computer technologies

COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 46)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The Board of Directors (the "Board") of Computer And Technologies Holdings Limited (the "Company") presents the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2010, together with the comparative amounts. These condensed consolidated interim financial results have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**131,256**	196,739
Cost of sales		**(76,923)**	(138,968)
Gross profit		**54,333**	57,771
Other income and gains, net	*5*	**4,190**	929
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		**(722)**	3,120
Investment properties		**2,869**	1,256
Selling and distribution costs		**(13,667)**	(14,152)
General and administrative expenses		**(25,334)**	(25,563)
Reversal of impairment of/(impairment of) trade receivables and amounts due from contract customers, net		**1,821**	1,223
PROFIT BEFORE TAX	*6*	**23,490**	24,584

CONDENSED CONSOLIDATED INCOME STATEMENT *(continued)*

		For the six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
PROFIT BEFORE TAX	*6*	**23,490**	24,584
Income tax expense	*7*	**(1,969)**	(3,427)
PROFIT FOR THE PERIOD		**21,521**	21,157
Profit for the period attributable to:			
Equity holders of the parent		**21,521**	21,154
Non-controlling interests		**–**	3
		21,521	21,157
DIVIDENDS	*8*	**14,808**	9,889
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*	**HK cents**	HK cents
Basic		**8.73**	8.56
Diluted		**8.67**	8.53

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**21,521**	21,157
Other comprehensive income for the period		
Exchange differences on translation of foreign operations	**373**	–
Other comprehensive income for the period, net of tax	**373**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**21,894**	21,157
Total comprehensive income for the period attributable to:		
Equity holders of the parent	**21,894**	21,154
Non-controlling interests	**–**	3
	21,894	21,157

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2010 (Unaudited) HK$'000	31 December 2009 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,301**	11,267
Investment properties		**27,707**	27,737
Goodwill		**25,813**	25,813
Available-for-sale investments		**1,650**	1,650
Financial assets at fair value through profit or loss		**861**	861
Deferred tax assets		**–**	591
Total non-current assets		**64,332**	67,919
CURRENT ASSETS			
Held-to-maturity securities		**–**	498
Properties held for sale		**5,204**	–
Inventories		**22,603**	5,289
Trade and bills receivables	*10*	**75,684**	61,764
Prepayments, deposits and other receivables		**5,820**	5,363
Due from contract customers		**3,881**	6,221
Financial assets at fair value through profit or loss		**20,774**	12,925
Tax recoverable		**552**	39
Pledged bank deposits		**11,863**	11,829
Cash and cash equivalents		**248,119**	288,053
Total current assets		**394,500**	391,981
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*11*	**74,225**	85,475
Due to contract customers		**1,827**	1,583
Deferred income		**14,774**	9,699
Tax payable		**10,021**	9,822
Total current liabilities		**100,847**	106,579
NET CURRENT ASSETS		**293,653**	285,402
TOTAL ASSETS LESS CURRENT LIABILITES		**357,985**	353,321

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	**30 June 2010 (Unaudited) *HK$'000***	31 December 2009 (Audited) *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITES		**357,985**	353,321
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**2,309**	2,309
Net assets		**355,676**	351,012
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**25,273**	25,273
Reserves		**330,403**	310,853
Proposed final and special dividends		**–**	14,886
Total equity		**355,676**	351,012

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent														
	Issued capital *HK$'000*	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Shares held under the restricted share award scheme *HK$'000*	Share based payment reserve *HK$'000*	Goodwill reserve *HK$'000*	Asset revaluation reserve *HK$'000*	Available-for-sale investment revaluation reserve *HK$'000*	Reserve funds *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits *HK$'000*	Proposed final and special dividends *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2009	25,386	237,452	2,622	(4,271)	1,821	(7,227)	233	340	733	1,114	58,367	19,909	336,479	(753)	335,726
Total comprehensive income for the period	–	–	–	–	–	–	–	–	–	–	21,154	–	21,154	3	21,157
Issue of shares	13	130	–	–	–	–	–	–	–	–	–	–	143	–	143
Repurchase of shares	(215)	–	(1,504)	–	–	–	–	–	–	–	–	–	(1,719)	–	(1,719)
Share award arrangement	–	–	–	–	460	–	–	–	–	–	–	–	460	–	460
Reduction of share premium account and transfer to contributed surplus	–	(200,000)	200,000	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	750	750
Final and special 2008 dividends declared	–	–	172	–	–	–	–	–	–	–	–	(19,909)	(19,737)	–	(19,737)
At 30 June 2009	25,184	37,582*	201,290*	(4,271)*	2,281*	(7,227)*	233*	340*	733*	1,114*	79,521*	–	336,780	–	336,780

