



## COMPUTECH HOLDINGS LIMITED

駿科網絡訊息有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8081)**

### THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 high 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**", and each a "**Director**") 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 the 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

## THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (together the “**Group**”) for the nine months and three months ended 30 September 2013 (the “**Results**”), together with the unaudited comparative figures for the corresponding period of 2012 as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the nine months and three months ended 30 September 2013*

	Notes	Nine months ended 30 September		Three months ended 30 September	
		<b>2013 Unaudited HK\$'000</b>	2012 Unaudited HK\$'000	<b>2013 Unaudited HK\$'000</b>	2012 Unaudited HK\$'000
Revenue	2	<b>52,288</b>	48,928	<b>1,310</b>	28,811
Cost of inventories sold/services		<b>(47,546)</b>	(44,106)	<b>(27)</b>	(26,735)
Direct expenses arising from money lending business		<b>(370)</b>	(392)	<b>(28)</b>	(372)
Other income		<b>1,578</b>	236	<b>1,489</b>	22
Administrative expenses		<b>(9,622)</b>	(16,641)	<b>(4,294)</b>	(6,009)
Operating loss		<b>(3,672)</b>	(11,975)	<b>(1,550)</b>	(4,283)
Finance costs		<b>(3,125)</b>	(2,075)	<b>(1,136)</b>	(755)
Loss before income tax		<b>(6,797)</b>	(14,050)	<b>(2,686)</b>	(5,038)
Income tax expenses	3	<b>(222)</b>	–	<b>(222)</b>	–
Loss for the period		<b>(7,019)</b>	(14,050)	<b>(2,908)</b>	(5,038)
Other comprehensive loss		–	–	–	–
Total comprehensive loss for the period		<b>(7,019)</b>	(14,050)	<b>(2,908)</b>	(5,038)
Attributable to:					
– Owners of the Company		<b>(7,019)</b>	(14,050)	<b>(2,908)</b>	(5,038)
Basic loss per share (HK cents)	5	<b>(1.26)</b>	(10.76)	<b>(0.52)</b>	(3.61)

Notes to the unaudited condensed consolidated statements:

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 the Group’s audited financial statements for the year ended 31 December 2012, except for the adoption of 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 and related income.

An analysis of the Group’s revenue is as follows:

	Nine months ended 30 September		Three months ended 30 September	
	<b>2013</b> <b>Unaudited</b> <b>HK\$’000</b>	2012 Unaudited HK\$’000	<b>2013</b> <b>Unaudited</b> <b>HK\$’000</b>	2012 Unaudited HK\$’000
Sales of IT products	<b>48,007</b>	44,330	–	26,946
IT services income	<b>200</b>	1,169	<b>70</b>	405
Loans interest and related income	<b>4,081</b>	3,429	<b>1,240</b>	1,460
	<b>52,288</b>	48,928	<b>1,310</b>	28,811

### 3. INCOME TAX EXPENSES

	Nine months ended 30 September		Three months ended 30 September	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>Unaudited</b> <b>HK\$'000</b>	Unaudited HK\$'000	<b>Unaudited</b> <b>HK\$'000</b>	Unaudited HK\$'000
Current tax:				
– Hong Kong Profit Tax	<b>26</b>	–	<b>26</b>	–
– Under-provision in prior years	<b>196</b>	–	<b>196</b>	–
<b>Total income tax recognized in profit or loss</b>	<b>222</b>	–	<b>222</b>	–

Hong Kong profits tax is calculated at 16.5% of estimated assessable profit for the period ended 30 September 2013.

No provision for Hong Kong profits tax has been made for the nine months ended 30 September 2012 as there was no estimated assessable profit for the period.

### 4. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2013 (2012: Nil).

### 5. 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.

	Nine months ended 30 September		Three months ended 30 September	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>Unaudited</b> <b>HK\$'000</b>	Unaudited HK\$'000	<b>Unaudited</b> <b>HK\$'000</b>	Unaudited HK\$'000
Loss attributable to owners of the Company	<b>(7,019)</b>	(14,050)	<b>(2,908)</b>	(5,038)

	Number of shares			
Weighted average number of ordinary shares in issue	<b>557,699,728</b>	1,305,563,195	<b>557,699,728</b>	1,394,249,326
Effect on shares consolidation on 31 October 2012	–	(1,175,006,875)	–	(1,254,824,393)
	<b>557,699,728</b>	130,556,320	<b>557,699,728</b>	139,424,933

Diluted loss per share is not presented for the nine months and three months ended 30 September 2013 as the potential ordinary shares of the Company in respect of outstanding convertible notes are anti-dilutive (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 are entitled to convert the outstanding principal amount of the Notes into ordinary shares of the Company at initial conversion price of HK\$0.05 per share (subject to adjustments) 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 the adjustment to the conversion price and the number of shares to be issued in respect of the Notes upon completion of the share consolidation and the open offer of 418,274,796 shares of the Company, the conversion price has been adjusted to HK\$0.19 per share (subject to adjustments). Details 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.

