COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00046)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 together with comparative figures for the corresponding period in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
REVENUE	*5*	**275,893**	281,427
Cost of sales and services		**(120,639)**	(121,492)
Gross profit		**155,254**	159,935
Other income and gains, net	*5*	**7,875**	10,084
Foreign exchange differences, net		**335**	329
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		**323**	(384)
Investment properties		**3,626**	4,406
Selling and distribution expenses		**(36,631)**	(35,358)
General and administrative expenses, net		**(63,455)**	(57,788)
Finance costs		**(1,102)**	-
Other expenses		**(6,024)**	(6,024)
PROFIT BEFORE TAX	*6*	**60,201**	75,200

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
Year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
PROFIT BEFORE TAX	*6*	**60,201**	75,200
Income tax expense	*7*	**(4,308)**	(7,172)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**55,893**	68,028
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*	**HK cents**	HK cents
Basic		**22.63**	27.85
Diluted		**22.49**	27.78

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**55,893**	68,028
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(2,169)**	(4,293)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**53,724**	63,735

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**3,183**	3,120
Investment properties	*11*	**70,091**	75,661
Right-of-use assets	*12(a)*	**8,486**	-
Goodwill	*13*	**134,485**	134,485
Other intangible assets	*14*	**59,999**	54,062
Financial assets at fair value through profit or loss - debt investments	*17*	**2,100**	4,633
Deposits		**1,812**	2,260
Deferred tax assets	*20*	**2,288**	2,713
Total non-current assets		**282,444**	276,934
CURRENT ASSETS			
Inventories		**597**	723
Trade receivables	*15*	**50,159**	43,572
Prepayments, deposits and other receivables		**14,745**	14,999
Contract assets	*16*	**20,226**	20,627
Financial assets at fair value through profit or loss - listed equity investments	*17*	**10,121**	10,164
Tax recoverable		**6,674**	6,681
Pledged bank deposits		**2,541**	2,100
Financial assets at fair value through profit or loss - money market certificate and debt investments	*17*	**45,728**	-
Cash and cash equivalents		**200,730**	255,545
Total current assets		**351,521**	354,411
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*18*	**(65,023)**	(74,096)
Contract liabilities	*19*	**(55,712)**	(56,954)
Lease liabilities	*12(b)*	**(5,886)**	-
Tax payable		**(9,662)**	(9,501)
Total current liabilities		**(136,283)**	(140,551)
NET CURRENT ASSETS		**215,238**	213,860
TOTAL ASSETS LESS CURRENT LIABILITES		**497,682**	490,794

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
31 December 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
NON-CURRENT LIABILITIES			
Lease liabilities	*12(b)*	**(3,788)**	-
Deferred tax liabilities	*20*	**(12,515)**	(12,730)
Total non-current liabilities		**(16,303)**	(12,730)
Net assets		**481,379**	478,064
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**24,949**	24,949
Share premium account		**53,104**	53,104
Shares held under the restricted share award scheme		**(5,462)**	(5,809)
Other reserves		**389,028**	376,221
Proposed final dividend		**19,760**	29,599
Total equity		**481,379**	478,064

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2019

	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 2018	24,419	38,493	(1,919)	2,908	(7,227)	1,972	621	746	3,271	360,588	29,096	452,968
Effect of adoption of HKFRS 9	–	–	–	–	–	–	(621)	–	–	621	–	–
At 1 January 2018 (restated)	24,419	38,493	(1,919)	2,908	(7,227)	1,972	–	746	3,271	361,209	29,096	452,968
Profit for the year	–	–	–	–	–	–	–	–	–	68,028	–	68,028
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	(4,293)	–	–	(4,293)
Total comprehensive income for the year	–	–	–	–	–	–	–	–	(4,293)	68,028	–	63,735
Purchase of shares held under the restricted share award scheme	–	–	(4,410)	–	–	–	–	–	–	–	–	(4,410)
Vesting of shares held under the restricted share award scheme	–	–	520	(520)	–	–	–	–	–	–	–	–
Shares issued in lieu of dividend	530	14,611	–	–	–	–	–	–	–	–	–	15,141
Share award arrangements	–	–	–	1,858	–	–	–	–	–	–	–	1,858
Final and special 2017 dividends declared	–	–	–	–	–	–	–	–	–	90	(29,096)	(29,006)
Interim 2018 dividend	–	–	–	–	–	–	–	–	–	(22,222)	–	(22,222)
Proposed final 2018 dividend	–	–	–	–	–	–	–	–	–	(29,599)	29,599	–
At 31 December 2018	24,949	53,104	(5,809)	4,246	(7,227)	1,972	–	746	(1,022)	377,506	29,599	478,064

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

Year ended 31 December 2019

	Attributable to owners of the parent										
				Other reserves							
	Issued capital	Share premium account	Shares held under the restricted share award scheme	Share-based payment reserve	Goodwill reserve	Asset revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2019	24,949	53,104	(5,809)	4,246	(7,227)	1,972	746	(1,022)	377,506	29,599	478,064
Profit for the year	–	–	–	–	–	–	–	–	55,893	–	55,893
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(2,169)	–	–	(2,169)
Total comprehensive income for the year	–	–	–	–	–	–	–	(2,169)	55,893	–	53,724
Purchase of shares held under the restricted share award scheme	–	–	(623)	–	–	–	–	–	–	–	(623)
Vesting of shares held under the restricted share award scheme	–	–	970	(970)	–	–	–	–	–	–	–
Share award arrangements	–	–	–	2,110	–	–	–	–	–	–	2,110
Transfer of asset revaluation reserve upon the disposal of an investment property	–	–	–	–	–	(1,972)	–	–	1,972	–	–
Final 2018 dividend declared	–	–	–	–	–	–	–	–	(56)	(29,599)	(29,655)
Interim 2019 dividend	–	–	–	–	–	–	–	–	(22,241)	–	(22,241)
Proposed final 2019 dividend	–	–	–	–	–	–	–	–	(19,760)	19,760	–
At 31 December 2019	24,949	53,104	(5,462)	5,386	(7,227)	–	746	(3,191)	393,314	19,760	481,379

