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# computer technologies

## COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00046)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board of Directors (the “Board”) of Computer And Technologies Holdings Limited (the “Company”) herein presents the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 together with the comparative figures. These unaudited interim condensed consolidated results have been reviewed by the Company’s audit committee.

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
<b>REVENUE</b>	5	<b>128,582</b>	125,270
Cost of sales and services		<u>(58,270)</u>	<u>(58,723)</u>
Gross profit		<b>70,312</b>	66,547
Other income and gains, net	5	<b>5,821</b>	2,406
Foreign exchange differences, net		<b>503</b>	(259)
Fair value gains/(losses), net:			
Financial assets at fair value through profit or loss		<b>(1,569)</b>	741
Investment properties		<b>(80)</b>	500
Selling and distribution expenses		<b>(15,954)</b>	(16,508)
General and administrative expenses, net		<b>(30,395)</b>	(27,776)
Finance cost		<b>(195)</b>	(612)
Other expenses		<u>(3,461)</u>	<u>(3,246)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>24,982</b>	21,793

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS** *(continued)*

		<b>For the six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>PROFIT BEFORE TAX</b>	6	<b>24,982</b>	21,793
Income tax expense	7	<u><b>(3,156)</b></u>	<u>(530)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>21,826</b></u>	<u>21,263</u>
<b>ATTRIBUTABLE TO:</b>			
Owners of the parent		<b>21,895</b>	21,390
Non-controlling interests		<u><b>(69)</b></u>	<u>(127)</u>
		<u><b>21,826</b></u>	<u>21,263</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
	9	<b>HK cents</b>	<b>HK cents</b>
Basic		<u><b>8.86</b></u>	<u>8.64</u>
Diluted		<u><b>8.82</b></u>	<u>8.60</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>
<b>PROFIT FOR THE PERIOD</b>	<u>21,826</u>	<u>21,263</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(1,827)</u>	<u>776</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>19,999</u>	<u>22,039</u>
<b>ATTRIBUTABLE TO:</b>		
Owners of the parent	20,068	22,166
Non-controlling interests	<u>(69)</u>	<u>(127)</u>
	<u>19,999</u>	<u>22,039</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022 (Unaudited) <i>HK\$'000</i>	31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,137	1,212
Investment properties		66,710	66,790
Right-of-use assets		15,877	18,142
Goodwill		135,001	135,001
Other intangible assets		52,897	56,358
Financial assets at fair value through profit or loss – debt investment		2,100	2,100
Deposits		2,035	2,419
Deferred tax assets		<u>1,949</u>	<u>2,061</u>
 Total non-current assets		 <u>277,706</u>	 <u>284,083</u>
<b>CURRENT ASSETS</b>			
Inventories		17	36
Trade receivables	10	37,615	45,601
Contract assets		36,848	25,628
Prepayments, deposits and other receivables		17,446	15,041
Financial assets at fair value through profit or loss – listed equity investments		5,977	7,546
Tax recoverable		2,463	3,772
Pledged bank deposits		1,351	1,193
Cash and cash equivalents		<u>285,643</u>	<u>298,397</u>
 Total current assets		 <u>387,360</u>	 <u>397,214</u>
<b>CURRENT LIABILITIES</b>			
Trade payables, other payables and accruals	11	(58,944)	(63,718)
Contract liabilities		(51,355)	(54,222)
Lease liabilities		(8,320)	(7,923)
Tax payable		<u>(10,186)</u>	<u>(7,428)</u>
 Total current liabilities		 <u>(128,805)</u>	 <u>(133,291)</u>
 <b>NET CURRENT ASSETS</b>		 <u>258,555</u>	 <u>263,923</u>
 <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		 <u>536,261</u>	 <u>548,006</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

		<b>30 June 2022 (Unaudited) <i>HK\$'000</i></b>	31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>			
Other payables	<i>11</i>	<b>(39)</b>	-
Contract liabilities		<b>(1,172)</b>	(1,850)
Lease liabilities		<b>(7,939)</b>	(10,325)
Deferred tax liabilities		<b>(11,388)</b>	(12,202)
		<hr/>	<hr/>
Total non-current liabilities		<b>(20,538)</b>	(24,377)
		<hr/>	<hr/>
Net assets		<b>515,723</b>	523,629
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital		<b>24,949</b>	24,949
Share premium account		<b>53,104</b>	53,104
Shares held under the restricted share award scheme		<b>(5,942)</b>	(6,011)
Other reserves		<b>442,193</b>	422,919
Proposed final dividend		<b>-</b>	27,180
		<hr/>	<hr/>
		<b>514,304</b>	522,141
		<hr/>	<hr/>
Non-controlling interests		<b>1,419</b>	1,488
		<hr/>	<hr/>
Total equity		<b>515,723</b>	523,629
		<hr/>	<hr/>

## 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 Level 10, Cyberport 2, 100 Cyberport Road, Hong Kong.

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

- provision of enterprise applications software and e-business services for enterprises including the provision of enterprise applications software with implementation and ongoing support services; the Government Electronic Trading Services (“GETS”), cloud services and other related value-added services;
- provision of information technology (“IT”) solutions implementation and application software development; provision of IT and related operation/infrastructure outsourcing services; business process outsourcing (“BPO”) services; and provision of IT systems and network infrastructure with related design, implementation and ongoing support services; and
- property and treasury investments.

