

Computer and Technologies Holdings Limited
科聯系統集團控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00046)

Interim Report
2009



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ng Cheung Shing (*Chairman*)
Leung King San, Sunny
Yan King Shun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ha Shu Tong
Lee Kwok On, Matthew
Ting Leung Huel, Stephen

AUDIT COMMITTEE

Ting Leung Huel, Stephen
(*Chairman of Audit Committee*)
Ha Shu Tong
Lee Kwok On, Matthew

REMUNERATION COMMITTEE

Ha Shu Tong
(*Chairman of Remuneration Committee*)
Lee Kwok On, Matthew
Leung King San, Sunny
Ng Cheung Shing
Ting Leung Huel, Stephen

NOMINATION COMMITTEE

Ha Shu Tong
(*Chairman of Nomination Committee*)
Lee Kwok On, Matthew
Leung King San, Sunny
Ng Cheung Shing
Ting Leung Huel, Stephen

COMPANY SECRETARY

Ng Kwok Keung

AUDITORS

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Central
Hong Kong

REGISTRATION OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

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CHAIRMAN'S STATEMENT

Dear Shareholders,

I am glad to present the unaudited interim results of Computer And Technologies Holdings Limited and its subsidiaries (collectively the “Group”) for the six-month period ended 30 June 2009.

Despite the weakened economic situations caused by the financial tsunami, the Group's service-oriented business with strong recurring income performed consistently in the first half of 2009. The Group's consolidated revenue from continuing business increased by 22.1% to HK\$196.7 million (2008: HK\$161.1 million) when compared with the same period of the previous year. The net profit attributable to shareholders also increased 13.5% to HK\$21.1 million (2008: HK\$18.6 million).

The improved results were attributed mainly to the enlarged business scale of the e-Services business and the Solutions services business, as well as the continuous growth in the integration services business in China.

The Group repurchased approximately two million shares at an averaged price of HK\$0.80 per share during the reporting period. The earnings per share, after taking the effects of the share repurchase, was 8.56 Hong Kong cents (2008: 7.14 Hong Kong cents) or an increase of 19.9% compared with the same period last year. The Board declared an interim dividend of 4 Hong Kong cents per share (2008: Nil).

The Group's financial position had been maintaining healthily during the report period with a net cash balance of approximately HK\$166.7 million as of 30 June 2009 (31 December 2008: HK\$228.7 million) after taking the effects of the cash outflows of HK\$1.7 million for the share repurchase and HK\$19.7 million for the payment of 2008 final and special dividends. The increase in trade receivables balance had also driven down the cash balance. However, as of the date of this report, majority of the reported outstanding amounts had been collected and the cash balance has been re-bounded and exceeded the level as at end of 2008 by more than 10%. The financial strengths had provided the Group with good foundations to sustain its continuous growth.

Prospect

Looking forward to the second half of the year, we anticipated that the business environment will remain difficult and the competitions will be continuously keen.

Leveraging on the new contracts signed with a major trade promotion organization in Hong Kong for provision of large-scale business process outsourcing (BPO) service during the reporting period as well as the business collaboration with the five Government Approved Certification Organizations (GACOs) to jointly promote the Group's GETS related businesses, the Group is on track growing its recurring income streams generating from the BPO service and e-Services business.

Given the recent success in winning new bulk service contracts from the HKSAR Government, in providing various software development and consulting services for the coming four years, the outlook of the Group's solution services business is expected to grow steadily in the medium run.

For many years, the Group has established solid footprints and strong track records in providing leading IT solutions to the financial services sector in eastern China. With the recent announcement from the Chinese Government in positioning Shanghai to become a major international financial centre has definitely supplies sparks for the Group's long-term prospects in such region. The Group is optimistic in capturing more businesses and expanding its scales along with the future development in Shanghai.

Appreciation

On behalf of the Group and the Board, I would like to extend my sincere thanks and appreciations to our shareholders, customers, suppliers, business partners and all the employees for their continuous support and trust to the Group during the period.

Ng Cheung Shing

Chairman

Hong Kong, 28 August 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group's overall revenue from continuing operations in the first six months of 2009 was HK\$196.7 million (2008: HK\$161.1 million) representing an increase of 22.1% compared with the same period last year. The revenue from Integration and Solutions Services as well as Application Services divisions increased by 21.8% and 24.5% respectively. The overall gross profit increased by 19.4% to HK\$57.8 million (2008: HK\$48.4 million) while the overall gross profit margin was slightly reduced and maintained at a healthy level of 29.4% (2008: 30.0%). The net profit attributable to shareholders was HK\$21.1 million (2008: HK\$18.6 million) or a growth of 13.5% compared with the same period last year.

During the report period, the momentum of the integration services business of the Group in China remained robust. Benefited from the strong install base, the Group had materialized business opportunities arose from the insurance sector in China. In particular, several contracts with substantial amount were secured from a market leader of the insurance industry in China which had not only boosted the business results but also further solidified the market position of the Group. However the deliveries of these contracts during the reporting period had caused a short-term increase in trade receivables and such situation was quickly rectified as majority of the outstanding amounts were collected as of the date of this report.

