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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 2010

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 (the "Group") for the year ended 31 December 2010 together with comparative figures for the corresponding period in 2009 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2010

	Notes	**2010**	2009
		HK$'000	HK$'000
REVENUE	5	**338,851**	400,012
Cost of sales		**(225,741)**	(280,372)
Gross profit		**113,110**	119,640
Other income and gains, net	5	**8,152**	2,823
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		**615**	4,272
Derivative instruments - transactions not qualifying as hedges		**(202)**	-
Investment properties		**7,440**	2,836
Selling and distribution costs		**(31,797)**	(33,069)
General and administrative expenses		**(44,401)**	(45,269)
Other expenses, net		**2,829**	(442)
Finance costs	7	**(39)**	-
PROFIT BEFORE TAX	6	**55,707**	50,791
Income tax expense	8	**(6,650)**	(6,908)
PROFIT FOR THE YEAR		**49,057**	43,883

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CONSOLIDATED INCOME STATEMENT (continued)
Year ended 31 December 2010

	Notes	**2010**	2009
		HK$'000	HK$'000
PROFIT FOR THE YEAR		**49,057**	43,883
Attributable to:			
Owners of the parent		**49,057**	43,880
Non-controlling interests		**-**	3
		49,057	43,883
		2010	2009
		HK cents	HK cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		**19.89**	17.73
Diluted		**19.58**	17.50

Details of the dividends payable and proposed for the year are disclosed in note 9 to the announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	2010	2009
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**49,057**	43,883
OTHER COMPREHENSIVE INCOME		
Available-for-sale investment:		
Changes in fair value	**200**	178
Reclassification adjustments for gains included in the consolidated income statement		
- gain on disposal	**-**	(28)
	200	150
Exchange differences on translation of foreign operations	**752**	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**952**	150
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**50,009**	44,033
Attributable to:		
Owners of the parent	**50,009**	44,030
Non-controlling interests	**-**	3
	50,009	44,033

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2010

	Notes	**2010**	2009
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,649**	11,267
Investment properties		**32,278**	27,737
Goodwill		**25,813**	25,813
Other intangible assets		**-**	-
Available-for-sale investment		**1,850**	1,650
Financial assets at fair value through profit or loss		**847**	861
Deferred tax assets		**-**	591
Total non-current assets		**68,437**	67,919
CURRENT ASSETS			
Held-to-maturity securities		**-**	498
Inventories		**18,482**	5,289
Trade and bills receivables	11	**74,441**	61,764
Prepayments, deposits and other receivables		**9,076**	5,363
Due from contract customers		**7,530**	6,221
Financial assets at fair value through profit or loss		**10,648**	12,925
Tax recoverable		**1,907**	39
Pledged bank deposits		**37,560**	11,829
Cash and cash equivalents		**287,501**	288,053
Total current assets		**447,145**	391,981
CURRENT LIABILITIES			
Trade payables, other payables and accruals	12	**95,140**	85,475
Derivative financial instruments	13	**202**	-
Interest-bearing bank borrowings	14	**26,520**	-
Due to contract customers		**2,658**	1,583
Deferred revenue		**6,186**	9,699
Tax payable		**11,739**	9,822
Total current liabilities		**142,445**	106,579
NET CURRENT ASSETS		**304,700**	285,402
TOTAL ASSETS LESS CURRENT LIABILITIES		**373,137**	353,321

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2010

	Notes	**2010**	2009
		HK$'000	HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**373,137**	353,321
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**3,429**	2,309
Net assets		**369,708**	351,012
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**25,273**	25,273
Reserves		**329,627**	310,853
Proposed final and special dividends	9	**14,808**	14,886
Total equity		**369,708**	351,012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