### 2. BASIS OF PREPARATION

This unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 has been prepared in accordance with the applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group elected to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 30 June 2022. The amendment did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(e) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- *HKFRS 16 Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

#### 4. OPERATING SEGMENT INFORMATION

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

- (a) the application services segment that primarily engages in the provision of enterprise applications software and e-business services for enterprises including the provision of enterprise applications software with implementation and ongoing support services; the GETS, cloud services and other related value-added services;
- (b) the solutions and integration services segment that primarily engages in the provision of IT solutions implementation and application software development; provision of IT and related operation/infrastructure outsourcing services; BPO services; and provision of IT systems and network infrastructure with related design, implementation and ongoing support services; and
- (c) the investments segment that primarily engages in various types of investing activities including, inter alia, property investment for rental income and/or for capital appreciation and treasury investment in securities for dividend income and interest income and/or for capital appreciation.

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

Segment assets exclude deferred tax assets, tax recoverable, pledged bank deposits, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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



#### 4. OPERATING SEGMENT INFORMATION (continued)

##### (a) Operating segments

	Application Services		Solutions and Integration Services		Investments		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Segment revenue:</b>								
Sales to external customers (note 5)	79,134	79,060	48,442	45,207	1,006	1,003	128,582*	125,270*
Other income and gains, net	324	1,021	26	12	236	263	586^	1,296^
<b>Total</b>	<b>79,458</b>	<b>80,081</b>	<b>48,468</b>	<b>45,219</b>	<b>1,242</b>	<b>1,266</b>	<b>129,168</b>	<b>126,566</b>
<b>Segment results</b>	<b>21,971</b>	<b>23,031</b>	<b>9,942</b>	<b>6,922</b>	<b>(449)</b>	<b>2,470</b>	<b>31,464</b>	<b>32,423</b>
<i>Reconciliation:</i>								
Unallocated interest income							1,531^	1,110^
Unallocated other income and gains, net							3,704^	—^
Unallocated foreign exchange differences, net							503	(259)
Corporate and other unallocated depreciation							(170)	(284)
Corporate and other unallocated expenses							(12,050)	(11,197)
<b>Profit before tax</b>							<b>24,982</b>	<b>21,793</b>
	Application Services		Solutions and Integration Services		Investments		Total	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
<b>Segment assets</b>	<b>212,292</b>	<b>217,319</b>	<b>77,373</b>	<b>67,729</b>	<b>74,796</b>	<b>76,444</b>	<b>364,461</b>	<b>361,492</b>
<i>Reconciliation:</i>								
Corporate and other unallocated assets							300,605	319,805
<b>Total assets</b>							<b>665,066</b>	<b>681,297</b>
<b>Segment liabilities</b>	<b>93,352</b>	<b>98,930</b>	<b>19,425</b>	<b>16,738</b>	<b>685</b>	<b>685</b>	<b>113,462</b>	<b>116,353</b>
<i>Reconciliation:</i>								
Corporate and other unallocated liabilities							35,881	41,315
<b>Total liabilities</b>							<b>149,343</b>	<b>157,668</b>

\* This represents the consolidated revenue of HK\$128,582,000 (2021: HK\$125,270,000) in the condensed consolidated statement of profit or loss.

^ These comprise the consolidated other income and gains, net, of HK\$5,821,000 (2021: HK\$2,406,000) in the condensed consolidated statement of profit or loss.

#### 4. OPERATING SEGMENT INFORMATION (continued)

##### (a) Operating segments (continued)

	Application Services		Solutions and Integration Services		Investments		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Other segment information:</b>								
Net fair value gains/(losses) on investment properties	-	-	-	-	(80)	500	(80)	500
Net fair value gains/(losses) on financial assets at fair value through profit or loss	-	-	-	-	(1,569)	741	(1,569)	741
Amortisation of other intangible assets	3,248	3,246	213	-	-	-	3,461	3,246
Depreciation	1,352	1,031	466	290	-	-	1,818	1,321
Corporate and other unallocated depreciation							2,939	1,244
							<u>4,757</u>	<u>2,565</u>
Impairment losses recognised/(reversed) in the condensed consolidated statement of profit or loss, net*	319	(163)	(20)	345	-	-	299	182
Capital expenditure**	66	99	158	29	-	-	224	128
Corporate and other unallocated capital expenditure**							176	33
							<u>400</u>	<u>161</u>

\* Including impairment losses recognised in the condensed consolidated statement of profit or loss attributable to the application services segment of HK\$466,000 (2021: HK\$172,000) and the solutions and integration services segment of HK\$125,000 (2021: HK\$346,000), respectively, and impairment losses reversed in the condensed consolidated statement of profit or loss attributable to the application services segment of HK\$147,000 (2021: HK\$335,000) and the solutions and integration services segment of HK\$145,000 (2021: HK\$1,000), respectively.

