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COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 00046)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

GROUP RESULTS

The Board of Directors (the "Board") of Computer And Technologies Holdings Limited (the "Company") herein presents the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012 together with comparative figures for the corresponding period in 2011 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000 (Restated)
REVENUE	6	**206,708**	391,209
Cost of sales and services		**(113,118)**	(284,194)
Gross profit		**93,590**	107,015
Other income and gains, net	6	**9,550**	24,262
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		**6,262**	(5,858)
Derivative financial instruments – transactions not qualifying as hedges		**130**	72
Investment properties		**16,610**	9,068
Selling and distribution expenses		**(30,306)**	(33,097)
General and administrative expenses		**(44,634)**	(44,424)
Finance costs	8	**(100)**	(545)
PROFIT BEFORE TAX	7	**51,102**	56,493
Income tax expense	9	**(4,100)**	(5,517)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**47,002**	50,976

continued/…

CONSOLIDATED INCOME STATEMENT (continued)
Year ended 31 December 2012

	Notes	**2012**	2011
		HK cents	HK cents
			(Restated)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11		
Basic		**19.50**	20.88
Diluted		**19.34**	20.67

Details of the dividends payable and proposed for the year are disclosed in note 10 to the announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	2012 HK$'000	2011 HK$'000 (Restated)
PROFIT FOR THE YEAR	**47,002**	50,976
OTHER COMPREHENSIVE INCOME		
Available-for-sale investment:		
Changes in fair value	**100**	150
Exchange differences on translation of foreign operations	**340**	2,439
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**440**	2,589
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**47,442**	53,565

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2012

	Notes	**31 December 2012 HK$'000**	31 December 2011 HK$'000 (Restated)	1 January 2011 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**5,880**	5,660	7,649
Investment properties		**47,582**	30,972	32,278
Goodwill		**25,813**	25,813	25,813
Other intangible assets		**-**	-	-
Available-for-sale investment		**2,100**	2,000	1,850
Financial assets at fair value through profit or loss		**8,555**	3,187	847
Total non-current assets		**89,930**	67,632	68,437
CURRENT ASSETS				
Inventories		**11,300**	12,431	18,482
Trade and bills receivables	12	**27,263**	67,615	74,441
Prepayments, deposits and other receivables		**6,042**	6,313	9,076
Due from contract customers		**3,351**	3,999	7,530
Financial assets at fair value through profit or loss		**17,487**	20,100	10,648
Tax recoverable		**3,803**	2,226	1,907
Derivative financial assets	14	-	91	-
Pledged bank deposits		**60,097**	31,774	37,560
Cash and cash equivalents		**274,806**	311,837	287,501
Total current assets		**404,149**	456,386	447,145
CURRENT LIABILITIES				
Trade payables, other payables and accruals	13	**69,715**	90,017	95,140
Derivative financial liabilities	14	-	221	202
Interest-bearing bank borrowings	15	-	22,526	26,520
Due to contract customers		**2,511**	3,019	2,658
Deferred revenue		**12,419**	5,937	6,186
Tax payable		**8,144**	15,223	11,739
Total current liabilities		**92,789**	136,943	142,445
NET CURRENT ASSETS		**311,360**	319,443	304,700
TOTAL ASSETS LESS CURRENT LIABILITIES		**401,290**	387,075	373,137

continued/…

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2012

	Notes	**31 December 2012 HK$'000**	31 December 2011 HK$'000 (Restated)	1 January 2011 HK$'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		**401,290**	387,075	373,137
NON-CURRENT LIABILITIES				
Deferred tax liabilities		**1,045**	917	803
Net assets		**400,245**	386,158	372,334
EQUITY				
Equity attributable to owners of the parent				
Issued capital		**24,529**	24,604	25,273
Reserves		**354,050**	344,659	332,253
Proposed final and special dividends	10	**21,666**	16,895	14,808
Total equity		**400,245**	386,158	372,334

