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COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00046)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 together with comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000*
REVENUE	*6*	**219,087**	210,762
Cost of sales and services		**(100,430)**	(101,043)
Gross profit		**118,657**	109,719
Other income and gains, net	*6*	**9,383**	11,640
Foreign exchange differences, net		**(9,073)**	(4,481)
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		**(58)**	(30)
Investment properties		**3,200**	8,125
Selling and distribution expenses		**(22,980)**	(23,124)
General and administrative expenses		**(48,231)**	(46,529)
Other expenses		**(821)**	-
PROFIT BEFORE TAX	*7*	**50,077**	55,320

continued/…

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
Year ended 31 December 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
PROFIT BEFORE TAX	*7*	**50,077**	55,320
Income tax expense	*8*	**(5,974)**	(6,529)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**44,103**	48,791
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*	**HK cents**	HK cents
Basic		**18.27**	20.26
Diluted		**18.20**	20.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	Note	**2015** ***HK$'000***	2014 *HK$'000*
PROFIT FOR THE YEAR		**44,103**	48,791
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**(218)**	(693)
Reclassification adjustment for losses included in the consolidated statement of profit or loss			
- loss on disposal	*7*	**414**	581
		196	(112)
Exchange differences on translation of foreign operations		**(2,723)**	(809)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(2,527)**	(921)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Surplus on property revaluation		**2,630**	-
Income tax effect		**(658)**	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**1,972**	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(555)**	(921)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**43,548**	47,870

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**6,919**	10,742
Investment properties	*12*	**66,665**	58,265
Goodwill	*13*	**44,575**	29,211
Other intangible assets	*14*	**6,343**	-
Available-for-sale investments	*15*	**1,880**	6,705
Financial assets at fair value through profit or loss	*17*	**2,507**	1,573
Total non-current assets		**128,889**	106,496
CURRENT ASSETS			
Inventories		**236**	712
Trade and bills receivables	*16*	**33,080**	34,142
Prepayments, deposits and other receivables		**6,128**	5,429
Due from contract customers		**6,340**	3,870
Available-for-sale investments	*15*	**-**	5,075
Financial assets at fair value through profit or loss	*17*	**9,279**	9,299
Tax recoverable		**12,391**	8,030
Pledged bank deposits		**11,239**	6,943
Cash and cash equivalents		**332,120**	342,644
Total current assets		**410,813**	416,144
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*18*	**(58,402)**	(57,811)
Due to contract customers		**(9,270)**	(7,407)
Deferred revenue		**(29,753)**	(22,069)
Tax payable		**(10,738)**	(11,320)
Total current liabilities		**(108,163)**	(98,607)
NET CURRENT ASSETS		**302,650**	317,537
TOTAL ASSETS LESS CURRENT LIABILITES		**431,539**	424,033
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*19*	**(2,921)**	(1,216)
Net assets		**428,618**	422,817

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
31 December 2015

	2015	2014
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**24,419**	24,419
Share premium account	**38,493**	38,493
Shares held under the restricted share award scheme	**(3,019)**	(3,731)
Other reserves	**351,805**	341,928
Proposed final and special dividends	**16,920**	21,708
Total equity	**428,618**	422,817

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to owners of the parent												
					Other reserves								
	Issued capital	Share premium account	Contributed surplus	Shares held under the restricted share award scheme	Share-based payment reserve	Goodwill reserve	Asset revaluation reserve	Available-for-sale investment revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed final and special dividends	Total equity
	HK$'000	*HK$'000*	*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 2014	24,419	38,493	29,619	(4,735)	2,367	(7,227)	–	637	733	6,106	300,365	21,641	412,418
Profit for the year	–	–	–	–	–	–	–	–	–	–	48,791	–	48,791
Other comprehensive income for the year:													
Changes in fair value of available-for-sale investments	–	–	–	–	–	–	–	(112)	–	–	–	–	(112)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	(809)	–	–	(809)
Total comprehensive income for the year	–	–	–	–	–	–	–	(112)	–	(809)	48,791	–	47,870
Vesting of shares held under the restricted share award scheme	–	–	–	1,004	(1,004)	–	–	–	–	–	–	–	–
Share award arrangements	–	–	–	–	1,065	–	–	–	–	–	–	–	1,065
Final and special 2013 dividends declared	–	–	(26)	–	–	–	–	–	–	–	–	(21,641)	(21,667)
Interim 2014 dividend	–	–	(16,869)	–	–	–	–	–	–	–	–	–	(16,869)
Proposed final and special 2014 dividends	–	–	(12,724)	–	–	–	–	–	–	–	(8,984)	21,708	–
At 31 December 2014	24,419	38,493	–	(3,731)	2,428	(7,227)	–	525	733	5,297	340,172	21,708	422,817

