COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00046)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The Board of Directors (the "Board") of Computer And Technologies Holdings Limited (the "Company") presents the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2014, together with the comparative amounts. These condensed consolidated interim financial results have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*5*	**103,853**	90,200
Cost of sales and services		**(47,725)**	(39,150)
Gross profit		**56,128**	51,050
Other income and gains, net	*5*	**5,308**	4,729
Foreign exchange differences, net		**(5,355)**	3,447
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		**(488)**	(505)
Investment properties		**7,112**	2,558
Selling and distribution expenses		**(13,333)**	(13,341)
General and administrative expenses		**(24,482)**	(23,931)
PROFIT BEFORE TAX	*6*	**24,890**	24,007

CONDENSED CONSOLIDATED INCOME STATEMENT *(continued)*

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
PROFIT BEFORE TAX	*6*	**24,890**	24,007
Income tax expense	*7*	**(2,339)**	(2,128)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**22,551**	21,879
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*	**HK cents**	HK cents
Basic		**9.37**	9.10
Diluted		**9.32**	9.04

Details of the dividends proposed for the period are disclosed in note 8 to the announcement.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**22,551**	21,879
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for sale investments:		
Changes in fair value	**197**	(936)
Exchange differences on translation of foreign operations	**(1,221)**	717
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(1,024)**	(219)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**21,527**	21,660

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2014 (Unaudited)** ***HK$'000***	31 December 2013 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**11,368**	5,244
Investment properties		**57,252**	50,140
Goodwill	*11*	**29,211**	29,211
Available-for-sale investments	*12*	**12,093**	12,211
Financial assets at fair value through profit or loss	*13*	**2,397**	2,416
Total non-current assets		**112,321**	99,222
CURRENT ASSETS			
Inventories		**4,798**	10,212
Trade and bills receivables	*14*	**45,963**	23,211
Prepayments, deposits and other receivables		**8,736**	6,031
Due from contract customers		**5,262**	5,145
Available-for-sale investments	*12*	**7,512**	29,862
Financial assets at fair value through profit or loss	*13*	**15,100**	15,569
Tax recoverable		**7,598**	5,338
Pledged bank deposits		**15,014**	12,270
Cash and cash equivalents		**301,214**	304,777
Total current assets		**411,197**	412,415
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*15*	**(59,489)**	(64,486)
Due to contract customers		**(4,951)**	(5,008)
Deferred revenue		**(32,503)**	(18,198)
Tax payable		**(12,590)**	(10,392)
Total current liabilities		**(109,533)**	(98,084)
NET CURRENT ASSETS		**301,664**	314,331
TOTAL ASSETS LESS CURRENT LIABILITES		**413,985**	413,553
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**(1,163)**	(1,135)
Net assets		**412,822**	412,418

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	30 June 2014 (Unaudited) *HK$'000*	31 December 2013 (Audited) *HK$'000*
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**24,419**	24,419
Share premium account	**38,493**	38,493
Contributed surplus	**29,593**	29,619
Shares held under the restricted share award scheme	**(4,095)**	(4,735)
Other reserves	**324,412**	302,981
Proposed final and special dividends	**-**	21,641
Total equity	**412,822**	412,418

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent											
					Other reserves							
	Issued capital	Share premium account	Contributed surplus	Shares held under the restricted share award scheme	Share-based payment reserve	Goodwill reserve	Available-for-sale investment revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed final and special dividends	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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 period	–	–	–	–	–	–	–	–	–	21,879	–	21,879
Other comprehensive income for the period:												
Changes in fair value of available-for-sale investments	–	–	–	–	–	–	(936)	–	–	–	–	(936)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	717	–	–	717
Total comprehensive income for the period	–	–	–	–	–	–	(936)	–	717	21,879	–	21,660
Repurchase of shares	(110)	–	(1,854)	–	–	–	–	–	–	–	–	(1,964)
Share award arrangements	–	–	–	–	387	–	–	–	–	–	–	387
Vesting of shares held under the restricted share award scheme	–	–	–	781	(781)	–	–	–	–	–	–	–
Final and special 2012 dividends declared	–	–	81	–	–	–	–	–	–	–	(21,666)	(21,585)
At 30 June 2013	24,419	38,493	65,685	(4,809)	1,985	(7,227)	4	733	5,362	274,098	–	398,743

