COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2002

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Computer And Technologies Holdings Limited (the "Company") herein present the unaudited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2002 together with the comparative figures for the corresponding period as follows:

Condensed Consolidated Profit And Loss Account

		Unaudited Six Months Ended 30 June	
		2002	**2001**
	Notes	*HK$'000*	*HK$'000*
TURNOVER	*2*	103,015	308,341
Cost of sales		(77,921)	(262,160)
Gross profit		25,094	46,181
Other revenue		3,806	5,464
Selling and distribution expenses		(24,940)	(29,896)
Administrative expenses		(12,917)	(16,418)
Other operating expenses		(4,503)	–
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	*3*	(13,460)	5,331
Finance costs		(442)	(635)
Share of loss of a jointly-controlled entity		–	(1,226)
PROFIT/(LOSS) BEFORE TAX		(13,902)	3,470
Tax	*4*	(16)	(951)
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		(13,918)	2,519
Minority interests		(358)	(324)
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(14,276)	2,195
Dividend		–	–
EARNINGS/(LOSS) PER SHARE			
– Basic	*5*	(5.25) Cents	0.83 Cents
– Diluted		N/A	0.81 Cents

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with the Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The accounting policies and basis of presentation of the unaudited financial statements are the same as those used in the audited financial statements for year ended 31 December 2001, except the following new/revised SSAPs have been adopted for the first time in the preparation of the current period's condensed consolidated financial statements.

- SSAP 1 (Revised) "Presentation of Financial Statements"
- SSAP 11 (Revised) "Foreign Currency Translation"
- SSAP 15 (Revised) "Cash Flow Statements"
- SSAP 33 "Discontinuing Operations"
- SSAP 34 "Employee Benefits"

2. Segment Information

The analysis of the Group's turnover and contribution to profit/(loss) from operating activities and by principal activity and geographical area of operations are as follows.

(a) Business segments

	Integration Services		Solutions Services		Application Services		Distribution		Corporate and Other		Consolidated	
	Unaudited six months ended 30 June											
	2002	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**
	HK$ 000	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*
Segment revenue												
– sales to external customers	53,357	277,763	19,001	13,506	11,842	2,571	18,607	14,501	208	–	103,015	308,341
Other revenue	–	–	647	–	–	–	–	–	–	–	647	–
Total	**53,357**	**277,763**	**19,648**	**13,506**	**11,842**	**2,571**	**18,607**	**14,501**	**208**	**–**	**103,662**	**308,341**
Segment results before depreciation, amortisation and other operating expenses	(2,822)	21,214	(2,268)	(15,116)	1,890	(3,808)	2,111	1,645	(3,037)	2,797	(4,126)	6,732
Depreciation/Amortisation	(1,113)	(1,796)	(2,580)	(2,276)	(572)	(1,424)	(367)	(257)	(870)	(1,112)	(5,502)	(6,865)
Impairment of fixed assets	(400)	–	(1,609)	–	–	–	–	–	–	–	(2,009)	–
Amortisation of goodwill	–	–	–	–	(1,762)	–	–	–	–	–	(1,762)	–
Segment results	**(4,335)**	**19,418**	**(6,457)**	**(17,392)**	**(444)**	**(5,232)**	**1,744**	**1,388**	**(3,907)**	**1,685**	**(13,399)**	**(133)**
Interest income, dividend income and unallocated gains											2,332	5,464
Unallocated impairment losses											(2,393)	–
Profit/(loss) from operating activities											(13,460)	5,331
Finance costs											(442)	(635)
Share of loss of a jointly-controlled entity	–	–	–	(1,226)	–	–	–	–	–	–	–	(1,226)
Profit/(loss) before tax											(13,902)	3,470
Tax											(16)	(951)
Profit/(loss) before minority interests											(13,918)	2,519
Minority interests											(358)	(324)
Net profit/(loss) from ordinary activities attributable to shareholders											(14,276)	2,195

(b) Geographical segments

	Hong Kong		Mainland China		Other		Consolidated	
	Unaudited six months ended 30 June							
	2002	**2001**	**2002**	**2001**	**2002**	**2001**	**2002**	**2001**
	HK$ 000	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*	*HK$ 000*
Segment revenue – Sales to external customers	44,906	24,903	55,615	283,438	2,494	–	103,015	308,341
Segment results	(4,813)	16,038	(5,895)	(16,171)	(2,691)	–	(13,399)	(133)