	Attributable to owners of the parent														
	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Shares held under the restricted share award scheme HK$'000	Share-based payment reserve HK$'000	Goodwill reserve HK$'000	Asset revaluation reserve[#] HK$'000	Available-for-sale investment revaluation reserve HK$'000	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed final and special dividends HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2009	25,386	237,452	2,622	(4,271)	1,821	(7,227)	233	340	733	1,114	58,367	19,909	336,479	(753)	335,726
Profit for the year	-	-	-	-	-	-	-	-	-	-	43,880	-	43,880	3	43,883
Other comprehensive income for the year:															
Changes in fair value of available-for-sale investment, net of tax	-	-	-	-	-	-	-	150	-	-	-	-	150	-	150
Total comprehensive income for the year	-	-	-	-	-	-	-	150	-	-	43,880	-	44,030	3	44,033
Issue of shares	101	1,041	-	-	-	-	-	-	-	-	-	-	1,142	-	1,142
Repurchase of shares	(214)	-	(1,504)	-	-	-	-	-	-	-	-	-	(1,718)	-	(1,718)
Vesting of shares held under the restricted share award scheme	-	-	-	325	(325)	-	-	-	-	-	-	-	-	-	-
Share award arrangement	-	-	-	-	732	-	-	-	-	-	-	-	732	-	732
Reduction of share premium account and transfer to contributed surplus	-	(200,000)	200,000	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	750	750
Final and special 2008 dividends declared	-	-	172	-	-	-	-	-	-	-	-	(19,909)	(19,737)	-	(19,737)
Interim 2009 dividend	-	-	(9,916)	-	-	-	-	-	-	-	-	-	(9,916)	-	(9,916)
Proposed final and special 2009 dividends	-	-	(14,886)	-	-	-	-	-	-	-	-	14,886	-	-	-
At 31 December 2009	25,273	38,493*	176,488*	(3,946)*	2,228*	(7,227)*	233*	490*	733*	1,114*	102,247*	14,886	351,012	-	351,012

[#] The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value, before 1 January 2009.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2010

	Attributable to owners of the parent												
	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Shares held under the restricted share award scheme HK$'000	Share-based payment reserve HK$'000	Goodwill reserve HK$'000	Asset revaluation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed final and special dividends HK$'000	Total equity HK$'000
At 1 January 2010	25,273	38,493	176,488	(3,946)	2,228	(7,227)	233	490	733	1,114	102,247	14,886	351,012
Profit for the year	-	-	-	-	-	-	-	-	-	-	49,057	-	49,057
Other comprehensive income for the year:													
Changes in fair value of available-for-sale investment, net of tax	-	-	-	-	-	-	-	200	-	-	-	-	200
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	752	-	-	752
Total comprehensive income for the year	-	-	-	-	-	-	-	200	-	752	49,057	-	50,009
Purchase of shares held under the restricted share award scheme	-	-	-	(3,048)	-	-	-	-	-	-	-	-	(3,048)
Vesting of shares held under the restricted share award scheme	-	-	-	589	(589)	-	-	-	-	-	-	-	-
Share award arrangement	-	-	-	-	1,237	-	-	-	-	-	-	-	1,237
Disposal of an investment property	-	-	-	-	-	-	(233)	-	-	-	311	-	78
Final and special 2009 dividends declared	-	-	114	-	-	-	-	-	-	-	-	(14,886)	(14,772)
Interim 2010 dividend	-	-	(14,808)	-	-	-	-	-	-	-	-	-	(14,808)
Proposed final 2010 dividend	-	-	(14,808)	-	-	-	-	-	-	-	-	14,808	-
At 31 December 2010	25,273	38,493*	146,986*	(6,405)*	2,876*	(7,227)*	-*	690*	733*	1,866*	151,615*	14,808	369,708

* These reserve accounts comprise the consolidated reserves of HK$329,627,000 (2009: HK$310,853,000) in the consolidated statement of financial position.

NOTES:

1. CORPORATE 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 30th Floor, Prosperity Millennia Plaza, 663 King's Road, North Point, Hong Kong.

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

- sales of computer networks and system platforms, and the provision of system and network integration, IT solutions development and implementation, and related maintenance services;
- provision of enterprise software applications and related operation outsourcing, business process outsourcing and e-business, and related maintenance services; and
- property and treasury investments.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments, available-for-sale investment 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

Basis of consolidation from 1 January 2010

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 2010. 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment - Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK *Interpretation 4 Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The adoption of the new and revised HKFRSs has had no significant financial effect on 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 the financial statements:

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures - Transfers of Financial Assets* [4]
HKFRS 9	*Financial Instruments* [6]
HKAS 12 Amendments	Amendments to HKAS 12 *Income taxes - Deferred Tax: Recovery of Underlying Assets* [5]
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation - Classification of Rights Issues* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1 *Effective for annual periods beginning on or after 1 February 2010*
2 *Effective for annual periods beginning on or after 1 July 2010*
3 *Effective for annual periods beginning on or after 1 January 2011*
4 *Effective for annual periods beginning on or after 1 July 2011*
5 *Effective for annual periods beginning on or after 1 January 2012*
6 *Effective for annual periods beginning on or after 1 January 2013*

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 its results of operations and financial position.

