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 2016

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 2016, 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	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	5	**120,620**	106,762
Cost of sales and services		**(51,168)**	(48,912)
Gross profit		**69,452**	57,850
Other income and gains, net	5	**2,878**	5,569
Foreign exchange differences, net		**(500)**	(8)
Fair value gains, net:			
Financial assets at fair value through profit or loss		**568**	518
Investment properties		**500**	2,200
Selling and distribution expenses		**(16,678)**	(13,574)
General and administrative expenses		**(27,111)**	(25,660)
Other expenses		**(3,011)**	(373)
PROFIT BEFORE TAX	6	**26,098**	26,522

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

		For the six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
PROFIT BEFORE TAX	*6*	**26,098**	26,522
Income tax expense	*7*	**(3,471)**	(3,255)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**22,627**	23,267
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*	**HK cents**	HK cents
Basic		**9.36**	9.64
Diluted		**9.33**	9.60

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**22,627**	23,267
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**-**	16
Reclassification adjustments for gains included in the condensed consolidated statement of profit or loss		
- gain on disposal	**-**	(107)
	-	(91)
Exchange differences on translation of foreign operations	**(1,295)**	5
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(1,295)**	(86)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Surplus on property revaluation	**-**	2,630
Income tax effect	**-**	(658)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**-**	1,972
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(1,295)**	1,886
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**21,332**	25,153

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2016 (Unaudited) *HK$'000***	31 December 2015 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**6,503**	6,919
Investment properties	*11*	**67,165**	66,665
Goodwill	*12*	**135,683**	44,575
Other intangible assets	*13*	**54,616**	6,343
Available-for-sale investments	*14*	**1,880**	1,880
Financial assets at fair value through profit or loss	*16*	**2,580**	2,507
Deferred tax assets		**3,018**	-
Total non-current assets		**271,445**	128,889
CURRENT ASSETS			
Inventories		**519**	236
Trade and bills receivables	*15*	**46,041**	33,080
Prepayments, deposits and other receivables		**9,784**	6,128
Due from contract customers		**11,488**	6,340
Financial assets at fair value through profit or loss	*16*	**9,774**	9,279
Tax recoverable		**13,877**	12,391
Pledged bank deposits		**5,677**	11,239
Cash and cash equivalents		**248,357**	332,120
Total current assets		**345,517**	410,813
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*17*	**88,773**	58,402
Due to contract customers		**18,164**	9,270
Deferred revenue		**43,581**	29,753
Tax payable		**14,884**	10,738
Total current liabilities		**165,402**	108,163
NET CURRENT ASSETS		**180,115**	302,650
TOTAL ASSETS LESS CURRENT LIABILITES		**451,560**	431,539
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*18*	**18,218**	2,921
Net assets		**433,342**	428,618

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	30 June 2016 (Unaudited) *HK$'000*	31 December 2015 (Audited) *HK$'000*
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**24,419**	24,419
Share premium account	**38,493**	38,493
Shares held under the restricted share award scheme	**(2,688)**	(3,019)
Other reserves	**373,118**	351,805
Proposed final dividend	**-**	16,920
Total equity	**433,342**	428,618

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent											
				Other reserves								
	Issued capital *HK$'000*	Share premium account *HK$'000*	Shares held under the restricted share award scheme *HK$'000*	Share-based payment reserve *HK$'000*	Goodwill reserve *HK$'000*	Asset revaluation reserve *HK$'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 2015	24,419	38,493	(3,731)	2,428	(7,227)	–	525	733	5,297	340,172	21,708	422,817
Profit for the period	–	–	–	–	–	–	–	–	–	23,267	–	23,267
Other comprehensive income for the period:												
Changes in fair value of available-for-sale investments	–	–	–	–	–	–	(91)	–	–	–	–	(91)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	5	–	–	5
Surplus on revaluation of a building upon transfer to investment property	–	–	–	–	–	1,972	–	–	–	–	–	1,972
Total comprehensive income for the period	–	–	–	–	–	1,972	(91)	–	5	23,267	–	25,153
Vesting of shares held under the restricted share award scheme	–	–	434	(434)	–	–	–	–	–	–	–	–
Share award arrangements	–	–	–	382	–	–	–	–	–	–	–	382
Final and special 2014 dividends declared	–	–	–	–	–	–	–	–	–	(20)	(21,708)	(21,728)
At 30 June 2015	24,419	38,493	(3,297)	2,376	(7,227)	1,972	434	733	5,302	363,419	–	426,624

