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COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00046)

DISCLOSEABLE TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

THE AGREEMENT

On 30 January 2015, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendors entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the entire issued share capital of the Target Company.

LISTING RULES IMPLICATION

As at least one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreement and the transaction contemplated thereunder exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

WARNING

Shareholders and potential investors of the Company should be aware that the Completion is subject to the satisfaction of various conditions on or before the Completion Date and therefore the Acquisition may or may not take place. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 30 January 2015, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendors entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the entire issued share capital of the Target Company.

The principal terms of the Agreement are set out below:

THE AGREEMENT

Date

30 January 2015 (after trading hours of the Stock Exchange)

Parties

(a) the Purchaser; and

(b) The Vendors.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected person(s) (as defined under the relevant Listing Rules).

Assets to be acquired

Subject to and in accordance with the terms and conditions of the Agreement, the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the entire issued share capital of the Target Company as at the date of this announcement.

Consideration

The Consideration for the Shares is HK$22,944,000 (subject to adjustments mainly with reference to the 2014 financial results of the Target Group to be audited and other warranties adjustments).

The Consideration is payable by the Purchaser to the Vendors in three tranches: (i) the first tranche being 60% of the Consideration will be paid upon Completion; (ii) the second tranche being 85% of the Consideration less the first tranche, subject to the determination of the 2014 audited financial results of the Target Group and collection of certain accounts receivables, will be paid no later than 30 July 2015; and (iii) the third tranche being the balance, subject to certain adjustments, will be paid no later than 30 April 2016.

Basis of the Consideration

The Consideration was agreed between the Company and the Vendors after arm's length negotiations and is determined with reference to the business development and prospects of the Target Group in the medium to long term, the future earning capacity, and the overall operating results and the financial performance of the Target Group, and the downward adjustment to be made to the initial Consideration depending on the 2014 audited financial results of the Target Group. The Directors consider that the Consideration is fair and reasonable taking into account the above factors.

The Consideration will be financed by the Group's internal resources.

Conditions precedent

Completion of the Agreement is conditional upon:

(a) the Purchaser has completed a due diligence exercise in respect of the Target Company and is satisfied with the results; and

(b) the Purchaser has received a tax indemnity deed and other documents as required under the Agreement from the Vendors.

The Company is entitled to waive any of the above conditions precedent. Under the Agreement, the Vendors undertake to the Company to procure the satisfaction of all the conditions on or before 30 April 2015. If any of the conditions has not been fulfilled or waived in writing by the Company within the said period or such later date as the parties may otherwise agree, the Purchaser shall not be obliged to proceed with Completion.

Completion

Subject to the completion of the conditions precedent of the agreement, Completion shall take place on the 13 February 2015 or any other date to be agreed in writing by the parties.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Group. The results and assets and liabilities of the Target Group will be consolidated with, and accounted for as subsidiaries in the Group's consolidated financial statements.

INFORMATION ON THE TARGET COMPANY

The Target Company is principally engaged in the business of the provision of a range of software, solutions and related services to the retailers for the point-of-sale (POS) and related management.

According to the management accounts of the Target Group provided by the Vendors, set out below is the unaudited consolidated results of the Target Group for the financial year ended 31 December 2013 and for the period ended 30 September 2014 prepared under Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2013 unaudited *HK$'000*	**For the period ended 30 September 2014 unaudited** *HK$'000*
Turnover	14,501	11,327
Profit before tax	4,281	3,748
Profit after tax	3,648	3,146

As at 30 September 2014, the unaudited total asset value and net asset value of the Target Group were approximately HK$30.7 million and HK$24.7 million, respectively. Furthermore, the Target Company has distributed a dividend of HK$23.0 million to the Vendors on 28 January 2015.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activity of the Company is investment holding. The Group is involved in the following principal activities:

- provision of enterprise application software and related services, business process outsourcing and e-business;
- provision of system and network integration, information technology solutions development and implementation, and related maintenance services; and
- property and treasury investments.

The Directors are of the view that (i) the Acquisition will enable the Group to offer a wider range of software solutions and create business synergy among its enlarged customer base and hence further improve its software business revenue and recurring income stream; and (ii) the profit contribution from the Target Company will further improve the financial performance of the Group. The Directors consider that the Agreement is entered into after arm's length negotiation between the Company and the Vendors and the terms therein are on normal commercial terms and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at least one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreement and the transaction contemplated thereunder exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The conditions precedent to Completion may or may not be fulfilled or waived in accordance with the terms of the Agreement. Therefore, Completion may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Acquisition"	the proposed acquisition by the Purchaser of the entire issued share capital of the Target Company pursuant to the Agreement
"Agreement"	the conditional sale and purchase agreement entered into between the Purchaser and the Vendors on 30 January 2015 in relation to the Acquisition
"Board"	the board of Directors

"Company"	Computer And Technologies Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
"Completion"	the completion of the Acquisition contemplated under the Agreement
"Completion Date"	the date on which Completion takes place in accordance with the Agreement, which is 13 February 2015, or any other date to be agreed in writing by the parties
"Consideration"	consideration for the Acquisition
"Director(s)"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Computer And Technologies Applications (BVI) Ltd., a limited liability company incorporated under the laws of the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Sanyo Extended System Services Limited, a company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Target Company is owned as to 99.99% by Lam Hou Tack and as to 0.01% by Lo Yuk Wah.
"Target Group"	the Target Company and its subsidiary

"Vendors"	Lam Hou Tack and Lo Yuk Wah, the vendors under the Agreement
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By order of the board of Directors
Computer And Technologies Holdings Limited
Ng Cheung Shing
Chairman

Hong Kong, 30 January 2015

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