The solutions services business in Hong Kong had also achieved solid results despite very keen competitive operating environment and weakened economy. The Group's strong presence in the government and public sector insulated the Group from more severe impact caused by the financial tsunami. On the other hand, it is encouraging that the Group managed to renew several long-term services contracts with large organizations both in the public and commercial sectors. The Group is also pleased to have the SOA-QPS contract renewed with the HKSAR Government for another four years to provide professional services to all the government departments. The scope of offering of the renewed SOA-QPS contracts had increased from three to all the four service categories implying that the Group will have more opportunities to serve the Government and in turn have better prospect to further expanding the solutions services business in the future.

At the same time, the Group continued to generate steady revenue stream from existing and new outsourcing service contracts. On top of organic growth of revenue from established IT outsourcing customers, the Group also achieved a major breakthrough in entering into a multi-year BPO contract with a reputable trade promotion organization in Hong Kong to provide outsourcing services for their various critical business functions in the coming years. This contract had strong leverage with the Group's established BPO services for GETS and together formed a much stronger platform for the Group to capture the growing BPO opportunities and thus further expand its market presence in providing BPO services.

The Group's e-Services business also achieved substantial growth in both revenue and profit contribution. The improvements were attributed to the enlarged business scale and the results from the collaboration with the GACOs in promoting the Group's GETS services. The Group is pleased to see such encouraging achievement given that the overall trade activities of Hong Kong had sharply declined and the global economy was weakened during the reporting period.

Conversely, the performance of the Group's human resource management (HRM) solutions business was affected by the economic downturn and had experienced some customers holding up business decisions in investing in HRM systems. Nevertheless, the related business continued to generate healthy recurrent maintenance service income.

The previously reported litigation (HCA 2481/07), against a former senior employee (the "Defendant") for breaching his contractual commitments and fiduciary duties, had been finally concluded. Prior to the trial, the Group received a Sanctioned Offer including a sanction payment offer from the Defendant for settlement. Considered the counsel opinion and in order to save tremendous efforts and resources, the Board decided to accept the offers so to accelerate the conclusion of the case. As a result, the High Court of the HKSAR had granted a final injunction order to restrain the Defendant from certain activities in order to protect the Group's interests in the related business. In addition, the Court had also ordered the Defendant to pay the costs incurred by the Group in relation to such legal proceeding.

Financial Resources and Liquidity

As at 30 June 2009, the Group's cash and bank balances (excluded pledged bank deposit of HK\$10.9 million) was HK\$166.7 million compared with HK\$228.7 million as at 31 December 2008. The Group made no bank borrowings during the current period. As a result, gearing ratio comparing net debt (borrowing net of cash and bank balances available) to equity was zero as of 30 June 2009 and 31 December 2008.

Currency and Financial Risk Management

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

Remuneration Policy and Number of Employees

The remuneration policies adopted for the six months ended 30 June 2009 were consistent with those disclosed in the audited financial statements of the Company for the year ended 31 December 2008 ("Annual Report"). As at 30 June 2009, the Group employed approximately 359 full time employees and 33 contract-based employees (31 December 2008: 358 full time employees and 4 contract-based employees).

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Board of Directors (the “Board”) of Computer And Technologies Holdings Limited (the “Company”) presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2009, which comprises the condensed consolidated statement of financial position as at 30 June 2009 and the related condensed consolidated statement of income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. These condensed consolidated interim financial information have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	For the six months ended 30 June 2009 (Unaudited) HK\$'000	For the six months ended 30 June 2008 (Unaudited) HK\$'000
CONTINUING OPERATIONS			
REVENUE	5	196,739	161,109
Cost of sales		(138,968)	(112,709)
Gross profit		57,771	48,400
Other income and gains	5	5,305	11,514
Selling and distribution costs		(14,152)	(14,597)
General and administrative expenses		(25,563)	(23,219)
Other expenses/(reversal of expenses), net		1,223	(450)
PROFIT BEFORE TAX	6	24,584	21,648
Tax	7	(3,427)	(2,819)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		21,157	18,829
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	8	–	(257)
PROFIT FOR THE PERIOD		21,157	18,572
Profit for the period attributable to:			
Equity holders of the parent		21,154	18,645
Minority interests		3	(73)
		21,157	18,572
DIVIDEND	9	9,889	Nil
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	10	<i>HK cents</i>	<i>HK cents</i>
Basic			
– For profit for the period		8.56	7.14
– For profit from continuing operations		8.56	7.21
Diluted			
– For profit for the period		8.53	N/A
– For profit from continuing operations		8.53	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June 2009 (Unaudited) HK\$'000	For the six months ended 30 June 2008 (Unaudited) HK\$'000
Profit for the period	21,157	18,572
Other comprehensive income for the period		
Exchange difference arising from translation of overseas operations	–	2,510
Total comprehensive income for the period	21,157	21,082
Total comprehensive income for the period attributable to:		
Equity holders of the parent	21,154	21,029
Minority interests	3	53
	21,157	21,082