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2012

	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	**Available-for-sale investment revaluation reserve** HK$'000	**Reserve funds** HK$'000	**Exchange fluctuation reserve** HK$'000	**Retained profits** HK$'000	**Proposed final dividend** HK$'000	**Total equity** HK$'000
At 1 January 2011:												
As previously reported	25,273	38,493	146,986	(6,405)	2,876	(7,227)	690	733	1,866	151,615	14,808	369,708
Prior year adjustments	-	-	-	-	-	-	-	-	-	2,626	-	2,626
As restated	25,273	38,493	146,986	(6,405)	2,876	(7,227)	690	733	1,866	154,241	14,808	372,334
Profit for the year (as restated)	-	-	-	-	-	-	-	-	-	50,976	-	50,976
Other comprehensive income for the year:												
Changes in fair value of an available-for-sale investment, net of tax	-	-	-	-	-	-	150	-	-	-	-	150
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	2,439	-	-	2,439
Total comprehensive income for the year	-	-	-	-	-	-	150	-	2,439	50,976	-	53,565
Repurchase of shares	(669)	-	(10,870)	-	-	-	-	-	-	-	-	(11,539)
Vesting of shares held under the restricted share award scheme	-	-	-	1,229	(1,229)	-	-	-	-	-	-	-
Share award arrangements	-	-	-	-	1,057	-	-	-	-	-	-	1,057
Final 2010 dividends declared	-	-	193	-	-	-	-	-	-	-	(14,808)	(14,615)
Interim 2011 dividend	-	-	(14,644)	-	-	-	-	-	-	-	-	(14,644)
Proposed final 2011 dividend	-	-	(16,895)	-	-	-	-	-	-	-	16,895	-
At 31 December 2011	24,604	38,493*	104,770*	(5,176)*	2,704*	(7,227)*	840*	733*	4,305*	205,217*	16,895	386,158

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 December 2012

	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	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 2012:												
As previously reported	24,604	38,493	104,770	(5,176)	2,704	(7,227)	840	733	4,305	203,159	16,895	384,100
Prior year adjustments	-	-	-	-	-	-	-	-	-	2,058	-	2,058
As restated	24,604	38,493*	104,770*	(5,176)*	2,704*	(7,227)*	840*	733*	4,305*	205,217*	16,895	386,158
Profit for the year	-	-	-	-	-	-	-	-	-	47,002	-	47,002
Other comprehensive income for the year:												
Changes in fair value of an available-for-sale investment, net of tax	-	-	-	-	-	-	100	-	-	-	-	100
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	340	-	-	340
Total comprehensive income for the year	-	-	-	-	-	-	100	-	340	47,002	-	47,442
Repurchase of shares	(75)	-	(1,190)	-	-	-	-	-	-	-	-	(1,265)
Purchase of shares held under the restricted share award scheme	-	-	-	(1,372)	-	-	-	-	-	-	-	(1,372)
Vesting of shares held under the restricted share award scheme	-	-	-	958	(958)	-	-	-	-	-	-	-
Share award arrangements	-	-	-	-	633	-	-	-	-	-	-	633
Final 2011 dividend declared	-	-	27	-	-	-	-	-	-	-	(16,895)	(16,868)
Interim 2012 dividend	-	-	(14,483)	-	-	-	-	-	-	-	-	(14,483)
Proposed final and special 2012 dividends	-	-	(21,666)	-	-	-	-	-	-	-	21,666	-
At 31 December 2012	24,529	38,493*	67,458*	(5,590)*	2,379*	(7,227)*	940*	733*	4,645*	252,219*	21,666	400,245

* *These reserve accounts comprise the consolidated reserves of HK$354,050,000 (2011: HK$344,659,000, as restated) in the consolidated statement of financial position.*

NOTES:

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 year, the Group was involved in the following principal activities:

- sale of computer networks and system platforms, 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 process outsourcing and e-business, and related maintenance services; and

- property and treasury investments.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments, available-for-sale investment and financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting HKAS 12 Amendments are as follows:

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of HKAS 12 Amendments, deferred tax in respect of the Group's investment properties is provided on the presumption that the carrying amount will be recovered through sale.

