COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 46)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

GROUP RESULTS

The Board of Directors (the "Board") of Computer And Technologies Holdings Limited (the "Company") herein presents the consolidated income statement for the year ended 31 December 2006 and the consolidated balance sheet as at 31 December 2006 of the Company and its subsidiaries (collectively the "Group"). These consolidated financial statements have been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2006

	Notes	**2006** ***HK$'000***	2005 *HK$'000*
REVENUE^	3	**237,362**	212,874
Cost of sales		**(152,930)**	(133,988)
Gross profit		**84,432**	78,886
Other income and gains		**15,784**	8,281
Selling and distribution costs		**(40,275)**	(36,229)
General and administrative expenses		**(40,915)**	(40,747)
Other expenses, net		**(5,246)**	(2,469)
Finance costs	5	**–**	(17)
PROFIT BEFORE TAX	4	**13,780**	7,705
Tax	6	**(1,933)**	(232)
PROFIT FOR THE YEAR		**11,847**	7,473
Attributable to:			
Equity holders of the parent		**12,408**	8,011
Minority interests		**(561)**	(538)
		11,847	7,473
DIVIDENDS	7		
Proposed final		**7,950**	2,695
Proposed special		**–**	5,390
		7,950	8,085
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		**HK4.61 cents**	HK2.92 cents
Diluted		**N/A**	N/A

^ Which is also the Group's turnover

CONSOLIDATED BALANCE SHEET

31 December 2006

	Notes	**2006** ***HK$'000***	2005 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**13,515**	16,249
Investment properties		**22,012**	17,820
Goodwill		**23,900**	23,790
Other intangible assets		**2,066**	7,868
Held-to-maturity securities		**1,265**	1,265
Available-for-sale investments		**1,796**	750
Pledged bank deposits		**3,110**	–
Deferred tax assets		**2,000**	2,000
Total non-current assets		**69,664**	69,742
CURRENT ASSETS			
Held-to-maturity securities		**–**	3,900
Inventories		**12,870**	20,631
Trade receivables	9	**45,180**	21,392
Due from contract customers		**59,052**	68,865
Prepayments, deposits and other receivables		**7,193**	9,513
Equity investments at fair value through profit or loss		**5,968**	5,008
Tax recoverable		**601**	–
Pledged bank deposits		**8,566**	8,012
Cash and cash equivalents		**163,822**	171,788
Total current assets		**303,252**	309,109
CURRENT LIABILITIES			
Trade payables, other payables and accruals	10	**51,648**	39,816
Deferred income		**7,764**	4,818
Due to minority shareholders of subsidiaries		**2,150**	2,649
Tax payable		**1,740**	1,004
Total current liabilities		**63,302**	48,287
NET CURRENT ASSETS		**239,950**	260,822
TOTAL ASSETS LESS CURRENT LIABILITIES		**309,614**	330,564
NON-CURRENT LIABILITIES			
Other financial liabilities		**–**	23,400
Net assets		**309,614**	307,164
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**26,561**	26,950
Reserves		**274,046**	271,059
Proposed final and special dividends		**7,950**	8,085
		308,557	306,094
Minority interests		**1,057**	1,070
Total equity		**309,614**	307,164

Notes:

1. CORPORATE INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

Computer And Technologies Holdings Limited is a limited liability company incorporated in Bermuda.

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

- trading of computer hardware, software and related accessories;
- provision of system and network platform with integration services;
- provision of IT solutions, e-business and related services;
- provision of software application packages with implementation, consultancy, training and maintenance services; and
- property and treasury investments.

The basis of preparation and accounting policies adopted in the financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2005 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretation) as disclosed in note 2 below.

2 IMPACT OF NEW AND REVISED HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 27 Amendment	Consolidated and Separate Financial Statements: Amendments as a consequence of the Companies (Amendment) Ordinance 2005
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The principal changes in accounting policies are as follows:

(a) HKAS 21 *The Effects of Changes in Foreign Exchange Rates*

Upon the adoption of the HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 December 2006 or 31 December 2005.

(b) HKAS 39 *Financial Instruments: Recognition and Measurement*

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

(iii) Amendment for cash flow hedge accounting of forecast intragroup transactions

This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.