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		11,587	11,723
Investment properties		26,157	24,901
Goodwill		25,813	25,813
Held-to-maturity securities		1,278	498
Available-for-sale investments		1,500	1,911
Deferred tax assets		1,835	2,851
		<hr/>	<hr/>
<i>Total non-current assets</i>		68,170	67,697
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		10,049	11,326
Trade receivables	11	166,764	74,770
Due from contract customers		4,524	7,216
Prepayments, deposits and other receivables		7,003	13,437
Equity investments at fair value			
through profit or loss		7,128	9,947
Tax recoverable		94	94
Pledged bank deposits		10,943	14,328
Cash and cash equivalents		166,739	228,690
		<hr/>	<hr/>
<i>Total current assets</i>		373,244	359,808
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables, other payables and accruals	12	78,915	70,952
Due to contract customers		612	1,640
Deferred income		15,157	10,070
Due to minority shareholders of subsidiaries		–	1,355
Tax payable		9,075	6,887
		<hr/>	<hr/>
<i>Total current liabilities</i>		103,759	90,904
		<hr/>	<hr/>
NET CURRENT ASSETS		269,485	268,904
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		337,655	336,601
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		875	875
		<hr/>	<hr/>
<i>Total non-current liabilities</i>		875	875
		<hr/>	<hr/>
<i>Net assets</i>		336,780	335,726
		<hr/> 	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*continued*)

	<i>Notes</i>	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		25,184	25,386
Reserves		311,596	291,184
Proposed dividends		–	19,909
		<hr/>	<hr/>
		336,780	336,479
Minority interests		–	(753)
		<hr/>	<hr/>
<i>Total equity</i>		<u>336,780</u>	<u>335,726</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent															
	Issued share capital	Share premium	Contributed surplus	Shares held for Restricted Share		Share based payment reserve	Goodwill reserve	Asset revaluation reserve	Available-for-sale investment revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed dividends	Total	Minority interests	Total equity
				Award Scheme	Share											
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2008	26,340	237,452	28,914	-	1,144	(7,227)	208	1,067	697	(1,176)	25,193	15,804	328,416	879	329,295	
Exchange realignment and income recognised directly in equity	-	-	-	-	-	-	-	-	-	2,384	-	-	2,384	126	2,510	
Profit for the period	-	-	-	-	-	-	-	-	-	-	18,645	-	18,645	(73)	18,572	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	2,384	18,645	-	21,029	53	21,082	
Repurchase of shares	(380)	-	(2,970)	-	-	-	-	-	-	-	-	-	(3,350)	-	(3,350)	
Purchase of shares held for Restricted Share Award Scheme	-	-	-	(4,270)	-	-	-	-	-	-	-	-	(4,270)	-	(4,270)	
Final 2007 dividend declared	-	-	-	-	-	-	-	-	-	-	143	(15,804)	(15,661)	-	(15,661)	
At 30 June 2008	25,960	237,452*	25,944*	(4,270)*	1,144*	(7,227)*	208*	1,067*	697*	1,208*	43,981*	-	326,164	932	327,096	

	Attributable to equity holders of the parent															
	Issued share capital	Share premium	Contributed surplus	Shares held for Restricted Share		Share based payment reserve	Goodwill reserve	Asset revaluation reserve	Available-for-sale investment revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed dividends	Total	Minority interests	Total equity
				Award Scheme	Share											
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2009	25,386	237,452	2,622	(4,271)	1,821	(7,227)	233	340	733	1,114	58,367	19,909	336,479	(753)	335,726	
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	21,154	-	21,154	3	21,157	
Issue of shares	13	130	-	-	-	-	-	-	-	-	-	-	143	-	143	
Repurchase of shares	(215)	-	(1,504)	-	-	-	-	-	-	-	-	-	(1,719)	-	(1,719)	
Share award arrangement	-	-	-	-	460	-	-	-	-	-	-	-	460	-	460	
Transfer to contributed surplus	-	(200,000)	200,000	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease in minority interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	750	750	
Final and special 2008 dividends declared	-	-	172	-	-	-	-	-	-	-	-	(19,909)	(19,737)	-	(19,737)	
At 30 June 2009	25,184	37,582*	201,290*	(4,271)*	2,281*	(7,227)*	233*	340*	733*	1,114*	79,521*	-	336,780	-	336,780	

* *These reserve accounts comprise the consolidated reserves of HK\$311,596,000 (2008: HK\$300,204,000) in the condensed consolidated statement of financial position.*