3. Profits/(Loss) from Operating Activities

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	Unaudited Six months ended 30 June 2002	Unaduited Six months ended 30 June 2001
	HK$'000	*HK$'000*
Depreciation	4,614	3,267
Amortisation of deferred development costs	888	3,598
Amortisation of goodwill	1,762	–
Interest Income	(1,361)	(5,464)

4. Tax

Hong Kong profits tax has been provided at the applicable rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

5. Earnings/(loss) Per Share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the net loss attributable to shareholders for the six months ended 30 June 2002 of HK$14,276,000 (2001: net profit of HK$2,195,000) and the weighted average of 271,999,000 (2001: 264,105,000) shares of the Company in issue during the period.

(b) Diluted earnings/(loss) per share

No diluted loss per share is presented for the six months ended 30 June 2002 as the effect of the Company's outstanding share options was anti-dilutive. The calculation of diluted earnings per share for the six months ended 30 June 2001 was based on the net profit attributable to ordinary shareholders for that period of HK$2,195,000 and 269,624,000 shares, which represented the weighted average number of shares in issue during that period plus the weight average number of 5,519,000 shares deemed to be issued at no consideration if all outstanding options had been exercised.

CHAIRMAN'S STATEMENT

The Group reported a consolidated revenue of HK$103.0 million (2001: 308.3 million) for the 6-month period ended 30 June 2002, representing a decrease of 66.6% compared with the same period last year. Nevertheless, the Group managed to increase substantially the gross profit margin to 24.4% when compared with 15.8% for the year of 2001. Net loss attributable to shareholders is HK$14.3 million (2001: net profit of HK$2.2 million). Loss per share is 5.25 Hong Kong cents (2001: earning per share 0.83 Hong Kong cent). The Board of Directors (the "Board") does not recommend payment of an interim dividend (2001: Nil).

The significant improvement in gross margin was attributed to the improved profit margin from the Integration Services division and the increased revenue contribution from the Solutions and Application Services divisions amounted to HK$30.8 million (2001: HK$16.1 million), or an increase by 91.3%.

The business performance of the Group for the first six months of the 2002 reflects not only the continuous difficult market environment in general throughout all the operating countries of the Group, but also the progressive transformation of the Group from a traditional systems and network integrator into a full-range IT service provider with competitive strengths in solutions service offering as well as application and related business process outsourcing services.

OPERATIONS REVIEW

Integration Services

While continuing to generate the majority portion of the Group's revenue, the Integration Services division achieved a revenue of HK$53.4 million, down 80.8% from the corresponding period in 2001.

Apart from the influence of the global slow-down in the telecommunications market, the reorganisation of the China telecommunications industry had resulted into a considerable capital expenditure reduction among all the operators. The shrunken market demand also led to cut-throat competition among rivalries for network integration business for which the Group had intentionally avoided in order to deploy more resources for projects with higher valued-added services and solution, and thus higher margin. The Management believes the IT related procurement trend among the operators will continue to be slow in the foreseeable future. However, the Group is cultivating business potential to provide more sophisticated business and operation support services and solutions for which the demand is increasing.

On the other hand, the Group continued to receive substantial repeated business from solid enterprise customer base with relatively healthy margin.

The consistent focus of the Group to deliver outstanding technical support and professional service has also resulted into the Group awarded as the best IT supplier from Shanghai Volkswagen, a long-time customer which is also one of the largest automobile manufacturers in China.

Solutions Services

Leveraging the Group's investment in 2001 for pre-sales and market development efforts, the division has secured a number of major solutions outsourcing contracts from commercial customers and government organizations, including the development contract of the new generation integrated registration information system (IRIS) from the Land Registry of Hong Kong SAR and the provision of billing and customer care solutions to prestigious utilities companies in Hong Kong and Guangzhou of the PRC. The Management is confident that these major successes will facilitate the Group to solicit other similar business opportunities in the region.