	Attributable to owners of the parent												
	Issued capital ***HK$'000***	**Share premium account** ***HK$'000***	**Contributed surplus** ***HK$'000***	**Shares held under the restricted share award scheme** ***HK$'000***	**Share based payment reserve** ***HK$'000***	**Goodwill reserve** ***HK$'000***	**Asset revaluation reserve** ***HK$'000***	**Available-for-sale investment revaluation reserve** ***HK$'000***	**Reserve funds** ***HK$'000***	**Exchange fluctuation reserve** ***HK$'000***	**Retained profits** ***HK$'000***	**Proposed final and special dividends** ***HK$'000***	**Total equity** ***HK$'000***
At 1 January 2010	**25,273**	**38,493**	**176,488**	**(3,946)**	**2,228**	**(7,227)**	**233**	**490**	**733**	**1,114**	**102,247**	**14,886**	**351,012**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**373**	**21,521**	**–**	**21,894**
Purchase of shares held for the restricted share award scheme	**–**	**–**	**–**	**(3,048)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,048)**
Share award arrangement	**–**	**–**	**–**	**–**	**590**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**590**
Vesting of shares held under the restricted share award scheme	**–**	**–**	**–**	**589**	**(589)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Final and special 2009 dividends declared	**–**	**–**	**114**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(14,886)**	**(14,772)**
At 30 June 2010	**25,273**	**38,493***	**176,602***	**(6,405)***	**2,229***	**(7,227)***	**233***	**490***	**733***	**1,487***	**123,768***	**–**	**355,676**

* *These reserve accounts comprise the consolidated reserves of HK$330,403,000 (2009: HK$311,596,000) in the condensed consolidated statement of financial position.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June (Unaudited)	
	2010	2009
	HK$'000	*HK$'000*
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(15,745)**	(47,670)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	**(5,852)**	3,726
NET CASH FLOWS USED IN FINANCING ACTIVITIES	**(17,820)**	(21,313)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(39,417)**	(65,257)
Cash and cash equivalents at beginning of period	**278,796**	227,550
Effect of foreign exchange rate changes, net	**435**	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**239,814**	162,293
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**248,119**	166,739
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**(8,305)**	(4,446)
Cash and cash equivalents for the purpose of the condensed consolidated statement of cash flows	**239,814**	162,293

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2010

1. CORPORATE INFORMATION

Computer And Technologies Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 30th Floor, Prosperity Millennia Plaza, 663 King's Road, North Point, Hong Kong.

During the period, the Group was involved in the following principal activities:

- provision of system and network integration services, application development services, information technology ("IT") solutions implementation and related maintenance outsourcing services;
- provision of enterprise software applications and related operation outsourcing, business processes outsourcing and e-business services; and
- property and treasury investments.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also included HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*

The adoption of these new or revised HKFRSs has had no material effect on the results and financial position of the Group.

4. REVENUE AND OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the integration and solution services segment engages in the provision of system and network integration services, application development services, IT solutions implementation and related maintenance outsourcing services;

(b) the application services segment engages in the provision of enterprise software applications and related operation outsourcing, business processes outsourcing and e-business services; and

(c) the investments segment primarily engages in various types of investing activities including, inter alia, property investments for rental income and treasury investments in listed and unlisted securities and held-to-maturity securities for dividend income and interest income.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax is measured consistently with the Group's profit before tax except that unallocated interest income, net, unallocated other income and gains, corporate and other unallocated depreciation and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There were no material intersegment sales and transfers during the current and prior periods.

4. REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

(a) Operating segments

Group

	Integration and Solutions Services		Application Services		Investments		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**90,925**	163,777	**39,480**	32,231	**851**	731	**131,256**	196,739
Other income and gains, net	**725**	702	**809**	105	**1,120**	(1,938)	**2,654**	(1,131)
Total	**91,650**	164,479	**40,289**	32,336	**1,971**	(1,207)	**133,910**	195,608
Segment results	**13,239**	19,910	**12,954**	9,007	**4,189**	2,035	**30,382**	30,952
Reconciliation:								
Unallocated interest income							**1,357**	1,109
Unallocated other income and gains, net							**179**	951
Corporate and other unallocated depreciation							**(154)**	(128)
Corporate and other unallocated expenses							**(8,274)**	(8,300)
Profit before tax							**23,490**	24,584

	Integration and Solutions Services		Application Services		Investments		Consolidated	
	30 June 2010	31 December 2009	**30 June 2010**	31 December 2009	**30 June 2010**	31 December 2009	**30 June 2010**	31 December 2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**106,391**	77,852	**32,836**	30,796	**58,393**	50,598	**197,620**	159,246
Reconciliation:								
Corporate and other unallocated assets							**261,212**	300,654
Total assets							**458,832**	459,900
Segment liabilities	**61,291**	70,015	**26,286**	23,610	**1,832**	467	**89,409**	94,092
Reconciliation:								
Corporate and other unallocated liabilities							**13,747**	14,796
Total liabilities							**103,156**	108,888

4. REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

(a) Operating segments (continued)

Group

	Integration and Solutions Services		Application Services		Investments		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Net fair value gains on investment properties	–	–	–	–	**2,869**	1,256	**2,869**	1,256
Net fair value gains/(losses) on financial assets at fair value through profit or loss	–	–	–	–	**(722)**	3,120	**(722)**	3,120
Depreciation	**676**	627	**221**	298	**111**	120	**1,008**	1,045
Corporate and other unallocated depreciation							**154**	128
							1,162	1,173
Other material non-cash items, net*	**2,159**	889	**(338)**	334	–	–	**1,821**	1,223
Capital expenditure**	**105**	859	**274**	125	–	54	**379**	1,038
Corporate and other unallocated capital expenditure							**99**	1
							478	1,039

* *Including impairment losses recognised in the income statement attributable to the integration and solutions services segment and the application services segment of Nil (2009: HK$4,341,000) and HK$346,000 (2009: HK$321,000), respectively, and impairment losses reversed in the income statement attributable to the integration and solutions services segment and the application services segment of HK$2,159,000 (2009: HK$5,230,000) and HK$8,000 (2009: HK$655,000), respectively.*

** *Capital expenditure consists of additions to property, plant and equipment.*

4. REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

(b) Geographical information

Group

	Hong Kong		Mainland China		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(i) Revenue from external customers						
Segment revenue:						
Sales to external customers	**72,750**	63,479	**58,506**	133,260	**131,256**	196,739

The revenue information above is based on the location of the customers.

	Hong Kong		Mainland China		Consolidated	
	30 June 2010	31 December 2009	**30 June 2010**	31 December 2009	**30 June 2010**	31 December 2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(ii) Non-current assets	**52,812**	48,440	**9,009**	16,377	**61,821**	64,817

The non-current assets above is based on the location of assets and excludes financial instruments and deferred tax assets

(iii) Information about major customers

Revenue from two major customers, each of them amounted to 10% or more of the Group's revenue, is set out below:

		2010	2009
	Operating segment	***HK$'000***	*HK$'000*
Customer A	Integration and Solutions	**24,201**	23,343
Customer B	Integration and Solutions	**–**	94,407

5. OTHER INCOME AND GAINS, NET

Analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**1,357**	1,109
Dividend income from listed and unlisted investments	**216**	220
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**235**	(2,213)
Foreign exchange differences, net	**858**	406
Others	**1,524**	1,407
	4,190	929

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**1,162**	1,173
Impairment of trade receivables*	**346**	4,662
Reversal of impairment of trade receivables and trade receivables written off*	**(2,159)**	(5,885)
Reversal of impairment of amounts due from contract customers*	**(8)**	–
Interest income	**(1,357)**	(1,109)