	Attributable to owners of the parent											
					Other reserves							
	Issued capital	Share premium account	Contributed surplus	Shares held under the restricted share award scheme	Share-based payment reserve	Goodwill reserve	Available-for-sale investment revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed final and special dividends	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	**24,419**	**38,493**	**29,619**	**(4,735)**	**2,367**	**(7,227)**	**637**	**733**	**6,106**	**300,365**	**21,641**	**412,418**
Profit for the period	–	–	–	–	–	–	–	–	–	**22,551**	–	**22,551**
Other comprehensive income for the period:												
Changes in fair value of available-for-sale investments	–	–	–	–	–	–	**197**	–	–	–	–	**197**
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	**(1,221)**	–	–	**(1,221)**
Total comprehensive income for the period	–	–	–	–	–	–	**197**	–	**(1,221)**	**22,551**	–	**21,527**
Share award arrangements	–	–	–	–	**544**	–	–	–	–	–	–	**544**
Vesting of shares held under the restricted share award scheme	–	–	–	**640**	**(640)**	–	–	–	–	–	–	–
Final and special 2013 dividends declared	–	–	**(26)**	–	–	–	–	–	–	–	**(21,641)**	**(21,667)**
At 30 June 2014	**24,419**	**38,493**	**29,593**	**(4,095)**	**2,271**	**(7,227)**	**834**	**733**	**4,885**	**322,916**	–	**412,822**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**24,890**	24,007
Adjustments for:			
Bank interest income	*5*	**(5,396)**	(4,205)
Dividend income from listed investments	*5*	**(296)**	(312)
Loss/(gain) on disposal of items of property, plant and equipment		**(1)**	36
Loss/(gain) on disposal of financial assets at fair value through profit or loss	*5*	**607**	(162)
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss		**488**	505
Investment properties		**(7,112)**	(2,558)
Depreciation	*6*	**608**	638
Impairment of trade receivables	*6*	**299**	76
Reversal of impairment of trade receivables	*6*	**(196)**	(27)
Reversal of trade receivables written off	*6*	**-**	(4)
Reversal of impairment of amounts due from contract customers	*6*	**-**	(418)
Equity-settled share-based payment expenses		**544**	387
		14,435	17,963
Decrease in inventories		**5,414**	3,992
Increase in trade and bills receivables		**(22,855)**	(16,735)
Decrease/(increase) in amounts due from contract customers		**(117)**	363
Increase in prepayments, deposits and other receivables		**(2,705)**	(75)
Decrease in trade payables, other payables and accruals		**(6,197)**	(9,257)
Increase/(decrease) in amounts due to contract customers		**(57)**	1,393
Increase in deferred revenue		**14,305**	14,303
Cash generated from operations		**2,223**	11,947
Hong Kong profits tax refunded/(paid)		**(2,260)**	117
Overseas taxes paid		**(33)**	(1,058)
Net cash flows from/(used in) operating activities		**(70)**	11,006

