COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00046)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

GROUP RESULTS

The Board of Directors (the "Board") of Computer And Technologies Holdings Limited (the "Company") herein presents the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023 together with comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
REVENUE	*5*	**257,504**	268,719
Cost of sales and services		**(121,663)**	(123,719)
Gross profit		**135,841**	145,000
Other income and gains, net	*5*	**16,271**	13,642
Foreign exchange differences, net		**2**	866
Fair value losses, net:			
Financial assets at fair value through profit or loss		**(1,219)**	(2,332)
Investment properties		**(1,872)**	(80)
Selling and distribution expenses		**(34,423)**	(32,153)
General and administrative expenses, net		**(62,906)**	(62,490)
Finance cost		**(469)**	(397)
Other expenses		**(13,442)**	(10,624)
PROFIT BEFORE TAX	*6*	**37,783**	51,432

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
PROFIT BEFORE TAX	6	**37,783**	51,432
Income tax expense	7	**(4,540)**	(4,467)
PROFIT FOR THE YEAR		**33,243**	46,965
ATTRIBUTABLE TO:			
Owners of the parent		**33,350**	47,011
Non-controlling interests		**(107)**	(46)
		33,243	46,965
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9	**HK cents**	HK cents
Basic		**13.50**	19.02
Diluted		**13.44**	18.94

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**33,243**	46,965
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**27**	(4,141)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**33,270**	42,824
ATTRIBUTABLE TO:		
Owners of the parent	**33,377**	42,870
Non-controlling interests	**(107)**	(46)
	33,270	42,824

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,031**	1,250
Investment properties		**64,838**	66,710
Right-of-use assets		**7,986**	10,815
Goodwill		**135,001**	135,001
Other intangible assets		**32,292**	45,734
Financial assets at fair value through profit or loss - debt investment		**2,100**	2,100
Deposits		**657**	2,020
Deferred tax assets		**2,715**	2,205
Total non-current assets		**246,620**	265,835
CURRENT ASSETS			
Inventories		**14**	16
Trade receivables	*10*	**36,705**	50,916
Contract assets		**29,338**	25,301
Prepayments, deposits and other receivables		**14,929**	15,897
Tax recoverable		**8,085**	5,527
Financial assets at fair value through profit or loss - listed equity investments		**2,206**	4,205
Pledged bank deposits		**466**	1,020
Cash and cash equivalents		**316,145**	309,773
Total current assets		**407,888**	412,655
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*11*	**(68,657)**	(69,160)
Contract liabilities		**(52,143)**	(54,190)
Lease liabilities		**(6,267)**	(7,415)
Tax payable		**(9,468)**	(8,469)
Total current liabilities		**(136,535)**	(139,234)
NET CURRENT ASSETS		**271,353**	273,421
TOTAL ASSETS LESS CURRENT LIABILITES		**517,973**	539,256

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
31 December 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
NON-CURRENT LIABILITIES			
Other payables	*11*	–	(39)
Contract liabilities		**(1,397)**	(1,407)
Lease liabilities		**(2,889)**	(4,612)
Deferred tax liabilities		**(7,688)**	(10,107)
Total non-current liabilities		**(11,974)**	(16,165)
Net assets		**505,999**	523,091
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**24,702**	24,949
Share premium account		**47,147**	53,104
Shares held under the restricted share award scheme		**(5,454)**	(6,204)
Other reserves		**424,776**	418,918
Proposed final and special dividends		**13,493**	30,882
		504,664	521,649
Non-controlling interests		**1,335**	1,442
Total equity		**505,999**	523,091

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

- provision of enterprise application software and e-business services for enterprises including the provision of enterprise application software (including Software as a Services ("SaaS") product offering) 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 (including SaaS product offering); provision of IT and related operation/infrastructure outsourcing services; and provision of IT systems and network infrastructure with related design, implementation and ongoing support services; and

- property and treasury investments.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

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

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group only recognised (i) any deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) any deferred tax liability for all taxable temporary differences associated with right-of-use assets that had a material impact on the overall deferred tax balances at 1 January 2022. The quantitative impact on the financial statements recognised on the application of the amendments is summarised below.

Impact on the consolidated statement of financial position:

	Note	Increase/(decrease) As at 31 December 2023 *HK$'000*
Assets and liabilities		
Deferred tax assets	(i)	710
Deferred tax liabilities	(i)	(699)
Net assets		11
Equity		
Retained profits (included in other reserves)		11
Equity attributable to owners of the parent		11
Total equity		11

Note (i): The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

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

(c) *(continued)*

Impact on the consolidated statement of profit or loss:

	Increase For the year ended 31 December 2023 *HK$'000*
Income tax credit	11
Profit for the year	11
Attributable to:	
Owners of the parent	11
Non-controlling interests	–
	11

The adoption of amendments to HKAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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 application software and e-business services for enterprises including the provision of enterprise application software (including SaaS product offering) 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 (including SaaS product offering); provision of IT and related operation/infrastructure outsourcing 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.

4. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments

	Application Services		Solutions and Integration Services		Investments		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Sales to external customers (note 5)	**152,781**	157,380	**102,834**	109,355	**1,889**	1,984	**257,504***	268,719*
Intersegment sales	**60**	948	**9,257**	4,673	**–**	–	**9,317**	5,621
Other income and gains, net	**1,367**	1,500	**10**	54	**292**	463	**1,669^**	2,017^
	154,208	159,828	**112,101**	114,082	**2,181**	2,447	**268,490**	276,357
Reconciliation:								
Elimination of intersegment sales							**(9,317)**	(5,621)
							259,173	270,736
Segment results	**34,700**	44,629	**24,927**	24,174	**(1,001)**	(77)	**58,626**	68,726
Reconciliation:								
Unallocated interest income							**14,602^**	5,950^
Unallocated other income and gains, net							**–^**	5,675^
Unallocated foreign exchange differences, net							**2**	866
Corporate and other unallocated depreciation							**(207)**	(287)
Corporate and other unallocated expenses							**(35,240)**	(29,498)
Profit before tax							**37,783**	51,432
Segment assets	**198,776**	207,455	**54,952**	70,863	**69,292**	73,023	**323,020**	351,341
Reconciliation:								
Corporate and other unallocated assets							**331,488**	327,149
Total assets							**654,508**	678,490
Segment liabilities	**95,769**	92,903	**22,404**	27,872	**653**	685	**118,826**	121,460
Reconciliation:								
Corporate and other unallocated liabilities							**29,683**	33,939
Total liabilities							**148,509**	155,399

* *This represents the consolidated revenue of HK$257,504,000 (2022: HK$268,719,000) in the consolidated statement of profit or loss.*

^ *These comprise the consolidated other income and gains, net, of HK$16,271,000 (2022: HK$13,642,000) in the consolidated statement of profit or loss.*

4. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

	Application Services		Solutions and Integration Services		Investments		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Net fair value losses on investment properties	**–**	–	**–**	–	**(1,872)**	(80)	**(1,872)**	(80)
Net fair value losses on financial assets at fair value through profit or loss	**–**	–	**–**	–	**(1,219)**	(2,332)	**(1,219)**	(2,332)
Amortisation of other intangible assets	**5,673**	6,494	**7,769**	4,130	**–**	–	**13,442**	10,624
Depreciation	**2,324**	2,473	**1,020**	963	**–**	–	**3,344**	3,436
Corporate and other unallocated depreciation							**4,836**	5,490
							8,180	8,926
Impairment of trade receivables recognised in the consolidated statement of profit of loss, net*	**827**	799	**239**	38	**–**	–	**1,066**	837
Capital expenditure**	**78**	420	**202**	240	**–**	–	**280**	660
Corporate and other unallocated capital expenditure**							**143**	279
							423	939

* *Including impairment of trade receivables recognised in the consolidated statement of profit or loss attributable to the application services segment of HK$1,311,000 (2022: HK$1,129,000) and the solutions and integration services segment of HK$422,000 (2022: HK$183,000), respectively, and reversal of impairment of trade receivables recognised in the consolidated statement of profit or loss attributable to the application services segment of HK$484,000 (2022: HK$330,000) and the solutions and integration services segment of HK$183,000 (2022: HK$145,000), 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	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**209,320**	215,547	**48,184**	53,172	**257,504**	268,719

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

(ii) Non-current assets

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**132,042**	147,803
Mainland China	**109,106**	111,707
	241,148	259,510

The non-current asset information above is based on the locations of the assets and excludes financial instruments 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 year ended 31 December 2023, revenue from a major customer of HK$78,048,000 (2022: HK$82,743,000) 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:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers	**255,615**	266,735
Revenue from other sources		
Gross rental income from investment properties and interest income from treasury investments	**1,889**	1,984
	257,504	268,719

