COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 00046)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013 together with comparative figures for the corresponding period in 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	**2013 HK$'000**	2012 HK$'000
REVENUE	6	**187,110**	206,708
Cost of sales and services		**(85,989)**	(113,118)
Gross profit		**101,121**	93,590
Other income and gains, net	6	**17,212**	9,550
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		**(171)**	6,262
Derivative financial instruments – transactions not qualifying as hedges		**-**	130
Investment properties		**2,558**	16,610
Selling and distribution expenses		**(23,065)**	(30,306)
General and administrative expenses		**(42,483)**	(44,634)
Finance costs	8	**(56)**	(100)
PROFIT BEFORE TAX	7	**55,116**	51,102
Income tax expense	9	**(6,970)**	(4,100)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**48,146**	47,002

continued/…

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)
Year ended 31 December 2013

	Notes	**2013** **HK cents**	2012 HK cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11		
Basic		**20.03**	19.50
Diluted		**19.89**	19.34

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 2013

	2013	2012
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**48,146**	47,002
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Available-for-sale investments:		
Changes in fair value	**(303)**	100
Exchange differences on translation of foreign operations	**1,461**	340
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**1,158**	440
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**49,304**	47,442

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**5,244**	5,880
Investment properties		**50,140**	47,582
Goodwill	12	**29,211**	25,813
Available-for-sale investments	13	**12,211**	2,100
Financial assets at fair value through profit or loss	15	**2,416**	8,555
Total non-current assets		**99,222**	89,930
CURRENT ASSETS			
Inventories		**10,212**	11,300
Trade and bills receivables	14	**23,211**	27,263
Prepayments, deposits and other receivables		**6,031**	6,042
Due from contract customers		**5,145**	3,351
Available-for-sale investments	13	**29,862**	-
Financial assets at fair value through profit or loss	15	**15,569**	17,487
Tax recoverable		**5,338**	3,803
Pledged bank deposits		**12,270**	60,097
Cash and cash equivalents		**304,777**	274,806
Total current assets		**412,415**	404,149
CURRENT LIABILITIES			
Trade payables, other payables and accruals	16	**64,486**	69,715
Due to contract customers		**5,008**	2,511
Deferred revenue		**18,198**	12,419
Tax payable		**10,392**	8,144
Total current liabilities		**98,084**	92,789
NET CURRENT ASSETS		**314,331**	311,360
TOTAL ASSETS LESS CURRENT LIABILITIES		**413,553**	401,290
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,135**	1,045
Net assets		**412,418**	400,245
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**24,419**	24,529
Reserves		**366,358**	354,050
Proposed final and special dividends	10	**21,641**	21,666
Total equity		**412,418**	400,245

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	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	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	-	-	-	-	-	-	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2013

	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 investments 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 2013	24,529	38,493	67,458	(5,590)	2,379	(7,227)	940	733	4,645	252,219	21,666	400,245
Profit for the year	-	-	-	-	-	-	-	-	-	48,146	-	48,146
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	(303)	-	-	-	-	(303)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	1,461	-	-	1,461
Total comprehensive income for the year	-	-	-	-	-	-	(303)	-	1,461	48,146	-	49,304
Repurchase of shares	(110)	-	(1,854)	-	-	-	-	-	-	-	-	(1,964)
Vesting of shares held under the restricted share award scheme	-	-	-	855	(855)	-	-	-	-	-	-	-
Share award arrangements	-	-	-	-	843	-	-	-	-	-	-	843
Final and special 2012 dividends declared	-	-	81	-	-	-	-	-	-	-	(21,666)	(21,585)
Interim 2013 dividend	-	-	(14,425)	-	-	-	-	-	-	-	-	(14,425)
Proposed final and special 2013 dividends	-	-	(21,641)	-	-	-	-	-	-	-	21,641	-
At 31 December 2013	24,419	38,493*	29,619*	(4,735)*	2,367*	(7,227)*	637*	733*	6,106*	300,365*	21,641	412,418

* *These reserve accounts comprise the consolidated reserves of HK$366,358,000 (2012: HK$354,050,000) 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, available-for-sale investments 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 2013. 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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and 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 – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 13 and amendments to HKAS 1, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures are required by HKFRS 13 for the fair value measurements of investment properties and financial statements.