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

Year ended 31 December 2015

	Attributable to owners of the parent												
					Other reserves								
	Issued capital	Share premium account	Contributed surplus	Shares held under the restricted share award scheme	Share-based payment reserve	Goodwill reserve	Asset revaluation reserve	Available-for-sale investment revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed final and special dividends	Total equity
	HK$'000	*HK$'000*	*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 2015	24,419	38,493	–	(3,731)	2,428	(7,227)	–	525	733	5,297	340,172	21,708	422,817
Profit for the year	–	–	–	–	–	–	–	–	–	–	44,103	–	44,103
Other comprehensive income for the year:													
Changes in fair value of available-for-sale investments	–	–	–	–	–	–	–	196	–	–	–	–	196
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	(2,723)	–	–	(2,723)
Surplus on revaluation of a building upon transfer to investment property	–	–	–	–	–	–	1,972	–	–	–	–	–	1,972
Total comprehensive income for the year	–	–	–	–	–	–	1,972	196	–	(2,723)	44,103	–	43,548
Vesting of shares held under the restricted share award scheme	–	–	–	712	(712)	–	–	–	–	–	–	–	–
Share award arrangements	–	–	–	–	888	–	–	–	–	–	–	–	888
Final and special 2014 dividends declared	–	–	–	–	–	–	–	–	–	–	(20)	(21,708)	(21,728)
Interim 2015 dividend	–	–	–	–	–	–	–	–	–	–	(16,907)	–	(16,907)
Proposed final 2015 dividend	–	–	–	–	–	–	–	–	–	–	(16,920)	16,920	–
At 31 December 2015	24,419	38,493	–	(3,019)	2,604	(7,227)	1,972	721	733	2,574	350,428	16,920	428,618

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**50,077**	55,320
Adjustments for:			
Bank interest income	*6*	**(8,849)**	(11,405)
Dividend income from listed investments	*6*	**(629)**	(605)
(Gain)/loss on disposal of items of property, plant and equipment	*7*	**(243)**	25
(Gain)/loss on disposal of financial assets at fair value through profit or loss	*6*	**(24)**	44
Fair value losses/(gains), net:			
Available-for-sale investments (transfer from equity on disposal)	*6*	**414**	581
Financial assets at fair value through profit or loss	*7*	**58**	30
Investment properties	*7*	**(3,200)**	(8,125)
Depreciation	*7*	**2,544**	1,963
Impairment of trade receivables	*7*	**319**	437
Reversal of impairment of trade receivables	*7*	**(338)**	(224)
Amortisation of other intangible assets	*7*	**821**	-
Equity-settled share-based payment expense		**888**	1,065
		41,838	39,106
Decrease in inventories		**476**	9,500
Decrease/(increase) in trade and bills receivables		**3,400**	(11,144)
(Increase)/decrease in amounts due from contract customers		**(2,470)**	1,275
(Increase)/decrease in prepayments, deposits and other receivables		**(304)**	602
Decrease in trade payables, other payables and accruals		**(4,614)**	(7,875)
Increase in amounts due to contract customers		**1,863**	2,399
Increase in deferred revenue		**3,958**	3,871
Cash generated from operations		**44,147**	37,734
Hong Kong profits tax paid		**(10,973)**	(8,118)
Overseas taxes paid		**(98)**	(39)
Net cash flows from operating activities		**33,076**	29,577

continued/…

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
Year ended 31 December 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
Net cash flows from operating activities		**33,076**	29,577
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		**8,849**	11,405
Dividends received from listed investments		**629**	605
Purchases of items of property, plant and equipment		**(1,448)**	(6,312)
Purchases of listed investments		**(2,532)**	(3,000)
Acquisition of subsidiaries	*20*	**(14,988)**	-
Proceeds from disposal of items of property, plant and equipment		**439**	2
Proceeds from disposal of financial assets at fair value through profit or loss		**1,584**	10,039
Proceeds from disposal of available-for-sale investments		**9,682**	29,600
Decrease in pledged bank deposits		**1,332**	1,274
Decrease/(increase) in non-pledged bank deposits with original maturity of more than three months when acquired		**25,381**	(885)
Net cash flows from investing activities		**28,928**	42,728
CASH FLOWS FROM A FINANCING ACTIVITY			
Dividends paid		**(38,635)**	(38,536)
Net cash flows used in a financing activity		**(38,635)**	(38,536)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**23,369**	33,769
Cash and cash equivalents at beginning of year		**291,891**	258,962
Effect of foreign exchange rate changes, net		**(2,884)**	(840)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**312,376**	291,891
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position		**332,120**	342,644
Pledged deposits for banking facilities granted by a bank with original maturity of less than three months when acquired		**7,650**	2,022
Non-pledged time deposits with original maturity of more than three months when acquired		**(27,394)**	(52,775)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**312,376**	291,891

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 related services, business process outsourcing, e-business, and related maintenance services;
- provision of system and network integration, information technology ("IT") solutions development and implementation, and related maintenance services; and
- property and treasury investments.

2. BASIS OF PREPARATION

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") and 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, available-for-sale investments and financial assets at fair value through profit or loss which have been measured at fair value. These 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 2015. 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 in the accounting policy for subsidiaries below. 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)*

Basis of consolidation *(continued)*

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) 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. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements HKFRSs 2010-2012 Cycle
Annual Improvements HKFRSs 2011-2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the application services segment that primarily engages in the provision of enterprise applications software and related operation outsourcing, business process outsourcing and e-business, and related maintenance services;

(b) the integration and solutions services segment that primarily engages in the sales of computer networks and system platforms, and the provision of system and network integration, IT solutions development and implementation, and related maintenance services; and

(c) the investments segment that primarily engages in various types of investing activities including, inter alia, property investment for rental income and/or for capital appreciation and treasury investment in securities for dividend income and interest income and/or for capital appreciation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that unallocated interest income, unallocated other income and gains, net, unallocated foreign exchange differences, net, corporate and other unallocated depreciation, corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude 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.

5. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments

	Application Services		Integration and Solutions Services		Investments		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**95,946**	89,043	**120,082**	117,814	**3,059**	3,905	**219,087***	210,762*
Other income and gains, net	**52**	48	**128**	3	**354**	(11)	**534**^	40^
Total	**95,998**	89,091	**120,210**	117,817	**3,413**	3,894	**219,621**	210,802
Segment results	**42,210**	38,184	**29,143**	24,195	**6,178**	12,036	**77,531**	74,415
Reconciliation:								
Unallocated interest income							**8,849**^	11,405^
Unallocated other income and gains, net							**-**^	195^
Unallocated foreign exchange differences, net							**(9,073)**	(4,481)
Corporate and other unallocated depreciation							**(1,842)**	(1,002)
Corporate and other unallocated expenses							**(25,388)**	(25,212)
Profit before tax							**50,077**	55,320
Segment assets	**67,576**	42,973	**27,481**	28,643	**81,309**	84,526	**176,366**	156,142
Reconciliation:								
Corporate and other unallocated assets							**363,336**	366,498
Total assets							**539,702**	522,640
Segment liabilities	**53,318**	42,855	**36,382**	37,453	**845**	820	**90,545**	81,128
Reconciliation:								
Corporate and other unallocated liabilities							**20,539**	18,695
Total liabilities							**111,084**	99,823

* *This represents the consolidated revenue of HK$219,087,000 (2014: HK$210,762,000) in the consolidated statement of profit or loss.*

^ *These comprise the consolidated other income and gains, net, of HK$9,383,000 (2014: HK$11,640,000) in the consolidated statement of profit or loss.*

5. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

	Application Services		Integration and Solutions Services		Investments		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	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	**–**	–	**–**	–	**3,200**	8,125	**3,200**	8,125
Net fair value losses on financial assets at fair value through profit or loss	**–**	–	**–**	–	**(58)**	(30)	**(58)**	(30)
Amortisation of other intangible assets	**821**	–	**–**	–	**–**	–	**821**	–
Depreciation	**329**	371	**314**	495	**59**	94	**702**	960
Corporate and other unallocated depreciation							**1,842**	1,003
							2,544	1,963
Impairment losses recognised/(reversed) in the consolidated statement of profit or loss, net*	**166**	180	**(185)**	33	**–**	–	**(19)**	213
Capital expenditure**	**274**	404	**988**	109	**–**	–	**1,262**	513
Corporate and other unallocated capital expenditure							**229**	6,999
							1,491	7,512

* *Including impairment losses recognised in the consolidated statement of profit or loss attributable to the application services segment and the integration and solutions services segment of HK$319,000 (2014: HK$229,000) and nil (2014: HK$208,000), respectively, and impairment losses reversed in the consolidated statement of profit or loss attributable to the application services segment and the integration and solutions services segment of HK$153,000 (2014: HK$49,000) and HK$185,000 (2014: HK$175,000), respectively.*

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

5. OPERATING SEGMENT INFORMATION *(continued)*

(b) Geographical information

	Hong Kong		Mainland China		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(i) Revenue from external customers						
Segment revenue:						
Sales to external customers	**202,149**	174,594	**16,938**	36,168	**219,087**	210,762

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

(ii) Non-current assets

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**112,565**	88,729
Mainland China	**11,937**	9,489
	124,502	98,218

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

(c) Information about major customers

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

For the year ended 31 December 2015, revenue from a major customer of HK$62,445,000 (2014: HK$58,669,000) was derived from the application services segment, integration and solutions services segment.

6. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the aggregate of the invoiced value of goods sold, net of trade discounts, returns and business tax, where applicable; fees earned from the provision of enterprise applications software, related operation outsourcing, business process outsourcing, e-business, system and network integration, IT solutions development and implementation and related services; fees earned from the provision of maintenance services; gross rental income earned from investment properties; and interest income earned from treasury investments during the year.

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

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Provision of enterprise applications software and related operation outsourcing, business process outsourcing and e-business, and related maintenance services	**95,946**	89,043
Sales of computer networks and system platforms, and the provision of system and network integration, IT solutions development and implementation, and related maintenance services	**120,082**	117,814
Gross rental income from investment properties and interest income from treasury investments	**3,059**	3,905
	219,087	210,762
Other income and gains, net		
Bank interest income	**8,849**	11,405
Dividend income from listed investments	**629**	605
Fair value losses, net:		
Available-for-sale investments (transfer from equity on disposal)	**(414)**	(581)
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**24**	(44)
Gain on disposal of items of property, plant and equipment	**243**	-
Others	**52**	255
	9,383	11,640

7. PROFIT BEFORE TAX

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

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories sold	**61,249**	67,908
Cost of services provided	**39,165**	33,120
Depreciation[*]	**2,544**	1,963
Amortisation of other intangible assets[#]	**821**	-
Loss/(gain) on disposal of items of property, plant and equipment	**(243)**	25
Impairment of trade receivables	**319**	437
Reversal of impairment of trade receivables	**(338)**	(224)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**111**	92
Fair value losses/(gains), net:		
Available-for-sale investments (transfer from equity on disposal)	**414**	581
Financial assets at fair value through profit or loss	**58**	30
Investment properties	**(3,200)**	(8,125)

[*] *Depreciation for the year of HK$16,000 (2014: HK$15,000) 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$821,000 (2014: Nil) is included in "Other expenses" on the face of the consolidated statement of profit or loss.*

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) 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.

