COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 46)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

GROUP RESULTS

The Board of Directors (the "Board") of Computer And Technologies Holdings Limited (the "Company") herein presents the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with comparative figures for the corresponding period in 2006 are set out as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007

	Notes	**2007**	2006
		HK$'000	HK$'000
REVENUE^	3	**358,738**	237,362
Cost of sales		**(250,268)**	(152,930)
Gross profit		**108,470**	84,432
Other income and gains		**18,549**	15,784
Selling and distribution costs		**(42,780)**	(40,275)
General and administrative expenses		**(47,685)**	(40,915)
Other expenses, net		**(7,705)**	(5,246)
PROFIT BEFORE TAX	4	**28,849**	13,780
Tax	5	**(878)**	(1,933)
PROFIT FOR THE YEAR		**27,971**	11,847
Attributable to:			
Equity holders of the parent		**28,142**	12,408
Minority interests		**(171)**	(561)
		27,971	11,847
DIVIDEND	6		
Proposed final		**15,804**	7,950
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7	**HK cents**	HK cents
Basic		**10.63**	4.61
Diluted		**N/A**	N/A

^ which is also the Group's turnover

CONSOLIDATED BALANCE SHEET

31 December 2007

	Notes	2007	2006
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,902**	13,515
Investment properties		**29,047**	22,012
Goodwill		**25,813**	23,900
Other intangible assets		**–**	2,066
Held-to-maturity securities		**498**	1,265
Available-for-sale investments		**2,587**	1,796
Pledged bank deposits		**–**	3,110
Deferred tax assets		**5,632**	2,000
Total non-current assets		**73,479**	69,664
CURRENT ASSETS			
Held-to-maturity securities		**767**	–
Inventories		**11,709**	12,870
Trade receivables	8	**82,887**	45,180
Prepayments, deposits and other receivables		**7,984**	7,193
Due from contract customers		**24,397**	59,052
Equity investments at fair value through profit or loss		**5,710**	5,968
Tax recoverable		**218**	601
Pledged bank deposits		**16,677**	8,566
Cash and cash equivalents		**190,348**	163,822
Total current assets		**340,697**	303,252
CURRENT LIABILITIES			
Trade payables, other payables and accruals	9	**65,427**	50,698
Due to contract customers		**1,377**	950
Deferred income		**10,009**	7,764
Due to a director		**2,150**	2,150
Tax payable		**5,145**	1,740
Total current liabilities		**84,108**	63,302
NET CURRENT ASSETS		**256,589**	239,950
TOTAL ASSETS LESS CURRENT LIABILITIES		**330,068**	309,614
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**773**	–
Total non-current liabilities		**773**	–
Net assets		**329,295**	309,614
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**26,340**	26,561
Reserves		**286,272**	274,046
Proposed final dividend		**15,804**	7,950
		328,416	308,557
Minority interests		**879**	1,057
Total equity		**329,295**	309,614

Notes:

1. CORPORATE INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

- provision of system and network integration services, application development services, IT solutions implementation and related maintenance outsourcing services;
- provision of enterprise software applications and related operation outsourcing and e-business services;
- distribution and retail of digital media products and other computer accessories; and
- property and treasury investments.

The basis of preparation and accounting policies adopted in the financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2006 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") as disclosed in note 2 below.

2. IMPACT OF NEW AND REVISED HKFRSs

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

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements – Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in the financial statements.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees for identified services provided in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

2. IMPACT OF NEW AND REVISED HKFRSs (continued)

(e) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

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 2 Amendment	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[5]
HKFRS 8	Operating Segments[1]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[5]
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 March 2007
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 January 2008
5 Effective for annual periods beginning on or after 1 July 2009

The amended HKFRS 2 restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

HKFRS 3 has been revised to introduce a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The changes introduced by the revised standard must be applied prospectively and will affect future acquisitions and transactions with minority interests.

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 January 2009.

The revised HKAS 1 separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

2. IMPACT OF NEW AND REVISED HKFRSs (continued)

HKAS 27 has been revised to require that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by the revised standard must be applied prospectively and will affect future acquisitions and transactions with minority interests.

