COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 00046)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 together with comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
REVENUE	6	**210,762**	187,110
Cost of sales and services		**(101,043)**	(85,989)
Gross profit		**109,719**	101,121
Other income and gains, net	6	**11,640**	9,657
Foreign exchange differences, net		**(4,481)**	7,555
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		**(30)**	(171)
Investment properties		**8,125**	2,558
Selling and distribution expenses		**(23,124)**	(23,065)
General and administrative expenses		**(46,529)**	(42,483)
Finance costs	8	**-**	(56)
PROFIT BEFORE TAX	7	**55,320**	55,116
Income tax expense	9	**(6,529)**	(6,970)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**48,791**	48,146

continued/…

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
Year ended 31 December 2014

	Notes	**2014** **HK cents**	2013 HK cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11		
Basic		**20.26**	20.03
Diluted		**20.14**	19.89

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 2014

	Note	**2014** **HK$'000**	2013 HK$'000
PROFIT FOR THE YEAR		**48,791**	48,146
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**(693)**	(303)
Reclassification adjustment for losses included in the consolidated statement of profit or loss - loss on disposal	6	**581**	-
		(112)	(303)
Exchange differences on translation of foreign operations		**(809)**	1,461
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(921)**	1,158
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**47,870**	49,304

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Notes	**2014**	2013
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**10,742**	5,244
Investment properties		**58,265**	50,140
Goodwill	12	**29,211**	29,211
Other intangible assets		**-**	-
Available-for-sale investments	13	**6,705**	12,211
Financial assets at fair value through profit or loss	15	**1,573**	2,416
Total non-current assets		**106,496**	99,222
CURRENT ASSETS			
Inventories		**712**	10,212
Trade and bills receivables	14	**34,142**	23,211
Prepayments, deposits and other receivables		**5,429**	6,031
Due from contract customers		**3,870**	5,145
Available-for-sale investments	13	**5,075**	29,862
Financial assets at fair value through profit or loss	15	**9,299**	15,569
Tax recoverable		**8,030**	5,338
Pledged bank deposits		**6,943**	12,270
Cash and cash equivalents		**342,644**	304,777
Total current assets		**416,144**	412,415
CURRENT LIABILITIES			
Trade payables, other payables and accruals	16	**57,811**	64,486
Due to contract customers		**7,407**	5,008
Deferred revenue		**22,069**	18,198
Tax payable		**11,320**	10,392
Total current liabilities		**98,607**	98,084
NET CURRENT ASSETS		**317,537**	314,331
TOTAL ASSETS LESS CURRENT LIABILITIES		**424,033**	413,553
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,216**	1,135
Net assets		**422,817**	412,418

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**24,419**	24,419
Share premium account		**38,493**	38,493
Contributed surplus		**-**	29,619
Shares held under the restricted share award scheme		**(3,731)**	(4,735)
Other reserves		**341,928**	302,981
Proposed final and special dividends	10	**21,708**	21,641
Total equity		**422,817**	412,418

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2014

	Attributable to owners of the parent											
					Other reserves							
	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 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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*
Year ended 31 December 2014

	Attributable to owners of the parent											
					Other reserves							
	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 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 year	-	-	-	-	-	-	-	-	-	48,791	-	48,791
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	(112)	-	-	-	-	(112)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(809)	-	-	(809)
Total comprehensive income for the year	-	-	-	-	-	-	(112)	-	(809)	48,791	-	47,870
Vesting of shares held under the restricted share award scheme	-	-	-	1,004	(1,004)	-	-	-	-	-	-	-
Share award arrangements	-	-	-	-	1,065	-	-	-	-	-	-	1,065
Final and special 2013 dividends declared	-	-	(26)	-	-	-	-	-	-	-	(21,641)	(21,667)
Interim 2014 dividend	-	-	(16,869)	-	-	-	-	-	-	-	-	(16,869)
Proposed final and special 2014 dividends	-	-	(12,724)	-	-	-	-	-	-	(8,984)	21,708	-
At 31 December 2014	24,419	38,493	-	(3,731)	2,428	(7,227)	525	733	5,297	340,172	21,708	422,817