5. REVENUE, OTHER INCOME AND GAINS, NET AND OPERATING 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; fees earned from the provision of system and network integration, IT solutions, enterprise software applications, business process outsourcing, e-business process outsourcing, e-business 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:

	2010	2009
	HK$'000	HK$'000
Revenue		
Sales of computer networks and system platforms and the provision of system and network integration, IT solutions development and implementation, and related maintenance services	**257,302**	335,901
Provision of enterprise software applications and related operation outsourcing, business process outsourcing, e-business and related maintenance services	**79,796**	62,488
Gross rental income from investment properties and interest income from treasury investments	**1,753**	1,623
	338,851	400,012
Other income and gains, net		
Bank interest income	**3,077**	2,036
Other interest income	**30**	30
Dividend income from listed and unlisted investments	**435**	327
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**277**	(1,906)
Gain on disposal of items of properties, plant and equipment	**1,465**	-
Gain on disposal of available-for-sale investments (transfer from equity on disposal)	**-**	28
Foreign exchange differences, net	**1,249**	124
Others	**1,619**	2,184
	8,152	2,823

5. REVENUE, OTHER INCOME AND GAINS, NET AND OPERATING SEGMENT INFORMATION (continued)

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 integration and solutions services segment 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;

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

(c) the investments segment primarily engages in various types of investing activities including, inter alia, property investment for rental income and treasury investment in listed and unlisted securities and held-to-maturity securities for dividend income and interest income.

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/(loss), 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, corporate and other unallocated depreciation, and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged 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 derivative financial instruments, 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. REVENUE, OTHER INCOME AND GAINS, NET AND OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments

Group

	Integration and Solutions Services		Application Services		Investments		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**257,302**	335,901	**79,796**	62,488	**1,753**	1,623	**338,851**	400,012
Other income and gains, net	**1,090**	220	**864**	1,166	**2,933**	(599)	**4,887**	787
Total	**258,392**	336,121	**80,660**	63,654	**4,686**	1,024	**343,738**	400,799
Segment results	**29,329**	38,056	**26,726**	21,084	**13,758**	7,647	**69,813**	66,787
Reconciliation:								
Unallocated interest income							**3,077**	2,036
Unallocated other income and gains, net							**188**	-
Corporate and other unallocated depreciation							**(312)**	(288)
Corporate and other unallocated expenses							**(17,020)**	(17,744)
Finance costs							**(39)**	-
Profit before tax							**55,707**	50,791
Segment assets	**102,257**	77,852	**34,073**	30,796	**52,145**	50,598	**188,475**	159,246
Reconciliation:								
Corporate and other unallocated assets							**327,107**	300,654
Total assets							**515,582**	459,900
Segment liabilities	**71,840**	70,015	**29,727**	23,610	**533**	467	**102,100**	94,092
Reconciliation:								
Corporate and other unallocated liabilities							**43,774**	14,796
Total liabilities							**145,874**	108,888

5. REVENUE, OTHER INCOME AND GAINS, NET AND OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group

	Integration and Solutions Services		Application Services		Investments		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	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	**-**	-	**-**	-	**7,440**	2,836	**7,440**	2,836
Net fair value gains on financial assets at fair value through profit or loss	**-**	-	**-**	-	**615**	4,272	**615**	4,272
Depreciation	**1,222**	1,423	**477**	511	**181**	239	**1,880**	2,173
Corporate and other unallocated depreciation							**312**	288
							2,192	2,461
Other material non-cash income/(expense) items, net*	**2,960**	(1,277)	**(184)**	793	**(600)**	-	**2,176**	(484)
Capital expenditure**	**254**	1,372	**465**	496	**-**	54	**719**	1,922
Corporate and other unallocated capital expenditure							**140**	188
							859	2,110

* *Including impairment losses recognised in the income statement attributable to the integration and solutions services segment, the application services segment and investments segment of HK$Nil (2009: HK$6,507,000), HK$296,000 (2009: HK$420,000) and HK$600,000 (2009: HK$Nil), respectively, and impairment losses reversed in the income statement attributable to the integration and solutions services segment and the application services segment of HK$2,960,000 (2009: HK$5,230,000) and HK$112,000 (2009: HK$1,213,000), respectively.*

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

5. REVENUE, OTHER INCOME AND GAINS, NET AND OPERATING SEGMENT INFORMATION (continued)

(b) Geographical information

Group

(i) Revenue from external customers

	Hong Kong		Mainland China		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:						
Sales to external customers	**141,436**	136,166	**197,415**	263,846	**338,851**	400,012

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

(ii) Non-current assets

	2010	2009
	HK$'000	HK$'000
Hong Kong	**56,885**	48,440
Mainland China	**8,855**	16,377
	65,740	64,817

The non-current asset information above is based on the location of assets and excluded financial instruments and deferred tax assets.