* *This is included in "Reversal of impairment of/(impairment of) trade receivables and amounts due from contract customers, net" on the face of the condensed consolidated income statement.*

7. INCOME TAX

Hong Kong profits tax has been provided at the applicable rate of 16.5% (six months ended 30 June 2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**1,148**	1,576
Current – Elsewhere		
Charge for the period	**230**	835
Deferred	**591**	1,016
Total tax charge for the period	**1,969**	3,427

8. DIVIDENDS

a. The Board has determined that an interim dividend of 6 HK cents (2009: 4 HK cents) in cash per share should be paid to the shareholders of the Company whose names appear in the Register of Members on 10 September 2010.

b. Dividends attributable to the previous financial year, approved and paid during the interim period.

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividends in respect of the previous financial year, approved and paid during the interim period of HK$0.04 (2009: HK$0.06) per ordinary share	**10,109**	15,103
Less: Dividend for shares held under the Company's restricted share award scheme	**(261)**	(300)
	9,848	14,803
Special dividends in respect of the previous financial year, approved and paid during the interim period of HK$0.02 (2009: HK$0.02) per ordinary share	**5,054**	5,034
Less: Dividend for shares held under the Company's restricted share award scheme	**(130)**	(100)
	4,924	4,934
	14,772	19,737

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic earnings per share

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 246,497,491 (2009: 247,143,767) in issue during the period, as adjusted to exclude the shares held under the restricted share award scheme of the Company.

(b) Diluted earnings per share

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares granted under the share option schemes of the Company and the deemed vesting of all dilutive restricted shares of the Company awarded under the restricted share award scheme of the Company into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**21,521**	21,154

	Number of shares	
	2010	2009
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period less shares held under the Company's restricted share award scheme used in the basic earnings per share calculation	**246,497,491**	247,143,767
Effect of dilution – weighted average number of ordinary shares:		
– Restricted shares awarded under the Company's restricted share award scheme	**1,737,276**	768,630
	248,234,767	247,912,397

10. TRADE AND BILLS RECEIVABLES

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the payment due date and net of provisions, is as follows:

	30 June 2010 (Unaudited) ***HK$'000***	31 December 2009 (Audited) *HK$'000*
Current	**42,609**	43,326
1 to 3 months	**24,855**	16,883
4 to 6 months	**7,413**	1,087
Over 6 months	**807**	468
	75,684	61,764

For system integration projects and the provision of maintenance services and software development services, the Group's trading terms with its customers vary from contract to contract or depending on the specific arrangements with individual customers, and may include cash on delivery, advance payment and on credit. For those customers who trade on credit, the overall credit period is generally within 120 days, except for certain projects with longer implementation schedules where the period may extend beyond 120 days, or may be extended for major or specific customers. The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in the balance is an amount of HK$43,149,000 (31 December 2009: HK$54,051,000) representing the Group's trade payables. An aged analysis of trade payables as at the end of the reporting period, based on the payment due date, is as follows:

	30 June 2010 (Unaudited) ***HK$'000***	31 December 2009 (Audited) *HK$'000*
Current	**40,076**	50,432
1 to 3 months	**2,930**	459
4 to 6 months	**6**	1,503
Over 6 months	**137**	1,657
	43,149	54,051

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

12. COMMITMENTS AND CONTINGENT LIABILITIES

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 30 June 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Within one year	**4,500**	4,294
In the second to fifth years, inclusive	**2,800**	5,209
	7,300	9,503

Other than the normal course of business, the Group has no significant contingent liability as at 30 June 2010.

13. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current period's presentation. The directors consider that such reclassifications allow a more appropriate presentation of the Group's state of affairs and/or better reflect the nature of the transactions/balances.

14. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the board of directors on 19 August 2010.

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

Dear Shareholders,

I am glad to present the unaudited interim results of Computer And Technologies Holdings Limited and its subsidiaries (collectively the "Group") for the six-month period ended 30 June 2010.