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June 2009 (Unaudited) HK\$'000	For the six months ended 30 June 2008 (Unaudited) HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	(47,670)	16,487
NET CASH INFLOW FROM INVESTING ACTIVITIES	3,726	1,935
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(21,313)	(23,281)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(65,257)	(4,859)
Cash and cash equivalents at beginning of period	227,550	190,348
Effects of foreign exchange rate changes, net	–	2,797
CASH AND CASH EQUIVALENTS AT END OF PERIOD	162,293	188,286
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents for the purpose of the condensed consolidated financial position	166,739	188,286
<i>Less:</i> Non-pledged time deposit with original maturity of more than three months when acquired	(4,446)	–
Cash and cash equivalents for the purpose of the condensed consolidated cash flow statement	162,293	188,286

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2009

1. Corporate information

Computer And Technologies Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 30th Floor, Prosperity Millennia Plaza, 663 King's Road, North Point, Hong Kong.

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

- provision of system and network integration services, application development services, Information Technology ("IT") solutions implementation and related maintenance outsourcing services;
- provision of enterprise software applications and related operation outsourcing and e-business services; and
- property and treasury investments.

2. Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial information, which comprises the condensed consolidated statement of financial position as at 30 June 2009 and the related condensed consolidated statement of income, changes in equity and cash flows for the six-month period then ended, and explanatory notes has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim 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 financial statements for the year ended 31 December 2008 ("Annual Report").

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the six months ended 30 June 2009

3. Significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those followed in the preparation of the Annual Report, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which also included HKASs and Interpretations, that affect the Group and are adopted for the first time for the current period’s financial statements.

HKFRSs (Amendments)	<i>Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009</i>
HKFRSs (Amendments)	<i>Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 (Amendments)	<i>Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HKFRS 1 and HKAS 27 (Amendments)	<i>Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 (Amendment)	<i>Vesting Conditions and Cancellations</i>
HKFRS 7 (Amendment)	<i>Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	<i>Embedded Derivatives</i>
HK(IFRIC) – Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC) – Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC) – Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>

The adoption of these new or revised standards, amendments and interpretations had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Annual Report.

HKFRS 8 – Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a disclosure of the Group’s reportable segments, but has had no impact on the reported results or financial position of the Group.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the six months ended 30 June 2009

3. Significant accounting policies *(continued)*

HKAS 1 (Revised) – Presentation of Financial Statements

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

The Group has not applied the following new and revised HKFRSs and HKASs, which have been issued but are not yet effective, in these unaudited condensed consolidated interim financial information:

HKFRSs (Amendments)	<i>Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008</i> ¹
HKFRSs (Amendments)	<i>Improvements to HKFRSs issued in 2009</i> ²
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ¹
HKAS 39 (Amendment)	<i>Eligible Hedged Items</i> ¹
HKFRS 2 (Amendments)	<i>Group Cash-settled Share-based Payment Transactions</i> ³
HKFRS 3 (Revised)	<i>Business Combinations</i> ¹
HK(IFRIC) – Int 17	<i>Distribution of Non-cash Assets to Owners</i> ¹
HK(IFRIC) – Int 18	<i>Transfers of Assets from Customers</i> ⁴

- 1 Effective for annual periods beginning on or after 1 July 2009.
- 2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
- 3 Effective for annual periods beginning on or after 1 January 2010.
- 4 Effective for transfers on or after 1 July 2009.

The Group has already commenced an assessment of the potential impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

4. Segment information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an equity to identify two sets of segments (business and geographical) using a risk and returns approach, with the equity's "system of internal financial reporting to key management personnel" serving only as starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment of profit or loss.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the six months ended 30 June 2009

4. Segment information *(continued)*

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

- (a) the integration and solution services segment engages in the provision of system and network integration services, application development services, IT solutions implementation and related maintenance outsourcing services;
- (b) the application services segment engages in the provision of enterprise software applications and related operation outsourcing and e-business services;
- (c) the investments segment primarily engages in various types of investing activities including, inter alia, property investments for rental income and treasury investments in listed securities and held-to-maturity securities for dividend income and interest income; and
- (d) the distribution segment engages in the distribution and retail of digital media products and other computer accessories.

The distribution segment is classified as a discontinued operation of the Group following the disposal of the relevant business in 2008 as further detailed in note 8 to the report.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2009

4. Segment information (continued)

An analysis of the Group's revenue and profit/(loss) for the six months ended 30 June 2009 by the Group's business segments is as follows:

	Continuing operations								Discontinued operation		Inter co Elimination		Consolidated		
	Integration and Solutions Services		Application Services		Investments		Total		Distribution		2009	2008	2009	2008	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	HKS'000	HKS'000	HKS'000	HKS'000	
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Segment revenue															
Sales to external customers	166,007	136,280	30,001	24,103	731	726	196,739	161,109	-	14,018	-	-	196,739	175,127	
Sales to internal customers	2,780	2,674	95	114	341	281	3,216	3,069	-	-	(3,216)	(3,069)	-	-	
Other revenue and gains	702	5,898	105	68	2,438	2,131	3,245	8,097	-	813	-	-	3,245	8,910	
Total	169,489	144,852	30,201	24,285	3,510	3,138	203,200	172,275	-	14,831	(3,216)	(3,069)	199,984	184,037	
Segment results before significant non-cash expenses	20,280	20,264	8,339	5,289	839	462	29,458	26,015	-	(83)	(750)	(33)	28,708	25,899	
Depreciation	(634)	(1,020)	(291)	(524)	(120)	(107)	(1,045)	(1,651)	-	(174)	-	-	(1,045)	(1,825)	
Impairment of amounts due from contract customers	-	(4)	-	(1,032)	-	-	-	(1,036)	-	-	-	-	-	(1,036)	
Impairment of trade receivables	(4,341)	-	(321)	-	-	-	(4,662)	-	-	-	-	-	(4,662)	-	
Reversal of impairment of trade receivables	5,230	-	655	586	-	-	5,885	586	-	-	-	-	5,885	586	
Net fair value gains on investment properties	-	-	-	-	1,256	1,827	1,256	1,827	-	-	-	-	1,256	1,827	
Net fair value gains/(losses) on equity investments at fair value through profit or loss	-	-	-	-	810	(400)	810	(400)	-	-	-	-	810	(400)	
Segment results	20,535	19,240	8,382	4,319	2,785	1,782	31,702	25,341	-	(257)	(750)	(33)	30,952	25,051	
Unallocated interest income													1,293	2,123	
Unallocated other income and gains													767	1,294	
Corporate and other unallocated depreciation													(128)	(75)	
Corporate and other unallocated expenses													(8,300)	(7,002)	
Profit before tax													24,584	21,391	
Tax													(3,427)	(2,819)	
Profit for the period													21,157	18,572	

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2009

4. Segment information (continued)

	Continuing operations								Discontinued operation		Consolidated	
	Integration and Solutions Services		Application Services		Investments		Total		Distribution			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000		
Asset and liabilities:												
Segment assets	189,590	125,619	30,081	36,266	35,704	40,601	255,375	202,486	-	8,402	255,375	210,888
Corporate and other unallocated assets							186,039	206,862	-	-	186,039	206,862
Total assets							441,414	409,348	-	8,402	441,414	417,750
Segment liabilities	78,151	59,998	23,392	21,501	1,976	1,762	103,519	83,261	-	5,695	103,519	88,956
Corporate and other unallocated liabilities							1,115	1,698	-	-	1,115	1,698
Total liabilities							104,634	84,959	-	5,695	104,634	90,654

Segment profit represents the profit earned by each segment without allocation of central administration cost and directors' remuneration. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the six months ended 30 June 2009

5. Revenue, other income and gains

	Six months ended 30 June 2009 (Unaudited) <i>HK\$'000</i>	Six months ended 30 June 2008 (Unaudited) <i>HK\$'000</i>
Revenue		
Sale of computer network and system platform	145,003	103,583
Provision of IT solutions, e-business and related services	21,257	19,191
Provision of maintenance services	29,250	37,127
Gross rental income from investment properties	1,218	1,191
Interest income from treasury investments	11	17
	<hr/>	<hr/>
Attributable to continuing operations reported in the condensed consolidated income statement	196,739	161,109
Sale of computer hardware, software and related accessories attributable to a discontinued operation	–	14,018
	<hr/>	<hr/>
	196,739	175,127
	<hr/>	<hr/>
Other income		
Bank interest income	1,109	2,123
Dividend income from listed and unlisted investments	220	297
Others	1,407	211
	<hr/>	<hr/>
	2,736	2,631
	<hr/>	<hr/>
Gains		
Gain/(loss) on disposal of equity investments at fair value through profit or loss	(2,213)	482
Fair value gains/(loss), net		
Equity investments at fair value through profit or loss	3,120	(815)
Investment properties	1,256	1,827
Gain on disposal of items of property, plant and equipment	–	74
Foreign exchange differences, net	406	7,315
	<hr/>	<hr/>
	2,569	8,883
	<hr/>	<hr/>
Other income and gains attributable to continuing operations reported in the consolidated income statement	5,305	11,514
	<hr/>	<hr/>
Other income and gains attributable to a discontinued operation (note 8)	–	813
	<hr/>	<hr/>
	5,305	12,327
	<hr/>	<hr/>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six months ended 30 June 2009

6. Profit before tax

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

	Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000
Depreciation	1,173	1,900
Impairment of amount due from contract customers*	–	1,036
Impairment of trade receivables*	4,662	–
Reversal of impairment of trade receivables*	(5,885)	(586)
Interest income	<u>(1,109)</u>	<u>(2,123)</u>

* This is included in "Other expenses/(reversal of expenses), net" on the face of the condensed consolidated income statement.