(b) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has reflected the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

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 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Effective for annual periods beginning on or after 1 January 2016
[4] No mandatory effective date yet determined but is available for adoption

Apart from the above, the HKICPA has also issued Annual Improvements to HKFRSs 2010 - 2012 Cycle and Annual Improvements to HKFRSs 2011-2013 Cycle which set out a collection of amendments to HKFRSs in response to the International Accounting Standards Board's annual improvements process. Except for the amendment to HKFRS 1, in which no effective date has been specified and, accordingly, is effective upon its issuance in January 2014, these amendments are effective for annual periods beginning on or after 1 July 2014, although there are separate transitional provisions for each standard.

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 sale of computer networks and system platforms, 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 that primarily engages in various types of investing activities including, inter alia, property investment for rental income and treasury investment in 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, 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 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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**96,886**	124,834	**86,271**	80,011	**3,953**	1,863	**187,110***	206,708*
Other income and gains, net	**4,872**	429	**38**	5	**1,134**	(510)	**6,044^**	(76)^
Total	**101,758**	125,263	**86,309**	80,016	**5,087**	1,353	**193,154**	206,632
Segment results	**19,672**	7,123	**38,675**	30,011	**8,039**	24,599	**66,386**	61,733
Reconciliation:								
Unallocated interest income							**8,758^**	9,193^
Unallocated other income and gains, net							**2,410^**	433^
Corporate and other unallocated depreciation							**(141)**	(170)
Corporate and other unallocated expenses							**(22,241)**	(19,987)
Finance costs							**(56)**	(100)
Profit before tax							**55,116**	51,102
Segment assets	**33,773**	41,561	**38,829**	33,931	**113,763**	79,539	**186,365**	155,031
Reconciliation:								
Corporate and other unallocated assets							**325,272**	339,048
Total assets							**511,637**	494,079
Segment liabilities	**42,757**	49,347	**40,939**	32,673	**558**	609	**84,254**	82,629
Reconciliation:								
Corporate and other unallocated liabilities							**14,965**	11,205
Total liabilities							**99,219**	93,834

* *This represents the consolidated revenue of HK$187,110,000 (2012: HK$206,708,000) in the consolidated statement of profit or loss.*

^ *These comprise the consolidated other income and gains, net, of HK$17,212,000 (2012: HK$9,550,000) in the consolidated statement of profit or loss.*

5. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group

	Integration and Solutions Services		**Application Services**		**Investments**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:								
Net fair value gains on investment properties	**-**	-	**-**	-	**2,558**	16,610	**2,558**	16,610
Net fair value gains/(losses) on financial assets at fair value through profit or loss	**-**	-	**-**	-	**(171)**	6,262	**(171)**	6,262
Depreciation	**528**	682	**429**	575	**94**	94	**1,051**	1,351
Corporate and other unallocated depreciation							**141**	170
							1,192	1,521
Write-down of inventories to net realisable value	**102**	291	**-**	-	**-**	-	**102**	291
Impairment losses recognised/(reversed) in the statement of profit or loss, net*	**461**	(145)	**(36)**	6	**-**	**-**	**425**	(139)
Capital expenditure**	**306**	914	**114**	646	**-**	**-**	**420**	1,560
Corporate and other unallocated capital expenditure							**135**	191
							555	1,751

* *Including impairment losses recognised in the consolidated statement of profit or loss attributable to the integration and solutions services segment and application services segment of Nil (2012: HK$145,000) and HK$140,000 (2012: HK$53,000), respectively, and impairment losses reversed in the consolidated statement of profit or loss attributable to the integration and solutions services segment and the application services segment of HK$461,000 (2012: Nil) and HK$104,000 (2012: HK$59,000), respectively.*

** *Capital expenditure consists of additions to property, plant and equipment and including property, plant and equipment from the acquisition of a subsidiary.*

5. OPERATING SEGMENT INFORMATION (continued)

(b) Geographical information

Group

(i) Revenue from external customers

	Hong Kong		Mainland China		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**160,421**	154,356	**26,689**	52,352	**187,110**	206,708

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

(ii) Non-current assets

	2013	2012
	HK$'000	HK$'000
Hong Kong	**75,100**	69,803
Mainland China	**9,495**	9,472
	84,595	79,275

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 2013, revenue from a major customer of HK$46,586,000 was derived from the integration and solutions services segment.