Revenue from contracts with customers

(i) Disaggregated revenue information

	Application Services	**Solutions and Integration Services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
For the year ended 31 December 2023			
Segments			
Types of goods or services			
Sale of goods and provision of software and GETS services	**27,183**	**4,514**	**31,697**
Provision of software implementation and related services, and IT solutions implementation and related services	**48,181**	**50,049**	**98,230**
Provision of SaaS product offering and maintenance services	**77,417**	**48,271**	**125,688**
Total revenue from contracts with customers	**152,781**	**102,834**	**255,615**
Geographical markets			
Hong Kong and others	**108,286**	**99,364**	**207,650**
Mainland China	**44,495**	**3,470**	**47,965**
Total revenue from contracts with customers	**152,781**	**102,834**	**255,615**
Timing of revenue recognition			
Goods and services transferred at a point in time	**27,183**	**4,514**	**31,697**
Services transferred over time	**125,598**	**98,320**	**223,918**
Total revenue from contracts with customers	**152,781**	**102,834**	**255,615**

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

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

	Application Services *HK$'000*	Solutions and Integration Services *HK$'000*	Total *HK$'000*
For the year ended 31 December 2022			
Segments			
Types of goods or services			
Sale of goods and provision of software and GETS services	32,848	10,612	43,460
Provision of software implementation and related services, and IT solutions implementation and related services	48,572	51,639	100,211
Provision of SaaS product offering and maintenance services	75,960	47,104	123,064
Total revenue from contracts with customers	157,380	109,355	266,735
Geographical markets			
Hong Kong and others	110,166	103,604	213,770
Mainland China	47,214	5,751	52,965
Total revenue from contracts with customers	157,380	109,355	266,735
Timing of revenue recognition			
Goods and services transferred at a point in time	32,848	10,612	43,460
Services transferred over time	124,532	98,743	223,275
Total revenue from contracts with customers	157,380	109,355	266,735

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

Revenue from contracts with customers *(continued)*

(ii) Performance obligations

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

Sale of goods and provision of software and GETS services
The performance obligation is generally 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 generally 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 generally satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. Generally, a certain percentage of payment is retained by respective customers 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.

Provision of SaaS product offering and maintenance services
The performance obligation is generally satisfied over time as services are rendered and payments in advance are normally required before rendering the services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	HK$'000	*HK$'000*
Amounts expected to be recognised as revenue:		
Within one year	**52,143**	54,190
After one year	**1,397**	1,407
	53,540	55,597

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 three 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.

	2023	2022
	HK$'000	*HK$'000*
Other income and gains, net		
Bank interest income	**14,604**	5,950
Government subsidies*	**–**	5,675
Value-added tax refund received	**981**	738
Dividend income from listed investments at fair value through profit or loss	**284**	421
Gain on disposal of items of property, plant and equipment, net	**6**	1
Others	**396**	857
	16,271	13,642

* *The subsidies in the prior year were granted under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region. 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):

	2023	2022
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment*	**640**	862
Depreciation of right-of-use assets	**7,540**	8,064
Amortisation of other intangible assets**	**13,442**	10,624
Gain on disposal of items of property, plant and equipment, net	**(6)**	(1)
Impairment of trade receivables, net	**1,066**	837
Fair value losses, net:		
Financial assets at fair value through profit or loss	**1,219**	2,332
Investment properties	**1,872**	80

* *Depreciation of property, plant and equipment for the year of HK$60,000 (2022: HK$118,000) is included in "Cost of sales and services" on the face of the consolidated statement of profit or loss.*

** *Amortisation of other intangible assets for the year of HK$13,442,000 (2022: HK$10,624,000) is included in "Other expenses" on the face of the consolidated statement of profit or loss.*

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, 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 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 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.

	2023	2022
	HK$'000	*HK$'000*
Current - Hong Kong		
Charge for the year	**7,864**	7,224
Overprovision in prior years	**(211)**	(393)
Current - Elsewhere		
Charge for the year	**127**	216
Overprovision prior years	**(311)**	(157)
Deferred	**(2,929)**	(2,423)
Total tax charge for the year	**4,540**	4,467

In 2022, the Hong Kong Inland Revenue Department (the "IRD") issued an enquiry letter ("IRD Enquiry") to a subsidiary of the Company regarding the claim for enhanced deduction of certain research and development expenditures ("R&D Enhanced Deduction"). The subsidiary had, based on the available information and documents, submitted 1st partial reply to the IRD Enquiry in February 2023. The subsidiary received the assessor's comments on the 1st partial reply in October 2023 on the application of the Departmental Interpretation and Practice Note on R&D Enhanced Deduction ("DIPN"). The subsidiary holds a different view and submitted a reply in January 2024 and received response from the assessor in February 2024. The subsidiary is in the process of reviewing the response from the assessor.