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**55,320**	55,116
Adjustments for:			
Finance costs	8	**-**	56
Bank interest income	6	**(11,405)**	(8,758)
Dividend income from listed investments	6	**(605)**	(713)
Loss on disposal of items of property, plant and equipment	7	**25**	35
Loss on disposal of financial assets at fair value through profit or loss	6	**44**	40
Fair value losses/(gains), net:			
Available-for-sale investments (transfer from equity on disposal)	6	**581**	-
Financial assets at fair value through profit or loss	7	**30**	171
Investment properties	7	**(8,125)**	(2,558)
Depreciation	7	**1,963**	1,192
Impairment of trade receivables	7	**437**	140
Write-down of inventories to net realisable value	7	**-**	102
Reversal of impairment of trade receivables	7	**(224)**	(143)
Reversal of trade receivables written off	7	**-**	(4)
Reversal of impairment of amounts due from contract customers	7	**-**	(418)
Equity-settled share-based payment expense		**1,065**	843
		39,106	45,101
Decrease in inventories		**9,500**	986
(Increase)/decrease in trade and bills receivables		**(11,144)**	5,556
(Increase)/decrease in amounts due from contract customers		**1,275**	(1,376)
Decrease in prepayments, deposits and other receivables		**602**	812
Decrease in trade payables, other payables and accruals		**(7,875)**	(7,173)
Increase in amounts due to contract customers		**2,399**	2,386
Increase in deferred revenue		**3,871**	2,678
Cash generated from operations		**37,734**	48,970
Hong Kong profits tax paid		**(8,118)**	(5,216)
Overseas taxes paid		**(39)**	(1,058)
Net cash flows from operating activities		**29,577**	42,696

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
Year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
Net cash flows from operating activities	**29,577**	42,696
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank interest received	**11,405**	8,758
Dividends received from listed investments	**605**	713
Purchases of items of property, plant and equipment	**(6,312)**	(532)
Purchases of listed investments	**(3,000)**	(5,050)
Purchases of available-for-sale investments	**-**	(48,270)
Acquisition of a subsidiary	**-**	(563)
Proceeds from disposal of items of property, plant and equipment	**2**	4
Proceeds from disposal of financial assets at fair value through profit or loss	**10,039**	12,896
Proceeds from disposal of available-for sale investments	**29,600**	7,994
Decrease in pledged bank deposits	**1,274**	3,854
Increase in non-pledged bank deposits with original maturity of more than three months when acquired	**(885)**	(4,064)
Net cash flows from/(used in) investing activities	**42,728**	(24,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of shares	**-**	(1,964)
Dividends paid	**(38,536)**	(36,010)
Interest paid	**-**	(56)
Net cash flows used in financing activities	**(38,536)**	(38,030)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**33,769**	(19,594)
Cash and cash equivalents at beginning of year	**258,962**	277,028
Effect of foreign exchange rate changes, net	**(840)**	1,528
CASH AND CASH EQUIVALENTS AT END OF YEAR	**291,891**	258,962
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the statement of financial position	**342,644**	304,777
Pledged deposits for banking facilities granted by a bank with original maturity of less than three months when acquired	**2,022**	6,075
Non-pledged time deposits with original maturity of more than three months when acquired	**(52,775)**	(51,890)
Cash and cash equivalents as stated in the statement of cash flows	**291,891**	258,962

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

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

- provision of enterprise applications software and related services, business process outsourcing, and e-business, and related maintenance services;

- provision of system and network integration, information technology ("IT") solutions development and implementation, 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") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of the Schedule 11 to that Ordinance. The financial statements 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 2014. 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 and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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 described in the accounting policy for subsidiaries below. 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 revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

4. NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

Amendments to HKAS 1	*Disclosure Initiative*[2]
HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

4. NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(continued)*

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018
[5] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 3, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

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

(b) 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; 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, 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