For the year ended 31 December 2012, revenue from a major customer of HK$50,874,000 was 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 and related operation outsourcing, 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:

	2013	2012
	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	**96,886**	124,834
Provision of enterprise software applications and related operation outsourcing, business process outsourcing and e-business, and related maintenance services	**86,271**	80,011
Gross rental income from investment properties and interest income from treasury investments	**3,953**	1,863
	187,110	206,708
Other income and gains, net		
Bank interest income	**8,758**	9,193
Dividend income from listed investments	**713**	953
Loss on disposal of financial assets at fair value through profit or loss	**(40)**	(1,600)
Foreign exchange differences, net	**7,555**	775
Others	**226**	229
	17,212	9,550

7. PROFIT BEFORE TAX

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

	2013 HK$'000	2012 HK$'000
Cost of inventories sold	**54,831**	78,159
Cost of services provided	**31,115**	34,801
Depreciation*	**1,192**	1,521
Loss on disposal of items of property, plant and equipment	**35**	3
Impairment of trade receivables	**140**	198
Write-down of inventories to net realisable value	**102**	291
Reversal of impairment of trade receivables	**(143)**	(59)
Reversal of impairment of amounts due from contract customers	**(418)**	-
Reversal of trade receivables written off	**(4)**	-
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**103**	99
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss	**171**	(6,262)
Investment properties	**(2,558)**	(16,610)
Fair value gains on derivative financial instruments		
- settlement of derivative financial instruments	**-**	(130)
Rental income on investment properties less direct operating expenses of HK$103,000 (2012: HK$99,000)	**(1,714)**	(1,469)

* *Depreciation for the year of HK$43,000 (2012: HK$158,000) is included in "Cost of sales and services" on the face of the consolidated statement of profit or loss.*

8. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on bank loans wholly repayable within five years	**56**	100

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

	2013	2012
	HK$'000	HK$'000
Group:		
Current - Hong Kong		
Charge for the year	**6,136**	3,830
Under/(over)provision in prior years	**638**	(674)
Current - Elsewhere		
Charge for the year	**104**	2,771
Under/(over)provision in prior years	**2**	(1,955)
Deferred	**90**	128
Total tax charge for the year	**6,970**	4,100

Subsequent to the end of the reporting period, on 5 March 2014, the Hong Kong Inland Revenue Department (the "IRD") has issued a protective assessment to a subsidiary of the Company demanding tax of approximately HK$2,260,000 for the year of assessment 2007/08. An enquiry letter was issued to that subsidiary on the same day regarding, inter alia, the nature and the deductibility of certain expenditure/expenses. The subsidiary has lodged an objection to the IRD against the protective assessment and is in the process of gathering the requested information and documents in support of the deduction claim.

In the opinion of the directors of the Company, it is not practicable at this early stage to estimate reliably the outcome of the deduction claim and therefore, the financial effect (including the amount or timing thereof, if any) of the foregoing enquiry. However, the directors believe that except for certain insignificant tax adjustments, the effect of which has been reflected in the current year's profit or loss of the Group, and subject to availability of the required evidence, the subsidiary has valid grounds to support the deductibility of those expenditure/expenses. Accordingly, no further provision for Hong Kong profits tax is considered necessary at this stage.

10. DIVIDENDS

	2013 HK$'000	2012 HK$'000
Interim - HK$0.06 (2012: HK$0.06) per ordinary share	**14,652**	14,817
Less: Dividend for shares held under the Company's restricted share award scheme	**(227)**	(334)
	14,425	14,483
Proposed final - HK$0.07 (2012: HK$0.06) per ordinary share	**17,094**	14,717
Less: Dividend for shares held under the Company's restricted share award scheme	**(262)**	(273)
	16,832	14,444
Proposed special - HK$0.02 (2012: HK$0.03) per ordinary share	**4,884**	7,359
Less: Dividend for shares held under the Company's restricted share award scheme	**(75)**	(137)
	4,809	7,222
	36,066	36,149

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 240,365,990 (2012: 241,079,575) 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 scheme 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	
	2013	2012
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**240,365,990**	241,079,575
Effect of dilution - weighted average number of ordinary shares:		
Restricted shares awarded under the Company's restricted share award scheme	**1,690,452**	2,007,876
	242,056,442	243,087,451

12. GOODWILL

Group

	HK$'000
31 December 2012	
Cost and carrying amount at 1 January 2012 and 31 December 2012	25,813
31 December 2013	
Cost and carrying amount at 1 January 2013	25,813
Acquisition of subsidiary (note 17)	3,398
Cost and carrying amount at 31 December 2013	29,211

13. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2013	2012
	HK$'000	HK$'000
Debt investments, at fair value	**39,973**	-
Club membership debenture, at fair value	**2,100**	2,100
	42,073	2,100
Portion classified as current assets	**(29,862)**	-
Portion classified as non-current assets	**12,211**	2,100

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$303,000 (2012: gross gain of HK$100,000).