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**60,201**	75,200
Adjustments for:			
Finance costs		**1,102**	-
Bank interest income	*5*	**(5,245)**	(7,274)
Dividend income from listed investments at fair value through profit or loss	*5*	**(698)**	(675)
Gain on disposal of items of property, plant and equipment, net	*6*	**-**	(1)
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss	*6*	**(323)**	384
Investment properties	*6*	**(3,626)**	(4,406)
Depreciation of property, plant and equipment	*6*	**1,388**	2,051
Depreciation of right-of-use assets	*6*	**6,885**	-
Impairment/(reversal of impairment) of trade receivables, net	*6*	**(108)**	1,201
Impairment/(reversal of impairment) of contract assets, net	*6*	**(68)**	68
Amortisation of other intangible assets	*6*	**6,024**	6,024
Equity-settled share-based payment expense		**2,110**	1,858
		67,642	74,430
Decrease in inventories		**126**	710
Increase in trade receivables		**(6,479)**	(3,410)
Decrease/(increase) in prepayments, deposits and other receivables		**702**	(1,793)
Decrease/(increase) in contract assets/amounts due from contract customers		**469**	(4,419)
Decrease in trade payables, other payables and accruals		**(9,073)**	(178)
Increase/(decrease) in contract liabilities/amounts due to contract customers		**(1,242)**	2,824
Decrease in contract liabilities/deferred revenue		**-**	(2,246)
Cash generated from operations		**52,145**	65,918
Hong Kong profits tax paid		**(124)**	(4,865)
Overseas taxes paid		**(3,852)**	(2,628)
Net cash flows from operating activities		**48,169**	58,425

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CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

Year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
Net cash flows from operating activities	**48,169**	58,425
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Bank interest received	**5,245**	7,274
Dividends received from listed investments at fair value through profit or loss	**698**	675
Purchases of items of property, plant and equipment	**(1,460)**	(1,242)
Purchase of financial assets at fair value through profit of loss - money market certificate	**(42,829)**	-
Additions to other intangible assets	**(11,961)**	(10,380)
Proceeds from disposal of items of property, plant and equipment	**-**	7
Proceeds from disposal of an investment property	**9,196**	-
Increase in pledged bank deposits	**(441)**	(1,029)
Decrease/(increase) in non-pledged bank deposits with original maturity of more than three months when acquired	**(52,872)**	47,159
Net cash flows from/(used in) investing activities	**(94,424)**	42,464
CASH FLOWS USED IN FINANCING ACTIVITIES		
Purchases of shares under the restricted share award scheme	**(623)**	(4,410)
Principal portion of lease payments	**(5,697)**	-
Dividends paid	**(51,896)**	(36,087)
Interest paid	**(1,102)**	-
Net cash flows used in financing activities	**(59,318)**	(40,497)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(105,573)**	60,392
Cash and cash equivalents at beginning of year	**254,857**	198,700
Effect of foreign exchange rate changes, net	**(2,114)**	(4,235)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**147,170**	254,857
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the consolidated statement of financial position	**200,730**	255,545
Non-pledged time deposits with original maturity of more than three months when acquired	**(53,560)**	(688)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**147,170**	254,857

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

- provision of enterprise applications software and e-business services for enterprises including the provision of enterprise application software with implementation and ongoing support services; and the Government Electronic Trading Services ("GETS"), cloud services and other related value added services;

- provision of information technology ("IT") solutions implementation and application software development; provision of IT and related operation/infrastructure outsourcing services; business process outsourcing ("BPO") services; and provision of IT systems and network infrastructure with related design, implementation and ongoing support services; and

- property and treasury investments.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. The 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 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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

2. BASIS OF PREPARATION *(continued)*

Basic of consolidation *(continued)*

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19, HKAS 28, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

3. **CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** *(continued)*

(a) *(continued)*

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16
The Group has lease contracts for property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition
Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and separately presented in the statement of financial position. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:
- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 January 2019

3. **CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** *(continued)*

(a) *(continued)*

As a lessee – Leases previously classified as operating leases *(continued)*

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	HK$'000
Assets	
Increase in right-of-use assets	15,715
Liabilities	
Increase in lease liabilities	15,715

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK$'000
Operating lease commitments as at 31 December 2018	**17,337**
Weighted average incremental borrowing rate as at 1 January 2019	3.9%
Discounted operating lease commitments and lease liabilities as at 1 January 2019	**15,715**

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. The Group determined that the interpretation did not have any impact on the financial position or performance of the Group.

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 e-business services for enterprises including the provision of enterprise application software with implementation and ongoing support services; and the GETS, cloud services and other related value added services;

(b) the solutions and integration services segment that primarily engages in the provision of IT solutions implementation and application software development; provision of IT and related operation/infrastructure outsourcing services; BPO services; and provision of IT systems and network infrastructure with related design, implementation and ongoing support 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 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 years.

4. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments

	Application Services		Solutions and Integration Services		Investments		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers (note 5)	**164,372**	153,853	**109,151**	124,745	**2,370**	2,829	**275,893***	281,427*
Other income and gains, net	**1,931**	2,134	**–**	1	**699**	675	**2,630^**	2,810^
Total	**166,303**	155,987	**109,151**	124,746	**3,069**	3,504	**278,523**	284,237
Segment results	**57,971**	56,720	**25,434**	34,671	**6,306**	6,872	**89,711**	98,263
Reconciliation:								
Unallocated interest income							**5,245^**	7,274^
Unallocated foreign exchange differences, net							**335**	329
Corporate and other unallocated depreciation							**(502)**	(1,170)
Corporate and other unallocated expenses							**(34,588)**	(29,496)
Profit before tax							**60,201**	75,200
Segment assets	**213,743**	214,518	**70,463**	55,780	**128,760**	91,331	**412,966**	361,629
Reconciliation:								
Corporate and other unallocated assets							**220,999**	269,716
Total assets							**633,965**	631,345
Segment liabilities	**91,920**	93,533	**25,727**	30,438	**47**	930	**117,694**	124,901
Reconciliation:								
Corporate and other unallocated liabilities							**34,892**	28,380
Total liabilities							**152,586**	153,281