	Attributable to owners of the parent											
				Other reserves								
	Issued capital *HK$'000*	Share premium account *HK$'000*	Shares held under the restricted share award scheme *HK$'000*	Share-based payment reserve *HK$'000*	Goodwill reserve *HK$'000*	Asset revaluation reserve *HK$'000*	Available-for-sale investment revaluation reserve *HK$'000*	Reserve funds *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits *HK$'000*	Proposed final dividend *HK$'000*	Total equity *HK$'000*
At 1 January 2016	**24,419**	**38,493**	**(3,019)**	**2,604**	**(7,227)**	**1,972**	**721**	**733**	**2,574**	**350,428**	**16,920**	**428,618**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**22,627**	**–**	**22,627**
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,295)**	**–**	**–**	**(1,295)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,295)**	**22,627**	**–**	**21,332**
Vesting of shares held under the restricted share award scheme	**–**	**–**	**331**	**(331)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share award arrangements	**–**	**–**	**–**	**327**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**327**
Final 2015 dividend declared	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(15)**	**(16,920)**	**(16,935)**
At 30 June 2016	**24,419**	**38,493**	**(2,688)**	**2,600**	**(7,227)**	**1,972**	**721**	**733**	**1,279**	**373,040**	**–**	**433,342**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**26,098**	26,522
Adjustments for:			
Bank interest income	*5*	**(2,417)**	(4,972)
Dividend income from listed investments	*5*	**(322)**	(309)
Gain on disposal of items of property, plant and equipment	*5*	**-**	(128)
Fair value gains, net:			
Available-for-sale investments (transfer from equity on disposal)	*5*	**-**	(107)
Financial assets at fair value through profit or loss		**(568)**	(518)
Investment properties		**(500)**	(2,200)
Depreciation	*6*	**1,400**	1,299
Impairment of trade receivables	*6*	**134**	189
Reversal of impairment of trade receivables	*6*	**(105)**	(233)
Reversal of impairment of amount due from a contract customer		**(4)**	-
Amortisation of other intangible assets	*6*	**3,011**	373
Equity-settled share-based payment expense	*6*	**327**	382
		27,054	20,298
Decrease/(increase) in inventories		**(283)**	347
Increase in trade and bills receivables		**(5,836)**	(12,715)
Decrease/(increase) in amounts due from contract customers		**(5,144)**	132
Increase in prepayments, deposits and other receivables		**(1,859)**	(1,151)
Decrease in trade payables, other payables and accruals		**(11,124)**	(9,719)
Increase in amounts due to contract customers		**8,511**	3,468
Increase/(decrease) in deferred revenue		**(6,740)**	14,415
Cash generated from operations		**4,579**	15,075
Hong Kong profits tax paid		**(1,645)**	(2,353)
Overseas taxes paid		**(1,840)**	(111)
Net cash flows from operating activities		**1,094**	12,611

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

	Notes	For the six months ended 30 June **2016** **(Unaudited)** ***HK$'000***	2015 (Unaudited) *HK$'000*
Net cash flows from operating activities		**1,094**	12,611
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		**2,417**	4,972
Dividends received from listed investments		**322**	309
Purchases of items of property, plant and equipment		**(550)**	(591)
Purchases of listed investments		**-**	(2,533)
Acquisition of subsidiaries	*19*	**(71,012)**	(9,252)
Payment of acquisition consideration payable		**(3,442)**	-
Proceeds from disposal of items of property, plant and equipment		**14**	324
Proceeds from disposal of available-for-sale investments		**-**	4,865
Decrease in pledged bank deposits		**564**	1,310
Decrease/(increase) in non-pledged bank deposits with original maturity of more than three months when acquired		**7,394**	(8,219)
Net cash flows used in investing activities		**(64,293)**	(8,815)
CASH FLOWS USED IN A FINANCING ACTIVITY			
Dividends paid		**(16,935)**	(21,728)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(80,134)**	(17,932)
Cash and cash equivalents at beginning of period		**312,376**	291,891
Effect of foreign exchange rate changes, net		**(1,233)**	5
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**231,009**	273,964
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the condensed consolidated statement of financial position		**248,357**	325,814
Pledged deposits for banking facilities granted by a bank with original maturity of less than three months when acquired		**2,652**	9,144
Non-pledged time deposits with original maturity of more than three months when acquired		**(20,000)**	(60,994)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		**231,009**	273,964

NOTES TO FINANCIAL STATEMENTS:

1. CORPORATE AND GROUP 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:

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

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2016 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 2015.