	2015	2014
	HK$'000	*HK$'000*
Current - Hong Kong		
Charge for the year	**8,256**	6,631
Under/(over)provision in prior years	**535**	(330)
Current - Elsewhere		
Charge for the year	**23**	147
Overprovision in prior years	**(2,705)**	-
Deferred (note 19)	**(135)**	81
Total tax charge for the year	**5,974**	6,529

In the prior year, the Hong Kong Inland Revenue Department (the "IRD") had issued a protective assessment to a subsidiary of the Company demanding tax of approximately HK$2,260,000 for the year of assessment 2007/08. An enquiry letter was issued to that subsidiary on the same day regarding, inter alia, the nature and the deductibility of certain expenditure/expenses. The subsidiary had objected to the protective assessment and a written notice of objection had been filed to the IRD, at the same time, the subsidiary had purchased a tax reserve certificate at the request of the IRD.

8. INCOME TAX *(continued)*

During the current year, the IRD has issued a protective assessment to that subsidiary of the Company demanding tax of approximately HK$2,354,000 for the year of assessment 2008/09. A further enquiry letter was issued to that subsidiary to request for additional information and documents regarding the nature and the deductibility of those abovementioned expenditure/expenses. The subsidiary has objected to the protective assessment and a written notice of objection has been filed to the IRD. The subsidiary has purchased a tax reserve certificate at the request of the IRD and filed a reply to the enquires from the IRD.

Subsequent to the end of the reporting period, on 8 March 2016, the IRD has further issued a protective assessment to that subsidiary of the Company demanding tax of approximately HK$2,008,000 for the year of assessment 2009/10. A further enquiry letter was issued to that subsidiary to request for additional information and documents in relation to the reply submitted by the subsidiary. The subsidiary will lodge an objection to the IRD against the protective assessment and is in the process of gathering additional information and documents requested in support of the deduction claim.

In the opinion of the directors of the Company, it is not practicable at this stage to estimate reliably the outcome of the deduction claim and therefore, the financial effect (including the amount or timing thereof, if any) of the foregoing enquiries. However, the directors believe that except for certain insignificant tax adjustments, the effect of which has been reflected in the current and prior years' profit or loss of the Group, and subject to availability of the required evidence, the subsidiary has valid grounds to support the deductibility of those expenditure/expenses. Accordingly, no further provision for Hong Kong profits tax is considered necessary at this stage.

9. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Interim - HK$0.07 (2014: HK$0.07) per ordinary share	**17,093**	17,094
Less: Dividend for shares held under the Company's restricted share award scheme	**(186)**	(225)
	16,907	16,869
Proposed final - HK$0.07 (2014: HK$0.07) per ordinary share	**17,094**	17,094
Less: Dividend for shares held under the Company's restricted share award scheme	**(174)**	(210)
	16,920	16,884
Proposed special - Nil (2014: HK$0.02) per ordinary share	**-**	4,884
Less: Dividend for shares held under the Company's restricted share award scheme	**-**	(60)
	-	4,824
	33,827	38,577

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

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

The calculation of 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 241,422,214 (2014: 240,797,913) in issue during the year, as adjusted to exclude the shares held under the restricted share award scheme of the Company.

The calculation of 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 scheme of the Company and the deemed vesting of all dilutive restricted shares of the Company awarded under the restricted share award scheme of the Company into ordinary shares.

The calculation 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.

Shares

	Number of shares	
	2015	2014
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**241,422,214**	240,797,913
Effect of dilution - weighted average number of ordinary shares:		
Restricted shares awarded under the Company's restricted share award scheme	**874,830**	1,504,624
	242,297,044	242,302,537

11. PROPERTY, PLANT AND EQUIPMENT

	2015	2014
	HK$'000	*HK$'000*
Net carrying amount, as at 1 January	**10,742**	5,244
Additions	**1,448**	7,512
Disposals (net book value)	**(196)**	(27)
Surplus on revaluation	**2,630**	–
Transfer to investment properties	**(5,200)**	–
Acquisition of subsidiaries (note 20)	**43**	–
Depreciation provided during the year	**(2,544)**	(1,963)
Exchange realignment	**(4)**	(24)
Net carrying amount, as at 31 December	**6,919**	10,742

12. INVESTMENT PROPERTIES

	2015	2014
	HK$'000	*HK$'000*
Carrying amount at 1 January	**58,265**	50,140
Net gain from a fair value adjustment	**3,200**	8,125
Transfer from owner-occupied property	**5,200**	-
Carrying amount, as at 31 December	**66,665**	58,265

13. GOODWILL

	HK$'000
At 31 December 2014	
Cost and carrying amount at 1 January 2014 and 31 December 2014	29,211
At 31 December 2015	
Cost and carrying amount at 1 January 2015	29,211
Acquisition of subsidiaries (note 20)	15,364
Carrying amount at 31 December 2015	44,575

14. OTHER INTANGIBLE ASSETS

	Deferred development costs	**Customer relationships**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 31 December 2015			
Cost at 1 January 2015, net of accumulated amortisation	**-**	**-**	**-**
Acquisition of subsidiaries (note 20)	**-**	**7,164**	**7,164**
Amortisation during the year	**-**	**(821)**	**(821)**
At 31 December 2015	**-**	**6,343**	**6,343**

14. OTHER INTANGIBLE ASSETS *(continued)*

	Deferred development costs *HK$'000*	Customer relationships *HK$'000*	Total *HK$'000*
At 31 December 2015:			
Cost	**13,026**	**7,164**	**20,190**
Accumulated amortisation and impairment	**(13,026)**	**(821)**	**(13,847)**
Net carrying amount	**-**	**6,343**	**6,343**
At 31 December 2014			
Cost at 1 January 2014 and 31 December 2014, net of accumulated amortisation and impairment	**-**	**-**	**-**
At 31 December 2014:			
Cost	13,026	-	13,026
Accumulated amortization and impairment	(13,026)	-	(13,026)
Net carrying amount	-	-	-

15. AVAILABLE-FOR-SALE INVESTMENTS

	2015 *HK$'000*	2014 *HK$'000*
Debt investments, at fair value	**-**	9,880
Club membership debenture, at fair value	**1,880**	1,900
	1,880	11,780
Portion classified as current assets	**-**	(5,075)
Portion classified as non-current assets	**1,880**	6,705

During the year, the net loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$218,000 (2014: HK$693,000).

