



## 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 2012**

#### **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 purpose only

## RESULTS

The board (the “**Board**”) of Directors of the Company announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “**Group**”) for the three months ended 31 March 2012 (the “**Results**”) together with the comparative unaudited consolidated figures for the corresponding period in 2011 as follows.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months ended 31 March 2012*

		<b>For the three months ended 31 March</b>	
		<b>2012</b>	2011
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Turnover	2	<b>2,805</b>	6,035
Cost of sales		<b>(1,413)</b>	(4,951)
Gross profit		<b>1,392</b>	1,084
Other income		<b>187</b>	1
Administrative expenses		<b>(5,584)</b>	(9,771)
Finance cost	6	<b>(293)</b>	—
Loss before income tax		<b>(4,298)</b>	(8,686)
Income tax expenses	3	<b>—</b>	—
Loss for the period		<b>(4,298)</b>	(8,686)
Other comprehensive loss		<b>—</b>	—
Total comprehensive loss for the year		<b>(4,298)</b>	(8,686)
Attributable to:			
Owners of the Company		<b>(4,298)</b>	(8,686)
Basic loss per share — (HK cents)	4	<b>(0.35)</b>	(0.94)

## 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 2011 with addition for the new and revised HKFRSs which are effective for the Group’s financial year beginning on 1 January 2012. 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. TURNOVER

Turnover represents the net invoiced value of goods sold and related computer services rendered and loans interest income. An analysis of the Group’s turnover is as follows:

	<b>For the three months ended 31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Services Income	<b>334</b>	5,757
Sales	<b>1,329</b>	278
Loans interest income	<b>1,142</b>	—
	<b><u>2,805</u></b>	<b><u>6,035</u></b>

### 3. INCOME TAX EXPENSE

No provision for the Hong Kong profits tax has been made as the Group had no assessable profit for the period (2011: 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.

	<b>Three months ended 31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Loss attributable to owners of the Company	<b><u>4,298</u></b>	<b><u>8,686</u></b>
	<b>Number of shares</b>	
Weighted average number of ordinary shares in issue	<b><u>1,214,249,326</u></b>	<b><u>919,296,469</u></b>

Diluted loss per share is not presented for the three months ended 31 March 2012 as the potential ordinary shares on share options and convertible notes are anti-dilutive (2011: Nil).

## 5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2012 (2011: 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 million due 2015 and the maturity date of 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.

The fair value of the liability component and equity component are determined at the issuance of the Notes. The fair value of the liability component is included in the non-current liabilities. The effective interest rate of the liability component is 11.38% and the interest expenses will be charged to income statement over the Notes periods. The fair value of equity component is included in the owner’s equity and denoted as convertible notes reserve.

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

	<i>HK\$’000</i>
Principal amount of the Notes	50,000
Equity component	(13,809)
Liability component	36,191
Interest expenses	293
	<hr/>
At 31 March 2012	<u>36,484</u>

## 7. MOVEMENT OF RESERVES

	Share premium Unaudited <i>HK\$’000</i>	Share options reserve Unaudited <i>HK\$’000</i>	Warrants reserve Unaudited <i>HK\$’000</i>	Convertible notes reserve Unaudited <i>HK\$’000</i>	Accumulated losses Unaudited <i>HK\$’000</i>	Total Unaudited <i>HK\$’000</i>
At 1.1.2011	29,634	—	843	—	(20,261)	10,216
Total comprehensive loss for the period	<hr/> —	<hr/> —	<hr/> —	<hr/> —	<hr/> (8,686)	<hr/> (8,686)
At 31.3.2011	<u>29,634</u>	<u>—</u>	<u>843</u>	<u>—</u>	<u>(28,947)</u>	<u>1,530</u>
At 1.1.2012	58,180	855	—	—	(46,358)	12,677
Total comprehensive loss for the period	<hr/> —	<hr/> —	<hr/> —	<hr/> —	<hr/> (4,298)	<hr/> (4,298)
Issue of convertible notes	<hr/> —	<hr/> —	<hr/> —	<hr/> 13,809	<hr/> —	<hr/> 13,809
Share-based payments	<hr/> —	<hr/> 342	<hr/> —	<hr/> —	<hr/> —	<hr/> 342
At 31.03.2012	<u>58,180</u>	<u>1,197</u>	<u>—</u>	<u>13,809</u>	<u>(50,656)</u>	<u>22,530</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business and financial review**

During the three month period ended 31 March 2012 under review, the Group recorded a turnover of approximately HK\$2,805,000 (2011: HK\$6,035,000). The fall in turnover was due to the expiration of the service agreement regarding certain IT related service with CL International Holdings Limited.

#### **IT business**

The turnover of IT business for the three month period ended 31 March 2012 amounted to approximately HK\$1,663,000 (2011: HK\$6,035,000), which accounted for 59% (2011: 100%) of the Group's turnover.

#### **Money lending business**

The Group commenced the money lending business in the third quarter of 2011, the turnover for the three month period ended 31 March 2012 amounted to approximately HK\$1,142,000 and accounted for 41% (2011: nil) of the Group's turnover.