(c) HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*

The Group has adopted this interpretation as of 1 January 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. The Group has determined based on this interpretation that certain arrangements of the Group contained leases and accordingly, the Group has treated them in accordance with HKAS 17 *Leases*. However, the adoption of this interpretation has had no material impact on these financial statements.

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

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 *Segment Reporting*.

HK(IFRIC)-Int 7, HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-Int 10, HK(IFRIC)-Int 11 and HK(IFRIC)-Int 12 shall be applied for annual periods beginning on or after 1 March 2006, 1 May 2006, 1 June 2006, 1 November 2006, 1 March 2007 and 1 January 2008, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the aggregate of the invoiced value of goods sold, net of trade discounts, returns and business tax, where applicable; income earned from the provision of IT solutions, e-business and related services; income earned from the provision of maintenance services; gross rental income earned from investment properties; and interest income earned from treasury investments.

An analysis of revenue is as follows:

	2006	2005
	HK$'000	*HK$'000*
Sale of goods:		
Computer network and system platform	**119,823**	90,511
Computer hardware, software and related accessories	**29,997**	27,680
	149,820	118,191
Provision of IT solutions, e-business and related services	**31,246**	32,233

Provision of maintenance services	**55,081**	61,134
Gross rental income from investment properties	**1,148**	884
Interest income from treasury investments	**67**	432
	237,362	212,874

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) the integration and solution services segment engages in the provision of system and network integration services, industry-specific IT application implementation services, IT solutions implementation and application development services;
(b) the application services segment engages in the provision of enterprise applications and IT operation outsourcing services;
(c) the distribution segment engages in the distribution of digital media products and other computer accessories; and
(d) the investments segment primarily engages in various types of investing activities including, inter alia, property investment for rental income and treasury investments in listed securities and held-to-maturity securities for dividend income and interest income.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

There were no material intersegment sales and transfers during the current and the prior years.

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2006 and 2005 or as at 31 December 2006 and 2005.

Group

	Integration and Solutions Services		**Application Services**		**Distribution**		**Investments**		**Consolidated**	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	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	**154,058**	135,350	**52,092**	48,528	**29,997**	27,680	**1,215**	1,316	**237,362**	212,874
Other revenue and gains	**1,145**	654	**87**	88	**2,078**	1,925	**6,035**	1,999	**9,345**	4,666
Total	**155,203**	136,004	**52,179**	48,616	**32,075**	29,605	**7,250**	3,315	**246,707**	217,540
Segment results before significant non-cash expenses	**13,184**	17,199	**15,941**	12,164	**(618)**	(273)	**7,653**	2,620	**36,160**	31,710
Depreciation	**(2,418)**	(3,294)	**(1,325)**	(1,434)	**(592)**	(710)	**(273)**	(265)	**(4,608)**	(5,703)
Amortisation of deferred development costs	**–**	–	**(2,156)**	(2,807)	**–**	–	**–**	–	**(2,156)**	(2,807)
Impairment of deferred development costs recognised in the income statement	**(1,432)**	–	**(2,246)**	–	**–**	–	**–**	–	**(3,678)**	–
Impairment of trade receivables	**–**	(2,211)	**(1,313)**	(301)	**(255)**	–	**–**	–	**(1,568)**	(2,512)
Segment results	**9,334**	11,694	**8,901**	7,622	**(1,465)**	(983)	**7,380**	2,355	**24,150**	20,688

Unallocated interest income and gains									**6,439**	3,615
Corporate and other unallocated expenses									**(16,809)**	(16,581)
Finance costs									**–**	(17)
Profit before tax									**13,780**	7,705
Tax									**(1,933)**	(232)
Profit for the year									**11,847**	7,473
Assets and liabilities:										
Segment assets	**160,624**	74,950	**55,487**	77,096	**15,889**	13,736	**37,990**	120,925	**269,990**	286,707
Corporate and other unallocated assets									**102,926**	92,144
Total assets									**372,916**	378,851
Segment liabilities	**36,610**	23,727	**16,980**	15,390	**7,548**	6,685	**289**	322	**61,427**	46,124
Corporate and other unallocated liabilities									**1,875**	25,563
Total liabilities									**63,302**	71,687
Other segment information:										
Capital expenditure	**535**	2,117	**903**	272	**330**	332	**–**	–	**1,768**	2,721
Corporate and other unallocated capital expenditure									**360**	282
									2,128	3,003
Fair value gains on investment properties	**–**	–	**–**	–	**–**	–	**4,192**	1,523	**4,192**	1,523

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2006 and 2005 or as at 31 December 2006 and 2005.