* *This represents the consolidated revenue of HK$275,893,000 (2018: HK$281,427,000) in the consolidated statement of profit or loss.*

^ *These comprise the consolidated other income and gains, net, of HK$7,875,000 (2018: HK$10,084,000) in the consolidated statement of profit or loss.*

4. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

	Application Services		Solutions and Integration Services		Investments		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	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	**–**	–	**–**	–	**3,626**	4,406	**3,626**	4,406
Net fair value gains/(losses) on financial assets at fair value through profit or loss	**–**	–	**–**	–	**323**	(384)	**323**	(384)
Amortisation of other intangible assets	**6,024**	6,024	**–**	–	**–**	–	**6,024**	6,024
Depreciation	**2,668**	567	**663**	280	**34**	34	**3,365**	881
Corporate and other unallocated depreciation							**4,908**	1,170
							8,273	2,051
Impairment losses recognised/(reversed) in the consolidated statement of profit or loss, net*	**(175)**	1,201	**(1)**	68	**–**	–	**(176)**	1,269
Capital expenditure**	**481**	938	**12,252**	10,414	**–**	–	**12,733**	11,352
Corporate and other unallocated capital expenditure							**688**	270
							13,421	11,622

* *Including impairment losses recognised in the consolidated statement of profit or loss, net attributable to the application services segment of Nil (2018: HK$1,201,000) and the solutions and integration services segment of Nil (2018: HK$68,000), respectively and impairment losses reversed in the consolidated statement of profit or loss, net attributable to the application services segment of HK$175,000 (2018: Nil) and the solutions and integration services segment of HK$1,000 (2018: Nil), respectively.*

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

4. OPERATING SEGMENT INFORMATION *(continued)*

(b) Geographical information

(i) Revenue from external customers

	Hong Kong and other countries/regions		Mainland China		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**207,346**	212,630	**68,547**	68,797	**275,893**	281,427

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

(ii) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**146,486**	128,721
Mainland China	**129,758**	138,607
	276,244	267,328

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

(c) Information about a major customer

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

For the year ended 31 December 2019, revenue from a major customer of HK$67,672,000 was derived from the application services segment and the solutions and integration services segment.

For the year ended 31 December 2018, revenue from a major customer of HK$80,520,000 was derived from the application services segment and the solutions and integration services segment.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers	**273,523**	278,598
Revenue from other sources		
Gross rental income from investment properties and interest income from treasury investments	**2,370**	2,829
	275,893	281,427

Revenue from contracts with customers

(i) Disaggregated revenue information

	Application Services	**Solutions and Integration Services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
For the year ended 31 December 2019			
Segments			
Types of goods or services			
Sales of goods and provision of software, GETS and BPO services	**49,489**	**18,103**	**67,592**
Provision of software implementation and related services, IT solutions implementation and related services	**57,169**	**43,625**	**100,794**
Maintenance services	**57,714**	**47,423**	**105,137**
Total revenue from contracts with customers	**164,372**	**109,151**	**273,523**
Geographical markets			
Hong Kong and others	**109,768**	**95,804**	**205,572**
Mainland China	**54,604**	**13,347**	**67,951**
Total revenue from contracts with customers	**164,372**	**109,151**	**273,523**
Timing of revenue recognition			
Goods and services transferred at a point in time	**49,489**	**18,103**	**67,592**
Services transferred over time	**114,883**	**91,048**	**205,931**
Total revenue from contracts with customers	**164,372**	**109,151**	**273,523**

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

	Application Services *HK$'000*	Solutions and Integration Services *HK$'000*	Total *HK$'000*
For the year ended 31 December 2018			
Segments			
Types of goods or services			
Sales of goods and provision of software, GETS and BPO services	43,770	18,523	62,293
Provision of software implementation and related services, IT solutions implementation and related services	54,954	53,544	108,498
Maintenance services	55,129	52,678	107,807
Total revenue from contracts with customers	153,853	124,745	278,598
Geographical markets			
Hong Kong and others	97,313	113,204	210,517
Mainland China	56,540	11,541	68,081
Total revenue from contracts with customers	153,853	124,745	278,598
Timing of revenue recognition			
Goods and services transferred at a point in time	43,770	18,523	62,293
Services transferred over time	110,083	106,222	216,305
Total revenue from contracts with customers	153,853	124,745	278,598

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2019 ***HK$'000***	2018 *HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods and provision of software, GETS and BPO services	**4,875**	2,725
Provision of software implementation and related services, IT solutions implementation and related services	**18,356**	17,682
Maintenance services	**33,723**	35,969
	56,954	56,376

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of goods and provision of software, GETS and BPO services
The performance obligation is satisfied upon product/services delivery and payment is generally due within 30 to 60 days from delivery, where payment in advance is normally required.

Provision of software implementation and related services
The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 60 days from the date of billing.

IT solutions implementation and related services
The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the nursing period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Maintenance services
The performance obligation is satisfied over time as services are rendered and payment in advances are normally required before rendering the services. Maintenance service contracts are for periods of one year, and are billed based on the time incurred.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2019	2018
	HK$'000	*HK$'000*
Amounts expected to be recognised as revenue:		
Within one year	**55,712**	56,954

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2019	2018
	HK$'000	*HK$'000*
Other income and gains, net		
Bank interest income	**5,245**	7,274
Tax refund received	**1,242**	1,741
Dividend income from listed investments at fair value through profit or loss	**698**	675
Gain on disposal of items of property, plant and equipment, net	**–**	1
Others	**690**	393
	7,875	10,084

6. PROFIT BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold	**55,946**	62,533
Cost of services provided	**64,570**	58,899
Depreciation of property, plant and equipment*	**1,388**	2,051
Depreciation of right-of-use assets	**6,885**	-
Amortisation of other intangible assets**	**6,024**	6,024
Gain on disposal of items of property, plant and equipment, net	**-**	(1)
Impairment of financial and contract assets, net:		
Impairment/(reversal of impairment) of trade receivables, net	**(108)**	1,201
Impairment/(reversal of impairment) of contract assets, net	**(68)**	68
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**74**	94
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss	**(323)**	384
Investment properties	**(3,626)**	(4,406)