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

The movement of the liability component of the Notes for the nine months ended 30 September 2013 is as follows:

	<b>30 September 2013</b>
	<b>Unaudited</b>
	<b>HK\$’000</b>
Liability component at the beginning of the period	<b>39,587</b>
Interest expenses	<b>3,369</b>
Liability component at the end of the period	<b>42,956</b>

## 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
Issue of shares	12,836	–	–	–	12,836
Share-based payments	–	684	–	–	684
Lapse of share options	–	(1,539)	–	1,539	–
Recognition of equity components of convertible notes issued	–	–	13,809	–	13,809
Total comprehensive loss for the period	–	–	–	(14,050)	(14,050)
<b>At 30.9.2012</b>	<b>71,016</b>	<b>–</b>	<b>13,809</b>	<b>(58,869)</b>	<b>25,956</b>
At 1.1.2013	<b>110,004</b>	–	<b>13,809</b>	<b>(66,045)</b>	<b>57,768</b>
Total comprehensive loss for the period	–	–	–	<b>(7,019)</b>	<b>(7,019)</b>
<b>At 30.9.2013</b>	<b>110,004</b>	<b>–</b>	<b>13,809</b>	<b>(73,064)</b>	<b>50,749</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business review

Currently, the Group is principally engaged in three business segments (i) provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products in Hong Kong; (ii) money lending business in Hong Kong and (iii) provision of medical diagnostic and health check services. During the nine months ended 30 September 2013 under review (the “**Period Under Review**”), the Group recorded a turnover of approximately HK\$52,288,000 (2012: HK\$48,928,000), representing a steady increase of approximately 7% compared with the corresponding period in 2012.

## IT business

The revenue of IT business for the Period Under Review was approximately HK\$48,207,000 (2012: HK\$45,499,000), representing an increase of approximately 6% compared with the corresponding period in 2012. However, competition in sales of hardware products remains fierce. The Group aims to improve the profit margin of the Group by investing more resources on IT software products rather than on the sales of IT hardware products which generate lower profit margin. The Group will explore the feasibility in developing software products including but not limited to financial-related software, online games, mobile games as well as their related service offerings.

For this purpose, as disclosed in the Company’s announcement dated 2 October 2013, Absolutely Talent Technology Limited, a wholly-owned subsidiary of the Company and ChinaQFii Company Limited entered into a joint venture agreement (the “**JV Agreement**”) to form a joint venture company (the “**JV Company**”) engaging in research, development, operation and management of web-based platform for deal sourcing and matching services. The JV Company will also provide information regarding project investment and fund investment and such other businesses as may be agreed by the parties to the JV Agreement. The Group, through the joint venture investment, will be able to expose to opportunities in these areas with a view to bringing more returns to the shareholders of the Company.

## 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\$4,081,000, (2012: HK\$3,429,000). The average interest rate charged by the Group during the period was approximately 22% per annum and the credit terms of the outstanding loan granted by the Group to the customers ranged from three months to eight 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 portfolio in order to generate a healthy cash flow and steady returns. No provision for the impairment of loan receivable was considered necessary during the period.

The Directors consider that the demand for money lending (in particular in the area of property re-financing and personal loan) in Hong Kong is rising and the business can provide a steady income stream to the Group. The Group will focus on the target market of property re-financing and personal loan for customers with good credit record. The Group intends to maintain the existing loan portfolios scale with a prudent manner in order to generate a healthy cash flow and steady returns and will pay close attention to the market conditions so as to capture other business opportunities.

## Health check business

On 16 April 2013, the Group entered into a conditional sale and purchase agreement to acquire Luck Key Investment Limited and its subsidiaries (the "**Target Group**"), which is a group principally engaged in provision of medical diagnostic and health check services in Hong Kong. Completion of such acquisition took place on 30 September 2013. The acquisition falls in line with the Group's plan to broaden the income base of the Group, providing a good opportunity for the Group to tap into the medical diagnostic and health check services. The Directors are reviewing the operations of health check centers and the entire healthcare industry to formulate a long term development plan.