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash flows from/(used in) operating activities	**(70)**	11,006
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank interest received	**5,396**	4,205
Dividends received from listed investments	**296**	312
Purchases of items of property, plant and equipment	**(5,556)**	(272)
Purchases of listed investments	**(3,000)**	(5,050)
Purchases of available-for-sale investments	**-**	(48,270)
Acquisition of a subsidiary	**-**	34
Proceeds from disposal of items of property, plant and equipment	**1**	2
Proceeds from disposal of financial assets at fair value through profit or loss	**3,018**	7,116
Proceeds from disposal of available-for sale investments	**22,041**	153
Decrease in pledged bank deposits	**52**	-
Decrease in non-pledged bank deposits with original maturity of more than three months when acquired	**15,609**	16,318
Net cash flows from/(used in) investing activities	**37,857**	(25,452)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	**-**	(1,964)
Dividends paid	**(21,667)**	(21,585)
Net cash flows used in financing activities	**(21,667)**	(23,549)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**16,120**	(37,995)
Cash and cash equivalents at beginning of period	**258,962**	277,028
Effect of foreign exchange rate changes, net	**(1,277)**	748
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**273,805**	239,781
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**301,214**	257,277
Pledged deposits for banking facilities granted by a bank with original maturity of less than three months when acquired	**8,872**	14,012
Non-pledged time deposits with original maturity of more than three months when acquired	**(36,281)**	(31,508)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**273,805**	239,781

NOTES TO FINANCIAL STATEMENTS:

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 Level 10, Cyberport 2, 100 Cyberport Road, Hong Kong.

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

- sales 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

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2014 has been prepared in accordance with the applicable provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

3.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also included HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements.

3.2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new and revised HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

The adoption of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed financial statements.

4. 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 primarily 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 primarily 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/or for capital appreciation and treasury investment in securities for dividend income and interest income and/or for capital appreciation.

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, foreign exchange differences, net, corporate and other unallocated depreciation, corporate and other unallocated expenses 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 period.

4. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments

Group

	Integration and Solutions Services		Application Services		Investments		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**54,431**	49,014	**46,962**	39,591	**2,460**	1,595	**103,853***	90,200*
Other income and gains, net	**–**	2,253	**28**	(29)	**(311)**	721	**(283)^**	2,945^
Total	**54,431**	51,267	**46,990**	39,562	**2,149**	2,316	**103,570**	93,145
Segment results	**9,685**	8,332	**19,147**	15,674	**8,867**	4,626	**37,699**	28,632
Reconciliation:								
Unallocated interest income							**5,396^**	4,205^
Unallocated other income and gains, net							**195^**	–^
Foreign exchange differences, net							**(5,355)**	1,026
Corporate and other unallocated depreciation							**(120)**	(87)
Corporate and other unallocated expenses							**(12,925)**	(9,769)
Profit before tax							**24,890**	24,007

	Integration and Solutions Services		Application Services		Investments		Total	
	30 June 2014	31 December 2013	**30 June 2014**	31 December 2013	**30 June 2014**	31 December 2013	**30 June 2014**	31 December 2013
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**49,427**	33,773	**40,440**	38,829	**97,986**	113,763	**187,853**	186,365
Reconciliation:								
Corporate and other unallocated assets							**335,665**	325,272
Total assets							**523,518**	511,637
Segment liabilities	**48,852**	42,757	**40,550**	40,939	**555**	558	**89,957**	84,254
Reconciliation:								
Corporate and other unallocated liabilities							**20,739**	14,965
Total liabilities							**110,696**	99,219

* *This represents the consolidated revenue of HK$103,853,000 (2013: HK$90,200,000) in the condensed consolidated statement of profit or loss.*

^ *These comprise the consolidated other income and gains, net, and foreign exchange differences, net, of HK$5,308,000 (2013: HK$4,729,000) and Nil (2013: HK$2,421,000) respectively in the condensed consolidated statement of profit or loss.*

4. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

Group

	Integration and Solutions Services		Application Services		Investments		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	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	–	–	–	–	**7,112**	2,558	**7,112**	2,558
Net fair value losses on financial assets at fair value through profit or loss	–	–	–	–	**(488)**	(505)	**(488)**	(505)
Depreciation	**250**	273	**191**	231	**47**	47	**488**	551
Corporate and other unallocated depreciation							**120**	87
							608	638
Impairment losses recognised/(reversed) in the statement of profit or loss, net*	**33**	(343)	**70**	(30)	–	–	**103**	(373)
Capital expenditure**	**49**	202	**149**	37	–	–	**198**	239
Corporate and other unallocated capital expenditure**							**6,558**	33
							6,756	272

