



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 2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 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 the GEM (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 (the “Results”) of the Company and its subsidiaries (together the “Group”) for the nine months and three months ended 30 September 2011 together with the comparative unaudited consolidated figures for the corresponding period of 2010. The Results have not been audited, but have been reviewed by the Company’s audit committee.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2011

		Nine months ended 30 September		Three months ended 30 September	
		2011	2010	2011	2010
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	19,531	19,921	6,949	6,666
Cost of sales		(14,783)	(17,073)	(4,873)	(5,610)
Gross profits		4,748	2,848	2,076	1,056
Other income		2	177	1	23
Selling and distribution expenses		(29)	—	—	—
Administrative expenses		(19,497)	(12,153)	(5,786)	(8,309)
Operating loss		(14,776)	(9,128)	(3,709)	(7,230)
Finance cost		(151)	—	(136)	—
Loss before income tax		(14,927)	(9,128)	(3,845)	(7,230)
Income tax expenses	3	—	—	—	—
Loss for the period		(14,927)	(9,128)	(3,845)	(7,230)
Other comprehensive loss		—	—	—	—
Total comprehensive loss for the period		(14,927)	(9,128)	(3,845)	(7,230)
Attributable to:					
Shareholders of the Company		(14,927)	(9,128)	(3,845)	(7,230)
Basic (loss) per share (HK cents)	4	(1.62)	(1.14)	(0.42)	(0.89)

Notes:

1. BASIS OF PREPARATION

The Results are prepared in accordance with Hong Kong Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the GEM Listing Rules. They are prepared under the historical cost convention.

The accounting policies and basis of preparation used in the preparation of the Results are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2010, except for the adoption of certain new standards, amendments or interpretations issued by HKICPA which are effective for the Group’s financial year beginning on 1 January 2011. The adoption of these new standards, amendments or interpretations has no material effect on the Group’s financial position or results of operations.

The Group has not early adopted any new standards, amendments or interpretations that have been issued by HKICPA but are not yet effective for the Group’s financial year beginning on 1 January 2011. The directors of the Company is in the process of making an assessment of what the impact of these new standards, amendments or interpretations are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s financial position or results of operations.

2. TURNOVER

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

	(Unaudited)	
	For the nine months ended	
	30 September	
	2011	2010
	HK\$’000	HK\$’000
I. T. Services income	19,486	19,921
Interest Income	45	—
	<u>19,531</u>	<u>19,921</u>

3. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made for the period ended 30 September 2011 as there was no estimated assessable profits for the period (2010: Nil).

4. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	(Unaudited)			
	For the nine months ended		For the three months ended	
	30 September		30 September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss) attributable to equity holders of the Company	<u>(14,927)</u>	<u>(9,128)</u>	<u>(3,845)</u>	<u>(7,230)</u>
	Number of ordinary share			
Weighted average number of ordinary share in issue	<u>920,740,284</u>	<u>797,205,598</u>	<u>923,580,832</u>	<u>813,060,033</u>

Diluted loss per share is not presented for the nine months and three months ended 30 September 2011 as the outstanding potential ordinary shares of the Company in respect of outstanding share options is anti-dilutive (2010: Nil).

5. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2011(2010: Nil).

6. SEGMENT INFORMATION

The Group was solely engaged in the provision of IT services, including consultancy, technical support, systems integration, development and sales of relevant hardware and software products in Hong Kong until acquisition of a money lending business on 12 September 2011. The result of new acquired money lending business has consolidated to the Results upon completion on 12 September 2011, but the result of new acquired money lending business was immaterial to the Result of the Group for the period of review. The segment report is not presented.

7. MOVEMENT OF RESERVES (UNAUDITED)

For the nine months ended 30 September 2011

	Share premium	Share Option reserve	Warrants reserve	Convertible bonds equity reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1/1/2010 (Audited)	8,380	28	1,025	—	(5,908)	3,525
Issue of shares	18,575	—	—	—	—	18,575
Total comprehensive loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(9,128)</u>	<u>(9,128)</u>
At 30/9/2010 (Unaudited)	<u>26,955</u>	<u>28</u>	<u>1,025</u>	<u>—</u>	<u>(15,036)</u>	<u>12,972</u>
At 1/1/2011 (Audited)	29,634	—	843	—	(20,261)	10,216
Issue of share upon exercise of warrants	2,954	—	(327)	—	—	2,627
Share base payment	—	513	—	—	—	513
Issue of convertible bonds	—	—	—	5,556	—	5,556
Total comprehensive loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(14,927)</u>	<u>(14,927)</u>
At 30/9/2011 (Unaudited)	<u>32,588</u>	<u>513</u>	<u>516</u>	<u>5,556</u>	<u>(35,188)</u>	<u>3,985</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The turnover of the Group for the period under review decreased approximately HK\$390,000 from the same period of last year. The decrease of the Group's turnover was due to keen competition of warranty and maintenance service of I.T. business. But there were increases in higher profit margin of service of IT business for the nine months ended 30 September 2011 compared with last year. As a result, the gross profits of the Group had an increase in approximate of HK\$1,020,000 for the period ended of 30 September 2011 from the corresponding period of 2010.