* *Depreciation for the year of HK$123,000 (2018: HK$60,000) is included in "Cost of sales and services" on the face of the consolidated statement of profit or loss.*

** *Amortisation of other intangible assets for the year of HK$6,024,000 (2018: HK$6,024,000) is included in "Other expenses" on the face of the consolidated statement of profit or loss.*

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 (2018: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2019	2018
	HK$'000	*HK$'000*
Current - Hong Kong		
Charge for the year	**3,660**	7,663
Overprovision in prior years	**(2,344)**	(1,171)
Current - Elsewhere		
Charge for the year	**482**	1,366
Deferred	**2,510**	(686)
Total tax charge for the year	**4,308**	7,172

8. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Interim - HK$0.09 (2018: HK$0.09) per ordinary share	**22,454**	22,454
Less: Dividend for shares held under the Company's restricted share award scheme	**(213)**	(232)
	22,241	22,222
Proposed final - HK$0.08 (2018: HK$0.12) per ordinary share	**19,959**	29,939
Less: Dividend for shares held under the Company's restricted share award scheme	**(199)**	(340)
	19,760	29,599
	42,001	51,821

The proposed final dividend for the year will be payable in cash and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts 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 246,947,310 (2018: 244,272,947) in issue during the year, as adjusted to exclude the shares held under the restricted share award scheme of the Company.

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

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	
Shares	**2019**	2018
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**246,947,310**	244,272,947
Effect of dilution - weighted average number of ordinary shares:		
Restricted shares awarded under the Company's restricted share award scheme	**1,609,589**	566,154
	248,556,899	244,839,101

10. PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	HK$'000	*HK$'000*
Net carrying amount, at 1 January	**3,120**	3,950
Additions	**1,460**	1,242
Disposals	**-**	(8)
Depreciation provided during the year	**(1,388)**	(2,051)
Exchange realignment	**(9)**	(13)
Net carrying amount, at 31 December	**3,183**	3,120

11. INVESTMENT PROPERTIES

	2019	2018
	HK$'000	*HK$'000*
Carrying amount at 1 January	**75,661**	71,255
Disposals	**(9,196)**	-
Net gain from fair value adjustments	**3,626**	4,406
Carrying amount at 31 December	**70,091**	75,661

12. LEASES

The Group as a lessee

The Group has lease contracts for various properties used in its operations. Leases of properties generally have lease terms between 2 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Properties *HK$'000*
As at 1 January 2019	15,715
Additions	1,225
Remeasurement	(1,510)
Depreciation charge	(6,885)
Exchange realignment	(59)
As at 31 December 2019	8,486

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	HK$'000
Carrying amount at 1 January 2019	15,715
New leases	1,225
Remeasurement	(1,510)
Accretion of interest recognised during the year	1,102
Payments	(6,799)
Exchange realignment	(59)
Carrying amount at 31 December 2019	9,674
Analysed into:	
Current portion	5,886
Non-current portion	3,788

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2019 *HK$'000*
Interest on lease liabilities	1,102
Depreciation charge of right-of-use assets	6,885
Total amount recognised in profit or loss	7,987

12. LEASES *(continued)*

The Group as a lessor

The Group leases its investment properties (note 11) consisting of two commercial properties in PRC and one industrial property in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$2,290,000 (2018: HK$2,750,000).

At 31 December 2019, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**35**	2,060
After one year but within two years	**-**	37
	35	2,097

13. GOODWILL

	HK$'000
31 December 2019	
Cost and carrying amount at 1 January 2019 and 31 December 2019	**134,485**
31 December 2018	
Cost and carrying amount at 1 January 2018 and 31 December 2018	134,485

14. OTHER INTANGIBLE ASSETS

	Deferred development costs* *HK$'000*	Customer relationships *HK$'000*	Software *HK$'000*	Total *HK$'000*
31 December 2019				
Cost at 1 January 2019, net of accumulated amortisation and impairment	**14,507**	**8,978**	**30,577**	**54,062**
Additions	**11,961**	**-**	**-**	**11,961**
Amortisation provided during the year	**-**	**(1,656)**	**(4,368)**	**(6,024)**
At 31 December 2019	**26,468**	**7,322**	**26,209**	**59,999**
At 31 December 2019:				
Cost	**39,494**	**14,767**	**43,681**	**97,942**
Accumulated amortisation and impairment	**(13,026)**	**(7,445)**	**(17,472)**	**(37,943)**
Net carrying amount	**26,468**	**7,322**	**26,209**	**59,999**
31 December 2018				
Cost at 1 January 2018, net of accumulated amortisation and impairment	4,127	10,634	34,945	49,706
Additions	10,380	-	-	10,380
Amortisation provided during the year	-	(1,656)	(4,368)	(6,024)
At 31 December 2018	14,507	8,978	30,577	54,062
At 31 December 2018:				
Cost	27,533	14,767	43,681	85,981
Accumulated amortisation and impairment	(13,026)	(5,789)	(13,104)	(31,919)
Net carrying amount	14,507	8,978	30,577	54,062

* *During the year, additions of other intangible assets of HK$11,961,000 (2018: HK$10,380,000) were developed internally.*

15. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**53,554**	47,104
Impairment	**(3,395)**	(3,532)
	50,159	43,572

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 90 days, except for certain projects with longer implementation schedules where the period may extend beyond 90 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 receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**25,945**	24,440
1 to 3 months	**15,065**	12,973
4 to 6 months	**7,976**	3,780
7 to 12 months	**1,173**	2,379
	50,159	43,572

The movements in the loss allowance for impairment of trade receivables are as follows:

	2019	2018
	HK$'000	*HK$'000*
At beginning of year	**3,532**	2,361
Impairment/(reversal of impairment) losses, net	**(108)**	1,201
Exchange realignment	**(29)**	(30)
At end of year	**3,395**	3,532