* *Including impairment losses recognised in the condensed consolidated statement of profit or loss attributable to the integration and solutions services segment of HK$208,000 (2013: Nil) and the application services segment of HK$91,000 (2013: HK$76,000), respectively, and impairment losses reversed in the condensed consolidated statement of profit or loss attributable to the integration and solutions services segment and the application services segment of HK$175,000 (2013: HK$343,000) and HK$21,000 (2013: HK$106,000), respectively.*

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

4. OPERATING SEGMENT INFORMATION *(continued)*

(b) Geographical information

Group

	Hong Kong		Mainland China		Total	
	2014	2013	**2014**	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(i) Revenue from external customers						
Segment revenue:						
Sales to external customers	**88,382**	72,023	**15,471**	18,177	**103,853**	90,200

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

(ii) Non-current assets

	30 June 2014	31 December 2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Hong Kong	**88,487**	75,100
Mainland China	**9,344**	9,495
	97,831	84,595

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

(c) Information about major customers

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

For the period ended 30 June 2014, revenues from a major customer of HK$29,881,000 was derived from the integration and solutions services segment.

For the period ended 30 June 2013, revenues from two major customers of HK$23,077,000 and HK$9,601,000 were derived from the integration and solutions services segment.

5. 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 development and implementation, 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 period.

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

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	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	**54,431**	49,014
Provision of enterprise software applications and related operation outsourcing, business process outsourcing and e-business, and related maintenance services	**46,962**	39,591
Gross rental income from investment properties and interest income from treasury investments	**2,460**	1,595
	103,853	90,200
Other income and gains, net		
Bank interest income	**5,396**	4,205
Dividend income from listed investments	**296**	312
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**(607)**	162
Others	**223**	50
	5,308	4,729

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**608**	638
Equity-settled share-based payment expense	**544**	387
Impairment of trade receivables	**299**	76
Reversal of impairment of trade receivables	**(196)**	(27)
Reversal of trade receivables written off	**-**	(4)
Reversal of impairment of amounts due from contract customers	**-**	(418)
Foreign exchange differences, net	**5,355**	(3,447)

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Group:	***HK$'000***	*HK$'000*
Current – Hong Kong		
Charge for the period	**2,084**	2,029
Current – Elsewhere		
Charge for the period	**227**	104
Overprovision in prior years	**–**	(95)
Deferred	**28**	90
Total tax charge for the period	**2,339**	2,128

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. Accordingly, a tax reserve certificate of approximate the demanding tax amount has been purchased by the subsidiary in April 2014 at the request of the IRD.

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 prior 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.

8. DIVIDENDS

a. Subsequent to the end of the interim period, the Board has determined that an interim dividend of 7 HK cents (2013: 6 HK cents) in cash per share should be paid to the shareholders of the Company whose names appear in the Register of Members on Tuesday, 26 August 2014.

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

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final and special dividends in respect of the previous financial year, approved and paid during the interim period of HK$0.09 (2013: HK$0.09) per ordinary share	**22,003**	21,978
Less: Dividend for shares held under the Company's restricted share award scheme	**(336)**	(393)
	21,667	21,585

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 240,555,491 (2013: 240,304,518) in issue during the period, as adjusted to exclude the shares held under the restricted share award scheme of the Company.