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

#### 4. OPERATING SEGMENT INFORMATION *(continued)*

##### (b) Geographical information

###### (i) Revenue from external customers

	Hong Kong and other countries/regions		Mainland China		Total	
	2022	2021	2022	2021	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	<b>102,097</b>	99,454	<b>26,485</b>	25,816	<b>128,582</b>	125,270

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

###### (ii) Non-current assets

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Hong Kong	155,592	160,247
Mainland China	<b>116,030</b>	117,256
	<b>271,622</b>	277,503

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

##### (c) Information about a major customer

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

For the period ended 30 June 2022, revenue from a major customer of HK\$33,889,000 (2021: HK\$33,453,000) was derived from transactions with the customer reported in the application services segment and the solutions and integration services segment.

## 5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Revenue from contracts with customers</b>	127,576	124,267
<b>Revenue from other sources</b>		
Gross rental income from investment properties and interest income from treasury investments	<u>1,006</u>	<u>1,003</u>
	<b><u>128,582</u></b>	<b><u>125,270</u></b>

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

	Application Services (Unaudited) HK\$'000	Solutions and Integration Services (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>For the six months ended 30 June 2022</b>			
<i>Segments</i>			
<b>Types of goods or services</b>			
Sale of goods and provision of software, GETS and BPO services	17,638	1,500	19,138
Provision of software implementation and related services, IT solutions implementation and related services	31,508	24,748	56,256
Maintenance services	<u>29,988</u>	<u>22,194</u>	<u>52,182</u>
Total revenue from contracts with customers	<b><u>79,134</u></b>	<b><u>48,442</u></b>	<b><u>127,576</u></b>
<b>Geographical markets</b>			
Hong Kong and others	57,136	44,072	101,208
Mainland China	<u>21,998</u>	<u>4,370</u>	<u>26,368</u>
Total revenue from contracts with customers	<b><u>79,134</u></b>	<b><u>48,442</u></b>	<b><u>127,576</u></b>
<b>Timing of revenue recognition</b>			
Goods and services transferred at a point in time	17,638	1,500	19,138
Services transferred over time	<u>61,496</u>	<u>46,942</u>	<u>108,438</u>
Total revenue from contracts with customers	<b><u>79,134</u></b>	<b><u>48,442</u></b>	<b><u>127,576</u></b>

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

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

	Application Services (Unaudited) HK\$ '000	Solutions and Integration Services (Unaudited) HK\$ '000	Total (Unaudited) HK\$ '000
<b>For the six months ended 30 June 2021</b>			
<i>Segments</i>			
<b>Types of goods or services</b>			
Sale of goods and provision of software, GETS and BPO services	19,069	559	19,628
Provision of software implementation and related services, IT solutions implementation and related services	29,670	21,050	50,720
Maintenance services	<u>30,321</u>	<u>23,598</u>	<u>53,919</u>
Total revenue from contracts with customers	<u>79,060</u>	<u>45,207</u>	<u>124,267</u>
<b>Geographical markets</b>			
Hong Kong and others	55,388	43,178	98,566
Mainland China	<u>23,672</u>	<u>2,029</u>	<u>25,701</u>
Total revenue from contracts with customers	<u>79,060</u>	<u>45,207</u>	<u>124,267</u>
<b>Timing of revenue recognition</b>			
Goods and services transferred at a point in time	19,069	559	19,628
Services transferred over time	<u>59,991</u>	<u>44,648</u>	<u>104,639</u>
Total revenue from contracts with customers	<u>79,060</u>	<u>45,207</u>	<u>124,267</u>

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

*Sale of goods and provision of software, GETS and BPO services*

The performance obligation is satisfied upon product/service delivery, where payment in advance is normally required, and the balance is generally due within 30 to 60 days from the date of delivery.

*Provision of software implementation and related services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 60 days from the date of billing.

*Provision of IT solutions implementation and related services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the nursing period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the respective contracts.