The administrative expenses of the Group for the three month period ended 31 March 2012 was approximately HK\$5,584,000 (2011: HK\$9,771,000), which mainly comprised staff costs, operating lease rentals, professional fee and share-based payments. During the period, the Group recorded an increase in finance costs of approximately HK\$293,000 (2011: nil) for the imputed interest expenses on the zero coupon convertible notes due 2015 in the principal amount of HK\$50 million.

The loss for the three month period ended 31 March 2012 attributable to owners of the Company amounted to approximately HK\$4,298,000, compared with approximately HK\$8,686,000 in the same period in 2011. The loss per share was HK0.35 cents (2011: HK0.94 cents).

#### **Prospects**

The Group is devoted to explore and broaden the existing business in order to strengthen our competitiveness and provide business growth potential. The Company will continue to explore other investment opportunities for diversifying its business portfolios with the aim of enhancing shareholders' wealth.

## **Events after the ended of reporting period**

### **(i) Investment in fish breeding business**

On 25 April 2012, the Company announced that the Group and the Target Company entered into an Investment Agreement, pursuant to which the Group has agreed to invest the Investment Amount in the Target Company in relation to the Fish Farm Business for a term of 20 calendar months from the date of the Investment.

The Board considers that there is a significant demand in good quality fishes in Asian markets. In light of the terms of the Investment, the Period, the Profit Sharing ratio and the Minimum Profit Guarantee, given the current business environment, the Board is of the view that the Investment will provide a good diversification opportunity, and an additional stable income stream and reasonable returns to the Group. All conditions precedent has been fulfilled and the Investment Amount was paid on 4 May 2012. Details of information were set out in the Company's announcements dated 25 April 2012, 30 April 2012 and 2 May 2012 respectively.

### **(ii) Placing of new shares**

On 30 April 2012 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 180,000,000 Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

A maximum of 180,000,000 Placing Shares under the Placing represents approximately 14.82% of the existing issued share capital of the Company of 1,214,249,326 Shares as at the date of the announcement and approximately 12.91% of the issued share capital of 1,394,249,326 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,800,000. Details of information were set out in the Company's announcement dated 30 April 2012.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2012, 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 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, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which 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	268,453,158	22.11%

Save as disclosed above, as at 31 March 2012, 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 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, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which 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 may, at its absolute discretion, 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.

On 17 May 2011, the Company granted a total of 36,400,000 share options to subscribe for a total of 36,400,000 new ordinary shares of HK\$0.01 each in the share capital of the Company, to four eligible participants who are consultants of the Company, namely Mr. Chui Bing Sun, Mr. Chui Tak Keung, Duncan, Ms. Ma Pun Sai, Betsy and Mr. Law Yee Man under which 9,100,000 share options were granted to the each of the eligible participant.

The details of the share options granted by the Company for the period and the outstanding of share option granted as at 31 March 2012 were as follows:

<b>Category</b>	<b>Exercise price</b>	<b>Exercise period</b>	<b>Outstanding as at 1 January 2012</b>	<b>Exercised during the period</b>	<b>Outstanding as at 31 March 2012</b>
Consultants	HK\$0.144	17 May 2011 to 16 May 2014	36,400,000	—	36,400,000

Under the period of review, no share options were granted, cancelled, lapsed or forfeited and exercised during the three months ended 31 March 2012.

The fair value of 36,400,000 share options are measured based on Black-Scholes option pricing model at the share options granted with following assumptions.

Fair value at the date of grant	HK\$0.0438
Closing share price at the date of grant	HK\$0.144
Exercise price	HK\$0.144
Expected volatility	66.11%
Expected average share option life	2 years
Expected annual dividend yield	NIL
Risk-free interest rate per annum	0.34%



## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST

As at 31 March 2012, 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	Approximate % to the issued share capital
Mr. Yang Yue Zhou	Beneficial owner	268,453,158	—	22.11%
Mr. Tam Siu Ki	Beneficial owner	—	880,000,000 <sup>(note)</sup>	72.47%

*Note:* These underlying shares represent the new shares to be issued upon conversion of the Notes due 2015 by Mr. Tam Siu Ki in the principal amount of HK\$44,000,000 at the initial conversion price of HK\$0.05 per Share (subject to adjustment).

Save as disclosed above, as at 31 March 2012 so far as was known to any Director of the Company, 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 2012.

## COMPETING INTERESTS

As at 31 March 2012, 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 2012, 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 2012, 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 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 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**

The audit committee comprises three INEDs, namely Mr. Wong Siu Keung, Joe, being the chairman of the audit committee, Mr. Wong Ching Yip and Mr. Luk Chi Shing. The primary duties of the audit committee are 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 2012 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, 14 May 2012

*As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Yang Yue Zhou, Mr. Mak Kwong Yiu and Mr. Jiang Tan Shan 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 7 days from the date of its publication and on the Company’s website at <http://www.computeck.com.hk>.*