The effects of the above change are summarised below:

	2012	2011
	HK$'000	HK$'000
Consolidated income statement for the year ended 31 December		
Decrease/(increase) in income tax expense	**2,640**	(568)
Increase/(decrease) in profit for the year	**2,640**	(568)
Increase/(decrease) in basic earnings per share (HK cents)	**1.10**	(0.23)
Increase/(decrease) in diluted earnings per share (HK cents)	**1.09**	(0.23)
Consolidated statement of financial position at 31 December		
Decrease in deferred tax liabilities and total non-current liabilities	**(4,698)**	(2,058)
Increase in net assets and reserves	**4,698**	2,058
Consolidated statement of financial position at 1 January		
Decrease in deferred tax liabilities and total non-current liabilities		(2,626)
Increase in net assets and reserves		2,626

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

5. 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 that 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 that 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 that engages in various types of investing activities including, inter alia, property investment for rental income and treasury investment in listed securities for dividend income and interest income.

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

Segment liabilities exclude derivative financial liabilities, interest-bearing bank borrowings, 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 years.

5. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments

Group

	Integration and Solutions Services		Application Services		Investments		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (Restated)
Segment revenue:								
Sales to external customers	**124,834**	309,978	**80,011**	79,489	**1,863**	1,742	**206,708***	391,209*
Other income and gains, net	**429**	4,909	**5**	194	**(510)**	9,172	**(76)^**	14,275^
Total	**125,263**	314,887	**80,016**	79,683	**1,353**	10,914	**206,632**	405,484
Segment results	**7,123**	22,349	**30,011**	27,285	**24,599**	14,739	**61,733**	64,373
Reconciliation:								
Unallocated interest income							**9,193^**	6,474^
Unallocated other income and gains, net							**433^**	3,513^
Corporate and other unallocated depreciation							**(170)**	(250)
Corporate and other unallocated expenses							**(19,987)**	(17,072)
Finance costs							**(100)**	(545)
Profit before tax							**51,102**	56,493
Segment assets	**41,561**	82,664	**33,931**	35,049	**79,539**	60,054	**155,031**	177,767
Reconciliation:								
Corporate and other unallocated assets							**339,048**	346,251
Total assets							**494,079**	524,018
Segment liabilities	**49,347**	63,530	**32,673**	32,989	**609**	580	**82,629**	97,099
Reconciliation:								
Corporate and other unallocated liabilities							**11,205**	40,761
Total liabilities							**93,834**	137,860

* *This represents the consolidated revenue of HK$206,708,000 (2011: HK$391,209,000) in the consolidated income statement.*

^ *These comprise the consolidated other income and gains, net, of HK$9,550,000 (2011: HK$24,262,000) in the consolidated income statement.*

5. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group

	Integration and Solutions Services		Application Services		Investments		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**-**	-	**-**	-	**16,610**	9,068	**16,610**	9,068
Net fair value gains/(losses) on financial assets at fair value throuth profit or loss	**-**	-	**-**	-	**6,262**	(5,858)	**6,262**	(5,858)
Depreciation	**682**	802	**575**	517	**94**	113	**1,351**	1,432
Corporate and other unallocated depreciation							**170**	250
							1,521	1,682
Write-down of inventories to net realisable value	**291**	-	**-**	-	**-**	-	**291**	-
Other material non-cash income/(expense) items, net*	**(145)**	1,920	**6**	230	**-**	**-**	**(139)**	2,150
Capital expenditure**	**914**	344	**646**	465	**-**	**-**	**1,560**	809
Corporate and other unallocated capital expenditure							**191**	62
							1,751	871

* *Including impairment losses recognised in the consolidated income statement attributable to the integration and solutions services segment and application services segment of HK$145,000 (2011: Nil) and HK$53,000 (2011: HK$188,000), respectively, and impairment losses reversed in the consolidated income statement attributable to the integration and solutions services segment and the application services segment of nil (2011: HK$1,920,000) and HK$59,000 (2011: HK$418,000), respectively.*

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

5. OPERATING SEGMENT INFORMATION (continued)

(b) Geographical information

Group

(i) Revenue from external customers

	Hong Kong		Mainland China		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**154,356**	139,821	**52,352**	251,388	**206,708**	391,209

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

(ii) Non-current assets

	2012	2011
	HK$'000	HK$'000
Hong Kong	**69,803**	53,961
Mainland China	**9,472**	8,484
	79,275	62,445

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

(c) Information about major customers

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

For the year ended 31 December 2012, revenue from a major customer of HK$50,874,000, individually amounting to 10% or more of the Group's total revenue, was derived from the integration and solutions services segment.

