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 2011

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 2011, 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	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**201,730**	131,256
Cost of sales		**(146,723)**	(76,923)
Gross profit		**55,007**	54,333
Other income and gains, net	*5*	**5,733**	4,190
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		**(798)**	(722)
Investment properties		**8,614**	2,869
Selling and distribution costs		**(16,979)**	(13,667)
General and administrative expenses		**(26,543)**	(25,334)
Other expenses, net		**2,041**	1,821
Finance costs		**(237)**	–
PROFIT BEFORE TAX	*6*	**26,838**	23,490

CONDENSED CONSOLIDATED INCOME STATEMENT *(continued)*

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
PROFIT BEFORE TAX	*6*	**26,838**	23,490
Income tax expense	*7*	**(3,150)**	(1,969)
PROFIT FOR THE PERIOD		**23,688**	21,521
Attributable to:			
Owners of the parent		**23,688**	21,521
Non-controlling interests		**–**	–
		23,688	21,521
DIVIDENDS	*8*	**14,643**	14,808
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*	**HK cents**	HK cents
Basic		**9.66**	8.73
Diluted		**9.58**	8.67

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**23,688**	21,521
Other comprehensive income for the period		
Exchange differences on translation of foreign operations	**812**	373
Other comprehensive income for the period, net of tax	**812**	373
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**24,500**	21,894
Attributable to:		
Owners of the parent	**24,500**	21,894
Non-controlling interests	**–**	–
	24,500	21,894

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2011 (Unaudited)** *HK$'000*	31 December 2010 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**6,570**	7,649
Investment properties		**30,518**	32,278
Goodwill		**25,813**	25,813
Available-for-sale investments		**1,850**	1,850
Financial assets at fair value through profit or loss		**3,330**	847
Total non-current assets		**68,081**	68,437
CURRENT ASSETS			
Properties held for sale		**10,753**	–
Inventories		**17,085**	18,482
Trade and bills receivables	*10*	**128,169**	74,441
Prepayments, deposits and other receivables		**8,715**	9,076
Due from contract customers		**3,505**	7,530
Financial assets at fair value through profit or loss		**20,193**	10,648
Tax recoverable		**4,162**	1,907
Pledged bank deposits		**58,456**	37,560
Cash and cash equivalents		**222,906**	287,501
Total current assets		**473,944**	447,145
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*11*	**(80,677)**	(95,140)
Derivative financial instrument		**(202)**	(202)
Interest-bearing bank borrowings	*12*	**(49,046)**	(26,520)
Due to contract customers		**(3,535)**	(2,658)
Deferred revenue		**(17,267)**	(6,186)
Tax payable		**(13,657)**	(11,739)
Total current liabilities		**(164,384)**	(142,445)
NET CURRENT ASSETS		**309,560**	304,700
TOTAL ASSETS LESS CURRENT LIABILITES		**377,641**	373,137

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	**30 June 2011 (Unaudited) *HK$'000***	31 December 2010 (Audited) *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITES		**377,641**	373,137
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**(4,851)**	(3,429)
Net assets		**372,790**	369,708
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**24,876**	25,273
Reserves		**347,914**	329,627
Proposed final dividend		–	14,808
Total equity		**372,790**	369,708

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent												
	Issued capital	Share premium account	Contributed surplus	Shares held under the restricted share award scheme	Share-based payment reserve	Goodwill reserve	Asset revaluation reserve	Available-for-sale investment revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed final and special dividends	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*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 under the restricted share award scheme	–	–	–	(3,048)	–	–	–	–	–	–	–	–	(3,048)
Share award arrangements	–	–	–	–	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