(c) Information about major customers

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

During the year ended 31 December 2010, revenues from two major customers of HK$41,857,000 and HK$41,795,000 were derived from the integration and solutions segment.

During the year ended 31 December 2009, revenues from two major customers of HK$162,490,000 and HK$43,778,000 were derived from the integration and solutions segment.

6. PROFIT BEFORE TAX

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

	2010	2009
	HK$'000	HK$'000
Cost of inventories sold	**188,106**	242,348
Cost of services provided	**37,045**	37,426
Depreciation*	**2,192**	2,461
Loss/(gain) on disposal of items of property, plant and equipment	**(1,465)**	11
Impairment of trade receivables**	**296**	3,492
Impairment of prepayments, deposits and other receivables	**600**	-
Impairment of amounts due from contract customers**	**-**	3,435
Reversal of impairment of trade receivables**	**(2,508)**	(3)
Reversal of trade receivables written-off**	**(52)**	(42)
Reversal of impairment of amounts due from contract customers**	**(565)**	(6,440)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**234**	260
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss	**(615)**	(4,272)
Derivative instruments - transactions not qualifying as hedges	**202**	-
Investment properties	**(7,440)**	(2,836)
Rental income on investment properties less direct operating expenses of HK$234,000 (2009: HK$260,000)	**(1,217)**	(1,175)

* *Depreciation for the year of HK$590,000 (2009: HK$598,000) is 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.*

7. FINANCE COSTS

	2010	2009
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**39**	-

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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.

	2010	2009
	HK$'000	HK$'000
Group:		
Current - Hong Kong		
Charge for the year	**3,088**	2,157
Overprovision in prior years	**(46)**	(260)
Current - Elsewhere		
Charge for the year	**1,799**	1,969
Underprovision/(overprovision) in prior years	**20**	(652)
Deferred	**1,789**	3,694
Total tax charge for the year	**6,650**	6,908

9. DIVIDENDS

	2010	2009
	HK$'000	HK$'000
Interim - HK$0.06 (2009: HK$0.04) per ordinary share	**15,164**	10,101
Less: Dividend for shares held under the Company's restricted share award scheme	**(356)**	(185)
	14,808	9,916
Proposed final - HK$0.06 (2009: HK$0.04) per ordinary share	**15,164**	10,109
Less: Dividend for shares held under the Company's restricted share award scheme	**(356)**	(185)
	14,808	9,924
Proposed special - HK$Nil (2009: HK$0.02) per ordinary share	**-**	5,054
Less: Dividend for shares held under the Company's restricted share award scheme	**-**	(92)
	-	4,962
	29,616	24,802

The proposed final dividend for the year are 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 the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 246,649,080 (2009: 247,491,223) in issue during the year, as adjusted to exclude the shares held under the restricted share award scheme of the Company.

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

The calculations of basic and diluted earnings per share are based on:

Earnings

The calculations of basic and diluted earnings per share are based on profit attributable to ordinary equity holders of the parent.

Shares

	Number of shares	
	2010	2009
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**246,649,080**	247,491,223
Effect of dilution - weighted average number of ordinary shares: Restricted shares awarded under the Company's restricted share award scheme	**3,955,767**	3,296,038
	250,604,847	250,787,261

11. TRADE AND BILLS RECEIVABLES

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

	Group	
	2010	2009
	HK$'000	HK$'000
Current	**57,900**	43,326
1 to 3 months	**12,213**	16,883
4 to 6 months	**2,811**	1,087
More than 6 months	**1,517**	468
	74,441	61,764

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. Trade and bills receivables are non-interest-bearing.

12. 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 payment due date, is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Current	**52,914**	50,432
1 to 3 months	**3,065**	459
4 to 6 months	**258**	1,503
Over 6 months	**133**	1,657
	56,370	54,051
Other payables	**25,573**	18,456
Accruals	**13,197**	12,968
	95,140	85,475

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2010	2009
	HK$'000	HK$'000
Liabilities		
Forward currency contracts	**121**	-
Interest rate swaps	**81**	-
	202	-

The purpose of the above contracts and swaps entered into by the Group is to manage the Group's exchange rate and interest rate exposures. Such contracts and swaps did not meet the criteria for hedge accounting.