For the year ended 31 December 2011, revenues from three major customers of HK$61,687,000, HK$58,301,000 and HK$39,862,000, individually amounting to 10% or more of the Group's total revenue, were derived from the integration and solutions services segment.

6. **REVENUE, OTHER INCOME AND GAINS, NET**

Revenue, which is also the Group's turnover, represents the aggregate of the invoiced value of goods sold, net of trade discounts, returns and business tax, where applicable; fees earned from the provision of system and network integration, IT solutions, enterprise software applications, business process outsourcing, e-business and related services; fees earned from the provision of maintenance services; gross rental income earned from investment properties; and interest income earned from treasury investments during the year.

An analysis of revenue, other income and gains, net is as follows:

	2012	2011
	HK$'000	HK$'000
Revenue		
Sale of computer networks and system platforms, and the provision of system and network integration, IT solutions development and implementation, and related maintenance services	**124,834**	309,978
Provision of enterprise software applications and related operation outsourcing, business process outsourcing and e-business, and related maintenance services	**80,011**	79,489
Gross rental income from investment properties and interest income from treasury investments	**1,863**	1,742
	206,708	391,209
Other income and gains, net		
Bank interest income	**9,193**	6,474
Dividend income from listed investments	**953**	554
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**(1,600)**	255
Gain on disposal of items of property, plant and equipment	**-**	6,865
Gain on disposal of an investment property	**-**	73
Foreign exchange differences, net	**775**	9,742
Others	**229**	299
	9,550	24,262

7. PROFIT BEFORE TAX

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

	2012 HK$'000	2011 HK$'000
Cost of inventories sold	**78,159**	246,859
Cost of services provided	**34,801**	36,954
Depreciation*	**1,521**	1,682
Loss/(gain) on disposal of items of property, plant and equipment	**3**	(6,865)
Gain on disposal of an investment property	-	(73)
Impairment of trade receivables	**198**	188
Write-down of inventories to net realisable value	**291**	-
Reversal of impairment of trade receivables	**(59)**	(1,580)
Reversal of impairment of amounts due from contract customers	-	(758)
Reversal of trade receivables written off	-	(227)
Reversal of impairment of amounts due from contract customers written off	-	(34)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**99**	144
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss	**(6,262)**	5,858
Investment properties	**(16,610)**	(9,068)
Fair value losses/(gains) on derivative financial instruments		
- transactions not qualifying as hedges	**-**	130
- settlement of derivative financial instruments	**(130)**	(202)
Rental income on investment properties less direct operating expenses of HK$99,000 (2011: HK$144,000)	**(1,469)**	(1,372)

* *Depreciation for the year of HK$158,000 (2011: HK$381,000) is included in "Cost of sales and services" on the face of the consolidated income statement.*

8. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on bank loans wholly repayable within five years	**100**	545

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2012 **HK$'000**	2011 HK$'000 (Restated)
Group:		
Current - Hong Kong		
Charge for the year	**3,830**	4,185
Overprovision in prior years	**(674)**	-
Current - Elsewhere		
Charge for the year	**2,771**	1,568
Overprovision in prior years	**(1,955)**	(350)
Deferred	**128**	114
Total tax charge for the year	**4,100**	5,517

10. DIVIDENDS

	2012 **HK$'000**	2011 HK$'000
Interim - HK$0.06 (2011: HK$0.06) per ordinary share	**14,817**	14,926
Less: Dividend for shares held under the Company's restricted share award scheme	**(334)**	(282)
	14,483	14,644
Proposed final - HK$0.06 (2011: HK$0.07) per ordinary share	**14,717**	17,223
Less: Dividend for shares held under the Company's restricted share award scheme	**(273)**	(328)
	14,444	16,895
Proposed special - HK$0.03 (2011: Nil) per ordinary share	**7,359**	-
Less: Dividend for shares held under the Company's restricted share award scheme	**(137)**	-
	7,222	-
	36,149	31,539

The proposed final and special dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting ("AGM").

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

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 241,079,575 (2011: 244,127,666) in issue during the year, as adjusted to exclude the shares held under the restricted share award scheme of the Company.