	Application Services		Integration and Solutions Services		Investments		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**89,043**	86,271	**117,814**	96,886	**3,905**	3,953	**210,762***	187,110*
Other income and gains, net	**48**	38	**3**	4,872	**(11)**	1,134	**40^**	6,044^
Total	**89,091**	86,309	**117,817**	101,758	**3,894**	5,087	**210,802**	193,154
Segment results	**38,184**	38,675	**24,195**	19,672	**12,036**	8,039	**74,415**	66,386
Reconciliation:								
Unallocated interest income							**11,405^**	8,758^
Unallocated other income and gains, net							**195^**	-^
Unallocated foreign exchange differences, net							**(4,481)**	2,410
Corporate and other unallocated depreciation							**(1,002)**	(141)
Corporate and other unallocated expenses							**(25,212)**	(22,241)
Finance costs							**-**	(56)
Profit before tax							**55,320**	55,116
Segment assets	**42,973**	38,829	**28,643**	33,773	**84,526**	113,763	**156,142**	186,365
Reconciliation:								
Corporate and other unallocated assets							**366,498**	325,272
Total assets							**522,640**	511,637
Segment liabilities	**42,855**	40,939	**37,453**	42,757	**820**	558	**81,128**	84,254
Reconciliation:								
Corporate and other unallocated liabilities							**18,695**	14,965
Total liabilities							**99,823**	99,219

* *This represents the consolidated revenue of HK$210,762,000 (2013: HK$187,110,000) in the consolidated statement of profit or loss.*

^ *These comprise the consolidated other income and gains, net, of HK$11,640,000 (2013: HK$9,657,000). The prior year balance included allocated foreign exchange gains of HK$5,145,000 in the consolidated statement of profit or loss.*

5. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

Group

	Application Services		Integration and Solutions Services		Investments		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:								
Net fair value gains on investment properties	-	-	-	-	**8,125**	2,558	**8,125**	2,558
Net fair value losses on financial assets at fair value through profit or loss	-	-	-	-	**(30)**	(171)	**(30)**	(171)
Depreciation	**371**	429	**495**	528	**94**	94	**960**	1,051
Corporate and other unallocated depreciation							**1,003**	141
							1,963	1,192
Write-down of inventories to net realisable value	-	-	-	102	**-**	-	-	102
Impairment loss recognisd/(reversed) in the statement of profit or loss, net*	**180**	36	**33**	(461)	**-**	**-**	**213**	(425)
Capital expenditure**	**404**	114	**109**	306	**-**	**-**	**513**	420
Corporate and other unallocated capital expenditure**							**6,999**	135
							7,512	555

* *Including impairment losses recognised in the consolidated statement of profit or loss attributable to the application services segment and the integration and solutions services segment of HK$229,000 (2013: HK$140,000) and HK$208,000 (2013: Nil), respectively, and impairment losses reversed in the consolidated statement of profit or loss attributable to the application services segment and the integration and solutions services segment of HK$49,000 (2013: HK$104,000) and HK$175,000 (2013: HK$461,000), 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	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**174,594**	160,421	**36,168**	26,689	**210,762**	187,110

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

(ii) Non-current assets

	2014	2013
	HK$'000	HK$'000
Hong Kong	**88,729**	75,100
Mainland China	**9,489**	9,495
	98,218	84,595

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

(c) Information about major customers

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

For the year ended 31 December 2014, revenue from a major customer of HK$58,669,000 (2013: HK$46,586,000) 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 enterprise applications software, related operation outsourcing, business process outsourcing, e-business, system and network integration, IT solutions development and implementation 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:

	2014	2013
	HK$'000	HK$'000
Revenue		
Provision of enterprise applications software and related operation outsourcing, business process outsourcing and e-business, and related maintenance services	**89,043**	86,271
Sales of computer networks and system platforms, and the provision of system and network integration, IT solutions development and implementation, and related maintenance services	**117,814**	96,886
Gross rental income from investment properties and interest income from treasury investments	**3,905**	3,953
	210,762	187,110
Other income and gains, net		
Bank interest income	**11,405**	8,758
Dividend income from listed investments	**605**	713
Fair value losses, net:		
Available-for-sale investments (transfer from equity on disposal)	**(581)**	-
Loss on disposal of financial assets at fair value through profit or loss	**(44)**	(40)
Others	**255**	226
	11,640	9,657