14. 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	
	2013	2012
	HK$'000	HK$'000
Not past due	**14,805**	20,361
Within 3 months	**7,264**	4,854
4 to 6 months	**883**	1,273
More than 6 months	**259**	775
	23,211	27,263

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 and bills 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.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2013	2012
	HK$'000	HK$'000
Debt investments, at market value	**8,740**	11,109
Listed equity investments in Hong Kong, at market value	**9,245**	14,933
	17,985	26,042
Portion classified as current assets	**(15,569)**	(17,487)
Portion classified as non-current assets	**2,416**	8,555

The debt investments were designated upon initial recognition as financial assets at fair value through profit or loss as they are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the investments is provided internally on that basis to the Group's key management personnel. Debt investment classified as current assets at 31 December 2012 and 2013 was a debt with maturity date falls within one year from the end of the reporting period.

The listed equity investments included under current assets at 31 December 2012 and 2013 were classified as held for trading.

16. 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	
	2013	2012
	HK$'000	HK$'000
Current	**19,756**	29,405
1 to 3 months	**2,025**	3,020
4 to 6 months	**210**	109
Over 6 months	**908**	503
	22,899	33,037
Other payables	**29,031**	24,191
Accruals	**12,556**	12,487
	64,486	69,715

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

17. BUSINESS COMBINATION

On 31 May 2013, the Group acquired the entire interest in Vitova Limited ("Vitova"). Vitova is engaged in the provision of enterprise software applications and related operation. The acquisition was made as part of the Group's strategy to expand the Group's application services business and existing product offering. The purchase consideration for the acquisition was in the form of cash, with HK$1,000,000 paid at the acquisition date and the remaining HK$600,000 paid on 11 November 2013.

The fair values of the identifiable assets and liabilities of Vitova as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK$'000
Property, plant and equipment	23
Cash and bank balances	1,037
Trade receivables	1,497
Other receivables	801
Trade payables, other payables and accruals	(1,944)
Due to contract customers	(111)
Deferred revenue	(3,101)
Total identifiable net liabilities at fair value	(1,798)
Goodwill on acquisition (note 12)	3,398
Satisfied by cash	1,600

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK$1,497,000 and HK$801,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK$2,203,000 and HK$801,000, respectively, of which trade receivables of HK$706,000 are expected to be uncollectible.

17. BUSINESS COMBINATION (continued)

Included in the goodwill of HK$3,398,000 recognised above is the value of expected synergies arising from combining operations of the Group and Vitova. None of the goodwill recognised is expected to be deductible for income tax purpose.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	(1,600)
Cash and bank balances acquired	1,037
Net outflow of cash and cash equivalents included in cash flows from investing activities	(563)
Transaction costs of the acquisition included in cash flows from operating activities	(83)
	(646)

Since the acquisition, Vitova contributed HK$4,790,000 to the Group's turnover and HK$2,281,000 to the consolidated profit for the year ended 31 December 2013.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been HK$189,757,000 and HK$47,875,000, respectively.

18. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to two years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Within one year	**1,506**	1,829
In the second to fifth years, inclusive	**293**	1,181
	1,799	3,010

18. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two years (2012: one to two years).

At 31 December 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Within one year	**2,513**	5,305
In the second to fifth years, inclusive	**61**	2,196
	2,574	7,501

19. APPROVAL OF THE FINANCIAL STATEMENT

The financial statements were approved and authorised for issue by the board of directors on 21 March 2014.

BUSINESS AND FINANCIAL REVIEW

Dear Shareholders,

OVERVIEW

On behalf of the board of directors (the "Board") of Computer And Technologies Holdings Limited (the "Company"), I am pleased to present the audited annual results of Computer And Technologies Holdings Limited and its subsidiaries (collectively the "Group") for the year ended 31 December 2013. The Group's consolidated net profit attributable to shareholders for the year increased by 2.4% to HK$48.1 million (2012: HK$47.0 million). The basic earnings per share, after taken into account of the repurchase of 1.1 million shares during the year, was 20.03 HK cents (2012: 19.50 HK cents) or an increase of 2.7% compared with last year.