The calculation of diluted earnings per share amount is based on the profit for the year 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 year, 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 attributable to ordinary equity holders of the parent.

Shares

	Number of shares	
	2012	2011
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**241,079,575**	244,127,666
Effect of dilution - weighted average number of ordinary shares:		
Restricted shares awarded under the Company's restricted share award scheme	**2,007,876**	2,529,245
	243,087,451	246,656,911

12. 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:

	Group	
	2012	2011
	HK$'000	HK$'000
Not past due	**20,361**	32,579
Within 3 months	**4,854**	29,763
4 to 6 months	**1,273**	4,155
More than 6 months	**775**	1,118
	27,263	67,615

12. TRADE AND BILLS RECEIVABLES (continued)

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. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest-bearing.

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

An aged analysis of the trade payables included in trade payables, other payables and accruals as at the end of the reporting period, based on the payment due date, is as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
Current	**29,405**	50,743
1 to 3 months	**3,020**	1,569
4 to 6 months	**109**	106
Over 6 months	**503**	137
	33,037	52,555
Other payables	**24,191**	23,276
Accruals	**12,487**	14,186
	69,715	90,017

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

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2012	2011
	HK$'000	HK$'000
Assets		
Interest rate swaps	**-**	91
Liabilities		
Forward currency contracts	**-**	221

The main purpose of the above contracts and swaps entered into by the Group was to manage the Group's exchange rate and interest rate exposures. Such forward currency contracts and interest rate swaps were not designated for hedge purposes and were measured at fair value through profit or loss.

The net fair value gains of these derivatives amounting to HK$130,000 (2011: HK$72,000) were credited to the consolidated income statement during the year.

15. INTEREST-BEARING BANK BORROWINGS

Group	2012 Contractual interest rate (%)	2012 Maturity	2012 HK$'000	2011 Contractual interest rate (%)	2011 Maturity	2011 HK$'000
Current						
Bank loans – secured	-	-	-	1.10-1.85	2012	22,526

	2012 HK$'000	2011 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand - note (a)	-	22,526

Notes:

(a) Bank loans as at 31 December 2011 contained a clause that gave the lender the unconditional right to call the loans at any time and, accordingly, were classified as current liabilities as at 31 December 2011. Not taking into account the repayment on-demand clause, based on the maturing terms of these loans, these loans were repayable within one year.

(b) Bank loans as at 31 December 2011 were 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 deposits amounting to HK$60,097,000 at 31 December 2012 (2011: HK$31,774,000);

(ii) certain of the Group's financial assets at fair value through profit and loss amounting to HK$22,576,000 as at 31 December 2012 (2011: Nil); and

(iii) an investment property of the Group with a carrying value of HK$42,800,000 as at 31 December 2012 (2011: HK$26,800,000).

BUSINESS AND FINANCIAL REVIEW

Dear Shareholders,

OVERVIEW

I am pleased to present the annual results of Computer And Technologies Holdings Limited and its subsidiaries (collectively the "Group") for the year ended 31 December 2012.

As alerted in the earlier announcement, the Group reported a decrease in consolidated net profit attributable to shareholders by 7.8% to HK$47.0 million (2011: HK$51.0 million, as restated). The basic earnings per share, after taken into account of the repurchase of 752,000 shares during the year, was 19.50 HK cents (2011: 20.88 HK cents, as restated) or a decrease of 6.6% compared with the same period last year.

The declines were primarily attributable to the significant decrease in revenue from reselling of third parties hardware products in the Group's system Integration[1] business due to the ongoing business transformation and the reduction in foreign exchange gain recognised during the reporting period. On the other hand, the increase in profit contribution from the Group's Application Services[3] business, increase in interest income and the appreciations in the Group's financial assets held had partially compensated the net profit decline.

Despite the less than satisfactory operating results, the Group continued to generate positive cash inflow from its operating activities and maintained robust liquidity position with approximately HK$335 million net cash on hand (including pledged bank deposits) as at the end of 2012.

In view of the sustained healthy financial position, the Board recommended the distribution of a final dividend of 6 HK cents (2011: 7 HK cents). As to celebrate the Group approaching the 15th public listing anniversary, the Board also recommended the distribution of a special dividend of 3 HK cents (2011: Nil). Including the interim dividend of 6 HK cents (2011: 6 HK cents), the total dividends per share for 2012 amounted to 15 HK cents, which represents 15.4% increase over the previous year (2011: 13 HK cents).

