COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

SUMMARISED INTERIM RESULTS ANNOUNCEMENT FOR SIX MONTHS ENDED 30 JUNE 2001

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Computer And Technologies Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2001 together with the comparative figures. The interim results have been reviewed by the Company's Audit Committee.

Condensed Consolidated Profit And Loss Account

	Notes	Unaudited six months ended 30 June 2001 HK$'000	2000 HK$'000
TURNOVER	2	308,341	168,013
Cost of sales		(262,160)	(131,806)
Gross profit		46,181	36,207
Other revenue		5,464	4,550
Selling and distribution expenses		(29,896)	(14,886)
Administrative expenses		(16,418)	(14,816)
PROFIT FROM OPERATING ACTIVITIES	3	5,331	11,055
Finance costs		(635)	(154)
Share of losses of:			
Jointly-controlled entity		(1,226)	–
Associate		–	–
PROFIT BEFORE TAX		3,470	10,901
Tax	4	(951)	(1,084)
PROFIT BEFORE MINORITY INTERESTS		2,519	9,817
Minority interests		(324)	(542)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		2,195	9,275
Dividend	5	–	–
EARNINGS PER SHARE	6		
– Basic		0.83 cents	3.70 cents
– Diluted		0.81 cents	3.59 cents

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Statement of Compliance and Principal Accounting Policies

These unaudited condensed consolidated interim financial statements comply with the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), and Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants, except that comparative figures for the cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Listing Rules.

These interim financial statements have been prepared in accordance with the principal accounting policies set out in the Company's annual report for the year ended 31 December 2000, except for changes in accounting policies as described below.

Several new accounting standards issued by the Hong Kong Society of Accountants are effective for this financial period. The changes to the Group is accounting policies arise from the adoption of SSAP9 (Revised) and SSAP30.

The adoption of SSAP9 (Revised) "Events after the balance sheet date" results in a change in accounting policy whereby dividends proposed after the balance sheet date are no longer recognised as a liability at the balance sheet date. This change has been applied retrospectively and comparatives have been restated. As a result, the 2000 proposed final dividend amounting to HK$7,910,000 previously recorded as a current liability as at 31 December 2000 has been restated and shown under "Capital and reserves".

Under SSAP30 "Business combinations", goodwill arising from business combinations after 1 January 2001 is capitalised and amortised over its useful life. The Group has taken advantage of the transitional provisions in SSAP30 and goodwill which has been previously written off to reserves has not been retroactively restated under the new accounting policy.

2. Segmental Information

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

By activity:	Turnover Unaudited six months ended 30 June 2001 HK$'000	2000 HK$'000	Contribution to profit/(loss) from operating activities Unaudited six months ended 30 June 2001 HK$'000	2000 HK$'000
Sale of goods:				
System integration business (including sales of computer hardware and software)	269,834	129,513	15,848	8,162
Distribution of multi-media hardware, software and related accessories	14,502	17,938	1,517	2,199
	284,336	147,451	17,365	10,361
Provision of e-business related services	10,401	17,919	(14,075)	119
Maintenance services and training courses	13,604	2,643	2,041	575
	308,341	168,013	5,331	11,055
By geographical area:				
The People's Republic of China (the "PRC")				
Mainland China	283,438	132,156	17,889	8,737
Hong Kong Special Administrative Region ("Hong Kong")	24,903	35,857	(12,558)	2,318
	308,341	168,013	5,331	11,055

3. Profits from Operating Activities

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

	Unaudited six months ended 30 June 2001 HK$'000	2000 HK$'000
Depreciation	3,267	1,693
Amortisation of deferred development costs	3,598	1,362
Interest income	(5,464)	(4,550)

4. Tax

	Unaudited six months ended 30 June 2001 HK$'000	2000 HK$'000
Provision for tax in respect of profits for the period:		
Hong Kong	275	874
Mainland China	676	210
Tax charge for the period	951	1,084

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period. Provision has been made for tax in Mainland China based on existing legislation, interpretations and practices at the prevailing rates of tax.

No provision for tax is required for the associate or the jointly-controlled entity as no assessable profits were earned by the associate or the jointly-controlled entity during the period.

5. Dividend

The Board does not recommend the payment of any interim dividend for the period (2000: nil).