## 5. REVENUE, OTHER INCOME AND GAINS, NET (continued)

### Revenue from contracts with customers (continued)

#### (ii) Performance obligations (continued)

##### Maintenance services

The performance obligation is satisfied over time as services are rendered and payments in advance are normally required before rendering the services. Maintenance service contracts are in general for period of one year.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	<b>2022</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2021 (Unaudited) HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	51,355	64,440
After one year	<u>1,172</u>	<u>1,098</u>
	<b><u>52,527</u></b>	<b><u>65,538</u></b>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to maintenance services, of which the performance obligations are to be satisfied within four years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	<b>For the six months ended 30 June</b>	
	<b>2022</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2021 (Unaudited) HK\$'000
<b>Other income and gains, net</b>		
Bank interest income	1,531	1,110
Government subsidies*	3,704	-
Value-added tax refund received	153	426
Dividend income from listed investments at fair value through profit or loss	194	249
Others	<u>239</u>	<u>621</u>
	<b><u>5,821</u></b>	<b><u>2,406</u></b>

\* The subsidies were granted under the Employment Support Scheme by the Government of the Hong Kong Special Administrative Region (the "HKSAR Government"). There were no unfulfilled conditions or contingencies, relating to the subsidies.

## 6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Depreciation of property, plant and equipment <sup>^</sup>	466	730
Depreciation of right-of-use assets	4,291	1,835
Amortisation of other intangible assets**	3,461	3,246
Gain on disposal of items of property, plant and equipment, net	(1)	(12)
Impairment of trade receivables, net	299	182
	<u>          </u>	<u>          </u>

<sup>^</sup> Depreciation of property, plant and equipment for the period of HK\$59,000 (2021: HK\$56,000) is included in "Cost of sales and services" on the face of the condensed consolidated statement of profit or loss.

\*\* Amortisation of other intangible assets for the period of HK\$3,461,000 (2021: HK\$3,246,000) is included in "Other expenses" on the face of the condensed consolidated statement of profit or loss.

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	3,927	1,137
Overprovision in prior periods	(13)	-
Current – Elsewhere		
Charge for the period	21	49
Overprovision in prior periods	-	(195)
Deferred	(779)	(461)
	<u>          </u>	<u>          </u>
Total tax charge for the period	3,156	530

Subsequent to the end of the reporting period, on 25 July 2022, the Hong Kong Inland Revenue Department issued an enquiry letter to a subsidiary of the Company regarding the deductibility of certain research and development expenditures. The subsidiary is in the process of gathering the requested information and documents in support of the deduction claim.

In the opinion of the directors of the Company, it is not practicable at this early stage to estimate reliably the outcome of the deduction claim and, therefore, the financial effect (including the amount or timing thereof, if any) of the foregoing enquiry. However, the directors believe that, subject to availability of the required evidence, the subsidiary has valid grounds to support the deductibility of those expenditures. Accordingly, no further provision for Hong Kong profits tax is considered necessary at this stage.

## 8. DIVIDENDS

- a. Subsequent to the end of the interim period, the Board has determined that an interim dividend of HK\$0.065 (2021: an interim dividend of HK\$0.06) in cash per ordinary share should be paid to the shareholders of the Company whose names appear in the Register of Members on Tuesday, 6 September 2022.
- b. Dividend attributable to the previous financial year approved during the interim period.

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period of HK\$0.11 (2021: final dividend of HK\$0.12) per ordinary share	27,444	29,939
Less: Dividend for shares held under the Company's restricted share award scheme	<u>(221)</u>	<u>(195)</u>
	<u>27,223</u>	<u>29,744</u>

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 247,184,909 (2021: 247,635,478) in issue during the period, as adjusted to exclude the shares held under the restricted share award scheme of the Company.

The calculation of the diluted earnings per share amounts is based on the profit for the period 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 period, 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 vesting of all dilutive restricted shares of the Company awarded under the restricted share award scheme of the Company.

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 for the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	247,184,909	247,635,478
Effect of dilution – weighted average number of ordinary shares: Restricted shares awarded under the Company's restricted share award scheme	<u>933,382</u>	<u>1,108,465</u>
Number of shares used in the diluted earnings per share calculation	<u>248,118,291</u>	<u>248,743,943</u>



## 10. TRADE RECEIVABLES

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Trade receivables	41,052	48,778
Impairment	<u>(3,437)</u>	<u>(3,177)</u>
	<b><u>37,615</u></b>	<b><u>45,601</u></b>

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 60 days, except for certain projects with longer implementation schedules or for major or specific customers, where the period may be extended. The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Within 1 month	23,003	26,626
1 to 3 months	4,328	13,269
4 to 6 months	6,471	3,740
Over 6 months	<u>3,813</u>	<u>1,966</u>
	<b><u>37,615</u></b>	<b><u>45,601</u></b>

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>2022 (Unaudited) HK\$'000</b>	2021 (Audited) HK\$'000
At beginning of period/year	3,177	3,861
Impairment losses/(reversal of impairment), net	299	(123)
Amount written off as uncollectible	-	(595)
Exchange realignment	<u>(39)</u>	<u>34</u>
At end of period/year	<b><u>3,437</u></b>	<b><u>3,177</u></b>

## 11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Trade payables	12,357	11,257
Other payables	28,577	27,327
Accruals	<u>18,049</u>	<u>25,134</u>
	<b>58,983</b>	<b>63,718</b>
Portion classified as current liabilities	<u>(58,944)</u>	<u>(63,718)</u>
Portion classified as non-current liabilities	<u><b>39</b></u>	<u>-</u>

