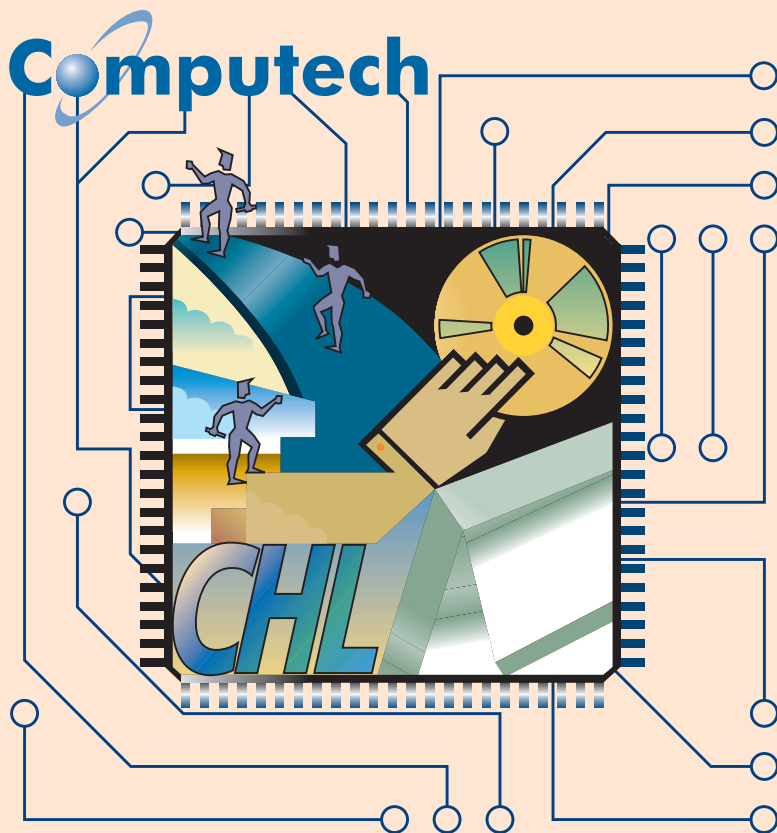


Computech Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Interim Report 2001



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This interim result report, for which the directors of Computech Holdings Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Computech Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (1) the information contained in this interim result 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 interim result report misleading; and (3) all opinions expressed in this interim result 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\$46,569,000 for the half-year ended 30 June 2001.
- Net profit attributable to shareholders for the half-year ended 30 June 2001 was approximately HK\$3,084,000 with earnings per share of HK1.54 cents.
- The Directors do not recommend the payment of interim dividend.

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 half-year ended 30 June 2001 and the three months ended 30 June 2001 together with the comparative unaudited pro forma combined figures for the corresponding period in 2000 as follows:

		Consolidated for the half-year ended 30 June 2001 HK\$'000	Pro forma combined for the half-year ended 30 June 2000 HK\$'000	Consolidated for the three months ended 30 June 2001 HK\$'000	Pro forma combined for the three months ended 30 June 2000 HK\$'000
	Notes				
Turnover	2	46,569	20,219	33,966	6,635
Cost of sales		(32,465)	(13,471)	(23,532)	(4,848)
Gross profit		14,104	6,748	10,434	1,787
Other income		157	215	73	78
Selling and distribution expenses		(832)	(216)	(527)	(172)
Administrative expenses		(9,258)	(5,941)	(4,834)	(3,100)
Operating profit/(loss)		4,171	806	5,146	(1,407)
Finance costs		(294)	(135)	(209)	(74)
Amortization of goodwill		(793)	—	(396)	—
Profit/(loss) before taxation		3,084	671	4,541	(1,481)
Taxation	3				
- Hong Kong		—	—	—	—
- PRC		—	—	—	—
Profit/(loss) for the period		3,084	671	4,541	(1,481)
Dividends		—	—	—	—
Earnings/(loss) per share					
- Basic	4	HK1.54cents	HK0.46cents	HK2.27cents	HK(0.98)cents

Notes:

1. Group reorganisation and bases of presentation of income statements

The Company was incorporated in the Cayman Islands on 29 March 2000 as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands. Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of its shares in June 2000 (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 3 June 2000. The shares of the Company were listed on GEM on 19 June 2000.