Group

	Hong Kong		**Mainland China**		**Others**		**Consolidated**	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Sales to external customers	**100,426**	83,283	**119,418**	112,953	**17,518**	16,638	**237,362**	212,874
Other segment information:								
Segment assets	**279,018**	263,626	**85,393**	107,115	**8,505**	8,110	**372,916**	378,851
Capital expenditure	**1,708**	972	**263**	1,859	**157**	172	**2,128**	3,003

4. PROFIT BEFORE TAX

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

	2006	2005
	HK$'000	*HK$'000*
Depreciation*	**4,834**	6,131
Loss on disposal of items of property, plant and equipment	**23**	106
Amortisation of deferred development costs*	**2,156**	2,807
Fair value gains on investment properties***	**(4,192)**	(1,523)
Impairment of trade receivables**	**1,568**	2,512
Impairment of deferred development costs**	**3,678**	–
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss	**(813)**	123
Gain on disposal of listed investments	**(1,409)**	(365)
Dividend income from listed investments	**(256)**	(85)
Bank interest income	**(5,869)**	(3,331)

* The amortisation of deferred development costs of HK$2,156,000 (2005: HK$2,807,000) and depreciation of HK$1,563,000 (2005: HK$940,000) are included in "Cost of sales" on the face of the consolidated income statement.

** These items are included in "Other expenses, net" on the face of the consolidated income statement.

*** This item is included in "Other income and gains" on the face of the consolidated income statement.

5. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**–**	17

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2006	2005
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**240**	250
Overprovision in prior years	**(92)**	(1)
Current – Elsewhere		
Charge for the year	**2,094**	933
Overprovision in prior years	**(309)**	–
Deferred	**–**	(950)
Total tax charge for the year	**1,933**	232

7. DIVIDENDS

	2006 *HK$'000*	2005 *HK$'000*
Proposed final-HK$0.03 (2005: HK$0.01) per ordinary share	**7,950**	2,695
Proposed special-NIL (2005: HK$0.02) per ordinary share	**–**	5,390
	7,950	8,085

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of HK$12,408,000 (2005: HK$8,011,000), and the weighted average number of 269,288,000 (2005: 273,933,000) ordinary shares of the Company in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share amounts for the years ended 31 December 2006 and 2005 have not been disclosed as the exercise price of the Company's outstanding share options is higher than the average market prices of the Company's ordinary shares during the two years and accordingly, the Company's outstanding share options have no dilutive effect.

9. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the balance sheet date, based on the payment due date and net of provisions, is as follows:

	Group	
	2006 *HK$'000*	2005 *HK$'000*
Current	**25,211**	9,972
1 to 3 months	**8,290**	7,967
4 to 6 months	**4,352**	1,622
More than 6 months	**7,327**	1,831
	45,180	21,392

Credit terms

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 and may include cash on delivery, advance payment and on credit. For those customers who trade on credit, the credit period is generally for a period of 90 to 120 days, except for certain well established or major customers, where the terms may extend beyond 120 days. The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by senior management.

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

An aged analysis of the trade payables included in trade payables, other payables and accruals as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Current	**17,013**	16,220
1 to 3 months	**6,183**	1,913
4 to 6 months	**696**	2,729
Over 6 months	**150**	1,320
Total trade payables	**24,042**	22,182
Other payables and accruals	**27,606**	17,634
	51,648	39,816

Included in the Group's other payables as at 31 December 2006 is an acquisition consideration payable of approximately HK$1,715,000 (2005: Nil), representing the additional consideration in connection with the acquisition of certain subsidiaries.