	Attributable to owners of the parent												
	Issued capital	Share premium account	Contributed surplus	Shares held under the restricted share award scheme	Share-based payment reserve	Goodwill reserve	Asset revaluation reserve	Available-for-sale investment revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	**25,273**	**38,493**	**146,986**	**(6,405)**	**2,876**	**(7,227)**	–	**690**	**733**	**1,866**	**151,615**	**14,808**	**369,708**
Total comprehensive income for the period	–	–	–	–	–	–	–	–	–	**812**	**23,688**	–	**24,500**
Repurchase of shares	**(397)**	–	**(6,963)**	–	–	–	–	–	–	–	–	–	**(7,360)**
Share award arrangements	–	–	–	–	**557**	–	–	–	–	–	–	–	**557**
Vesting of shares held under the restricted share award scheme	–	–	–	**1,192**	**(1,192)**	–	–	–	–	–	–	–	–
Final 2010 dividend declared	–	–	**193**	–	–	–	–	–	–	–	–	**(14,808)**	**(14,615)**
At 30 June 2011	**24,876**	**38,493***	**140,216***	**(5,213)***	**2,241***	**(7,227)***	–*	**690***	**733***	**2,678***	**175,303***	–	**372,790**

* *These reserve accounts comprise the consolidated reserves of HK$347,914,000 (2010: HK$330,403,000) in the condensed consolidated statement of financial position.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June (Unaudited) 2011 *HK$'000*	2010 *HK$'000*
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(34,573)**	(15,745)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(31,484)**	(5,852)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	**506**	(17,820)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(65,551)**	(39,417)
Cash and cash equivalents at beginning of period	**281,590**	278,796
Effect of foreign exchange rate changes, net	**940**	435
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**216,979**	239,814
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**222,906**	248,119
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**(5,927)**	(8,305)
Cash and cash equivalents for the purpose of the condensed consolidated statement of cash flows	**216,979**	239,814

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

1. CORPORATE INFORMATION

Computer And Technologies Holdings Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, 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:

- sales of computer networks and system platforms, and the provision of system and network integration, information technology ("IT") solutions development and implementation, and related maintenance services;
- provision of enterprise software applications and related operation outsourcing, business processes outsourcing and e-business, and related maintenance 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 2011 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 2010.

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 2010, 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.

HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
Amendments to HK(IFRIC) – Int 14	*Prepayments of a Minimum Funding Requirement*
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Amendments to HKFRS 1, HKFRS 3, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13 are effective for the reporting period.

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 purposes, 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 solutions services segment engages in the sales of computer networks and system platforms, and the provision of system and network integration, IT solutions development and implementation, and related maintenance services;

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

(c) the investments segment primarily engages in various types of investing activities including, inter alia, property investment for rental income and treasury investment 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. The adjusted profit before tax is measured consistently with the Group's profit before tax except that unallocated interest income, unallocated other income and gains, net, corporate and other unallocated depreciation, corporate and other unallocated expenses, and finance costs are excluded from such measurement.

Segment assets exclude tax recoverable, pledged bank 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 derivative financial instruments, 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		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**162,025**	90,925	**38,813**	39,480	**892**	851	**201,730***	131,256*
Other income and gains, net	**1,940**	725	**(31)**	809	**600**	1,120	**2,509^**	2,654^
Total	**163,965**	91,650	**38,782**	40,289	**1,492**	1,971	**204,239**	133,910
Segment results	**12,776**	13,239	**11,217**	12,954	**8,429**	4,189	**32,422**	30,382
Reconciliation:								
Unallocated interest income							**2,300^**	1,357^
Unallocated other income and gains, net							**924^**	179^
Corporate and other unallocated depreciation							**(138)**	(154)
Corporate and other unallocated expenses							**(8,433)**	(8,274)
Finance costs							**(237)**	-
Profit before tax							**26,838**	23,490

	Integration and Solutions Services		Application Services		Investments		Total	
	30 June 2011	31 December 2010	**30 June 2011**	31 December 2010	**30 June 2011**	31 December 2010	**30 June 2011**	31 December 2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**149,324**	102,257	**33,966**	34,073	**72,612**	52,145	**255,902**	188,475
Reconciliation:								
Corporate and other unallocated assets							**286,123**	327,107
Total assets							**542,025**	515,582
Segment liabilities	**67,042**	71,840	**31,590**	29,727	**2,458**	533	**101,090**	102,100
Reconciliation:								
Corporate and other unallocated liabilities							**68,145**	43,774
Total liabilities							**169,235**	145,874

* *This represented the consolidated revenue of HK$201,730,000 (2010: HK$131,256,000) in the condensed consolidated income statement.*

^ *These comprise the consolidated other income and gains, net, of HK$5,733,000 (2010: HK$4,190,000) in the condensed consolidated income statement.*

4. REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

(a) Operating segments (continued)

Group

	Integration and Solutions Services		Application Services		Investments		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	–	–	–	–	**8,614**	2,869	**8,614**	2,869
Net fair value losses on financial assets at fair value through profit or loss	–	–	–	–	**(798)**	(722)	**(798)**	(722)
Depreciation	**457**	676	**248**	221	**66**	111	**771**	1,008
Corporate and other unallocated depreciation							**138**	154
							909	1,162
Other material non-cash items, net*	**1,717**	2,159	**324**	(338)	**–**	–	**2,041**	1,821
Capital expenditure**	**119**	105	**168**	274	**–**	–	**287**	379
Corporate and other unallocated capital expenditure							**6**	99
							293	478

* *Including impairment losses recognised in the condensed consolidated income statement attributable to the application services segment of HK$117,000 (2010: HK$346,000) and impairment losses reversed in the condensed consolidated income statement attributable to the integration and solutions services segment and the application services segment of HK$1,717,000 (2010: HK$2,159,000) and HK$441,000 (2010: HK$8,000), 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	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(i) Revenue from external customers						
Segment revenue:						
Sales to external customers	**66,325**	72,750	**135,405**	58,506	**201,730**	131,256

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

	Hong Kong		Mainland China		Consolidated	
	30 June 2011	31 December 2010	**30 June 2011**	31 December 2010	**30 June 2011**	31 December 2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(ii) Non-current assets	**54,241**	56,885	**8,660**	8,855	**62,901**	65,740

The non-current asset information is based on the location of assets and excludes financial instruments.

(iii) Information about major customers

Revenues from external customers individually amounting to 10% or more of the Group's total revenue:

For the period ended 30 June 2011, revenues from two customers of HK$42,033,000 and HK$30,642,000, individually amounting to 10% or more of the Group's total revenue, were derived from the integration and solutions services segment.

For the period ended 30 June 2010, revenues from a customer of HK$24,201,000 amounting 10% or more of the Group's total revenue, was derived from the integration and solutions services segment.

5. OTHER INCOME AND GAINS, NET

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**2,300**	1,357
Dividend income from listed and unlisted investments	**247**	216
Gain on disposal of financial assets at fair value through profit or loss	**189**	235
Foreign exchange differences, net	**2,977**	858
Others	**20**	1,524
	5,733	4,190

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**909**	1,162
Impairment of trade receivables*	**117**	346
Reversal of impairment of trade receivables and trade receivables written off*	**(1,785)**	(2,159)
Reversal of impairment of amounts due from contract customers and amount due from contract customers written off*	**(373)**	(8)
Bank interest income	**(2,300)**	(1,357)

* *These items are included in "other expenses, 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 2010: 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	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**1,898**	1,148
Current – Elsewhere		
Charge for the period	**170**	230
Overprovision in prior years	**(339)**	-
Deferred	**1,421**	591
Total tax charge for the period	**3,150**	1,969

8. DIVIDENDS

a. The Board has determined that an interim dividend of 6 HK cents (2010: 6 HK cents) in cash per share should be paid to the shareholders of the Company whose names appear in the Register of Members on 5 September 2011.

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividends in respect of the previous financial year, approved and paid during the interim period of HK$0.06 (2010: HK$0.04) per ordinary share	**14,957**	10,109
Less: Dividend for shares held under the Company's restricted share award scheme	**(342)**	(261)
	14,615	9,848
Special dividends in respect of the previous financial year, approved and paid during the interim period of HK$Nil (2010: HK$0.02) per ordinary share	-	5,054
Less: Dividend for shares held under the Company's restricted share award scheme	-	(130)
	-	4,924
	14,615	14,772

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 245,109,690 (2010: 246,497,491) 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:

Earnings
The calculations of basic and diluted earnings per share are based on profit for the period attributable to ordinary equity holders of the parent.