BUSINESS REVIEW

As part of the long term business strategy, the Group is transforming its system Integration[1] business in Mainland China from a hardware driven business to a service and solutions driven business. Such transformation has resulted in an overall gross profit margin improvement to 45.3% from 27.4% last year, though at the same time caused a material drop in consolidated revenue of 47.2% and the overall gross profit dropped by 12.5%.

As part of the transformation to improve the service revenue from its Integration business in Mainland China, the Group has been targeting sizable multi-national corporations with quality I.T. services demand. During the reporting period, the Group managed to secure a multi-year contract to provide network support services to all the branches of a renowned multi-national bank with over 90 branches in China and another one-off service contract to relocate the bank's headquarters in the southern region of China. The management believe that more efforts is required to strengthen the transformation effort in order to further improve its software and service revenues from Mainland China in long term.

The Group's Solutions Services[2] business continued to benefit from its long term services contracts with the HKSAR Government and several large corporations in Hong Kong. During the reporting period, the Group successfully renewed a multi-year service agreement with a major utility company and awarded a new multi-year service agreement with a transportation authority in Hong Kong. In order to strengthen its income from long term services, the Group is actively participating in a number of tenders for IT services in both public and commercial sectors in Hong Kong. In addition, the Group is also developing services offering based on new technologies in the area of Cloud[6] computing and mobility.

BUSINESS REVIEW (continued)

On top of the increasing recurring maintenance and services income generated from its existing customer base, the Group's Application Services[3] business continued to secure new customers and contracts for its HRM[3] and ETPS[3] product suites during the reporting year. The Group is putting increasing effort in developing additional functions and features on its products suites as well as expanding its software products line. The management is optimistic that the Group will continue to generate stable income from the order backlog carried forward and enlarging customer base of its HRMS and ETPS products. With the increasing need for the better corporate governance for companies in the region, the management sees a continuous growth in demand for the Group's enlarged software product offerings in the coming years.

The profit contribution of the Group's BPO[4] and GETS[5] business was stably maintained during the reporting period. The GETS business had been affected by lackluster growth in import and export trading activities in Hong Kong and also faced severe competition from other operators. To meet the challenges, the management has actively pursued new services to broaden the revenue streams and has continued to enhance cost-effectiveness to better position the business amidst the competition.

Contributed mainly by rental and dividend incomes and with the appreciation of the financial assets and investment properties held, the Group's investments segment recorded a segment result of HK$24.6 million (2011: HK$14.7 million). The improved result is mainly attributed to the gain in fair value of the financial assets held. The management is optimistic that this segment will continue generating stable rental income from investment properties held and dividend and interest incomes from financial assets held but takes a prudent view on their short term price fluctuations.

PROSPECT

The global economy is foreseen to be in a slower-than-expected recovery and also the pace of China's economic growth may continue to slow down. Looking ahead, the Group will continue to focus its attention on the risk management to withstand the rapid changes in economic environment. Leveraging the strong recurring revenue streams generated from its Solutions Services business and Applications Services business and the robust financial position, the management is actively pursuing new business initiatives to enlarge its software and services offering in order to maximise the shareholders' value.

Footnotes:

[1] The Group's **Integration** 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 Group's **Application Services** business engages in the provision of business application solutions and e-business services for enterprises including (i) the provision of application software with implementation and ongoing support services for human resource management **("HRM")** and related workflow processes and payroll outsourcing services; (ii) e-procurement, e-tendering and related application software services, and the document and workflow management solutions **("ETPS")**; (iii) business process outsourcing **("BPO")** services and (iv) the Government Electronic Trading Services **("GETS")**, cloud and other related value added services.

[4] The Group's **BPO** business comprises the provision of services for the operations and support of specific business functions or processes of customers.

BUSINESS REVIEW (continued)

[5] Since 2004, the Group has been granted a license (the "GETS License") from the HKSAR Government for the provision of front-end 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] **Cloud** computing is the delivery of computing and storage capacity as a service to a community of end-recipients through Internet.