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

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
Within 1 month	10,132	8,417
1 to 3 months	1,048	2,155
4 to 6 months	976	429
Over 6 months	<u>201</u>	<u>256</u>
	<u><b>12,357</b></u>	<u>11,257</u>

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

## 12. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

Guarantees have been given to certain banks by the Company for performance bonds/guarantees issued by the banks in relation to certain contracts undertaken by the Group amounting to HK\$31,700,000 (31 December 2021: HK\$31,700,000), of which HK\$20,787,000 (31 December 2021: HK\$21,116,000) was utilised as at 30 June 2022.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

### OVERVIEW

On behalf of the board of directors (the "Board") of Computer And Technologies Holdings Limited (the "Company"), I am pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2022.

The fifth wave of the COVID-19 pandemic in Hong Kong and the outbreaks in Mainland China, especially Shanghai, (collectively the "Pandemic") caused adverse impact on the Group's business during the reporting period. Moreover, the shortage of and fierce competition for IT talents in Hong Kong caused delays in delivery of some of the projects and induced increasing staff costs.

Despite the challenges created by the unfavourable business environment, the Group demonstrated great resilience and managed to maintain mild increase in total revenue by HK\$3.3 million, or 2.6% to HK\$128.6 million (2021: HK\$125.3 million) for the first six months of 2022. The change was mainly due to the growth in revenue from the Solutions and Integration Services business<sup>[1]</sup> and the Applications Software business<sup>[2]</sup> in Hong Kong, offset by the drop in revenue from the Application Software business in Mainland China and e-Service and related business<sup>[2]</sup>. The gross profit was also improved by HK\$3.8 million, or 5.7% to HK\$70.3 million (2021: HK\$66.5 million).

Besides, the Group participated in the 2022 Employment Support Scheme (the "ESS") and received subsidies of HK\$3.7 million (2021: Nil) from the HKSAR Government (the "Government"). Resulting from that, the other income and gains, net, increased by HK\$3.4 million, or 141.9% to HK\$5.8 million (2021: HK\$2.4 million). Conversely, the Group's financial assets and investment properties suffered valuation losses of HK\$1.6 million (2021: gains of HK\$1.2 million) due to bearish market sentiment caused by the Pandemic.

The overall expenses went up by HK\$1.9 million, or 3.9% to HK\$50.0 million (2021: HK\$48.1 million). The change was mainly due to the increase in depreciation of right-of-use assets after the renewal of the tenancy agreement in late 2021. The income tax expense also soared in respect of the increase in assessable profits generated in Hong Kong.

With the abovementioned, the Group's consolidated net profit attributable to shareholders slightly improved by HK\$0.6 million, or 2.6%, to HK\$21.8 million (2021: HK\$21.3 million). The basic earnings per share also rose to 8.86 HK cents (2021: 8.64 HK cents).

In view of a sustained healthy financial position, the Board declared the distribution of an interim dividend of 6.5 HK cents (2021: 6 HK cents) per ordinary share for the six months ended 30 June 2022.

### BUSINESS REVIEW

#### Application Software

The overall market environment of our Application Software business was challenging during the reporting period. While there was good demand for our products and services, the investment decision and related business activities were continuously hindered by the Pandemic. In addition, the loss of skilled talents caused by the emigration wave and the general shortage in IT talents in Hong Kong had slowed down the development of the Group's project delivery capability. Accordingly, the Group had expanded its software development centre and strengthened its software development resources pool in Shenzhen.

## **BUSINESS REVIEW** *(continued)*

### Application Software *(continued)*

Despite the unfavourable factors, the Group's Application Software business still managed to record mild growth in revenue. However, the Pandemic and the rising staff costs in Hong Kong had affected the profit contributions with a single-digit fall compared with the same period last year.

Benefiting from the strong order backlog brought forward from last year as well as the increasing recurring maintenance and Software as a Service ("SaaS") income, the performance of the Group's Human Resources Management Software ("HRMS") business in Hong Kong grew steadily during the reporting period.

The Group's HRMS business in Mainland China was seriously impacted by the curbs including lockdowns imposed for the outbreak of COVID-19. The business operation in Shanghai was frozen in April and May and gradually resumed normal in June. Both the revenue and profit contributions of the related business recorded a considerable fall in the first half of 2022.

During the reporting period, the HRMS business continued to receive repeated orders from existing customers and managed to conclude new orders from various sectors, including an international brewer, a multinational cosmetics company, a global mineral exploration company and a public research institute in Hong Kong.

The Group's enterprise software business maintained stable growth during the reporting period and improved profit contributions to the Group despite the challenging operating environment. The Enterprise Procurement Management Software ("EPMS") business continued its growth momentum and increased its profit contributions. The Enterprise Information Management Software ("EIMS") business experienced softer revenue but remained a stable contributor of recurring maintenance income to the Group. In the sluggish retail market, the Enterprise Retail Management Software ("ERMS") business still performed fairly and improved profitability through stringent cost control. The performance and contributions of CISC Limited kept steady during the reporting period.