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 2015, except for the adoption of the following 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 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of the above revised standards has had no significant financial effect on these 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 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, unallocated foreign exchange differences, net, corporate and other unallocated depreciation, corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, 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

	Application Services		Integration and Solutions Services		Investments		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	(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	**69,814**	46,804	**49,513**	58,446	**1,293**	1,512	**120,620***	106,762*
Other income and gains, net	**139**	52	**(60)**	130	**382**	415	**461^**	597^
Total	**69,953**	46,856	**49,453**	58,576	**1,675**	1,927	**121,081**	107,359
Segment results	**22,168**	18,375	**12,894**	11,906	**2,619**	4,523	**37,681**	34,804
Reconciliation:								
Unallocated interest income							**2,417^**	4,972^
Unallocated foreign exchange differences, net							**(500)**	(8)
Corporate and other unallocated depreciation							**(892)**	(918)
Corporate and other unallocated expenses							**(12,608)**	(12,328)
Profit before tax							**26,098**	26,522

	Application Services		Integration and Solutions Services		Investments		Total	
	30 June 2016	31 December 2015	**30 June 2016**	31 December 2015	**30 June 2016**	31 December 2015	**30 June 2016**	31 December 2015
	(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	**209,452**	67,576	**46,719**	27,481	**82,340**	81,309	**338,511**	176,366
Reconciliation:								
Corporate and other unallocated assets							**278,451**	363,336
Total assets							**616,962**	539,702
Segment liabilities	**104,189**	53,318	**40,199**	36,382	**842**	845	**145,230**	90,545
Reconciliation:								
Corporate and other unallocated liabilities							**38,390**	20,539
Total liabilities							**183,620**	111,084

* *This represents the consolidated revenue of HK120,620,000 (2015: HK$106,762,000) in the condensed consolidated statement of profit or loss.*

^ *These comprise the consolidated other income and gains, net, of HK$2,878,000 (2015: HK$5,569,000) in the condensed consolidated statement of profit or loss.*

4. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

	Application Services		Integration and Solutions Services		Investments		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	(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	**–**	–	**–**	–	**500**	2,200	**500**	2,200
Net fair value gains on financial assets at fair value through profit or loss	**–**	–	**–**	–	**568**	518	**568**	518
Amortisation of other intangible assets	**3,011**	373	**–**	–	**–**	–	**3,011**	373
Depreciation	**281**	170	**210**	169	**17**	42	**508**	381
Corporate and other unallocated depreciation							**892**	918
							1,400	1,299
Impairment losses recognised/(reversed) in the condensed consolidated statement of profit or loss, net*	**29**	140	**(4)**	(184)	**–**	–	**25**	(44)
Capital expenditure**	**698**	152	**264**	288	**–**	–	**962**	440
Corporate and other unallocated capital expenditure							**67**	194
							1,029	634

* *Including impairment losses recognised in the condensed consolidated statement of profit or loss attributable to the application services segment of HK$134,000 (2015: HK$189,000) and impairment losses reversed in the condensed consolidated statement of profit or loss attributable to the application services segment and the integration and solutions services segment of HK$105,000 (2015: HK$49,000) and HK$4,000 (2015: HK$184,000), respectively.*

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

4. OPERATING SEGMENT INFORMATION *(continued)*

(b) Geographical information

(i) Revenue from external customers

	Hong Kong and other countries/regions		Mainland China		Total	
	2016	2015	**2016**	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**95,089**	101,034	**25,531**	5,728	**120,620**	106,762

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

(ii) Non-current assets

	30 June 2016	31 December 2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Hong Kong	**115,066**	112,565
Mainland China	**148,901**	11,937
	263,967	124,502

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

(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 2016, revenue from a major customer of HK$30,485,000 was derived from the integration and solutions services segment.

For the period ended 30 June 2015, revenues from two major customers of HK$26,519,000 and HK$17,868,000 were derived from the integration and solutions services segment.

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue 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 period.

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Provision of enterprise applications software and related operation outsourcing, business process outsourcing and e-business, and related maintenance services	**69,814**	46,804
Sales of computer networks and system platforms, and the provision of system and network integration, IT solutions development and implementation, and related maintenance services	**49,513**	58,446
Gross rental income from investment properties and interest income from treasury investments	**1,293**	1,512
	120,620	106,762
Other income and gains, net		
Bank interest income	**2,417**	4,972
Dividend income from listed investments	**322**	309
Fair value gain, net:		
Available-for-sale investments (transfer from equity on disposal)	**-**	107
Gain on disposal of items of property, plant and equipment	**-**	128
Others	**139**	53
	2,878	5,569

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation^	**1,400**	1,299
Amortisation of other intangible assets**	**3,011**	373
Minimum lease payments under operating leases	**3,344**	2,789
Equity-settled share-based payment expense	**327**	382
Impairment of trade receivables	**134**	189
Reversal of impairment of trade receivables	**(105)**	(233)

^ *Depreciation for the period of HK$12,000 (2015: HK$8,000) is included in "Cost of sales and services" on the face of the condensed consolidated statement of profit or loss.*

** *Amortisation of other intangible assets for the period of HK$3,011,000 (2015: HK$373,000) is included in "Other Expenses" on the face of the condensed consolidated statement of profit or loss.*

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 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	
	2016	2015
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**3,900**	3,314
Overprovision in prior years	**(20)**	-
Current – Elsewhere		
Charge for the period	**306**	3
Deferred	**(715)**	(62)
Total tax charge for the period	**3,471**	3,255

In 2014, the Hong Kong Inland Revenue Department (the "IRD") had 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 had objected to the protective assessment and a written notice of objection had been filed to the IRD, at the same time, the subsidiary had purchased a tax reserve certificate at the request of the IRD.