14. INTEREST-BEARING BANK BORROWINGS AND PLEDGE OF ASSETS

	2010			2009		
Group	**Contractual interest rate (%)**	**Maturity**	**HK$'000**	Contractual interest rate (%)	Maturity	HK$'000
Current						
Bank loans - secured	**1.10-1.23**	**2011**	**26,520**	-	-	-
Analysed into:						
Within one year or on demand (note (a))			**26,520**			-

Notes:

(a) These bank loans contain a clause that gives the lender the unconditional right to call the loans at any time and, accordingly, are classified as current liabilities. Ignoring the repayment on demand clause and based on the maturing terms of these loans, these loans are repayable within one year.

(b) These bank loans are denominated in United States dollars.

Pledge of assets

The Group's bank loans and other banking facilities are secured by:

(i) certain of the Group's time deposits amounting to HK$37,560,000 at 31 December 2010 (2009: HK$11,829,000); and

(ii) An investment property of the Group with a carrying value of HK$24,000,000 as at 31 December 2010 (2009: HK$18,500,000).

BUSINESS AND FINANCIAL REVIEW

Dear Shareholders,

I am glad to report that the Group's consolidated net profit attributable to shareholders grew 11.8% to HK$49.1 million (2009: HK$43.9 million), despite the overall revenue retreated by 15.3% to HK$338.9 million (2009: HK$400.0 million). During the reporting period, the Group's overall gross profit margin increased to 33.4% (2009: 29.9%), while the overall gross profit fell 5.5% to HK$113.1 million (2009: HK$119.6 million). The financial results exhibited the increased contributions from the higher margin Application Services segment and the decreased sales in third party hardware products with lower margin in Integration and Solutions Services segment.

The basic earning per share for the reporting period is 19.89 Hong Kong cents (2009: 17.73 Hong Kong cents) or an improvement of 12.2% when compared with the same period last year. During the reporting period, the Group generated HK$24.9 million cash flow from operations and maintained strong financial position with more than HK$287.5 million net cash on hand as of end of December 2010.

The Board recommended the distribution of a final dividend of 6 HK cents (2009: Final Dividend of 4 HK cents and Special Dividend of 2 HK cents). Including the 6 HK cents per share interim dividend, the full-year dividend for the report period is 12 HK cents which is 20% higher than the previous year (2009: 10 HK cents), marking the 6th consecutive increments in distribution of full-year dividend.

BUSINESS OPERATIONS AND DEVELOPMENT

The performance of the Group's Integration Services[1] business has been improved substantially in the second half of the year when compared with the first half. The Group repetitively benefited from the business generated from the strong install base among the large financial services providers in Mainland China. At the same time, the Group also managed to expand its footprint to serve other non-financial nature organizations, particularly the multinational corporations in Eastern China. Riding on the sustainable growth of the China economy, the Management anticipates that the demands for the Group's integration services will remain strong.

During the reporting period, the Group's Solutions Services[2] business managed to secure a number of new sizable contracts. The revenue generated from such business, however, decreased compared with the same period last year due to the expiry of a major services contract with a government department in the third quarter and an unexpected delay in delivery of a large development services project with a major customer during the reporting period. Nevertheless, the management foresees that the delayed project will largely be completed by the first half of year 2011 when most of the related revenue will be recognized. In addition, the strong order backlog for solutions services carried forward to year 2011 will offset the impact of the expired contract. To further secure its order pipeline, the Group is also keeping up its momentums to actively participate in a number of large scale government tenders for IT services that are pending to be issued during year 2011.

The demands for the Group's Government Electronic Trading Services[3] ("GETS") business were fueled up as the overall import/export trading activities increased throughout the year. The business contributed stable revenue and profit during the reporting period. Despite intensified competition[4], the Group continued to increase its share of the overall GETS market. In particular, the Group has been expanding its service counters and promotion network through business collaborations with various retail chain-stores and trade associations.

Leveraging the strong customer base and promotional network of the Group's GETS business, the Group has dedicated resources to expedite the development of new online applications and services in order to enlarge its revenue base.

The Group's business process outsourcing[5] ("BPO") business has also grown its revenue contributions. During the reporting period, the Group expanded its service engagement with the leading trade promotion organization resulting in an expanded scope and scale of services operation.

