



First Quarterly Report 2007

**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)

\*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 2007 together with the comparative unaudited consolidated figures for the corresponding period in 2006 as follows:

		<b>For the three months ended 31 March</b>	
	Note	<b>2007</b>	2006
		<b>HK\$'000</b>	HK\$'000
Turnover	2	<b>14,737</b>	16,608
Cost of sales		<b>(10,578)</b>	(12,283)
Gross profit		<b>4,159</b>	4,325
Other income		<b>26</b>	93
Selling and distribution expenses		<b>(341)</b>	(359)
Administrative expenses		<b>(3,357)</b>	(3,524)
Operating profit		<b>487</b>	535
Finance costs		<b>–</b>	(20)
Share of losses of associates		<b>(78)</b>	(124)
Profit before income tax		<b>409</b>	391
Income tax expense	3	<b>(103)</b>	(193)
Profit for the period		<b>306</b>	198
			(Restated)
Earnings per share – Basic (HK cents)	4	<b>0.29</b>	0.21

*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 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 2006.

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 loss for tax purpose during the period.

4. Earnings per share

The calculation of basic earnings per share for the three months ended 31 March 2007 was based on the Group's net profit of approximately HK\$306,000 (for the three months ended 31 March 2006: net profit of approximately HK\$198,000) and the weighted average number of 104,802,000 ordinary shares (2006: 96,000,000 (restated)) in issue during the three months period.

The Company did not have dilutive potential shares for the three months ended 31 March 2007 (2006: Nil).

## 5. Movement of reserves

	Share premium HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1.1.2006 (Audited)	1,880	4	(2,077)	(193)
Profit for the period	–	–	198	198
At 31.3.2006 (Unaudited)	1,880	4	(1,879)	5
At 1.1.2007 (Audited)	3,465	80	(1,639)	1,906
Exchange reserve arising on translation of a PRC subsidiary	–	16	–	16
Profit for the period	–	–	306	306
At 31.3.2007 (Unaudited)	3,465	96	(1,333)	2,228

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2007 (2006: Nil).

## BUSINESS REVIEW AND OUTLOOK

## Review

For the three months ended 31 March 2007, the Group recorded an unaudited consolidated turnover of approximately HK\$14,737,000 representing a decrease of approximately 11% compared with the corresponding period last year. The unaudited net profit attributable to shareholders amounted to approximately HK\$306,000, representing an increase of approximately 55% compared with the corresponding period last year. The earnings per share for the three months ended 31 March 2007 was HK0.29 cents.

The decrease in turnover was mainly due to scale down of warranty services outsource business under the IT services, which was resulted from heightened competition. Meanwhile, the roll-out of certain projects of call center services undertook in the fourth quarter last year helped to lessen the decrease in overall revenue.

The increase in net profit was mainly attributable to saving in selling, distribution and administrative expenses, which was resulted from stringent cost control of the Group as well as decrease in share of loss of an associate.

## Outlook

Although there was a slow down of the business of the Group during the period, we believe that the demand for IT services and supply chain solutions will continue to grow in the region that we operate in. With an abundance of talented personnel and relatively low operating cost in the People's Republic of China ("PRC"), there is still room for the Group to improve the profit margin of our services.

We envisage that the demand for supply chain solutions in the PRC remains robust in the years to come. Our experienced management team and technical expertise in this area put us in an advantageous position to actively engage ourselves in providing products and services to the PRC market. The Group will continue to strengthen its sales and support teams in the region that we operate in so as to enhance our market share and to seek new business opportunities.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2007, 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 spouse	70,024,802	66.82%

**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 32,337,600 shares of the Company in which Aplus is interested under the SFO. Win Plus also holds approximately 46.2% indirectly 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. Win Plus is accordingly taken to have an interest in the 70,024,802 shares of the Company 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 70,024,802 shares of the Company 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 70,024,802 shares of the Company in which Gumpton is interested under the SFO. AFS is wholly-owned by Mr. Fung.

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 70,024,802 shares of the Company in which Gumpton is interested under the SFO. Mr. Lo is a director of Ardian.

Ardian is wholly-owned by General Trust Co. Ltd. ("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 70,024,802 shares of the Company by virtue of his spouse's interest under the SFO.

Save as disclosed above, as at 31 March 2007, 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 2007, 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>
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%
Gumpton (Note 3)	Interest of a controlled corporation	70,024,802	66.82%
AFS (Note 4)	Interest of a controlled corporation	70,024,802	66.82%
Ardian (Note 4)	Interest of a controlled corporation	70,024,802	66.82%
General Trust (Note 5)	Interest of a controlled corporation	70,024,802	66.82%
8 Mrs. Fung, Pui Lan, Angela (Note 6)	Interest of spouse	70,024,802	66.82%
Mrs. Lo, Lilian (Note 7)	Beneficiary of trust	70,024,802	66.82%

*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 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. Gumpton, which holds 100% of the issued share capital of Win Plus, is taken to have an interest in the 70,024,802 shares of the Company 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 70,024,802 shares of the Company in which Gumpton is interested under the SFO.
5. Ardian is in turn wholly-owned by General Trust. Therefore, General Trust is taken to have an interest in the 70,024,802 shares of the Company in which Ardian is interested under the SFO.
6. 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.
7. General Trust is 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 70,024,802 shares of the Company in which General Trust is interested under the SFO.

Save as disclosed above, as at 31 March 2007 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 2007.

## COMPETING INTERESTS

As at 31 March 2007, 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 2007 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, 11 May 2007

*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.*