

First Quarterly Report
2006



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)

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.

HIGHLIGHTS

- Turnover was approximately HK\$16,608,000 for the three months ended 31 March 2006.
- The Group recorded a net profit attributable to shareholders of approximately HK\$198,000 for the three months ended 31 March 2006, representing a decrease of approximately 69.7% compared with the corresponding period last year.
- The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2006.

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 three months ended 31 March 2006 together with the comparative unaudited consolidated figures for the corresponding period in 2005 as follows:

	Notes	For the three months ended 31 March	
		2006 HK\$'000	2005 HK\$'000
Turnover	2	16,608	20,014
Cost of sales		(12,283)	(13,854)
Gross profit		4,325	6,160
Other income		93	9
Selling and distribution expenses		(359)	(313)
Administrative expenses		(3,524)	(5,057)
Operating profit		535	799
Finance costs		(20)	(16)
Share of losses less profits of associates		(124)	–
Profit before income tax		391	783
Income tax expense	3	(193)	(129)
Profit attributable to shareholders		198	654
			Restated
Earnings per share – Basic	4	HK0.04 cents	HK0.22 cents

Notes:

1. Basis of preparation

The unaudited consolidated quarterly accounts 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 ("HKICPA") and are prepared under the historical cost convention and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The accounting policies and basis of preparation used in preparing the unaudited consolidated results are consistent with those used in the audited financial statements for the year ended 31 December 2005.

2. Turnover

Turnover represents the invoiced value of IT services rendered and supply chain solutions, 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 this income statement as the Company's subsidiary operating in the PRC sustained losses for tax purpose during the period.

4. Earnings per share

The calculation of basic earnings per share for the three months ended 31 March 2006 was based on the Group's net profit of approximately HK\$198,000 (for the three months ended 31 March 2005: net profit of approximately HK\$654,000) and the weighted average number of 480,000,000 ordinary shares in issue during the three months period. The Company completed a rights issue exercise in May 2005 on the basis of one rights share for every one ordinary share held at an issue price of HK\$0.02 per rights share. As such, the comparative figures of basic earnings per share for three months ended 31 March 2005 were re-calculated based on the adjusted weighted average of 291,764,706 shares, as adjusted to reflect the rights issue deemed to be in issue during the period.

The Company did not have dilutive potential shares for the three months ended 31 March 2006 (2005: Nil).

5. Movement of reserves

	Share premium HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2005 (Audited)	19,030	100	(54,742)	(35,612)
Capital Reduction	(19,030)	–	40,630	21,600
Profit for the period	–	–	654	654
At 31 March 2005 (Unaudited)	–	100	(13,458)	(13,358)
At 1 January 2006 (Audited)	1,880	4	(2,077)	(193)
Profit for the period	–	–	198	198
At 31 March 2006 (Unaudited)	1,880	4	(1,879)	5



INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2006 (2005: Nil).

BUSINESS REVIEW AND OUTLOOK

Review

For the three months ended 31 March 2006, the Group recorded an unaudited consolidated turnover of approximately HK\$16,608,000, representing a decrease of approximately 17.0% compared with the corresponding period last year. The unaudited net profit attributable to shareholders amounted to approximately HK\$198,000, representing a decrease of approximately 69.7% compared with the corresponding period last year. The earnings per share for the three months ended 31 March 2006 was HK0.04 cents.

The decrease in turnover was mainly due to the decrease in revenue in the Call Center and Warranty Outsource under the IT services businesses. The decrease in net profit was mainly attributable to high labour cost incurred in service provision as well as share of loss of an associate. Meanwhile, the selling, distribution and administrative expenses has decreased by approximately 27.7% compared with the corresponding period last year, which was resulted from stringent cost control of the Group.

Outlook

We expect that IT services and supply chain solutions, the two areas in which the Group now focuses its resources on, to make steady contributions to the Group for the year. Despite the increasing competition in IT services, the Group possesses the experienced project management teams, the efficient operation systems and the strong customer base that will enhance its competitive edge in the market.

With regard to the supply chain solutions, we envisage that the market in the People's Republic of China ("PRC") remains robust in 2006. This will result in the growth in demand for automated data collection hardware as well as distribution and logistics management software and offers good opportunities for the Group's supply chain solutions business. The Group will continue to strengthen its sales and support teams in the PRC in order to enhance its market share in the distribution, manufacturing and transportation industries.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2006, 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)	Interests of spouse	380,124,011	79.19%
Mr. Lo, Richard ("Mr. Lo") (Note 2)	Interests of spouse	380,124,011	79.19%

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 191,688,000 shares 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 188,436,011 shares in which CLIH is interested under the SFO. Win Plus is accordingly taken to have an interest in the 380,124,011 shares 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 380,124,011 shares 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 380,124,011 shares in which Gumpton is interested under the SFO. Mr. Fung is a director of AFS.

AFS is wholly-owned by The General Trust Co. Ltd. ("General Trust"). General Trust is the trustee of AFS Trust, in which one of the beneficiaries is the spouse of Mr. Fung. Mr. Fung is taken to have an interest in the same 380,124,011 shares by virtue of his spouse's interest under the SFO.

- 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 380,124,011 shares in which Gumpton is interested under the SFO. Mr. Lo is a director of Ardian.

Ardian is wholly-owned by General Trust. General Trust is the trustee of Ardian Trust, in which one of the beneficiaries is the spouse of Mr. Lo. Mr. Lo is taken to have an interest in the same 380,124,011 shares by virtue of his spouse's interest under the SFO.

Save as disclosed above, as at 31 March 2006, 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 2006, 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	191,688,000	39.93%
CLIH	Beneficial owner	188,436,011	39.26%
Adwin Investments Limited (Note 1)	Interest of a controlled corporation	188,436,011	39.26%
Win Plus (Note 2)	Interest of a controlled corporation	380,124,011	79.19%
Gumpton (Note 3)	Interest of a controlled corporation	380,124,011	79.19%
AFS (Note 4)	Interest of a controlled corporation	380,124,011	79.19%
Ardian (Note 4)	Interest of a controlled corporation	380,124,011	79.19%
General Trust (Note 5)	Interest of a controlled corporation	380,124,011	79.19%
Mrs. Fung, Pui Lan, Angela (Note 6)	Beneficiary of trust	380,124,011	79.19%
Mrs. Lo, Lilian (Note 7)	Beneficiary of trust	380,124,011	79.19%

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 188,436,011 shares 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 380,124,011 shares 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 380,124,011 shares 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 380,124,011 shares in which Gumpton is interested under the SFO.
5. AFS and Ardian are in turn wholly-owned by General Trust. Therefore, General Trust is taken to have an interest in the 380,124,011 shares in which AFS and Ardian are interested under the SFO.
6. General Trust is the trustee of AFS Trust. Mrs. Fung, Pui Lan, Angela, being the spouse of Mr. Fung, is one of the beneficiaries of AFS Trust and therefore is taken to have an interest in the 380,124,011 shares in which General Trust is interested under the SFO.
7. General Trust is also the trustee of Ardian Trust. Mrs. Lo, Lilian, being the spouse of Mr. Lo, is one of the beneficiaries of Ardian Trust and therefore is taken to have an interest in the 380,124,011 shares in which General Trust is interested under the SFO.

Save as disclosed above, as at 31 March 2006 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

As at 31 March 2006, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

COMPETING INTERESTS

As at 31 March 2006, the Directors are not aware of any business or interest of the directors, the initial management shareholders of the Company and their respective associates, that competes 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.

AUDIT COMMITTEE

As required by rules 5.28 to 5.29 of 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 2006 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, 12 May 2006

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.