------------------------------|-------------------------------|
| Mr. Mak Kwong Yiu | Beneficial owner | 3,131,990 | 0.40% |
| Mr. Fung Pak Chuen, Alphonso ("Mr. Fung") | Interest of controlled corporations | 75,186,015 | 9.53% |

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 deemed 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 Holdings Limited is taken to have an interest in the 75,186,015 shares of the Company under the SFO. 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.

Save as disclosed above, as at 31 March 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 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 | 8.76% | 1 |
| | Interest of a controlled corporation | 78,000,000 | – | 78,000,000 | 9.88% | |
| | | | | <u>147,157,143</u> | <u>18.64%</u> | |
| New Brilliant Investments Limited | Beneficial owner | 78,000,000 | – | 78,000,000 | 9.88% | 1 |
| Asia Financing Limited | Beneficial owner | 78,000,000 | – | 78,000,000 | 9.88% | |
| Mr. Cheung Siu Wing | Interest of a controlled corporation | 78,000,000 | – | 78,000,000 | 9.88% | 2 |
| CL International Holdings Limited | Beneficial owner | 1,404,015 | – | 1,404,015 | 0.18% | 3 |
| Adwin Investments Limited | Interest of a controlled corporation | 1,404,015 | – | 1,404,015 | 0.18% | |
| Aplus Worldwide Limited | Beneficial owner | 73,782,000 | – | 73,782,000 | 9.35% | 4 |
| Win Plus Group Limited | Interest of controlled corporations | 75,186,015 | – | 75,186,015 | 9.53% | |
| AFS Holdings Limited | Interest of controlled corporations | 75,186,015 | – | 75,186,015 | 9.53% | 5 |
| Ardian Holdings Limited | Interest of controlled corporations | 75,186,015 | – | 75,186,015 | 9.53% | 5 |
| Mr. Fung Pak Chuen, Alphonso | Interest of controlled corporations | 75,186,015 | – | 75,186,015 | 9.53% | 6 |
| Mr. Richard Lo ("Mr. Lo") | Interest of controlled corporations | 75,186,015 | – | 75,186,015 | 9.53% | 7 |
| Mrs. Fung, Pui Lan, Angela | Interest of spouse | 75,186,015 | – | 75,186,015 | 9.53% | 8 |
| Mrs. Lo Lilian | Interest of spouse | 75,186,015 | – | 75,186,015 | 9.53% | 9 |
| Legend Wisdom Limited | Beneficial owner | 75,000,000 | – | 75,000,000 | 9.50% | 10 |
| Mr. Chan Hon Ping ("Mr. Chan") | Interest of a controlled corporation | 75,000,000 | – | 75,000,000 | 9.50% | |
| Mrs. Chan Wan So Kuen, Kitty | Interest of spouse | 75,000,000 | – | 75,000,000 | 9.50% | 10 |
| Mr. Kwok Shun Tim | Beneficial owner | – | 68,185,714 | 68,185,714 | 8.64% | 11 |
| Ms. Kwok Yip Nga Wan | Interest of spouse | – | 68,185,714 | 68,185,714 | 8.64% | |

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. Adwin Investments Limited holds approximately 67.86% interest 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.
4. Win Plus holds 84% interest in the issued share capital of Aplus 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 75,186,015 shares of the Company in total under the SFO.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. Legend Wisdom Limited is wholly-owned by Mr. Chan. Mrs. Chan Wan So Kuen, Kitty ("Mrs. Chan") is spouse of Mr. Chan. Under the SFO, Mr. Chan and Mrs. Chan are each deemed to have an interest in the 75,000,000 shares of the Company.
11. 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 31 March 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 31 March 2010.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period ended 31 March 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.

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 2010, except for the following deviations:

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 offices with the title "chief executive officer" and/or "chairman". The general manager of each business unit of the Company undertakes the day-to-day management of the Company's business, whereas the executive director 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 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, 12 May 2010

As at the date of this report, 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.