



Computech Holdings Limited

駿科網絡訊息有限公司*

(Incorporated in the Cayman Islands with limited liability)



Third Quarterly Report 2005

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.

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 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 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.

HIGHLIGHTS

- Turnover was approximately HK\$60,284,000 for the nine months ended 30 September 2005.
- The Group recorded a net profit attributable to shareholders of approximately HK\$11,820,000, representing an improvement as compared with the net loss of approximately HK\$9,223,000 of the same period last year.
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 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 nine months ended 30 September 2005 and the three months ended 30 September 2005 together with the comparative unaudited consolidated figures for the corresponding period in 2004 as follows:

	Note	For the nine months ended 30 September		For the three months ended 30 September	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	60,284	17,313	19,292	7,795
Cost of sales		(42,329)	(14,807)	(13,826)	(6,266)
Gross profit		17,955	2,506	5,466	1,529
Other income		155	5	33	2
Bad debts		-	(6,081)	-	(1,911)
Selling and distribution expenses		(987)	(284)	(395)	(88)
Administrative expenses		(14,630)	(5,352)	(4,688)	(2,000)
Operating profit/(loss)		2,493	(9,206)	416	(2,468)
Finance costs		(37)	(17)	(9)	(4)
Gain on disposal of subsidiaries		9,767	-	9,767	-
Profit/(loss) before income tax		12,223	(9,223)	10,174	(2,472)
Income tax expense	3	(403)	-	(40)	-
Profit/(loss) for the period		<u>11,820</u>	<u>(9,223)</u>	<u>10,134</u>	<u>(2,472)</u>
Earnings/(loss) per share -Basic (HK cents)	4	<u>2.94</u>	<u>(3.16)</u>	<u>2.11</u>	<u>(0.85)</u>

Notes:

1. Basis of preparation

The unaudited consolidated results are prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 2004.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKAS") (collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has adopted the new HKFRSs in the current period. However, the adoption of these new HKFRSs has no material effect on how the results of operations and financial position of the Group are prepared and presented for the current and prior periods. Accordingly, no prior period adjustment is required.

2. Turnover

Turnover represents the invoiced value of packaged software products sold, IT services rendered and provision of 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 PRC sustained losses for tax purpose during the period.

4. Earnings/(loss) per share

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

	For the nine months ended 30 September		For the three months ended 30 September	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings/(loss)				
Earnings/(loss) for the period used in the calculation of basic earnings/(loss) per share	<u>11,820</u>	<u>(9,223)</u>	<u>10,134</u>	<u>(2,472)</u>
Shares		(Restated)		(Restated)
Weighted average number of shares in issue for the purpose of calculation of basic earnings/(loss) per share	<u>401,396,251</u>	<u>291,764,706</u>	<u>480,000,000</u>	<u>291,764,706</u>

The Company completed a rights issue exercise in May 2005 on the basis of one rights share for every one ordinary share held at an issue price of HK\$0.02 per rights share. As such, the comparative figures of basic earnings per share for three months and nine months ended 30 September 2004 were re-calculated based on the adjusted weighted average of 291,764,706 shares, as adjusted to reflect the rights issue deemed to be in issue during the period.

5. Movement in 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	<u>-</u>	<u>-</u>	<u>(9,223)</u>	<u>(9,223)</u>
At 30 September 2004 (Unaudited)	<u>19,030</u>	<u>100</u>	<u>(52,124)</u>	<u>(32,994)</u>
At 1 January 2005 (Audited)	19,030	100	(54,742)	(35,612)
Capital reorganisation	(19,030)	-	40,630	21,600
Issue of shares	2,400	-	-	2,400
Share issuing expenses	(520)	-	-	(520)
Realisation of exchange reserve upon disposal of foreign subsidiary	-	(100)	-	(100)
Exchange difference arising from translation of foreign subsidiary	-	9	-	9
Profit for the period	<u>-</u>	<u>-</u>	<u>11,820</u>	<u>11,820</u>
At 30 September 2005 (Unaudited)	<u>1,880</u>	<u>9</u>	<u>(2,292)</u>	<u>(403)</u>

The Group undertook a capital reorganisation exercise in January 2005 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 in full 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 31 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.

6. Segment information

Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

(a) Business segments

The Group principally operates in three segments, (i) sales of packaged banking software, (ii) provision of IT services and (iii) provision of supply chain solutions.

	IT services		Supply chain solutions		Banking software		Consolidated	
	For the nine months ended 30 September		For the nine months ended 30 September		For the nine months ended 30 September		For the nine months ended 30 September	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>39,904</u>	<u>506</u>	<u>19,509</u>	<u>5,974</u>	<u>871</u>	<u>10,833</u>	<u>60,284</u>	<u>17,313</u>
RESULTS								
Segment results	2,951	10	645	472	(70)	(8,864)	3,526	(8,382)
Unallocated expenses							(1,188)	(829)
Other income	25	-	8	-	9,889	5	9,922	5
Finance costs	(13)	-	(21)	-	(3)	(17)	(37)	(17)
Income tax expense	(357)	-	(46)	-	-	-	(403)	-
Profit/(loss) attributable to shareholders	<u>2,606</u>	<u>10</u>	<u>586</u>	<u>472</u>	<u>9,816</u>	<u>(8,876)</u>	<u>11,820</u>	<u>(9,223)</u>
SEGMENT ASSETS								
Segment assets	9,131	300	8,204	6,370	-	5,175	17,335	11,845
Unallocated assets							425	657
Total assets							<u>17,760</u>	<u>12,502</u>
SEGMENT LIABILITIES								
Segment liabilities	(4,106)	(9)	(6,386)	(5,997)	-	(13,647)	(10,492)	(19,653)
Unallocated liabilities							(2,868)	(1,832)
Total liabilities							<u>(13,360)</u>	<u>(21,485)</u>
OTHER INFORMATION								
Depreciation and amortisation	<u>29</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>-</u>	<u>985</u>	<u>76</u>	<u>985</u>
Bad debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,081</u>	<u>-</u>	<u>6,081</u>
Capital expenditure incurred during the year	<u>647</u>	<u>-</u>	<u>301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>948</u>	<u>-</u>

(b) Geographical segments

The following table presents revenue, segment assets and expenditure information for the Group's geographical segments.

