



# 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)*

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Third Quarterly Report  
2006

## 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 nine months ended 30 September 2006 ("Quarterly Results") together with the comparative unaudited consolidated figures for the corresponding period in 2005 as follows:

	Note	For the nine months ended 30 September		For the three months ended 30 September	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Turnover	2	<b>49,462</b>	60,284	<b>18,508</b>	19,292
Cost of sales		<b>(36,934)</b>	(42,329)	<b>(13,306)</b>	(13,826)
Gross profit		<b>12,528</b>	17,955	<b>5,202</b>	5,466
Other income		<b>133</b>	155	<b>40</b>	33
Bad debts		<b>(197)</b>	-	<b>(197)</b>	-
Selling and distribution expenses		<b>(1,005)</b>	(987)	<b>(357)</b>	(395)
Administrative expenses		<b>(10,772)</b>	(14,630)	<b>(3,656)</b>	(4,688)
Operating profit		<b>687</b>	2,493	<b>1,032</b>	416
Finance costs		<b>(34)</b>	(37)	<b>(12)</b>	(9)
Gain on disposal of subsidiaries		-	9,767	-	9,767
Share of losses of associates		<b>(396)</b>	-	<b>(91)</b>	-
Profit before income tax		<b>257</b>	12,223	<b>929</b>	10,174
Income tax expense	3	<b>(197)</b>	(403)	<b>(112)</b>	(40)
Profit for the period		<b>60</b>	11,820	<b>817</b>	10,134
Earnings per share			(Restated)		(Restated)
- Basic (HK cents)	4	<b>0.06</b>	14.72	<b>0.78</b>	10.56

Notes:

## 1. Basis of preparation

The Quarterly Results have not been audited, but have been reviewed by the Company's audit committee. The Quarterly Results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (collectively "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and are prepared under the historical cost convention and the disclosure requirements of the GEM Listing Rules.

The accounting policies and basis of preparation used in preparing the Quarterly Results are consistent with those used in the audited financial statements for the year ended 31 December 2005.

## 2. Turnover

Turnover represents the invoiced value of goods sold and related computer services rendered, 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 the Quarterly Results 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 nine months and three months ended 30 September 2006 is based on the Group's net profit of approximately HK\$60,000 (for the nine months ended 30 September 2005: net profit of approximately HK\$11,820,000) and the net profit of approximately HK\$817,000 (for the three months ended 30 September 2005: net profit of approximately HK\$10,134,000) respectively.

The calculation of basic earnings per share is based on the weighted average number of 101,158,681 (2005: 80,279,250 (restated)) and 104,802,000 (2005: 96,000,000 (restated)) ordinary shares in issue during the nine months and three months ended 30 September 2006 respectively.

The Company did not have dilutive potential shares for the nine months and three months ended 30 September 2006 (2005: Nil).

## 5. Movement of 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 1.1.2005 (Audited)	19,030	100	(54,742)	(35,612)
Capital reduction	(19,030)	-	40,630	21,600
Right issue of shares	2,400	-	-	2,400
Share issuing expenses	(520)	-	-	(520)
Elimination of exchange reserve upon disposal of a PRC subsidiary	-	(100)	-	(100)
Exchange reserve arising on translation of a PRC subsidiary	-	9	-	9
Profit for the period	-	-	11,820	11,820
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At 30.9.2005 (Unaudited)	<b>1,880</b>	<b>9</b>	<b>(2,292)</b>	<b>(403)</b>
At 1.1.2006 (Audited)	1,880	4	(2,077)	(193)
Issue of new shares	1,760	-	-	1,760
Share issuing expenses	(176)	-	-	(176)
Profit for the period	-	-	60	60
	<hr/>	<hr/>	<hr/>	<hr/>
At 30.9.2006 (Unaudited)	<b>3,464</b>	<b>4</b>	<b>(2,017)</b>	<b>1,451</b>

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2006 (2005: Nil).

## BUSINESS REVIEW AND OUTLOOK

### Review

For the nine months ended 30 September 2006, the Group recorded an unaudited consolidated turnover of approximately HK\$49,462,000, representing a decrease of approximately 18.0% compared with the corresponding period last year. The unaudited net profit attributable to shareholders amounted to approximately HK\$60,000, representing a decrease of approximately 99.5% compared with the corresponding period last year. The earnings per share for the nine months ended 30 September 2006 was HK0.06 cents.

The decrease in turnover was mainly due to the decrease in revenue of IT services which was caused by expiry of certain contracts in warranty outsource. In the meantime, the turnover in supply chain solutions increased by approximately 4.0% associated with an increase in profit contribution by approximately 15.7% compared with the corresponding period last year. The decrease in net profit was mainly due to the substantial gain on disposal of subsidiaries last year as well as share of loss of an associate for the period under review. Meanwhile, the selling, distribution and administrative expenses decreased by approximately 24.6% compared with the corresponding period last year, which was resulted from stringent cost control of the Group.

### Outlook

With the intensive competition in warranty outsource in Hong Kong, the profit margin of IT services of the Group is inevitably deteriorated. Nevertheless, we remain optimistic about the performance of the Group in the near term with the roll out of certain projects by the end of this year as well as commencement of certain new projects in call centre and help desk services which will generate better profit margin to the Group.

In view of continuous economic growth in the PRC, we envisage that IT services in the PRC will have great potential in the years come. The Group is actively looking for new business opportunity in the PRC and will utilise its expertise on IT services and connections with its business partners to accelerate entry to this market. Meanwhile, to strive for sustainable growth, we will evaluate the existing business portfolio of the Group and focus on the products or services which will offer greater growth potential and better profit margin.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2006, 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	70,024,802	66.82%
Mr. Lo, Richard ("Mr. Lo") (Note 2)	Interests 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 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 37,687,202 shares in which CLIH is interested under the SFO. Win Plus is accordingly taken to have an interest in the 70,024,802 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 70,024,802 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 70,024,802 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 70,024,802 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 70,024,802 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 70,024,802 shares by virtue of his spouse’s interest under the SFO.

Save as disclosed above, as at 30 September 2006, 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 2006, 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%
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%
Mrs. Fung, Pui Lan, Angela (Note 6)	Beneficiary of trust	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 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 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 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 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 70,024,802 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 70,024,802 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 70,024,802 shares in which General Trust is interested under the SFO.

Save as disclosed above, as at 30 September 2006 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 2006, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company’s listed securities.

## 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 nine months ended 30 September 2006 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, 10 November 2006

*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.*