16. TRADE AND BILLS RECEIVABLES

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**20,867**	20,856
1 to 3 months	**9,631**	9,572
4 to 6 months	**858**	3,698
7 to 12 months	**1,724**	16
	33,080	34,142

For system integration projects and the provision of maintenance services and software development services, the Group's trading terms with its customers vary from contract to contract or depending on the specific arrangements with individual customers, and may include cash on delivery, advance payment and on credit. For those customers who trade on credit, the overall credit period is generally within 120 days, except for certain projects with longer implementation schedules where the period may extend beyond 120 days, or may be extended for major or specific customers. The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest-bearing.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	*HK$'000*
Debt investments, at market value	**2,507**	1,573
Listed equity investments in Hong Kong, at market value	**9,279**	9,299
	11,786	10,872
Portion classified as current assets	**(9,279)**	(9,299)
Portion classified as non-current assets	**2,507**	1,573

The debt investments were designated upon initial recognition as financial assets at fair value through profit or loss as they are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the investments is provided internally on that basis to the Group's key management personnel.

The listed equity investments were all included under current assets at 31 December 2015 and 31 December 2014 and were classified as held for trading.

18. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**16,886**	21,276
Other payables	**25,306**	23,376
Accruals	**12,768**	13,159
Consideration payable on acquisition of subsidiaries (note 20)	**3,442**	-
	58,402	57,811

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

	2015	2014
	HK$'000	*HK$'000*
Within 1 months	**15,454**	18,480
1 to 3 months	**812**	2,035
4 to 6 months	**100**	178
Over 6 months	**520**	583
	16,886	21,276

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

19. DEFERRED TAX

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

Deferred tax liabilities

	2015			
	Revaluation of properties	**Fair value adjustments arising from acquisition of subsidiaries**	**Withholding taxes**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2015	**720**	**-**	**496**	**1,216**
Acquisition from subsidiaries (note 20)	**-**	**1,182**	**-**	**1,182**
Deferred tax charged to equity	**658**	**-**	**-**	**658**
Deferred tax credited to the consolidated statement of profit or loss during the year (note 8)	**-**	**(135)**	**-**	**(135)**
At 31 December 2015	**1,378**	**1,047**	**496**	**2,921**

19. DEFERRED TAX *(continued)*

	2014			
	Revaluation of properties *HK$'000*	Fair value adjustments arising from acquisition of subsidiaries *HK$'000*	Withholding taxes *HK$'000*	Total *HK$'000*
At 1 January 2014	639	-	496	1,135
Deferred tax charged to the consolidated statement of profit or loss during the year (note 8)	81	-	-	81
At 31 December 2014	720	-	496	1,216

20. BUSINESS COMBINATION

On 6 February 2015, the Group acquired the entire equity interest in Sanyo Extended System Services Limited ("Sanyo Extended"). Sanyo Extended and its subsidiary (collectively "Sanyo Extended Group") are engaged in the provision of a range of software, solutions and related services to the retailers for the point-of-sale (POS) and related management. The Group has acquired Sanyo Extended Group to further expand its application services business and to extend the existing product offering. The purchase consideration of approximately HK$22,944,000 for the acquisition was payable in three tranches in the form of cash.

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

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment (note 11)	43
Cash and bank balances	4,514
Trade receivables	2,319
Prepayments, deposits and other receivables	395
Other payables and accruals	(1,763)
Deferred revenue	(3,726)
Tax payable	(184)
Total identifiable net assets at fair value	1,598
Goodwill on acquisition (note 13)	15,364
Other intangible assets arising from the acquisition (note 14)	7,164
Deferred tax liabilities arising from the acquisition (note 19)	(1,182)
Total cost of the business combination	22,944
Satisfied by:	
Cash	19,502
Acquisition consideration payable (note 18)	3,442
Total cost of the business combination	22,944

20. BUSINESS COMBINATION *(continued)*

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK$2,319,000 and HK$395,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK$2,369,000 and HK$395,000 respectively, of which trade receivables of HK$50,000 were expected to be uncollectible.

Included in the goodwill of HK$15,364,000 recognised above was the value of expected synergies arising from combining operations of the Group and Sanyo Extended Group. None of the goodwill recognised was expected to be deductible for income tax purposes.

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

	HK$'000
Cash consideration paid	(19,502)
Cash and bank balances acquired	4,514
Net outflow of cash and cash equivalents included in cash flows from investing activities	(14,988)

Since the acquisition, Sanyo Extended Group contributed HK$12,115,000 to the Group's turnover and HK$3,120,000 to the consolidated profit for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been HK$220,461,000 and HK$44,677,000, respectively.

21. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 12) under operating lease arrangements, with leases negotiated for terms ranging from one to two years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**1,871**	2,128
In the second to fifth years, inclusive	**348**	1,379
	2,219	3,507

21. OPERATING LEASE ARRANGEMENTS *(continued)*

(b) As lessee

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

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**4,633**	3,919
In the second to fifth years, inclusive	**7,058**	11,146
	11,691	15,065

22. EVENTS AFTER THE REPORTING PERIOD

On 21 December 2015, the Group entered into a sale and purchase agreement (the "Agreement") with Platinum China Holding Inc.. Subject to the fulfillment of certain terms and conditions as stated in the Agreement, the Group would acquire the entire equity interest in Platinum China Limited ("Platinum" and together with its subsidiary, "Platinum Group"), which is engaged in the provision of solutions on human resources management specifically designed to meet the business and regulatory requirements in the PRC, to further expand its application services business. The purchase consideration of US$17.6 million (equivalent to approximately HK$136.4 million) was in the form of cash. The transaction was completed on 4 January 2016.

Upon completion of the transaction on 4 January 2016, Platinum Group became a wholly-owned subsidiary of the Group. Further details of the transaction are set out in an announcement of the Company dated 21 December 2015.

Because the acquisition of Platinum Group was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

23. APPROVAL OF THE FINANCIAL STATEMENTS

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

OVERVIEW

On behalf of the board of directors (the "Board") of Computer And Technologies Holdings Limited (the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015.

The Group's overall revenue grew by HK$8.3 million, or 3.9% to HK$219.1 million (2014: HK$210.8 million). The gross profit margin reached its record high to 54.2% (2014: 52.1%) and the overall gross profit rose by HK$8.9 million, or 8.1% to HK$118.7 million (2014: HK$109.7 million). The Board is delighted to see that the Group's business transformation toward a proprietary software and high value added solution services oriented provider is on the right track with improving result.

On the other hand, the Group's profit was significantly impacted by the high volatilities in Renminbi ("RMB") currency and decrease in other non-operating incomes during the reporting year. In particular, the Group's foreign exchange loss was increased by HK$4.6 million, or 102.5% to HK$9.1 million (2014: HK$4.5 million) while the investment properties valuation gain was dropped by HK$4.9 million, or 60.6% to HK$3.2 million (2014: HK$8.1 million). In addition, the Group also incurred investment of approximately HK$4.6 million in research and development ("R&D") of software products during the reporting year. As a combined result of the above factors, the Group encountered a setback in consolidated net profit attributable to shareholders of 9.6% to HK$44.1 million (2014: HK$48.8 million). The basic earnings per share was 18.27 HK cents (2014: 20.26 HK cents) or a decrease of 9.8% compared with last year.

During 2015, the Group had generated net cash inflows of HK$33 million from its operating activities. Subsequent to the end of the reporting year, the Group had invested over HK$137 million from internal resources to acquire a leading HRM[1] software provider in the Mainland China. The Group continues to maintain a robust liquidity position after such acquisition.

In view of the healthy financial position, the Board recommended the distribution of a final dividend of 7 HK cents (2014: final dividend of 7 HK cents and special dividend of 2 HK cents) per ordinary share. Combined with the interim dividend of 7 HK cents (2014: 7 HK cents), the full year dividend payout amounts to 14 HK cents.

BUSINESS REVIEW

Application Software

Leveraging the Group's expansion strategy, the Application Software[1] business managed to delivery an improved performance in 2015.

The revenue contributions of the Group's HRM[1], EIM[1] and EPM[1] businesses were stably maintained during the year. Building on strong customer base with recurring business and ongoing maintenance and service incomes, the Group continued to expand its business coverage and secured new orders from both new and existing customers in various industries.

On top of organic growth, the Group had taken steps forward to expand its Application Software business by acquiring the entire issued shares of Sanyo Extended System Services Limited ("Sanyo Extended") and Platinum China Limited ("Platinum" and together with its subsidiary, "Platinum Group"), in February 2015 and January 2016 respectively.

Sanyo Extended is a well-established ERM[1] solutions company in Hong Kong specialized in point-of-sale and related software and services. Its flagship product, ChainStore2000, is empowering more than one thousand sales outlets of different customers in Europe, Southeast Asia, Japan, Korea, China and Hong Kong.

The management is contented to see the well progressed integration of Sanyo Extended's resources into the Group's Application Software team. Since the acquisition, Sanyo Extended contributed HK$12.1 million and HK$3.1 million to the Group's turnover and the consolidated profit for the year, respectively.

BUSINESS REVIEW *(continued)*

Application Software *(continued)*
With more than 20 years of experience in offering professional HRM solutions, Platinum Group is equipped with a strong and vibrant team of close to one hundred talents in the Mainland China, a comprehensive HRM software suite with proven track records and a reputable brand. Its flagship product, Platinum HRM software suite, provides a comprehensive set of functional modules specifically designed to meet the business and regulatory requirements in the PRC and is supporting a large install base of enterprise customers throughout Mainland China and Hong Kong.

The Board considered that these acquisitions will generate great synergy with the Group's existing business. They will not only substantially increase the revenue and profit of the Group's application software business but also further enlarge its customer base with strong recurring income. Besides, the well establishments of the Platinum Group in the PRC market will enhance the Group's market presence with great expansion opportunities. Coupling with the Group's existing business in the HRM software market, the acquisition will enlarge the Group's market share and fuel the Group's leadership position in the related market of the region.

In addition, the Group had been deploying additional resources in R&D to develop the next generation enterprise application platform which allows the Group's existing product suites to be integrated and configured to meet different customers' requirements and at the same time handle multiple-user interfaces including different mobile devices. Such platform is also aiming to enable our software suites to be delivered on customers' premises or on cloud. The management considered that such platform will meet the future technology trend and customer demands and improve the competitiveness of the Group. While the increased R&D spending may lower the overall profit in short term, the management believed that the related investment will create significant benefits to the Group in long run.