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

	Number of shares	
	2014	2013
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**240,555,491**	240,304,518
Effect of dilution – weighted average number of ordinary shares:		
Restricted shares awarded under the Company's restricted share award scheme	**1,292,788**	1,837,314
	241,848,279	242,141,832

10. PROPERTY, PLANT AND EQUIPMENT

Group

	30 June 2014	31 December 2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Net book value, as at 1 January	**5,244**	5,880
Additions	**6,756**	532
Disposals (net book value)	**–**	(39)
Acquisition of a subsidiary (note 16)	**–**	23
Depreciation provided during the period	**(608)**	(1,192)
Exchange realignment	**(24)**	40
Net book value, as at 30 June / 31 December	**11,368**	5,244

11. GOODWILL

Group

	HK$'000
At 31 December 2013	
Cost and carrying amount at 1 January 2013	25,813
Acquisition of a subsidiary (note 16)	3,398
Cost and carrying amount at 31 December 2013	29,211
At 30 June 2014	
Cost and carrying amount at 1 January 2014 and 30 June 2014	29,211

12. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	30 June 2014	31 December 2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Debt investments, at fair value	**17,505**	39,973
Club membership debenture, at fair value	**2,100**	2,100
	19,605	42,073
Portion classified as current assets	**(7,512)**	(29,862)
Portion classified as non-current assets	**12,093**	12,211

During the period, the gross gain in respect of the Group's available-for-sale investments recognized in other comprehensive income amounted to HK$197,000 (2013: gross loss of HK$936,000).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Debt investments, at market value	**8,690**	8,740
Listed equity investments in Hong Kong, at market value	**8,807**	9,245
	17,497	17,985
Portion classified as current assets	**(15,100)**	(15,569)
Portion classified as non-current assets	**2,397**	2,416

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 a current asset at 30 June 2014 and 31 December 2013 was a debt with maturity date falls within one year from the end of the reporting period.

The listed equity investments were all included under current assets at 30 June 2014 and 31 December 2013 and were classified as held for trading.

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 invoice date and net of provisions, is as follows:

	Group	
	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 1 month	**40,712**	20,622
1 to 3 months	**4,315**	1,447
4 to 6 months	**875**	883
More than 6 months	**61**	259
	45,963	23,211

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.

15. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Group	
	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade payables	**20,606**	22,899
Other payables	**27,307**	29,031
Accruals	**11,576**	12,556
	59,489	64,486

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

	Group	
	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Current	**15,469**	19,756
1 to 3 months	**3,650**	2,025
4 to 6 months	**549**	210
Over 6 months	**938**	908
	20,606	22,899

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

16. BUSINESS COMBINATION

On 31 May 2013, the Group acquired the entire equity 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 its 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 (note 10)	23
Cash and bank balances	1,037
Trade receivables	1,497
Prepayments, deposits and 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 11)	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 were expected to be uncollectible.

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

17. 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 30 June 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)
	HK$'000	*HK$'000*
Within one year	**735**	1,506
In the second to fifth years, inclusive	**126**	293
	861	1,799

(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 four years.

At 30 June 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)
	HK$'000	*HK$'000*
Within one year	**4,717**	2,513
In the second to fifth years, inclusive	**12,407**	61
	17,124	2,574

18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the board of directors on 14 August 2014.

CHAIRMAN'S STATEMENT

Dear Shareholders,

OVERVIEW

On behalf of the board of directors (the "Board") of Computer And Technologies Holdings Limited (the "Company"), I am glad to present the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six-month ended 30 June 2014. The Group's consolidated net profit attributable to shareholders for the reporting period increased by 3.1% to HK$22.6 million (2013: HK$21.9 million). The basic earnings per share was 9.37 HK cents (2013: 9.10 HK cents) or an increase of 3.0% compared with the same period last year.

The Group's overall revenue increased by HK$13.7 million, or 15.1% to HK$103.9 million despite of the continuing decrease in hardware sales as a result of the Group's business transformation strategy. It is encouraging that the improvement in turnover was spread across the software and solution services business with recurring nature. Correspondingly, the Group's overall gross profit rose by HK$5.1 million, or 10.0% to HK$56.1 million.

During the reporting period, the Group recorded a foreign exchange loss of HK$5.4 million (2013: foreign exchange gain of HK$3.4 million) and a revaluation gain in investment properties of HK$7.1 million (2013: HK$2.6 million). Despite of the sharp decrease in non-operating incomes and gains, the Group still managed to deliver an improved overall result.