	Hong Kong		PRC		Consolidated	
	For the nine months		For the nine months		For the nine months	
	Ended 30 September		Ended 30 September		Ended 30 September	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>58,431</u>	<u>6,480</u>	<u>1,853</u>	<u>10,833</u>	<u>60,284</u>	<u>17,313</u>
SEGMENT ASSETS						
Segment assets	<u>15,972</u>	<u>7,809</u>	<u>1,788</u>	<u>4,693</u>	<u>17,760</u>	<u>12,502</u>
Capital expenditure incurred during the year	<u>748</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>948</u>	<u>-</u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2005 (2004: Nil).

BUSINESS REVIEW AND OUTLOOK

Review

The Group recorded a consolidated turnover of approximately HK\$60,284,000 for the nine months ended 30 September 2005, representing an increase of approximately 248% as compared with the corresponding period in 2004. The unaudited net profit attributable to shareholders amounted to approximately HK\$11,820,000, representing a significant improvement as compared with the net loss of approximately HK\$9,223,000 in the same period last year. The earnings per share for the nine months ended 30 September 2005 was HK2.94 cents. For the three months ended 30 September 2005, turnover was approximately HK\$19,292,000, representing an increase of approximately 147% as compared with the same period last year. The net profit attributable to shareholders for the three months ended 30 September 2005 amounted to approximately HK\$10,134,000. 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 as well as the disposal of subsidiaries during the period, which resulted in an exceptional gain on disposal of approximately HK\$9,767,000.

Outlook

With the enlargement of business scope in IT services and supply chain solutions sectors as well as the disposal of loss making subsidiaries, we are pleased to see a significant improvement of the financial performance of the Group. In view of the growth trend of the outsourcing of IT services among governmental and large commercial institutions, we believe that there is still room for growth in this business sector. Meanwhile, the growth in demand for automated data collection hardware as well as distribution and logistics management software in the PRC also offer good opportunities for the Group's supply chain solutions business. As such, we are cautiously optimistic that the financial performance of the Group will progressively improve. To strive for sustainable growth, the Group, leveraging on its existing core competencies, is actively looking for viable new business opportunities.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 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	320,124,011	66.69%
Mr. Lo, Richard (“Mr. Lo”) (Note 2)	Interests of spouse	320,124,011	66.69%

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 77,724,011 shares in which Aplus is interested under the SFO. Win Plus also holds approximately 46.2% indirectly in the issued share capital of CL International Holdings Limited ("CLIH") and is accordingly taken to have an interest in the 242,400,000 shares in which CLIH is interested under the SFO. Win Plus is accordingly taken to have an interest in the 320,124,011 shares 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 320,124,011 shares 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 320,124,011 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 320,124,011 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 320,124,011 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 320,124,011 shares by virtue of his spouse's interest under the SFO.

Save as disclosed above, as at 30 September 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 30 September 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

Name of shareholder	Capacity in which such interests were held	Number of shares	Percentage of nominal value of share capital
Hitachi, Ltd.	Beneficial owner	60,000,000	12.50%
Aplus	Beneficial owner	77,724,011	16.19%
CLIH	Beneficial owner	242,400,000	50.50%
Adwin Investments Limited (<i>Note 1</i>)	Interest of a controlled corporation	242,400,000	50.50%
Win Plus (<i>Note 2</i>)	Interest of a controlled corporation	320,124,011	66.69%
Gumpton (<i>Note 3</i>)	Interest of a controlled corporation	320,124,011	66.69%
AFS (<i>Note 4</i>)	Interest of a controlled corporation	320,124,011	66.69%
Ardian (<i>Note 4</i>)	Interest of a controlled corporation	320,124,011	66.69%
General Trust (<i>Note 5</i>)	Interest of a controlled corporation	320,124,011	66.69%
Mrs. Fung, Pui Lan, Angela (<i>Note 6</i>)	Beneficiary of trust	320,124,011	66.69%
Mrs. Lo, Lilian (<i>Note 7</i>)	Beneficiary of trust	320,124,011	66.69%

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 242,400,000 shares 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 320,124,011 shares 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 320,124,011 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 320,124,011 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 320,124,011 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 320,124,011 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 320,124,011 shares in which General Trust is interested under the SFO.

Save as disclosed above, as at 30 September 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 30 September 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 30 September 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 nine months ended 30 September 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, 11 November 2005

As at the date of this report, the executive Directors are Mr. Fung Pak Chuen, Alphonso and Mr. Lo, Richard. The non-executive Director is Mr. Yukitaka Kaneda and the independent non-executive Directors are Mr. Lee Sai Yeung, Mr. Chung Kong Fei, Stephen and Mr. Ng Chik Sum, Jackson.