Solutions and Integration Services
Solution Services[2] business continued its success and managed to deliver a result with double-digit growth for two consecutive years, amid a highly competitive business environment and a static market.

During the year under review, Solutions Services business continued to secure numerous new projects from various government departments of HKSAR and large commercial conglomerates. In particular, the Group had successfully renewed a multi-year service contract amounting over HK$335 million for the maintenance of the Customer Care and Billing System for the Water Supplies Department of the Government of HKSAR. In addition, the Group had also concluded multi-year outline agreements with a giant utility company in Hong Kong during the reporting year. With these engagements and the other long term contracts on hand, the Group's Solution Services business is maintaining a strong market position with increasing recurring service revenue.

In addition, the Group had strengthen its management team by recruiting a well experienced executive to take charge of the Group's Solutions and Integration Services[3] business. Leveraging the expertise of the management team, the Group will devote more resources to build up the related implementation teams and further expand its Solution Services business in the Greater China region.

e-Service and related business
The profit contributions of GETS[4] and BPO[5] business remained stable during the reporting year.

Despite the overall import and export trade declarations volume was decreased during the reporting year, the Group's GETS business managed to keep a stable market share. The related profit contributions had also been maintained through enlarging its business coverage and enhancing its operation efficiency. In addition, the Group is also in the process of extending its existing GETS license with the HKSAR Government for additional years of services.

The Group's BPO business had successfully renewed a multi-year contract with a leading trade promotion organization in Hong Kong. The management believes such business will continue to bring stable income to the Group in the coming years.

Investments
The Group's investments segment recorded a segment gain of HK$6.2 million (2014: HK$12.0 million). The worsen segment result was mainly driven by the decrease of fair value gain of the investment properties held.

PROSPECT

The global economy is forecasted to be complex and full of uncertainties with risks of downturn. The growth of China's economy is also projected to be slowing down. Taking account of the uncertainties, the Group will be alerted to the risk management and be prepared to response to the rapid changes in the economic environment. Leveraging the strong recurring revenue streams generating from its core businesses and the robust financial position, the Group will devote more resources in its software and solutions business, enlarge its business coverage and continues to pursue for suitable acquisition opportunities in the region in order to accelerate its business growth.

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

[2] The Group's Solutions Services business includes (i) Development Services for the provision of IT solutions implementation and application software development; and (ii) Managed Services for the provision of IT and related operation/infrastructure outsourcing services.

[3] The Group's Integration Services business covers the provision of IT systems and network infrastructure with related design, implementation and on-going support services.

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

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

FINANCIAL REVIEW

Revenue

The Group's turnover slightly increased by 3.9% to HK$219.1 million (2014: HK$210.8 million). The increase in revenue was mainly due to the contribution from both the Group's Application Software and Solutions Services business during the reporting year.

Gross profit

The Group's gross profit for the reporting year increased by 8.1% to HK$118.7 million (2014: HK$109.7 million) while the overall gross profit margin has reached its record high to 54.2% (2014: 52.1%).

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

Non-operating incomes and gains (included other incomes and gains, net, foreign exchange differences, net, and fair value gains/(losses), net) recorded a significant decrease of 77.4% to HK$3.5 million (2014: HK$15.3 million). The decrease was mainly due to a mixed result of the followings.

Bank interest income

Bank interest income was dropped by 22.4% to HK$8.8 million (2014: HK$11.4 million) as the interest rate offered for RMB was kept decreasing during the year.

Foreign exchange differences, net

The foreign exchange loss was significantly increased to HK$9.1 million (2014: HK$4.5 million) as the exchange rate of RMB against HKD was depreciated for more than 6% during the year under review.

Fair value gain on investment properties

The continuous appreciation in the investment properties held by the Group attributed to the fair value gain of HK$3.2 million on the investment properties, however the gain was 60.6% or HK$4.9 million lower than last year.

FINANCIAL REVIEW *(continued)*

Expenses
The Group's selling and distribution expenses kept constant from same period last year.

Primarily due to the consolidation of expenses of newly acquired ERM business from February 2015, the Group's general and administrative expenses (including other expenses) increased by 5.4% to HK$49.1 million.

Income tax expense
Income tax expense decreased from HK$6.5 million last year to HK$6.0 million this year. The decrease was primarily attributable to the reversal of tax overprovision carried forward in prior years. The tax charge at the Group's effective tax rate was around 11.9% in 2015, comparing with 11.8% in 2014. The effective tax rate was lower than the Hong Kong statutory profits tax rate because part of the income and gains, including dividend, bank interest incomes generated in Hong Kong and fair value gain arising from the revaluation of investment properties located in Hong Kong, were not subject to the Hong Kong profits tax.

Net profit
Profit for the year attributable to shareholders decreased 9.6% to HK$44.1 million (2014: HK$48.8 million) while the net profit margin (profit for the year attributable to shareholders divided by revenue) was decreased to 20.1% (2014: 23.1%). The decrease in net profit margin was in sync with significant decrease in non-operating incomes and gains, net, as mentioned.

Non-Current Assets
The Group's non-current assets as at 31 December 2015 went up to HK$128.9 million (2014: HK$106.5 million). The change was mainly attributable to the recognition of a goodwill and an intangible asset arising from the acquisition of Sanyo Extended in early 2015.

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

Current Assets
The Group's current assets as at 31 December 2015 decreased slightly by 1.3% to HK$410.8 million. The change was in line with the decrease in cash and cash equivalents as there were progress payments made for the acquisition of Sanyo Extended in current year.

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

Current Liabilities
The Group's current liabilities as at 31 December 2015 increased by 9.7% to HK$108.2 million. The increase was primarily due to the recognition of deferred income arising from various maintenance services to be provided by the Group.

