



Computech Holdings Limited

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8081



2008
First Quarterly Report

* 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.

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.

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 2008 together with the comparative unaudited consolidated figures for the corresponding period in 2007 as follows:

	Note	For the three months ended 31 March	
		2008 HK\$'000	2007 HK\$'000
Turnover	2	17,335	14,737
Cost of sales		(12,751)	(10,578)
Gross profit		4,584	4,159
Other income		37	26
Selling and distribution expenses		(236)	(341)
Administrative expenses		(3,634)	(3,357)
Operating profit		751	487
Share of losses of associates		–	(78)
Profit before income tax		751	409
Income tax expense	3	(162)	(103)
Profit for the period		589	306
Attributable to:			
Shareholders of the Company		589	–
Minority interests		–	–
Profit for the period		589	–
Earnings per share – Basic (HK cents)	4	0.56	0.29

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, Hong Kong Accounting Standards and Interpretation issued by the Hong Kong Institute of Certified Public Accountants and are prepared under the disclosure requirements of the 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 2007.

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

The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period. Overseas taxation represents the income tax of a subsidiary in the People's Republic of China ("PRC") which is subject to the Income Tax Law of the PRC for Enterprises with Foreign Investment. The provision for PRC enterprise income tax for 2008 is calculated at 25% (2007: 33%) of the estimated assessable profits for the period.

4. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2008 was based on the Group's net profit of approximately HK\$589,000 (for the three months ended 31 March 2007: net profit of approximately HK\$306,000) and the weighted average number of 104,802,000 ordinary shares (2007: 104,802,000) in issue during the three months period.

The Company did not have dilutive potential shares for the three months ended 31 March 2008 (2007: Nil).

5. MOVEMENT OF RESERVES

	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated Losses/ Retained profit <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1.1.2007 (Audited)	3,465	80	(1,639)	1,906
Translation of financial statements of a PRC subsidiary	–	16	–	16
Profit for the period	–	–	306	306
At 31.3.2007 (Unaudited)	3,465	96	(1,333)	2,228
At 1.1.2008 (Audited)	3,465	196	42	3,703
Translation of financial statements of a PRC subsidiary	–	198	–	198
Profit for the period	–	–	589	589
At 31.3.2008 (Unaudited)	3,465	394	631	4,490

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2008 (2007: Nil).

BUSINESS REVIEW AND OUTLOOK

Review

For the three months ended 31 March 2008, the Group recorded an unaudited consolidated turnover of approximately HK\$17,335,000 representing an increase of approximately 17.6% compared with the corresponding period last year. The unaudited net profit attributable to shareholders amounted to approximately HK\$589,000, representing an increase of approximately 92.5% compared with the corresponding period last year. The earnings per share for the three months ended 31 March 2008 was HK0.56 cents.

The increase in turnover and net profit was mainly due to renewal of certain IT services with new pricing basis. It was also attributable to the fulfillment of certain sizeable orders for RFID systems and mobile computing equipments which were confirmed last year.

Outlook

The business of the Group's supply chain solutions continues to be challenging. While certain sizeable supply chain solutions projects have been completed in the first quarter of 2008, further sizeable orders have yet to be identified. As the management does not foresee any positive change in the business environment of supply chain solutions, the Company has decided to dispose of the supply chain solutions business so as to focus its skills and resources on its core competence in IT services business. On 25 April 2008, the company entered into certain disposal agreements with a connected party through its wholly-owned subsidiaries. The company has also published an announcement on 2 May 2008 to disclose the details of such transaction. With a view to enhance the Group's competitiveness and financial performance, the directors believe that to dispose of the supply chain solutions business is in the interests of the Company and the Shareholders as a whole. To strive for sustainable growth, the Group, leveraging on its existing core competence, will continue looking for viable new business opportunities.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2008, 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)	Interest of a controlled corporation	70,024,802	66.82%
Mr. Lo, Richard ("Mr. Lo") (Note 2)	Interest of a controlled corporation	70,024,802	66.82%

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 32,337,600 shares of the Company in which Aplus is interested under the SFO. Win Plus also holds approximately 47.3% indirectly in the issued share capital of CL International Holdings Limited ("CLIH") and is accordingly taken to have an interest in the 37,687,202 shares of the Company in which CLIH is interested under the SFO. Win Plus is accordingly taken to have an interest in the 70,024,802 shares of the Company in total under the SFO.

Both Mr. Fung and Mr. Lo are directors of Aplus, CLIH and Win Plus.

As 50% of the issued share capital of Win Plus is held by AFS Holdings Limited ("AFS"), AFS is taken to have an interest in the 70,024,802 shares of the Company under the SFO. AFS is wholly - owned by Mr. Fung.

2. As 50% of the issued share capital of Win Plus is held by Ardian Holdings Limited ("Ardian"), Ardian is taken to have an interest in the 70,024,802 shares of the Company under the SFO. Ardian is wholly - owned by Mr. Lo.

Save as disclosed above, as at 31 March 2008, 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 2008, 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	32,337,600	30.86%
CLIH	Beneficial owner	37,687,202	35.96%
Adwin Investments Limited (Note 1)	Interest of a controlled corporation	37,687,202	35.96%
Win Plus (Note 2)	Interest of a controlled corporation	70,024,802	66.82%
AFS (Note 3)	Interest of a controlled corporation	70,024,802	66.82%
Ardian (Note 3)	Interest of a controlled corporation	70,024,802	66.82%
Mrs. Fung, Pui Lan, Angela (Note 4)	Interest of spouse	70,024,802	66.82%
Mrs. Lo, Lilian (Note 5)	Interest of spouse	70,024,802	66.82%

Notes:

1. Adwin Investments Limited (“Adwin”) holds approximately 64.1% interest in the issued share capital of CLIH and is accordingly taken to have an interest in the 37,687,202 shares of the Company 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 70,024,802 shares of the Company in total under the SFO.
3. Win Plus is owned as to 50% by AFS and 50% by Ardian. Accordingly, AFS and Ardian are each taken to have an interest in the 70,024,802 shares of the Company in which Win Plus is interested under the SFO.
4. AFS is wholly-owned by Mr. Fung. Mrs. Fung, Pui Lan, Angela, being the spouse of Mr. Fung, is therefore taken to have an interest in the 70,024,802 shares of the Company under the SFO.
5. Ardian is wholly-owned by Mr. Lo. Mrs. Lo, Lilian, being the spouse of Mr. Lo, is therefore taken to have an interest in the 70,024,802 shares of the Company under the SFO.

Save as disclosed above, as at 31 March 2008 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 for the three months ended 31 March 2008.

COMPETING INTERESTS

As at 31 March 2008, 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

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 2008 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, 13 May 2008

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.