7. INCOME TAX *(continued)*

In 2015, the IRD had 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 issued to that subsidiary to request for additional information and documents regarding the nature and the deductibility of those abovementioned expenditure/expenses. The subsidiary had objected to the protective assessment and a written notice of objection had been filed to the IRD. The subsidiary had purchased a tax reserve certificate at the request of the IRD and filed a reply to the enquiries from the IRD.

On 8 March 2016, the IRD has further issued a protective assessment to that subsidiary of the Company demanding tax of approximately HK$2,008,000 for the year of assessment 2009/10. A further enquiry letter was issued to that subsidiary to request for additional information and documents in relation to the reply submitted by the subsidiary. The subsidiary has purchased a tax reserve certificate at the request of the IRD and filed a reply to the enquiries from the IRD.

In the opinion of the directors of the Company, it is not practicable at this 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 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.

8. DIVIDENDS

a. Subsequent to the end of the interim period, the Board has determined that an interim dividend of HK7 cents (2015: HK7 cents) in cash per ordinary share should be paid to the shareholders of the Company whose names appear in the Register of Members on Tuesday, 6 September 2016.

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period of HK$0.07 (2015: final and special dividends of HK$0.09) per ordinary share	**17,094**	21,978
Less: Dividend for shares held under the Company's restricted share award scheme	**(159)**	(250)
	16,935	21,728

9. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 241,780,462 (2015: 241,275,535) 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 amount 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.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(continued)*

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	
	2016	2015
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**241,780,462**	241,275,535
Effect of dilution – weighted average number of ordinary shares:		
Restricted shares awarded under the Company's restricted share award scheme	**765,008**	1,121,697
	242,545,470	242,397,232

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2016	31 December 2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Net carrying amount, as at 1 January	**6,919**	10,742
Additions	**550**	1,448
Disposals (net book value)	**(14)**	(196)
Surplus on revaluation	**-**	2,630
Transfer to investment properties	**-**	(5,200)
Acquisition of subsidiaries	**479**	43
Depreciation provided during the period / year	**(1,400)**	(2,544)
Exchange realignment	**(31)**	(4)
Net carrying amount, as at 30 June / 31 December	**6,503**	6,919

11. INVESTMENT PROPERTIES

	30 June 2016	31 December 2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Carrying amount at 1 January	**66,665**	58,265
Net gain from a fair value adjustment	**500**	3,200
Transfer from owner-occupied property	**-**	5,200
Carrying amount, as at 30 June / 31 December	**67,165**	66,665

12. GOODWILL

	HK$'000
At 31 December 2015	
Cost and carrying amount at 1 January 2015	29,211
Acquisition of subsidiaries	15,364
Carrying amount at 31 December 2015	44,575

	HK$'000
At 30 June 2016	
Cost and carrying amount at 1 January 2016	**44,575**
Acquisition of subsidiaries (note 19)	**91,108**
Carrying amount at 30 June 2016	**135,683**

13. OTHER INTANGIBLE ASSETS

	Deferred development costs ***HK$'000***	**Customer relationships** ***HK$'000***	**Software** ***HK$'000***	**Total** ***HK$'000***
30 June 2016				
Cost at 1 January 2016, net of accumulated amortization and impairment	**-**	**6,343**	**-**	**6,343**
Acquisition of subsidiaries (note 19)	**-**	**7,603**	**43,681**	**51,284**
Amortisation provided during the period	**-**	**(827)**	**(2,184)**	**(3,011)**
At 30 June 2016	**-**	**13,119**	**41,497**	**54,616**
At 30 June 2016				
Cost	**13,026**	**14,767**	**43,681**	**71,474**
Accumulated amortization and impairment	**(13,026)**	**(1,648)**	**(2,184)**	**(16,858)**
Net carrying amount	**-**	**13,119**	**41,497**	**54,616**

13. OTHER INTANGIBLE ASSETS *(continued)*

31 December 2015	Deferred development costs *HK$'000*	Customer relationships *HK$'000*	Software *HK$'000*	Total *HK$'000*
Cost at 1 January 2015, net of accumulated amortization and impairment	-	-	-	-
Acquisition of subsidiaries	-	7,164	-	7,164
Amortisation provided during the year	-	(821)	-	(821)
At 31 December 2015	-	6,343	-	6,343
At 31 December 2015				
Cost	13,026	7,164	-	20,190
Accumulated amortization and impairment	(13,026)	(821)	-	(13,847)
Net carrying amount	-	6,343	-	6,343

14. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
Club membership debenture, at fair value	**1,880**	1,880

During the prior period, the net loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$91,000.