The Group's results are presented using the following bases:

- i. The unaudited consolidated income statements include the results of the Company and its subsidiaries for the half-year ended 30 June 2001 and the three months ended 30 June 2001.
- ii. For information purposes, the unaudited pro forma combined income statements include the results of the Company and its subsidiaries with effect from 1 January 2000 or since their respective dates of incorporation/establishment, where this is a shorter period, on a combined basis as if the current Group structure had been in existence throughout the half-year ended 30 June 2000.

Although the reorganised Group structure did not legally exist until 3 June 2000, the Directors consider that it is appropriate to present unaudited pro forma combined income statements for the half-year ended 30 June 2000 and the three months ended 30 June 2000 on the bases as set out in (ii) above since the principal activities of the Group have been carried out by those subsidiaries prior to and after the completion of the Reorganisation.

2. Turnover represents the invoiced value of packaged software products sold and computer related services rendered, net of discounts, value-added tax and business tax.

3. Taxation

- i. No provision for Hong Kong profits tax has been made in these income statements as the Group has no assessable profits after offset with available tax losses.
- ii. The Company's PRC subsidiary is under the Income Tax Law of the PRC for Foreign Investment Enterprises and other relevant regulations, entitled to an income tax holiday for two years from the first profit making year of 1996 and a 50% reduction in income tax for the following six years.
- iii. Net deferred tax asset has not been recognised owing to uncertainty regarding the Group's future operating results.

4. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the periods presented is based on the following data:

	Consolidated for the half-year ended 30 June 2001 HK\$'000	Pro forma combined for the half-year ended 30 June 2000 HK\$'000	Consolidated for the three months ended 30 June 2001 HK\$'000	Pro forma combined for the three months ended 30 June 2000 HK\$'000
<i>Earnings</i>				
Profit/(loss) for the period used in the calculation of basic earnings/(loss) per share	<u>3,084</u>	<u>671</u>	<u>4,541</u>	<u>(1,481)</u>
<i>Shares</i>				
Weighted average number of shares in issue for the purpose of calculation of basic earnings/(loss) per share	<u>200,000,000</u>	<u>145,274,725</u>	<u>200,000,000</u>	<u>150,549,451</u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the half-year ended 30 June 2001 (2000: Nil).

BUSINESS REVIEW AND PROSPECT

General

The Group achieved a promising result in the first half of the financial year 2001, generating profit of approximately HK\$ 3,084,000 (2000: HK\$ 671,000) out of total revenues of approximately HK\$ 46,569,000 (2000: HK\$ 20,219,000) for the half-year ended 30 June 2001. The unaudited consolidated earnings per share for the half-year ended 30 June 2001 were HK1.54cents (2000: HK0.46cents).

Although the gross profit margin experienced a slight drop from 33% to 30%, compared to the corresponding period last year, turnover increased by **130%**. Besides, the profit attributable to shareholders increased by approximately **360%** over the corresponding period in 2000.

The promising result was attributable to the general increase in sales volume in the first half of the year 2001. The Group's software products are mature and have become more recognized in the banking industry in PRC. The strengthening of the marketing forces in various representative offices also helped a lot in the overall marketing strategy. Businesses derived from a number of new customers also contributed to the increase.

As disclosed in the interim report 2000, the Group was selected as one of the preferred suppliers to the Rural Commercial Co-operative Bank (the "RCCB"). The People's Bank of China in Beijing coordinated the evaluation and the process of developing the shortlist. The Group was selected to be one of the 6 suppliers to provide Banking 2000 solution to the RCCBs nationwide. A total of three sales contracts were concluded in the first half of the year 2001.

Integration services and packaged software products still remain the main sources of revenues. As mentioned in the previous report, the Group still focuses on commercial banks as major customers but has started to look for diversification into other sectors such as insurance. The Group commenced to conduct business with China Pacific Insurance Limited in the second quarter of the year 2001. Although the sales volume for this contract was not material, the Group considers that this is a good start for its strategic plan.

Recent Development

A shareholders' agreement was signed on 29 May 2001 between Computech Systems Limited, a wholly owned subsidiary of the Company, and eNi Cyber-Place Company ("eNi") to form a joint venture ("Joint Venture"), details of which have already been disclosed in the annual report 2000 of the Company dated 22 March 2001. The investment amount for the Company was HK\$ 3,000,000.