The Group's Application Products[6] business continued to generate healthy recurring maintenance services income from its customer base. The new version of human resource management ("HRM") product suite based on latest technology has strengthened the Group's market position with increasing adoption by enterprise customers in Hong Kong and Mainland China. The Group is also allocating additional resources to expand its software product portfolio in business process management ("BPM"). As the global economy recovers coupled by growing emphasis on human capital management, large enterprises are increasing IT budget for solutions in HRM and BPM arena. The Group is well positioned to benefit from such market trend.

Looking forward, the management is optimistic in the continuously improving market demands for the Group's products and services. The Management believes that the strong combined services offerings and the solid customer base will provide the Group with competitive advantage for long term sustainable growth. At the same time, the Group is committed to persistently invest in long term human resources development and business system aiming at betterment in operation efficiency and corporate governance.

Footnotes:

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

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

[3] Since 2004, the Group has been granted a license from the HKSAR Government for the provision of front-end Government Electronic Trading Services **("GETS")** for processing certain official trade-related documents. The Group's GETS license was renewed in 2009 for operation of additional 7 years until the end of 2016.

[4] On top of the existing two GETS operators (including the Group), the HKSAR Government appointed an additional GETS service provider which commenced operations in January 2010.

[5] The Group's **BPO** business comprises the provision of services for the operations and support of specific business functions or processes of customers. On top of e-Services related BPO services, the Group also entered into a multi-year BPO contract with a leading trade promotion organization in Hong Kong in 2009.

[6] The Group's **Application Products** business comprises (i) the provision of HRM as well as related application software and payroll outsourcing services; and (ii) the provision of e-procurement and e-tendering application solutions.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

At 31 December 2010, the Group had pledged certain of its investment properties with a carrying value of HK$24.0 million (2009: HK$18.5 million) and bank balances of HK$37.6 million (2009: HK$11.8 million) to secure certain general bank facilities including interest-bearing bank borrowings, guarantee/performance bonds facilities granted to the Group in aggregate of HK$174.2 million (2009: HK$22.3 million) of which HK$29.2 million (2009: HK$6.1 million) had been utilized as of 31 December 2010.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2010, the Group's bank balances and cash (excluded pledged bank deposit of HK$37.6 million) was HK$287.5 million (2009: HK$288.1 million).

All of the Group's on hand fundings are in Hong Kong dollars, Renminbi and US dollars. Save as disclosed in note 13 to this announcement, the Group has not adopted any hedging policies, as these currencies carry low exchange fluctuation risks.

As at 31 December 2010, the Group had bank borrowings of approximately HK$26.5 million (2009: HK$Nil). The Group's current ratio representing current assets divided by current liabilities was 3.1 (2009: 3.7) and the gearing ratio, representing total liabilities divided by total assets, was 28.3% (2009: 23.7%).

REMUNERATION POLICY AND NUMBER OF EMPLOYEES

The remuneration policies adopted for the year ended 31 December 2010 are consistent with those disclosed in the Group's 2009 Annual Report. As at 31 December 2010, the Group employed approximately 368 full time employees and 33 contract-based employees (31 December 2009: 357 full time employees and 13 contract-based employees).

DIVIDEND AND BOOK CLOSE

The Board recommends the payment of a final dividend of HK6 cents (2009: a final dividend of HK4 cents and a special dividend of HK2 cents) per ordinary share for the year. The final dividend will be distributed on or about 31 May 2011 to shareholders whose names appear on the register of members of the Company on 18 May 2011. The register of members of the Company will be closed from 16 May 2011 to 18 May 2011, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the members' entitlement to the recommended final dividend and the attendance of the forthcoming annual general meeting, 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, Tricor 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 13 May 2011.

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 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 ("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 should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. Ng Cheung Shing currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive officer 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.

The CG 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.

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 accounting period covered by the annual report.

To comply with CG Code A.5.4, 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 REVIEW

The Audit Committee has reviewed with management of the Company the Group's annual results for the year ended 31 December 2010, including the accounting principles and practices adopted by the Group.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Stock Exchange's website at www.hkex.com.hk and the Company website at www.ctil.com. The 2010 annual report will also be published on the Stock Exchange's website www.hkex.com.hk and the Company's website www.ctil.com and will be despatched to the shareholders of the Company.

APPRECIATION

On behalf of the Board and the Management, I would like to express our deep appreciations to all employees, shareholders, customers and business partners for their supports to the Group during the reporting period.

Ng Cheung Shing
Chairman

Hong Kong, 18 March 2011

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