	Number of shares	
	2011	2010
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**245,109,690**	246,497,491
Effect of dilution – weighted average number of ordinary shares:		
– Restricted shares awarded under the Company's restricted share award scheme	**2,035,081**	1,737,276
	247,144,771	248,234,767

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 2011 (Unaudited) ***HK$'000***	31 December 2010 (Audited) *HK$'000*
Current	**109,665**	57,900
1 to 3 months	**9,069**	12,213
4 to 6 months	**6,794**	2,811
Over 6 months	**2,641**	1,517
	128,169	74,441

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

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Audited) *HK$'000*
Trade payables	**48,111**	56,370
Other payables	**21,643**	25,573
Accruals	**10,923**	13,197
	80,677	95,140

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 2011 (Unaudited) ***HK$'000***	31 December 2010 (Audited) *HK$'000*
Current	**47,720**	52,914
1 to 3 months	**221**	3,065
4 to 6 months	**30**	258
Over 6 months	**140**	133
	48,111	56,370

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

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2011			31 December 2010		
	Contractual Interest rate (%)	**Maturity**	**(Unaudited) *HK$'000***	Contractual Interest rate (%)	Maturity	(Audited) *HK$'000*
Current						
Bank loans – secured	**1.10-1.85**	**2011-2012**	**49,046**	1.10-1.23	2011	26,520
Analysed into:						
Bank loans repayable:						
Within one year or on demand (Note a)			**49,046**			26,520

Notes:

(a) These bank loans contain a clause that gives the lender the unconditional right to call the loans at any time and, accordingly, are classified as current liabilities. Ignoring the repayment on demand clause and based on the maturing terms of these loans, these loans are repayable within one year.

(b) These bank loans are denominated in United States dollars.

Pledge of assets
The Group's bank loans and other banking facilities are secured by:

(i) certain of the Group's time deposit amounting to HK$58,456,000 at 30 June 2011 (31 December 2010: HK$37,560,000); and

(ii) an investment property of the Group with a carrying value of HK$26,800,000 as at 30 June 2011 (31 December 2010: HK$24,000,000).

13. 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 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Within one year	**4,920**	4,558
In the second to fifth years, inclusive	**1,679**	1,680
	6,599	6,238

Other than the normal course of business, the Group has no significant contingent liability as at 30 June 2011.

14. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the board of directors on 16 August 2011.

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 2011.

The Group's consolidated net profit attributable to shareholders for the reporting period increased 10.1% to HK$23.7 million (2010: HK$21.5 million). The overall revenue increased by 53.7% to HK$201.7 million (2010: HK$131.3 million) when compared with the same period last year. The increment was mainly attributed to the increased revenue generated from the Integration Services [1] business in China. However, the increased sales of third party products in the Integration Services business had dragged down the gross profit margin. At the same time, it had caused a short-term increase in reported trade receivables which has been gradually reduced subsequently.

The Group repurchased approximately four million shares at an averaged price of HK$1.85 per share during the reporting period. The basic earnings per share, after taken into account of the share repurchased, was 9.66 HK cents (2010: 8.73 HK Cents) or an increase of 10.7% compared with the same period last year. As of end of June 2011, the Group's net cash on hand was around HK$222.9 million (December 2010: HK$287.5 million). In view of the continuous growth in earnings and the healthy financial position, the Board declared an interim dividend of 6 HK cents per share (2010: 6 HK Cents).

OUR BUSINESS OPERATIONS AND DEVELOPMENT

The revenue generated from the Group's Integration Services [1] business had improved substantially compared to the same period last year. The Group continued to benefit from its strong customer base in Mainland China and managed to capture a number of new multinational customers with significant investment in China. While the Management is optimistic in the long-term prospect, the revenue contributions from such business are expected to fluctuate due to its project oriented business nature.

The Group's Solution Services [2] business was stable in the first half of the year. Business generated from the Standing Offer Agreement for Quality Professional Services ("SOA-QPS2") [3] and other long-term IT services contracts with government and commercial organizations remained healthy. The Group also managed to win contracts with several new customers and strengthened its order backlog. Moreover, there has been positive progress in the delayed project reported previously and it is expected that such project will be completed within this year.

During the reporting period, the newly launched human resource management ("HRM") [4] product suite was well received by the market and won new contracts from a number of large local and multinational enterprises. Besides, the Group continued to generate increasing product related recurring maintenance and services income from its existing customer base. As a result of the recent changes in labor related ordinance in Hong Kong, the demand for the Group's HRM solutions and services are expected to remain strong in the rest of the year.