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the aggregate of the invoiced value of goods sold, net of trade discounts, returns and business tax, where applicable; fees earned from the provision of IT solutions, 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 is as follows:

	2007	2006
	HK$'000	HK$'000
Sale of goods:		
Computer network and system platform	**214,338**	119,823
Computer hardware, software and related accessories	**30,266**	29,997
	244,604	149,820
Provision of IT solutions, e-business and related services	**53,389**	31,246
Provision of maintenance services	**59,323**	55,081
Gross rental income from investment properties	**1,377**	1,148
Interest income from treasury investments	**45**	67
	358,738	237,362

3. REVENUE AND SEGMENT INFORMATION (continued)

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

(i) the integration and solutions services segment engages in the provision of system and network integration services, application development services, IT solutions implementation and related maintenance outsourcing services;

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

(iii) the distribution segment engages in the distribution and retail of digital media products and other computer accessories; and

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

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

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

3. REVENUE AND SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2007 and 2006 or as at 31 December 2007 and 2006.

Group

	Integration and Solutions Services		Application Services		Distribution		Investments		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:										
Sales to external customers	**278,707**	154,058	**48,343**	52,092	**30,266**	29,997	**1,422**	1,215	**358,738**	237,362
Other revenue, income and gains	**3,165**	1,145	**36**	87	**1,754**	2,078	**5,797**	6,035	**10,752**	9,345
Total	**281,872**	155,203	**48,379**	52,179	**32,020**	32,075	**7,219**	7,250	**369,490**	246,707
Segment results before significant non-cash expenses	**35,675**	13,184	**10,589**	15,941	**(154)**	(618)	**2,615**	2,648	**48,725**	31,155
Legal and professional fees in connection with certain legal proceedings*	**–**	–	**(1,400)**	–	**–**	–	**–**	–	**(1,400)**	–
Write-down of inventories to net realisable value	**–**	–	**–**	–	**(37)**	–	**–**	–	**(37)**	–
Depreciation	**(1,982)**	(2,418)	**(1,466)**	(1,325)	**(441)**	(592)	**(231)**	(273)	**(4,120)**	(4,608)
Amortisation of deferred development costs	**–**	–	**(2,066)**	(2,156)	**–**	–	**–**	–	**(2,066)**	(2,156)
Impairment of deferred development costs recognised in the income statement	**–**	(1,432)	**–**	(2,246)	**–**	–	**–**	–	**–**	(3,678)
Impairment of amounts due from contract customers	**(6,059)**	–	**(1,703)**	–	**–**	–	**–**	–	**(7,762)**	–
Impairment of trade receivables and write-off of trade receivables	**(33)**	–	**–**	(1,313)	**–**	(255)	**–**	–	**(33)**	(1,568)
Reversal of impairment of trade receivables	**–**	–	**127**	–	**–**	–	**–**	–	**127**	–
Fair value gains on investment properties	**–**	–	**–**	–	**–**	–	**4,530**	4,192	**4,530**	4,192
Net fair value gains/(losses) on equity investments at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**(358)**	813	**(358)**	813
Segment results	**27,601**	9,334	**4,081**	8,901	**(632)**	(1,465)	**6,556**	7,380	**37,606**	24,150
Unallocated interest income and gains									**7,797**	6,439
Corporate and other unallocated expenses									**(16,554)**	(16,809)
Profit before tax									**28,849**	13,780
Tax									**(878)**	(1,933)
Profit for the year									**27,971**	11,847

* The amount represents accrued legal and professional fees in connection with certain legal proceedings against a former senior employee of a subsidiary of the Group relating to the breach of certain contractual commitments.

3. REVENUE AND SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group

	Integration and Solutions Services		Application Services		Distribution		Investments		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets and liabilities:										
Segment assets	**112,075**	160,624	**36,148**	55,487	**8,257**	15,889	**42,645**	37,990	**199,125**	269,990
Corporate and other unallocated assets									**215,051**	102,926
Total assets									**414,176**	372,916
Segment liabilities	**49,582**	36,610	**20,058**	16,980	**6,561**	7,548	**464**	289	**76,665**	61,427
Corporate and other unallocated liabilities									**8,216**	1,875
Total liabilitiess									**84,881**	63,302
Other segment information:										
Capital expenditure	**2,319**	535	**579**	903	**125**	330	**–**	–	**3,023**	1,768
Corporate and other unallocated capital expenditure									**71**	360
									3,094	2,128

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2007 and 2006 or as at 31 December 2007 and 2006.

Group

	Hong Kong		Mainland China		Others		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**119,617**	100,426	**220,932**	119,418	**18,189**	17,518	**358,738**	237,362
Other segment information:								
Segment assets	**257,062**	279,018	**149,953**	85,393	**7,161**	8,505	**414,176**	372,916
Capital expenditure	**1,485**	1,708	**1,531**	263	**78**	157	**3,094**	2,128

4. PROFIT BEFORE TAX

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

	2007	2006
	HK$'000	HK$'000
Cost of inventories sold	**219,889**	127,698
Cost of services provided	**27,060**	21,513
Depreciation*	**4,309**	4,834
Loss on disposal of items of property, plant and equipment	**193**	23
Write-down of inventories to net realisable value**	**37**	–
Amortisation of deferred development costs*	**2,066**	2,156
Impairment of trade receivables**	**33**	1,249
Impairment of amounts due from contract customers**	**7,762**	–
Impairment of deferred development costs**	**–**	3,678
Write-off of trade receivables**	**–**	319
Reversal of impairment of trade receivables**	**(127)**	–
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**127**	113
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss	**358**	(813)
Dividend income from listed and unlisted investments	**(717)**	(256)
Gain on disposal of equity investments at fair value through profit or loss	**(395)**	(1,409)
Bank interest income	**(6,535)**	(5,869)

* The amortisation of deferred development costs of HK$2,066,000 (2006: HK$2,156,000) and depreciation of HK$1,253,000 (2006: HK$1,563,000) are included in "Cost of sales" on the face of the consolidated income statement.