The Group has been maintaining robust liquidity position with strong cash on hand. In view of the sustained healthy financial position and the improving business trend, the Board recommended the distribution of an interim dividend of 7 HK cents (2013: 6 HK cents).

BUSINESS REVIEW

Application Software

The Group's Application Software[1] business managed to deliver a solid performance in the first half of 2014.

The Group's HRM[1] product suite continued its leading position in the local market with expanding customer base. It is delighted to see more and more market leaders in various industries, including a gigantic mobile service provider and reputable financial institutions, are entrusting our HRM products. Moreover, the success of our HRM product suite also extended to other sectors including transportation, statutory bodies and health care.

The HRM product suite had been awarded with the China Outstanding Software Product Awards ("COSPA") for the third consecutive year. As such the awarded product is entitled to label as "China Outstanding Software Product", the highest honor for national class software products in China, for the following three years. The Group believed that the award winning HRM product would widen the exposures and opportunities in expanding its market in the Mainland China.

The Group is implementing its EPM[1] software for a major transportation authority in Hong Kong SAR who will be launching the related application in this year. Riding on the unique product features and enlarging customer base, our EPM product line continues to make steady contributions to the Group's revenue.

In addition, the acquisition of Vitova Limited ("Vitova") in May 2013 has strengthened the software products offering and boosted the earnings of the Group's Application Software business. Integration of Vitova's EIM[1] resources into the Group's Application Software team and further enhancement on the related product suite has progressed well during the period of review.

BUSINESS REVIEW *(continued)*

Looking ahead, the Group will continuously putting efforts to develop more functions and features on its products suite to fulfill customers' needs. The management is optimistic that the strong market demand and the enlarged installation base coupled with the ever-enhanced product suite will provide the Group with growing and sustainable income stream.

<u>e-Service and related business</u>
The Group's GETS[2] business managed to deliver a steady result in first half of 2014, amid the intense market competitions. In order to minimize the impact caused from the expired partnership agreements on GETS paper-to-electronic conversion service ("PCS") with some trade associations in April 2014, the Group has opened 10 new PCS outlets, through partnership with a local listed printing business group. The Group has also launched several new service plans to cater for the users with diverse preferences.

The Group's BPO[3] business has recorded an improved result during the reporting period. With the increasing acceptance of e-Marketing and cloud-based services in the market, the Group will leverage its current resources in GETS and BPO to provide combined offline and online services and to explore additional new cloud services offering.

<u>Solutions Services</u>
Leveraging on existing service agreements with Hong Kong SAR Government and various enterprise customers, the Group's Solutions Services[4] business managed to deliver a satisfactory result in the first half of 2014. In addition, the Group had successfully renewed and awarded with new multi-year service agreements with a transportation authority in Hong Kong in July 2014.

During the period under review, the Group has also grasped opportunities and delivered various IT services based on the latest technologies in the area of mobility and cloud computing. In order to improve domain expertise and delivery proficiency, the Group will further hone its business strategy to focus on providing services with selected technologies and in the selected business domain.

<u>Integration Services</u>
The turnover of the Group's Integration Services[5] business had been decreasing during the process of business transformation from a hardware driven business to a software and solution driven business. Fortunately, building on the service contract and new orders generated from existing customers and a series of cost control and production efficiency measures, the related business unit maintained a stable result during the period of review.

<u>Investments</u>
The Group's investments segment recorded a segment result of HK$8.9 million (2013: HK$4.6 million). The improved result is mainly attributed to the gain in fair value of the investment properties held.

<u>Corporate</u>
The increased business activities with diversity and expanded work force had outgrown the capacity of the premises located in Quarry Bay. To address the issue and to accommodate the long term business growth, the Group relocated its Hong Kong head office to Cyberport in June 2014. The management believe that the new office will not only help improving work efficiency but also provide more space for future growth.