OUR BUSINESS OPERATIONS AND DEVELOPMENT (CONTINUED)

The Group managed to, despite the termination of the service outlets with Hong Kong Post Office since November 2010, extend its service counters and promotion network for the Government Electronic Trading Services ("GETS") [5] related business through business collaborations with various retail chain-stores and trade associations. The Group also managed to increase market share through a higher penetration into the small and medium size enterprises ("SME") segment and the increment in business volume from various large enterprises. To further expand the e-Services revenue stream and to leverage the enlarged SME customer base, additional online applications and services are being built progressively.

Last but not least, the Group's business process outsourcing ("BPO") [6] business also has contributed stable revenue to the Group.

Looking forward, the Group is committed to continue investing to expand its e-Services and Application Products offerings for which the Group will benefit from the long-term ownership of the related intellectual property and Service platform. Besides, leveraging the strong customer base across Mainland China and Hong Kong, the Management will endeavor to explore cross-sale opportunity to further our growth momentum.

Footnotes:

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

[2] The Group's **Solution 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.

[3] The Standing Offer Agreement for Quality Professional Services 2 (**SOA-QPS2**) is part of the 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 four 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. All the related IT professional services of various government departments under these 4 categories will be awarded to the selected services providers under the relevant category and such arrangement will last for 4 years till July 2013. The HKSAR Government estimated that it would draw assignment-based services from these contracts costing about HK$858 million.

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

[5] 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.

[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.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2011, the Group had pledged certain of its investment properties with a carrying value of HK$26.8 million (31 December 2010: HK$24.0 million) and bank balances of HK$58.5 million (31 December 2010: HK$37.6 million) to secure certain general bank facilities including interest-bearing bank borrowings, guarantee/performance bonds facilities granted to the Group in aggregate of HK$213.2 million (31 December 2010: HK$174.2 million) of which HK$51.6 million (31 December 2010: HK$29.2 million) had been utilised as of 30 June 2011.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2011, the Group's cash and bank balances (excluded pledged bank deposit of HK$58.5 million) was HK$222.9 million (31 December 2010: HK$ 287.5 million).

All of the Group's on hand fundings are in Hong Kong dollars, Renminbi and US dollars. The Group entered into certain forward currency contracts and interest rate swaps to manage its exchange rate and interest rate exposures. Save as disclosed, the Group has not adopted any hedging policies, as these currencies carry low exchange fluctuation risks.

As at 30 June 2011, the Group had bank borrowings of approximately HK$49.0 million (31 December 2010: HK$26.5 million). The Group's current ratio representing current assets divided by current liability was 2.9 (31 December 2010: 3.1) and the gearing ratio, representing total liabilities divided by total assets, was 31.2% (31 December 2010: 28.3%).

REMUNERATION POLICY AND NUMBER OF EMPLOYEES

The remuneration policies adopted for the six months ended 30 June 2011 were consistent with those disclosed in the annual report of the Company for the year ended 31 December 2010 ("Annual Report"). As at 30 June 2011, the Group employed approximately 375 full time employees and 15 contract-based employees (31 December 2010: 368 full time employees and 33 contract-based employees).

INTERIM DIVIDEND

The board recommends the payment of an interim dividend of HK6 cents (30 June 2010: HK6 cents) per share for the six months ended 30 June 2011. The interim dividend will be distributed on or about 15 September 2011 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 5 September 2011.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 1 September 2011 to 5 September 2011, 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 31 August 2011.

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

During the period, the Company repurchased 3,970,000 shares on the Stock Exchange and these shares were subsequently cancelled by the Company. The share repurchase has enhanced the net asst value per share and the earnings per share, which the directors believe is in the best interests of the Company and the shareholders. Further details of these transactions are set out as below:

Month/year	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
March 2011	2,158,000	1.89	1.81	3,954
April 2011	1,052,000	1.90	1.88	1,990
May 2011	716,000	1.89	1.84	1,336
June 2011	44,000	1.83	1.82	80

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

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 2011.

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 2011 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 to the Group during the period.

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

Hong Kong, 16 August 2011

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.