The Group's EPMS flagship product, ProSmart, continued its market leading position and gained new customers from commercial and public sectors during the low tide of the economy. The management anticipated the market demand would remain promising in the second half of the year.

The foundation framework developed as a common platform for the Group's enterprise software products has been further enhanced with more functionalities to handle customisation without rebuilding the core. In addition to the low-code front-end designer released last year, the backend improvement became the variorum integrated with configurable API framework, server side scripting engine and low SQL database customisation at the workflow engine.

### Solutions and Integration Services

The revenue of the Group's Solutions and Integration Services business improved by HK\$3.2 million, or 7.2% to HK\$48.4 million (2021: HK\$45.2 million). All business segments under the Solutions and Integration Services, including the Managed Services<sup>[1]</sup>, the Development Services<sup>[1]</sup> and the Integration Services<sup>[1]</sup>, recorded growth in revenue during the reporting period. Moreover, due to the decrease in various professional service and maintenance costs, the profit contributions materially improved by HK\$3.0 million, or 43.6% to HK\$9.9 million (2021: HK\$6.9 million).

The Managed Services business continued to generate stable maintenance income from the second 10-year services of the Customer Care and Billing System ("CCBS") for the Water Supplies Department under the Government. The management is delighted to report that we successfully delivered the CCBS's software enhancement project in June. Accordingly, the Group started benefiting from cost saving of the related maintenance cost and began the amortisation of deferred development costs and charged HK\$0.2 million to the statement of profit or loss during the reporting period.

The performance of Development Services was improved compared to the same period last year. The deferred delivery schedules carried forward from the second half of last year were gradually resumed during the reporting period. The progress of new sales conclusion from the Government and non-Government organisations was once affected by the Pandemic at the beginning of the year and gradually resumed to normal in the second quarter.

## **BUSINESS REVIEW** *(continued)*

### Solutions and Integration Services *(continued)*

Benefiting from completion of various new orders, the Group's Integration Services business recorded material growth in its revenue and profit contributions compared to the same period last year. The Integration Services business with its major operation in Nanjing was generally not affected by the Pandemic during the reporting period.

The expansion plan in the Greater Bay Area continued amid the Pandemic. To accommodate the expanding workforce and the long-term business development, the Group relocated the resources centre in Shenzhen to a more spacious office in April 2022.

### e-Service and related business

Adversely affected by the Pandemic and slowdown in trade activities during the reporting period, the Group's GETS<sup>[3]</sup> business recorded drops in both revenue and profit contributions. The management is actively exploring new value-added service offerings to improve the revenue stream and strengthen our competitiveness in the market.

### Investments

The valuation of financial assets and investment properties was adjusted downwards due to the Pandemic. As a result, the Group's Investments segment recorded loss of HK\$0.4 million (2021: profit of HK\$2.5 million) in the first half of 2022.

## **PROSPECT**

In light of the negative business outlook due to the prolonged Pandemic and global economic uncertainty, the Group expects that the rest of 2022 is still full of challenge. The management will review the existing business from time to time and take necessary actions to tackle any adverse impact that might arise. With a strong customer base and stable recurring incomes, the Group still remains cautiously optimistic about its business performance in the second half of the year.

## **Footnotes:**

- [1] The Group's Solutions and Integration Services business includes (i) Development Services for the provision of IT solutions implementation and application software development; (ii) Managed Services for the provision of IT and related operation /infrastructure outsourcing services; (iii) business process outsourcing ("BPO") services; and (iv) Integration Services for the provision of IT systems and network infrastructure with related design, implementation and ongoing support services.
- [2] The Group's Application Services business engages in the provision of application software and e-business services for enterprises including (i) the provision of enterprise application software with implementation and ongoing support services for Human Resource Management, Enterprise Procurement Management, Enterprise Information Management and Enterprise Retail Management (collectively the "Application Software"); and (ii) the Government Electronic Trading Services ("GETS"), cloud services and other related value-added services (collectively the "e-Service and related business").
- [3] Since 2004, the Group has been granted a licence (the "GETS Licence") from the Government for the provision of front-end Government Electronic Trading Services for processing certain official trade-related documents. The Group's GETS Licence was further renewed in early 2018 for operation of additional six years until the end of 2024.

## FINANCIAL REVIEW

### Revenue and gross profit

For the six month ended 30 June 2022, the Group recorded a mild increase in total revenue by HK\$3.3 million, or 2.6% to HK\$128.6 million (2021: HK\$125.3 million). The change was mainly due to increase in revenue from the Group's Solutions and Integration Services business and the Group's Application Software business in Hong Kong, offsetting by the drop in revenue from Application Software business in the PRC, e-Service and related business.