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

5. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	HK$'000
Group:		
Current – Hong Kong		
Charge for the year	**99**	240
Overprovision in prior years	**(48)**	(92)
Current – Elsewhere		
Charge for the year	**4,409**	2,094
Overprovision in prior years	**(620)**	(309)
Deferred	**(2,962)**	–
Total tax charge for the year	**878**	1,933

6. DIVIDEND

	2007	2006
	HK$'000	HK$'000
Proposed final - HK$0.06 (2006: HK$0.03) per ordinary share	**15,804**	7,950

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

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

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of HK$28,142,000 (2006: HK$12,408,000), and the weighted average number of 264,770,000 (2006: 269,288,000) ordinary shares of the Company in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2007 and 2006 have not been disclosed as the exercise price of the Company's outstanding share options is higher than the average market prices of the Company's ordinary shares during these years and accordingly, the Company's outstanding share options have no dilutive effect on the basic earnings per share for these years.

8. TRADE RECEIVABLES

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

	Group	
	2007	2006
	HK$'000	HK$'000
Current	**35,896**	25,211
1 to 3 months	**38,882**	8,290
4 to 6 months	**8,092**	4,352
More than 6 months	**17**	7,327
	82,887	45,180

Credit terms

For system integration projects and the provision of maintenance services and software development services, the Group's trading terms with its customers vary from contract to contract and may include cash on delivery, advance payment and on credit. For those customers who trade on credit, the overall credit period tie to the project implementation schedule is generally within 120 days, except for certain projects with longer implementation schedules where the period may extend beyond 120 days. The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

9. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

	Group	
	2007	2006
	HK$'000	HK$'000
Current	**30,220**	17,013
1 to 3 months	**5,842**	6,183
4 to 6 months	**603**	696
Over 6 months	**1,034**	150
Total trade payables	**37,699**	24,042
Other payables and accruals	**27,728**	26,656
	65,427	50,698

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

For the reporting period, the overall revenue increased 51.1% to HK$358.7 million (2006: HK$237.4 million). Revenue from the Integration and Solutions Services segment increased significantly by 80.9% and contributed 77.7% of the Group's overall revenue. Application Services and Distribution Business contributed 13.5% and 8.4% respectively of the Group's overall revenue as compared with 21.9% and 12.6% respectively in 2006.

The overall gross profit margin was 30.2% (2006: 35.6%), and the gross profit increased by 28.5% amounting to HK$108.5 million (2006: HK$84.4 million). The overall gross profit margin was pulled down due to the increased sales of third parties products generated from the Group's integration services business in Mainland China.

During the year, despite certain provisions for impairment and certain accruals amounting to approximately HK$9.2 million were made for certain receivables and some expenses related to a particular legal proceeding, the Group recorded a net profit attributable to shareholders of HK$28.1 million, representing an increase of 126.8%. The growth in profit was mainly attributed to the strong performance of the network integration business in Mainland China as well as the improved profit contribution from the recurring revenue in IT outsourcing and e-business services as a result of improved operation efficiency.

As of the reporting date, the amount of orders on hand was approximately HK$323 million (2006: Approximately HK$280 million) of which over 60% are software and service related contracts.

The Group consistently generated HK$38.2 million net cash inflows from operations (2006: HK$20.9 million) reflecting the rightful direction in transforming the business into a healthy service-oriented model with strong recurring income which the Management has been continuously aiming for.

The Group continued to maintain a strong financial position with no debt and had cash and bank balances of approximately HK$190.3 million as of 31 December 2007, representing an increase of HK$26.5 million from the same time previous year. The reported cash and bank position had already taken the effects of the dividend payment of approximately HK$8.0 million in June 2007 and also the accumulated considerations of HK$2.2 million paid for the share buyback during the reporting period.

Benefiting from the strong economic growth of Mainland China and Hong Kong, the Integration and Solutions Services segment achieved a remarkable growth in revenue by 80.9% compared with the same period of last year. The growth mainly resulted from the sales of additional infrastructure system upgrades to the existing customers in Mainland China, particularly the booming financial service sector, to support their business expansions to cope with the surging demands. The Group also expanded its prestigious customer base by continuously winning new contracts from some multinational corporations that established their operations in Mainland China. During the year, the Group managed to increase not only the overall revenue of the segment but also more importantly the portion in service components which in turn would help the Group in customers' loyalties cultivations. Furthermore, the Group is expanding its sales and support resources in the segment so as to timely and aggressively capture the ample business opportunities in Mainland China.