7. INCOME TAX *(continued)*

In the opinion of the directors of the Company, the major dispute with the IRD is the difference in views between the Company and the assessor about the application of the DIPN. It is not practicable at this stage to estimate reliably the outcome of the 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 pursue the claim for the R&D Enhanced Deduction. Accordingly, no further provision for Hong Kong profits tax is considered necessary at this stage.

In March 2023, the IRD issued protective assessments for the year of assessment 2016/17 to another two subsidiaries (the "Subsidiaries") of the Company demanding tax of approximately HK$805,000 in aggregate. Per preliminary discussion with the assessor-in-charge, the IRD is reviewing the tax affairs of the Subsidiaries for the years of assessment from 2016/17 onwards and the issuance of the protective assessments is merely for the purpose of keeping the year of assessment open and not to become statutorily barred. During the discussion, the IRD informed that, at this early stage, they are focusing on the nature and the deductibility of certain expenditure/expenses ("Deduction Claims"). The Subsidiaries have lodged objections against the protective assessments and would provide relevant information and documents in support of the deduction claims once they are being requested by the IRD. In April 2023, the Subsidiaries have purchased tax reserve certificate of HK$805,000 at the request of the IRD. In July 2023, the IRD replied that prompt actions will be taken to process the objections.

Subsequent to the end of the reporting year, in January 2024, the IRD has issued protective assessments for the year of assessment 2017/18 to the Subsidiaries demanding tax of approximately HK$960,000 in aggregate. The Subsidiaries have lodged objections against the protective assessments and would provide relevant information and documents in support of the deduction claims upon request by the IRD. In February 2024, the Subsidiaries have purchased tax reserve certificates of HK$960,000 at the request of the IRD.

The IRD has not issued any enquiry letters to the Subsidiaries on the Deduction Claims. In the opinion of the directors of the Company, it is not practicable at this early stage to estimate reliably the outcome and the financial effect (including the amount or timing thereof, if any) of this tax review. However, the directors believe that the tax reporting of the Subsidiaries have all along been properly handled. Accordingly, no further provision for Hong Kong profits tax in respect thereof is considered necessary at this stage.

8. DIVIDENDS

	2023	2022
	HK$'000	*HK$'000*
Interim - HK$0.055 (2022: HK$0.065) per ordinary share	**13,722**	16,217
Less: Dividend for shares held under the Company's restricted share award scheme	**(115)**	(151)
	13,607	16,066
Proposed final - HK$0.055 (2022: HK$0.075) per ordinary share	**13,612**	18,711
Less: Propose dividend for shares held under the Company's restricted share award scheme	**(119)**	(182)
	13,493	18,529
Proposed special - Nil (2022: HK$0.05) per ordinary share	**–**	12,474
Less: Propose dividend for shares held under the Company's restricted share award scheme	**–**	(121)
	–	12,353
	27,100	46,948

The proposed final dividend for the year will be payable in cash and are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 246,998,085 (2022: 247,162,940) in issue during the year, as adjusted to exclude the shares held under the restricted share award scheme of the Company.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed 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	
	2023	2022
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**246,998,085**	247,162,940
Effect of dilution - weighted average number of ordinary shares:		
Restricted shares awarded under the Company's restricted share award scheme	**1,115,111**	1,081,357
Number of shares used in the diluted earnings per share calculation	**248,113,196**	248,244,297

10. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**40,961**	54,839
Impairment	**(4,256)**	(3,923)
	36,705	50,916

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.

10. TRADE RECEIVABLES *(continued)*

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:

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**26,760**	28,656
1 to 3 months	**4,956**	12,381
4 to 6 months	**2,570**	3,004
7 to 12 months	**2,419**	6,875
	36,705	50,916

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

	2023	2022
	HK$'000	*HK$'000*
At beginning of year	**3,923**	3,177
Impairment losses, net	**1,066**	837
Amount written off as uncollectible	**(736)**	–
Exchange realignment	**3**	(91)
At end of year	**4,256**	3,923

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**11,174**	17,034
Other payables	**30,015**	29,067
Accruals	**27,468**	23,098
	68,657	69,199
Portion classified as current liabilities	**(68,657)**	(69,160)
Portion classified as non-current liabilities	**–**	39

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS *(continued)*

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

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**9,324**	15,311
1 to 3 months	**1,038**	1,224
4 to 6 months	**415**	199
Over 6 months	**397**	300
	11,174	17,034

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 in connection with certain guarantees 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 as at 31 December 2023 (31 December 2022: HK$31,700,000), of which HK$20,656,000 (31 December 2022: HK$20,694,000) was utilised as at 31 December 2023.

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 annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2023.