15. 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:

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
Within 1 month	**34,090**	20,867
1 to 3 months	**8,550**	9,631
4 to 6 months	**2,515**	858
7 to 12 months	**886**	1,724
	46,041	33,080

15. 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.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
Debt investments, at market value	**2,580**	2,507
Listed equity investments, at market value	**9,774**	9,279
	12,354	11,786
Portion classified as current assets	**(9,774)**	(9,279)
Portion classified as non-current assets	**2,580**	2,507

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.

The listed equity investments were all included under current assets at 30 June 2016 and 31 December 2015 and were classified as held for trading.

17. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
Trade payables	**22,863**	16,886
Other payables	**23,320**	25,306
Accruals	**11,434**	12,768
Consideration payable on acquisition of subsidiaries	**31,156**	3,442
	88,773	58,402

17. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS *(continued)*

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
	HK$'000	*HK$'000*
Within 1 months	**21,805**	15,454
1 to 3 months	**452**	812
4 to 6 months	**17**	100
Over 6 months	**589**	520
	22,863	16,886

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

18. DEFERRED TAX

The movements in deferred tax liabilities during the period are as follows:

	2016			
	Revaluation of properties	**Fair value adjustments arising from acquisition of subsidiaries**	**Withholding taxes**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2016	**1,378**	**1,047**	**496**	**2,921**
Acquisition from subsidiaries (note 19)	**-**	**12,821**	**3,658**	**16,479**
Deferred tax credited to the condensed consolidated statement of profit or loss during the period (note 7)	**-**	**(715)**	**-**	**(715)**
Tax paid	**-**	**-**	**(467)**	**(467)**
At 30 June 2016	**1,378**	**13,153**	**3,687**	**18,218**

	2015			
	Revaluation of properties	Fair value adjustments arising from acquisition of subsidiaries	Withholding taxes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2015	720	-	496	1,216
Acquisition from subsidiaries	-	1,182	-	1,182
Deferred tax charged to equity	658	-	-	658
Deferred tax credited to the consolidated statement of profit or loss during the year	-	(135)	-	(135)
At 31 December 2015	1,378	1,047	496	2,921

19. BUSINESS COMBINATION

On 4 January 2016, the Group acquired the entire equity interest in Platinum China Limited ("PCL"). PCL and its subsidiary (collectively "Platinum") are engaged in the provision of Human Resources Management solutions specifically designed to meet the business and regulatory requirements in the PRC. The Group has acquired Platinum to further expand its application services business and to extend the existing product offering. The purchase consideration, including the Cash Adjustment (as defined in the announcement of the Company dated 21 December 2015), of approximately HK$148,200,000 for the acquisition was payable in five tranches in form of cash.

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

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment (note 10)	479
Cash and bank balances	46,032
Trade receivables	7,144
Prepayments, deposits and other receivables	1,797
Deferred tax assets	3,018
Other payables and accruals	(13,781)
Deferred revenue	(20,568)
Due to contract customers	(383)
Tax payable	(1,451)
Deferred tax liabilities (note 18)	(3,658)
Total identifiable net assets at fair value	18,629
Goodwill on acquisition (note 12)	91,108
Other intangible assets arising from the acquisition (note 13)	51,284
Deferred tax liabilities arising from the acquisition (note 18)	(12,821)
Total cost of the business combination	148,200
Satisfied by:	
Cash	117,044
Acquisition consideration payable (note 17)	31,156
Total cost of the business combination	148,200

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK$7,144,000 and HK$1,797,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK$11,815,000 and HK$1,797,000 respectively, of which trade receivables of HK$4,671,000 were expected to be uncollectible.

Included in the goodwill of HK$91,108,000 recognised above was the value of expected synergies arising from combining operations of the Group and Platinum. None of the goodwill recognised was expected to be deductible for income tax purposes.

19. BUSINESS COMBINATION *(continued)*

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

	HK$'000
Cash consideration paid	(117,044)
Cash and bank balances acquired	46,032
Net outflow of cash and cash equivalents included in cash flows from investing activities	(71,012)

20. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 11) 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 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
Within one year	**1,118**	1,871
In the second to fifth years, inclusive	**259**	348
	1,377	2,219

20. OPERATING LEASE ARRANGEMENTS *(continued)*

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to four years.

At 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
Within one year	**7,164**	4,633
In the second to fifth years, inclusive	**5,115**	7,058
	12,279	11,691

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the board of directors on 17 August 2016.

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 pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six-month ended 30 June 2016.

The Group's overall revenue grew by HK$13.9 million, or 13.0% to HK$120.6 million (2015: HK$106.8 million). Overall gross profit rose by HK$11.6 million, or 20.1% to HK$69.5 million (2015: HK$57.9 million) and the gross profit margin also improved to 57.6% (2015: 54.2%).