For the period under review, the gross profit of the Group increased to HK$101.1 million (2012: HK$93.6 million) despite the turnover dropped by 9.5% to HK$187.1 million (2012: HK$206.7 million). The significant improvement in profit margin is resulted from the mixture of increased contributions from the Group's proprietary software products and related services and decreased sales of low margin third parties hardware products. The Group's effort spent in the transformation to proprietary software and solution services oriented business has achieved an initial success. Despite the absence of material revaluation gain on investment properties (HK$16.6 million in 2012 compared with HK$2.6 million in 2013), the Group still managed to improve its net profit for the year.

During the reporting year, the Group generated HK$42.8 million net cash inflows from its operating activities and continued to maintain robust liquidity position with more than HK$300 million cash on hand as at the end of 2013, having accounted for the payments of HK$2 million for shares repurchased and payments of HK$36.0 million in aggregate for the 2012 final and special dividends and 2013 interim dividend. In view of the sustained healthy financial position, the Board recommended the distribution of final dividend of 7 HK cents and special dividend of 2 HK cents (2012: final dividend of 6 HK cents and special dividend of 3 HK cents), the total dividends per share for 2013 amounted to 15 HK cents, which is the same as previous year (2012: 15 HK cents).

BUSINESS REVIEW

Application Software

The Group's Application Software [1] business managed to deliver an encouraging result in 2013 by expanding the customer base, extending its product offerings and winning major industry awards in the region.

Building on its existing customer base with recurring maintenance and services income, the Group's Human Resources Management[1] ("HRM") product suite continued to secure new software orders from both new and existing customers from various industries. The Group's Enterprise Procurement Management [1] ("EPM") software product also garnered a multi-millions milestone contract with multiple-year maintenance services from a transportation authority in Hong Kong SAR during the year.

Through years of improvement in domain and technical expertise, our HRM product suite has obtained superior comprehensiveness and flexibility that enables us to effectively serve customers in various regions and industries with unique business requirements. During the reporting year, the Group received three major awards [2] recognitions for its superior HRM software products and services provided across the country.

In May 2013, the Group has taken a further step to expand its Application Software business by acquiring the entire issued shares of Vitova Limited ("Vitova"), a well-established document imaging and management software product company in Hong Kong. This acquisition has not only increased the Group's software revenue with enlarged customer base but also enriched the Group's product portfolio to cover the area of Enterprise Information Management ("EIM") [1].

With over 15 years of experience in document management systems, Vitova served hundreds of customers including multi-national corporations, government departments, tertiary institutions and local enterprises. Its comprehensive software product suite focuses in business-critical information with enhanced data matching and search efficiency features. Since the acquisition, Vitova has been engaged by several government bureaus to offer one-stop document management services and contributed a positive financial result to the Group.

With the rapid adoption of mobile technologies by business sectors in recent years, the Group has been developing the mobile version of its HRM and EIM products on both iOS and Android platform and has secured orders of these new products to be delivered in 2014.

The management foresees that the growth momentum of Application Software business will continue and the demand for its products will remain strong in foreseeable future. Riding on the success of the HRM, EPM and EIM products, the Group is planning to develop its next generation integrated software platform with the state-of-the-art Business Process Management ("BPM") capability that will serve as a common framework integrating the HRM, EPM and EIM products. With this integration, the three product lines will be able to leverage on each other's functionalities as well as their customer bases to achieve an overall enhancement of their competitiveness in the market. The management believes that the enhanced software product portfolio and enlarged customer base will enable the business unit to grow at a faster pace.

<u>e-Service and related business</u>

The Group's GETS [3] and BPO [4] business maintained stable profit contribution to the Group during the reporting year. Although the GETS business was inevitably affected by the sluggish import and export trading activities and intensive competition from other operators, the Group managed to maintain the related profit contributions by enhancing its operation efficiency and strengthening the promotion on value added services based on its existing platform and customer network.

In view of the continual intensifying GETS market competitions and the expiring partnership agreements on GETS paper-to-electronic conversion service with some trade associations in 2014, the Group has been actively acquiring new partners and channels on paper-to-electronic conversion service and developing new forms of value-added services to maintain its GETS profit contribution. As of the announcement date, a number of new paper-to-electronic conversion service outlets as well as two new value-added services had already been launched.