The Group's consolidated net profit attributable to shareholders was HK$21.5 million (2009: HK$21.1 million), representing a slight increment of 2% despite the overall revenue decreased by 33% to HK$131.3 million (2009: HK$196.7 million) when compared with the same period last year. During the reporting period, the Group's overall gross profit margin improved significantly to 41.4% (2009: 29.4%). Nevertheless, the overall gross profit fell by 6% to HK$54.3 million (2009: HK$57.8 million).

The mixed financial figures mentioned above were the combined results of the increasing contributions from the higher margin Application Services segment and the decreased sales in third party hardware products with lower margin.

For the reporting period, the earnings per share was 8.73 HK cents (2009: 8.56 HK cents) or an increase of 2% compared with the same period last year. As of end of June 2010, the Group's net cash on hand was around HK$248.1 million (31 December 2009: HK$288.1 million) after taking into account of the payment of 2009 final and special dividends amounting to HK$14.8 million.

BUSINESS OPERATIONS AND DEVELOPMENT

The Group's Solution Services[1] business was stable during the reporting period. Despite keen competitions, the Group continued to benefit from its long-term IT services contracts with the Hong Kong SAR Government ("HKSAR Government") and several large corporations in Hong Kong. The Group also captured various new businesses under the four multi-year services contracts with the HKSAR Government on the Standing Offer Agreement for Quality Professional Services 2 ("SOA-QPS2")[2]. In order to maintain a stable income stream and to minimize the impact of an expiring services contract with a government department, the Group is actively taking part in bidding for a number of sizable solution outsourcing projects from both public and commercial sectors.

On the other hand, due to the project oriented business nature, the revenue generated from the Group's Integration Services[3] business decreased compared with the same period last year when a very large-scale project was delivered. Besides, the various macro economic control measures of the PRC Government also had generally caused delays to the business decisions of our customers. However, the order inflows had signaled to resume from late second quarter. It is anticipated that the demands for the Group's Integration Services will be sustained along with the economy growth in China.

Benefiting from the improved overall import/export trading activities, the Group's Government Electronic Trading Services ("GETS")[4] related business contributed stable revenue and profit during the reporting period. However, the entrance of an additional service provider[5] had caused ripple effects to the GETS market and competitions are foreseen to intensify in the second half of the year. In meeting the challenges, the Group is expanding its value-added service offerings in order to enhance its market positioning and to enlarge its revenue sources.

BUSINESS OPERATIONS AND DEVELOPMENT *(continued)*

The Group's business process outsourcing ("BPO")[6] business also contributed growing revenue. During the reporting period, both the service scope and scale of the Group's BPO services have been enlarged resulting in a better economy of scale in operation.

The Group's human resource management ("HRM")[7] software business continued to generate stable recurring maintenance and services income from its strong customer base. The Group successfully launched the new HRM product line based on the latest technology platform and received encouraging feedback from enterprise customers revealing their appreciations to the new product. It is anticipated that the new HRM product will uplift the market position of the Group and help to capture new business opportunities in the near future.

Looking forward, the demands for the Group's IT services will continue to grow while the operating environment remains challenging and competition remains keen. The Management believes that the strong combined services offerings and the solid customer base would continue to provide the Group with competitive advantage for sustainable growth in long-term.

Footnotes:

[1] The Group's **Solutions Services** business includes (i) Development Services for the provision of IT solutions implementation and application software development; and (ii) Managed Services for the provision of IT and related operation / infrastructure outsourcing services.

[2] The Standing Offer Agreement for Quality Professional Services 2 **(SOA-QPS2)** is part of the HKSAR Government's IT outsourcing strategy aiming to enlarge the delivery capacity for IT services; accelerate the delivery of IT solutions; and create a market of sufficient size to encourage the further development of the IT industry locally. The Group was awarded as one of the selected services providers for four SOA-QPS2 contracts from the HKSAR Government in July 2009. These contracts will cover 4 different types of IT professional services, namely (Service Category 1) pre-implementation & independent program / project management services; (Service Category 2) on-going services; (Service Category 3) implementation & combined system development services; and (Service Category 4) information security services on an as and when required basis. Such arrangement will last for 4 years till July 2013. During the contract period, individual demands in the form of assignment proposals will be invited by government departments for competitive bidding among the services providers of the relevant service category. The HKSAR Government estimated that it would draw assignment-based services from these contracts costing about HK$858 million.