7. PROFIT BEFORE TAX

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

	2014	2013
	HK$'000	HK$'000
Cost of inventories sold	**67,908**	54,831
Cost of services provided	**33,120**	31,115
Depreciation*	**1,963**	1,192
Loss on disposal of items of property, plant and equipment	**25**	35
Impairment of trade receivables	**437**	140
Write-down of inventories to net realisable value	**-**	102
Reversal of impairment of trade receivables	**(224)**	(143)
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	**92**	103
Fair value losses/(gains), net:		
Available-for-sale investments (transfer from equity on disposal)	**581**	-
Financial assets at fair value through profit or loss	**30**	171
Investment properties	**(8,125)**	(2,558)
Rental income on investment properties less direct operating expenses of HK$92,000 (2013: HK$103,000)	**(1,791)**	(1,714)

* *Depreciation for the year of HK$15,000 (2013: HK$43,000) is included in "Cost of sales and services" on the face of the consolidated statement of profit or loss.*

8. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**-**	56

9. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014 **HK$'000**	2013 HK$'000
Group:		
Current - Hong Kong		
Charge for the year	**6,631**	6,136
Under/(over)provision in prior years	**(330)**	638
Current - Elsewhere		
Charge for the year	**147**	104
Underprovision in prior years	**-**	2
Deferred	**81**	90
Total tax charge for the year	**6,529**	6,970

During the year, 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 objected to the protective assessment and a written notice of objection has been filed to the IRD, at the same time, the subsidiary has purchased a tax reserve certificate at the request of the IRD.

Subsequent to the end of the reporting period, on 12 March 2015, the IRD has further issued a protective assessment to that subsidiary of the Company demanding tax of approximately HK$2,354,000 for the year of assessment 2008/09. A further enquiry letter was also issued to that subsidiary to request for additional information and documents regarding the nature and the deductibility of those abovementioned expenditure/expenses. The subsidiary will lodge an objection to the IRD against the protective assessment and is in the process of gathering the additional information and documents requested 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 enquiries. However, the directors believe that except for certain insignificant tax adjustments, the effect of which has been reflected in the current and prior years' 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

	2014 HK$'000	2013 HK$'000
Interim - HK$0.07 (2013: HK$0.06) per ordinary share	**17,094**	14,652
Less: Dividend for shares held under the Company's restricted share award scheme	**(225)**	(227)
	16,869	14,425
Proposed final - HK$0.07 (2013: HK$0.07) per ordinary share	**17,094**	17,094
Less: Dividend for shares held under the Company's restricted share award scheme	**(210)**	(262)
	16,884	16,832
Proposed special - HK$0.02 (2013: HK$0.02) per ordinary share	**4,884**	4,884
Less: Dividend for shares held under the Company's restricted share award scheme	**(60)**	(75)
	4,824	4,809
	38,577	36,066

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.

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 240,797,913 (2013: 240,365,990) 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 2014	2013
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**240,797,913**	240,365,990
Effect of dilution - weighted average number of ordinary shares:		
Restricted shares awarded under the Company's restricted share award scheme	**1,504,624**	1,690,452
	242,302,537	242,056,442

12. GOODWILL

Group

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

	HK$'000
31 December 2014	
Cost and carrying amount at 1 January 2014 and 31 December 2014	29,211

13. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2014	2013
	HK$'000	HK$'000
Debt investments, at fair value	**9,880**	39,973
Club membership debenture, at fair value	**1,900**	2,100
	11,780	42,073
Portion classified as current assets	**(5,075)**	(29,862)
Portion classified as non-current assets	**6,705**	12,211

During the year, the net loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$693,000 (2013: HK$303,000), of which HK$581,000 (2013: Nil) was reclassified from other comprehensive income to the statement of profit or loss for the year.