Nevertheless, the Group recorded some setback in other non-operating incomes during the reporting period. In particular, the interest income decreased by HK$2.6 million, or 51.4% to HK$2.4 million (2015: HK$5.0 million) and the valuation gain on investment properties dropped by HK$1.7 million, or 77.3% to HK$0.5 million (2015: HK$2.2 million). In addition, the Group accelerated its investment in research and development ("R&D") of its software products and incurred additional costs of approximately HK$3.0 million during the reporting period.

As a net result of the abovementioned, the Group recorded a slight decrease of 2.8% in consolidated net profit attributable to shareholders to HK$22.6 million (2015: HK$23.3 million). The basic earnings per share was 9.36 HK cents (2015: 9.64 HK cents) or a decrease of 2.9% compared with same period last year.

Despite over HK$74.0 million cash outflow used in acquisitions during the reporting period, the Group's liquidity position remained strong. In view of the sustained healthy financial position and the improving business trend, the Broad recommended the distribution of an interim dividend of HK7 cents (2015: HK7 cents) per ordinary share.

BUSINESS REVIEW

Application Software

Leveraging on the strong existing customer base with recurring maintenance income and the business expansion through acquisition, the Application Software[1] business continued its growth momentum and reported solid performances in first half of 2016.

As reported in 2015 annual results, the Group had completed the acquisition of Platinum China Limited and its wholly-owned subsidiary (collectively "Platinum") in January 2016. Coupling with the Group's existing business in the Human Resources Management Software ("HRMS"), the acquisition had further enhanced the Group's market position and enlarged its customer base in the industry. The acquisition had boosted up both the revenue and profit of the Group's HRMS business and strengthened the Group's market presence in Mainland China. In April this year, Platinum was awarded "The Customer Satisfaction Award for Human Resource ("HR") Service in Greater China"[2] to recognize its outstanding services for HR customers in Greater China region.

The revenue and profit contributions from the Group's Enterprise Information Management Software ("EIMS"), Enterprise Procurement Management Software ("EPMS") and Enterprise Retail Management Software ("ERMS") were stably maintained. Even though the ERMS business was impacted by the downturn of the retail market, it still managed to achieve growth in maintenance income and gained new customers.

BUSINESS REVIEW *(continued)*

Application Software *(continued)*
On the other hand, the management is delighted to see the investments in R&D were well progressed and seeing efforts being materialized. During the period under review, the Group had launched its first version of workflow platform and various enhancements to its existing software products. For instance, the Group launched a new industry specific version of its EIMS suite - VitalDoc AEC Edition. This new suite is furnished with customized functions that cater for the compliance procedures for the Architecture, Engineering and Construction ("AEC") industries and featured with a centralized platform to process all kinds of project-related documents. The Group had also launched its new version of ERMS product with enhanced front end interfaces and support for mobile functions. The enhanced mobile features, such as stock enquiry and queue bursting functions, are targeted to improve efficiency of the retailers' shop floor operation and enhance in-store experience of their respective customers.

Apart from the sales of on-premise software, the Group has also been developing business on Software as a Services ("SaaS") over cloud platform. In particular, the Group's EPMS business is progressively generating incremental revenue in such area. During the reporting period, the Group successfully provided a cloud service platform based on its EPMS product to the Urban Renewal Authority ("URA") for their launch of the "Smart Tender" Building Rehabilitation Facilitating Services "Pilot Scheme" ("Smart Tender Pilot Scheme"). The Group's proven software and service empowered URA to swiftly launch a trust-worthy electronic tendering platform that assist building owners to select contractor in an open, unbiased and competitive environment. Besides the commercial consideration, the management also considers this as another example of how the Group would work toward its vision in building a better world with Information Technology.

Solutions and Integration Services
Due to the absence of income from material hardware sales order in the reporting period, the revenue of Solutions and Integration Services[3] business dropped by around 15%. Despite the drop in revenue, the business still achieved a steady growth in its operating profit by 8.3% through effective management across its business units and continued collaboration with its customers.

During the reporting period, the Group's Solutions Services business won a number of new service contracts from various departments of the HKSAR Government and commercial enterprises. The Group has also successfully completed its first 10-year maintenance contract to support the Customer Care and Billing System ("CCBS") for the Water Supplies Department of the Government of HKSAR in June 2016 and move into the second 10-year maintenance support service. The management believes that that CCBS and the other long term contracts on hand will continue to provide solid foundation to the business and is optimistic about its long-term business prospects.

Moreover, the Group had recruited additional resources to strengthen its software development and implementation teams in order to expand its service coverage in Macau and Mainland China.

e-Service and related business
The revenue and profit contributions from the e-Service and related business[1] decreased moderately during the reporting period.