<u>Solutions Services</u>

The Group's Solution Services [5] business managed to deliver a satisfactory result in 2013, amid a highly competitive operating environment. During the reporting year, the Group successfully renewed three categories of its Standing Offer Agreements for Quality Professional Services 3 [6] ("SOA-QPS3") with the Hong Kong SAR Government (the "Government") for a period of four years until 2017. Building on its multi-year service agreements with the Government and various commercial enterprises, the Group will be able to generate stable implementation and maintenance incomes in the coming years.

During the reporting year, the Group's Solutions Services business also won numerous new projects from various organizations of the Government and large organizations providing a wide range of professional services based on the latest technologies in the area of EIM, mobility and cloud computing. The management believes that there are increasing demands on the Group's services in these areas.

<u>Integration Services</u>

Turnover of such operation had inevitably decreased as the management has continued to uphold the strategy of transforming its Integration business in Mainland China from a hardware driven business to a software and solution driven business. Benefiting from maintenance revenue generated from existing customers and a series of cost-saving measures imposed, the Group managed to improve the operating results of its Integration Services [7] business during the year under review.

<u>Investments</u>

Without the similar magnitude in revaluation gains on investment properties recorded in year 2012, the profit of the Group's investments segment fell by 67.3% to HK$8.0 million (2012: HK$24.6 million). On the other hand, the segment revenue increased to HK$4.0 million (2012: HK$1.9 million) as the Group has increased the investment in debt securities and received more interest incomes. The management foresees this segment will continue generating stable rental and interest incomes but takes a cautious view on the investments' short-term price fluctuations.

PROSPECT

The global economy is now on track for a slow recovery. The economic outlook of Mainland China and Hong Kong is anticipated to grow at a steady rate in 2014. Nonetheless, the management takes an optimistic yet cautious view and the Group will continue to safeguard its financial strength, manage risks cautiously and set prudent yet flexible business strategies to cope with the future challenges.

Looking ahead, the management believes that the enhanced customer base and enriched software products offering couple with the Group's strong capability in IT technology application and solution implementation will continue to provide the Group with competitive advantage for long term sustainable growth. Leveraging on the solid financial position, the Group will be enabled to pursue new acquisition opportunities to enlarge its software product portfolio and market foothold.

Footnotes:

[1] The Group's Application Services business engages in the provision of application software and e-business services for enterprises including (i) the provision of enterprise application software with implementation and ongoing support services for Human Resource Management ("HRM"), Enterprise Procurement Management ("EPM", a product suite evolved from the Group's Electronics Tendering and Procurement System "ETPS") and Enterprise Information Management ("EIM") (collectively the "Application Software"); and (ii) the Government Electronic Trading Services ("GETS"), cloud services, business process outsourcing ("BPO") services and other related value added services (collectively the "e-Service and related business").

[2] The Group's new HRM software product suite won a number of prestigious recognitions in 2013. Just after winning the China Outstanding Software Product Award for the second time in early 2013, the Group's HRM product has gained further accolades by sweeping both the Gold Award of the Shenzhen/Hong Kong/Macau IT Award 「2013 深港澳信息科技獎 – 最具競爭力產品獎金獎」 and the China National Software and IT Services Annual Award 「2012-2013 中國軟件和信息服務業年度獎 – 最具競爭力產品獎」, the first of its kind for a Hong Kong HRM product.

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

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

[5] 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.

[6] The Standing Offer Agreement for Quality Professional Services 3 (SOA-QPS3) is part of the Government's IT outsourcing strategy aiming to enlarge the delivery capacity for IT services and accelerate the delivery of IT solutions to support the next generation of e-government services. It also aims to provide business opportunities for the IT sector and helps further the development of the local IT industry. The total contract value for the scheme, according to the Government, is estimated to be over HK$1 billion over the contract period of four years till July 2017.

The Group was awarded as one of the selected services providers for SOA-QPS3 contracts from the Government in July 2013. These contracts will cover three different types of IT professional services, namely (Service Category 2) on-going services; (Service Category 3) implementation & combined system development services; and (Service Category 4) information security and independent testing services on an as and when required basis. All the related IT professional services of various government departments under these 3 categories will be awarded to the selected services providers under the relevant category.

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

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 9.5% to HK$187.1 million (2012: HK$206.7 million) when compared with last year. The decline was largely due to the decrease in revenue contributed by the Integration business which in sync with the Group's business direction to reduce the sales of the low profit margin third parties hardware products during the year.