16. CONTRACT ASSETS

	31 December 2019	31 December 2018	1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Contracts assets arising from:			
Sales of goods and provision of software, GETS and BPO services	**3,130**	898	636
Provision of software implementation and related services, IT solutions implementation and related services	**16,645**	18,097	14,787
Maintenance services	**451**	1,632	853
	20,226	20,627	16,276

Contract assets are initially recognised for revenue earned from the provision of software and related services as the receipt of consideration is based on the billing process. Included in contract assets for provision of software and related services are unbilled amounts of revenue. Upon completion of the billing of the revenue from contract customers, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets as at 31 December 2019 was the result of the decrease in the provision of IT solutions implementation and related services at the end of the year. The increase in contract assets as at 31 December 2018 was the result of the increase in the ongoing provision of software and related services at the end of the prior year.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**20,226**	20,627

The movements in the loss allowance for impairment of contract assets are as follows:

	2019	2018
	HK$'000	*HK$'000*
At beginning of year	**68**	-
Impairment/(reversal of impairment) losses, net	**(68)**	68
At end of year	**-**	68

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

None of the above assets is either past due or impaired. There was no recent history of default for the contract assets. Since the contract assets are related to receivables which are still in current and the payment is not due, the expected credit loss rates of contract assets are assessed to be minimal.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Debt investments, at fair value	**4,633**	4,633
Listed equity investments, at fair value	**10,121**	10,164
Money market certificate, at fair value	**43,195**	-
	57,949	14,797
Portion classified as current assets	**(55,849)**	(10,164)
Portion classified as non-current assets	**2,100**	4,633

The debt investments were designated as financial assets at fair value through profit or loss.

The listed equity investments and money market certificate were all included under current assets at 31 December 2019 and were classified as financial assets at fair value through profit or loss.

18. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**15,561**	24,533
Other payables	**29,355**	27,936
Accruals	**20,107**	21,627
	65,023	74,096

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

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**11,411**	18,045
1 to 3 months	**3,070**	4,749
4 to 6 months	**385**	1,331
Over 6 months	**695**	408
	15,561	24,533

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

19. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	31 December 2019 *HK$'000*	31 December 2018 *HK$'000*	1 January 2018 *HK$'000*
Short-term advances received from customers			
Sales of goods and provision of software, GETS and BPO services	**2,801**	4,875	2,725
Provision of software implementation and related services, IT solutions implementation and related services	**18,430**	18,356	17,682
Maintenance services	**34,481**	33,723	35,969
Total contract liabilities	**55,712**	56,954	56,376

Contract liabilities include short-term advances received to deliver goods and software licence and render software implementation and related services, IT solutions implementation and related services, and maintenance services. The decrease in contract liabilities as at 31 December 2019 was mainly due to the decrease in short-term advances received from customers in relation to the sales of goods and provision of software and related services at the end of the year. The increase in contract liabilities as at 31 December 2018 was mainly due to the increase in short-term advances received from customers in relation to the sales of goods and provision of software at the end of the prior year.

20. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	2019		
	Losses available for offsetting against future taxable profits *HK$'000*	**Temporary differences of contract liabilities** *HK$'000*	**Total** *HK$'000*
At 1 January 2019	**-**	**2,713**	**2,713**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	**1,434**	**(330)**	**1,104**
Exchange realignment	**-**	**(95)**	**(95)**
Gross deferred tax assets at 31 December 2019	**1,434**	**2,288**	**3,722**

20. **DEFERRED TAX** *(continued)*

Deferred tax liabilities

	Revaluation of properties	Deferred development costs	Fair value adjustments arising from acquisition of subsidiaries	Withholding taxes	Total
	2019				
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2019	**1,578**	**-**	**9,578**	**1,574**	**12,730**
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	**266**	**4,367**	**(1,430)**	**411**	**3,614**
Exchange realignment	**-**	**-**	**-**	**(2)**	**(2)**
Tax paid	**(1,018)**	**-**	**-**	**(1,375)**	**(2,393)**
Gross deferred tax liabilities at 31 December 2019	**826**	**4,367**	**8,148**	**608**	**13,949**

Deferred tax assets

	2018 Temporary differences of contract liabilities
	HK$'000
At 1 January 2018	2,984
Deferred tax charged to the consolidated statement of profit or loss during the year	(122)
Exchange realignment	(149)
Gross deferred tax assets at 31 December 2018	2,713

Deferred tax liabilities

	Revaluation of properties	Fair value adjustments arising from acquisition of subsidiaries	Withholding taxes	Total
		2018		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018	1,526	11,008	2,713	15,247
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	52	(1,430)	570	(808)
Tax paid	-	-	(1,709)	(1,709)
Gross deferred tax liabilities at 31 December 2018	1,578	9,578	1,574	12,730

20. DEFERRED TAX *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2019	2018
	HK$'000	*HK$'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**2,288**	2,713
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(12,515)**	(12,730)
	(10,227)	(10,017)

21. CONTINGENT LIABILITIES

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

Guarantees have been given to certain banks by the Company for performance bonds/guarantees issued by the banks in relation to certain contracts undertaken by the Group amounting to HK$31,700,000 (2018: HK$31,700,000), of which HK$21,237,000 (2018: HK$22,930,000) were utilised as at 31 December 2019.

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 audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019.

The Group's overall revenue reduced slightly by HK$5.5 million, or 2.0% to HK$275.9 million (2018: HK$281.4 million). In line with the revenue drop, the Group's gross profit also saw a mild decrease by HK$4.7 million, or 2.9% to HK$155.3 million (2018: HK$159.9 million) while the gross profit margin maintained at 56.3% (2018: 56.8%).

The total non-operating incomes decreased by HK$2.3 million, or 15.8% to HK$12.2 million (2018: HK$14.4 million), primarily attributed to the decrease in bank interest income and fair value gains from investment properties.

Primarily due to the increase in staff costs attributed to the strengthening of the Group's overall management, business development and research and development ("R&D") team, the Group's overall expenses increased by 8.1% to HK$107.2 million (2018: HK$99.2 million) as compared with the same period last year.

With the abovementioned, the Group's consolidated net profit attributable to shareholders reduced moderately by 17.8% to HK$55.9 million (2018: HK$68.0 million). The basic earnings per share also dropped to 22.63 HK cents (2018: 27.85 HK cents).