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	
	2014	2013
	HK$'000	HK$'000
Within 1 month	**20,856**	20,622
1 to 3 months	**9,572**	1,447
4 to 6 months	**3,698**	883
More than 6 months	**16**	259
	34,142	23,211

14. TRADE AND BILLS RECEIVABLES *(continued)*

For system integration projects and the provision of maintenance services and software development services, the Group's trading terms with its customers vary from contract to contract or depending on the specific arrangements with individual customers, and may include cash on delivery, advance payment and on credit. For those customers who trade on credit, the overall credit period is generally within 120 days, except for certain projects with longer implementation schedules where the period may extend beyond 120 days, or may be extended for major or specific customers. The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest-bearing.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2014	2013
	HK$'000	HK$'000
Debt investments, at market value	**1,573**	8,740
Listed equity investments in Hong Kong, at market value	**9,299**	9,245
	10,872	17,985
Portion classified as current assets	**(9,299)**	(15,569)
Portion classified as non-current assets	**1,573**	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 current assets at 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 31 December 2013 and 2014 and 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 invoice date, is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within 1 month	**18,480**	20,080
1 to 3 months	**2,035**	1,647
4 to 6 months	**178**	265
Over 6 months	**583**	907
	21,276	22,899
Other payables	**23,376**	29,031
Accruals	**13,159**	12,556
	57,811	64,486

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

17. EVENTS AFTER THE REPORTING PERIOD

On 6 February 2015, the Group acquired the entire equity interest in Sanyo Extended System Services Limited ("Sanyo Extended"), which is engaged in the provision of a range of software, solutions and related services to the retailers for the point-of-sale (POS) and related management. The Group has acquired Sanyo Extended to further expand its application services business and to extend the existing product offering. The purchase consideration of approximately HK$22,944,000 for the acquisition was in the form of cash and would be payable in three tranches.

Because the acquisition of Sanyo Extended was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

18. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

During the year, the Group entered into a lease agreement in respect of its office property in Hong Kong. Pursuant to the terms and conditions of the lease agreement, the Group is required to restore the office property to the conditions as stipulated in the lease agreement. Accordingly, the Group had provided and capitalised the estimated reinstatement cost of HK$1,200,000 when such obligation arose.

19. 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 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**2,128**	1,506
In the second to fifth years, inclusive	**1,379**	293
	3,507	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 (2013: one to two years).

At 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**3,919**	2,513
In the second to fifth years, inclusive	**11,146**	61
	15,065	2,574

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 March 2015.

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 glad to present the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014. The Group's consolidated net profit attributable to shareholders for the reporting period slightly increased by 1.3% to HK$48.8 million (2013: HK$48.1 million). The basic earnings per share was 20.26 HK cents (2013: 20.03 HK cents) or an increase of 1.1% compared with the same period last year.

The Group's overall revenue grew by HK$23.7 million, or 12.6% to HK$210.8 million and correspondingly, the Group's gross profit rose by HK$8.6 million, or 8.5% to HK$109.7 million. It is delighted to see the Group's efforts spent in the business transformation to proprietary software and solution services oriented business had been solidified as the growths were found across the software and solution services business with strong recurring nature.

During the reporting period, the Group recorded a foreign exchange loss of HK$4.5 million (2013: foreign exchange gain of HK$7.6 million) and a revaluation gain in investment properties of HK$8.1 million (2013: HK$2.6 million). Despite the impacts from the volatilities in non-operating incomes and gains, the Group still managed to deliver an improved overall result.

The Group continued to maintain strong liquidity position and generated net cash inflows of HK$29.6 million from its operating activities during the reporting period. In view of the robust financial position and progressing business performance, the Board recommended the distribution of final dividend of 7 HK cents and special dividend of 2 HK cents per ordinary share (2013: final dividend of 7 HK cents and special dividend of 2 HK cents). Combined with the interim dividend of 7 HK cents (2013: 6 HK cents), the full year dividend payout amounts to 16 HK cents, which represents 6.7% increase over the previous year (2013: 15 HK cents).