Gross profit

The Group's gross profit for the year was HK$101.1 million, representing an increase of 8.0% as compared with the amount of HK$93.6 million last year and the overall gross profit margin improved significantly to 54.0% (2012: 45.3%). The increment was the combined results of the increasing contributions from higher margin software products and solution services, and the decrease in reselling of low profit margin third party hardware products and the reduction in implementation costs leveraging on its improved software and service delivery model.

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

Other income and gains, net (including the fair value gains or losses) recorded a substantial reduction of 39.9% to HK$19.6 million (2012: HK$32.6 million). The reduction was a mixed result of the followings.

a. A decrease of 84.6% in fair value gain on investment properties to HK$2.6 million (2012: HK$16.6 million);

b. A decrease of 4.7% in bank interest income to HK$8.8 million (2012: HK$9.2 million) as the Group had allocated more surplus cash to acquire debt securities during the year to enhance the overall interest yield;

c. HK$0.2 million net realized and unrealized loss on the financial assets (2012: gain of HK$4.7 million) as there was a significant rebound in stock market in end of year 2012 and the Group had reduced its holding of Hong Kong listed equity securities investments in 2013; and

d. HK$7.6 million foreign exchange gains, net (2012: HK$0.8 million) recognized due to the appreciation of the RMB against HKD during the year.

Expenses

Selling and distribution expenses decreased by 23.9% to HK$23.1 million (2012: HK$30.3 million). The decrease was mainly attributable to the significant drop in sales expenses incurred by the Integration business.

General and administrative expenses dropped by 4.8% to HK$42.5 million (2012: HK$44.6 million) as less administrative overhead was incurred by the Integration business compared with the same period last year.

Income tax expense

Income tax expense increased by 70% to HK$7.0 million as most of tax losses for setoff of assessable profits arising in Hong Kong had been utilized in prior years and thus the assessable profits subject to Hong Kong profits tax had been increased significantly in 2013. The tax charge at the Group's effective tax rate was around 12.6% in 2013, comparing with 8.0% in 2012. The effective tax rate was lower than the Hong Kong statutory profits tax rate because part of the incomes and gains, including bank and bond interest income generated in Hong Kong and fair value gain arising from the revaluation of investment properties located in Hong Kong and exchange gain of a capital nature, were not subject to the Hong Kong profits tax.

Subsequent to the end of the reporting period, on 5 March 2014, the Hong Kong Inland Revenue Department (the "IRD") has issued a protective assessment to a subsidiary of the Company demanding tax of approximately HK$2,260,000 for the year of assessment 2007/08. An enquiry letter was issued to that subsidiary on the same day regarding, inter alia, the nature and the deductibility of certain expenditure/expenses. The subsidiary has lodged an objection to the IRD against the protective assessment and is in the process of gathering the requested information and documents in support of the deduction claim.

In the opinion of the directors of the Company, it is not practicable at this early stage to estimate reliably the outcome of the deduction claim and, therefore, the financial effect (including the amount or timing thereof, if any) of the foregoing enquiry. However, the directors believe that, except for certain insignificant tax adjustments, the effect of which has been reflected in the current year's profit or loss of the Group, and subject to the availability of the required evidence, the Subsidiary has valid grounds to support the deductibility of those expenditure/expenses. Accordingly, no further provision for Hong Kong profits tax is considered necessary at this stage.

Net profit

Combining the foregoing factors, profit for the year attributable to shareholders increased 2.4% to HK$48.1 million (2012: HK$47.0 million) while the net profit margin (profit for the year attributable to shareholders divided by revenue) was increased to 25.7% from 22.7% in last year. The increase in net profit margin was primarily due to the improvement in gross profit and gross profit margin as discussed.

Non-current assets

The Group's non-current assets as at 31 December 2013 increased 10.3% to HK$99.2 million. The increase was due to (i) over HK$10.0 million debt securities newly acquired in 2013 and being classified as non-current available-for-sale investments; (ii) around HK$2.6 million appreciation in market value of investment properties held; and (iii) HK$3.4 million goodwill arising from the acquisition of Vitova in May 2013.

The Group considered no impairment indication to the carrying value of goodwill during the year under review.

Current assets

The Group's current assets as at 31 December 2013 increased slightly by 2.0% to HK$412.4 million as the Group has allocated more surplus cash generated from operations to acquire debt securities during the year.

The Group maintains strict control over its outstanding trade receivables and considers that trade receivables (net of impairment provision) are all recoverable in the foreseeable future.

Current liabilities

The Group's current liabilities as at 31 December 2013 increased 5.7% to HK$98.1 million. The increase was primarily due to the recognition of deferred income arising from various maintenance services to be provided by the Group.

