



# Computech Holdings Limited

駿科網絡訊息有限公司\*

(Incorporated in the Cayman Islands with limited liability)



First Quarterly Report 2005

駿科

# Computech

\* 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.

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### **HIGHLIGHTS**

- Turnover was approximately HK\$20,014,000 for the three months ended 31 March 2005.
- The Group recorded a net profit attributable to shareholders of approximately HK\$654,000 for the three months ended 31 March 2005, representing an improvement as compared to a net loss of approximately HK\$1,590,000 in the same period last year.
- The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2005.

**RESULTS**

The board (the "Board") of directors (the "Directors") of Computech Holdings Limited (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 2005 together with the comparative unaudited consolidated figures for the corresponding period in 2004 as follows:

		<b>For the three months ended 31 March</b>	
		<b>2005</b>	2004
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Turnover	2	<b>20,014</b>	6,396
Cost of sales		<b>(13,854)</b>	(5,891)
Gross profit		<b>6,160</b>	505
Other income		<b>9</b>	-
Selling and distribution expenses		<b>(313)</b>	(84)
Administrative expenses		<b>(5,057)</b>	(2,003)
Operating profit/(loss)		<b>799</b>	(1,582)
Finance costs		<b>(16)</b>	(8)
Profit/(loss) before income tax		<b>783</b>	(1,590)
Income tax expense	3	<b>(129)</b>	-
Profit/(loss) attributable to shareholders		<b>654</b>	(1,590)
Dividend		<b>-</b>	-
Earnings/(loss) per share - Basic	4	<b>HK0.27 cents</b>	HK(0.66) cents

Notes:

**1. Basis of preparation**

The unaudited consolidated quarterly accounts are prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited ("GEM Listing Rules").

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 2004.

**2. Turnover**

Turnover represents the invoiced value of packaged software products sold, 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 subsidiaries operating in PRC sustained losses for tax purpose during the period.

**4. Earnings/(loss) per share**

The calculation of basic earnings/(loss) per share for the three months ended 31 March 2005 was based on the Group's net profit of approximately HK\$654,000 (2004: loss of approximately HK\$1,590,000) and the weighted average number of 240,000,000 ordinary shares in issue during the three months period (2004: 240,000,000).

The Company did not have dilutive potential shares for the three months ended 31 March 2005 (2004: Nil).

5. Movement of reserves

	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2004 (Audited)	19,030	100	(42,901)	(23,771)
Loss for the period	-	-	(1,590)	(1,590)
At 31 March 2004 (Unaudited)	<u>19,030</u>	<u>100</u>	<u>(44,491)</u>	<u>(25,361)</u>
At 1 January 2005 (Audited)	19,030	100	(54,742)	(35,612)
Capital reorganisation	(19,030)	-	40,630	21,600
Profit for the period	-	-	654	654
At 31 March 2005 (Unaudited)	<u>-</u>	<u>100</u>	<u>(13,458)</u>	<u>(13,358)</u>

During the three months ended 31 March 2005, the Group undertook a capital reorganisation which involved:

- (i) to reduce the share capital of the Company by canceling issued and paid up capital to the extent of HK\$0.09 on each of shares in issue and by reducing the nominal value of all issued and unissued shares from HK\$0.10 each to HK\$0.01 each;
- (ii) to cancel the share premium account;
- (iii) to apply the credit arising from the capital reduction and cancellation of the share premium account to set off the accumulated losses of the Company, which amounted to approximately HK\$45,642,000 as shown in the audited financial statements of the Company for the year ended 31st December 2004, and
- (iv) to cancel 684,000,000 unissued share of HK\$0.10 each in the share capital of the Company and each remaining unissued shares of HK\$0.10 each in the share capital of the Company be subdivided into 10 unissued new shares of HK\$0.01 each.

After the capital reduction became effective, the authorised share capital of the Company became HK\$10,000,000 divided into 1,000,000,000 new shares of HK\$0.01 each, of which 240,000,000 new shares of HK\$0.01 each were in issue.

**INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2005 (2004: Nil).

**BUSINESS REVIEW AND OUTLOOK****Review**

For the three months ended 31 March 2005, the Group recorded an unaudited consolidated turnover of approximately HK\$20,014,000, representing an increase of approximately 213% as compared with the corresponding period in 2004. The unaudited net profit attributable to shareholders amounted to approximately HK\$654,000, representing an improvement as compared with the net loss of HK\$1,590,000 in same period last year. The earnings per share for the three months ended 31 March 2005 was HK0.27 cents.

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The improvement in the financial results of the Group was mainly due to the contribution from the business segments of IT services and supply chain solutions, which were commenced in the fourth quarter of 2004. During the period under review, the aggregate contribution of these two business segments in terms of turnover and operating profit amounted to approximately HK\$19,461,000 and HK\$1,133,000 respectively. Meanwhile, to cope with the Group's business expansion, selling and administrative expenses has increased to approximately HK\$5,370,000, representing an increase of approximately 157% as compared with the same period last year.

**Outlook**

We envisage that the trend of outsourcing of IT services among governmental and large commercial institutions will continue to grow. The Group will continue to work closely with its business partners to secure outsourcing jobs in the areas such as warranty and maintenance services, manpower secondment, technical hotline support and project roll-outs.

There are also increasing number of organizations in China and Hong Kong which are in the process of streamlining and improving their operations. This results 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 China and Hong Kong in order to enhance its market share in the distribution, manufacturing and transportation industries.

### DIRECTORS' INTERESTS IN SECURITIES

As at 31 March, 2005, 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	371,688,000	77.44%
Mr. Lo, Richard ("Mr. Lo") (Note 2)	Interests of spouse	371,688,000	77.44%



*Notes:*

1. 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 371,688,000 shares in which Aplus is interested 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 371,688,000 shares in which Win Plus is interested under the SFO.

Both Mr. Fung and Mr. Lo are directors of Aplus, 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 371,688,000 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 371,688,000 shares by virtue of his spouse's interest under the SFO.

2. 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 371,688,000 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 371,688,000 shares by virtue of his spouse's interest under the SFO.

Save as disclosed above, as at 31 March, 2005, 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, 2005, 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***

<b>Name of shareholder</b>	<b>Capacity in which such interests were held</b>	<b>Number of shares</b>	<b>Percentage of nominal value of share capital</b>
Hitachi, Ltd.	Beneficial owner	60,000,000	12.5%
Aplus (Note 1)	Beneficial owner	371,688,000	77.44%
Win Plus (Note 2)	Interest of a controlled corporation	371,688,000	77.44%

<b>Name of shareholder</b>	<b>Capacity in which such interests were held</b>	<b>Number of shares</b>	<b>Percentage of nominal value of share capital</b>
Gumpton (Note 3)	Interest of a controlled corporation	371,688,000	77.44%
AFS (Note 4)	Interest of a controlled corporation	371,688,000	77.44%
Ardian (Note 4)	Interest of a controlled corporation	371,688,000	77.44%
General Trust (Note 5)	Interest of a controlled corporation	371,688,000	77.44%
Mrs. Fung, Pui Lan, Angela (Note 6)	Beneficiary of trust	371,688,000	77.44%
Mrs. Lo, Lilian (Note 7)	Beneficiary of trust	371,688,000	77.44%

*Notes:*

- On 27 January 2005, the Company proposed a rights issue of 240,000,000 rights shares (the "Rights Shares") on one Rights Share for every one existing share held. Aplus, which is also the underwriter, has undertaken to take up 131,688,000 Rights Shares which will be provisionally allotted to it and has also underwritten 108,312,000 Rights Shares, being the 240,000,000 Rights Shares less 131,688,000 Rights Shares which Aplus has undertaken to accept. Aplus is therefore taken to have an interest in the 371,688,000 shares under the SFO.
- Win Plus holds 84% interest in the issued share capital of Aplus and is accordingly taken to have an interest in the 371,688,000 shares in which Aplus is interested under the SFO.

3. Gumpton, which holds 100% of the issued share capital of Win Plus, is taken to have an interest in the 371,688,000 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 371,688,000 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 371,688,000 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 371,688,000 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 371,688,000 shares in which General Trust is interested under the SFO.

Save as disclosed above, as at 31 March, 2005 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 2005, 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 2005, 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 2005 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 2005