BUSINESS REVIEW

Application Software

The Group's Application Software[1] business reported solid performances in the reporting period. Leveraging the successful track records and experiences in serving enterprise customers and government organizations, the Group continued its leading position in the local market with expanding customer base. The management is glad to see more and more reputable organizations and prominent leaders in their respective industries had become users of the Group's software products.

With the increasing emphasis in talents management and employee engagement, there is increasing market demands for sophisticated human resources management system with rich functionalities. Benefiting from such a trend, the Group's HRM[1] business continuously received strong orders from enterprise customers as well as repeat orders from existing install base for system enhancement and upgrade.

The profit contributions of the Group's EIM[1] and EPM[1] business were stably maintained during the reporting period. During the reporting period the Group had successfully implemented its EPM software for a transportation authority in Hong Kong. This marked another successful record for application of EPM system on top of the existing installation for another major transportation corporation in Hong Kong. Besides, the management is contented to see the smooth integration of the EIM resources into the Group's Application Software team and the synergy in cross selling software products into the enlarged customer base.

BUSINESS REVIEW *(continued)*

The Group had been accelerating its resources deployment in research and development for strengthening its software products' functions and features and in preparation of its next generation product suite targeted to integrate all the Group's software products under a common platform. The management believes the next generation products with integrated business process management capability will enhance the competitiveness of the Group's software product and generate significant business opportunities to the Group. Despite the increased research and development costs had slightly reduced the gross profit margin in the reporting period, the management believes that the enriched product features and integrated platform will contribute to the business development and help improving profitability of the Group in long term.

In early 2015, the Group had taken another step to expand its application software product offerings by acquiring the entire interests of Sanyo Extended System Services Limited ("Sanyo Extended"), a well-established Enterprise Retail Management ("ERM") solutions company in Hong Kong SAR specialized in point-of-sale and related software and services.

With more than 30 years of expertise in ERM solutions and services, Sanyo Extended is now serving a prestigious pool of customers comprising international brands, listed companies and large scale retail chains.

This acquisition had further expanded the breadth of the Group's software business and diversified its customer base with strong recurrent revenue. By leveraging the Group's successful references and resources as well as the establishments of Sanyo Extended's software product, the Group is well positioned to capture the growing demands from the premium retailers in Asia who had the request for sophisticated ERM solutions and integrated enterprise software.

e-Service and related business

In response to the intense market competitions and challenging business environment, the Group's GETS[2] business had been operating under a streamlined structure and managed to deliver a steady result in 2014. During the reporting period, the Group had established 13 new paper-to-electronic conversion service ("PCS") outlets through partnership with a local listed printing business group in order to minimize the impact from the expiration of the partnership agreements with some trade association. While the expiration of such partnership had caused the decrease in revenue of the Group's GETS business, the Group had also undertaken a series of measures, including launching more customers-oriented service plans and enhancing its online services in order to catch up the short fell revenue.

With the management's effort in enhancing its operating efficiency and resources utilizations, the Group's BPO[3] business recorded an improved result during the reporting period.

Solutions and Integration Services

The Group's Solutions Services[4] business was continuously entrusted by various departments of the HKSAR Government and commercial enterprises and managed to deliver a result with double-digit growth in 2014.

During the reporting period, the Group has successfully secured new multi-year service agreements with MTR Corporation and Hong Kong Airport Authority for provision of system implementation, development and maintenance services to their business applications. These engagements as well as other similar multiple years of services agreements signed with government organizations and other enterprise customers will not only provide a stable revenue source for the Group's Solutions Services business in the coming years but also reaffirm the Group's competency in delivering high quality IT services.

In addition, the Group has also provided a wide spectrum of IT solutions 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 continue to focus on providing services with selected technologies and in selected business domain.