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

Other payables are non-interest-bearing and have an average term of three months.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

For the reporting period, the Group's overall revenue was HK$237.4 million (2005: HK$212.9 million) with increased contribution from all the Group's main business segments, including Integration and Solutions Services, Application Services, and Distribution which contributed 64.9%, 21.9% and 12.6% to the overall revenue respectively. The gross profit also increased to HK$84.4 million (2005: HK$78.9 million) as a result of increased revenue.

The Integration and Solutions Services segment achieved a revenue growth of 13.8% compared with the same period of last year. The growth mainly resulted from the sales of additional infrastructure system upgrades to existing customers, particularly, the financial service sector in China. On top of receiving strong recurring revenue from its existing outsourcing service contracts, the Group also managed to secure new service orders from government organizations as well as commercial customers in Hong Kong during the reporting period. However, the profit from these related businesses was hindered by the high operating cost caused by staff turnover due to the strong market demands on Information Technology ("IT") related work forces in Hong Kong.

The Group has been investing in continuous improvement of its service delivery quality. During the reporting period, the Group achieved Maturity Level 3 of the Capability Maturity Model Integration for Software Engineering ("CMMI-SW"), an internationally recognized software process improvement and software capability evaluation, for its software engineering processes in Hong Kong and Shenzhen. Y&A Professional Services Limited ("Y&A"), the newly acquired subsidiary in November 2006, is also a CMMI-SW Level 2 company. It brings valuable talents to the Group and contributes to an enlarged scale of service operations. The CMMI-SW certification will uplift the Group's profile for gaining new clients and attracting more talents to join the Group. At the same time, leveraging the established quality framework, the Group will expedite its efforts in expanding cost competitive development and support resources in China.

In the last few years, the Group has secured a number of long-term IT outsourcing contracts from the Hong Kong SAR Government (the "HK Government"). These contracts will continue to generate stable service income to the Group. As reported earlier in the interim results, the Group faced certain disputes with the HK Government on certain outstanding payments. Management is glad that these disputes have been settled and most of the related payments are received as of the reporting date. The costs of the settlement have not generated significant impacts to the Group's overall financial results.

During the reporting period, the Group's Integration Services business in China achieved satisfactory results with strong repeated orders from its steadily growing install base. Buoying on top of the strong economy and growth in China, the Group also benefited from its clients' business expansions in various sectors such as financial services, transportation, and manufacturing industries. Furthermore, the service portion of the business in China continues to rise and fertilizes the growth in gross profit margin.

In view of the strong momentum of the China economy, the management anticipated that the demands on IT outsourcing service in China will be growing. The Group will be in an advantageous position to capture this upward trend by replicating its extensive experiences and service offerings in IT solutions outsourcing into the huge China market.

The Group's electronic services, namely Government Electronic Trading Services (GETS) and Electronic Tendering System (ETS), are generating stable transaction and subscription-based incomes for the Group. The promotion program launched during the year has accelerated its expansion into the SME sector and widened the Group's customer base for cross-selling other products and services.

The Group's own-branded human resources management ("HRM") solution sustained its leading position among the enterprise customers and achieved a record-high revenue generated from the sale of software license. Taking advantage of the improved economy in Hong Kong, the Group won a number of major contracts from customers in food and beverages, transportation and professional services sectors.

The Group's distribution business remained weak during the year. However, the Group managed to expand its product portfolios to cover the digital home entertainment related equipment and become less dependent on a single product line.

PROSPECT

The improved financial performance reveals the merit of the transformed business model, which generates revenue from diversified sources of income that have strong recurring natures. The subsequent challenges of the Group are to build the critical mass of its businesses and to improve its operational efficiency in order to maximize its profitability.

To improve the operational efficiency, the Group has been integrating the management and technical resources among its subsidiaries that provide outsourcing services and application development services. In addition, the acquisition of Y&A was another step forward for the Group to further expand its scale in such service offerings.

The Group is also actively exploring opportunities to further expand its enterprise application software portfolio on top of its HRM system. An expanded software portfolio will enable the Group to generate additional recurring maintenance income and to create more opportunities for cross-selling other products and services of the Group.