7. Tax

Hong Kong profits tax has been provided at the applicable rate of 16.5% (six months ended 30 June 2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	1,576	307
Current – Elsewhere		
Charge for the period	835	1,543
Deferred	<u>1,016</u>	<u>969</u>
Total tax charge for the period	<u>3,427</u>	<u>2,819</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the six months ended 30 June 2009

8. Discontinued operations

In November 2008, the Company announced the decision of its board of directors to dispose of its entire 75% equity interest in Maxfair Technology Holdings Limited (“Maxfair”) to a director of a 70% owned subsidiary of Maxfair, further details of which are set out in a circular of the Company dated 1 December 2008 and the Annual Report. Maxfair, together with its subsidiary (collectively the “Maxfair Group”), mainly engages in the distribution and retail of digital media products and other computer accessories (the “Distribution and Retail Business”), which belong to the Group’s “Distribution” business segment. The Group has decided to cease its Distribution and Retail Business because it plans to focus its resources on its core businesses and focused geographical segments. Accordingly, the Group also ceased its Distribution and Retail Business in Hong Kong. The disposal of the Maxfair Group was completed in November 2008 and the Group has discontinued its Distribution and Retail Business since then.

The results of the discontinued operation for the period are presented below:

	Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000
Revenue	–	14,018
Cost of sales	–	(9,879)
Other income and gains	–	813
Expenses	–	(5,209)
	<hr/>	<hr/>
Loss for the period from the discontinued operation	–	(257)
	<hr/>	<hr/>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the six months ended 30 June 2009

8. Discontinued operations *(continued)*

The net cash flows incurred by the discontinued operation are as follows:

	Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000
Operating activities	–	(1,152)
Investing activities	–	(288)
Net cash flow	<u>–</u>	<u>(1,440)</u>
Loss per share <i>(note 10)</i> :	<i>HK cents</i>	<i>HK cents</i>
Basic, from the discontinued operation	–	(0.07)
Diluted, from the discontinued operation	<u>–</u>	<u>N/A</u>

9. Dividend

- a. The Board has determined that an interim dividend of HK4 cents (2008: Nil) in cash per share should be paid to the shareholders of the Company whose names appear in the register of members on 18 September 2009.
- b. Dividends attributable to the previous financial year, approved and paid during the interim period.

	Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000
Final dividends in respect of the previous financial year, approved and paid during the interim period of HK6 cents (2008: 6 cents) per share	14,803	15,661
Special dividends in respect of the previous financial year, approved and paid during the interim period of HK2 cents (2008: Nil) per share	<u>4,934</u>	<u>–</u>
	<u>19,737</u>	<u>15,661</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the six months ended 30 June 2009

10. Earnings per share attributable to ordinary equity holders of the parent

(a) Basic earnings per share

The calculation of 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 in issue during the period, as adjusted to exclude the shares held under the restricted share award scheme of the Company.

(b) Diluted earnings per share

The calculation of 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 exercise or conversion or vesting of all dilutive potential ordinary shares relating to the Company's share option schemes and restricted share award scheme into ordinary shares.

Since the exercise price of the Company's outstanding share options is higher than the average market prices of the Company's ordinary shares during the period ended 30 June 2009 and 2008, the Company's outstanding share options have no dilutive effect on the basic earnings per share for these periods. Accordingly, diluted earnings per share amounts for the period ended 30 June 2008 have not been disclosed.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the six months ended 30 June 2009

10. Earnings per share attributable to ordinary equity holders of the parent *(continued)*

(b) Diluted earnings per share *(continued)*

	Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation		
From continuing operations	21,154	18,829
From a discontinued operations	–	(184)
	21,154	18,645
Shares		
Weighted average number of ordinary shares in issue during the period less shares held under the Company's restricted share award scheme used in the basic earnings per share calculation	247,144	261,178
Effect of dilution – awarded restricted shares under the Company's restricted share award scheme	769	–
	247,913	261,178

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the six months ended 30 June 2009

11. Trade receivables

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

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Current	83,242	50,976
1 to 3 months	76,650	16,959
4 to 6 months	1,215	3,112
More than 6 months	5,657	3,723
	166,764	74,770

Credit terms

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

12. Trade payables, other payables and accruals

Included in the balance is an amount of HK\$6,418,000 (31 December 2008: HK\$42,227,000) representing the Group's trade payables. An aged analysis of trade payables as at the balance sheet date, based on the payment due date, is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Current	4,116	36,922
1 to 3 months	1,927	4,870
4 to 6 months	362	419
Over 6 months	13	16
	6,418	42,227

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the six months ended 30 June 2009

13. Commitments and contingent liabilities

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 30 June 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	1,868	2,652
In the second to fifth years, inclusive	1,458	23
	<u>3,326</u>	<u>2,675</u>

Other than the normal course of business, the Group has no significant contingent liability as at 30 June 2009.