The Joint Venture is owned as to 85% and 15%, by eNi and Computech Systems Limited respectively. The objective of the Joint Venture is to develop and market electronic payment solutions and services to banks, electronic merchants and Internet users in the territory of the PRC. Through the Joint Venture, the payment and settlement systems, areas in which the Group is putting emphasis on research, will be complemented.

Prospects

Following the entry of the PRC into the World Trade Organisation, it is expected that the foreign exchange market will be opened up. Therefore the Group expects the whole foreign exchange market will be exposed to significant adjustments and opportunities. The Group has currently launched packaged

software of foreign exchange and intensive marketing job has been commenced. Hopefully, revenue will be generated in the third or fourth quarter of the year 2001.

The Group has continued to expand since going public, and the business operations in Beijing, Shanghai and Chengdu offices are developing rapidly. It is a challenge to the Group to sustain high growth. Thus, the Group will continue its efforts towards new achievements and will consider exploring new business sectors for products development, so as to maintain business growth.

COMPARISON OF BUSINESS PROGRESS

The followings is a summary of the actual business progress in comparison with the business objectives set out in the prospectus of the Company dated 9 June 2000 (the "Prospectus").

	Business objective of the first half of 2001 as disclosed in the Prospectus	Actual business progress up to the first half of 2001
Sales	<p>Sales of the Group's packaged software products will come from both direct distribution and through distributors</p> <p>More revenue is expected to be generated from e-banking and e-switch</p>	<p>Sales mainly came from direct distribution. No suitable distributors have been identified yet. However, the Group is under negotiations with distributors in Guizhou and Hainan in the PRC.</p> <p>As expected, more revenue has been generated from e-banking and e-switch during the period.</p> <p>Three e-switch orders were received during the period. These orders were received from RCCB. As disclosed in the 2000 interim report, the Group was selected to be one of the 6 suppliers to provide Banking 2000 solution to the RCCBs nationwide.</p>

	Business objective of the first half of 2001 as disclosed in the Prospectus	Actual business progress up to the first half of 2001
Research & Development	Research on the software application and develop prototype for other financial related sector such as insurance	Discussion has started with foreign software houses to co-develop or localize insurance system in the PRC. No agreement has been signed yet.
	Integrate the security products (suppliers with whom the Group has entered into distribution agreements) to the Group's packaged software products	The Group obtained the sales license for "Digipass 300 (Vasco OEM)". This product is manufactured by Vasco Data Securities Internet Limited and is sold under the Group's name. Through this security product, the authentication and authorisation parts of the Group's packaged software products are further enhanced.
	Enhance the Group's e-banking system to cope with the increasing demand on e-commerce requirements	The Group's e-banking system is continuously being upgraded in order to enhance the compatability to changing requirements.
	Commence the development of e-commerce payment and settlement system	The aim of forming the Joint Venture with eNi is to be actively involved in e-commerce payment solution. The Joint Venture is currently at an initial stage of development.

	Business objective of the first half of 2001 as disclosed in the Prospectus	Actual business progress up to the first half of 2001
Marketing	<p>Established marketing department in the PRC to co-ordinate efforts for</p> <ul style="list-style-type: none"> (i) marketing activities to increase the sales of software products (ii) liaising with potential business partners (iii) liaising with suppliers relating to support and pricing; and (iv) corporate image promotion activities 	<p>The marketing department in the PRC has been established. The duties for this department include:</p> <ul style="list-style-type: none"> (i) demonstrating and conducting presentations for the Group's software products; (ii) preparing proposals for potential customers; (iii) preparing proposals for potential suppliers; and (iv) conducting seminars and exhibitions to facilitate product marketing and to improve corporate image.
Resources employment	<p>Set up new sales office in Neimong for the northern and northwest region of the PRC</p>	<p>The plan has been suspended because no clear prospect for business opportunity in Neimong exists. The Directors consider that the suspension on setting up new office in Neimong would not affect the Group's future objectives as the Group planned to strengthen the Chengdu office to cope with the opportunities associated with the development and the opening up of the western region of the PRC.</p>