[3] The Group's **Integration Services** business covers the provision of IT systems and network infrastructure with related design, implementation and on-going support services.

[4] Since 2004, the Group has been granted a license (the "GETS License") from the HKSAR Government for the provision of front-end **Government Electronic Trading Services** ("**GETS**") for processing certain official trade-related documents. The Group's GETS license was renewed in 2009 for operation of additional 7 years until the end of 2016.

[5] On top of the existing two GETS License operators (including the Group), the HKSAR Government appointed an **additional GETS service provider** which commenced operations in January 2010.

[6] The Group's **BPO** business comprises the provision of services for the operations and support of specific business functions or processes of customers. On top of e-Services related BPO services, the Group also entered into a multi-year BPO contract with a leading trade promotion organization in Hong Kong in 2009.

[7] The Group's **HRM** business comprises the provision of human resource management as well as related application software and payroll outsourcing services.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2010, the Group had pledged certain of its investment properties with a carrying value of HK$20.4 million (31 December 2009: HK$18.5 million) and bank balances of HK$11.9 million (31 December 2009: HK$11.8 million) to secure certain general bank facilities, guarantee/performance bonds facilities granted to the Group in aggregate of HK$20.4 million (31 December 2009: HK$22.3 million) of which HK$4.4 million (31 December 2009: HK$6.1 million) had been utilised as of 30 June 2010.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2010, the Group's cash and bank balances (excluded pledged bank deposit of HK$11.9 million) was HK$248.1 million compared with HK$288.1 million as at 31 December 2009. The Group made no bank borrowings during the current period. As a result, gearing ratio comparing net debt (borrowing net of cash and bank balances available) to equity was zero as of 30 June 2010 and 31 December 2009.

CURRENCY AND FINANCIAL RISK MANAGEMENT

All of the Group's on hand funding is in Hong Kong, Renminbi and United States currencies. The Group has not adopted any hedging policies, as these currencies carry low exchange fluctuation risks.

REMUNERATION POLICY AND NUMBER OF EMPLOYEES

The remuneration policies adopted for the six months ended 30 June 2010 were consistent with those disclosed in the annual report of the Company for the year ended 31 December 2009 ("Annual Report"). As at 30 June 2010, the Group employed approximately 369 full time employees and 32 contract-based employees (31 December 2009: 359 full time employees and 33 contract-based employees).

INTERIM DIVIDEND

The board recommends the payment of an interim dividend of 6 HK cents (30 June 2009: 4 HK cents) per share for the six months ended 30 June 2010. The interim dividend will be distributed on or about 22 September 2010 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 10 September 2010.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 7 September 2010 to 10 September 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30p.m. on 6 September 2010.

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

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Board opined that the Company has complied with the code provision set out in the Code of Corporate Governance Practice (the "CG Code") as stipulated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the reporting period except on the deviations noted below.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive and Mr. Ng Cheung Shing currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive in the same individual provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Independent non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation in accordance with the provisions of the bye-laws of the Company. The Company therefore considers that sufficient measures have been taken to ensure that its corporate governance practices are similar to those provided in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

To comply with CG Code A.5.4, the Company has also adopted the Model Code as its code of conduct for dealings in securities of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited interim financial information for the six months ended 30 June 2010.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company website (www.ctil.com). The 2010 interim report will be published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.ctil.com) and also to be despatched to the shareholders of the Company in due course.

APPRECIATIONS

On behalf of the Group and the Board, I would like to extend my sincere thanks and appreciations to our shareholders, customers, suppliers, business partners and all the employees for their continuous supports and trusts to the Group during the period.

By Order of the Board
Computer And Technologies Holdings Limited
Ng Cheung Shing
Chairman

Hong Kong, 19 August 2010

As at the date of this announcement, the Board comprises Mr. Ng Cheung Shing, Mr. Leung King San, Sunny and Mr. Yan King Shun as executive directors, and Mr. Ha Shu Tong, Dr. Lee Kwok On, Matthew, and Mr. Ting Leung Huel, Stephen as independent non-executive directors.