In view of continuous positive cash inflow from operations and a sustained healthy financial position, the Board declared the distribution of a final dividend of 8 HK cents (2018: 12 HK cents) per ordinary share for the year ended 31 December 2019. Counting the interim dividend of 9 HK cents (2018: 9 HK cents) being paid together with this proposed dividend, the Group's full year dividend payout reached 17 HK cents (2018: 21 HK cents).

BUSINESS REVIEW

Application Software

Despite the challenging market environment, the Group's Application Software[1] business managed to maintain growth in both revenue and profit contributions for the reporting year.

Among all the application software owned by the Group, the Human Resources Management Software ("HRMS") business was most adversely affected by both the trade tensions between China and US as well as the civil disturbance in HKSAR. Although the performance of the business in the second half of the year was below last year's level, the overall annual turnover of HRMS business remained at around the same level of last year. The improving progress of new sales conclusion approaching the end of the reporting year was however pull back by the outbreak of COVID-19 in beginning of 2020. With the current backlog orders and recurring maintenance and Software as a Services ("SaaS") contracts on hand, the HRMS business will remain stable in the first half of 2020 and endeavor to restore its momentum when the market is recovered from the current epidemic situation.

BUSINESS REVIEW *(continued)*

Application Software *(continued)*
During the reporting year, the business continued its pace of expanding the customer base and capturing prestigious customers from diversified industry sectors, including local conglomerates, financial institutions including a virtual bank, global retail brands, leading food and beverage chain stores and a hotel group in the second half of the reporting year. Apart from the demand for HRMS on-premise software, the Group also concluded new customers in SaaS which will provide stable recurring income for the business in the long term.

In addition, the Human Capital Management ("HCM") related modules launched last year had been receiving positive response from the market. Apart from capturing new clients with complicated business requirements, the enhanced features also motivated existing clients to upgrade their software to latest version with such modules.

Leveraged on the strong order backlog carried forward, the Group's Enterprise Retail Management Software ("ERMS") business recorded double-digit growth in revenue for two consecutive years. In line with the revenue growth, the profit contributions of the business also recorded double-digit growth during the reporting year. In the second half of the year, the business successfully completed the implementation of a new global fashion brand customer for its expansion in Asia Pacific. Moreover, substantial progress in development of our latest version of ChainStorePlus software in the reporting year had made ourselves ready for deploying more functions and features to our clients such as mobility for improving in-store operations. However, the outbreak of COVID-19 had turned the Mainland China and HKSAR's retail industries into frozen mode and the impact to the Group's ERMS business is yet to be determined.

With ever-increasing demand for the cloud services of the Group's Enterprise Procurement Management Software ("EPMS") business, the business recorded material growth in both the revenue and profit contributions for two consecutive years. Benefiting from the trend in advocation for betterment in corporate governance practice related to procurement procedures, the Group's EPMS cloud services continued to capture the market demand from both quasi-government and commercial sectors. With the endeavors over the past few years, the business has built up more than HK$10 million backlog of cloud services revenue to be contributed to the Group in the coming years.

The Group's Enterprise Information Management Software ("EIMS") business also recorded double-digit growth in revenue during the reporting year. The business successfully delivered a major project with a department under the HKSAR Government ("Government") during the reporting year and managed to secure new customers from various government organisations and commercial sectors.

With the open eco-system architecture HCM platform, the Group's R&D team has further enhanced the underlying foundation platform's openness and continued to expand external Application Programming Interface ("API") to integrate with various services and systems seamlessly. The product is now unified with facial recognition for attendance, Natural Language Processing ("NLP") based chatbot services to enhance self-service accessibility and other AI functionalities to improve our HCM platform's employee experience. The API also provides ability to our implementation teams as well as our partners to integrate with other systems easily. This ensure our HCM platform can be continuously upgraded after production on customer sites. With the well-developed open architecture, it allows us to work on integrating our various enterprise software into one suite easily. Apart from HRM software business, our enterprise software lines and solutions service business units are now starting to utilise this common platform for implementing various types of customer needs and solution packaging such as purchase request flow in EPMS, building mobile solutions and revised web portal for EIMS and using workflows engine for building various customised solutions.

Solutions and Integration Services
Despite the turnover had been improved in the second half of the reporting year, the full year's revenue and profit contribution of the Group's Solutions and Integration Services[2] business dropped by 12.5% and 26.6% respectively.

BUSINESS REVIEW *(continued)*

Solutions and Integration Services *(continued)*

The Managed Services[2] under the Group's Solutions Services business continued to generate stable maintenance income from the second 10-year services contract ("Contract") of the Customer Care and Billing System ("CCBS") for the Water Supplies Department under the Government. However, the profit contributions of the Managed Services had been reduced as some of the expected orders were deferred and likely to be reactivated at a smaller scale in the coming year. The schedule of software enhancements on the CCBS had been slightly slipped. In order to catch up the delivery, the management had put on extra resources into the project and the completion date per latest estimate is around mid-2021. During the reporting year, the related development costs of around HK$12 million were capitalised as deferred development costs.

During the reporting year, the Development Services[2] business had been experiencing delay in contract awarding processes under a framework agreement with a major customer. Although the situation had been improved in the second half of the year, the amount of new contract awarded as well as the delivery schedules had been adversely affected. In addition, interrupted by the local social unrest, the business had also experienced delays in implementation of some Government related projects during the reporting year. Despite these projects had been resumed approaching the end of the reporting year, the outbreak of COVID-19 has created additional uncertainties to the planned delivery schedules in the coming year.

On the other hand, the business continued to secure new orders from both the Government and commercial enterprises, including Civil Aid Service under the Government and a major property developer in Hong Kong in the second half of the year. The business had also successfully renewed a multi-year outline agreement by one of the largest power businesses in Asia Pacific for the provision of IT professional services during the reporting year. The management foresees that these backlog orders will help the business carry over the difficult time in the first half of 2020.

Both the revenue and profit contributions of the Group's Integration Services[2] business in PRC was mildly improved during the reporting year.