The Group recorded the total revenue of HK$257.5 million (2022: HK$268.7 million) during the reporting period amid the slower-than-expected post-Covid economic recovery in Mainland China and the higher-for-longer interest rate environment. Affected by increased staff costs in product development and project delivery, the gross profit also dropped by HK$9.2 million, or 6.3% to HK$135.8 million (2022: HK$145.0 million).

On the other hand, benefiting from the improved bank interest income, the Group experienced an increase of HK$2.6 million in other income and gains, bringing the total to HK$16.3 million (2022: HK$13.6 million). The improved interest income compensated the absent of government subsidies under Employment Support Scheme of the preceding year. As a result of poor market sentiment, the valuation of the Group's financial assets and investment property recorded an aggregate loss of HK$3.1 million (2022: HK$2.4 million).

Resulting from the completion of software enhancement project (the "Project") for the Customer Care and Billing System ("CCBS") of the Water Supplies Department last year, the Group recorded an increase in the amortisation of deferred development costs. Moreover, the inflated staff costs also contributed to the increase in overall operation expenses (included selling and distribution expenses, general and administrative expenses, net, finance cost and other expenses) by HK$5.6 million, reaching HK$111.2 million (2022: HK$105.7 million).

Considering the factors mentioned above, the Group's consolidated net profit attributable to shareholders decreased HK$13.7 million, or 29.1%, to HK$33.4 million (2022: HK$47.0 million). The basic earnings per share also fell to 13.50 HK cents (2022: 19.02 HK cents) per ordinary share.

The Group has consistently generating positive cash inflows from its operations and maintained a strong financial position. Considered the current and future operations, the Board has announced the declaration of a final dividend of 5.5 HK cents per ordinary share for the year ended 31 December 2023 (2022: final dividend of 7.5 HK cents and special dividend of 5 HK cents). Combining the previously paid interim dividend of 5.5 HK cents (2022: 6.5 HK cents) and the proposed final dividend, the Group's total annual dividends will amount to 11 HK cents (2022: 19 HK cents) per ordinary share.

BUSINESS REVIEW

Application Software

Although the weak market sentiment has caused delay in purchase decisions of enterprise customers, the Group's Application Software [1] business continues to receive stable recurring income from software annuity and Software as a Service's ("SaaS") subscription services from the established customer base.

BUSINESS REVIEW *(continued)*

Application Software *(continued)*
The Group's Human Resources Management Software ("HRMS") business in Hong Kong continued to benefit from sustainable demand for version upgrade as well as add-on software and services from its existing customers. However, the order backlog from new customers carried over from previous year was decreased and new market demand was soft leading to a lower professional service revenue. As a result, it has reported a drop in revenue compared to last year and lower profit contribution to the Group during the reporting period. The performance of the Group's HRMS business in Mainland China was also affected by the weak market sentiment and keen competitions, which experienced a drop in revenue as compared to last year. Across Hong Kong and Mainland China, the HRMS business team acquired a number of sizable new orders from customers from various business sectors, including foreign banking corporations, large hotel chain, multi-national manufacturers, professional service providers, fintech companies as well as large F&B and retail chains.

The Group's enterprise software businesses attained mixed performance among various product lines but attained an overall improved contribution to the Group. Benefiting from results of the expedited effort in improving project delivery effectiveness, the businesses improved performance materially in the second half of the year with a more cost-effective structure. In particular, the performance of Enterprise Procurement Management Software ("EPMS") business showed sustainable demands from both business enterprises and public organisations on compliance of procurement processes. During the reporting period, the business grew its recurring SaaS and maintenance income encouragingly by more than 28% year-on-year, as well as attaining remarkable growth in professional service revenue despite the resource constraint. Benefiting from its stable recurring maintenance income and new contracts from customers with demand for digital transformation, information repositories and compliance initiatives, the Enterprise Information Management Software ("EIMS") business managed to maintain its profit contribution to the Group during the reporting period. The Enterprise Retail Management Software ("ERMS") business attained a lower revenue contribution compared with the same period last year due to the weak market sentiment of the retail industry. However, with stepped up management effort to streamline operation structure, the business managed to contribute considerable profit to the Group.

As a new technology arm specialising in Artificial Intelligence ("AI") and Natural Language Processing ("NLP"), the performance and contributions of CISC Limited remained steady during the reporting period. The Group is actively exploring new application domains in AI and NLP areas, not limited to public sector but extending to usage in certain commercial sectors like financial and construction industries.