The gross profit slightly increased by HK\$3.8 million, or 5.7% to HK\$70.3 million (2021: HK\$66.5 million) because of the saving in various third-party professional service and maintenance costs incurred by the Group's Solutions Services business during the reporting period.

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

The Group participated in the ESS and was granted HK\$3.7 million (2021: Nil) subsidies from the Government during the reporting period. The ESS subsidies, which accounted for approximately 6.6% of the local staff costs incurred during the reporting period, were all consumed by salary payments. Accordingly, the other income and gains, net increased by HK\$3.4 million, or 141.9% to HK\$5.8 million (2021: HK\$2.4 million). Conversely, the Group's financial assets and investment properties recorded valuation losses of HK\$1.6 million (2021: gains of HK\$1.2 million) due to downtrend market sentiment caused by the Pandemic.

### Expenses

Primarily due to increase in depreciation of right-of-use assets, overall expenses (including the selling and distribution expenses, the general and administrative expenses, net, the finance cost and the other expenses) slightly went up by HK\$1.9 million, or 3.9% to HK\$50.0 million (2021: HK\$48.1 million). The income tax expense increased in line with increase in assessable profits generated in Hong Kong.

### Net profit

In line with the revenue growth, the net profit for the period improved by HK\$0.6 million, or 2.6% to HK\$21.8 million (2021: HK\$21.3 million). The net profit margin (profit for the period divided by the revenue) maintained at 17.0% (2021: 17.0%).

### Non-current assets

Amortisation of other intangible assets and depreciation of right-of-use assets mainly contributed to the decrease of the non-current assets by HK\$6.4 million, or 2.2% to HK\$277.7 million (31 December 2021: HK\$284.1 million).

### Current assets

The current assets slightly dropped by HK\$9.9 million, or 2.5% to HK\$387.4 million (31 December 2021: HK\$397.2 million). The change was mainly attributed to the decrease in cash and cash equivalents after the despatch of 2021 final dividend in June 2022.

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

### Current liabilities and non-current liabilities

The Group's total current and non-current liabilities dropped by HK\$8.3 million or 5.3% to HK\$149.3 million (31 December 2021: HK\$157.7 million). The decrease was primarily due to the decrease in accruals and contract liabilities under current contract liabilities and the lease liabilities under the non-current liabilities.

## **FINANCIAL REVIEW**(continued)

### **Segment assets and liabilities**

Segment assets of Applications Services business decreased due to amortisation of other intangible assets while the segment liabilities of the business dropped in line with decrease in contract liabilities.

Segment assets of Solutions and Integration Services increased in line with the growth in contract assets while segment liabilities of the business went up due to the increase in lease liabilities.

Segment assets of Investments business dropped as there were valuation losses for both investment properties and financial assets in the first half of 2022.

### **Equity attributable to owners of the parent**

Total equity attributable to owners of the parent as at 30 June 2022 slightly dropped by HK\$7.8 million, or 1.5% to HK\$514.3 million (31 December 2021: HK\$522.1 million). The change was mainly the net result of the profit earned in the first half of 2022, the purchase of shares held under the restricted share award scheme and the payment of 2021 final dividend.

### **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### **PLEDGE OF ASSETS**

As at 30 June 2022, the Group had pledged an investment property with a fair value of HK\$63.5 million (31 December 2021: HK\$63.5 million), listed equity securities of HK\$6.0 million (31 December 2021: HK\$7.5 million) and bank balances of HK\$1.4 million (31 December 2021: HK\$1.2 million) to secure certain general bank facilities including guarantee/performance bonds facilities granted to the Group/subsidiaries of the Company in aggregate of HK\$112.0 million (31 December 2021: HK\$112.1 million) of which HK\$21.4 million (31 December 2021: HK\$21.8 million) have been utilised as at 30 June 2022.

### **FINANCIAL RESOURCES AND LIQUIDITY**

As at 30 June 2022, the Group's cash and cash equivalents were HK\$285.6 million (31 December 2021: HK\$298.4 million).

All of the Group's on hand fundings are in Hong Kong dollars, Renminbi and US dollars. The Group has not adopted any hedging policies, as these currencies carry relatively low exchange fluctuation risks. Nevertheless, the Group had been monitoring the foreign exchange exposures closely and hedging any significant foreign currency exposure in order to minimise the exchange risk should the needs arose.

As at 30 June 2022, the Group had no bank borrowings (31 December 2021: Nil). The Group's current ratio representing current assets divided by current liabilities was 3.0 (31 December 2021: 3.0) and the gearing ratio, representing total liabilities divided by total assets, was 22.5% (31 December 2021: 23.1%).

## **REMUNERATION POLICY AND NUMBER OF EMPLOYEES**

The Group remunerates its employees based on their performance, working experience and prevailing market conditions. Apart from basic salary, discretionary bonus and other incentives are offered to employees of the Group to reward their performance and contributions.