FINANCIAL REVIEW

Revenue

The overall revenue decreased by 47.2% to HK$206.7 million (2011: HK$391.2 million) when compared with last financial year. The decline was mainly attributable to the significant decrease in revenue contributed by the Group's Integration business as the division is in its course of business transformation as previously reported. Accordingly, the Integration and Solutions Services segment recorded a less than satisfactory segment result during the financial year.

Gross profit

The Group's gross profit for the year was HK$93.6 million, representing a decrease of 12.5% as compared with the amount of HK$107.0 million last year. Nevertheless, the Group's overall gross profit margin improved significantly to 45.3% (2011: 27.4%). The increment were the combined results of the increasing contributions from higher margin Application Services and the decreased sales in third party hardware products that the margin are generally low.

Other income and gains, net (including fair value gains/losses)

Other income and gains, net including the fair value gains or losses, recorded an increase of 18.2% to HK$32.6 million (2011: HK$27.5 million). The increase was primarily due to the effects of the followings.

a. HK$16.6 million, or an increase of 83.2% in fair value gain on investment properties (2011: HK$9.1 million) due to appreciation in their market values;

b. HK$9.2 million, or an increase of 42.0% in bank interest income (2011: HK$6.5 million) as the Group had enlarged the size and extended the tenor of the deposits to enhance the interest yield;

c. HK$4.7 million generated from the net realised and unrealised gain on Hong Kong listed equity and debt securities investments (2011: loss of HK$5.6 million) mainly due to the rebound in stock price in 2012;

d. HK$0.8 million, or a decrease of 92.0% in foreign exchange gain (2011: HK$9.7 million) as the RMB against HKD become static during the year; and

e. A non-recurring gain of HK$6.9 million on disposal of properties held by the Group in 2011.

Expenses

Selling and distribution expenses slightly decreased by 8.4% to HK$30.3 million (2011: HK$33.1 million). The decrease was mainly attributable to the decrease in sales expenses incurred by the Integration business.

General and administrative expenses experienced minor increased by 0.5% to HK$44.6 million (2011: HK$44.4 million) resulting from tightened cost controls.

FINANCIAL REVIEW (continued)

Net profit

Profit for the year attributable to shareholders decreased 7.8% to HK$47.0 million (2011: HK$51.0 million, as restated) while the net profit margin (profit for the year attributable to shareholders divided by revenue) was increased to 22.7% from 13.0% (as restated) in last year. The increase in net profit margin was in line with the increase in gross profit margin and other income and gains as mentioned.

Non-Current Assets

The Group's non-current assets as at 31 December 2012 increased to HK$89.9 million from HK$67.6 million as at 31 December 2011. The increase was primarily due to the appreciation in market value of investment properties held.

Current Assets

The Group's current assets as at 31 December 2012 decreased to HK$404.1 million from HK$456.4 million as at 31 December 2011. The decrease was mainly due to the decrease in trade receivable as a result of significant decrease in the Integration business activities.

Current Liabilities

The Group's current liabilities as at 31 December 2012 decreased to HK$92.8 million from HK$136.9 million as at 31 December 2011. The decrease was mainly due to the decrease in the Integration business related trade payables and the full repayment of bank borrowings during the year.

Segment Assets and Liabilities

Both segment assets and liabilities of the Integration and Solutions Services business decreased in respect of significant reduction in Integration business activities.

Both segment assets and liabilities of the Application Services business remained approximate the same as last year in view of its stable business activities.

The Investments segment's assets as at 31 December 2012 increased to HK$79.5 million from HK$60.1 million as at 31 December 2011. The increase was mainly a result of the appreciation in market value of financial assets and investment properties held. As at 31 December 2012, the Investments segment of the Group mainly comprised (i) investment properties located in Hong Kong, Guangzhou and Nanjing for rental purpose and (ii) listed debt and equity securities in Hong Kong.