6. Earnings Per Share

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

	Unaudited six months ended 30 June 2001 HK$'000	2000 HK$'000
Earning for the purpose of basic and diluted earnings per share	2,195	9,275
Number of shares:	'000	'000
Weighted average number of shares in issue for the purpose of basic earnings per share	264,105	250,442
Effects of dilutive potential ordinary shares	5,519	7,892
Weighted average number of shares for the purpose of diluted earnings per shares	269,624	258,334

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

Group Financial Results

During the 6-months ended 30 June 2001, the Group turnover increased by 83.5% to HK$308.3 million (2000: HK$168.0 million) over the same period in 2000. The growth was mainly attributable to the contribution of the network and application solutions business in China which accounted for 91.9% of the Group's turnover.

Profit attributable to shareholders for the period under review is HK$2.2 million (2000: HK$9.3 million), a decrease of 76.3% over the same period last year. Basic earnings per share is 0.83 cents (2000: 3.70 cents), decreased by 77.6% when compared with last year.

The Board of Directors (the "Board") does not recommend payment of any interim dividend for the half-year ended 30 June 2001 (2000: Nil).

Liquidity and financial resources

Net cash increased from HK$232.5 million to HK$235.9 million, mainly as a result of the operating profit and an increase in share capital.

As of 30 June 2001, the Group's net asset value is HK$395.3 million (31 December 2000: HK$398.6 million) and there are no long-term debts commitment.

Network and Systems Integration Business

Operating through the subsidiary Computer And Technologies Integration Limited ("C&T Integration"), the Group's network and systems integration business in China remains the major revenue and operating profit contributor. The business volume of C&T Integration continues to grow healthily building on top of a solid customer base with substantial recurring businesses. Despite the strong competition, the Group managed to control the operating overheads and achieved a high revenue and profit contribution within the subsidiary.

On top of the Cisco Gold Partner Certification obtained last year, C&T Integration is also chosen by Cisco China as one of the five Strategic Alliance partners, bringing to the Group additional cost advantage over rivalries and also increased sales opportunities through integrated collaboration with Cisco. In addition, the Group has also formed strategic partnership with IBM. The new partnership will enable the Group to leverage the strong presence of IBM in China and to capture new business opportunities in systems integration and solution services.

Distribution Business

While affected by the weakened consumer spending in Hong Kong, Maxfair Technology, the Group's subsidiary focusing on value-added distribution of niche products related to multi-media application, is still maintaining a relatively healthy gross margin and making profit contribution to the Group.

In order to expand its business coverage, the Group established a joint-venture in Taiwan which commenced operations in August. While the contribution from this new venture would not be significant in 2001, the management believes that it is a strategic move for Maxfair to gradually create a regional value-added distribution network.

Enterprise Application & Operations Outsourcing Services Business

Operating through the subsidiary Global e-Business Services Limited ("GO-Business") providing high quality application and operations outsourcing services, the Group has established a strong leading position to become the partner of choice for enterprises e-business applications, in particular for e-procurement and e-tendering.

The state-of-the-art Internet-based electronic tendering services being operated by GO-Business have been providing services to a number of enterprise procurers and government organizations. In addition, it has recruited about 3,000 paid subscribers. The accumulated subscriber base is reaching a critical mass upon which the Group could leverage in generating additional revenue through cross-sales of other services.

Since its operation in April 2000, the Electronic Tendering System ("ETS") has processed more than 70% of government tenders for the Government Supplies Department of Hong Kong SAR. The Group also received a new contract from the Government to extend the services scope of ETS and to cover larger monetary-value tenders from the Government's Central Tender Board.

The management believes that GO-Business is well positioned to capture more application and operation outsourcing opportunities from the government departments and commercial sector. Besides, with the solid business pipeline in Hong Kong and the territorial expansion into China through China-e-tendering.com, GO-Business should start to contribute profit to the Group from the last quarter of this financial year.

Software and Solutions Business

Throughout the last 18 months, the Group has been building up the core competency in providing large-scale IT solutions implementation services. Last year, in order to timely capture the strong market demands for high quality e-Business enabling and related IT solutions, the Group chartered two subsidiaries and a joint-venture company, namely Global e-Business Enabler Limited ("Ge-BE"), Computer And Technologies Software Limited ("C&T Software") and HutchTech Resources Limited ("HutchTech"), to focus on e-business enabling business, software product R&D and application development services, respectively.