14. Approval of the interim financial statements

The interim financial statements were approved and authorised for issue by the board of directors on 28 August 2009.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, the interests of the directors in the share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Notes	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
		Directly beneficially owned	Through controlled corporation	Total	
Ng Cheung Shing	(a)	2,112,000	110,000,000	112,112,000	44.52
Leung King San, Sunny		810,000	–	810,000	0.32
Yan King Shun		192,000	–	192,000	0.08
		<u>3,114,000</u>	<u>110,000,000</u>	<u>113,114,000</u>	<u>44.92</u>

Long positions in shares of associated corporations:

Name of director	Name of associated corporation	Relationship with the Company	Class of shares	Number of shares		Percentage of the associated corporation's issued shares capital
				Directly beneficially owned	Through controlled corporation	
Ng Cheung Shing	Computer And Technologies International Limited	Company's subsidiary	Non-voting deferred	1,750,000	3,250,000 <i>note (b)</i>	N/A

OTHER INFORMATION *(continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(continued)*

Notes:

- (a) 110,000,000 shares were held by Chao Lien Technologies Limited (“Chao Lien”), a wholly-owned subsidiary of C.S. (BVI) Limited. Mr. Ng Cheung Shing was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of C.S. (BVI) Limited which, in turn, was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Chao Lien. Accordingly, Mr. Ng Cheung Shing was deemed, under the SFO, to be interested in all shares held by Chao Lien.
- (b) 3,250,000 non-voting deferred shares were held by Chao Lien.

Save as disclosed above, as at 30 June 2009, none of the directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme disclosures, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

OTHER INFORMATION (continued)

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Option Scheme”) for the primary purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Further details of the Scheme Option are disclosed in the Annual Report.

The following table discloses movements in the Company share’s options outstanding during the period:

Name or category of participant	At 1 January 2009	Granted during the period	Number of share options			At 30 June 2009	Date of grant of share options – Note (a)	Exercise period of share options	Price of the Company’s shares – Note (c)			
			Exercised during the period	Expired during the period	Forfeited during the period				Exercise price of share options – Note (b) HK\$ per share	At exercise date of options HK\$ per share	Immediately before the exercise date HK\$ per share	At grant date of options HK\$ per share
Directors												
Ng Cheung Shing	300,000	-	-	-	-	300,000	31.08.2004	01.03.2005 to 31.08.2009	1.128	N/A	N/A	1.09
Leung King San, Sunny	200,000	-	-	-	-	200,000	31.08.2004	01.03.2005 to 31.08.2009	1.128	N/A	N/A	1.09
Yan King Shun	76,000	-	-	-	-	76,000	31.08.2004	01.03.2005 to 31.08.2009	1.128	N/A	N/A	1.09
Ha Shu Tong	100,000	-	-	-	-	100,000	31.08.2004	01.03.2005 to 31.08.2009	1.128	N/A	N/A	1.09
Lee Kwok On, Matthew	100,000	-	-	-	-	100,000	31.08.2004	01.03.2005 to 31.08.2009	1.128	N/A	N/A	1.09
Ting Leung Huel, Stephen	100,000	-	-	-	-	100,000	31.08.2004	01.03.2005 to 31.08.2009	1.128	N/A	N/A	1.09
	<u>876,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>876,000</u>						
Other employees												
In aggregate	1,442,000	-	(126,000)	-	-	1,316,000	31.08.2004	01.03.2005 to 31.08.2009	1.128	N/A	N/A	1.09
Total	<u>2,318,000</u>	<u>-</u>	<u>(126,000)</u>	<u>-</u>	<u>-</u>	<u>2,192,000</u>						

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company’s share capital.
- The price of the Company’s shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options. The price of the Company’s shares disclosed immediately before the exercise date of the share options is the weighted average of the Stock Exchange closing prices immediately before the dates on which the options were exercised over all of the exercises of options within the disclosure line.

OTHER INFORMATION (continued)

RESTRICTED SHARE AWARD SCHEME

The Company adopted a restricted share award scheme (the “Award Scheme”) on 22 May 2008 (the “Adoption Date”). Pursuant to the terms of the Award Scheme, shares of the Company (the “Awarded Shares”) are granted to eligible employees (including directors) of the Group until the 10th anniversary from the Adoption Date. The Company shall also pay cash to the appointed trustee company for its acquisition and holding upon trust of the Awarded Shares for the benefit of these employees and directors. The Awarded Shares will then be transferred to these employees and directors upon vesting. The aggregate number of shares to be awarded under the Award Scheme throughout its duration shall not exceed 10% of the issued share capital of the Company from time to time.

Details of the Award Scheme and the shares awarded thereunder are set out in the Annual Report.

The following table illustrates the movements of the Awarded Shares outstanding during the period.