Building on the service contracts and new orders generated from existing customers, the Group's Integration Services[5] delivered an expected result in 2014.

BUSINESS REVIEW *(continued)*

Investments

The Group's investments segment recorded a gain of HK$12.0 million (2013: HK$8.0 million). The improved result is mainly attributed to the gain in fair value of the investment properties held.

The management foresees this segment will continue generating relatively stable rental and interest incomes but the return on investments may be affected by the market fluctuations.

PROSPECT

The global economy is foreseen to be volatile and also the pace of economic growth in China is expected to slow down. Taking account of the uncertainties, the Group will continue to adhere to the strategies on the development of its proprietary software products in order to grow the related business revenue and improve its market position. On top of the organic growth, the Group will continue to closely look at new opportunities for potential acquisition of software related companies. While the Group is expanding its software product line, there is also a need for the Group to devote more resources in research and development ("R&D") in order to integrate the products and enhance their features. While the additional R&D costs may create short term impact to the profit, it will certainly create a bigger return for the Group in long term.

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 year increased by 12.6% to HK$210.8 million (2013: HK$187.1 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 EIM product business acquired in mid-2013.

Gross profit

The overall gross profit for the year was HK$109.7 million, around 8.5% higher than last year (2013: HK$101.1 million). On the contrary, the overall gross profit margin was slightly dropped to 52.1% (2013: 54.0%). The reduction was mainly due to increased spending in research and development costs for next generation software products.

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

Non-operating incomes and gains (included other incomes and gains, net, foreign exchange difference, net, and fair value gains/(losses), net) recorded a dramatic fall of 22.2% to HK$15.3 million (2013: HK$19.6 million). The fall was mainly due to the mixed results of the below factors.

Foreign exchange difference, net

Primarily due to the fluctuation in exchange rate of Renminbi, the Group recorded foreign exchange loss of HK$4.5 million in 2014 compared with foreign exchange gain of HK$7.6 million recorded in last year.

Save as disclosed, the Group had not have any other material direct exposure to foreign exchange fluctuations. The Group neither engaged in any high risk derivative operating nor leveraged foreign exchange contracts.

Fair value gain on investment properties

As a result of continuous appreciation in the local property market, the Group recorded a fair value gain of HK$8.1 million on the investment properties, representing an increase of HK$5.6 million comparing with last year.

Expenses

The Group's selling and distribution expenses approximately kept constant from last year.

The Group's general and administrative expense increased by 9.5% to HK$46.5 million (2013: HK$42.5 million). The increase included the costs incurred for the office relocation to Cyberport in mid-2014. The management considers the increased business activities with diversity and expanded work force had outgrown the capacity of our old premises located in Quarry Bay. To accommodate our long term business growth, the Group has relocated its Hong Kong head office to Cyberport in June 2014. The management strongly believes the new office, will not only help improving work efficiency but also provide more space for future growth.

Income tax expense

Income tax expense decreased moderately by 6.3% to HK$6.5 million. The drop was mainly due to the reduction of prior years' income tax provision adjustments which occurred in last year. The tax charge at the Group's effective tax rate was around 11.8% in 2014, comparing with 12.6% in 2013. The effective tax rate was lower than the Hong Kong statutory profits tax rate because part of the income and gains, including dividends and 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

Combining the foregoing factors, profit for the year attributable to shareholders increased 1.3% to HK$48.8 million (2013: HK$48.1 million) while the net profit margin (profit for the year attributable to shareholders divided by revenue) was decreased to 23.1% from 25.7% in same period last year. The decrease in net profit margin was in sync with the decrease in gross profit margin and other operating incomes and gains, net, as mentioned.

FINANCIAL REVIEW *(continued)*

Non-Current Assets

The Group's non-current assets as at 31 December 2014 went up to HK$106.5 million from HK$99.2 million as at 31 December 2013. The change was net effect of (i) around HK$6 million additions to leasehold improvements, office furniture and fixtures for new office in Cyberport; (ii) the appreciation of HK$8.1 million in market value of investment properties held; and (iii) the decrease in available-for-sale investments of HK$5.5 million due to their reclassification to current assets approaching the maturity.