PROSPECT

Looking forward, the Group will continuously invest in the successful product suite to sustain its market leadership. The Group will also accelerate the investment in expanding the software application development teams in Mainland China in order to strengthen the Group's competitiveness in the region and to expand the market share in a longer term. Apart from the organic growth, the Group will continue to capture any acquisition opportunities arising in the region to accelerate the business development.

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") 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] 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.

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

[4] 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.

[5] 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 turnover for the period increased by 15.1% to HK$103.9 million (2013: HK$90.2 million). The increase in revenue was mainly due to the organic growth of the Group's core businesses and the contribution of the Group's newly acquired EIM product business in mid-2013.

Gross profit

Gross profit for the period was HK$56.1 million, around 10.0% higher than same period last year (2013: HK$51.1 million). On the contrary, given the need to increase resources for ongoing business development, the gross profit margin dropped moderately to 54.0% (2013: 56.6%).

Non-operating incomes and gains, net (included other incomes and gains, net, foreign exchange differences, net and fair value gains/(losses), net)

Non-operating incomes and gains (included other incomes and gains, net, foreign exchange differences, net, and fair value gains/(losses), net) recorded a dramatic fall of 35.7% to HK$6.6 million (2013: HK$10.2 million). The fall was mainly due to the mixed results of the below factors.

Foreign exchange differences, net

Caused by the exchange rate fluctuation in Renminbi, the Group recorded foreign exchange loss of HK$5.4 million in the first half of 2014 compared to foreign exchange gain of HK$3.4 million recorded same period last year.

FINANCIAL REVIEW *(continued)*

Fair value gain on investment properties
The continuous appreciation in the local property market attributed to the Group's fair value gain of HK$7.1 million on the investment properties, representing an increase of 178.0%, or HK$4.6 million compared with the same period last year.

Expenses
The Group's selling and distribution expenses approximately keep constant from the same period last year.

The Group's general and administrative expense increased slightly by 2.3% to HK$24.5 million (2013: HK$23.9 million). The mild change was a combined effect of the costs incurred for office relocation and the cost savings from the control measures imposed.

Income tax expense
Income tax expense increased by 9.9% to HK$2.3 million as the assessable profits subject to Hong Kong profits tax had been increased in current reporting period. The tax charge at the Group's effective tax rate was around 9.4% in 2014, comparing with 8.9% in 2013. The effective tax rate was lower than the Hong Kong statutory profits tax rate because part of the income and gains, including dividend, bank interest incomes generated in Hong Kong and fair value gain arising from the revaluation of investment properties located in Hong Kong, were not subject to the Hong Kong profits tax.

Net profit
Profit for the period attributable to shareholders increased 3.1% to HK$22.6 million (2013: HK$21.9 million) while the net profit margin (profit for the period attributable to shareholders divided by revenue) was decreased to 21.7% from 24.3% recorded same period last year. The decrease in net profit margin was echoed from the decrease in gross profit margin and other operating incomes and gains, net as discussed above.

Non-Current Assets
The Group's non-current assets as at 30 June 2014 went up to HK$112.3 million from HK$99.2 million as at 31 December 2013. The change was mainly attributable to (i) more than HK$6 million additions to leasehold improvements, office furniture and fixtures for our new office in Cyberport; and (ii) the appreciation of HK$7.1 million in market value of investment properties held.

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

Current Assets
The Group's current assets as at 30 June 2014 decreased slightly to HK$411.2 million from HK$412.4 million as at 31 December 2013. The change represented the net results of (i) the decrease in inventories kept for the operation of Integration business; (ii) the decrease in available-for-sale investments held as part of the Group's investments in corporate bonds reached their maturities; and (iii) the increase in trade receivables as there was a multi-million billing issued to a government department in late June for our ongoing maintenance services to be provided.