Name or category of participant	Number of outstanding Awarded Shares				Award date	Exercise period of Awarded Shares	Weighted average fair value per share <i>HK\$</i>
	At 1 January 2009	Awarded during the period	Vested during the period	At 30 June 2009			
Directors							
Ng Cheung Shing	1,000,000	–	(80,000)	920,000	23.07.2008	30.06.2009 to 30.06.2015	0.61
Yan King Shun	1,000,000	–	(80,000)	920,000	23.07.2008	30.06.2009 to 30.06.2015	0.61
	<u>2,000,000</u>	<u>–</u>	<u>(160,000)</u>	<u>1,840,000</u>			
Other employees							
In aggregate	3,000,000	–	(220,000)	2,780,000	23.07.2008	30.06.2009 to 30.06.2015	0.61
Total	<u>5,000,000</u>	<u>–</u>	<u>(380,000)</u>	<u>4,620,000</u>			

OTHER INFORMATION *(continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name of shareholder of the Company	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital	Number of share options held
Chao Lien Technologies Limited	(a)	Directly beneficially owned	110,000,000	43.68	–
C.S. (BVI) Limited	(a)	Through a controlled corporation	110,000,000	43.68	–
Putney Investments Limited (“PIL”)	(b)	Directly beneficially owned	29,148,938	11.57	–
Hutchison International Limited (“HIL”)	(b)	Through a controlled corporation	29,148,938	11.57	–
Hutchison Whampoa Limited (“HWL”)	(b)	Through a controlled corporation	29,148,938	11.57	–
Cheung Kong (Holdings) Limited (“CKH”)	(b)&(c)	Through a controlled corporation	29,148,938	11.57	–
Li Ka-Shing Unity Trustee Company Limited (“TUT1”)	(b)&(c)	Through a controlled corporation	29,148,938	11.57	–
Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”)	(b)&(c)	Through a controlled corporation	29,148,938	11.57	–
Li Ka-Shing Unity Trustcorp Limited (“TDT2”)	(b)&(c)	Through a controlled corporation	29,148,938	11.57	–
Li Ka-Shing	(b)&(c)	Through a controlled corporation	29,148,938	11.57	–
Hui Yau Man		Directly beneficially owned	26,782,000	10.63	–

OTHER INFORMATION *(continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

Notes:

- (a) The interest was also disclosed as an interest of Mr. Ng Cheung Shing in the section “Directors’ interests and short positions in shares and underlying shares” of this report.
- (b) PIL is a wholly-owned subsidiary of HIL, which in turn is a wholly-owned subsidiary of HWL. By virtue of the SFO, HWL and HIL were deemed to be interested in the 29,148,938 shares of the Company held by PIL.
- (c) Li Ka-Shing Unity Holdings Limited (“TUHL”), of which each of Li Ka-Shing, Li Tzar Kuoi, Victor and Li Tzar Kai, Richard, is interested in one-third of the entire issued share capital, owns the entire issued share capital of TUT1. TUT1 as trustee of The Li Ka-Shing Unity Trust, together with certain companies which TUT1 as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH. Subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

In addition, TUHL also owns the entire issued share capital of TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and TDT2 as trustee of another discretionary trust (“DT2”). Each of TDT1 and TDT2 holds units in The Li Ka-Shing Unity Trust.

By virtue of the SFO, each of Li Ka-Shing being the settlor and may being regarded as a founder of DT1 and DT2 for the purpose of the SFO, TDT1, TDT2, TUT1 and CKH was deemed to be interested in the 29,148,938 shares of the Company held by PIL.

Save as disclosed above, as at 30 June 2009, no person, other than the directors of the Company, whose interests are set out in the Section “Directors’ interests and short positions in shares and underlying shares” above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

OTHER INFORMATION *(continued)*

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period, the Company repurchased 2,146,000 shares on the Stock Exchange and these shares were subsequently cancelled by the Company. The share repurchase has enhanced the net asset value per share and the earnings per share, which the directors believe is in the best interests of the Company and the shareholders. Further details of these transactions are set out as below:

Month/year	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>HK\$'000</i>
January 2009	744,000	0.65	0.72	509
February 2009	1,402,000	0.72	0.92	1,210

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.

CODE ON CORPORATE GOVERNANCE PRACTICE

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

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive and Mr. Ng Cheung Shing currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive in the same individual provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Independent non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation in accordance with the provisions of the bye-laws of the Company. The Company therefore considers that sufficient measures have been taken to ensure that its corporate governance practices are similar to those provided in the CG Code.

OTHER INFORMATION (*continued*)

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

To comply with CG Code A.5.4, the Company has also adopted the Model Code as its code of conduct for dealings in securities of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.

DIVIDEND AND BOOK CLOSE

The Board has recommended an interim dividend of HK4 cents (2008: Nil) per ordinary share ("Interim Dividend") payable to shareholders whose names appear on the register of members of the Company on 18 September 2009. The register of members of the Company will be closed from 16 to 18 September 2009, 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 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 15 September 2009. The Interim Dividend will be dispatched on or around 30 September 2009.

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 and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the unaudited interim financial information for the six months ended 30 June 2009.

BY ORDER OF THE BOARD

Ng Cheung Shing
Chairman

Hong Kong, 28 August 2009