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 31 December 2014 increased slightly to HK$416.1 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 were material billings issued to several customers in December for the software and solutions services provided.

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

Current Liabilities

The Group's current liabilities as 31 December 2014 gently increased to HK$98.6 million from HK$98.1 million as at 31 December 2013. The change was net effect of (i) the increase in deferred income arising from various development and maintenance services to be provided by Solutions and Applications Services business; and (ii) the decrease in down payment deposits received from customers of Integration business.

Segment Assets and Liabilities

Segment assets of Applications Services business increased due to the increase in its trade receivables as mentioned.

Segment liabilities of Applications Services grew in line with the increase in the recognition of deferred income arising from various development and maintenance services to be provided.

Segment assets of Integration and Solutions Services business decreased in line with the inventories kept for the operation of Integration business as mentioned above.

Segment liabilities of Integration and Solutions Services business fell in line with the decrease in down payment deposits received from customers of Integration business.

Segment assets of Investments business decreased to HK$84.5 million from HK$113.8 million as at 31 December 2013 as certain part of the Group's investments in corporate bonds, treated as available-for-sale investments, reached their maturities in 2014.

Equity

Total equity as at 31 December 2014 increased slightly by 2.5% to HK$422.8 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 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 and the declaration of interim dividend in August 2014.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

At 31 December 2014, the Group had pledged an investment property with a carrying value of HK$52.8 million (2013: HK$45.0 million), listed debt and equity securities of HK$10.9 million (2013: HK$18.0 million) and bank balances of HK$6.9 million (2013: HK$12.3 million) to secure certain general bank facilities including guarantee/performance bonds facilities granted to the Group in aggregate of HK$134.0 million (2013: HK$133.5 million) of which HK$5.4 million (2013: HK$5.6 million) had been utilized as of 31 December 2014.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2014, the Group's bank balances and cash (excluded pledged bank deposits of HK$6.9 million) was HK$342.6 million (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, as these currencies carry relatively low exchange fluctuation risks.

As at 31 December 2014, the Group had no bank borrowings (2013: nil). The Group's current ratio representing current assets divided by current liabilities was 4.2 (2013: 4.2) and the gearing ratio, representing total liabilities divided by total assets, was 19.1% (2013: 19.4%).

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 2014 are consistent with those disclosed in the Group's 2013 Annual Report. As at 31 December 2014, the Group employed 270 full time employees and 4 contract-based employees (2013: 263 full time employees and 2 contract-based employees).

As at 31 December 2014, 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 2014.

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 reporting period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2014.

CONTINGENT LIABILITIES

Save as disclosed in the announcement, the Group has no material contingent liabilities as at 31 December 2014.

DIVIDENDS AND BOOK CLOSE

The Board has recommended final and special dividends of HK9 cents (2013: HK9 cents) per ordinary share payable to shareholders whose names appear on the register of members of the Company on Friday, 12 June, 2015. The Register of Members of the Company will be closed from Monday, 1 June, 2015 to Wednesday, 3 June, 2015 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM to be held on Wednesday, 3 June, 2015, 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 Friday, 29 May, 2015. In addition, the Register of Members of the Company will be closed from Thursday, 11 June, 2015 to Friday, 12 June, 2015 (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 Wednesday, 10 June, 2015. During such periods, no share transfer will be effected. The final and special dividends will be distributed on or about Monday, 22 June, 2015 to shareholders whose names appear on the Register of Members of the Company on Friday, 12 June, 2015.

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 year.

CODE ON CORPORATE GOVERNANCE PRACTICES

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.

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. 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.

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 REVIEW

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 annual results for the year ended 31 December 2014.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31 December 2014 as set out in this preliminary announcement have been agreed by the Group's independent auditors, Messrs. Ernst & Young ("E&Y"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by E&Y in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by E&Y on this preliminary announcement.

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 2014 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, 19 March 2015

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.