The Group continued to leverage its research and development ("R&D") resources in the Greater Bay Area for development of innovative software based on latest technologies. Within the product roadmap, the Group aims to launch a revolutionary Human Capital Management ("HCM") SaaS platform based on cloud-native technologies in the first half of 2024. With this new platform, the Group not only can improve its competitiveness for capturing new businesses in Mainland China and the Hong Kong SAR, but also pave the way for expanding our business to the overseas market. The new software platform is built with modular architecture, enabling the Group to further expand our enterprise applications portfolio, develop synergies amongst other enterprise software of the Group, and improve our SaaS business model by streamlining the delivery process to enable the success of our enterprise customers' digital transformation. Furthermore, the R&D team is also designing our future products by increasingly utilising intensified Generative AI and Large Language Model ("LLM") technologies.

BUSINESS REVIEW *(continued)*

Solutions and Integration Services

Despite the Group's Solutions and Integration Services[2] business experienced a mild decrease in revenue, amounting to HK$6.5 million or 6.0%, resulting in a total revenue of HK$102.8 million (2022: HK$109.4 million), it has demonstrated improved operations efficiency and resilience to market sentiment with an achievement of an improved profit performance. The CCBS project of the Managed Services[2] business continued to contributed good recurring revenue during the reporting year. Besides sustained professional services and maintenance income from our key enterprise customers in the public sector, the Group successfully secured new projects through its ongoing engagement with various government departments as well as multi-year framework contracts with semi-government organisations. In particular, the Development Services[2] business successfully implemented a smart integrated revenue management system for a public transportation body in Hong Kong, which is expected to generate additional SaaS revenue in the coming years. The business also secured multiple new projects from various government departments. This highlights the ability of the business to continue playing an important role in the HKSAR Government (the "Government") smart city and digital government initiatives.

The Integration Services[2] business faced sluggish performance during the reporting year, resulting in an immaterial loss.

e-Service and related business

The import and export activities of the business were persistently hindered by slow economic growth throughout the reporting year. As a result, the revenue of the Group's GETS business experienced a slight decline in 2023. Despite the sales decline, by implementing cost management initiatives the business was able to mitigate the impact of revenue drop to maintain a stable contribution to overall financial performance. In addition, the business also managed to increase its market share during the reporting period.

The business has held a licence granted by the Government ("GETS Licence") since 2004. This licence allows the Group to provide front-end Government Electronic Trading Services for processing specific official trade-related documents. In mid-2023, the Government further extended the Group's GETS Licence validity for an additional three years until the end of 2027. With the Government's new Trade Single Window ("TSW") initiative, the management is actively evaluating future customer demands in order to develop new value-added services to enable smooth transition and maximise our business opportunities when TSW is launched subsequently.

Investments

The weak market sentiment and underperforming investment market had negatively impacted the valuation of the Group's investment properties and financial assets. Consequently, downward adjustments were made and led to a loss of HK$1.0 million for the Investments segment for the reporting year (2022: HK$0.1 million).

Subsequently to the reporting year end, the Group had further trimmed down its investment properties and disposed an office premises in the PRC to an independent third party for a consideration of approximately RMB2.6 million.

PROSPECT

Looking forward, the management believes the business momentum will gradually be accelerated with its strengthened go-to-market activities. Besides, with the enhanced software product portfolio featuring a cloud-native architecture, the Group is confident in enhancing our SaaS offerings and uplifting growing recurring revenue.

To cope with the increasing demand on AI applications, the management will put in R&D resources to apply Generative AI and LLM technologies in our specialised domains in order to further expand our market not only in the Greater China but also overseas region.

For the Solutions business, we will continue to leverage our professional IT knowledge, strong customer references as well as proven successful delivery model to further grow the business. In particular, the Group will consolidate its resources to expend its business in managed infrastructure, managed cloud as well as managed security services going forward.

To address the IT resources shortage and increasing staff costs in Hong Kong, the Group has been increasing the scale of its software development centres in Mainland China especially in the Greater Bay Area. Such move has strengthened our delivery capability and gradually mitigated the cost pressure and resources constraint in Hong Kong. The management believes the development centres will become a strong support for the Group to develop best-of-breed products as well as capturing the market potential competitively.

All in all, despite economic recovery and consumer sentiment remaining uncertain, the Group is still confident in its growth potential via our investment in R&D to enhance our product portfolio, by leveraging our stable customer base and revenue streams with strong recurring nature, as well as strengthened go-to-market approaches. On the other hand, the efforts made by the Group to improve operational efficiency and its business expansion plan to the Greater Bay Area will also make additional contribution to the Group in the coming future.

Footnotes:

[1] The Group's Application Services business engages in the provision of enterprise application software and e-business services for enterprises including the provision of (i) enterprise application software (including SaaS product offering) 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").