## Investment property

As disclosed in the Company's announcement dated 22 March 2013, the Group entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of Funa Assets Limited ("**Funa Assets**") at a consideration of HK\$40,000,000. The principal asset of Funa Assets is the investment property in Hong Kong (the "**Investment Property**") which is currently leased to an independent third party. The Group will continue to lease the Investment Property out in order to receive stable rental income. The Directors expect that the investment property of the Group will be making steady contributions to the cash flow and revenue, and as a result of the administrative measures adopted by the Government (including the Special Stamp Duty and the Buyer's Stamp Duty) at the end of 2012, the Board is of the view that the property market shall become stable and the Company intends to continue the property investment business in order to receive stable rental income.



## **Investment in fish breeding business**

On 25 April 2012, the Group entered into an investment agreement with Enrich Marine Sdn. Bhd. (“**EMSB**”) in relation to a fish breeding business for a term of 20 calendar months with guaranteed return on profit.

On 18 July 2013, the Group entered into a deed of novation with Keep Profit Development Limited (“**Keep Profit**”), a new investor, and EMSB, pursuant to which the Group agreed to novate, from the date of the deed of novation, its rights and obligations in and under the investment agreement to Keep Profit at a consideration of HK\$16,740,000. The Group recorded a book gain (subject to audit) of HK\$1,240,000 as a result of the novation which represents the difference between the consideration and the investment amount. The novation represents a good opportunity for the Group to realize the investment under the investment agreement with a fair and reasonable 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 (2012: unrealised fair value loss of approximately HK\$484,000).

The administrative expenses of the Group for the Period Under Review was approximately HK\$9,622,000 (2012: HK\$16,641,000), which comprised mainly staff costs, operating lease rentals and professional fee. During the Period Under Review, the Group recorded finance costs of approximately HK\$3,125,000 (2012: HK\$2,075,000) for the imputed interest expenses on the zero coupon convertible notes due on 2015 in the principal amount of HK\$50 million, of which approximately HK\$244,000 (2012: HK\$283,000) was allocated as direct expenses for money lending business.

The loss attributable to the owners of the Company for the Period Under Review was approximately HK\$7,019,000 (2012: HK\$14,050,000) and the loss per share was approximately HK1.26 cents (2012: HK10.76 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 continue to focus on the IT and money lending business in Hong Kong. The Board will also review the operations of medical diagnostic and health check business and devise a long term development plan. We will continue to explore other investment opportunities for diversifying our business portfolios with the aim of enhancing shareholders' wealth.

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

As at 30 September 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 (the "SFO")) which (i) were recorded in the register required to be kept under Section 352 of the SFO; or (ii) were otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in rule 5.46 of the GEM Listing Rules 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 30 September 2013, none of the Directors or chief executive 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 recorded in the register required to be kept under Section 352 of the SFO; or (ii) were otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in rule 5.46 of the GEM Listing Rules.

## 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 nine months ended 30 September 2013 and there was no outstanding share option as at 30 September 2013.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30 September 2013, persons, other than Directors or chief executive of the Company, who have an interest or a short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by 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 shares held	Number of underlying shares held	Total	Approximate % to the issued share capital
Jun Yang Solar	Beneficial owner	–	263,157,894 (note)	263,157,894	47.19%

Note: These underlying shares represent the new shares to be issued upon conversion of the Notes due 2015 by Jun Yang Solar Power Investments Limited (“**Jun Yang Solar**”) (formerly known as China Gogreen Assets Investment Limited) Stock code: 397, 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 adjustments).

Save as disclosed above, as at 30 September 2013, no person, other than the Directors or chief executive of the Company, has an interest or a short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## 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 nine months ended 30 September 2013.

## COMPETING INTERESTS

As at 30 September 2013, the Directors are not aware of any business or interest of the Directors, the controlling 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 nine months ended 30 September 2013, the Company has 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 nine months ended 30 September 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 (the "**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 the INEDs are subject to the provisions of retirement by rotation at annual general meeting under the articles of association of the Company accomplishing the same objective as a specific term of appointment.

The Code Provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Mr. Yang Yue Zhou as the chairman of the Board was absent from the annual general meeting of the Company held on 15 May 2013 due to an out-of-town business travel. Mr. Kwok Shun Tim, an executive Director of the Company, chaired the annual general meeting.

## 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, and 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 nine months ended 30 September 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*

11 November 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>.*