Presently, the Group has achieved a status as a recognised local contender for very large-scale solution outsourcing opportunities which previously would have been considered only by multinational vendors. Such uplift in tier would open more opportunities for the Group in the future. The Group is also selected by the Information Technology Services Department of the Hong Kong SAR Government as one of the suppliers to the Category B (web publishing services) and Category D (IT security services) of the IT Professional Services Arrangement ("ITPSA") to provide IT professional services to government departments for a 30-month contract period. According to the ITPSA tender document issued in September 2001, the non-binding estimated value of the two categories of service would amount to HK$155 million. That would provide the Group with a stable source of business opportunity to provide IT professional services. The Management is confident the Group is positioned well to capture additional opportunities of other large-scale government IT outsourcing projects.

Application Services

GO-Business

The Group's subsidiary Global e-Business Services Limited ("GO-Business") has demonstrated a proven business model with stable recurring service income and recorded first EBIT contribution to the Group in the reporting period.

Building on top of its market leadership in e-procurement and related services, GO-Business has established a strong market position as an application and related business process outsourcing service provider. In the period under review, GO-Business secured a number of major customers from both commercial and public sectors including the Land Registry of Hong Kong SAR and the MTR Corporation Limited. The Management foresees increasing demand from both government and commercial sectors for business process outsourcing services which would enable GO-Business to achieve an even better economy of scale in the coming years.

IPL

Despite the challenging business environment, the Group's subsidiary IPL Research Limited ("IPL"), the HRMS software provider acquired in July 2001, has recovered from the slow business momentum of the second half of 2001 and contributed stable profit to the Group during the reporting period. IPL secured not only a number of new customers including multinational companies in Hong Kong and Mainland China, but also a number of substantial upgrade projects among existing customer base.

Leveraging the Group's established business channel, customer base and operation resources in Mainland China, IPL is actively developing such market with specific focus on multinational enterprise segment that flourishes rapidly after the WTO accession of China.

Distribution Business

The Group's subsidiary distributing multimedia digital video products, Maxfair Technology Limited ("Maxfair"), performed satisfactorily during the last 6 months. Despite the weak consumer spending in both Hong Kong and Taiwan, Maxfair managed to report increase, comparing year for year, in both revenue and profit contribution through stringent cost control and responsive time-to-market execution.

In particular, the new subsidiary in Taiwan has achieved a stable operation and managed to contribute mild profit to the Group. The Management is content with the Taiwan expansion, replicating the proven model of Maxfair outside Hong Kong. The Group will continue to look for opportunities to extend further the geographical coverage of the distribution network in Asia.

Liquidity and financial resources

The Group adopted its financial policy so as to maintain a stable financial condition. As at 30 June 2002, the aggregate of the Group's bank deposits and cash balance amounted to HK$197.0 million (31 December 2001: HK$197.3 million), 97% of which was Hong Kong dollars or US dollars that has very low fluctuation risks from exchange rate change, therefore the Group has no hedging activity.

As of 30 June 2002, the Group's net asset value is HK$334.5 million (31 December 2001: HK$345.4 million) and there is no long-term debts commitment.

PROSPECT

With the continuous weakness of the global economy, the Management remains wary on the business environment and hence the IT industry in general in the second half of the year.

However, based on a number of encouraging evidences, the Management believes that there is a higher visibility for the Group to achieve improved profitability in the near term. Firstly, the Group has transformed to a better revenue mix with better profit margin and higher recurring nature. The substantial service-intensive contracts on-hand will also provide a long-term stable revenue source for the Group.

On the other hand, given the proven track records and the major tender opportunities from Hong Kong SAR Government that the Group is currently engaging, the Management is optimistic for the Group to secure additional business from government IT outsourcing opportunities which would generate a stable long-term revenue. Besides, the repeated successes of the Group in the billing and

customer care solutions for telecommunications and utilities companies also reassured our strength to expand further along that direction.

To complement the Group's core business and development strategy, the Management would also continue exploring opportunities to grow through mergers and acquisitions with rigorous screening criteria, aiming to build a larger scale of economy and a regional footprint.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of unaudited interim financial statements.

THE CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of accounting period covered by this interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

By order of the Board
Ng Cheung Shing
Chairman

Hong Kong, 27 August 2002

"Please also refer to the published version of this announcement in China Daily".