Segment Assets and Liabilities

Segment assets of Application Services business increased in line with the increase in accounts receivables and goodwill arising from the acquisition of Vitova during the year.

Segment assets of Integration and Solutions Services business decreased as the trade and bills receivables and inventories of Integration business decreased in respect of significant reduction in Integration's business activities.

Segment liabilities of Application Services business increased in line with the increase in deferred income arising from various maintenance services to be provided.

Segment liabilities of Integration and Solutions Services business decreased as the accruals and business provisions of Integration business decreased in respect of significant reduction in Integration's business activities.

Segment assets of Investments business increased significantly by 43.0% to HK$113.8 million. The increase was mainly due to the acquisition of debt securities in 2013. Consistent with those reported in 2012, the Investments segment of the Group mainly comprised (i) investment properties located in Hong Kong, Guangzhou and Nanjing for rental purpose and (ii) debt and equity securities for trading.

Equity

Total equity as at 31 December 2013 increased by 3.0% to HK$412.4 million. The change was mainly a result of the retention of the net profit earned in 2013, partially offset by the reclassification of 2012 final and special dividends to current liability upon the approval of the dividends at the annual general meeting held in May 2013 and the declaration of interim dividend in August 2013.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

At 31 December 2013, the Group had pledged an investment property with a carrying value of HK$45.0 million (2012: HK$42.8 million), listed debt and equity securities of HK$18.0 million (2012: 22.6 million) and bank balances of HK$12.3 million (2012: HK$60.1 million) to secure certain general bank facilities including guarantee/performance bonds facilities granted to the Group in aggregate of HK$133.5 million (2012: HK$128.6 million) of which HK$5.6 million (2012: HK$5.4 million) had been utilized as of 31 December 2013.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2013, the Group's bank balances and cash (excluded pledged bank deposits of HK$12.3 million) was HK$304.8 million (2012: HK$274.8 million).

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

As at 31 December 2013, the Group had no bank borrowings (2012: nil). The Group's current ratio representing current assets divided by current liabilities was 4.2 (2012: 4.4) and the gearing ratio, representing total liabilities divided by total assets, was 19.4% (2012: 19.0%).

Remuneration Policy and Number of Employees

The Group remunerates its employees based on their performance, working experience and prevailing market conditions.

The remuneration policies adopted for the year ended 31 December 2013 are consistent with those disclosed in the Group's 2012 Annual Report. As at 31 December 2013, the Group employed approximately 263 full time employees and 2 contract-based employees.

As at 31 December 2013, the Company operates a share option scheme and a share award scheme for the purpose of providing incentives and rewards to the employees who contribute to the success of the Group's operations.

SIGNIFICANT INVESTMENTS

Save as disclosed in this announcement, the Group has no significant investments held as at 31 December 2013.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in note 17 to this announcement, 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 2013.

DIVIDENDS AND BOOK CLOSE

The Board has recommended final and special dividends of HK9 cents (2012: HK9 cents) per ordinary share payable to shareholders whose names appear on the register of members of the Company on Tuesday, 27 May 2014. The Register of Members of the Company will be closed from Friday, 16 May 2014 to Tuesday, 20 May, 2014 (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 Tuesday, 20 May 2014, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15 May 2014. In addition, the Register of Members of the Company will be closed from Monday, 26 May 2014 to Tuesday, 27 May 2014 (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 Friday, 23 May 2014. 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 2013, 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
April 2013	1,094,000	1.80	1.78	1,964

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$110,000. The premium paid on the repurchase of the shares of HK$1,854,000 was charged to the contributed surplus.

Save 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 Corporate Governance Code (the "CG code") 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. During the year, Mr. Yan King Shun resigned as executive director of the Company and chief executive officer ("CEO") of the Group with effect from 11 October 2013 and Mr. Cheung Wai Lam has been appointed as an executive director of the Company and the deputy CEO of the Group with effect from 17 December 2013. Deputy CEO mainly focuses on certain business operations and administrative functions of the Group, assists the Board to formulate strategies for the Group and to make sure they are implemented successfully. With the present board structure and scope of business, the Board considers that there is no imminent need to appoint CEO. However, the Board will continue to review the effectiveness of the Group's corporate governance structure and will consider whether any changes, including the appointment of CEO, are necessary.

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 2013, 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 2013 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.

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

Hong Kong, 21 March 2014

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