[2] The Group's Solutions and Integration Services business includes (i) Development Services for the provision of IT solutions implementation and application software development (including SaaS product offering); (ii) Managed Services for the provision of IT and related operation/infrastructure outsourcing services; and (iii) Integration Services for the provision of IT systems and network infrastructure with related design, implementation and ongoing support services.

FINANCIAL REVIEW

Revenue and gross profit

Due to slower than expected economic recovery and high interest rates environment, the Group recorded a drop in total revenue by HK$11.2 million, or 4.2%, to HK$257.5 million (2022: HK$268.7 million) during the reporting year. The increased staff costs in product development and project delivery added additional pressures on the gross profit, caused a reduction in overall profitability by HK$9.2 million, or 6.3% to HK$135.8 million (2022: HK$145.0 million) in 2023. The gross profit margin also slightly declined to 52.8% (2022: 54.0%).

FINANCIAL REVIEW*(continued)*

Non-operating income and gains, net (included other income and gains, net, foreign exchange differences, net and fair value losses, net)
The improved bank interest income contributed to the increase in other income and gains of the Group by HK$2.6 million to HK$16.3 million (2022: HK$13.6 million).

Conversely, the Group's financial assets and investment properties triggered fair value losses of HK$3.1 million (2022: HK$2.4 million) due to downward valuations caused by the poor market sentiment.

Operation expenses (included selling and distribution expenses, general and administrative expenses, net, finance cost and other expenses)
The adoption of mandatory provident fund ("MPF") offsetting abolition effect into calculation of employee retirement benefit obligations and the update in the policy regarding allowance of unused paid annual leave carrying forward contributed to non-recurring rise in staff costs.

Inflated staff costs and the uptake of the increased amortisation of deferred development costs generally jetted up the overall operation expenses by HK$5.6 million, reaching HK$111.2 million (2022: HK$105.7 million).

The income tax expense was comparable to same period last year.

Net profit
Profit attributable to shareholders of the Company fell by 29.1% to HK$33.4 million (2022: HK$47.0 million) resulting from the drop in gross profit and the increase in expenses. The net profit margin (profit for the period attributable to shareholders divided by the revenue) also dropped to 13.0% (2022: 17.5%) which is in line with the decrease in profit for the year.

Non-current assets
Amortisation of other intangible assets, depreciation of right-of-use assets and investment properties' valuation adjustment mainly contributed to the reduction in the non-current assets by HK$19.2 million, or 7.2% to HK$246.6 million (31 December 2022: HK$265.8 million).

Current assets
The current assets slightly dropped by HK$4.8 million, or 1.2% to HK$407.9 million (31 December 2022: HK$412.7 million). The change was mainly the mixed effects of the decrease in trade receivables and the increase in contract assets and cash and bank balances.

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 current and non-current liabilities slightly dropped by HK$6.9 million, or 4.4% to HK$148.5 million (31 December 2022: HK$155.4 million). The fall was in line with the decrease in contract liabilities, lease liabilities and deferred tax liabilities.

FINANCIAL REVIEW*(continued)*

Segment assets and liabilities
Segment assets of the Applications Services and Solutions and Integration Services businesses decreased due to amortisation of other intangible assets and drop of trade receivables.

The segment liabilities of the Applications Services business grew in line with increase in lease liabilities.

Segment liabilities of the Solutions and Integration Services business dropped in line with decrease in both trade payables and lease liabilities.

Segment assets of the Investments business dropped as both investment properties and financial assets recorded valuation losses in 2023.

Equity attributable to owners of the parent
Total equity attributable to owners of the parent dropped to HK$504.7 million (31 December 2022: HK$521.6 million).

The moderate reduction was primarily due to the net profit earned in 2023, the repurchase of shares, the purchase of shares held under the restricted share award scheme, and the payment of dividends, including the final and special dividends for 2022 and the interim dividend for 2023.

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 31 December 2023, the Group had pledged an investment property with a fair value of HK$62.0 million (31 December 2022: HK$63.5 million), listed equity securities of HK$2.2 million (31 December 2022: HK$4.2 million) and bank balances of HK$0.5 million (31 December 2022: HK$1.0 million) to secure certain general bank facilities including guarantee/performance bonds facilities granted to the Group/subsidiaries of the Company in aggregate of HK$111.9 million (31 December 2022: HK$111.9 million) of which HK$21.1 million (31 December 2022: HK$21.3 million) have been utilised as at 31 December 2023.