On top of receiving strong recurring revenue from its existing outsourcing service contracts with the Hong Kong SAR Government (the "HKSAR Government"), the Group also managed to secure new service orders from commercial and public sector customers in Hong Kong during the reporting period. The merger of the technical resources from Y&A Professional Services Limited, which the Group acquired in the prior year and other related business units had resulted in an improvement of business scale and also operation efficiency which fuel up the overall performances of the segment.

The Group's e-Services, namely Government Electronic Trading Services ("GETS") and Electronic Tendering System ("ETS"), had been generating stable transaction and subscription-based income for the Group. With the business scale progressively building up, the e-Services business generated moderated growth in both revenue and profit contributions.

The Group's GETS license has been extended to end of 2009 by the HKSAR Government. The Management is working closely with the HKSAR Government and optimistic that the GETS license will be extended beyond.

During the reporting period, it came to the notice of the Management that a former senior employee who used to be in charged of the Group's Human Resource Management System ("HRMS") business was severely in breach of his contractual commitments and fiduciary duties toward the Group. For the protection of the interest of stakeholders and for the prevention of further damages, the Group through its subsidiaries has taken legal proceedings against this former executive. An injunction order was granted by the High Court of the Hong Kong SAR in December 2007 to restrict this former senior employee from causing further damage to the Group. The injunction order is continuously enforceable until the conclusion of the case. As of the reporting date, the legal proceeding is still underway.

Such an unexpected event together with high staff turnover during the period had severely impacted the performance of the Group's HRMS business. The resulting hindrance on the project delivery schedules led to delay in revenue booking. Nevertheless, the Group continued to record increasing maintenance income from the HRMS customer base that reveals the long-term value of such business. During the reporting period, the Management expedited efforts to realign and strengthen the related technical resources. It is anticipated that the Group will get over the turbulent very soon.

The Group's Distribution Business recorded a slight growth in revenue. While its loss had been narrowed, the overall results remained unsatisfactory in 2007. The latest introduction of products related to high definition broadcasting market generated positive feedbacks from the market. The Management would monitor the market consciously to capture this emerging and promising opportunity.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

At 31 December 2007, the Group had pledged certain of its investment properties with a carrying value of HK$17.5 million (2006: HK$14.5 million) and bank balances of HK$16.7 million (2006: HK$11.7 million) to secure certain general bank facilities, guarantee/performance bonds facilities granted to the Group in aggregate of HK$30.5 million (2006: HK$45.0 million) of which HK$4.6 million (2006: HK$12.4 million) had been utilised as of the balance sheet date.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2007, the Group's cash and bank balances (excluding pledged bank deposits of HK$16.7 million) was HK$190.3 million (2006: HK$163.8 million) with no bank borrowings.

Approximately 98% of the Group's on hand funding is denominated in Hong Kong dollar, Renminbi and US dollar. The Group has not adopted any hedging policies, as these currencies carry low exchange fluctuation risks.

REMUNERATION POLICY AND NUMBER OF EMPLOYEES

The remuneration policies adopted for the year ended 31 December 2007 are consistent with those disclosed in the Group's 2006 Annual Report. As at 31 December 2007, the Group employed approximately 346 full time employees and 1 contract based employee (31 December 2006: 363 full time and 1 contract-based employees).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board opined that the Company has complied with the code provision set out in the Code of Corporate Governance Practices (the "CG Code") as stipulated in Appendix 14 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited during the reporting period 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 and Mr. Ng Cheung Shing currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive in the same individual provides the Group with strong and consistent leadership and allows for more effective and efficient planning and execution of long-term business strategies.

The CG Code provision A.4 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Independent non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation in accordance with the provisions of the bye-laws of the Company. The Company therefore considers that sufficient measures have been taken to ensure that its corporate governance practices are similar to those provided in the CG Code.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2007, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
January 2007	638,000	0.80	0.78	506
October 2007	722,000	1.02	0.95	710
November 2007	994,000	1.01	0.92	994
	2,354,000			2,210

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the repurchase of the shares of HK$1,975,000 was charged to contributed surplus.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

DIVIDEND AND BOOK CLOSE

The Board has recommended a final dividend of HK6 cents (2006: a final dividend of HK3 cents) per ordinary share payable to shareholders whose names appear on the register of members of the Company on 22 May 2008. The register of members of the Company will be closed from 19 May 2008 to 22 May 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on 16 May 2008.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with management of the Company the Group's annual results for the year ended 31 December 2007, including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

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 2007 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.

On behalf of the Board
Ng Cheung Shing
Chairman

Hong Kong, 15 April 2008

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