Equity

During the year, the Group repurchased approximately 0.75 million shares at an average price of HK$1.68 per share. Total equity as at 31 December 2012 rose by 3.6% to HK$400.2 million from HK$386.2 million (as restated) as at 31 December 2011. The change was mainly a result of the retention of the net profit earned in 2012, partially offset by the reclassification of 2011 final dividend to current liability upon the approval of the dividend at the annual general meeting held in May 2012 and the declaration of interim dividend in August 2012.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

At 31 December 2012, the Group had pledged an investment property with a carrying value of HK$42.8 million (2011: HK$26.8 million), listed debt and equity securities of HK$22.6 million and bank balances of HK$60.1 million (2011: HK$31.8 million) to secure certain general bank facilities including interest-bearing borrowings, guarantee/performance bonds facilities granted to the Group in aggregate of HK$128.6 million (2011: HK$113.7 million) of which HK$5.4 million (2011: HK$27.8 million) had been utilized as of 31 December 2012.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2012, the Group's bank balances and cash (excluded pledged bank deposits of HK$60.1 million) was HK$274.8 million (2011: HK$311.8 million).

All of the Group's on hand fundings are in Hong Kong dollars, Renminbi and US dollars. Save as disclosed in note 14 to this announcement, the Group has not adopted any hedging policies, as these currencies carry low exchange fluctuation risks.

As at 31 December 2012, the Group had no bank borrowings (2011: HK$22.5 million). The Group's current ratio representing current assets divided by current liabilities was 4.4 (2011: 3.3) and the gearing ratio, representing total liabilities divided by total assets, was 19.0% (2011: 26.3%, as restated).

SIGNIFICANT INVESTMENTS

Save as disclosed in the announcement, the Group has no significant investments held as at 31 December 2012.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group did not have any material acquisition or disposal of subsidiaries during the year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2012.

DIVIDEND AND BOOK CLOSE

The Board has recommended final and special dividends of HK9 cents (2011: HK7 cents) per ordinary share payable to shareholders whose names appear on the register of members of the Company on 29 May 2013. The Register of Members of the Company will be closed from Monday, 20 May 2013 to Wednesday, 22 May 2013 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM to be held on Wednesday, 22 May 2013, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 May 2013. In addition, the Register of Members of the Company will be closed from Tuesday, 28 May 2013 to Wednesday, 29 May 2013 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final and special dividends. In order to qualify for the proposed final and special dividends, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Monday, 27 May 2013. During such periods, no share transfer will be effected.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2012, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration paid HK$'000
August 2012	310,000	1.63	1.62	507
September 2012	228,000	1.71	1.66	390
October 2012	214,000	1.72	1.70	368
	752,000			1,265

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares of HK$75,000. The premium paid on the repurchase of the shares of HK$1,190,000 was charged to the contributed surplus.

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 year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board opined that the Company has complied with the code provision set out in the Code of Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (the "CG code" effective from 1 April 2012) as stipulated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the reporting year except on the deviations noted below.

The CG code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Prior to 1 April 2012, Mr. Ng Cheung Shing ("Mr. Ng") held both positions. In order to reinforce its compliance to CG code as provided in the Listing Rules to separate the responsibilities of the chairman and chief executive officer by two individuals, with effect from 1 April 2012, Mr. Ng Cheung Shing relinquished his role as the chief executive officer and remains as the chairman of the Group; and Mr. Yan King Shun, who is currently an executive director, has been appointed as the chief executive officer of the Group.

The CG Code provision A.4.1 stipulates that non-executive directors ("NED") should be appointed for a specific term and subject to re-election. Prior to 1 April 2012, independent non-executive directors of the Company ("INED") did 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. In order to reinforce its compliance to CG code to appoint NED for a specific term, with effect from 1 April 2012, all INEDs renewed their appointments with the Company for specific terms but are subject to retirement by rotation in accordance with the provisions of the bye-laws of the Company.

The Company 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 annual report.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the Group's annual results for the year ended 31 December 2012, including the accounting principles and practices adopted by the Group.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Stock Exchange's website at www.hkex.com.hk and the Company website at www.ctil.com. The 2012 annual report will also be published on the Stock Exchange's website www.hkex.com.hk and the Company's website www.ctil.com and will be dispatched to the shareholders of the Company.

APPRECIATION

On behalf of the Board and the management, I would like to express our sincere thanks to all employees, shareholders, customers and business partners for their supports to the Group during the reporting period.

Ng Cheung Shing
Chairman

Hong Kong, 18 March 2013

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, Professor Lee Kwok On, Matthew and Mr. Ting Leung Huel, Stephen as independent non-executive directors.