The remuneration policies adopted for the six months ended 30 June 2022 are consistent with those disclosed in the Group's 2021 Annual Report. As at 30 June 2022, the Group employed 354 full time employees and 11 part time employees (31 December 2021: 367 full time employees and 13 part time employees).

As at 30 June 2022, the Company operates a share option scheme and a share award scheme for the purpose of providing incentives and rewards to the employees who contribute to the success of the Group's operations as well as to retain them for the continual development of the Group.

## **SIGNIFICANT INVESTMENTS**

Save as disclosed in the announcement, the Group had no significant investments held as at 30 June 2022.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

In January 2022, the Group completed the subscription of 10,000 new shares issued by CISC Limited at a total consideration of HK\$1,450,000 and increased its shareholding from 40% to 80% accordingly.

Saved as disclosed in the announcement, the Group did not have any material acquisition or disposal of subsidiaries during the period and up to the date of this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

There was no specific plan for material investments or capital assets as at 30 June 2022.

## **CONTINGENT LIABILITIES**

Save as disclosed in the announcement, the Group has no material contingent liabilities as at 30 June 2022.

## **INTERIM DIVIDEND**

The Board declared the payment of an interim dividend of HK\$0.065 (2021: an interim dividend of HK\$0.06) per ordinary share for the six months ended 30 June 2022.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 5 September 2022 to Tuesday, 6 September 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 2 September 2022. The dividend will be distributed on or about Monday, 19 September 2022 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 6 September 2022.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the period, the trustee of the Company's restricted share award scheme had, pursuant to the terms of the rules and trust deed of such scheme, purchased from the market a total of 396,000 shares of the Company being the awarded restricted shares. The total amount paid to acquire these shares during the period was approximately HK\$988,000.

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 period.



## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standard of corporate governance within a sensible framework with an emphasis on the principles of integrity, transparency and accountability. The Board believes that good corporate governance is essential to the success of the Company and to the enhancement of shareholders' value.

The Board opined that the Company has complied with the code provision set out in the Corporate Governance Code (the "CG code") as stipulated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the reporting period except on the deviations noted below.

The CG code provision C.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. As disclosed in the announcement dated 30 December 2019, Mr. Cheung Wai Lam has been re-designated from an executive director of the Company and the CEO to an executive director effective 1 January 2020.

Mr. Poon Ka Chi, William has been appointed as the deputy CEO of the Group with effect from 1 August 2018. Deputy CEO mainly focuses on certain business operations and administrative functions of the Group, assists the Board to formulate strategies for the Group and to make sure they are implemented successfully. With the present board structure and scope of business, the Board considers that there is no imminent need to appoint a CEO. However, the Board will continue to review the effectiveness of the Group's corporate governance structure and will consider whether any changes, including the appointment of a CEO, are necessary.

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Based on a specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2022.

## **RISK MANAGEMENT FRAMEWORK**

The Group has established an effective risk governance and management framework in line with the requirements set out by the Listing Rules and other regulations. This framework was built around a structure that enables the Board and the management to discharge their risk management-related responsibilities with appropriate delegation as well as checks and balances. These responsibilities included defining risk appetite in accordance with the Group's business strategies and objectives, formulating risk policies that govern the execution of those strategies, and establishing procedures and limits for the approval, control, monitoring and remedy of risks.

The members of the Risk Management Committee positioned at the highest level of the Group's risk governance structure under the Board. Members included three executive directors and one independent non-executive director. The Risk Management Committee had direct involvements in formulating the Group's risk appetite, and determined the levels of risk that the Group is willing to undertake with reference to its financial capacity, strategic direction, prevailing market conditions and regulatory requirements.

The Risk Management Committee will continuously ensure the Group's risk appetite is realistically reflected in the policies and procedures that the management adopted in executing its business functions. The Risk Management Committee will regularly review the Group's risk management framework and ensure that all important risk-related tasks are performed according to established policies and with appropriate resources.

## **AUDIT COMMITTEE**

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee comprises three independent non-executive directors of the Company. The interim condensed consolidated financial statements for the six months ended 30 June 2022 have not been audited, but the Audit Committee has discussed with the management of the Company and the external auditors, Ernst & Young, on the appropriateness and consistency of the accounting policies that have been adopted by the Company. The Audit Committee has reviewed the interim results and the interim report of the Group for the six months ended 30 June 2022.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.ctil.com](http://www.ctil.com)). The 2022 interim report will be published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.ctil.com](http://www.ctil.com)) and also to be despatched to the shareholders of the Company in due course.

## **APPRECIATIONS**

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

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

Hong Kong, 18 August 2022

*As at the date of this announcement, the Board comprises Mr. Ng Cheung Shing, Mr. Cheung Wai Lam, Mr. Leung King San Sunny and Mr. Ng Kwok Keung as executive directors, and Ms. Chan Yuen Shan Clara, Professor Lee Kwok On Matthew, and Mr. Ting Leung Huel Stephen as independent non-executive directors.*