Financial review

The Group recorded an unaudited consolidated turnover of approximately HK\$19,531,000 (for the nine months ended 30 September 2010: HK\$19,921,000) for the nine months ended 30 September 2011, representing a decrease of approximately 2% compared with the corresponding period last year. The administrative expenses of the Group for the period under review were approximately HK\$19,497,000 (for the nine months ended 30 September 2010: HK\$12,153,000) for the nine months ended 30 September 2011, representing an increase of approximately 60% by last year. The increase of administrative expenses of the Group was mainly due to acquisition related expenses in the first half year of 2011. The unaudited net loss attributable to shareholders amounted to approximately HK\$14,927,000 (for the nine months ended 30 September 2010: net loss of approximately HK\$9,128,000). The loss per share for the nine months ended 30 September 2011 was approximately HK1.62 cents (for the nine months ended 30 September 2010: HK1.14 cents).

Prospects

The outlook of global economics is still uncertain especially in United States and European financial market. Competition in I.T. business for warranty and maintenance service is expected to remain keen in the rest of the year. The Group is kept on applying a strict cost control measures.

During the period under review, the Group has acquired Checkmate Finance Limited which is principally engaged in the business of money lending and investment holdings and holds a money lenders licence under the Money Lenders Ordinance. The demand for money lending business in Hong Kong is significant and the business can provide a steady income stream to the Group.

In order to provide a business growth of the Group and enhance shareholders' value, the Group will continue to look for other business opportunities.

Financial resources

The subscription of 5% convertible bond due 2016 of the Company was completed on 22 August 2011 and the convertible bonds in principal amount of HK\$22,750,000 were issued to the subscriber in accordance with the terms of the subscription Agreement. The net proceed of issue of convertible bonds was in amount of HK\$22,350,000. Assuming full conversion of the convertible bonds at the initial conversion price of HK\$0.125, the convertible bonds will be convertible into approximately 182,000,000 shares of the Company.

Significant investments and acquisitions

On 12 September 2011, The Group entered into an agreement to acquire the entire issued share capital of Checkmate Finance Limited, and its shareholder loan for a total consideration of HK\$4,200,000. Checkmate Finance Limited is principally engaged in the business of money lending and investment holdings and holds a money lenders licence under the Money Lenders Ordinance.

Completion of the acquisition of Checkmate Finance Limited took place immediately after the entering into of the agreement. At the completion of the acquisition, the consideration of HK\$4,200,000 had been paid by the Group in cash.

DIRECTORS' INTERESTS

As at 30 September 2011, none of the Directors of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company or 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.

SHARE OPTIONS SCHEME

Pursuant to the share option scheme adopted on 12 November 2010, the details of the share options granted by the Company for the period and the outstanding of share option granted as at 30 September 2011 were as follows:

Category	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1 January 2011	Granted During the period	Exercised during the period	Outstanding as at 30 September 2011
Consultants	17 May 2011	\$0.144	17 May 2011– 16 May 2014	—	36,400,000	—	36,400,000

Notes:

- (1) 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 were granted 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 closing price of share of the Company immediately before the date of the grant (as of 17 May 2011) was HK\$0.135.
- (2) Under the period of review, no share options have been granted to the Directors or employees of the Group. There were no outstanding share options granted to the Director or employees of the Group as at 30 September 2011.
- (3) There were no share options cancelled, lapsed or forfeited during the nine months ended 30 September 2011.
- (4) The fair value of 36,400,000 share options granted during the period are measured based on Black-Scholes option pricing model with following assumptions:

Fair value at measurement date (17 May 2011)	HK\$1,595,000
Share price	HK\$0.144
Exercise price	HK\$0.144
Expected volatility	66.11%
Expected dividend	Nil
Expected option period	1.5 years
Risk-free interest rate	0.34%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST

As at 30 September 2011, so far as was known to any Director of the Company, 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 shareholder	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate % to the issued share capital	Note
Mr. Chui Bing Sun	Beneficial owner	—	78,257,143	78,257,143	8.13%	1
	Interest of a controlled corporation	76,800,000	—	76,800,000	7.97%	2
				<u>155,057,143</u>	<u>16.10%</u>	
New Brilliant Investments Limited	Beneficial owner	76,800,000	—	76,800,000	7.97%	2
Aplus Worldwide Limited	Beneficial owner	73,782,000	—	73,782,000	7.66%	
Win Plus Group Limited	Interest of controlled corporations	75,186,015	—	75,186,015	7.81%	3
AFS Holdings Limited	Interest of controlled corporations	75,186,015	—	75,186,015	7.81%	4
Ardian Holdings Limited	Interest of controlled corporations	75,186,015	—	75,186,015	7.81%	4
Mr. Fung Pak Chuen, Alphonso ("Mr. Fung")	Interest of controlled corporations	75,186,015	—	75,186,015	7.81%	5
Mr. Richard Lo ("Mr. Lo")	Interest of controlled corporations	75,186,015	—	75,186,015	7.81%	6
Mrs. Fung, Pui Lan, Angela	Interest of spouse	75,186,015	—	75,186,015	7.81%	7
Mrs. Lo Lilian	Interest of spouse	75,186,015	—	75,186,015	7.81%	8
Mr. Tsui Kin Chit	Beneficial owner	—	182,000,000	182,000,000	18.90%	9

Notes:

- Mr. Chui Bing Sun has exercised the subscription right attaching on the underlying shares of the Company, the unlisted warrants, to subscribe 69,157,143 shares of the Company on 28 September 2011. The process of issue and allotment of shares for the subscription have not duly completed on 30 September 2011. The issue and allotment of 69,157,143 shares of the Company was completed on 6 October 2011. Under the SFO, Mr. Chui Bing Sun held 145,957,143 shares of the Company and 9,100,000 share options of the Company, has an interest in a total 155,057,143 share of Company on 6 October 2011.

2. New Brilliant Investments Limited is wholly-owned by Mr. Chui Bing Sun.
3. 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 73,782,000 shares of the Company under the SFO. Win Plus also holds approximately as well as approximately 53% directly and indirectly in the issued share capital of CL International Holdings Limited (“CLIH”) and is accordingly taken to have an interest in the 1,404,015 shares of the Company in which CLIH is interested under the SFO. Therefore, Win Plus is taken to have an interest in the total 75,186,015 shares of the Company under the SFO.
4. Win Plus is owned as to 50% by AFS Holdings Limited and 50% by Ardian Holdings Limited. Accordingly, AFS Holdings Limited and Ardian Holdings Limited are each taken to have an interest in the 75,186,015 shares of the Company in which Win Plus is interested under the SFO.
5. Mr. Fung Pak Chuen, Alphonso is the sole beneficial owner of AFS Holdings Limited, so Mr. Fung is deemed to have an interest in the 75,186,015 shares of the Company under the SFO.
6. Mr. Lo, Richard is the sole beneficial owner of Ardian Holdings Limited, so Mr. Lo is deemed to have an interest in the 75,186,015 shares of the Company under the SFO.
7. Mrs. Fung, Pui Lan, Angela is spouse of Mr. Fung. Therefore, Mrs. Fung is deemed to have an interest in the 75,186,015 shares of the Company under the SFO.
8. Mrs. Lo, Lilian is spouse of Mr. Lo. Mrs. Lo is therefore taken to have an interest in the 75,186,015 shares of the Company under the SFO.
9. These underlying shares represent the new ordinary shares to be issued upon conversion of 5% convertible bond due 2016 by Mr. Tsui Kin Chit in the principal amount of HK\$22,750,000 at initial conversion price of HK\$0.125 per share (subject to adjustment).

Save as disclosed above, as at 30 September 2011 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 30 September 2011.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period ended 30 September 2011, 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 30 September 2011, 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 offices with title of “chief executive officer” and/or “chairman”. The general manager of each business unit of the Company undertakes the day-to-day management of the Company’s business, whereas the executive director 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.

Code B.1.1 stipulates that company should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.

The Company does not establish a remuneration committee as required by this Code. The Board is in the opinion that establishment of a remuneration committee does not really benefit to the Group after due consideration of the size of the Group and the associated costs involved. According to the current practice of the Company, remuneration of directors are reviewed and approved at regular Board meetings which have the presence of the independent non-executive directors. In addition, the director will abstain from voting on the relevant board resolution in which he has interest.

AUDIT COMMITTEE

Pursuant to the GEM Listing Rules, the Company has established an audit committee (the “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 nine months and three months ended 30 September 2011 have been reviewed by the Audit Committee.

By order of the Board
Computech Holdings Limited
Mak Kwong Yiu
Executive Director

Hong Kong, 11 November 2011

As at the date of this announcement, the executive Directors are Mr. Yang Yue Zhou, Mr. Mak Kwong Yiu and Mr. Jiang Tan Shan. The independent non-executive Directors are Dr. Ip Wai Hung, Mr. Chan Wai Man and Mr. Wong Chung Wai.

This announcement will remain on the “Latest Company Announcements” page of the GEM website <http://www.hkgem.com> for at least seven days from the date of its publication and on the website of the Company at <http://www.computech.com.hk>.