Hindered by both the Sino-US trade war and local protests, the demand for the Group's BPO[3] service was weak during the reporting year. The management will redouble effort in searching for new prospects and streamlining the resources in order to enhance the operation efficiency.

e-Service and related business

The Group's GETS[4] business recorded growth in both revenue and profit contribution during the reporting year.

The collaboration with Hongkong Post to provide traders with paper-to-electronic trade declaration services since 1 January 2019 had expanded our service coverage and enhanced relevant incomes during the reporting year. However, the uncertainties stemming from Sino-US trade tensions and other external issues continued to dampen production and trading activities in Asia. In view of the uncertainties and the dropping demand in paper submission, the management considered that the profit generated under the existing arrangement with Hongkong Post could not be sustained and therefore decided to terminate the related contract with effect from early 2020. The management considers that the termination would have no material impact to its profit contribution and will not stop finding ways to transform business in order to improve its performance in long term.

Investments

Due to the decrease in fair value gains from investment properties, the Group's Investments segment recorded a decrease in the profit contribution of HK$0.6 million, or 8.2% to HK$6.3 million (2018: HK$6.9 million). During the reporting year, the Group had disposed an investment property in PRC to an independent third party for a consideration of approximately RMB8.4 million.

PROSPECT

The Hong Kong economy is supposed to be delighted with the Sino-US "Phase One" trade deal concluded in early 2020 but the outbreak of COVID-19 poses the city with a new challenge. Up to the date of this announcement, the situation shows no signs of slowing and may keep the city in progressive recession. Needless to say, the PRC economy is also expecting a moderate slowdown in 2020. Nevertheless, more accommodative monetary and fiscal policies recently launched by the Mainland China and HKSAR governments may provide cushion against shocks but serious risks and uncertainties remain.

Taking account of the uncertainties in the economy, the Group will stay alert to the risk management and prepare well to respond the rapid changes in the surrounding environments. Leveraging the strong order backlog and recurring revenue streams generating from its core businesses and the robust financial fundamentals, the Group believes that we can overcome the obstacles and will remain vigilance for new opportunities to improve our business, steadfast in our commitment in R&D and focused on new prospects that can equip the Group to cater for the needs of our customers.

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 and other related value added services (collectively the “e-Service and related business”).

[2] 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; (iii) business process outsourcing (“BPO”) services; and (iv) Integration Services for the provision of IT systems and network infrastructure with related design, implementation and ongoing support services.

[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] Since 2004, the Group has been granted a licence (the “GETS Licence”) 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 further renewed in early 2018 for operation of additional six years until the end of 2024.

FINANCIAL REVIEW

Revenue and gross profit

The Group's revenue decreased slightly by HK$5.5 million, or 2.0% to HK$275.9 million (2018: HK$281.4 million) during the reporting year. The decrease in overall revenue was primarily due to the decrease in new sales orders and the delay of project completion under the Group's Solutions Services business. The Group's gross profit also decreased by HK$4.7 million, or 2.9% to HK$155.3 million (2018: HK$159.9 million) while the gross profit margin maintained at 56.3% (2018: 56.8%).

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

Non-operating incomes and gains, net (included other income and gains, net, foreign exchange differences, net, and fair value gains/(losses), net) decreased by 15.8% to HK$12.2 million (2018: HK$14.4 million). The fall was primarily due to the decrease in bank interest income by HK$2.0 million, or 27.9% and decrease in fair value gains on investment properties by HK$0.8 million, or 17.7%.

Expenses

Owing to the expansion of the Group's sales resources for the improvement of market coverage, the Group's selling and distribution expenses increased by HK$1.3 million, or 3.6% to HK$36.6 million (2018: HK$35.4 million).

For strengthening of the management and administrative resources, the Group's general and administrative expenses increased by HK$5.7 million, or 9.8% to HK$63.5 million (2018: HK$57.8 million).

The Group also recognised finance costs for an amount of HK$1.1 million (2018: Nil) following the adoption of Hong Kong Financial Reporting Standard 16 *Leases* ("HKFRS 16") from 1 January 2019.

Income tax expense

In line with the decrease in assessable profits generated in Hong Kong and PRC, the income tax expense decreased by HK$2.9 million, or 39.9% to HK$4.3 million (2018: HK$7.2 million).

The Group's overall effective tax rate for the tax charge in 2019 was around 7.2%, whereas in 2018 was 9.5%. The effective tax rate was lower than the Hong Kong statutory profits tax rate because several types of onshore incomes, including dividend and bank interest incomes were not subject to the Hong Kong profits tax. Besides, the R&D activities of certain local subsidiaries of the Group were assessed as qualifying R&D activities and thus entitled enhanced tax deductions under the Hong Kong Inland Revenue Ordinance. The effective tax rate had further been driven down by the recognition of deferred tax credit arising from amortisation of other intangible assets.

Net profit

Profit for the period attributable to shareholders dropped moderately by 17.8% to HK$55.9 million (2018: HK$68.0 million) while the net profit margin (profit for the period attributable to shareholders divided by the revenue) also reduced to 20.3% (2018: 24.2%). The change was owing to the decrease in gross profit and the increase in overall expenses.

Non-current assets

The Group's non-current assets as at 31 December 2019 increased by 2.0% to HK$282.4 million (31 December 2018: HK$276.9 million). The change was primarily attributed to the mixed effects of (i) the recognition of right-of-use assets following the adoption of HKFRS 16 in 2019, (ii) the capitalisation of deferred development costs for an amount of HK$12.0 million arising from a project of the Group's Solutions Services business and (iii) the disposal of an investment property in PRC reduced the balance of investment properties by HK$5.6 million.

FINANCIAL REVIEW *(continued)*

Current assets

The Group's current assets as at 31 December 2019 dropped slightly by 0.8% to HK$351.5 million (31 December 2018: HK$354.4 million). The change was mainly attributed by the mixed effects of the increase in trade receivables as there were increased progress developments billings before the end of the financial year; and the decrease in cash and bank deposits (including the cash and cash equivalents and the money market certificate classified under financial assets at fair value through profit or loss) due to the clearance of various trade payables before the end of the financial year.