FINANCIAL RESOURCES AND LIQUIDITY
As at 31 December 2023, the Group's cash and cash equivalents were HK$316.1 million (31 December 2022: HK$309.8 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 has 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 31 December 2023, the Group had no bank borrowings (31 December 2022: Nil). The Group's current ratio representing current assets divided by current liabilities was 3.0 (31 December 2022: 3.0) and its gearing ratio, representing total liabilities divided by total assets, was 22.7% (31 December 2022: 22.9%).

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.

As at 31 December 2023, the Group employed 343 full time employees and 12 part time employees (31 December 2022: 361 full time employees and 12 part time employees).

As at 31 December 2023, the Company operates 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 31 December 2023.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group did not have any material acquisition or disposal of subsidiaries during the reporting year and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the announcement, there was no specific plan for material investments or capital assets as at 31 December 2023.

CONTINGENT LIABILITIES

Save as disclosed in the announcement, the Group has no material contingent liabilities as at 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, on 24 January 2024, an indirect wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement with an independent third party and disposed of an investment property in the PRC at a consideration of approximately RMB2.6 million (equivalent to approximately HK$2.8 million).

Save as disclosed in the announcement, there are no other material subsequent events undertaken by the Company or by the Group after 31 December 2023 and up to the date of this annual results announcement.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 5.5 HK cents (2022: a final dividend of 7.5 HK cents and a special dividend of 5 HK cents) per ordinary share for the year ended 31 December 2023.

CLOSURE OF THE REGISTER OF MEMBERS

The Board has recommended a final dividend of 5.5 HK cents (2022: a final dividend of 7.5 HK cents and a special dividend of 5 HK cents) per ordinary share payable to shareholders whose names appear on the Register of Members of the Company on Tuesday, 11 June 2024. The Register of Members of the Company will be closed from Wednesday, 29 May 2024 to Monday, 3 June 2024 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting ("the AGM"). In order to be eligible to attend and vote at the AGM to be held on Monday, 3 June 2024, all transfer documents, accompanied by the relevant share certificates, 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 not later than 4:30 p.m. on Tuesday, 28 May 2024. In addition, the Register of Members of the Company will be closed from Friday, 7 June 2024 to Tuesday, 11 June 2024 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Thursday, 6 June 2024. During such periods, no share transfer will be effected. The final dividend will be distributed on or about Monday, 24 June 2024 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 11 June 2024.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, a subsidiary of the Company purchased 2,470,000 shares on the Stock Exchange of Hong Kong Limited for an aggregate consideration of HK$6,204,000 and these shares were cancelled or will be subsequently cancelled by the Company. The summary details of those transactions are as follows:

Month	Number of shares repurchased	Price per share		Total price paid
		Highest	Lowest	
		HK$	*HK$*	*HK$'000*
September 2023	46,000	2.19	2.19	101
October 2023	534,000	2.49	2.19	1,268
November 2023	696,000	2.60	2.50	1,795
December 2023	1,194,000	2.58	2.53	3,040
	2,470,000			6,204

The purchase of the Company's shares during the year was effected by the directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

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 496,000 shares of the Company being the restricted award shares during the year. The total amount paid to acquire these shares during the year was approximately HK$1,130,000.

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 year.

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 C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the reporting year 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.

The Board considered that the powers and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management. In addition, there are three independent non-executive directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

The Board reviewed the scope of operation and management structure of the Group and considered the current organisation structure was effective and there is no imminent need to appoint a CEO. However, the Board continued to review the effectiveness of the Group's corporate governance structure and considered whether any change, including the appointment of a CEO, is necessary.

Reference is made to the announcement of the Company dated 18 August 2023 in relation to the appointment of a CEO, Mr. Chung Kin Yip has been appointed as the CEO of the Group to manage day-to-day business with effect from 1 September 2023.

CORPORATE GOVERNANCE PRACTICES*(continued)*
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 C3 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 year.

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. As of 31 December 2023, 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. As of 31 December 2023, the Audit Committee comprises three independent non-executive directors of the Company. The Audit Committee has reviewed with the management the Group's consolidated financial statements for the year ended 31 December 2023 and the accounting principles and practices adopted by the Group, and discussed risk management and internal controls and financial reporting matters related to the preparation of the annual results for the year ended 31 December 2023.

SCOPE OF WORK OF THE COMPANY'S AUDITORS
The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young ("EY"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT
This announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.ctil.com). The 2023 annual report will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.ctil.com) and also to be despatched to the shareholders of the Company in due course.

APPRECIATIONS

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

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

Hong Kong, 18 March 2024

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, Mr. Poon Siu Hoi Casey and Mr. Ting Leung Huel Stephen as independent non-executive directors.