Segment Assets and Liabilities
Segment assets and segment liabilities of Applications Services business increased mainly due to the acquisition of Sanyo Extended in early 2015.

Segment assets and segment liabilities of Integration and Solutions Services business decreased due to the continual downsizing of the Group's Integration business.

Segment assets of Investments business decreased due to the net effect of (i) the appreciation in value of investment properties held and (ii) the decrease in investments held under available-for-sale investments and financial assets at fair value through profit or loss.

Equity
Total equity as at 31 December 2015 slightly increased by 1.4% to HK$428.6 million (31 December 2014: HK$422.8 million). The change was mainly a result of the retention of the net profit earned in 2015, partially offset by the reclassification of 2014 final and special dividends to current liability upon the approval of the dividends at the annual general meeting held in June 2015 and the declaration of interim dividend in August 2015.

PLEDGE OF ASSETS

As at 31 December 2015, the Group had pledged an investment property with a fair value of HK$56.0 million (2014: HK$52.8 million), listed debt and equity securities of HK$11.8 million (2014: HK$10.9 million) and bank balances of HK$11.2 million (2014: HK$6.9 million) to secure certain general bank facilities including guarantee/performance bonds facilities granted to the Group in aggregate of HK$131.0 million (2014: HK$134.0 million) of which HK$21.2 million (2014: HK$5.4 million) have been utilised as at 31 December 2015.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2015, the Group's bank balances and cash (excluded pledged bank deposit of HK$11.2 million) was HK$332.1 million (2014: HK$342.6 million).

All of the Group's on hand fundings are in Hong Kong dollars, Renminbi and US dollars. The Group has not adopted any hedging policies, as these currencies carry relatively low exchange fluctuation risks. Nevertheless, the Group monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure to minimise exchange risk should the need arise.

As at 31 December 2015, the Group had no bank borrowings (2014: Nil). The Group's current ratio representing current assets divided by current liability was 3.8 (2014: 4.2) and the gearing ratio, representing total liabilities divided by total assets, was 20.6% (2014: 19.1%).

REMUNERATION POLICY AND NUMBER OF EMPLOYEES

The Group remunerates its employees based on their performance, working experience and prevailing market conditions.

The remuneration policies adopted for the year ended 31 December 2015 are consistent with those disclosed in the Group's 2014 Annual Report. As at 31 December 2015, the Group employed 261 full time employees and 3 contract-based employees (2014: 270 full time employees and 4 contract-based employees).

As at 31 December 2015, the Company operates a share option scheme and a share award scheme for the purpose of providing incentives and rewards to the employees who contribute to the success of the Group's operations.

SIGNIFICANT INVESTMENTS

Save as disclosed in the announcement, the Group has no significant investments held as at 31 December 2015.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in note 20 and 21 regarding the acquisition of subsidiaries, the Group did not have any material acquisition or disposal of subsidiaries during the reporting year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in note 21 regarding an acquisition of subsidiaries, there was no specific plan for material investments or capital assets as at 31 December 2015.

CONTINGENT LIABILITIES

A subsidiary of the Company is involved in a dispute with a third party, who is claiming incremental license fees from the subsidiary. The directors, based on the advice from the Group's legal counsel, consider that the subsidiary has a valid defence against the claim and, accordingly, have not provided for any claim that may arise from the dispute as at 31 December 2015.

Save as disclosed in the announcement, the Group has no material contingent liabilities as at 31 December 2015.

DIVIDENDS AND BOOK CLOSE

The Board has recommended final dividend of HK7 cents (2014: final dividend of HK7 cents and special dividend of HK2 cents) per ordinary share payable to shareholders whose names appear on the register of members of the Company on Tuesday, 7 June, 2016. The Register of Members of the Company will be closed from Thursday, 26 May, 2016 to Monday, 30 May, 2016 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM to be held on Monday, 30 May, 2016, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 25 May, 2016. In addition, the Register of Members of the Company will be closed from Monday, 6 June, 2016 to Tuesday, 7 June, 2016 (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 Share Registrars, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Friday, 3 June, 2016. During such periods, no share transfer will be effected. The final dividend will be distributed on or about Thursday, 16 June, 2016 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 7 June, 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining high standard of corporate governance within a sensible framework with an emphasis on the principles of integrity, transparency and accountability. The Board 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 except on the deviations noted below.

The CG code provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. Mr. Cheung Wai Lam has been appointed as an executive director of the Company and the deputy CEO of the Group since 2013. Deputy CEO mainly focuses on certain business operations and administrative functions of the Group, assists the Board to formulate strategies for the Group and to make sure they are implemented successfully. With the present board structure and scope of business, the Board considers that there is no imminent need to appoint CEO. However, the Board will continue to review the effectiveness of the Group's corporate governance structure and will consider whether any changes, including the appointment of CEO, are necessary.

The Company considers that sufficient measures have been taken to ensure that its corporate governance practices are similar to those provided in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the year.

The Company has also adopted the Model Code as its code of conduct for dealings in securities of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors and one executive director of the Company. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the annual results for the year ended 31 December 2015.

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 2015 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.hkex.com.hk) and the Company website (www.ctil.com). The 2015 annual report will be published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.ctil.com) and also to be despatched to the shareholders of the Company in due course.

APPRECIATIONS

On behalf of the Board and the management, I would like to express our sincere thanks to all employees, shareholders, customers and business partners for their supports to the Group during the reporting year.

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

Hong Kong, 17 March 2016

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