The economic growth of China has been phenomenal in recent years. The Group will invest more resources to accelerate its business in China through organic growth on top of its solid customer base as well as exploration in business partnerships and acquisitions.

On the other hand, the increase in salary and the shortage of staff in Hong Kong remain to be a concern. The Group will continue to expand its development and support resources in China from which the Group will be able to hire and retain technical resources at a competitive cost structure.

In view of the established strong recurring income streams and the above initiatives being implemented, the outlook of the Group remains prudently optimistic.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

At 31 December 2006, the Group had pledged certain of its investment properties with a carrying value of HK$14.5 million (2005: HK$11.0 million), bank balances of HK$11.7 million (2005: HK$8.0 million) and held-to-maturities securities of HK$0.8 million (2005: HK$5.2 million) to secure certain general bank facilities, guarantees/performance bonds facilities granted to the Group in aggregate of HK$45.0 million (2005: HK$43.0 million) of which HK$12.4 million (2005: HK$10.1 million) had been utilised as of that date.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2006, the Group's bank balances and cash (excluded pledged bank deposit of HK$11.7 million) was HK$163.8 million (2005: HK$171.8 million)

Approximately 97% of the Group's on hand funding is in Hong Kong, Renminbi, and US currencies. The Group has not adopted any hedging policies, as these currencies carry low exchange fluctuation risks.

MATERIAL ACQUISITION OF SUBSIDIARIES

In June 2006, the Group entered into a sale and purchase agreement with a then minority shareholder of a subsidiary to acquire 20% equity interest of Global e-Business Services (BVI) Limited at a consideration of HK$23.4 million.

In addition, in November 2006, the Group acquired 100% equity interest in Waywin Limited which in turn owns 99.993% of Y&A at an initial cash consideration of approximately HK$2.4 million and an additional consideration not exceeding HK$4,675,000, subject to the satisfaction of certain conditions as described in the sale and purchase agreement.

Further details of these transactions are set out in the Company's circulars dated 20 July 2006 and 18 December 2006, respectively.

REMUNERATION POLICY AND NUMBER OF EMPLOYEES

The remuneration policies adopted for the year ended 31 December 2006 are consistent with those disclosed in the Group's 2005 Annual Report. As at 31 December 2006, the Group employed approximately 363 full time employees and 1 contract-based employee (31 December 2005: 299 full time and 34 contract-based employees).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board opined that the Company has complied with the code provision set out in the Code of Corporate Governance Practice (the "CG Code") as stipulated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the reporting year except on the deviations noted below.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive and Mr. Ng Cheung Shing currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive in the same individual provides the Group with strong and consistent leadership and allows for more effective and efficient planning and execution of long-term business strategies.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Independent non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation in accordance with the provisions of the bye-laws of the Company. The Company therefore considers that sufficient measures have been taken to ensure that its corporate governance practices are similar to those provided in the CG Code.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2006, the Company repurchased its own ordinary shares on the Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HK$	*HK$*	*HK$'000*
November 2006	1,128,000	0.70	0.69	789
December 2006	2,762,000	0.80	0.70	2,110
	3,890,000			2,899

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the repurchase of the shares of HK$2,510,000 was charged to contribution surplus.

DIVIDEND AND BOOK CLOSE

The Board has recommended a final dividend of HK3 cents (2005: a final dividend of HK1 cent and a special dividend of HK2 cents) per ordinary share payable to shareholders whose names appear on the register of members of the Company on 25 May 2007. The register of members of the Company will be closed from 21 May 2007 to 25 May 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 18 May 2007. Dividends are expected to be despatched on 28 June 2007.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management of the Company the Group's annual results for the year ended 31 December 2006, including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2006 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on the preliminary announcement.

On behalf of the Board
Ng Cheung Shing
Chairman

Hong Kong, 20 April 2007

As at the date of this announcement, the Board comprises Mr. Ng Cheung Shing, Mr. Leung King San, Sunny and Mr. Ma Mok Hoi as executive directors and Mr. Ha Shu Tong, Dr. Lee Kwok On, Matthew and Mr. Ting Leung Huel, Stephen as independent non-executive directors.

Please also refer to the published version of this announcement in The Standard.