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

Current Liabilities
The Group's current liabilities as at 30 June 2014 increased to HK$109.5 million from HK$98.1 million as at 31 December 2013. The increase was primarily due to the recognition of deferred income arising from various maintenance services to be provided by the Group.

FINANCIAL REVIEW *(continued)*

Segment Assets and Liabilities

Segment assets of Integration and Solutions Services business increased in line with the increase in the accounts receivables of Solutions Services business due from a government department as mentioned.

Segment liabilities of Integration and Solutions Services business increased due to the recognition of deferred income arising from various maintenance services to be provided by the Solution Services business.

Segment assets and segment liabilities of Applications Services business noted no material change for the period of review.

Segment assets of Investments business decreased to HK$98.0 million from HK$113.8 million as part of the Group's investments in corporate bonds, treated as available-for-sale investments, reached their maturity in 2014.

Equity

Total equity as at 30 June 2014 increased slightly by 0.1% to HK$412.8 million compared with HK$412.4 million as at 31 December 2013. The change was mainly a result of the retention of the net profit earned in first half of 2014, partially offset by the reclassification of 2013 final and special dividends to current liability upon the approval of the dividends at the annual general meeting held in May 2014.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2014, the Group had pledged an investment property with a fair value of HK$52.0 million (31 December 2013: HK$45.0 million), listed debt and equity securities of HK$17.5 million (31 December 2013: HK$18.0 million) and bank balances of HK$15.0 million (31 December 2013: HK$12.3 million) to secure certain general bank facilities including guarantee/performance bonds facilities granted to the Group in aggregate of HK$133.5 million (31 December 2013: HK$133.5 million) of which HK$5.5 million (31 December 2013: HK$5.6 million) have been utilised as at 30 June 2014.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2014, the Group's bank balances and cash (excluded pledged bank deposit of HK$15.0 million) was HK$301.2 million (31 December 2013: HK$304.8 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 at the moment but will continue to monitor the Group's foreign currency exposure, including movements of Renminbi, and will consider taking out appropriate measures to hedge significant foreign currency exposure should the need arises.

As at 30 June 2014, the Group had no bank borrowings (31 December 2013: nil). The Group's current ratio representing current assets divided by current liability was 3.8 (31 December 2013: 4.2) and the gearing ratio, representing total liabilities divided by total assets, was 21.1% (31 December 2013: 19.4%).

SIGNIFICANT INVESTMENTS

Save as disclosed in the announcement, the Group has no significant investments held as at 30 June 2014.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in note 16 regarding an acquisition of a subsidiary in prior year, the Group did not have any material acquisition or disposal of subsidiaries during the period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2014.

CONTINGENT LIABILITIES

Save as disclosed in the announcement, the Group has no material contingent liabilities as at 30 June 2014.

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of 7 HK cents (2013: 6 HK cents) per share for the six months ended 30 June 2014. The interim dividend will be distributed on or about 5 September 2014 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 26 August 2014.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 25 August 2014 to Tuesday, 26 August 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30p.m. on Friday, 22 August 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the reporting period.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of integrity, transparency and accountability. The board of directors of the Company (the "Board") believes that good corporate governance is essential to the success of the Company and to the enhancement of shareholders' value.

The Board opined that the Company has complied with the code provision set out in 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 period except on the deviations noted below.

CODE ON CORPORATE GOVERNANCE PRACTICE *(continued)*

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. In October 2013, Mr. Yan King Shun resigned as executive director of the Company and chief executive officer ("CEO") of the Group. 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 interim report.

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

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors and one executive director of the Company. The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited interim financial information for the six months ended 30 June 2014.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company website (www.ctil.com). The 2014 interim report will be published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.ctil.com) and also to be despatched to the shareholders of the Company in due course.

APPRECIATIONS

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

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

Hong Kong, 14 August 2014

As at the date of this announcement, the Board comprises Mr. Ng Cheung Shing, Mr. Cheung Wai Lam, Mr. Leung King San, Sunny, 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.