The Group's focus in the e-Business enabling services has resulted in the Group's successes in achieving high-profile project wins such as the Electronic Service Delivery and Electronic Tendering System for the Hong Kong SAR Government. The Smart-Series and e-Series product suites from C&T Software also attracted sizeable customers like Jiangsu Mobile, Zhejiang Mobile, Changzhou Cable TV and e-seg.net. HutchTech, the 50-50 joint-venture with a substantial shareholder of the Group – Hutchison Whampoa Limited, also established in February its first software development centre in Shenzhen of Mainland China to provide cost-competitive IT services.

In addition, the Group secured new business from commercial customers like Wing Lung Bank, Bank of East Asia and MTR Corporation etc. Leveraging its shareholder, Hutchison Whampoa Group, the Group has also entered into new business opportunities in providing services to Logistics Information Network Enterprise (LINE), PetroChina-Hutchison Whampoa Information Technology Co. Ltd., Hutchison Properties and Hutchison CSFB Direct.

However, the business environment has been unfavourably challenging. Since the beginning of the year, the market demand for e-Business enabling services had rapidly vanished as a result of the global economic down turn and the increasingly cautious attitude in initiating e-commerce related projects. On the other hand, although most of the Group customers are large corporations with proven business model and were not directly hurt by the burst of the dot-com bubble, their IT budget had become conservative and their decisions in IT spending were delayed.

Facing the challenging market environment, the Management has been taking a positive attitude to re-deploy existing resources in developing reusable software framework and in pre-sales effort for a number of large-scale government IT outsourcing projects.

The Management is encouraged by the gradual improvement in business demand since the end of the second quarter, especially from the government sector. In particular, the Group-led consortia, supported by world-leading vendors and business partners, have been short listed for in-depth evaluation by the Hong Kong SAR Government for multi-year build-and-operate tenders for government departments. If those contracts are materialized in the coming few months, although their contributions to the current financial year would not be substantial, the steady and sizeable revenue streams will provide excellent foundation for the Group to accelerate its solution and application services revenues in the coming years.

Besides, in order to streamline the organization and accelerate the blending of the Group's talents in Hong Kong and Mainland China, the Management plans to consolidate the resources within the solution subsidiaries to create a better economy of scale and to lower the operating overheads.

Acquisitions and New Development of the Group

In 21 June 2001, the Group entered into an agreement to acquire 100% of Accuasset Investments Limited for which its principal asset is 99% stake of IPL Research Limited ("IPL"), the well-established leader in enterprise-class human resources management systems ("HRMS") solutions in Asia. The acquisition was completed in July.

Energized with a professional team of around 50 talents, IPL has proven successes in providing software package solutions to more than 200 enterprise customers in Asia Pacific, as well as large-scale application service providers ("ASP").

The Management believes that the synergy effects between IPL and the rest of the Group are phenomenal. IPL offers a suite of proven HRMS solutions and comprehensive industry specified knowledge for which we can rapidly deploy and apply to the Group's existing customer base. IPL's successful record in developing software for ASP operations could also complement the business operated by GO-Business. The combined strength will position C&T Group very well to meet the increasing demand from enterprise customers for high quality Operation Resources Management System ("ORMS") solutions. It will also widen sources of software and services revenue of the Group.

Looking forward, the Group will, on top of solid organic growth plan, continue to explore other opportunities to grow business through acquisition. However, the Management fully understands the complexity and risks in growing through merger and acquisition and will endeavour to ensure that any potential acquisition passes the Group's rigorous screening criteria in terms of integration requirements, price and synergy effect among other business units of the Group.

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

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

THE CODE OF BEST PRACTICE

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

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2001 interim report which sets out all the information required by paragraphs 46(1) to 46(6) inclusive in Appendix 16 of the Listing Rules will be available for publication on the website of The Stock Exchange of Hong Kong Limited *(http://www.hkex.com.hk)* in due course.

By Order of the Board
Ng Cheung Shing
Chairman

Hong Kong, 5 September 2001