Although the Group's GETS[4] business continued to face intensive competition from other service providers, the Group still managed to keep its market share and established new partnership with a local sea transport and logistics association to widen its service coverage.

While the demand for the Group's BPO[5] service dropped moderately in first half of 2016, the management is actively exploring new business opportunities through collaboration with other business units of the Group in order to enlarge the revenue base of BPO related services.

BUSINESS REVIEW *(continued)*

Investments

The Group's investments segment recorded a segment result of HK$2.6 million (2015: HK$4.5 million). The decrease was mainly caused by the drop in fair value gain of the investment properties held.

PROSPECT

Looking ahead to the second half of 2016, the uncertainties looming over the global and Mainland China economies will continue to present challenges to the Group. Nonetheless, the Group's solid customer base and long term service contracts on hand will continue to generate stable revenue for the Group. Coupling with the Group's solid financial position and experience in managing software and IT services businesses, the Group will continue to look for acquisition opportunities in order to expand its software and services portfolio and business coverage.

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, Enterprise Procurement Management, Enterprise Information Management and Enterprise Retail Management (collectively the "Application Software"); and (ii) the Government Electronic Trading Services ("GETS"), cloud services, business process outsourcing ("BPO") services and other related value added services (collectively the "e-Service and related business").

[2] The award was presented in the event "Best HR Service Providers in Greater China 2015-2016" in Shanghai organized by the Human Capital Management magazine.

[3] The Group's Solutions and Integration Services business includes (i) Development Services for the provision of IT solutions implementation and application software development; (ii) Managed Services for the provision of IT and related operation / infrastructure outsourcing services; and (iii) Integration Services for the provision of IT systems and network infrastructure with related design, implementation and on-going support services.

[4] Since 2004, the Group has been granted a license (the "GETS License") from the Government for the provision of front-end Government Electronic Trading Services for processing certain official trade-related documents. The Group's GETS License was renewed in 2009 for operation of additional seven years and further extended in 2016 for additional two years until the end of 2018.

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

FINANCIAL REVIEW

Revenue and gross profit
The Group's turnover and gross profit for the reporting period increased by 13.0% to HK$120.6 million (2015: HK$106.8 million) and 20.1% to HK$69.5 million (2015: HK$57.9 million), respectively. The increase in revenue and gross profit was mainly due to the contribution from Platinum, the newly acquired HRMS business in early 2016 and, accordingly, the overall gross profit margin was also soared to 57.6% (2015: 54.2%).

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 decrease of 58.4% to HK$3.4 million (2015: HK$8.3 million). The decrease was mainly due to a combination of the following factors.

Interest income
Bank interest income recorded a decrease of 51.4% to HK$2.4 million (2015: HK$5.0 million) in view of (i) the decrease in free cash available for deposit as several acquisition payments were made by internal resources; and (ii) the reduction in holding of Renminbi which generate higher interest yield comparing Hong Kong or United States dollars.

Foreign exchange differences, net
The foreign exchange loss was increased to HK$0.5 million (2015: HK$8,000) as Renminbi was depreciated during the reporting period.

Fair value gain on investment properties
The continuous appreciation in the investment properties held by the Group attributed to the fair value gain of HK$0.5 million on the investment properties, however the gain was 77.3% or HK$1.7 million lower compared with the same period last year.

Expenses
The Group's selling and distribution expenses and general and administrative expenses increased primarily due to the consolidation of the newly acquired HRMS business since January 2016.

The Group's other expenses represented amortisation of other intangible assets. The amortisation increased in line with the increase in other intangible assets recognised during the reporting period.

Income tax expense
Income tax expense increased by 6.6% to HK$3.5 million during the period under review. The tax charge at the Group's effective tax rate was around 13.3% in 2016, comparing with 12.3% in 2015. The effective tax rate was lower than the Hong Kong statutory profits tax rate mainly because part of the income and gains, including dividend, bank interest income 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 decreased slightly to HK$22.6 million (2015: HK$23.3 million) while the net profit margin (profit for the period attributable to shareholders divided by revenue) dropped to 18.8% (2015: 21.8%). The drop was in line with the substantial decrease in non-operating incomes and gains, net.

Non-Current Assets
The Group's non-current assets as at 30 June 2016 went up to HK$271.4 million from HK$128.9 million as at 31 December 2015. The change was mainly attributable to the recognition of goodwill and other intangible assets arising from the acquisition of Platinum in early 2016.

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

FINANCIAL REVIEW *(continued)*

Current Assets

The Group's current assets as at 30 June 2016 decreased to HK$345.5 million from HK$410.8 million as at 31 December 2015. The change represented the net results of (i) the decrease in cash and cash equivalents due to the distribution of 2015 final dividend and progress payments for the acquisitions of Sanyo Extended and Platinum; (ii) the increase in trade receivables due to a multi-million billing issued to a government department of HKSAR in late June for some ongoing maintenance services; (iii) the increase in amount due from contract customers due to progress development of some projects under Solutions Services business; and (iv) the increase in prepayments, deposits and other receivables due to consolidation of newly acquired HRMS business in 2016.