Money market certificate is an investment instrument that provides a special rate for a specific period of time. The certificate was classified under financial assets at fair value through profit or loss on the face of the consolidated statement of financial position and subject to mark to market valuation. The certificate was disposed subsequent to the year end and a gain of HK$0.4 million was being recorded.

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

Current and non-current liabilities

The Group's current liabilities and non-current liabilities as at 31 December 2019 dropped slightly by 0.5% to HK$152.6 million (31 December 2018: HK$153.3 million). The change was primarily attributed by the mixed effects of the decrease in trade payables, other payables and accruals and the recognition of lease liabilities following to the adoption of HKFRS 16 in 2019.

Segment assets and liabilities

Segment assets and segment liabilities of Applications Services business were comparable to last reporting year without significant changes.

Segment assets of Solutions and Integration Services business increased owing to the increase in deferred development costs and trade receivables while the segment liabilities of the business decrease in line with the decrease in trade payables, other payables and accruals.

Segment assets of Investments business increased because of the purchase of a money market certificate by end of the reporting year.

Equity

Total equity as at 31 December 2019 was slightly increased by HK$3.3 million, or 0.7% to HK$481.4 million, (31 December 2018: HK$478.1 million).

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 31 December 2019, the Group had pledged an investment property with a fair value of HK$64.2 million (31 December 2018: HK$64.2 million), listed debt and equity securities of HK$12.7 million (31 December 2018: HK$12.7 million) and bank balances of HK$2.5 million (31 December 2018: HK$2.1 million) to secure certain general bank facilities including guarantee/performance bonds facilities granted to the Group/subsidiaries of the Company in aggregate of HK$112.0 million (31 December 2018: HK$112.0 million) of which HK$21.7 million (31 December 2018: HK$23.2 million) have been utilised as at 31 December 2019.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2019, the Group's cash and cash equivalents was HK$200.7 million (31 December 2018: HK$255.5 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 had been monitoring the foreign exchange exposures closely and hedging any significant foreign currency exposure in order to minimise the exchange risk should the needs arose.

As at 31 December 2019, the Group had no bank borrowings (31 December 2018: Nil). The Group's current ratio representing current assets divided by current liabilities was 2.6 (31 December 2018: 2.5) and the gearing ratio, representing total liabilities divided by total assets, was 24.1% (31 December 2018: 24.3%).

REMUNERATION POLICY AND NUMBER OF EMPLOYEES

The Group remunerates its employees based on their performance, working experience and prevailing market conditions. Apart from basic salary, discretionary bonus and other incentives are offered to employees of the Group to reward their performance and contributions.

As at 31 December 2019, the Group employed 407 full time employees and 5 contract-based employees (31 December 2018: 357 full time employees and 5 contract-based employees).

As at 31 December 2019, 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 as well as retain them for the continual development of the Group.

SIGNIFICANT INVESTMENTS

Save as disclosed in the announcement, the Group has no significant investments held as at 31 December 2019.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group did not have any material acquisition or disposal of subsidiaries during the reporting year and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2019.

CONTINGENT LIABILITIES

Save as disclosed in the announcement, the Group has no material contingent liabilities as at 31 December 2019.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in the announcement, at present, the Group expects the COVID-19 outbreak to have limited impact on its business. However, it is difficult to estimate the full impact in the coming months given the dynamic nature of these circumstances. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 8 HK cents (2018: a final dividend of 12 HK cents) per ordinary share for the year ended 31 December 2019.

CLOSURE OF THE REGISTER OF MEMBERS

The Board has recommended a final dividend of 8 HK cents (2018: a final dividend of 12 HK cents) per ordinary share payable to shareholders whose names appear on the register of members of the Company on Friday, 5 June 2020. The Register of Members of the Company will be closed from Monday, 25 May 2020 to Thursday, 28 May 2020 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting ("the AGM"). In order to be eligible to attend and vote at the AGM to be held on Thursday, 28 May 2020, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2020. In addition, the Register of Members of the Company will be closed from Thursday, 4 June 2020 to Friday, 5 June 2020 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Wednesday, 3 June 2020. During such periods, no share transfer will be effected. The final dividend will be distributed on or about Thursday, 18 June 2020 to shareholders whose names appear on the Register of Members of the Company on Friday, 5 June 2020.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, the trustee of the Company's restricted share award scheme had, pursuant to the terms of the rules and trust deed of such scheme, purchased from the market a total of 192,000 shares of the Company being the awarded restricted shares. The total amount paid to acquire these shares during the year was approximately HK$623,000.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

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 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 year.

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 a specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the year.

RISK MANAGEMENT FRAMEWORK

The Group has established an effective risk governance and management framework in line with the requirements set out by the Hong Kong Listing Rules and other regulations. This framework was built around a structure that enables the Board and the management to discharge their risk management-related responsibilities with appropriate delegation as well as checks and balances. These responsibilities included defining risk appetite in accordance with the Group's business strategies and objectives, formulating risk policies that govern the execution of those strategies, and establishing procedures and limits for the approval, control, monitoring and remedy of risks.

The members of the Risk Management Committee positioned at the highest level of the Group's risk governance structure under the Board. Members included an independent non-executive director and three executive directors. The Risk Management Committee had direct involvements in formulating the Group's risk appetite, and determined the levels of risk that the Group is willing to undertake with reference to its financial capacity, strategic direction, prevailing market conditions and regulatory requirements.

The Risk Management Committee will continuously ensure the Group's risk appetite is realistically reflected in the policies and procedures that the management adopted in executing its business functions. The Risk Management Committee will regularly review the Group's risk management framework and ensure that all important risk-related tasks are performed according to established policies and with appropriate resources.

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, risk management and internal controls. The Audit Committee comprises three independent non-executive directors of the Company. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2019 with the management the accounting principles and practices adopted by the Group and discussed risk management and internal controls and financial reporting matters related to the preparation of the annual results for the year ended 31 December 2019.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY 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 EY on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.ctil.com). The 2019 annual report will be published on the Stock Exchange's website (www.hkexnews.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 year.

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

Hong Kong, 12 March 2020

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.