	Business objective of the first half of 2001 as disclosed in the Prospectus	Actual business progress up to the first half of 2001
	Establish its own administrative department in Hong Kong	The Group's own administrative department has been well established since July 2000.
Collaboration	Continue to work closely with the existing suppliers for the purpose of integration of their security products to the Group's packaged software products	An OEM agreement was signed with Vasco Data Security International Limited, a Belgian based information security provider, for marketing their security products in the PRC.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2001, according to the register to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), the interests of directors, and their associates in shares of the Company were as follows:

Name	Type of interest	Number of shares
Mr. Lee Man Lung, Vincent (<i>Note 1</i>)	Corporate	55,860,000 shares
Mr. Fung Pak Chuen, Alphonso	Family	55,860,000 shares
Mr. Richard Lo	Family	55,860,000 shares
Mr. Yip Tai Chee, Alick	Personal	14,000,000 shares
Mr. Tang Chi Lap	Personal	7,280,000 shares

Note:

1. Mr. Lee Man Lung, Vincent is interested in 100% of the issued share capital of Brilliant Time Limited. Mr. Lee Man Lung, Vincent is taken to have an interest in the 55,860,000 shares held by Brilliant Time Limited.

Save as disclosed above and other than nominee shares in certain wholly-owned subsidiaries held in trust for the Group, as at 30 June 2001, none of the directors or their associates had any interests in any securities of the Company or any associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 30 June 2001, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of directors and their associates, as at 30 June 2001, according to the register required to be kept under Section 16(1) of the SDI Ordinance, the following persons were interested in 10 percent or more of the issued share capital of the Company:

Name	Number of shares	Percentage of issued share capital
Anstalt Pacific Techvest Inc. (<i>Note 1</i>)	55,860,000	27.93%
CL Investments Limited (<i>Note 2</i>)	55,860,000	27.93%
CL Strategic Holdings Limited (<i>Note 3</i>)	55,860,000	27.93%
Brilliant Time Limited (<i>Note 4</i>)	55,860,000	27.93%

Notes:

1. Anstalt Pacific Techvest Inc. is beneficially and wholly-owned by Lam Soon (Hong Kong) Limited, the shares of which are listed on the Main Board. Anstalt Pacific Techvest Inc. has a 50% interest in the issued share capital of CL Strategic Holdings Limited and is accordingly taken to have an interest in the shares in which CL Strategic Holdings Limited is interested in.
2. CL Investments Limited is deemed to be owned as to 37.5% by Mr. Fung Pak Chuen, Alphonso and as to 37.5% by Mr. Richard Lo, and is beneficially owned as to 20% by Mr. Chan Kin Wah, Charles and as to 5% by Mr. Wong Siu Sik, Alex. Both Mr. Chan Kin Wah, Charles and Mr. Wong Siu Sik, Alex are independent third parties not connected with the Company, any of its subsidiaries, the directors, chief executives, substantial shareholders and management shareholders of the Company or any of its subsidiaries or any of their respective associates.
3. CL Strategic Holdings Limited is owned as to 50% by Anstalt Pacific Techvest Inc. and 50% by CL Investments Limited.
4. Brilliant Time Limited is beneficially and wholly-owned by Mr. Lee Man Lung, Vincent.

SHARE OPTION SCHEME

On 11 October 2000, options comprising a total of 7,824,000 underlying shares were granted to employees of the Group at an exercise price of HK\$1.16 per share and expiring on 10 October 2002. These shares represent approximately 3.91% of the issued share capital of the Group at the date hereof. Save as disclosed herein, no option has been granted, exercised or cancelled during the period from 2 June 2000 (adoption date of the share option scheme) to 30 June 2001.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

As at 30 June 2001, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

INTEREST OF SPONSOR

The Sponsor of the Company, Vickers Ballas Capital Limited, its directors, employees and associates, as at 30 June 2001, did not have any interest in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

Vickers Ballas Capital Limited has entered into a sponsorship agreement with the Company whereby, for a fee, Vickers Ballas Capital Limited will act as the Company's continuing sponsor for the period from 16 June 2000 to 31 December 2002.

COMPETING INTERESTS

As at 30 June 2001, 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 Rule 5.23 of the GEM Listing Rules, the Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems.

By order of the Board
Lee Man Lung, Vincent
Chairman

Hong Kong, 13 August 2001