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

Current Liabilities

The Group's current liabilities as at 30 June 2016 increased to HK$165.4 million from HK$108.2 million as at 31 December 2015. The increment was primarily related to (i) the increase in consideration payable for acquisition of subsidiaries; (ii) the increase in amount due to contract customers and deferred revenue as a result of the consolidation of newly acquired HRMS business in 2016.

Segment Assets and Liabilities

Segment assets and segment liabilities of Applications Services business increased mainly due to the acquisition of Platinum in early 2016.

Segment assets of Solutions and Integration Services business increased in line with the increase in the trade receivables of Solutions Services business incurred by a billing issued to a government department of HKSAR as mentioned above.

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 of Investments business increased slightly due to the appreciation in value of investment properties held and investments held under available-for-sale investments and financial assets at fair value through profit or loss.

Equity

Total equity as at 30 June 2016 slightly increased by 1.1% to HK$433.3 million (31 December 2015: HK$428.6 million). The change was mainly a result of the retention of the net profit earned in first half of 2016, partially offset by the reclassification of 2015 final dividend to current liability upon the approval of the dividend at the annual general meeting held in May 2016.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 30 June 2016, the Group had pledged an investment property with a fair value of HK$56.5 million (31 December 2015: HK$56.0 million), listed debt and equity securities of HK$12.4 million (31 December 2015: HK$11.8 million) and bank balances of HK$5.7 million (31 December 2015: HK$11.2 million) to secure certain general bank facilities including guarantee/performance bonds facilities granted to the Group in aggregate of HK$142.5 million (31 December 2015: HK$131.0 million) of which HK$23.2 million (31 December 2015: HK$21.2 million) have been utilised as at 30 June 2016.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2016, the Group's bank balances and cash (excluded pledged bank deposit of HK$5.7 million) was HK$248.4 million (31 December 2015: HK$332.1 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. Nevertheless, the Group monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure to minimize exchange risk should the need arise.

As at 30 June 2016, the Group had no bank borrowings (31 December 2015: Nil). The Group's current ratio representing current assets divided by current liability was 2.1 (31 December 2015: 3.8) and the gearing ratio, representing total liabilities divided by total assets, was 29.8% (31 December 2015: 20.6%).

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 six months ended 30 June 2016 are consistent with those disclosed in the Group's 2015 Annual Report. As at 30 June 2016, the Group employed 342 full time employees and 6 contract-based employees (31 December 2015: 261 full time employees and 3 contract-based employees).

As at 30 June 2016, 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 the announcement, the Group has no significant investments held as at 30 June 2016.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in note 19 to the announcement regarding an acquisition of subsidiaries, the Group did not have any material acquisition or disposal of subsidiaries during the period and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the announcement, there was no specific plan for material investments or capital assets as at 30 June 2016.

CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

a) A subsidiary of the Company is involved in a dispute with a third party, who is claiming incremental license fees from the subsidiary. The directors, based on the advice from the Group's legal counsel, consider that the subsidiary has a valid defence against the claim and, accordingly, have not provided for any claim that may arise from the dispute as at 30 June 2016.

b) A subsidiary of the Company is currently involved in an arbitration brought by a third party, who is claiming a compensation regarding a project dispute arising prior to the completion of the acquisition of the subsidiary (the "Acquisition") (as defined in the announcement of the Company dated 21 December 2015). Pursuant to the sale and purchase agreement dated 21 December 2015 regarding the Acquisition, the directors consider that the compensation and related costs, if any, should be borne by the Seller (as defined in the announcement of the Company dated 21 December 2015) and accordingly, have not provided for any claim arising from the arbitration.

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK7 cents (2015: HK7 cents) per ordinary share for the six months ended 30 June 2016. The interim dividend will be distributed on or about Monday, 19 September 2016 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 6 September, 2016.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 5 September, 2016 to Tuesday, 6 September 2016, 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 4:30 p.m. on Friday, 2 September 2016.

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 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 ("CEO") should be separate and should not be performed by the same individual. Mr. Cheung Wai Lam ("Mr. Cheung") had been appointed as an executive director of the Company and the deputy CEO of the Group since 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 effect from 1 April, 2016, Mr. Cheung has been appointed as the CEO of the Group to manage day-to-day business.

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 six months ended 30 June 2016.

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 three independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited interim financial information for the six months ended 30 June 2016.

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 2016 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 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, 17 August 2016

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. Ng Kwok Keung as executive directors, and Mr. Ha Shu Tong, Professor Lee Kwok On, Matthew, and Mr. Ting Leung Huel, Stephen as independent non-executive directors.